

United States Senate
WASHINGTON, DC 20510

May 29, 2019

The Honorable Sonny Perdue
Secretary of Agriculture
United States Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Perdue:

As you know, American farmers continue to be caught in the middle of the Administration's action on trade, and face ongoing challenges from retaliatory tariffs imposed by key trading partners. While we understand the U.S. Department of Agriculture's (USDA) desire to aid farmers impacted by this trade disruption, we urge you to stop making trade mitigation commodity purchases that benefit foreign-owned companies.

Last year, the Administration made up to \$1.2 billion available for commodity purchases through a new Food Purchase and Distribution Program, which was intended to assist producers harmed by retaliatory tariffs. Under this program, the Agricultural Marketing Service (AMS) will continue to make hundreds of millions of dollars in commodity purchases throughout the rest of calendar year 2019.

On top of that, you recently announced that the Administration is planning further trade mitigation assistance, including additional commodity purchases. As such, we are deeply concerned that the Department's efforts to assist farmers harmed by trade disruptions may continue to benefit foreign-owned entities.

Under the Food Purchase and Distribution Program, the USDA has awarded lucrative purchasing contracts to several entities with foreign ownership, including \$240,000 in pork products from Smithfield Foods, a subsidiary of the Chinese-owned WH Group, and nearly \$62.5 million in pork products from JBS USA, which is owned by Brazilian parent company JBS SA. While the USDA permitted Smithfield to terminate its purchasing contract upon the company's request, the Department awarded numerous contracts to JBS and has not established sufficient procedures to ensure that taxpayer-funded trade assistance for American farmers is not ultimately benefiting foreign companies.

Whether it's the WH Group, which is closely tied to the Chinese government, or JBS SA, which is benefitting from the U.S.'s loss of market share in certain countries, it is counterproductive and

contradictory for these companies to receive assistance paid for with U.S. taxpayer dollars intended to help American farmers struggling with this Administration's trade policy.

Following a U.S. Senate Agriculture, Nutrition, and Forestry Committee hearing on U.S. agricultural trade in September 2018, this concern was raised with Ted McKinney, USDA's Under Secretary for Trade and Foreign Agricultural Affairs. He was asked how USDA would ensure that these trade mitigation commodity purchases would benefit American farmers and not benefit foreign-owned companies. In response, Under Secretary McKinney showed no concern with commodity purchases benefitting foreign companies, writing, "AMS awards purchases to the lowest bidder through their procurement process and will not manipulate the integrity of the process to exclude particular companies."

It is unacceptable that American taxpayers have been subsidizing our competitors through trade assistance. We ask that you ensure these commodity purchases are carried out in a manner that most benefits the American farmer's bottom line –not the business interests of foreign corporations. Thank you for your attention to this important matter.

Sincerely,



Debbie Stabenow
U.S. Senator



Sherrod Brown
U.S. Senator



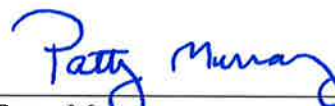
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