

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

November 29, 2023

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

One of the bright lights in the strength of the American economy since the founding of our nation has been the productivity of America's farmland, grasslands, and forest lands. Our resource of rich lands has enabled American farmers to play an indispensable role in feeding our nation as well as many others around the world.

U.S. agriculture, food and related industries contributed 5.4 percent (\$1.264 trillion) to U.S. gross domestic product (GDP) and provided 10.5 percent of U.S. employment (21.1 million full- and part time jobs) in 2021.¹ Key to its economic contributions to U.S. GDP and its sustainability, the food and agriculture sector exports about 20 percent of production. In 2022, American food and agriculture exports totaled nearly \$200 billion, providing jobs and economic opportunity throughout the supply chain in every corner and coast of the country. And yet, in 2023, we are experiencing a nine percent decline in the value of U.S. food and agricultural exports, and a 16 percent decline in volume.² The latest forecast by the U.S. Department of Agriculture for the 2023 marketing year predicts a food and agriculture trade deficit of \$17 billion, a stark contrast to the United States' historical trade surplus in agricultural exports, averaging \$12.5 billion over the past ten years.³

Many factors go into the competitiveness and strength of U.S. food and agricultural exports, including for example, the economic impacts of Russia's invasion into Ukraine, availability and costs of shipping and farm inputs, climate and weather. The last few years, American agriculture has been buffeted by these factors as well as the coronavirus pandemic and market disruptions due to retaliatory trade actions by our largest trading partners. American farmers and agribusinesses have risen to the challenges to adjust, be resilient, and continue to feed Americans and the world. Through the adoption of technology, conservation practices, and production and distribution efficiencies, American farmers produce sustainably, with fewer inputs and enhanced yields.

The charter of the President's Export Council explicitly identifies an objective that the Council report to the President "on its recommendations for **expanding U.S. exports**" and "examine the needs of business, industry, and **agriculture** to expand their efforts." With the current and future trade deficit in food and agricultural products, however, actions are needed now to support and expand opportunities for U.S. exports, in order to support the economic health of this sector and

¹ <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/ag-and-food-sectors-and-the-economy/?topicId=b7a1aba0-7059-4feb-a84c-b2fd1f0db6a3>

² USDA/FAS GATS database.

³ <https://www.fb.org/market-intel/record-numbers-not-the-only-striking-thing-about-2022-u-s-ag-trade#:~:text=The%20U.S.%20ended%202022%20with,trade%20surplus%20of%20%2412.5%20billion.>

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the U.S. economy. With these objectives in mind, the Council encourages action on the following recommendations:

- **Increase Collaboration on Diversifying the U.S. Agricultural Supply Chain:** The U.S. agricultural industry relies on imported ingredients such as fertilizers, vitamins and chemicals to maintain U.S. production domestically. We urge the Administration to coordinate efforts between agencies, including USDA, USTR, and the Commerce Department, to direct resources and initiatives toward consideration of the national security and food security risks within the supply chain and develop recommendations to diversify sourcing and / or incentivize cost effective U.S. production of alternatives.
- **Establish Robust Agricultural Trade Agenda:** Current agricultural trade exports are significantly below prior years and America is losing its global agricultural trade dominance. To combat these trends, we ask the Administration to expand domestic trade promotion programs for traditional and specialty crops, recommit to comprehensive trade agreements where possible, and eliminate tariff and non-tariff trade barriers to enhance the ability of American producers to gain market access and maintain competitiveness. In doing so we urge you to particularly focus on priority regions and markets such as Brazil and the United Kingdom as well as countries in South and South-East Asia, especially Japan, Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

India remains a key market of interest for agricultural products. While India has a difficult record of negotiations, we urge continued efforts to address its longstanding trade barriers, such as their practice of creating additional export certificates that were not negotiated with U.S. regulatory authorities. Potential strategies that should be considered include India's status in the Generalized System of Preferences (GSP) program.

- **Enforce Existing Trade Agreements:** We urge you to strengthen and modernize the World Trade Organization (WTO) dispute resolution process and use it to improve market access for U.S. agricultural goods. We also encourage aggressive enforcement of the provisions surrounding tariff and non-tariff barriers in USMCA Agreement, the U.S.-China Agreement, and other agreements as laid out in the National Trade Estimate report. While USTR's engagement on Canada's USMCA dairy tariff rate quota violations and Mexico's corn biotech policies has merited results, the U.S. continues to see challenges from various countries' prohibitions on the use of common food names and a myriad of issues in India. Successfully resolving these challenges hinges on effective dispute settlement procedures – both in the WTO and in U.S. FTAs.
- **Reestablish U.S. Leadership in International Data Policy:** We would be remiss if we did not emphasize the importance of digital trade and high-standard digital trade rules' effects on the agricultural sector. Companies of all sizes in this sector rely on data flows and benefit from the free movement of data across borders, reduced data localization requirements, and the elimination of obligations to disclose source code and algorithms. These companies use data in transactions, advertising, research and development, harvesting, and climate monitoring, among other areas. Furthermore, digital solutions will be key to achieving progress on environmental sustainability goals and increased

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crop yields, among other ideal outcomes. These points have been well-documented in myriad publications, including the U.S. Government's *Global Food Security Strategy*, and the U.S. Department of Agriculture's Economic Research Service. Therefore, the US Government ought to pursue high digital trade standards to facilitate and increase U.S. agricultural exports beyond the already notable percentage of 20 percent.

- **Lead on International Sustainability and Climate Efforts:** We urge the Administration to coordinate across agencies, such as USDA, USTR, and State Department, to identify a unified message in international sustainability efforts and policies. The U.S. needs a single message on international efforts to address sustainability in the agriculture space that focuses on: 1) voluntary, incentive-based programs to support sustainable productivity growth, 2) keeping food accessible, 3) supporting climate-smart agriculture practices, and 4) providing additional market opportunities. These four pillars will provide direction for successful trade negotiations and encourage countries to reconcile their commitment to these pillars instead of using prescriptive approaches that undermine innovation and non-tariff barriers to block imports based on one regions or nation's definition of "sustainable."

We also encourage the Administration to use the USDA's Partnership for Climate Smart Commodities and the USDA's International Climate Hub as a resource in conversation with the European Union on their Farm to Fork initiative.

The U.S. government has the necessary structure and resources to achieve these outcomes. With renewed direction, focus, and energy in these areas, not only will the economic health of the U.S. food and agriculture sector and communities across our country be shored up, but global food security around the world will be buttressed.

The Council appreciates your Administration's engagement on the many challenges that face America's farmers, ranchers, workers, and businesses, and we look forward to working with you on implementing these recommendations.

Sincerely,

Mark Ein