# Passing USMCA Before Fixing It Won't Solve Farmers' Trade Problems

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**Farmers are hurting because of lost market access stemming from Donald Trump's trade policies, including retaliation from other nations in response to tariffs imposed on China and other countries, and from uncertainty created by threats to impose new tariffs on Mexico, Europe and others.**

- Passing USMCA won't stop or fix the President's erratic and unpredictable trade actions. It also won't fix the negative effects of these actions on farmers and small businesses.

**The original NAFTA already eliminated tariffs on almost all agricultural trade between the U.S., Mexico and Canada, so USMCA does not offer significant new market access for U.S. farmers.**

- All agricultural trade between the United States and Mexico, and most with Canada, already is duty-free under NAFTA. While we work on getting USMCA done right, NAFTA's duty-free access for U.S. farm products remains in effect.
- The USMCA would continue NAFTA's existing duty-free treatment while slightly increasing access for U.S. dairy, poultry, eggs and wine to the Canadian market. The agreement would also provide Canada additional access to the U.S. market, including for dairy, peanuts and sugar and products containing these commodities.

**Because enactment of USMCA would not create significant new market access for U.S. farmers, it wouldn't make a dent in replacing markets lost to tariff retaliation by China and other nations.**

- The total prospective gain for U.S. agricultural exports to Canada under the USMCA projected by the U.S. International Trade Commission (USITC) report is $450 million. The ITC report projects vanishingly small agricultural job benefits – 1,700 new jobs in agriculture over the full period of USMCA implementation. (Notably, the ITC projections of past pacts have been significantly more favorable than actual outcomes, and even industry materials cite the largest possible sectoral gain as $280 million in dairy products.)
- To put the USMCA data into perspective, in 2018, the United States exported $20 billion in agricultural goods to Mexico and $24 billion to Canada. That includes $1.6 billion in dairy to Canada. Annual U.S. agricultural exports to the world in 2018 were $139.6 billion.
- The value of lost U.S. agricultural exports to China since the China trade dispute started mid-2018 through June 2019 is $15 billion.
- In 2018, U.S. exports of agricultural goods to NAFTA partners totaled $44 billion, while we imported $26 billion in agricultural goods from Mexico and $23 billion from Canada. The United States had a $2.6 billion agricultural trade surplus with the NAFTA countries in 1993 before NAFTA, but a $9 billion NAFTA agriculture trade deficit by 2018. (U.S. NAFTA manufacturing exports in 2018 were $520 billion).

**Passing USMCA will not insure against harmful effects on farm country from Donald Trump's erratic trade policies. Months after Mexico signed USMCA, Trump threatened to impose new tariffs on all Mexican imports for immigration-related reasons. Nor would USMCA remedy problems some farmers have experienced with NAFTA.**

- The United States had a $2.6 billion U.S. agriculture trade surplus with NAFTA partners in 1993, the year before NAFTA. That reversed to a U.S NAFTA agricultural trade deficit that reached $9 billion in 2018.
- According to data from the 2017 U.S. Census of Agriculture, nearly 250,000 small- to medium-scale farmers have been driven out of agriculture since the original NAFTA began.
- The new agreement does nothing to fix the fundamental shortcomings of the previous NAFTA. It replicates trade rules that have devastated family farms and expanded corporate control over agriculture and our food system in all three countries.
- The promised benefits of increased farm exports and profits under NAFTA have not trickled down to farmers, farmworkers or rural communities. Instead, a handful of well-financed multinational firms have captured these export markets.

# National Farmers Union Resolution on USMCA Unanimously Approved on September 8, 2019

Access to export markets is critical for U.S. family farmers and ranchers. Agricultural exports account for about 20 percent of U.S. farm income, and farmers and ranchers rely on these sales to maintain commodity prices and boost revenue. Canada and Mexico are the leading export markets for U.S. agricultural products—a strong U.S. Mexico Canada Agreement would help to maintain those important relationships.

For farmers and rural communities to remain strong, they need more than high exports. Thus, trade agreements must not be limited to regulating domestic support levels, export subsidies and market access. Every trade agreement must address differences in labor standards, environmental standards, health standards, and other trade distorting policies, and provide for the strong enforcement of those standards. Further, trade agreements must not limit U.S. sovereignty or prohibit Congress from enacting policies that it deems in the best interest of U.S. citizens.

The blessing of excess agricultural production should not be used to as a weapon to depress agricultural product prices in neighboring countries. Selling excess production at prices below the full cost of production is dumping and should not be allowed. Neither NAFTA nor USMCA has dealt with the issue of dumping. Both Canada and Mexico's excess livestock production has been used to depress domestic livestock prices for U.S. livestock producers. U.S. white corn has been dumped into Mexico causing the collapse of the price of their staple crop. Dumping uses excess production to become a price depressing weapon.

The renegotiation of NAFTA was the perfect opportunity to use U.S. leverage to regain the use of U.S. Country of Origin labeling authority because it was Canada and Mexico who used the WTO process to take away the ability of U.S. food producers to identify and differentiate their food products in their own domestic marketplace. That effort was not made. The United States is the world's largest food producing nation and the world's largest cash-driven market. When the United States lost Country of Origin Labeling authority, the rest of the world including Mexico and Canada, kept authority to label their own products. Both U.S. food consumers and U.S. food producers must have the right to honest and transparent labeling so U.S. consumers can make an informed food buying decision.

USMCA must meet these standards—currently it falls short. Provisions that limit the actions Congress can take to reduce prescription drug prices must be rectified to allow for future reductions in health care costs. The increasing cost of health care, a top concern among National Farmers Union members, is eating into already shrinking farm revenue. Farmers are increasingly dependent on off-farm employment to make ends meet, but many rural manufacturing and other jobs have moved to foreign markets with cheaper labor and lower environmental standards. Labor, environment, and enforcement standards must be strengthened to help to keep jobs in rural communities.

On behalf of nearly 200,000 member farmers and ranchers across the country, National Farmers Union Board of Directors' final judgement on the passage of USMCA depends on the strengthening of labor, environment, and enforcement provisions; rectifying language related to prescription drugs; strengthening of anti-dumping protections for agricultural goods; and re-establishing Country of Origin Labeling authority.