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August 3, 2020

Mr. Joseph Barloon
General Counsel
Office of the U.S. Trade Representative
600 Seventeenth Street NW
Washington DC 20508

RE: Hearings Regarding Trade Distorting Policies That May Be Affecting Seasonal and Perishable products in U.S. Commerce, USTR-2020-0010

Dear Mr. Barloon,

The New York Farm Bureau (NYFB), New York State's largest general farm organization, would like to thank the Office of the United States Trade Representative (USTR), Departments of Commerce and Agriculture for the opportunity for individuals and organizations to submit testimony and comments regarding trade distorting policies that are causing harm to U.S. seasonal and perishable producers, including New York's fruit and vegetable farmers, and has led to unfair pricing in domestic markets. Specifically, NYFB will be expressing its concerns regarding unfair trade practices by Canada regarding the sale of fruits and vegetables into the U.S. These actions have resulted in negative financial impacts for not only New York farmers, but farmers located across the entire East Coast as well as across the country.

NYFB represents the great diversity of New York agriculture from row crops, specialty crops, vintners, orchards, livestock, dairy, including both conventional and organic production and a wide range of operation sizes. According to the 2017 Agriculture Census, New York ranks in the top ten for a wide variety of products, including second overall in production of apples, cabbage, and snap beans; third for grapes, fifth for tart cherries, green beans, and squash, sixth for strawberries, seventh for dry onions, eighth for sweet corns, ninth for bell peppers, and tenth for tame blueberries and pumpkins, just to name a few. As a major specialty crop producing state, New York farmers rely on a fair price and fair market to ensure an income from the sale of their products.

Unfair Pricing of Foreign Seasonal and Perishable Produce U.S. Markets

Unfortunately, New York farmers are not able to receive either a fair price or fair market when fruits and vegetables from Canada are outcompeting U.S. grown produce at the market. While our members believe in open and competitive markets, artificial price reductions do not allow for these conditions to exist. There is a pattern of Canadian produce entering the market, followed by New York produce prices plummeting, which has happened far too often and at price levels that raises questions as to how these Canadian farmers continue to stay in business. Farmers in the United States cannot continue to sell at prices akin to what was received 30 years ago and continue to stay in business. Simply put, farm businesses have to sell their produce for more than it costs to produce it, or it does not make financial sense to stay in business. While we don't wish to speculate, one may conclude that there may be unfair subsidization of Canadian produce to make it profitable for those Canadian farmers to ship and sell products in the U.S., either through country-wide support or through individual provincial support

programs. In the past, similar tactics have been used by Canada to distort agriculture product markets. For example, they recently created new classes of milk (Class 6 & 7) which essentially blocked New York dairy producers and processors from accessing those markets. It also allowed Canada to offer certain types of dairy products at lower prices to ensure their products were purchased. Thankfully this issue is addressed in the United States-Mexico-Canada Agreement, but work remains to address other agriculture industries.

Examples:

Onions

A number of our onion producers in New York have reported that over the past 10 years or more, imported Canadian onions have flooded domestic United States markets at prices that make little to no sense from a cost of production perspective. In fact, it frequently appears to be blatant dumping on the part of Canadian farmers/brokers. Season after season, when Canadian onions come into the market, they are sold in eastern United States markets at questionably low prices, and at prices domestic onion farmers have an extremely difficult time to compete with, especially on a cost of production basis. Year after year, once the Canadian onions enter the market, onion prices plummet and stay low until they cut back on their exporting.

An onion broker/ grower/shipper recently stated to a fellow grower, *“If something isn’t done about Canada, seeded onions will be a thing of the past for this valley. They don’t need us as farmers or packers.*

\$8.00 on so-so onions in 2lb bags

\$9.00 on good

24/2

\$3.00 for the pack and the ride

That leaves you with \$5.00-\$6.00 for the onion.”

In layman’s terms, Canadian onions are coming into markets in New York City, packaged in two-pound bags, at \$9.00 for twenty-four two-pound bags (\$8.00 for onions at a lower standard of quality). If the money received by the Canadian broker plus transportation is \$3 (it’s probably closer to \$4) of that amount that means the Canadian farmer is receiving at best \$5.00-\$6.00 per twenty-four two-pound package. Even with an exceptional crop, that amount received is, at best if not, below the cost of production. This is happening year after year and a New York farmer cannot stay in business selling at or below the cost of production without some sort of outside assistance.

As a further example, in New York, farmers, who sell to wholesale markets, typically sell onions in 50-pound bags. Currently, growers in Orange County, outside New York City, are being offered \$7.00 for a 50-pound bag of medium yellow onions and \$11.00 for medium reds. If growers in Oswego or Elba sell to Orange County re-packers, they typically receive \$1.00 to \$1.25 less per 50 pounds due to transportation costs. At a minimum, New York onion farmers need to receive \$10.00-\$12.00 per 50lbs for yellows to break even, which means being paid \$7.00 per 50-pound bag makes it financially difficult for New York farmers while Canadian producers are able to easily undercut the market.

In contrast, the cost of production (seed, agrochemicals, fertilizer, rent and labor) is roughly \$3,000-\$5,000 per acre for direct seed and \$5,000-\$7,000 for hand transplants. If expenses like taxes, fuel, repairs, insurances, etc. are included, the cost per acre is even higher. Right now, a grocery store may

charge \$0.83, or \$1.00 or more per pound for medium yellow onions but the local farmer only receives \$0.14lb while the breakeven point is at least \$0.20lb.

These instances are not only occurring in New York but have been experienced by onion producers in New Jersey and Michigan as well. Simply put, U.S. farmers cannot afford to sell at the prices that Canadian producers are able to sell and expect to stay in business.

Leafy Greens

On Long Island, farmers produce a “salad bowl” of leafy greens for sale at Hunts Point Produce Market (New York City Terminal Produce Market). However, when they sell boxes of lettuce and other greens, they are faced with a market flooded with cheap greens from Canada. In late June, July, and August, one producer reported Canadian Romaine lettuce being sold for \$7.00 FOB (Freight on Buyer). The average price that Long Island farmers expect to receive for that same Romaine lettuce, is \$15.00 per box which means that producers are receiving fifty percent of their normal pay, which has serious financial implications.

Fruit

NYFB has also received reports of low prices received by New York fruit growers as well as growers from Maine for blueberries. These fruit crops are shipped into the U.S. from Canada and are able to outcompete for market share and sales because U.S. fruit has a higher sales point which U.S. need to breakeven.

Action Needed:

In an effort to address the flow of Canadian produce flooding the market, NYFB sent a letter on January 17, 2020 to the USTR and U.S. International Trade Commission requesting they initiate an inquiry and investigation to determine if the Canadian government is engaging in any practices or actions that would bring it into violation of or out of compliance with either the World Trade Organization or United States-Mexico-Canada Agreement. If an such violation is found, NYFB had requests that these agencies file any and all necessary complaints to redress and rectify the matter.

As a follow-up to the letter, both the USTR and USITC held conference calls with members of New York’s Congressional Delegation, NYFB, New York Vegetable Growers Association, and the National Onion Association to discuss the process for filing a petition and the evidence needed for such a petition. These conversations were very helpful but also highlighted the long and intricate process for filing a petition with USTR and USITC to investigate unfair pricing by foreign entities in the U.S. markets.

As part of the request for comment, USTR asked how the Administration can better support U.S. producers that have been impacted by unfair pricing practices and remedy the harm. NYFB supports the following steps that USTR could take to address these practices: We support changes to Antidumping and Countervailing Duty laws that would provide a process for regional/seasonal industries to petition for antidumping and countervailing duties. A streamlined and simplified process would be extremely helpful for producers and organizations wishing to file a petition. In addition, it would be helpful if multiple commodities could be grouped into one petition. This would allow impacted producers to work together when they are facing detrimental price impacts. We would also support a change to the time frame and data used to determine dumping that recognizes domestic specialty crops and regional seasonal industries’ production cycles.

In addition, NYFB also requests implementation of a timely trade dispute resolution process that would take into account the perishability, seasonality, and regional production of products. It is important that USTR, USDA, and Department of Commerce work with industry representatives to provide a timely and aggressive response to any infringement of trade agreements.

Again, New York's and the East Coast's agriculture industry depends upon and supports free trade but also firmly believes in *fair* trade. Trade agreements must be honored so as to protect domestic farmers from unfair trading practices and dumping. NYFB greatly appreciates your vital support of New York agriculture, and we call on you and the administration to work expeditiously to solve and implement just trade solutions.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Fisher', with a stylized flourish at the end.

David Fisher
President, New York Farm Bureau