

**Written Testimony of Scott
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**“A Review of Animal
Agriculture Stakeholder
Priorities”**

**United States House
Subcommittee on Livestock,
Dairy and Poultry**

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Introduction

The National Pork Producers Council (NPPC), representing 42 affiliated state associations, works to ensure the U.S. pork industry remains a consistent and responsible supplier of high-quality pork to domestic and international markets. Through public policy outreach, NPPC fights for reasonable legislation and regulations, develops revenue and market opportunities, and protects the livelihoods of America's more than 66,000 pork producers.

The U.S. pork industry serves as a major contributor to both the agricultural and overall U.S. economy. In 2021, U.S. pork producers marketed more than 140 million hogs valued at over \$28 billion, while supporting more than 610,000 U.S. jobs and supplying consumers with nutritional products that are raised safely and humanely. The U.S. is also a global supplier of pork, with exports accounting for nearly a quarter of annual pork production and supporting more than 155,000 U.S. jobs.

To produce those hogs, pork producers used roughly 1.6 billion bushels of corn and the soybean meal from 433 million bushels of soybeans in 2022. They also used roughly 5 million tons of distillers dried grains with solubles (DDGS), a major by-product of corn ethanol production.

The successes seen in our industry are particularly impressive given the challenges our farmers face. From trade retaliation, supply chain issues exacerbated by the COVID-19 pandemic, labor shortages, and looming threats of foreign animal diseases, pig farmers have prevailed in difficult times to put safe and accessible food on American tables.

It remains a challenging time for the U.S. pork industry, with hog producers losing on average \$40 per head of hogs marketed. While current markets are within the range typically seen at this point in the marketing year, input costs have risen by some 50 percent in the past year. This is putting a pinch on the pork industry and will lead to greater consolidation as producers may be forced to exit the industry due to this economic reality. This only adds to the uncertainty that exists with the credit market and the presence of African Swine Fever in the western hemisphere.

On top of this, the Supreme Court released its very disappointing decision on California's Proposition 12 last week. The implications of the decision will go far beyond the farm. With higher costs and fewer choices, every American will be impacted by this decision. We stand behind the right of farmers everywhere and consumers across the country – and we look forward to working constructively to find a reasonable solution.

NPPC is hopeful the 2023 Farm Bill fully funds programs vital to ensuring animal health across species. The growing threat of foreign animal disease is of particular concern, and farmers need tools to prevent and rapidly respond to an outbreak.

Foreign Animal Disease (FAD) Prevention

Pork producers are facing an increasing threat from foreign animal diseases (FADs), such as African swine fever (ASF). To combat this, U.S. farmers collaborate with the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS), state animal health officials, and other stakeholders. They work to maintain early detection, prevention, and rapid response tools to address any outbreak, including a strong laboratory capacity for surveillance, and a stockpile of vaccines to quickly respond to high-consequence diseases. If an FAD, like foot-and-mouth disease (FMD), were to occur, it would devastate not only hog farmers but also cattle, sheep, and feed grain producers. It would lead to significant job losses due to disruptions in domestic production and the loss of export markets.

The 2018 Farm Bill funded Animal Disease Prevention and Management actions to address FAD risks, and NPPC urges continued funding for these critically important programs, specifically:

- **National Animal Vaccine and Veterinary Countermeasures Bank (NAVVCB):** Established in the 2018 Farm Bill, this U.S.-only vaccine bank allows USDA to stockpile animal vaccines and related products to use in the event of an outbreak of FMD or other high-impact FADs. The bank ensures vaccines are available for rapid response in the case of an outbreak. It is also imperative that the NAVVCB is well funded in the event that vaccines for other high-consequence FADs, such as ASF, become viable.
- **National Animal Health Laboratory Network (NAHLN):** The NAHLN is a network of over 60 laboratories that collaborates with the National Veterinary Services Laboratories (NVSL) on disease monitoring. Should FAD strike, diagnosing and detecting the extent of the outbreak as rapidly as possible plays a key role in responding to a disease and limiting the impact on producers. The laboratory capacity of the NAHLN is critical to ensuring the United States can rapidly and effectively respond to an outbreak. Enhancing animal health diagnostic testing for both endemic and high-consequence pathogens in the nation's livestock and poultry is vital to protecting animal health, public health, and the nation's food supply.
- **National Animal Disease Preparedness and Response Program (NADPRP):** This program allows APHIS to collaborate with animal health partners nationwide to implement high-value projects that enhance prevention, preparedness, detection, and response to the most damaging and emerging FADs that threaten U.S. agriculture. Cooperative or interagency agreements between APHIS and states, universities, livestock producer organizations, tribal organizations, land-grant universities, and other eligible entities are vital to addressing the risk of animal pests and diseases.
- **National Veterinary Stockpile (NVS):** The NVS provides veterinary countermeasures (animal vaccines, antivirals, or therapeutic products, supplies, equipment, and response support services) that states, tribes, and territories need to respond to animal disease outbreaks. Depopulation is a key component of any FAD control effort, and adequate euthanasia equipment is critical to its success. Also essential is sampling and vaccination equipment. The NVS should be well-supplied to step in if a large-scale outbreak requires resources beyond what states, tribes, or territories may have.

Several other measures to prevent foreign animal diseases from entering the United States have been enormously successful, and farmers would benefit from them being continued if not expanded.

The Feral Swine Eradication and Control Pilot Program (FSCP), for instance, is a joint effort between USDA's Natural Resources Conservation Service (NRCS) and Animal and Plant Health Inspection Service (APHIS). Originally included in the 2018 Farm Bill, FSCP addresses the threat of feral swine pose on agriculture, ecosystems, and animal health. Given feral swine's role in the worldwide ASF pandemic, funding for this program should be increased to reduce the risk of the potential spread of FADs, including ASF, in the United States.

The Agricultural Quarantine and Inspection (AQI) Services User Fees Program, jointly administered by the USDA and U.S. Customs and Border Protection, is crucial to keeping invasive plant and animal pests and diseases out of the United States. This critical program is funded through user fees collected by APHIS from international travelers and commercial traffic.

Unfortunately, in September of last year, APHIS lost its 30-year authority to collect a surcharge through certain fees because of a District of Columbia Circuit Court ruling. The loss of this longstanding authority to collect reserve funds destabilizes AQI funding and threatens the effectiveness of its programs. NPPC urges Congress to restore this fundamental user fee authority to APHIS through the 2023 Farm Bill.

To prevent the introduction of ASF and other FADs into the United States, the Secretary of Agriculture has used discretionary authority to operate the **National Detector Dog Training Center**. The center is the primary training facility for the so-called "Beagle Brigade" of the AQI program and other agricultural canine teams that help protect America's natural resources and agriculture producers from foreign animal and plant diseases and pests. The Beagle Brigade is crucial to securing the country against ASF, as the disease has gained a foothold in the Western Hemisphere for the first time in 40 years. We are therefore imploring Congress to include the Beagle Brigade Act (H.R. 1480/S. 759) in the Farm Bill.

Livestock Marketing and Transparency

Livestock Mandatory Reporting (LMR) remains a critical issue for pork farmers today, and we cannot allow this vital program to lapse. Market Reporting and meaningful price discovery are critical to pork producers' ability to accurately market their livestock. In 2020, producers identified several priorities to include in the reauthorization of LMR. While we consider the declaration of mandatory price reporting as an essential service and improving the transparency and usefulness of reported information for producers to be crucial and necessary improvements, changes in the marketing of hogs over the past three years have prompted our industry to reevaluate its priorities for full reauthorization. Therefore, NPPC has convened a task force and is seeking a one-year LMR authorization to allow additional time for stakeholders to work collaboratively to develop specific recommendations.

While NPPC believes that we can make meaningful changes to price reporting that would give hog producers greater transparency in marketing their livestock, we are also concerned about current efforts that would stifle innovation, reduce competition, and introduce significant legal and regulatory uncertainty. In January 2020, the USDA proposed rules outlining criteria to determine if a preference or advantage given to a producer can be justified based on market conditions and reasonable business decisions. USDA also made clear in the rule that to prevail in the Packers and Stockyards Act (PSA) challenges, a plaintiff must show a preference or advantage that is likely to harm competition in the marketplace. The new rules were finalized in December 2020 and took effect on January 11, 2021.

In 2021, USDA announced it would propose a series of three new rules to strengthen the Packers and Stockyards Act, two of which have been proposed. The first rule, proposed in June 2022, focused on the poultry industry. A second proposed rule, published in October 2022, would create a new class of producers called "market vulnerable individuals" and names a broad list of conduct retaliatory. Rather than promoting competition, the rule would create uncertainty, confusion, and needless litigation in the pork industry without addressing any specific existing issue. A third rule covering the scope of the PSA is expected sometime in 2023, meaning that the industry has not had the opportunity to assess the potentially overlapping impacts of this series of rulemaking. NPPC opposes the implementation of these rules and believes that hog producers must have the freedom to enter contracts that best fit their operations.

Expanding Market Access

Trade is vital to America's pork producers, who annually export about a quarter of their total production to more than 100 countries. The pork industry exported \$7.68 billion of pork in 2022. Those exports contributed more than \$61 to the average price received for each hog marketed, supported 155,000 American jobs, and contributed more than \$14.5 billion to the U.S. economy, according to Iowa State University economists.

Despite numerous challenges, a strong U.S. dollar, ongoing supply chain issues and trade retaliation from some of its top foreign markets, the U.S. pork industry continues to export a significant amount of pork. In fact, as of February this year, American pork producers had already exported products worth \$1.2 billion to foreign destinations. This represents an increase of nearly 123 percent compared to the same period last year when exports were valued at about \$1.1 billion.

The biggest reason for U.S. pork export growth over the past two decades has been through trade initiatives, whether free trade agreements (FTAs), less-formal trade and investment framework agreements (TIFAs) or one-off market access deals. Through such initiatives, the United States moved from a net importer to a net exporter of pork in 1995.

As a result of trade agreements, U.S. pork exports have increased more than 1,850 percent in value and more than 1,560 percent in volume since 1989, the year the United States implemented

its FTA with Canada and started opening international markets for value-added agriculture products.

Since 2000, pork exports to FTA countries have increased 913 percent, and in countries where the United States has negotiated preferential market access and where tariffs were slashed, pork exports increased tremendously.

In addition to comprehensive trade agreements granting better market access for U.S. pork, the pacts are usually the best avenue for U.S. agricultural science-based standards to be accepted and for broader non-tariff market access issues to be resolved.

Policies that foster the free flow of goods and expand export markets – mostly through trade agreements – are critical to the continued success of America’s pork producers, U.S. agriculture and the overall American economy. **The bottom line: The United States needs more comprehensive trade agreements that eliminate or significantly reduce tariffs on and non-tariff barriers to U.S. exports.**

Other Priorities for Hog Farmers

As noted above, exports are critical to the U.S. pork industry. We believe there are two opportunities that should be prioritized to promote market access. The first is the **Indo-Pacific Economic Framework for Prosperity (IPEF)**, a U.S.-led initiative developed to forge closer relationships among nations in the Asia-Pacific region. Pork producers encourage negotiators to include tariff elimination and agricultural market access among member nations. NPPC agrees it is important to negotiate a level playing field for agricultural sanitary and regulatory standards. However, the biggest disadvantage facing our industry is high tariffs as competitors have negotiated and entered into agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that eliminate tariffs and quotas for pork and pork products.

Another opportunity is the **U.S.-Taiwan Initiative on 21st-Century Trade**, which was launched in June 2022 to develop concrete ways to deepen the countries’ economic and trade relationship. NPPC welcomes these negotiations and hopes that market access issues for U.S. pork will finally be addressed. Until recently, when new barriers to trade were enacted, Taiwan had been a growing market for U.S. pork products. U.S. pork exports peaked in 2020 at \$53.9 million but fell to \$16 million in 2021. Meanwhile, exports from competing countries increased by over 70 percent in 2021. The initiative is a timely opportunity to negotiate eliminating Taiwan’s unjustified restrictions on U.S. pork.

U.S. pork producers face challenges at home too. Chief among them is an ongoing labor shortage impacting much of the agriculture sector and threatening the food supply. Despite significant wage increases and competitive benefits, pig farm employment has declined since 2021. Historically low unemployment rates, changing demographics, and declining populations in rural communities indicate that the domestic labor force will not be able to offset the pork industry’s worker shortage. As a result, pig farmers are increasingly dependent on non-domestic workers, and current visa programs fail to meet our workforce needs. Improving and updating the

antiquated H-2A visa program by granting access to year-round agriculture industries would solve this problem and address the needs of non-seasonal farming.

Conclusion

While the industry is facing many challenges, hog farmers, like me, and our industry allies are committed to working together to maintain the strength of the U.S. pork industry. We are proud of the work we do and appreciate the opportunity to help feed America's families.

NPPC and our members are thankful to Chairman Mann, Ranking Member Costa, and Members of the Subcommittee for their leadership and consideration of these important issues.