

Testimony by Ronnie Russell  
Board of Directors, American Soybean Association  
before the  
Subcommittee on National Security, International Development and Monetary Policy  
Committee on Financial Services  
U.S. House of Representatives

I want to thank Chairman Cleaver and Ranking Member Stivers for inviting me on behalf of the American Soybean Association (ASA), to provide testimony to the Committee on the impact of trade and tariffs to the agriculture economy and to soybean producers. My name is Ronnie Russell and I am a soybean farmer from Missouri where I farm in Ray County. I am a member of the American Soybean Association Board of Directors and serve on the ASA Governing Committee. ASA is the national organization that represents U.S. soybean farmers on policy and international issues. This testimony will be on behalf of the American Soybean Association; however, I would like to provide a fist hand account of how the current trade and tariff uncertainty has impacted me and the long-term health of my farming operation.

### **U.S. Soy Industry**

In 2017, U.S. farmers produced a record 4.4 billion bushels of soybeans and exported 2.3 billion bushels, or 52 percent, valued at \$27 billion. For the last 20 years, soybeans have contributed more to the U.S. trade balance than any other agricultural product. We are very proud of this record, and of our role in helping to feed a growing world. China is the world's largest soybean importer, buying 93 million metric tons of soybeans in 2016, mostly from Brazil, the U.S. and Argentina. In 2017, China imported 1.4 billion bushels of U.S. soybeans, 62 percent of total U.S. exports and nearly one-third of our annual soy production. Over the next 10 years, Chinese demand for soybeans will grow annually by the size of our entire export market to the EU.

### **Impact of Tariffs on Producers**

Things are bad in farm country right now. If I were back on my farm in Missouri today, I would be planting my spring crops. However, the concerning reality of the farm economy and our rural communities has led me to speak today to give you an idea of what farmers in my rural community and many other communities across the heartland of America are experiencing.

As a farmer producing soybeans, corn, wheat, hay and alfalfa I am no stranger to the perils and unpredictability of farming. I have been farming for 43 years and have seen my share of low prices and crop loss due to weather. This season has been one of the most challenging I have experienced. But as a farmer who has always had to deal with the possibility of inclement weather, I have tools at my disposal to mitigate a year with poor planting, flooding or even drought.

However, over the past year I have endured threats to my farm that I cannot control or predict. The use of tariffs by the U.S. government has resulted in punitive retaliatory tariffs on U.S.

exports, particularly agriculture products. The most detrimental of these is the 25 percent retaliatory tariff on U.S. soybeans imposed by China on July 6, 2018.

This retaliatory tariff has all but halted the shipment of U.S. soybeans to China, which up until last year was by far our largest export destination. In 2017, China purchased \$14 billion worth of U.S. soybeans. This was no drop in the bucket. It represented fully 31 percent of our total soybean production that year, and 60 percent of our annual exports.

The imposition of retaliatory tariffs by China has caused immediate and severe damage to the price of U.S. soybeans, which fell from \$10.89 to \$8.68 per bushel last summer. These low prices have continued and, in some cases, dropped even further. Farmers are losing money on every acre of beans we plant. The impact on my farm has been significant. And because this drop was driven, not by weather or increased competition but instead as a result of the government's use of tariffs, it is hard to determine the extent of damage to my business.

Soybean farmers like me are feeling the impacts of the tariff war; and they are unsure if they will be able to make it through another growing season. Older farmers are considering retiring early to protect the equity they've built up in their farms, while younger producers are looking at finding other employment. We may also see the shuttering of more businesses in rural communities whose livelihoods depend on the health of the farm economy.

As late as April this year, U.S. farmers were hopeful that an end to the ongoing tariff war with China was close at hand. However, the recent increase in tariffs and the potential for further escalation is unacceptable. Our finances are suffering and stress from months of living with the consequences of tariffs is mounting. Soybean growers need China's tariff removed now.

## **Recommendations**

Long-term, what farmers and rural communities need is predictability and certainty, which only comes through maintaining and opening new markets where we can sell our products. For decades, U.S. soybean farmer check-off dollars went into developing China's market for soybeans. Our investments grew the Chinese market from \$414 million in 1996 to \$14 billion in 2017. While we are working hard to diversify and expand other market opportunities, the loss of the China market cannot be fully replaced.

I ask Congress to urge the Administration to conclude negotiations with China that include immediately lifting Section 301 tariffs by the U.S. in exchange for China removing its 25 percent tariff on U.S. soybeans. I also urge the Administration and Congress to finalize and enact the US-Mexico-Canada Agreement and begin negotiations of new Free Trade Agreements with other countries that offer the potential for increasing imports of soy and livestock products.