

December 12, 2023

U.S. Representative Mike Gallagher
1211 Longworth House Office Building
Washington, DC 20515

U.S. Representative Raja Krishnamoorthi
2367 Rayburn House Office Building
Washington, DC 20515

Dear Select Committee on the Chinese Communist Party,

As the Committee prepares policy recommendations for Congressional action, we write to ensure that you fully weigh the impact of potential recommendations that will invite retaliation against American farmers, ranchers and food producers. Specifically, we have concerns that the Committee will recommend that Congress enact legislation to repeal China's Permanent Normal Trade Relations (PNTR) status.

As you know, in 2000, Congress voted to grant China PNTR status as the country was joining the World Trade Organization (WTO). At the time, the U.S. sold just \$1.73 billion in food and agricultural products to China. This constituted around 3% of our total food and agricultural exports, ranking China behind Canada, Mexico, the EU, Japan, and South Korea as buyers of U.S. farm products.

The market access created following China's accession to the WTO has been an enormous driver of growth for America's farm economy: In the past two decades, U.S. export sales to China have skyrocketed. In 2022, the U.S. exported \$38.11 billion in food and agricultural products to China—an astounding 22-fold increase – since gaining PNTR status. China is now the largest buyer of U.S. food and agricultural products, purchasing 19% of our exports. These exports are critical to America's farmers and rural communities.

When trade frictions arise between our countries, those exports are threatened. The U.S.'s imposition of Section 232 and 301 tariffs in 2018 and 2019, and the corresponding retaliatory tariffs that followed, are still impacting U.S. farmers and food processors and have hindered efforts to regain access to this vital market. Those retaliatory tariffs led to a significant reduction in U.S. agricultural exports to retaliating partners with China accounting for approximately [95 percent of the losses](#) (\$25.7 billion). Rural states with significant agriculture economies like Iowa, Illinois, Kansas, Minnesota, Indiana, Nebraska, and Missouri were hit the hardest.

By revoking China's PNTR status, Congress would open up U.S. farmers and ranchers to immediate, additional retaliation from China. A recent [Oxford Economics Report](#) estimated that China's retaliation would result in more than a 30% reduction in U.S. agriculture exports to China. It would be impossible for farmers and ranchers to fully make up this lost market share anywhere else in the world and it would undo decades of progress for Americans whose livelihoods depend on robust trade, including with China.

While we share the Committee's concerns about many of China's practices, passing the burden on to farmers to address those concerns is the wrong approach. As the Committee considers more sustainable and impactful ways of bolstering America's competitive footing, we encourage members of Congress to help provide alternative market access in the Asia-Pacific region.

As you know, market diversification helps with risk mitigation for U.S. farm goods. Opening new markets and growing existing markets for U.S. agriculture decreases a reliance upon the Chinese market. Further, international trade is an important diplomatic tool that builds our relationship and good standing with other countries, in turn lessening China's global influence. We urge Congress to pressure the administration to work to provide robust new market access across the Asia-Pacific region. This not only entails eliminating non-tariff barriers that impede trade, but also requires reducing tariffs that undermine the ability of U.S. food and agricultural exports to compete in this dynamic region.

The Select Committee has done important work over the past year to probe the many trade challenges China poses. As you finalize that report, we respectfully urge this important committee not to recommend revoking China's PNTR status. The negative consequences for American farmers, ranchers and food producers would be profound and the economic impact on American workers and rural communities would be felt for years.

Sincerely,

The Almond Alliance
American Seed Trade Association
American Soybean Association
Corn Refiners Association
The Distilled Spirits Council of the U.S.
Farmers for Free Trade
Iowa Soybeans Association
Leather and Hide Council of America
Meat Institute
National Corn Growers Association
National Council of Farmer Cooperatives
National Milk Producers Federation
National Sorghum Producers
Northwest Horticultural Council
U.S. Apple Association
U.S. Dairy Export Council
USA Poultry & Egg Export Council

CC: Select Committee on the Chinese Communist Party
House Ways and Means Committee
House Committee on Agriculture