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Contact: Danielle Endvick, 715.471.0398 or dendvick@wisconsinfarmersunion.com

Farmers and groups call for a new approach to trade, NAFTA

MADISON – In the midst of increasingly heated discussions about trade this week, Wisconsin farmers and other experts offer the following remarks and some unique perspectives that question our nation's current approach to agricultural trade.

Darin Von Ruden, President of Wisconsin Farmers Union, enumerated several key points that reflect the organization's view on trade:

- 1) The export market is the least lucrative and most volatile destination for agricultural products. Exports should be a release valve for surplus production, not our central strategy for maintaining U.S. farm incomes.
- 2) Our current approach to trade creates an uneven playing field and puts U.S. farmers in an unfair competition with farmers in other countries.
- 3) We need to follow a steady course of reorienting both our trade and our domestic agricultural policy to bring long-term prosperity to our rural communities.

“Our current approach to trade is not serving farmers well,” Von Ruden said. “With over 20% of U.S. agricultural output headed for international markets, farmers have become vulnerable to factors over which they have no control, such as exchange rates or trade wars with other countries.”

Nels Nelson, who runs a 350-cow dairy farm with his family near Wisconsin Dells, agreed. “It would be destructive to pull out of NAFTA now or get into a trade war with China because we’ve gotten ourselves in the position of needing those export markets. But we’d do better to reduce our dependence on exports and try to negotiate fair trade deals that actually support farmers and communities. As farmers, we hear over and over again that exports are the answer, that we can just trade our way out of the problem. It hasn’t worked and it’s not going to work. Being so dependent on the export markets puts us in a risky position. We suffer from volatility in the prices we get, making it impossible to plan as a business.”

“What does a car factory do when they have an oversupply of cars?” Nelson asked. “They don’t build a new factory, they cut back on supply. We’re losing more than a dairy farm a day in Wisconsin because we can’t get a decent price for our milk. Every farm that goes out of business deals a blow to all the other businesses around – the seed and implement dealers, the supply salesmen. We need our elected officials and industry leaders to come up with a real solution and not just repeat the ‘more exports’ mantra.”



While exports have come to account for a significant portion of farm income, looking at exports alone only paints half of the picture, stressed David Newby, president of the Wisconsin Fair Trade Coalition. "Again and again, free-trade proponents repeat the same half-true statistics about how exports have increased under NAFTA," Newby said. "But what about imports? True, higher exports mean more sales for agribusiness corporations, but at the same time, increased imports equal the loss of domestic markets for farmers. So what really matters is our balance of trade,' exports minus imports. When we include both sides of the ledger, the numbers are much less rosy. According to the most recent data available, Wisconsin's state-specific agricultural trade deficit with Canada and Mexico was \$12.6 million in 2016. Looking at the full picture, Wisconsin is losing out."

Tony Schultz, who direct markets vegetables, beef, and maple syrup and also hosts weekly on-farm pizza nights on his Athens farm in the summer, echoed that sentiment. "Trade is a two-way street. As a vegetable producer, I am keenly aware that imports of fresh produce have increased steadily since the passage of NAFTA, such that in 2015 we had an \$11.4 billion trade deficit in fresh and processed fruits and vegetables. My customers can go to the grocery store and buy tomatoes or lettuce or cucumbers from Mexico for a fraction of what it costs me to produce the same crop in the United States. I'm all for competition, if the competition is fair. But the minimum wage in Mexico is \$3.86 per day. How can I compete with that wage as an employer? And why would I even want to try? Our strategy for rural prosperity should be to build the local economy up, rather than trying to pay the lowest wages on the continent."

Jim Goodman of Wonewoc, dairy farmer and president of National Family Farm Coalition, shared the following: "So-called 'free trade' and the export market will not solve the underlying problems facing family farms today. Trade agreements like NAFTA have only sped up agricultural concentration, driving family farmers out of business. These agreements must instead be 'fair trade,' ensuring equitable treatment to farmers on both sides of the border and a fair price based on their cost of production."

Karen Hansen-Kuhn, Director of Trade and Global Governance at the Institute for Agriculture and Trade Policy emphasizes the negative impact of free trade on family farmers: "The combination of US agricultural and trade policies has decimated family farms and increased corporate concentration in agriculture. Since NAFTA was implemented, the U.S. has lost some 247,000 family farms. The current system is unsustainable, as farmers are compelled to export at below the true cost of production. Simplistic calls to expand exports won't get us to the fair and sustainable food and farm system we need. We need a new approach to trade that includes mechanisms to shelter farmers from volatile markets."

Michael Slattery, a farmer who raises corn, soybeans, wheat, alfalfa, and livestock in Manitowoc County, articulated some of the same concerns. "U.S. farmers cannot afford to see NAFTA terminated, but the agreement should be restructured." Slattery continued, "NAFTA and other 'free' trade agreements encourage excess production based on the false premise that we can export our way to agricultural prosperity. The result



has been the plunging of crop prices, the dumping of major crops on foreign markets, the squeezing out of 200,000 small and mid-scale U.S. farms, and the undermining of domestic farm markets in our trade partners, particularly Mexico where 2 million farmers were forced off their land. NAFTA and other similar agreements do not address the fundamental problem we face — overproduction. Supply management of U.S. dairy, grains and meat would stabilize and improve farmers' bottom line.”

Burt Paris, a dairy farmer in Belleville, Green County, also expressed his hope that farmers will look for solutions closer to home to improve farm profitability. “We need better domestic policy to improve the farming economy. So many times you hear people talking about the need to increase our exports, but by depending on exports, we're depending on other people for our profitability. I'm really pleased to hear about more cooperatives implementing plans with their farmers to make sure that the co-op's supply of milk lines up with their demand," Paris said. "If I have an incentive as a farmer to manage supply, that's something I can control. I see supply management, both at the cooperative and at the federal level, as a way of taking control of our business and fixing this ourselves rather than relying on government programs or the ups and downs of global markets to save us."

Finally, Congressman Mark Pocan put our current challenges and opportunities in perspective:

“The opportunity to renegotiate NAFTA is an important chance to level the playing field for American farmers,” Rep. Pocan said. “We need to give our farmers the assurance that if they use good conservation practices and pay themselves and their workers fair wages, they will not be undercut by imported products produced elsewhere with underpaid labor and poor environmental standards. We need a new approach to trade that plays to the strengths of American farmers, rather than an approach that places them in a race to the bottom.”

Wisconsin Farmers Union, a member-driven organization, is committed to enhancing the quality of life for family farmers, rural communities, and all people through educational opportunities, cooperative endeavors, and civic engagement. For more information visit www.wisconsinfarmersunion.com.

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