

TESTIMONY submitted for USTR Hearing:
Trade Distorting Policies That May Be Affecting
Seasonal and Perishable Products in U.S. Commerce

Submitted By:
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Thank you for the opportunity to submit this testimony. I am William Brim, President of Lewis Taylor Farms, in Tifton, Georgia. I have been farming since 1971.

Lewis Taylor Farms has been in operation since 1950, and today produces about 5,500 acres of strawberries, cantaloupe, watermelon, and vegetables, using both conventional and organic growing practices. We employ 75 full time employees and approximately 380 H2A visa workers. Our success is their livelihood. We are a family-owned, family-oriented business that take care of each other.

Despite our 71-year history, and despite the support of our dedicated employees, our future is in serious jeopardy. Quickly rising imports – primarily from Mexico – are on the verge of putting us out of business. Each year, Mexican farmers are dumping many different types of produce into our market during our season’s peak harvest time. The rising imports are making it impossible for us to make a living.

I know you received similar testimony from our colleagues in Florida who provided data that show the levels of these imports. You were provided data that show how Mexico has scaled up its production over the past fifteen years, largely with the help of subsidy programs for ‘protected agriculture’.

Charles Hall from the Georgia Fruit and Vegetable Growers Association and Gopi Munisamy, from the University of Georgia have also provided testimony outlining the overall state of the Georgia fruit and vegetable industry and the impact of Mexican imports.

So, I will focus my comments on what I have personally seen and experienced, and what these imports are doing to my business.

In 2105 our operation began to see market and pricing changes due to increased Mexican product on the market that we knew was not going to be good. By 2018 the pressure from Mexican imports was so strong that it, along with losses from Hurricane Michael, almost caused us to shut down. We are a year-round operation, our seasons now overlap the Mexican imports with their ability to plant at higher elevations and put more acres in ‘protected agriculture’ paid for from Mexican government support programs. In the spring and fall everything we grow falls in sync with Mexico products: watermelons, tomatoes, cucumbers, and green peppers just to name a few.

Our marketing channels to Midwest retailers have all but disappeared. Those retailers can find cheap Mexican imports that we cannot compete with due to our higher labor and input costs. We currently use the H2A visa program through the U.S. Department of Labor who sets the Adverse Effect Wage Rate (AEWR), now at \$11.25/hour, PLUS we pay for housing, transportation and other costs for our workers. My actual hourly labor costs, once all these costs are considered, will be over \$15 an hour. The Mexican growers are paying their workers in Mexico 1/10th of our wage rates. In addition, Mexican growers do not have the same governmental regulations required of U.S. growers from the Environmental Protection Agency, U.S. Department of Labor, Food and Drug Administration and other agencies.

A good example of this price differential is imported broccoli. It costs \$9.25/box to produce broccoli in Georgia. However, Mexico sends broccoli to New York and sells it for \$4.00/box. We cannot compete with those numbers. We understand the need for low costs by the grocery store chains that we regularly sell to, and we would love to be able to provide a cheaper product, but we cannot do so. Our marketing company, J & J Family of Farms, is based out of Florida and they have felt this same pressure for all of the products they sell from Southeast growers. They have shared with me that retail buyers they would have had no problem selling to in the past, are now pulling away and buying those products with cheaper prices from Mexico.

Let me boil down all that you're hearing today and last week in Florida to this one critical point: we are experiencing a rapid destruction of the Southeastern fruit and vegetable production sector by reason of imports.

What has prompted this sudden rise in Mexican imports? Clearly, Mexico's production has increased dramatically, and it appears to me that they are expanding with the help of subsidies from the Mexican government. Their government is bankrolling their expansion into our market.

Moreover, these imports are timed to enter the U.S. market, just as we are harvesting and attempting to market our produce. Produce markets in the United States vary, depending on region and depending on the commodity. Mexico's produce is targeting our market and disrupting our marketing seasons.

The question we must answer – and the question we very much hope you will help us answer – is what are we going to do about it?

As we first began to explore options, we were told that there are U.S. trade laws on the books – antidumping and countervailing duties – that exist for circumstances just like this. If Mexican farmers are selling into our market at unfair low prices and hurting our industry, then we can file an antidumping case. If Mexican farmers are using subsidies to take our markets and hurt U.S. farmers, then we can file a countervailing duty case.

That's exactly what has been happening.

However, we then find out that to file a case, we first have to get farmers in the rest of the country to support us. But those farmers don't sell their produce at the same time we sell ours. Their sales are not necessarily getting displaced like ours. U.S. law treats all U.S. producers of the same commodity as if we

are in the same market, but we are not. Mexican imports are underselling Southeastern producers, in particular, and it is Southeastern producers in particular who are getting hurt.

Moreover, I have learned that to bring a case, we also must pull together reams of economic data and market analysis. We must also hire a team of lawyers to help us identify the specific foreign practices that are unfair and prepare our filings. That is what the larger manufacturing industries do.

Unfortunately, our industry is dispersed. The average fruit and vegetable farmer is small compared to large manufacturing companies. His production may vary from year to year. Identifying all of the producers, and the amount of his production, in any given marketing season is a challenge. We also grow many different kinds of produce in the Southeast – literally dozens of different fresh fruit and vegetable products. We simply do not raise one or even two or three different products. As an industry, we raise **dozens**.

We do not have the organization and resources to monitor and analyze foreign marketing practices for each of these products, much less maintain the legal resources to identify when to bring a case successfully.

We need your help to do all of that. We tried to get this problem addressed in the USMCA, but unfortunately that did not happen. Now that USMCA is in force, I worry deeply the problem will get much worse. In fact, it **already is** much worse than it was last year, and USMCA has only been in effect for one month.

What will our industry look like a year from now? Two years from now?

If something doesn't change, I fear we will become dependent on fresh produce from Mexico and other countries. Do we really want to lose our food security as a nation? Are we, as Americans – the greatest country on earth – willing to hand over that power to other countries?

I cannot think of Georgia without thinking of agriculture. We are the fourth largest producing state in the country, but – if action is not taken to address what is happening now – the USMCA will decimate our state's fruit and vegetable economy. I am here because I believe in Georgia's farmers, and I believe our industry is worth fighting for. Please do the right thing and help us preserve this way of life that means so much.

Thank you.