

Reflection by Dr Anne Marie Butler (Vice President ASA)

The Agricultural Science Association International study tour returned from Washington DC in recent days. Dr Anne-Marie Butler (Senior Manager Ulster Bank) reflects on the visit which was kindly arranged & facilitated by Dale Crammond, Agriculture Counsellor at the Embassy of Ireland.

With a busy agenda of meetings & farm visits over three days, I couldn't but reflect on the teachings of the legendary Scottish economist Adam Smith. Back in the late 18th century, Smith explained the concept of the 'invisible hand' and allowing markets and trade to self regulate. Smith postulated that open competition leads to economic prosperity. Each and every meeting we had in Washington DC articulated that American farmers want 'trade not aid' with each voicing their annoyance at lack of access to the EU market.

American farmers account for 1% of the population with just over 2m farms recorded in 2018 data. With an average farm size of 443 acres, the statistical trend on American farms is actually very similar to the Irish one with the 'family farm' a key symbol of American rural life. 95% of farms are family owned and operated. The number of farmers continues to decline with average farm size growing. American agriculture is currently in the midst of a five year low price cycle with farm profitability last reported in 2014. In 2018 alone, 3,000 dairy farmers exited the sector due to continued financial losses (low margin over feed) & insolvency. The states recording the highest exit of dairy farmers were Wisconsin, Pennsylvania, New York, Michigan and Ohio. There are now just fewer than 38,000 dairy farmers with 9.3m dairy cows. Milk production is consistently running 1% ahead of consumption with the resulting downward pressure on price.

Our meeting with the National Milk Producers Dairy Federation articulated the industry concerns and their demands to open EU markets to US dairy produce. Indeed the Federation have supported the call for a ban on the importation of certain Irish dairy produce – certainly a cause of grave concern for our producers & wider economy. With America engaged in its combative trade strategy toward China, the initial promise was that short term pain inflicted on farmers would be worth the long term gain for producers. Our visit coincided with the announcement of a \$16bn package to assist those farms affected by the trade dispute. While the finer detail of the plan is yet to be announced, it is known that aid payments will be a single rate per county (3,200 counties) and not per commodity. First payments will issue in July or August though farmers have yet to know how much they will receive.

American soybean farmers are seriously negatively affected by the trade dispute with China. Until recently, China was the largest buyer of American soybeans. A recent tweet by President Trump announcing further tariffs on Chinese goods cost one soybean producer (500 acres) \$40,000 due to the resulting drop in soybean price.

Our meeting with Senator Pat Roberts (Chair of the Senate Agriculture) was most informative and offered fresh perspective on the challenges facing US agriculture. While the current US administration favour tariffs, Senator Roberts detailed, in his view, that tariffs are counter productive and resemble 'shattered glass'. Once the glass is shattered, the splinters travel far & wide with no control or future visibility of the implications. The Senator articulated that American

farmers want 'freedom to farm' with 'words meaning everything' and the national desire for trade not aid.

Our meeting with Ms Sharon Bomer, Office of the United States Trade Representative (USTR) for agriculture certainly highlighted the chasm and divergence of opinions in the US and EU definition of science, technology and market access. USTR is a government agency responsible for developing and recommending United States trade policy to the President of the United States. With 250 staff, the USTR conduct trade negotiations at bilateral and multilateral levels. The US agencies we met including USTR had strongly negative views on the standards and regulations imposed by the EU and the consistent difficulty in getting US product to EU markets. Ms Bomer explained that USTR seek to solve problems based on science and that Risk should be measured by Hazard * Exposure rather than just hazard. This she detailed is very different to the EU interpretation of Risk with particular relevance to the EU view on anti microbial resistance compared to the opposing view taken by the USTR.

Our subsequent meeting with the North American Meat Institute (NAMI) further endorsed the US demands for greater access to the EU market. With over 75% of US pork exports previously exported to China, this product is now seeking a new market. Chinese trade tariffs coupled with rampant African Swine Fever and resulting sow culling and population decline in China are a major cause of concern for the US pig industry.

Jason Hafemeister, trade counsel at the US Department of Agriculture (USDA) described EU/US trade relations as 'poor' with considerable frustration at the lack of access to EU market for their growers and processors. This coupled with the Trade imbalance is certainly high on the agenda of many of the policy makers on Capital Hill and certainly poses the question of how the legislators will challenge back? Hafemeister detailed the perceived 'regulatory mismatch' and 'cultural challenges' preventing increased access to EU markets. When discussions moved to climate change, Hafemeister explained that while the industry needs to find suitable mitigation solutions to our rising temperatures , there should not be any 'sacrifice or suffering' on the part of the producer.

Washington DC is the capital of the USA and an important world political capital. The city is also one of the most visited cities in the world. The ASA International study tour certainly offered insight, discussion, debate and the prospect of a number of potential trade scenarios and What if questions? Our meetings demonstrated the power of the serving US Administration and indeed the power of President. As proud Irish farmers, Irish producers, Irish processors and importantly Agricultural Science graduates, it was surprising for the group to note the clearly evident American annoyance, frustration and irritation at EU standards and requirements. Indeed it was all about EU rather than a focus or appreciation for 'Ireland' and our unique offering. As we marvelled at the beauty and elegance of the city with Abraham Lincoln sitting proudly in the Lincoln Memorial on the National Mall, I thought of Lincolns quote 'Nearly all men can stand adversity but if you want to test a mans character, give him power'.