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July 1, 2019

Ambassador Robert E. Lighthizer
United States Trade Representative
600 17th Street NW
Washington, DC 20006

RE: Docket No. USTR-2019-0004 – *Request for Comments Concerning Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 Fed. Reg. 22,564 (Office of the United States Trade Representative May 17, 2019)

Dear Ambassador Lighthizer,

On behalf of the member companies of the Agricultural Retailers Association (ARA), I write to associate our organization with the comments submitted by CropLife America (CLA) and Responsible Industry for a Sound Environment (RISE) concerning proposed Section 301 tariffs on certain products imported from the People's Republic of China. These were submitted during the comment period on the USTR-2019-0004 docket. We were happy to see the news over the weekend of a restart of negotiations and suspension of tariffs, and we wish you every success in resolving the situation without further escalations.

ARA members serve America's farmers by providing agronomic scouting and recommendations, fertilizers, seeds, crop protection products, custom application, precision agriculture and essentially any other product or service needed by America's farmers to produce their crops. Any external factor that diminishes the financial viability of farm budgets – in this case, higher costs of crop protection products due to tariffs – has a direct, immediate and detrimental effect on the financial viability of our members as well. A tariff-induced price increase for these critical products and inputs for manufacturing other crop protection products would have a serious negative effect on farmers and on the ag retail businesses who serve them.

The situation is exacerbated in 2019 by two other factors for which farmers and retailers cannot control: severely delayed planting and logistical challenges in barge freight due to weather, and a drop in US agricultural exports to China as a result of the ongoing trade war. Soybean exports dropped by 74% from 2017 to 2018 virtually all due to the loss of exports to China, and the 2019 year-to-date pace is even slower. And the impacts go beyond soybeans: exports of tree nuts, fresh fruit, pork, dairy, poultry and fresh vegetables (to name a few) are all down from 2017¹.

ARA understands and supports the president's intent to call China to account for decades of broken promises in the trade arena, as documented by USTR's March 2018 Section 301 Investigations report. Our concern is that the agricultural sector is being asked to bear a disproportionate share of the burden and sacrifice one of our most important export markets as

¹ Data source: USDA Foreign Agricultural Service Global Ag Trade System, June 2019.

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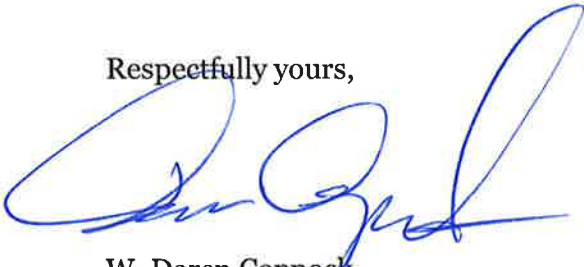
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a casualty of the trade war, when a significant share of the beneficiaries from a resolution are outside of agriculture.

Growers, through their own contributions and matching funds from USDA's Foreign Market Development program, have invested decades in building overseas markets for agricultural exports. Rebuilding demand and underlying relationships in China will take additional decades and may not ever be fully restored, as we are now considered likely to be considered a residual rather than a primary supplier. Market Facilitation Payments provided to growers help the grower in the short term but they are not sustainable over the long term. They assist only one link in the rural economic chain – farmers – while those ag retail businesses who stocked inventory for farm inputs, or those who earn their living by custom applying products, selling and servicing equipment or merchandizing grain, face reduced income (magnified by the planting challenges in the Midwest) but still face full expenses.

The best answer for everyone in the chain, from input manufacturers through retailers to growers and grain merchants, rural communities and rural economies, and even for taxpayers in general, is to have our agricultural economy producing at top efficiency and ample export markets to serve. The urgency and importance of resolving the dispute with China cannot be overstated, and we urge you to continue efforts to that end. In this specific case of the List 4 tariffs addressed in the docket, we endorse the comments of CLA and RISE and urge the Administration to exempt the products listed in their comment document from any additional future tariffs.

Respectfully yours,



W. Daren Coppock
President & CEO

C: Ambassador Gregg Doud, Chief Agriculture Negotiator, USTR
UnderSecretary Ted McKinney, Trade and Foreign Agricultural Affairs, USDA