

United States Senate

WASHINGTON, DC 20510

February 25, 2020

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250

The Honorable Robert E. Lighthizer
United States Trade Representative
600 17th Street NW
Washington, D.C. 20508

Dear Secretary Perdue and Ambassador Lighthizer:

Wisconsin's hardwood industry is facing severe challenges from the retaliatory tariffs China has placed on American hardwoods as part of the ongoing trade wars. Because of the retaliatory tariffs, our hardwood businesses have faced dramatic losses in sales of hardwood logs and hardwood lumber to China. They have asked the U.S. Department of Agriculture for help, and I urge you to act swiftly to provide it.

By the time Chinese tariffs took full effect last summer, American hardwood lumber exports were down fifty percent over pre-trade war levels, and in the first year of the trade war alone, exports were down by \$615 million. Just a few years ago, before the tariffs were imposed, hardwoods represented ten percent of total U.S. agriculture exports to China. This was a remarkable success story in helping to address our trade deficit, and this important export market was built by the hardwood industry over many years. Now, with the tariffs in place, U.S. products are being displaced by imports from several other countries, including Russia and Gabon, which each doubled their market share in China over the past year. Not only are our producers missing out on sales right now, they are watching decades of market development be snatched up by competitors.

For the small and medium sized businesses that represent one of the major economic drivers in northern Wisconsin, these losses are catastrophic. Mills are starting to close because of the impact of the trade wars. Despite these severe impacts and their efforts to raise this challenge with the Department of Agriculture, these Wisconsin businesses have received none of the substantial help that other tariff-impacted food and fiber producers have received from the Trump Administration's three rounds of trade aid. With no end to this market loss in sight, it is critical that this Administration step up to respond to these challenges before more forest owners, tree farmers, and loggers face incredibly difficult decisions about shutting their businesses and the forest products value chain is destabilized across the Upper Midwest.

As with other fiber commodities covered under the Commodity Credit Corporation Charter Act authorities that USDA has used to make Market Facilitation Payments, wood products have fiber processing sequences that are different than other commodities. In this case, costs of lost sales or depressed prices as a result of the tariffs have caused losses through the wood product supply chain, and

the industry is facing closures of key parts of that chain because of the rapid losses faced. As with cotton farmers, the economic stability of our woodland owners and loggers is closely tied to their ability to access primary processors. USDA has taken significant action to address this particular industry characteristic with cotton producers. Similarly, USDA has argued that trade aid used to purchase meat from meatpackers is responsive to farmers and ranchers though they are not paid directly for the purchases. I urge you to work with the hardwood industry to find a way to address the tenuous solvency of this fiber harvest and primary processing chain.

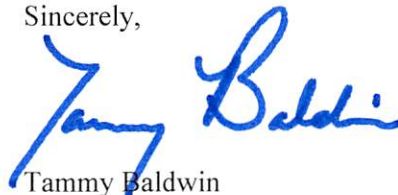
It is my understanding that the hardwood industry has sought Market Facilitation Program trade aid assistance from this Administration, including through meetings with USDA, our trade representatives, and Vice-President Pence. Hardwood stakeholders have indicated a willingness to work with USDA to establish a fair and reasonable approach to address the severe impacts of retaliatory tariffs on their commodity, which is covered by the same authorities used to provide aid to soy, corn, cotton, and other products. I am discouraged to hear that they have not secured a solution and assistance that other producers have. The forest products economy is a key driver in many parts of the United States, and it is critical to jobs and the economy in Wisconsin.

Our woodland owners, loggers, and mill workers seek stable, predictable markets for their products. As they have shown, when they have a fair shot, they outcompete products from across the world. However, the ongoing trade war with China has put them at a disadvantage and caused significant pain across the hardwood industry.

I urge you to take immediate action to provide relief to the tree farmers, family woodland owners, and related small businesses in the hardwood industry, and make sure they are not overlooked while aid is provided for other commodities. These small businesses are often major employers in our rural communities, and without attention to this matter, job and wage losses could severely harm our local economies.

Thank you in advance for your consideration of this incredibly difficult situation. Your response to the hardwood industry's request will have a substantial impact on workers and families across Wisconsin and the United States.

Sincerely,



Tammy Baldwin
United States Senator