

United States Senate

WASHINGTON, DC 20510

COMMITTEES:

APPROPRIATIONS

COMMERCE

HEALTH, EDUCATION,
LABOR, AND PENSIONS

September 25, 2020

The President
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

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

Dear Mr. President and Secretary Perdue:

Wisconsin has lost 2,278 dairy farms since you took office, and 773 farms in 2019 aloneⁱ. That's nearly 25 percent of Wisconsin dairies that couldn't make it in the face of trade wars, market instability, and uncertainty about the future of their industry. In those and other communities, hardwood mills and loggers are laying off workers and closing up shop. The contours of our rural communities and the viability of rural economies are changing rapidly, along with the landscape. And yet in the face of these severe challenges, a recent Government Accountability Office report has shown that USDA resources have gone disproportionately to large farms in other parts of the country. Our rural communities are being left behind in this economy, and for Wisconsin's family farmers and hardwood businesses, it's getting no better fast. I am calling on you to shift course, so that rural Wisconsinites have an economic playing field where they can compete and thrive.

Wisconsin farmers, hardwood businesses and our agriculture industry faced enormous losses from the trade wars. In 2019, dairy product exports decreased nearly 16 percent and wood products were down almost 13 percent. Wisconsin agricultural exports to our top ten export markets fell more than 41 percent; exports to China fell 28 percent, and exports to Mexico fell nearly 14 percent.ⁱⁱ These are critical markets that took decades to build, and competitors in other countries are using this opportunity to take over the market share that U.S. farmers and rural businesses built. The recent losses have exacerbated years of low prices that drained farmers' savings and severely destabilized the markets farmers were relying on to make it through tough times. I urged your administration to provide trade aid to support them, and you did. However, I also requested that you provide aid to the hardwood industry, but the aid package left out these businesses despite the fact that they sustained \$615 million in lost exports—and a 43 percent loss of Chinese markets—in the first year of the trade wars alone.ⁱⁱⁱ

Now, a report from the independent Government Accountability Office finds that the 2019 Market Facilitation Program has disproportionately given trade aid to southern states, and Wisconsin family farmers and hardwood businesses have been left behind.^{iv} The 2019 payments went to 870,400 farmers across the country, for an average of \$16,500 per farmer. In Wisconsin, 29,409 farmers received aid, at an average of \$11,800. The highest average payments went to Georgia, where 7,306 farmers received an average of \$42,500. Despite the higher payment rates to Georgia, Wisconsin's agriculture sector contributes 26 percent more economic output to the US economy.^v

Changes made for the second round of payments could have provided greater equity, but instead, the USDA raised payment limits and carved out \$519 million in additional funding for larger farms

that primarily went to southern states. These payments went to 11,589 farmers, but of those, only 68 Wisconsin farmers benefited, amounting to less than half of one percent of the funds—a total of \$2.1 million. Simply put, Wisconsin farmers received far less aid than their southern counterparts. That’s a slap in the face to our hardworking farmers who are facing so many challenges.

President Trump came to Wisconsin and said our farmers are “over the hump,” but they’re not. Now the Trump administration is turning its back on Wisconsin farmers and hardwood businesses and investing aid in southern states instead. That’s unacceptable.

Wisconsin has a strong dairy industry because generations ago, our rural entrepreneurs saw dairying as an opportunity for a good quality of life and a way to increase agriculture income by processing milk. Now, our dairy farm families are at a crossroads, no doubt. But together, we can build a brighter future for a diverse and thriving dairy industry, rather than waiting until trade wars and pricing volatility bankrupt farmers and their communities.

There are actions that we can take together in a bipartisan way to reverse the terrible trends of farm loss and mill closures. The agriculture payments being made right now are a bandage on a gaping wound, and while they are keeping many farmers afloat, those farmers tell me they would far prefer to make a living in a fair marketplace. We would respect their hard work and be money ahead by spending future investments on promising economic opportunities for farmers and rural businesses. My Farming Support to States Act and the Dairy Business Innovation Initiatives established in the 2018 Farm Bill are two key strategies that would ensure that the investments we are making now are building a stronger future for rural America, not just waiting out a trade war that’s holding our farmers and hardwoods industry hostage.

I stand ready to work with you towards lasting economic progress in our rural communities and small towns, but unless we update the national response to this crisis, it will be too little, too late.

Sincerely,



Tammy Baldwin
United States Senator

ⁱ USDA National Agricultural Statistics Service. “Number of Monthly Milk Cow Herds, Wisconsin, 2004 to Current.” https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/Dairy/Historical_Data_Series/brt2004.pdf

ⁱⁱ Wisconsin Department of Agriculture, Trade and Consumer Protection – International Agribusiness Center. “2019 Export Highlights, Full Year.” <https://datcp.wi.gov/Documents/IABCEXportHighlights2019.pdf>

ⁱⁱⁱ American Farm Bureau Federation: Market Intel, Hardwood Federation. “Trade and Tariffs Cut Deep into the Hardwood Industry.” <https://www.fb.org/market-intel/trade-and-tariffs-cut-deep-into-the-hardwood-industry>

^{iv} U.S. Government Accountability Office. “USDA Market Facilitation Program: Information on Payments for 2019.” Published August 21, 2020; Publicly Released September 14, 2020. <https://www.gao.gov/assets/710/708942.pdf>

^v USDA Economic Research Service. “Farm Income and Wealth Statistics: Value added to the U.S. economy by the agricultural sector, 2011-2020F.” 2019 Value of Agricultural Sector Production. https://data.ers.usda.gov/reports.aspx?ID=17830#P7c8c6ba5527542ce884667c8a78d372e_4_109iT0R0x49