

## "NAFTA's 'Broken Promises': These Farmers Say They Got The Raw End Of Trade Deal," August 7, 2017

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A Gelbvieh cow and her calf on a ranch in Paradise Valley, Mont. From Montana cattle ranchers to Florida tomato growers, some bruised by NAFTA think it has favored agribusiness over small-scale farms, lowered environmental standards and made it harder to compete against cheaper imports.

You've heard that American agriculture loves trade. And it's easy to see why: Under NAFTA, American farmers have quadrupled their exports to Canada and Mexico and the two nations rank second and third, after China, as markets for U.S. farm goods.

"American agriculture is virtually always a winner when trade agreements remove barriers to U.S. crops and livestock exports," says Zippy Duvall, president of the American Farm Bureau Federation, the largest farmers organization in the nation.

But despite the largely pro-trade drumbeat in the ag sector, there are plenty of farmers who feel otherwise. From tomato growers in Florida to cattle ranchers in Montana, some farmers bruised by NAFTA think it has favored agribusiness over small-scale farms, lowered environmental standards and made it harder to compete against cheaper imports.

Now that the White House is scheduled to revise the treaty in talks slated to start on Aug. 16, the question for many of these disgruntled farmers is whether President Trump will remember them at the negotiating table.

### **Is everyone really better off?**

"Right from the beginning in 1994, NAFTA opened up [the market] for Canadian ranchers to send their cattle directly into the U.S.," recalls Gilles Stockton, a sheep and cattle rancher in central Montana. Canadian cattle were exported to be slaughtered and sold in the American market, increasing competition for U.S. ranchers.

When a cow in the U.S. tested positive for mad cow disease in 2003, Japan, China, South Korea and Mexico closed their borders to American beef. But this galled Stockton because the animal originally came from Canada — as a NAFTA import. Congress then tried to bolster the nation's small ranchers by passing the Country-of-Origin Law (COOL), which required disclosing where

meat came from, but was forced to repeal it in 2015 after the World Trade Organization deemed it a trade barrier.

"The cattle industry has seen all the detrimental effects that can come from NAFTA," Stockton says. He feels the trade act "limits our sovereignty to run our affairs as we see fit. It made us share adverse diseases with other countries. It increased imports, decreasing domestic prices. And it fed into the monopolization of the industry on a global level."

Free-trade proponents argue there are always winners and losers in globalization, but overall, gains outweigh losses. Farmers may see more competition, but consumers get lower food prices. That "everyone's better off" argument, though, rang hollow among Rust Belt workers left behind in globalization — and in rural areas, even as farm exports took off. Their discontent — fed by Donald Trump's promises to rip up NAFTA, calling it the "worst trade deal maybe ever signed anywhere" — helped land him in the White House.

Just 14 miles from Canada, durum wheat farmer Lynn Brodal and his neighboring farmers in Burke County, N.D., have more than once driven their tractors to the border to block Canadian trucks coming into the U.S. Under NAFTA, he should be able to sell his harvest into Saskatchewan. But according to Brodal, Canada has made it all but impossible for American durum wheat growers to enter the northern market by using artificial trade barriers like complicated paperwork and exaggerated complaints about weeds in American grain.

"I can't find a single [Canadian] grain elevator that will take our [durum wheat]," Brodal says, even as Canadian durum continues to enter the United States. He wants to see NAFTA renegotiated to better protect farmers like him, making it harder for U.S. trading partners to undermine its provisions.

### **A broken promise?**

For produce farmers in Florida the stakes in a NAFTA renegotiation are even higher, as winter-grown fruits and vegetables from Mexico stream north. Florida growers have, for example, cut the number of acres they have planted in tomatoes by 25 percent under NAFTA, even as Mexico has upped its production by 230 percent.

Speaking at a U.S. Trade Representative's hearing in July, Kenneth Parker, executive director of the Florida Strawberry Grower Association, said the four-fold rise in strawberry imports from Mexico "present[s] a clear and present danger" to the U.S. industry.

Dena Hoff, a grain and livestock farmer in eastern Montana and a co-regional coordinator of the farmer-rights group La Via Campesina, considers NAFTA a broken promise.

"NAFTA was going to be so wonderful for American agriculture. Everyone was going to make money, because there were going to be all these exports," says Hoff. "We were going to open the border [to trade]; the environmental standards in Mexico were going to rise; there was going to be prosperity for all three countries. But of course the opposite happened."

"Farmers should get big or get out"

Whether or not it was the primary culprit, NAFTA certainly hasn't altered the steady rise in farm concentration. Trade expanded the total size of the pie, as the Farm Bureau points out: U.S. agricultural exports to Mexico and Canada jumped from \$8.9 billion in 1993 to over \$38 billion today. Yet, critics point out, the largest farms control most of the slices, with 20 percent of farms operating 70 percent of U.S. farmland. Between 2013 and 2016, 42,000 farms ceased operations, according to USDA data.

The National Farmers Union, the second-largest farmers organization, highlights this disparity. "The net effect of trade agreements like NAFTA is to put more power, more authority with the large multinational companies and by extension, take that power away from family farmers," says Farmers Union President Roger Johnson.

The world's major meat packers, Johnson pointed out, operate cross-border in Canada, the U.S. and Mexico, taking production wherever costs are the lowest – which is precisely the criticism Trump has made of companies moving American jobs to Mexico. In a similar example, some of the tomato and berry imports Florida growers complain about are actually produced by U.S. companies operating in Mexico.

"I think there is a parallel [in agriculture] to what we see with manufacturing," says Karen Hansen-Kuhn, director of trade and global governance at the Institute for Agriculture & Trade Policy, a progressive think tank. "The farm bill and trade policies — but especially NAFTA — are geared around the idea that farmers should get big or get out and depend on export markets to make their ends meet. That undermines farmers who are trying to produce for a smaller scale, who are trying to produce more sustainably."

### **The view from Mexico**

But if some U.S. farmers feel like they've been hurt under the trade deal, it's not as if trading partners are enriching themselves. In Mexico, the poverty rate hovered at 53 percent as of 2014 (the latest numbers available), according to The World Bank. Around 2 million Mexican farmers have lost their land in the NAFTA era, and many recently took to the streets of Mexico City to protest the trade agreement.

Mexico's traditional subsistence agriculture has shifted to large-scale produce operations in the north, while Mexican livestock production has industrialized as multinational companies like Tyson, Cargill and Pilgrim's Pride have opened up operations.

Meanwhile, nearly half of Mexico's food is imported from abroad, much of it from the United States. That includes corn, which is both a staple food and a religious symbol for the indigenous population — yet today, most of Mexico's corn comes from the U.S. Midwest. In 2016 alone, the U.S. shipped \$2.6 billion worth of the stuff to its southern neighbor — its largest export market — mostly for livestock feed.

"The upshot is you have a country that was practically self-sufficient in corn, its staple food crops, is now highly dependent on imports to feed itself," says Laura Carlsen, director of the Americas Program at the Center for International Policy in Mexico City.

### **Market power and monopolies**

To complicate the picture even more, the World Trade Organization, which was established in 1994 to accelerate globalization, has had a major impact on farmers in all three NAFTA countries.

"NAFTA and the WTO were designed to make it easier for people to set up big corporations and take those big corporations into neighboring states," says Barry Lynn, director of the Open Markets program and a senior fellow at the New America Foundation. "[The agreements] were designed to make it harder to fight monopolies."

Just look at the meat industry, says Lynn. Today, only four companies in the U.S. control 85 percent of the beef industry, and the largest of them — JBS — is Brazilian. JBS, which is backed by the Brazilian state bank, runs Pilgrim's Pride, a chicken company with operations in the U.S. and Mexico, as well as Swift Foods, a multinational beef and pork processor.

Every time President Trump fires shots at NAFTA, he's ignoring the larger issue of consolidation in agriculture and trade, says Lynn. "NAFTA is a euphemism for Mexican. It's a code word. But the actual problem? The big companies that are engaged in real predation." Such market power ultimately may be the real issue for farmers worried about trade agreements.

That's why Stockton, the Montana sheep farmer, is skeptical about the renegotiation ahead. "Is there the opportunity for citizen input in the negotiation process?" he asks. "Call me pessimistic, but I don't expect that Trump is going to negotiate something that's going to be beneficial. It will be cosmetic."