

United States Senate

WASHINGTON, DC 20510

January 25, 2022

The Honorable Joseph R. Biden
President of the United States
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear President Biden,

Iowa has 86,000 farm families and is known worldwide as an agriculture powerhouse. Iowa farms grow more corn, raise more pigs, and produce more eggs than any state in the nation. These farmers deal with many uncertainties including weather, pests, input prices, and commodity markets. Since commodity markets are global in nature we must continue to engage with new and existing countries to ensure there is strong demand for the crops and livestock that our farmers produce. Between the end of the Phase One agreement with China, uncertainty on the role the United States will play in the Comprehensive and Progressive Agreement for Trans—Pacific Partnership (CPTPP), and supply chain issues, producers in our state are in limbo as preparations for planting begin.

While it is true that China failed to live up to their agriculture purchases from the Phase One agreement, the purchases they did make surpassed agriculture exports in 2017. This resulted in a record \$172.2 billion in agriculture exports in 2021, and in turn measurable increases in commodity prices for Iowa farmers.¹ While a multitude of non—tariff barriers exist, we encourage you to continue to engage with China and seek an additional agreement that includes target purchases of U.S. agriculture products in the coming years. An additional agreement that includes targeted purchases can capture the volume missed from the Phase One agreement and give assurances to the farmers of Iowa.

Furthermore, it is clear that China is looking to expand their trading relationships in the Indo—Pacific region and is taking concrete steps to grow their influence.

The Regional Comprehensive Economic Partnership (RCEP) trade agreement which includes China, took effect for most of the 15 member countries on January 1, 2022. RCEP is the world's largest trade agreement, as it covers nearly a third of the global population and about 30 percent of its global gross domestic product. Last September, China formally applied to the CPTPP.

Initially, your administration stated they were content with focusing on your domestic agenda before they consider negotiating new free trade agreements. However, a year later, it is clear that your domestic agenda has been stalled while China is taking serious action to expand their foothold in the region.

1. <https://www.ers.usda.gov/webdocs/outlooks/102735/aes—118.pdf?v=3496.2>

One way to counter China's influence is to begin and complete free-trade agreements on a multi-lateral, regional, or bilateral basis. This includes a serious look at joining the CPTPP. The U.S. must step up and again take a leadership role on expanding free trade. As you know, trade enables us to engage economically with consumers worldwide, which is crucial since 95 percent of the world's consumers live outside the U.S. It would be extremely painful for U.S. exporters, including farmers in our home state, to see us sit on the sidelines and watch China take the lead in the Indo-Pacific region.

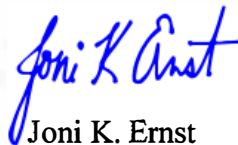
Iowa agriculture and ag-related industries supported nearly 400,000 jobs in 2019 and \$22.2 billion in household income. We are at a critical moment in determining the future of agriculture trade, and we urge your administration to forcefully reengage in talks for new trade agreements; further engage with China to hold them accountable; and, give certainty to our farmers that their products will continue to be sold to our trading partners across the world.

I look forward to your response and appreciate your attention to this issue.

Sincerely,



Chuck Grassley
United States Senator



Joni K. Ernst
United States Senator

Cc: Ambassador Katherine Tai