THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

August 30, 2019

The Honorable David S. Johanson
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Johanson:

I am writing today regarding the Office of the United States Trade Representative's ongoing efforts to address barriers to U.S. agricultural trade exports, specifically sanitary and phytosanitary (SPS) barriers. The Administration seeks to gain a greater understanding of existing and emerging challenges to the current international and country-specific frameworks for pesticide maximum residue levels (MRLs), particularly in major markets, and a better understanding of whether current frameworks provide adequate support for agricultural trade. Farmers worldwide are confronted with numerous challenges affecting their use of plant protection products, including missing and low MRLs, and are increasingly concerned about the lack of adherence to well-established scientific principles in MRL decision-making processes.

Therefore, under authority delegated by the President to the United States Trade Representative and pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), I request that the U.S. International Trade Commission conduct an investigation and prepare a report on the global economic impact of national MRL policies on plant protection products. The report should include, to the extent practicable, information and analysis regarding the economic impact of pesticide MRLs on farmers in countries representing a range of income classifications (e.g., low income, lower middle income, upper middle income, etc.) as well as the United States. To the extent information is available, the report should cover the years 2016-2019, or the latest 3 years for which data are available, but may, where appropriate examine longer-term trends. This report should include the following:

(1) An overview of the role of plant protection products and their MRLs in relation to global production, international trade, and food safety for consumers. Describe the current and expected challenges to global agricultural production, including the impact of evolving pest and diseases pressures in differing regions and climates.

(2) A broad description of the approaches taken in setting national and international MRLs for crops. Describe the risk-based approach to setting MRLs in the context of agricultural trade, including the guidelines and principles of the Codex Alimentarius. Describe the procedures in the Codex Alimentarius for setting pesticide MRLs, including the role of the FAO/WHO Joint Meeting on Pesticide Residues (JMPR) in conducting risk assessments. Compare this risk-based approach to a hazard-based approach. Describe U.S. efforts to advance the use of lower-risk pesticides globally.

(3) A description of how MRLs for plant protection products are developed and administered in major markets for U.S. agricultural exports. Describe the specific regulations, processes, practices, and timelines in these major markets for establishing, modifying, and administering MRLs. Describe specific MRL enforcement practices and processes, including practices and procedures for addressing non-compliant imported plant products. Provide examples of how Codex MRLs are adopted into national legislation or regulation. Identify trade-facilitative practices and processes.

(4) A description of challenges and concerns faced by exporting countries in meeting importing country pesticide MRLs, such as when MRLs are missing or low. Explain the reasons for missing and low MRLs.

(5) Through case studies, describe the costs and effects of MRL compliance and non-compliance for producers in countries representing a range of income classifications, such as uncertainty in planting decisions, segregation of products, crop protection costs, yield implications, storage issues, product losses, and consequences of MRL violations. Include information on costs of adopting new plant protection products or those related to establishing, modifying, or testing for new or existing MRLs in export markets. To the extent possible, include effects on producers in countries with tropical climates where products are subject to high levels of pest and disease pressure.

(6) A review of the economic literature that assesses both qualitatively and quantitatively how missing and low MRLs affect countries representing the range of income classifications, particularly low income countries, with regard to production, exports, farmer income, and prices.

(7) Through case studies, describe the costs and effects of MRL compliance and non-compliance for U.S. producers, such as uncertainty in planting decisions, segregation of products, crop protection costs, yield implications, storage issues, product losses, and consequences of MRL violations. Include information on costs of adopting new plant protection products or those related to establishing, modifying, or testing for new or existing MRLs in export markets. To the extent possible, include effects on U.S. producers of specialty crops.

(8) To the extent possible, quantitatively and qualitatively assess how missing and low MRLs affect production, exports, farmer income, and prices, both on the national level and, to the extent possible, for small and medium size farms.

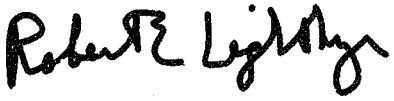
I request that the Commission prepare this report, "*Global economic impact of missing and low pesticide MRLs*", in two volumes and deliver it according to the dates set forth below:

- Volume 1 by April 30, 2020 covering bullets (1) - (6) above, and
- Volume 2 by October 31, 2020 covering bullets (7) – (8).

It is my intent to make the Commission's report available to the public in its entirety. Therefore, the report should not include any business confidential information.

I appreciate the cooperation and attention of the Commission on this matter.

Sincerely yours,



Robert E. Lighthizer