COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY

COMMITTEE ON NATURAL RESOURCES

## Congress of the United States

## House of Representatives Washington, DC 20515-0913

March 8, 2024

The Honorable Glenn "G.T." Thompson Chairman House Agriculture Committee Rayburn House Office Building, 2466 Washington, DC 20515 The Honorable David Scott Ranking Member House Agriculture Committee Cannon House Office Building, 468 Washington, DC 20515

Dear Chairman Thompson and Ranking Member Scott:

We share with you an unshakeable commitment to our nation's farmers. For this reason, we strongly urge you not to include H.R. 4417, the Exposing Agriculture Trade Suppression (EATS) Act, or any similar language that serves to nullify state laws and standards for agricultural production in the 2024 Farm Bill.

If the House Agriculture Committee adopts this harmful proposal, it will hurt thousands of American farmers, and substantially benefit foreign-owned farms that have come to dominate the domestic U.S. pork industry—especially pork production in the United States under the control of the Chinese Communist Party (CCP) in Beijing.

We agree with a set of our Republican colleagues who wrote to you in October and conveyed their strong and clear opposition to the EATS Act. They correctly noted that the EATS Act and its legislative offshoots are "at odds with our foundational Republican principles of states' rights, national sovereignty, and fair competition."

Justices Neil Gorsuch, Clarence Thomas, and Amy Coney Barrett formed the core of a Supreme Court majority that rejected a Dormant Commerce Clause challenge to California's Proposition 12, and by proxy, countless other state laws that undoubtedly have a touch with interstate commerce. Writing for the Court in *National Pork Producers Council v. Ross*, 598 U.S. 356 (2023), Justice Gorsuch observed that "[w]hile the Constitution addresses many weighty issues, the type of pork chops California merchants may sell is not on that list."

We are also gravely concerned about infiltration of American pork production by foreign adversaries, principally the CCP. Smithfield Foods, which controls an extraordinary 26% stake of U.S. pig production and publicly supports the EATS Act, is wholly owned by the CCP. The Bank of China, with a \$5 billion "loan," financed the acquisition of this one-time, legacy American-owned farm business.

A Brazil-based agribusiness giant, JBS controls an additional 14% of pig production, meaning just two foreign companies control production and distribution of 40% of the U.S. pork supply.

That level of foreign control is unprecedented in any other sector of American agriculture. Rather than do their bidding in the upcoming Farm Bill, we should be working to reduce this level of penetration in our pork industry so that we can restore the dominance of domestic pork producers in our homeland. We believe the Agriculture Committee should stand up to these foreign interests.

The EATS Act is simply a veiled attempt by these foreign-owned corporations to subvert the will of American voters, who chose to adopt a series of measures through ballot initiatives and state lawmaking to allow more space for animals raised for food production. The EATS Act proposes to unwind these legitimately enacted animal housing standards, and the Chinese government, with its profound level of control of pig production in the United States, stands to reap a substantial benefit.

Prop 12 and Question 3, a similar voter-approved law in Massachusetts, are already in full effect. The state of California alone has certified more than 1,250 distributors in compliance with Prop 12. This roster of producers and distributors includes small, medium, and large businesses throughout the United States. The EATS Act would undermine the production, planning, and distribution of these American companies and allow companies not meeting any comparable humane treatment standard to undercut competitors. Such an action would create needless uncertainty and chaos for American farmers at a time when they can least afford it.

Thousands of American-based and American-owned pig farms and distributors are ready to meet the pork demand of the California market, along with supplying McDonald's, Costco, and dozens of other companies that have also agreed to phase out pork in their supply chains from extreme confinement operations. For American-owned pig producers, the new state laws provide value-added market opportunities. These farmers should be commended for exhibiting entrepreneurial action, not undermined by the federal government.

A recent market analysis revealed that California and Massachusetts together will require just 6% of total U.S.-based pork production to comply with Prop 12 and Question 3. Already, more than 40% of sows in the United States are in group housing and these operations can readily comply with Prop 12 simply by managing stocking densities; as a general matter, they require no new refinements in their housing systems to comply.

Rather than work against the interests of American farmers and abandon long-held principles of federalism, Congress should focus on reducing Chinese influence on American production agriculture. We recommend you start with the pig industry, given the extraordinary control exerted by Beijing.

Sincerely,

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