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## Executive Summary

American farmers are being squeezed by regulatory red-tape, trade wars, and kinetic conflict in the Middle East. As rumors swirl about a potential taxpayer-funded bailout, legislators must remember that the federal government is driving the problem. Instead of offering handouts, Washington, D.C. should stop undermining the agricultural industry and unleash the power of the free market.

What follows is a set of discrete findings and policy recommendations to get the boot of government excess off the back of American farmers and bring down food prices for American consumers through a suite of policy proposals designed for implementation in the Farm Bill and other must-pass legislation:

- Cutting back on tariffs on farm and manufacturing equipment,
- Reauthorizing the USMCA free trade agreement,
- Ending frivolous lawsuits against farm products,
- Enforcing foreign purchase agreements of American agriculture
- Dismantling burdensome Biden regulations and enacting the REINS Act,
- Sunsetting protectionist policies that drive up transportation costs,
- Eliminating the Death Tax for American farmers,
- Ensuring free passage for fertilizer through the Strait of Hormuz, and
- Streamlining energy permitting to allow increased domestic production.

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## Overview

It has been a very difficult few years for American farmers. The number of farms in the U.S. fell from 2.04 million in 2017 to 1.88 million in 2024.<sup>11</sup> That is an eight percent reduction in the number of domestic farms that we need to feed America and the world. Without these vital farms, we will be dependent on adversaries like China.



Policies from D.C. are making things far worse for American farmers and are contributing to the decline in U.S. agriculture. Trade wars are hurting farmers in numerous ways:

1. On the macro level, countries that we are in trade conflict with are buying fewer American exported agriculture products.
2. On the micro level, the costs of things that farmers need to operate – fertilizer, machinery, and gas – are going up because of tariffs and foreign policy.

Biden-era regulations drastically increase burdens on farmers as well. The Biden Administration put new rules on the use of herbicides, fertilizer mitigation, and irrigation. That is not to mention increased inflation and energy prices caused by President Biden's assault on U.S. energy and congressional Democrats' massive federal spending surge.

Farmers deserve relief from disastrous U.S. government policies. The Farm Bill has not been reauthorized since 2018, but that legislation is essentially more big-government policies that prop up prices and provide loans and insurance. While farmers certainly support Farm Bill provisions, its mere existence has not been enough to stop the major pains American farmers are dealing with today.

It is time for lawmakers in Congress and the White House to look at new ways to provide relief to American farmers. These free-market policies will unleash American farm products across the world. They would also lower costs for agriculture products, which means more American farmers and lower food prices. It is time for lawmakers to look at a free-market paradigm to help our farmers immediately.

## Key Findings and Recommendations

### Remove Artificial Barriers to U.S. Agricultural Exports

- Trade wars are artificially cutting off export markets for U.S. farm goods.
- Aggressive tariff policies created an agricultural trade deficit of \$44 billion in 2025.<sup>2</sup>
- The U.S. has not been a net exporter of farm products since 2018.<sup>3</sup>
- Total U.S. agricultural product exports have fallen every year since 2022.<sup>4</sup>
- Since 2022, agricultural exports fell \$42 billion (from \$215 billion to \$173 billion).<sup>5</sup>
- Between 2022 – 2025, farm exports fell \$129 billion below the baseline.
- Congress should assert more control over tariffs to create certainty for farmers.

### **Provide Duty Relief to Heavy Farm Equipment and Manufacturing Components**

- Tariffs on steel and other products are hurting manufacturers of heavy farm equipment. For instance, John Deere expects to pay \$1.2 billion in tariffs in 2026.<sup>6</sup>
  - Those costs are passed on to American farmers.
- Since 2017, list prices for new tractors increased by 60% in the U.S.<sup>7</sup>
- Over the same period of time, CPI increased by 30%.<sup>8</sup>
- Farmers need relief from policies that increase the cost of their equipment.

### **Reauthorize the USMCA Free Trade Agreement**

- The U.S.-Mexico-Canada Agreement (USMCA) replaced the North America Free Trade Agreement (NAFTA) on July 1, 2020.<sup>9</sup>
- During USMCA negotiations, Vice President Pence fought to ensure that the USMCA opened new markets for farmers.<sup>10</sup>
- U.S. farmers benefitted from breaking down artificial Canadian barriers to entry.
- USMCA eliminated Canada's protectionist milk pricing program, increasing dairy exports.<sup>11</sup>
- USMCA ended Canadian restrictions on U.S. egg exports.
  - Egg exports to Canada grew by 271% from 2020 - 2025.<sup>12</sup>
- These key provisions of USMCA could expire if not affirmatively renewed this year.

### **Protect U.S. Production of Fertilizers, Herbicides, and Pesticides**

- Farmers across the country depend on tools like fertilizer, herbicides, and pesticides to protect their crops and grow enough food to feed the world.<sup>13</sup>
- Frivolous, state-based lawsuits are being launched against farm products that have been approved by the EPA.<sup>14</sup>
- These lawsuits target only domestic producers and threaten the supply chain.
- China controls 60% of the world's supply of glyphosate, which is a chemical key to herbicide production.<sup>15</sup>
- The U.S. must encourage domestic production of farm products approved by the EPA.
- The Farm Bill would prohibit labeling lawsuits against products with EPA approval.

### **Ensure Foreign Countries Are Meeting Agricultural Purchase Obligations**

- One of the reported features of recent trade deals is guarantees by foreign countries to buy U.S. farm goods.
- U.S. exports to major markets took a hit following a decade of trade wars.
  - Soybean exports to China, for example, fell from 31.6 million to 26.8 million tons: a 26% decline from 2016 to 2024.<sup>16</sup>

### **Ensure Foreign Countries Are Meeting Agricultural Purchase Obligations (cont'd)**

- China has promised to increase purchases, but there is no enforcement mechanism.
- As part of trade negotiations with countries like China and Japan, those nations have agreed to make billions in purchases of U.S. agricultural products.<sup>17</sup>
- There is no formal enforcement mechanism to ensure these purchases are made.
- Congress must remain diligent and consider statutory enforcement tools.

### **Remove Unnecessary Regulations That Drive Up Costs**

- President Biden oversaw an onslaught of onerous government regulations.
  - The EPA created costly new rules for mitigating runoff from herbicides that the government had already determined were safe.<sup>18</sup>
  - President Biden reduced the potency of safe domestic herbicides.<sup>19</sup>
  - President Biden redefined "Waters of the United States" (WOTUS) to allow federal bureaucrats to regulate small waterways.<sup>20</sup>
- President Trump must continue to rewrite and eliminate these Biden-era regulations.<sup>21</sup>
- Congress must exercise more power in blocking harmful regulations by approving Congressional Review Act resolutions and passing the full REINS Act.

### **Tackle Transportation Costs in Agricultural Production**

- Transportation inputs constitute around 5% of agricultural production costs.<sup>22</sup>
  - Some goods, like milk, have transportation costs as high as 21 percent.
- The Foreign Dredge Act and Jones Act raise ocean freight shipping costs by restricting competition in U.S. ports. Congress should repeal both (or waive them for our treaty allies).<sup>23</sup>
- Rail safety regulations unintentionally raise costs for farm goods without meaningful gains for safety. Congress should ignore populist calls to pass the Railway Safety Act, and should greenlight private deployment of new safety technology and rail consolidation that would eliminate time-consuming transfers.<sup>24</sup>

### **Eliminate the Death Tax**

- The Death Tax hits American farmers particularly hard.
- When a farm owner dies, his family can be charged up to 40% of the farm's value.<sup>25</sup>
- Fortunately, the One Big Beautiful Bill Act (OB3) prevented a death tax cliff by maintaining the Death Tax exemption limit.<sup>26</sup>
- Even with this exemption, tens of thousands of American farms are at risk.

### Eliminate the Death Tax (cont'd)

- According to the USDA, there are still over 41,000 American farms that would be hit with a 40% tax when the primary owner dies.<sup>27</sup>
- This windfall tax puts the continuation of these farms in jeopardy.
- Congress should finish the job and end the unfair Death Tax once and for all.

### Guarantee Access to Key Farm Products Through the Strait of Hormuz

- American farmers are dependent on global supply chains to access fertilizer.
- The Strait of Hormuz is a key global passageway for vital farm products.
  - Saudi Arabia is the world's fifth largest producer of fertilizer.<sup>28</sup>
  - Turkey, Oman, and Pakistan are among the top 15 fertilizer producers worldwide.<sup>29</sup>
  - Qatar is the fifth largest fertilizer importer into the United States.<sup>30</sup>
- American farmers cannot depend on others to open this key waterway.
- We must finish the job in Iran in a way that ensures the Strait is open and free.

### Enact Policies That Allow Domestic Energy Production

- Energy price increases hit farmers who depend on heavy equipment to feed America, putting farmers in jeopardy and increasing food prices.
- The price of diesel has increased 46% since February 28, 2026.<sup>31</sup>
- Higher diesel prices could cost family-owned farms \$31,000 in 2026 alone.<sup>32</sup>
- Lawmakers need to continue to open American land to energy production, streamline approval of infrastructure projects (SPEED Act), and end tariffs on energy products.



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## Endnotes

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