Olsson Frank Weeda Terman Matz PC

2000 Pennsylvania Avenue NW
Suite 4003
Washington, DC 20006
www.ofwlaw.com

Phone: (202)789-1212 • Fax (202)234-3550

Ben Dash – Policy Advisor
bdash@ofwlaw.com

MEMORANDUM

December 10, 2025

BY ELECTRONIC MAIL

FROM: Olsson Frank Weeda Terman Matz PC
RE: Senate Appropriations Subcommittee Hearing on a Review of the Activities and Fiscal Year 2026 Funding Priorities of the Office of the United States Trade Representative

---

On December 9, 2025, the U.S. Senate Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies convened a hearing to review the activities and Fiscal Year 2026 funding priorities of the Office of the U.S. Trade Representative (USTR). The Honorable Jamieson Greer was the only witness, and his testimony can be found here. The hearing focused on the use of reciprocal tariffs as an enforcement tool to correct the $1.2 trillion trade deficit.

This memorandum describes the most important takeaways for the agriculture industry, specifically on agricultural purchase commitments, trade diversification & new market access, the reciprocal tariff strategy, USMCA & rules of origin, and "managed trade."

Key Takeaways

Earlier this year, President Trump requested that USTR's budget be increased to $95 million for FY2026: $72 million for Salaries and Expenses and $23 million for the Trade Enforcement Trust Fund. This is a $21 million total increase over fiscal year 2025 enacted and a $15 million increase over the Subcommittee's mark. Ambassador Greer justified this increase by citing a five-year flatline in funding despite an unprecedented workload. He specified the need for 19 new career, not political, positions, which include 10 full-time employees for trade expertise and 9 dedicated solely to enforcement monitoring.

I. China and Agricultural Purchase Commitments

Ambassador Greer provided specific metrics regarding the recent deal with China, a critical detail for commodity markets. In response to questions from Senator Deb Fischer (R-NE) and Senator John Hoeven (R-ND), Ambassador Greer clarified the purchasing timeline: China is committed to purchasing *12 million metric tons of U.S. soybeans through the current growing season* (ending February/March), followed by *25 million metric tons annually* for the subsequent two years. Ambassador Greer acknowledged the discrepancy between calendar year and growing season data but confirmed China is currently "on track" with approximately 3 million metric tons purchased to date.

II. Trade Diversification and New Market Access

Ambassador Greer emphasized a strategy of diversifying agricultural exports to mitigate reliance on China, citing recent tariff reductions in Vietnam and Cambodia, and a permanent agricultural agreement with Israel.

- **India:** Ambassador Greer described India as a "hard nut to crack" regarding row crops and meat but noted that current negotiating offers from New Delhi are the "best we've ever received."
- **Western Hemisphere:** USTR is pursuing a strategic "nearshoring" approach. Tariffs are lowest for Western Hemisphere partners to encourage supply chain relocation. Specifically, recent agreements with El Salvador and Guatemala prioritize the use of U.S. cotton in textile supply chains, addressing concerns raised by Senator Katie Britt (R-AL).

Both Senator Jerry Moran (R-KS) and Senator Hoeven discussed efforts to move the administration of the **Food for Peace Program** (PL 480) from the State Department to the USDA to better align with U.S. agricultural interests (H.R.1207 and S.525). While Ambassador Greer noted this is primarily a State/USDA issue, he agreed to play an organizing role in the White House to help advance this structural reform, which accounts for roughly *13% of the U.S. commodity market*.

Ambassador Greer reported a specific victory against the EU's aggressive Geographical Indication (GI) campaign. He noted how eight countries have now committed to ensuring market access for U.S. producers using common "meat and cheese terms," explicitly countering EU efforts to monopolize terms like parmesan or feta in global markets.

III. The "Reciprocal" Tariff Structure & Strategy

Ambassador Greer outlined the administration's formula for the reciprocal tariff program, which was modified on August 1:

- **Surplus Countries:** Partners where the U.S. holds a trade surplus face a 10% rate.
- **Small Deficit Countries:** Partners with whom the U.S. has a minor deficit face a 15% rate.

- **Large Offenders:** Countries with pronounced deficits (e.g., in Asia) face significantly higher rates to level the playing field.

Ambassador Greer defended the temporary imposition of tariffs on goods like coffee and bananas, raised by Senator Patty Murray (D-WA), as necessary leverage. He argued that once leverage was applied, deals were cut quickly (e.g., with Southeast Asian nations), allowing tariffs to be lifted, a process he contrasted with the years-long timeline of Trans-Pacific Partnership (TPP) negotiations.

IV. USMCA and Rules of Origin

With the USMCA review approaching in July 2026, Ambassador Greer signaled a hardline approach to enforcement, specifically regarding Mexico's compliance and Canada's dairy quotas. In dialogue with Senator Gary Peters (D-MI), Ambassador Greer indicated a desire to revisit Rules of Origin to ensure benefits flow to North American content rather than third-party pass-throughs. He explicitly stated that tariffs are the primary tool for enforcement when partners fail to comply.

V. National Security and "Managed Trade"

The hearing discussed tension between trade goals and national security. Senator Van Hollen (D-MD) and Senator Jack Reed (D-RI) criticized the administration for relaxing the "affiliates rule" and allowing high-end chip exports (e.g., Nvidia) to China and the UAE. Ambassador Greer defended these moves as part of a "managed trade" necessity to ensure the continued flow of rare earth minerals from China, which are essential for U.S. re-industrialization. He admitted the U.S. is currently "over a barrel" regarding rare earths.

* * *

OFW will continue to monitor issues pertaining to agriculture and trade. Please let us know if you have any questions.

OFW: BED