

**Testimony of**

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**Before the House Committee on Ways & Means**

**Subcommittee on Trade**

**Advancing America's Interest at the World Trade Organization's 14th  
Ministerial Conference**

**Washington, D.C.**

**March 17, 2026**

Good morning, Chairman Smith, Ranking Member Sánchez, and Members of the Subcommittee.

Thank you for the opportunity to testify before you today concerning agriculture and the World Trade Organization (WTO).

My name is Peter Bachmann, and I am honored to serve as the President and Chief Executive Officer of USA Rice, the global advocate for the \$34 billion U.S. rice industry, representing American rice farmers, millers, merchants, allied businesses, and end users.

Prior to taking on my current role, I directly oversaw the organization's trade policy portfolio as the Vice President of Policy & Government Affairs and the Vice President of International Trade Policy. From 2017-2019, I served as a policy advisor in the U.S. Department of Agriculture's Office of Congressional Relations and subsequently as a Senior Advisor to Secretary Sonny Perdue on trade, farm policy, and conservation issues.

Rice is grown on roughly 3 million acres annually with primary acreage in Arkansas, California, Florida, Louisiana, Mississippi, Missouri, and Texas. Rice was one of the earliest crops grown in America with centuries of history, production, and manufacturing in our country. And for well over a hundred years, the U.S. has not only produced nearly all of its rice but also exported half of it to more than 120 countries around the world.

Unfortunately, over the last two decades, that import and export ratio has rapidly shifted, putting more than 35 American rice mills and thousands of American family rice farmers at risk because of trade distorting practices happening on the other side of the globe. Ten years ago, 85 percent of rice consumed domestically was also grown domestically. Today, that figure has dropped to nearly 65 percent thanks to bad actors in India, and elsewhere, who over-subsidize their rice, flood the U.S. and dozens of other markets with cheap exports, artificially depressing global prices. The impact of this distortion of world rice prices on our industry is the main reason we are represented here today.

Our rice is grown under the highest sustainability standards on family farms with positive economic impacts throughout rural communities and the extended supply chains. On average, each rice farmer in the U.S. contributes \$1 million to their local, rural economy and employs six people. This equates to more than \$5.6 billion in positive annual economic impact on the U.S. economy and a total of 31,710 jobs directly supported by growing rice. The broader rice industry supports more than 125,000 jobs nationwide.

Rice farmers, like most American farmers, depend on trade. But our industry, and all it provides the U.S. economy, is threatened by bad actors around the world.

It is widely recognized that the global rice market is among the most distorted of any sector, It's easy, and even popular sometimes, for governments to impose trade barriers on food imports because the people directly hurt are usually farmers in other countries, underscoring the vital importance of the U.S. farm safety net for rice farmers.

Fortunately, the World Trade Organization (WTO) has rules and mechanisms in place to ensure our industry can compete fairly. Unfortunately, those rules have not been enforced. Even more concerning is that countries such as India will likely try to weaken those rules at the 14<sup>th</sup> ministerial conference (MC14) next week, further hobbling enforcement options.

One of the best publicly available resources that outlines the scope and impact of this trade distortion by bad actors such as India is the 2025 Section 332 Study by the U.S. International Trade Commission, Rice: Global Competitiveness of the U.S. Industry (332-603). We commend Chairman Jason Smith, for his support and foresight in requesting the Commission update a similar Section 332 study from 2015 to outline further impacts of over-subsidization by global rice exporters.

And to further illustrate the impact bad actors have on the global market, one need look no further than store shelves across the United States. Over the last 21 years (2005-2025), rice imports<sup>1</sup> into the United States have grown from roughly 423,000 metric tons in 2006 to a record high of 1.512 million metric tons in 2025. This 257 percent increase is driven by heavily subsidized Asian rice and is displacing more than \$1.5 billion in domestic sales for our industry. Without intervention, this troubling trend is likely to continue, forcing American farmers out of business and sending our rice processing jobs offshore.

### **Rice Economic Situation**

In 2022, when Russia invaded Ukraine, and grain prices skyrocketed globally, U.S. rice prices didn't budge. In fact, some of the perceived price gains for other grains were cut short because of accompanying soaring input prices, namely fertilizer. Because rice requires significantly higher inputs than other grains, this created a double whammy for rice producers, resulting in our first year of negative net returns across the board.

Fast forward three years, rice prices in 2025/26 are among the lowest we've seen in decades, for long grain rice, dropping more than 30 percent year-over-year. On top of that, our input costs remain elevated far above pre-2022 prices with no sign of retreat. Three years of compounding negative net returns across many farms in the South mean our industry is in dire trouble. American farmers are going out of business. As we look towards the 2026/27 crop year, the U.S. rice industry is anticipating the smallest rice crop since the farm crisis that peaked for us in 1983.

This situation is not because we have inefficient rice farmers; we are actually among the most efficient and competitive rice farmers in the world. This situation is not because of President Trump's reciprocal tariff policies. This is because for years, Administrations have let our competitors get away with implementing market price supports that result in price distortions in nearly all our export markets. U.S. farmers and exporters are operating at negative margins, but we're somehow still nearly double the price of India, Thai, and Vietnamese origin rice because of their price-distorting policies.

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<sup>1</sup> Source: Global Agricultural Trade System – USDA Foreign Agricultural Service and U.S. Census Bureau data

Our industry is at a crossroads, and we need Congress and the Administration to engage more now than ever to help American farmers survive the market turbulence created by unconstrained subsidies. An effective tariff policy is critical to holding our competitors accountable and ensuring we can compete in third-country markets on a more level playing field. Our industry needs additional economic assistance if we expect to survive and preserve our critical rice infrastructure, despite the Administration's generous Farmer Bridge Assistance Program being implemented now. Even though we need help domestically because bad actors are getting away with breaking the rules, the good news is that we can go on offense.

### **Why the WTO Matters to U.S. Agriculture**

Through the World Trade Organization, India and every other major economy and rice producer have already agreed to rules that discipline the most trade distorting kinds of subsidies. The WTO also has rules that discipline the abuse of non-tariff barriers, as we see with many of the European Union's policies. You could go on down the list of obstacles that disrupt U.S. exports, and chances are the WTO has rules that address them. We shouldn't give that up; we should use it much more.

This system has flaws, but on behalf of your constituents who depend on trade, I'd ask what better system could replace it?

The United States-Mexico-Canada Agreement (USMCA) is good, but the core agricultural and Sanitary and Phytosanitary (SPS) disciplines already apply to the more than 160 countries of the WTO. When the Office of the U.S. Trade Representative (USTR) brought the biotech case against Mexico, virtually every provision of USMCA cited in that case has equivalent language under the WTO – language that was originally pushed by the United States and now applies to more than 160 countries, not just three.

Outside the WTO, we support bilateral negotiations, and if you look at what's been agreed to, these agreements are clearly meant to build on – not replace – the WTO. They do not include rules on farm or export subsidy disciplines. The commitments on non-tariff barriers tend to target specific policies rather than creating broadly applicable rules. This is not to criticize these agreements – those issues are best addressed multilaterally – which is why even as the U.S. government is trying to improve the global trading system, the WTO must remain a core part of it. So, we in U.S. agriculture need this organization to work effectively.

We acknowledge that the WTO has its problems. Too many countries disregard the rules, and the negotiating function has essentially ground to a halt on agricultural issues. Even supposed champions of the system, like the European Union, undermine it daily when rejecting the science-based regulatory disciplines of the WTO SPS Agreement. Disputes take too long and have too many administrative hurdles, raising costs of both litigation and exacerbating the economic costs of the policies being challenged. The Trump-Pence, Biden-Harris, and now Trump-Vance Administrations have all correctly raised many of these concerns.

We also need to see WTO Members do a better job notifying their policies accurately and to the appropriate WTO committees. Many countries are extremely delinquent or use incorrect methodology, which obscures the real policy effects. This makes it much more difficult to monitor policies and negotiate new rules. It also creates an unpredictable trading environment for businesses. Without appropriate enforcement mechanisms for transparency, trust in the effectiveness of the WTO system erodes, and it encourages industry and governments to tackle trade challenges outside the WTO. Many attempts by the United States and others to introduce enforcement measures around transparency have been thwarted.

For rice in particular, we see what some of our competitors are doing in plain sight with rules in place. Imagine what they and others would do to ensure export dominance and food security without any structured rules?

### **WTO Rules and India's Rice Export Industry**

We are especially concerned about India and several other large developing country exporters insisting that their price support programs for commodities like rice should be exempt from WTO disciplines.

The “market price support” programs India wants to exempt are fundamentally different from U.S. farm bill programs like Price Loss Coverage. The Indian programs don’t just pay farmers when prices drop below a certain level; they actually require state intervention to maintain a minimum price within the domestic market. Consequently, the government acquires huge quantities of rice stocks, which are expensive to maintain and exceed market demand. The excess is either sold domestically and displaces import opportunities or is dumped on international markets.

Wise WTO negotiators recognized problems with similar programs around the world in the past and included a mechanism in the Agreement on Agriculture to penalize these types of programs and encourage countries to reform their support to be less trade-distorting. Instead of doing that, India, China, and others have “doubled down” on market price support programs and want to build exceptions for themselves into the WTO rules.

India has demanded permanent exceptions to market price support disciplines at every ministerial meeting since 2013, and this demand has come up repeatedly at negotiating meetings in the lead-up to MC14. India has demonstrated they are willing to hold ministerials hostage on pet issues, and there is no reason to believe MC14 will be any different. By tying agriculture subsidy exceptions (what it calls a “permanent solution on public stockholding”) to unrelated discussions, India may prevent any critical breakthroughs on WTO reform or other topics.

It's also important to note that this is not about public stockholding for food security. WTO rules allow unlimited public stocks. What they don't allow is unlimited price support for procuring public stocks and then exporting that product on the world market. What this is really about is an export industry driven by government interference and that is pushing farmers in other countries out of

business. An American rice farmer isn't competing against an Indian rice farmer – they're competing against the Indian government.

The United States has shown in three counter notifications<sup>2</sup> why India has sought these exceptions. India has a limit of 10 percent of the value of production that it can provide to rice specifically. In the 2014/15 marketing year, India's market price support was 78.6 percent of the value of production. In 2020/21, it was up to 93.9 percent. And in 2021/22 and 2022/23, India's market price support represented 87.6 and 87.9 percent of the value of production respectively. Given this trend, India should take steps to reform its programs, but instead it continues to raise subsidy levels while seeking unlimited exemptions through negotiations. That must change.

We're grateful to USTR and the U.S. Department of Agriculture (USDA) for continuing to hold the line and prevent backsliding on probably the most important provision of the Agreement on Agriculture, and we're encouraging them to continue to do that at MC14 next week. While this issue is arguably most acute for commodities like rice and wheat, it is a systemic issue for all agricultural commodities that benefit from a stable, market-based global trade environment.

### **Market Price Support Monitoring and Enforcement**

This also ties directly to USA Rice's top enforcement policy: India's rice subsidy violations. India, like every other WTO member, is subject to limits on the support it can provide to its agriculture sector, yet it acts as if these limits do not exist, as demonstrated by the counter notifications. Rice exports have grown with these subsidies to the point that India has gone from 15 percent of global rice trade in 2008 to nearly 40 percent in 2025. The United States and other countries have repeatedly demonstrated that India's subsidies violate its limits, but the rules have not been enforced through dispute settlement. India has learned through our inaction that it can get away with ever-expanding subsidies for rice production.

Regrettably, this is not a new issue. The problems with India's policy approach have been apparent for well over a decade. USA Rice first conducted a study in 2011 showing that India was well out of compliance with its WTO commitments. Imagine how different things might look now if we had taken the enforcement responsibilities seriously back then, when India was primarily an exporter of specialized Basmati rice. That would have been the best time to take action, but the next best time is now.

USA Rice and some Members of Congress, including Members of this distinguished panel, have repeatedly urged USTR to file a dispute against India. The consequences of failing to do so are evident in India's growing global market share and the dependence many countries now have on

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<sup>2</sup> India is required to submit notifications on its support levels, but it uses a flawed methodology that obscures the actual level of its support, so the United States submitted a "counter notification" in 2018 (G/AG/W/174), another in 2023 (G/AG/W/234) that provides a more accurate calculation, and a third in 2024 (G/AG/W/250). These notifications have been supported by Argentina, Australia, Canada, Paraguay, Thailand, and Ukraine.

India's rice exports. The consequences of this dependence were made clear in 2023/24, when India pulled the rug out from under the global rice market by banning or taxing most of its rice exports.

This drove up international rice prices, which temporarily benefited U.S. rice farmers. But it underscored that counting on unreliable suppliers, with heavily distorted internal markets and highly interventionist policies, is a recipe for disaster. When those suppliers are allowed to become dominant global players, everyone suffers. Unfortunately, reform has proven politically difficult in India, as even the idea of small reforms has sparked serious protests. It is time for India's trading partners and competitors to make clear that the status quo is unacceptable and unsustainable and bring a dispute to the WTO.

To further the point, the USITC's 2025 study found that in a simulation where 15 major rice exporting countries, including India, lowered their tariffs to zero, U.S. rice exports could rise by 41 percent and producer profits would rise by 8.2 percent<sup>3</sup>. Tariffs on rice imports into the U.S. sit below 2 percent on an ad valorem basis while, India's bound rate exceeds 80 percent. This shows just how much leverage countries can have through a combination of price-distorting policies and protective import tariffs.

India is not the only country that internally distorts its rice market through price supports with external consequences. China has very similar policies in place. In fact, the United States won a case brought by the Obama Administration in 2016 and continued under the Trump Administration. China made minor changes that did not fix the problem. Now China claims it is in compliance, but unfortunately, that's where the story stopped, as the Biden Administration did not seriously challenge China's narrative or pursue a compliance challenge. Yet the dispute – that includes access to the Chinese market, measuring market price supports, and prevention of dumping - remains important to the rice sector.

USA Rice would like to see the United States pursue this issue further at the WTO to ensure that pretending to be compliant is no longer seen as a viable option for malicious actors, including with India, and to support the overall effort to reduce the impact of China's subsidies on the global economy, including agricultural trade.

### **Dispute Settlement Reform**

This leads us to dispute settlement reform. We would like to see a binding dispute settlement system, in which a loser cannot block a decision it lost. Right now, WTO Members can appeal panel decisions “into the void,” and the case effectively ends. This is the equivalent of the old General Agreement on Tariffs and Trade (GATT) system, where a single member (usually the loser) could block the adoption of a panel report, and the case would end. This happened frequently

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<sup>3</sup> Rice: Global Competitiveness and Impacts on Trade and the U.S. Industry (Inv. No. 332-603). Simulation 6: Multilateral Removal of Tariffs. Page 330

in the 1980s, which led to the creation of the “negative consensus” principle in the WTO, whereby a report was deemed adopted unless it was rejected by consensus.

We understand the Trump Administration's frustration with the Appellate Body and some of its decisions, so we encourage it to continue engagement with other WTO members to find a path back to binding decisions. Short of that, there is no reason why disputes cannot be brought in the meantime under the consultation mechanism and advance to the panel stage if needed.

Another area of concern in dispute settlement reform is what’s called the “essential security” exception. USTR argues that this should be self-executing and non-justiciable. We do not take a position on that, but we are extremely concerned with how this exception could be abused if that is the end of the story. Food security is national security, but that does not mean that invoking national security will end a dispute over a legitimate trade issue (trade is an important part of food security!). If other countries claim that food security qualifies as national security and is therefore nonjusticiable, the WTO’s agriculture disciplines would be practically worthless. Some policies should absolutely qualify as essential security, but discussion on dispute settlement reform must not pave the way for countries to invoke this exception for protectionist purposes without consequence.

### **Trade Enforcement Legislation**

USA Rice also supports legislation called the Prioritizing Offensive Agricultural Disputes and Enforcement Act, which has been introduced in both the House and the Senate during the 118<sup>th</sup> and 119<sup>th</sup> Congresses. A portion of the bill has been included in the Farm, Food, and National Security Act of 2026 (H.R. 7567), which was recently advanced out of the House Agriculture Committee on a bipartisan vote. The bill would direct USDA to use its resources to help USTR develop offensive disputes on agriculture in consultation with Congress and establish a task force that would regularly provide reports to Congress and stakeholders on prime targets for U.S. agricultural trade disputes.

We haven’t seen any agricultural disputes brought against a trading partner outside of North America in a decade, and we’re eager to see the dispute settlement system put to good use on behalf of U.S. agriculture, even if that looks different than it has in the past. For far too long, U.S. agriculture has played defense, and this legislation would help encourage and hold administrations accountable for taking more proactive cases in support of American farmers and ranchers.

### **WTO Reform & MC14**

Beyond dispute settlement, WTO reform is an important part of making the organization more responsive to changes in the international trade landscape. Despite the WTO's benefits, there are many changes that could improve how the organization functions, how members engage with each other, and how they negotiate. WTO reform means different things to different parties, but to us, it means strengthening a fundamentally sound system so that Members can address trade problems more effectively and efficiently.

We also agree with USTR that state-led interventions distort the global marketplace, and not just in non-market economies like China. In some cases, existing WTO rules and procedures may need to be supplemented by other actions to deal with this problem more effectively, but we should also use the WTO rules to the maximum extent practicable to ensure that solutions are durable. We need to be careful not to throw the baby out with the bathwater.

We were pleased to see the U.S. put forward some ideas on WTO reform in December. Overall, we thought this was a constructive, thoughtful contribution and hope the U.S. will continue to submit papers on WTO reform and collaborate with other members to find workable solutions that improve the functionality of the WTO for commercial stakeholders.

While ministerial-level meetings such as next week's MC14 in Cameroon always present opportunities, realistic expectations are important. There does not need to be an outcome just for the sake of an outcome, especially if it could harm agriculture. We want agriculture negotiations to succeed by reducing trade distortions and we want WTO reform to move forward. But if the membership is not ready to make substantive progress next week, neither Members nor the Secretariat should try to force it.

The regular work of the WTO will go on in Geneva. New ideas for negotiations can advance. Members can explore different approaches for reform. The WTO is supposed to be a Member-led organization, so Members should take it upon themselves to advance negotiations and reforms where they can while avoiding artificial deadlines, especially on topics like creating subsidy exemptions for large exporters. So, while we certainly hope for a positive outcome in Cameroon, if it does not happen, it does not mean the WTO does not function or is no longer relevant. It just means that the membership is too far apart on new ideas.

### **Aggies for WTO Reform**

In 2021, USA Rice led the way in bringing together about a dozen other organizations to form a coalition we call Aggies for WTO Reform<sup>4</sup> with the goal of encouraging and supporting robust U.S. engagement at the WTO on agriculture issues, including dispute settlement. We want the WTO to work better, to be a place where negotiations can happen, and where rules can be enforced.

The coalition seeks to work with the U.S. government to better utilize the WTO and advance reforms that would benefit the U.S. agriculture sector. It also aims to improve engagement between the U.S. government and the agriculture sector in the day-to-day work of the WTO through the WTO committees. This is where most of the U.S. government's work at the WTO occurs; it is a critical part of the trade policy landscape that is often overlooked. In that spirit, one of the coalition's top goals is to put the agriculture negotiations on a more realistic footing, but especially to avoid backsliding on agriculture commitments. We are not ready to give up on the WTO!

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<sup>4</sup> <https://dtb-agritrade.com/aggies-for-wto-reform/>

## **Trump Administration Engagement at the WTO**

It is important to note that, thus far, we do not fault the Trump-Vance Administration's approach toward engagement with the WTO. Much of the policy commentary from Administration officials is a carryover from the last three administrations and, as pointed out earlier, has merits. It was not surprising that the U.S. State Department, cooperating with other appropriate Executive Branch personnel, reviewed America's role in funding and participating in global public bodies.

We are grateful that, following the completion of State's report to the President in 2025, the Administration opted to backpay 2024 WTO dues and maintain membership of this critical body. Additionally, we were pleased to see the nomination and confirmation of Joseph Barloon as the U.S. Ambassador to the WTO as another sign of encouragement around WTO engagement. After a subset of the Aggies for WTO Reform Coalition met with Ambassador Barloon last fall, we left encouraged by his eagerness to work on reform issues and engage closely with the agriculture sector to make sure the WTO works for farmers.

Another sign of optimism is USTR Ambassador Greer's participation in the MC14. If the Administration had no faith in the future of the WTO, it would likely not invest in nominating an ambassador, a deputy general, or attending the ministerial. We see these as positive steps toward the U.S. helping to reshape the WTO through strategic reforms of the dispute settlement system and the broader WTO in the coming years.

## **Conclusion**

In summary, the WTO is an important asset for U.S. agriculture and rice farmers. It needs to be more effective, not less, and we need stronger compliance to support global trade, not more so-called "policy space" to undermine it. It is critical that our competitors abide by the same rules that the U.S. has agreed to follow. If they do not, these rules need to be enforced as early and effectively as possible.

I'd like to thank the members of this subcommittee for their time and attention, and I welcome your questions.