

American Seed Trade Association
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United States Senate Committee on Finance
The U.S.-Mexico-Canada Agreement: Evaluating North American Competitiveness
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Written Statement For The Record

The American Seed Trade Association (ASTA) writes to express its strong support for the United States-Mexico-Canada Agreement (USMCA, or the agreement) and appreciates the Committee's interest in the agreement and its upcoming renewal.

ASTA is one of the oldest trade associations in the United States. Founded in 1883, ASTA's nearly 700 member companies, universities, and researchers are involved in all aspects of seed production. Ninety-five percent of these members are small businesses and represent approximately 85 percent of the total seed industry in the United States. U.S. seeds drive the economic success for U.S. farmers and of nearly all downstream agricultural production within the United States.

Unlike other agricultural goods which are exported primarily for immediate use in food and feed or processing, the seed sector relies on trade for commercial sales and as a fundamental step of years-long research and development pipelines. ASTA members depend on trade to test and produce seeds in a wide variety of markets. Seed producers rely on counter-seasonal production. When it's winter in the U.S. companies produce seeds in warmer locations to bulk, to test seed, to grow seed in specialized environments that are free from pest and diseases. For some crops it's not uncommon for a seed to travel between as many as six or seven countries during this R&D process prior to sale to a U.S. farmer. The complexity of this industry is reflected in global trade statistics. The U.S. exports \$1.7 billion in seeds, to over 100 markets under 80 tariff codes, which serves as the foundation for nearly \$180 billion in total U.S. ag exports. Approximately 40 percent of these exports are destined for Canada and Mexico alone.

Policy alignment and trade of seed must continue to drive the success of the U.S. seed sector. The obligations under USMCA are among the most robust of any trade agreement. **The American Seed Trade Association firmly believes that the obligations in this agreement must be maintained, and that renegotiating or opening the text at this juncture could cause harm to the industry.** There are opportunities through existing provisions within the agreement, such as exchanges of letters or expanded work under existing USMCA working groups and committees, to further strengthen implementation on key topics. Outlined below are the four major priority buckets for the seed industry.

First, tariff-free market access for seeds within North America is essential. The provisions within USMCA are critical to preventing U.S. companies from experiencing compounding costs within their R&D process as they move seed in and out of the United States multiple times. Because of the unique aspects of the seed supply chain, ASTA continues to request that duty free market access provisions under USMCA be preserved, and that the U.S. government eliminate tariffs

that are currently in place on planting seeds under other actions taken by the Administration. Tariff exemptions on planting seeds could be achieved through existing executive actions within the Potential Tariff Adjustments for Aligned Partner (PTAAP) process established by the White House. However, if that is not feasible at this time, ASTA believes there is additional flexibility within USMCA provisions that could ensure duty-free market access for planting seeds produced outside of USMCA countries, either through small tweaks to the Harmonized Tariff Schedule of the United States or through the expansion of duty drawback provisions within USMCA's market access chapters.

The seed sector's second bucket of priorities is focused on agricultural biotechnology within Chapter 3 of the agreement. These obligations provide tremendous opportunity for cooperation between the parties, and exchanges of letters could take this cooperation further, provide legal clarity for plant breeding innovations like genome editing, and clarify that not all products of agricultural biotechnology require pre-market approval from a regulatory perspective. Additionally, there are opportunities to strengthen and implement the provisions on low-level presence (LLP) in this chapter. It would be helpful for the parties to acknowledge that products of modern biotechnology are subject to LLP provisions, but not other products of agricultural biotechnology.

The third priority concerns Sanitary and Phytosanitary (SPS) measures in Chapter 9 of the agreement. ASTA believes that the SPS chapter contains some of the strongest obligations within any U.S. trade agreement, and as such, the seed sector does not support opening the SPS chapter at this juncture. We strongly encourage the United States to leverage the committees and mechanisms for cooperation within the agreement to engage on SPS issues specific to seed before they become trade irritants.

Finally, ASTA's fourth priority concerns the intellectual property (IP) provisions within Chapter 20 of the agreement. On average, it takes 10 to 15 years to produce a seed, and robust IP protections are critical for ensuring that seed producers can recoup the substantial investment require to develop new crop varieties for farmers. Because Mexico has not implemented its obligation to ratify or accede to the 1991 Convention on the International Union of Plant Protection for new varieties (UPOV 91), it must be held accountable to honor that obligation from the agreement.

As the Committee continues to review the United States' participation in USMCA, ASTA stands prepared to offer advice and knowledge as part of a constructive consideration of the agreement. The U.S. seed sector remains firmly in support of maintaining USMCA and the benefits it affords to the U.S. agricultural sector. We thank the Committee's members for their interest in the USMCA, as well as their continued support in ensuring that the United States remains a leader in seed production.