

Tariffs and Local Food: Federal Policies, Local Impacts

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Agenda

- Tariffs 101
- Federal programs impacting farm and food systems
- Potential impacts on local food
- Actions you can take
- Q & A



Tariffs 101

- What are tariffs?
 - In 2023, 4% average on agricultural goods, 2.1% on other goods
- Who pays for tariffs?
- Who decides on tariffs?
 - In trade agreements:
 - Tariffs, quotas, Non-Tariff Barriers
 - Legislative vs. Executive Authority
 - International Emergency Economic Powers Act of 1977

Why do countries use tariffs?

- Infant industry protection
- Counter unfair trading practices (dumping)
- Protect local economies
 - Canada's Dairy Supply Management program



Trump's tariffs **today**

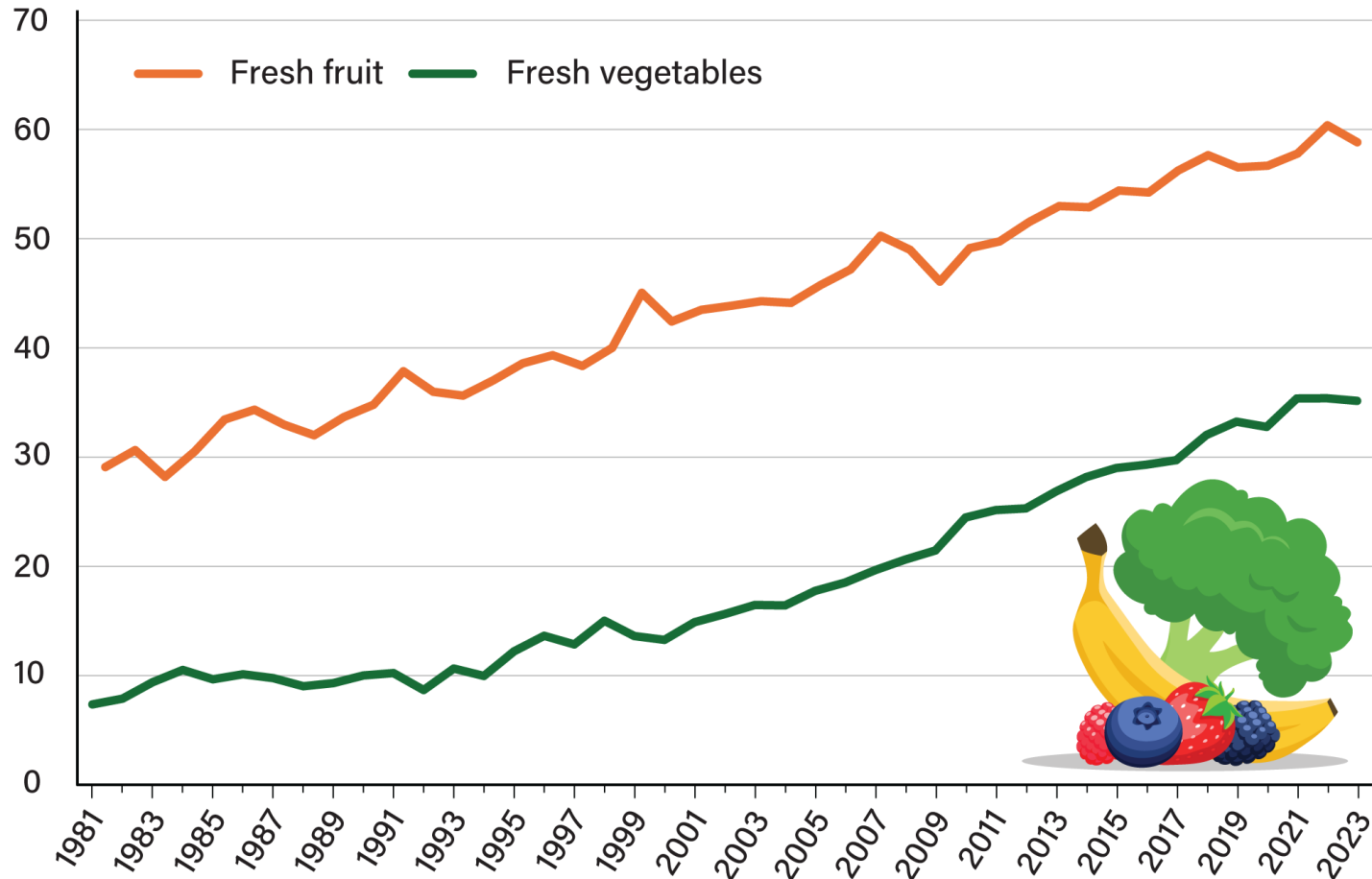
- Current Tariff Rate: Consumers face an overall average effective tariff rate of 15.8%, the highest since 1936. [Yale Budget Lab]
- “Reciprocal” tariffs delayed until July 9
- Current tariffs affecting agricultural imports:
 - Mexico and Canada exempt under USMCA
 - Central America, Colombia, Peru 10%
- Impacts on agricultural exports and rural economies

Imports as a share of U.S. fresh fruit and vegetable availability, 1981-2023



Economic Research Service
U.S. DEPARTMENT OF AGRICULTURE

Percent



Note: Availability is calculated as production minus exports plus imports and is measured in terms of volume. The calculation for vegetables excludes potatoes, sweet potatoes, and mushrooms.

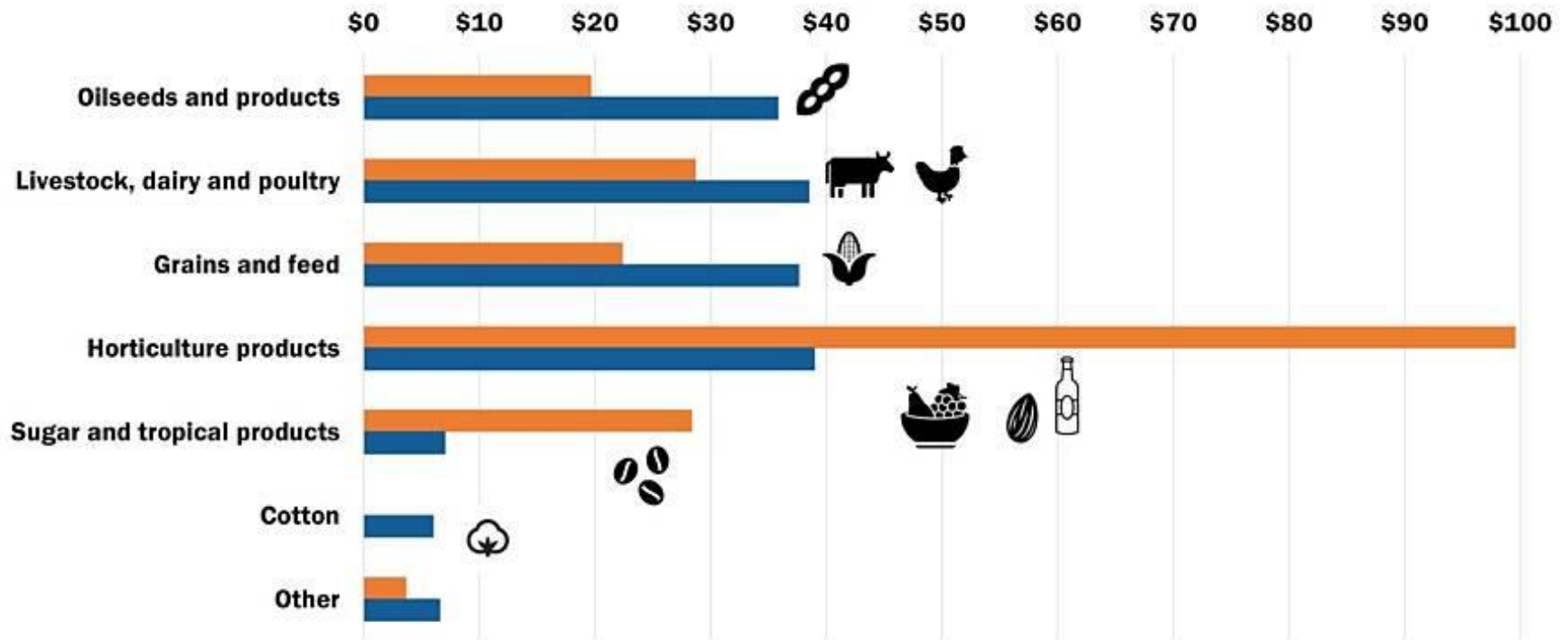
Source: USDA, Economic Research Service Fruit and Tree Nuts and Vegetable and Pulses data products.



CHARTS of NOTE

Could we produce more locally?

U.S. Agricultural Trade: Exports and Imports Fiscal Year 2024 Forecast



 American Farm Bureau Federation

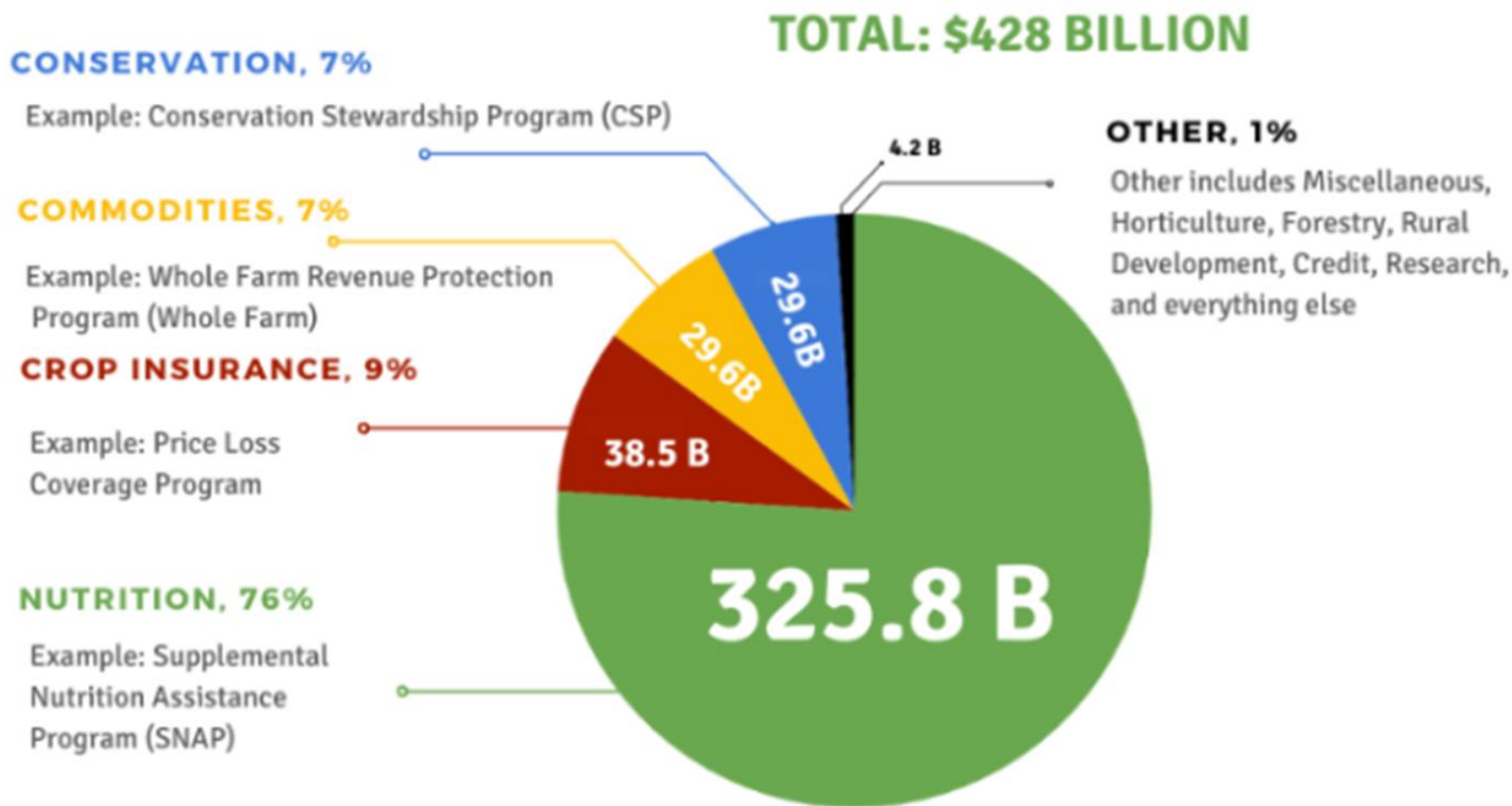
Source: USDA ERS Outlook for U.S. Agricultural Trade:
May 2024

Canceled Local Food Funding



- USDA had planned to distribute \$1 billion in funding nationally to support local food purchasing programs for schools, early cares and food shelves over the next 3 years.
- Funding was abruptly canceled in March 2025

FARM BILL PROJECTED FUNDING, IN BILLIONS 2019-2023



Proposed Budget Reconciliation



- Proposed budget bills slash anti-hunger and rural programs to pay for tax cuts for the wealthy
- Breaks up Farm Bill structure, reducing ability to negotiate
- Proposed cuts to SNAP will threaten the food security of millions of families who depend on it, at a time when demand at food shelves is already skyrocketing
- Takes cuts from the SNAP program to increase farm subsidies and insurance payments for a handful of commodity crops, along with lifting payment limits that benefit the largest producers.
- Leans into a broken crop insurance system that does not measure true risk, disincentivizing climate mitigation and adaptation and punishing diversified farms at any scale

Local Food Impact

- Domestic not local
- Different realities across different products
 - Products not grown in sufficient quantity domestically
- Domestic purchases still have global implications:
 - Inputs often imported: fertilizer, equipment, etc.



School Food Example: Carrots

- School foodservice programs already limited serving imported food
 - Document lack of availability or lack of affordability
 - Cap on total amount
- Price: \$0.98/lb carrots average retail price 2022 (USDA ERS). Local MN purchasing in school data: \$1.63/lb
- Cost doesn't reflect value
- Minnesota Farm to School economic impact analysis: for every \$1 spent, nearly an additional \$1 of economic activity



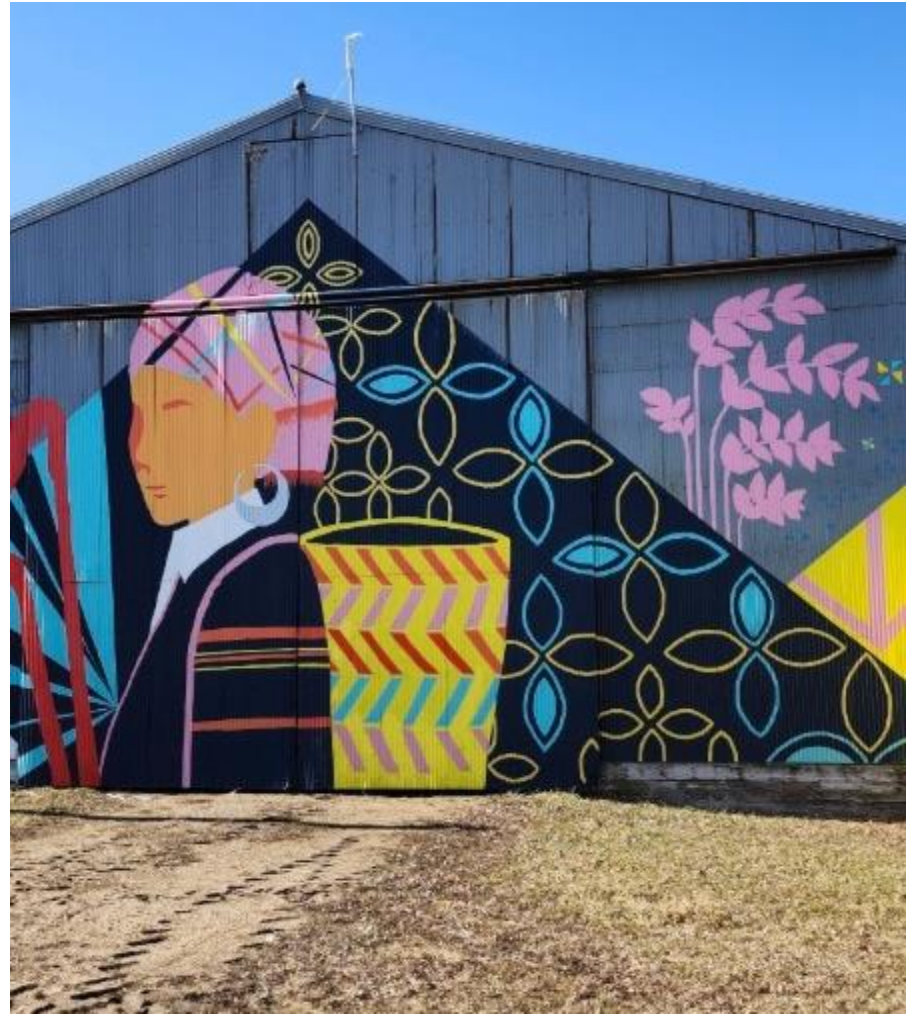
How can you engage?



- National Farm to School Network (NFSN)
- National Sustainable Agriculture Coalition (NSAC)
- Food Research & Action Center (FRAC)

Big Picture Takeaways

- Tariffs can be used strategically.
- Tariffs alone cannot fix problems in our farm and food system.
- Farm and food systems are complex
- Local production needs proactive support to increase.
- You can take action to create a better system!



Questions & Comments

