

GROWING OPPORTUNITIES FOR BUSINESSES AND SMALL FARMERS IN ACADIANA

FIELD HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

AUGUST 24, 2017

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GROWING OPPORTUNITIES FOR BUSINESSES AND SMALL FARMERS IN ACADIANA

THURSDAY, AUGUST 24, 2017

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Youngsville, LA.

The Committee met, pursuant to notice, at 1:11 p.m., in the Youngsville City Hall, 305 Iberia Street, Hon. John Kennedy presiding.

Present: Senator Kennedy.

OPENING STATEMENT OF HON. JOHN KENNEDY, A U.S. SENATOR FROM LOUISIANA

Senator KENNEDY. Let's get started. Thank you, everybody, for coming. If you would stand for the pledge of allegiance.

[Pledge of Allegiance.]

Take your seats, folks. I want to call this hearing to order. I'm really looking forward to this today.

The United States Senate does most of its work in committees. You hear about the results of our work when we vote on the floor of the United States Senate, but by the time we get to the floor of the United States Senate to vote, most of the work has already been done. The issues have been debated, and the details have been sliced and diced in committee, and that's why these committee hearings are so very, very, very important.

I want to thank Chairman Risch, who is the chairman of the Senate Small Business Committee, on which I sit, and I want to thank Ranking Member, Senator Shaheen, from the Democratic side of the aisle as well, for allowing me to conduct this hearing today on some very, very important subjects, not just for Louisiana, but for America.

I want to thank Meredith West. Where's Meredith? There's Meredith. Meredith is a Louisiana native. She is our committee's deputy staff director. I want to thank her for all her hard work and guidance, not just here, but in Washington.

We also have with us today Renee Bender. Where's Renee? There you are, Renee—who works for Chairman Risch; Kevin Wheeler, who works for Senator Shaheen. Where's Kevin? There's Kevin. Welcome to Louisiana, Kevin. Try some of that shrimp and rice and sugar while you're here. We appreciate their hard work, and I want to thank them for doing this.

Today, what we're going to focus on—and I'm going to try to keep my remarks short. We're going to focus on Louisiana's agricultural

and seafood industry, and those are both important, because they're important to our economy here in our State.

But it's not just our economy. It's part of our culture and part of our way of life. America and Louisiana were both born on a farm, and our farmers—and I consider our seafood producers—I guess we'll call them aquacultural experts. They're so efficient today that we just take what they do for granted. But never before have our farmers and those in the aquaculture business been so challenged by issues not only here in America, but abroad as well.

Most of our people who are in the agricultural or seafood industry are small businesswomen and small businessmen. Together, agriculture has a total impact in Louisiana of about \$11 billion. Let me say that again, \$11 billion, and that is huge for our State. We have 28,000 farms in our State. We have about 90,000 people in Louisiana who live on those farms.

Our seafood production—I'll speak generally here—has an economic impact of more than \$2.4 billion from Louisiana. Louisiana is second only to Alaska for domestic seafood production, and Alaska, of course, is much bigger than we are. So I felt like our Small Business Committee would be a perfect setting to get into some of the issues that our farmers and fishermen and fisherwomen face, because they're small business owners.

Here in Lafayette Parish—let me just say a word about Lafayette, and I want to thank Youngsville and Lafayette for hosting us today. Most of our farms here in Lafayette Parish, about 85 percent, are owned by either families or individuals, and that's pretty true all across Louisiana. We don't really have a lot of big corporate farms, as do some states. Our State is mostly about small business. Our seafood producers are in a similar situation. Most of the boats and the processing facilities in Louisiana are family owned and family operated, and they've been, in many cases, in those families for generations.

Small farmers and seafood producers face so many challenges today. Red tape—we'll talk about that today. I hope to hear from our experts on that subject, and I think I will. Taxes, which is something we're going to be talking about a lot in the United States Senate after Labor Day.

Trade challenges—everybody believes in free trade, but it's got to be fair trade. There's got to be a level playing field, and, unfortunately, we play by the rules, but a lot of our competitors don't. They cheat, and it's up to us and the Federal Government to try to address those challenges, and I hope that we can talk about the challenges in that respect and also about the need for new markets.

We live in a global economy. Our competition 50 or 100 years ago might be Mississippi or Texas. Today, our competition is worldwide, and so the business has changed in that regard as well. I'm going to take what I learn today back to the Small Business Committee of the United States Senate, and, hopefully, we can try to address some and maybe even all the concerns that are raised today.

I thought what we would do—we don't have time to talk about every crop that's grown in Louisiana. I think it's a blessing, but if we did that, we'd be here for days. I'm really proud of our farmers

and our seafood producers and our timber producers. So we're going to focus on sugar and shrimp and rice.

I want to introduce—and then I'm going to hush—our first three panelists. Mr. Bill Dore. Bill has been the Vice President of Supreme Rice, LLC, since 2007. Supreme Rice was acquired by the Louisiana Rice Mill. Bill has previously served as President of Supreme Rice Mill from 1980 to 2007. Mr. Dore has been a member of the Rice Millers Association Board of Directors since 1983. He was elected chairman of the board in 1991. He's a third-generation rice mill owner.

Our second panelist is Mr. Michael Comb. Michael serves—I've known him for a long while. He's the General Manager of the Louisiana Sugar Cane Cooperative. He graduated from the University of Louisiana, when it used to be called the University of Southwestern Louisiana, with a B.S. in Agricultural Engineering. Before working for the Louisiana Sugar Cane Cooperative, he farmed sugar cane for 22 years. So he knows of which he speaks.

Ms. Angela Portier—am I saying that right, Angela?

Ms. PORTIER. Portier. That's pretty good.

Senator KENNEDY. Portier—thank you—is the owner and operator of Faith Family Shrimp Company, LLC, in Chauvin. She and Chad, her lesser half—she's the better half—where's Chad? Is Chad here? Hey, Chad.

Mr. PORTIER. You're right about that.

Senator KENNEDY. I hear you, man.

They are long-time shrimpers. They both come from shrimping families. Angela serves on the boards of both the Louisiana Shrimp Association and the Southern Shrimp Alliance, which, of course, is a multi-State association.

Our second panel, when we finish—we're going to hear from a couple of agencies. Heidi Melancon—Heidi is the Director of the Louisiana Small Business Development Center at the University of Louisiana at Lafayette. She provides leadership support for the eight-parish Acadiana region. She's been with the network for 12 years and has served in leadership, consulting, and training roles. Heidi has counseled hundreds of startups and existing businesses over the years, resulting in clients obtaining financing as well as launching and growing their small business. Heidi has an MBA and a Bachelor's from the University of Louisiana at Lafayette, and her Center helps entrepreneurs get started with consulting and training and other resources.

We will also hear in our second panel Mr. Joseph A. Laroski, Jr. He is a Senior Advisor of Policy in the Office of Undersecretary for International Trade at the International Trade Administration. He received his law degree from Fordham University in 1997. He received a masters in law, with a concentration in trade law, from Georgetown in 1998. He's held counsel and advisory roles at the Office of the U.S. Trade Representative, the law firm of King and Spalding, and the U.S. International Trade Commission.

I do want to note that an agency that I wanted to have represented here today, but, unfortunately, couldn't be, is our USDA. USDA informed us that they don't have a Louisiana director in place for the Farm Service Agency yet, so they wouldn't have the right personnel for the hearing. I regret that.

My staff reminded them that we had given them a recommendation way back in January of someone that I think will be terrific in that position. He's highly qualified. He's already on the job, and he has the confidence of our agricultural industry. So, anyway, that concerned me a little bit, but that will be between me and the Administration. We'll have a little prayer session when I get back and see where we are on that.

What I thought we'd do is ask each of our witnesses to give a five-minute statement, and then I'll have some questions. Feel free to go over a few minutes if you have to. I came here to learn today. I've already talked way longer than I wanted to.

Why don't we start with Bill?

STATEMENT OF BILL DORE, VICE PRESIDENT, SUPREME RICE, LLC, CROWLEY, LA

Mr. DORE. Thank you, Senator. It's an honor to testify in front of you. Especially, it's nice to testify in front of somebody that you voted for—

Senator KENNEDY. Well, thank you.

Mr. DORE [continuing]. And somebody that you're still happy that you voted for, if you know what I mean.

Senator KENNEDY. I do. I do.

Mr. DORE. I just want it noted, please, that this is a company-specific testimony that I'm giving. It's not industry-wide. It's not meant to be a statement for the whole rice industry or anything like that.

Supreme Rice has three milling facilities, two of which are in south Louisiana. We have support facilities all over south Louisiana to support our milling assets. We employ approximately 200 people. Our company has been in business continuously since 1935. It is privately owned. At one time, there were 44 rice mills in Louisiana. There are now four. The four mills now mill more rice than the 44 mills used to. So if you're not growing, you're doomed, so to speak.

Our President and CEO is Bobby Hanks, who I know you know.

Senator KENNEDY. I know Bobby well.

Mr. DORE. He's also one of our owners. He couldn't be here today, so he asked me to fill in. Our company is consistently rated as one of the top 10 companies in Acadiana in terms of sales. We sell rice both domestically and for export. Certainly, over the last 40 years, we've sold rice to every continent, other than Antarctica, and into probably over 90 percent of the countries throughout the world.

Generally speaking, when the government comes calling and says, "We want to help you," the rice milling industry says, "You know, we really don't want the help." We take the position that if help is going to be given to the rice industry, it should be done at the grower level, and it probably should be done with direct payments. When there are not direct payments, a lot of market distortion can occur. A good example of that is the syrup mill, the sugar syrup mill that we had in Lacassine, as you are well aware of.

Senator KENNEDY. Very familiar with it.

Mr. DORE. There's now a facility that the government has given a \$5 million grant to that's designed to export rough rice to Mexico. It's my understanding that the government is still subsidizing part

of that operation, the operating expenses of that as well. Basically, what that results in is our tax dollars are now used to give advantage to Mexican rice mills, and, therefore, our rice mills, our warehousemen, a lot of our trucking—all these support industries that we have in the U.S. and in Louisiana miss out on all of that while Mexico gets to take advantage of it, while our tax dollars support that.

So from a rice milling perspective, it's pretty difficult when we see our tax dollars being used for that. That's why we feel it's better to give funds directly to growers and let them decide how they want to invest it, how they want to use it, and when they want to use it.

Trade agreements that result in a level playing field, as you talked about, are critical for our future success. WTO has everything in place to make this happen. However, it's so deeply bureaucratic that it's become an impotent instrument to carry out its own fair trade rules. Our own U.S. trade negotiator is unable, after decades, to accomplish even the most basic and simplest reforms in the face of gross and obvious violations throughout the world. Either a radical overhaul of WTO is going to have to occur—which, I promise you, will not happen. It's just practically impossible for that to occur—or a whole new trade order is imperative.

On the other hand, we have NAFTA, which has been a difficult but somewhat successful trade agreement from rice's perspective. When it began 20-some-odd, I guess, years ago, it had punitive tariffs for milled rice and no tariffs on rough rice. Over that long period of time, the tariffs on milled rice have now decreased to zero, and during that time, it gave a huge advantage to milling operations in Mexico. That gave them a chance to invest in infrastructure and develop their brands over a long period of time. U.S. milled rice sales are now slowly growing in Mexico.

From a milling perspective, this is not a great template for future negotiations, but it's not a terrible—it hasn't been a terrible outcome as compared to what WTO is, which is no outcome. On occasion, there's been rumblings in Washington where the government wants to start sourcing food aid from outside of the U.S., almost always wanting to source that food aid from third-world countries. It's our opinion that this would be a terrible mistake.

Senator KENNEDY. What do you mean, sourcing?

Mr. DORE. They want to go buy that food from third-world countries, take our tax dollars and buy that food from our competitors. In our opinion, this would be a huge mistake. The U.S. is recognized as one of the most trustworthy sources of high-quality, sanitary food that's available in the world. Not only would this use taxpayer dollars to support foreign competition, but it would also defeat the purpose of market development within food aid and subject the reputation of U.S. food as a reliable supplier to other countries in their time of need.

But, probably, above all, the best hope of prosperity in society as a whole is enlightened tax and regulation policy. Many times, government at every level looks to business to solve their spending problems and public policy issues, for which business should not be relied upon, and for which it's ill suited to solve. This threatens our

tax base, the prosperity of our future generations, and the harmony of our social fabric.

So thank you very much, Senator Kennedy. I kindly appreciate the opportunity.

[The prepared statement of Mr. Dore follows:]

Good afternoon and thank you Senator Kennedy for the opportunity to testify. Honored to share my experience of some 40 plus years in the rice business.

I am Bill Dore Vice President Sales for Supreme Rice headquartered in Crowley, La. We own 3 rice milling facilities—2 of which are in Louisiana--and have various other support facilities scattered throughout south Louisiana. We employ approximately 200 people. Our company has been in business continuously since 1935. It is privately owned. At one time there were about 44 rice mills in Louisiana. Now there are about 4. Those 4 mills today mill more rice than all 44 mills use to. So you can see if you ain't growing you are probably doomed. Our President and CEO is Bobby Hanks who is also one of our owners. He unfortunately could not be here today so he asked me to fill in. Our company is consistently rated one of the top 10 Acadiana companies in terms of sales each year. We sell rice both domestically and for export and have sold rice to every continent except Antarctica and probably to 80 to 90% of the countries throughout the world over the last 40 years.

Generally speaking we get very concerned whenever the government starts looking for ways to help the rice milling industry. We have avoided and never asked for government subsidies. If subsidies are to be given to the rice industry it is our opinion that they should be focused towards the grower and should be direct payments. When they are not direct payments significant market distortions occur. For instance, the sugar syrup mill in Lacassine and a host of other government built projects along I-10 some of which were built and never ran more than a few days. There is now a rough rice loading facility for which the state has supplied a grant of \$5,000,000. Plus, as I understand government is subsidizing its daily operations all to support a rough rice export facility that exports rough rice to support Mexican rice mills. This is using our tax dollars to give Mexican millers advantage over our mills, our warehousemen, our bag companies, our dock workers here in the U.S. That is why it is better to give these funds directly to growers and let them determine how, when and where they want to invest them.

Trade agreements that result in a level playing field for rice are critical for future success. WTO has in place all we need for this to happen. However, due to its deeply embedded bureaucracy it has become an impotent instrument to carry out its own fair-trade rules. Our U.S. trade negotiator is unable after decades to accomplish even the most basic, simplest reforms in the face of gross violations. Either a radical overhaul of WTO—which practically is impossible—or a new world trade order is imperative. On the other hand, NAFTA has been a difficult but somewhat successful trade agreement for rice. Although it had punitive tariffs for milled rice that gradually decreased to zero over a very long period of time it always had a zero tariff on rough rice. This gave a huge advantage to milling operations in Mexico to invest in infrastructure and develop their brands over a long period of time. Although U.S. milled rice sales are now slowly growing in Mexico, from a milling perspective this is not a good template for future trade negotiations.

On occasion, there have been rumblings within Washington to start sourcing food aid from outside the U.S., almost always wanting to source from third world countries. It is our opinion this would be a huge mistake. The U.S. is recognized as one of the most trustworthy sources of high quality sanitary food available in the world. Not only would this use taxpayer dollars to support foreign competition but it would also defeat the purpose of market development within food aid and subject the U.S. to serious reputation risk as a reliable supplier to other countries in their time of need.

Above all the best hope for prosperity in society as a whole is enlightened tax and regulation policy. Many times, government at every level looks to business to solve their spending problems and public policy issues for which business should not be relied upon and is ill suited to solve. This threatens our tax base, the prosperity of future generations and the harmony of the social fabric.

Thank you kindly Senator Kennedy.

Senator KENNEDY. Thank you.

Before we go to Michael, I wanted to—is our mayor here?

Mayor, I wanted to thank you for your hospitality today. It's an honor to serve with you. I think one of your colleagues, Councilman Romero, is here.

Councilman, thank you. Thank you both.

I'll tell you a secret. Nobody calls me at 10 o'clock on a Friday, and I know you get the calls, and folks stop you at church and at the grocery store and when you're trying to have a meal, and the toughest form of government is local government, far and away, because it's closest to other people, and I want to thank both of you.

I know our Chief was here—is he here? Chief, thank you as well. Everything I said to them, I'll say to you. Thank you for your service.

Let's go to—we'll save our best for last. We'll go to Michael second.

[Laughter.]

Mr. COMB. I was hoping you would say I'd be second, because I'm definitely not the best. Thank you.

STATEMENT OF MICHAEL COMB, GENERAL MANAGER, CAJUN SUGAR COMPANY, LLC, LOUISIANA SUGAR CANE COOPERATIVE, ST. MARTINSVILLE, LA

Mr. COMB. Good afternoon. My name is Michael Comb. I serve as General Manager of Louisiana Sugar Cane Cooperative, or LASUCA, as we call it. It's a cooperatively owned mill in St. Martinsville, Louisiana.

My mill, along with 10 other mills in the Louisiana sugar cane belt, exists to mill the sugar cane owned by about 450 family farmers in south Louisiana. Many of the mills are cooperative, owned by the farmers, like LASUCA, or are family owned businesses themselves.

Sugar cane is grown on about 400,000 acres in 22 parishes, and our farmers produce approximately 13 million tons of sugar cane each year. Our 11 mills extract 1.6 million tons of raw sugar from the cane. We store that sugar until it's needed by the two refineries, which are located along the Mississippi River. Sugar cane production and processing results in an overall annual economic value to the State of about \$3 billion.

But it all starts with the small businesses and the farmers that produce the crop. My mill cannot exist without that crop, and the farmers can't extract the full value of that crop without our mills. As small businesses, and the mills dependent upon them for our existence, our concerns are entwined.

Our farmers do face a number of regulatory hurdles, and I know that they're very appreciative of the number of actions that the Trump administration has already taken to reduce this regulatory burden, especially EPA's onerous Waters of the U.S. rule. However, at the moment, their biggest concern is hoping that the rain stops so they can get back in the fields and plant their sugar cane, because grinding is soon beginning, so they need to finish the planting first.

Hand planting sugar cane in south Louisiana in August and September is temporary work that our domestic labor force has never

really embraced. Louisiana's diverse ethnic population is in part a result of the waves of immigrants coming through New Orleans on the way to our sugar cane fields, with each successive wave moving on to full-time jobs in other industries and leaving our farmers in need of temporary help. That's why the H2A program is so important to our growers. They'd like to see a more streamlined approach, especially to the application, interview, and approval process, and also they remain frustrated by the prevailing wage determination.

Louisiana is the northernmost point in the world where sugar cane is grown commercially. This forces us to adapt a shortened growing season and an accelerated grinding season to account for the winter months. The farmers will begin delivering cane to our mills in late September, beginning a 100-day harvest and grinding season. It's a race against inclement weather that can destroy the crop in the fields. Because of this unique 100-day schedule, our mills maintain a small workforce. But we need access to some specialized skill sets via the H2B program, particularly during the grinding season.

Luckily, many mills in Central America conclude their grinding seasons immediately before Louisiana's seasons begin, and then they ramp up their processing after we're done. In many cases, workers specialized in the crystallization of sugar have completed their domestic grinding in Central America, and they bring their skills to the same Louisiana sugar factories, and they have been doing that for decades, increasing the efficiency of our operations and improving the returns to our growers.

But access to the H2B program has become very problematic because of huge new demand from other sectors that far exceeds the annual cap on that program. We really need to make the returning work exemption permanent. This would allow access to a vital skill set with a proven record of making us more efficient, and then going home, because these workers do not remain here.

Just as the small businessmen on the farm and the mill do not survive alone, none of us will be in business without a strong U.S. sugar policy. After four years of trial and error, Secretary Wilbur Ross negotiated modifications to the suspension agreements that were put in place after Mexico was found to have subsidized the sale of dumped sugar into the U.S. markets during calendar years 2013 and 2014, which accounted for domestic losses of about \$2 billion and an additional \$2 billion under the original suspension agreements.

So we really have to thank you, Senator Kennedy, for being a champion with the Administration through these difficult negotiations. We're hopeful that the modifications will work as the Administration envisions. Implementation begins on October 1st, and enforcement is the key part to help in solving that.

Senator KENNEDY. Secretary Ross gets it. He gets it.

Mr. COMB. Seems to be that way. Thank you very much for that.

I also mention this because the five-year reauthorization of the farm program is set to expire in October of 2018, and the leaders of the authorizing committees indicate that they want to start moving bills in early next year. U.S. sugar policy is certain to come under attack, as during every farm bill, just as we expect the tax

and appropriation battles you'll have in September. At the same time, our customers have already demanded that Mexico be granted new access to legally circumvent the freshly modified suspension agreements.

So I guess if I could leave you with one message, it's this: The last thing the U.S. sugar producer needs is more uncertainty. Implementing the new agreements will be greatly complicated or even torpedoed if we re-open sugar negotiations with Mexico. Any new market access commitments involving other countries will exponentially increase the difficulties of implementing and enforcing these modified agreements. Maintain a strong U.S. sugar policy and implement the new suspension agreements without introducing further volatility.

Thank you.

[The prepared statement of Mr. Comb follows:]

Testimony of Michael Comb, General Manager of Louisiana Sugar Cane Cooperative (LASUCA) before the United States Senate Committee on Small Business and Entrepreneurship

August 24, 2017

My name is Michael Comb and I serve as General Manager of the Louisiana Sugar Cane Cooperative (LASUCA), a cooperatively-owned mill in St. Martinville, Louisiana. My mill, along with the 10 other mills in Louisiana's sugarcane belt, exists to mill the sugarcane produced by about 450 family farmers in South Louisiana. Many of the mills are cooperative owned by the farmers, like LASUCA, or are family-owned businesses themselves.

Sugarcane is grown on over 400,000 acres in 22 parishes and our farmers produce 13 million tons of cane each year. Our 11 mills extract 1.6 million tons of raw sugar from the cane and store the raw sugar until needed by the two refineries on the Mississippi River. Sugarcane production and processing results in an overall annual economic value to the state of \$3 billion, but it all starts with the small businesses – the farmers – that produce the crop. My mill cannot exist without that crop and the growers can't extract the full value of that crop without our mills. As small businesses, and the mills dependent upon them for our existence, our concerns are entwined.

Our farmers face a number of regulatory hurdles and I know that they are appreciative of the number of actions the Trump Administration has already taken to reduce this regulatory burden – and especially EPA's onerous Waters of the US rule. At the moment, their biggest concern is getting a break in the rain so that they can get back in the fields for planting.

Hand-planting sugarcane in South Louisiana in August and September is temporary work that the domestic labor market has never embraced and Louisiana's diverse ethnic population is, in part, a direct result of waves of immigrants coming through New Orleans on the way to our sugarcane fields – with each successive wave moving on to full-time jobs in other industries and leaving our farmers in need of temporary help. That's why the H2A program is so important to our growers. They would like to see a more streamlined approach to the application, interview and approval processes and remain frustrated by the prevailing wage determination process.

Louisiana is the northernmost point in the world where sugarcane is grown commercially, forcing us to adapt to a shortened growing season and accelerated grinding season to account for the winter months. The farmers will begin delivering cane to our mills in late September, beginning a 100-days harvest and grinding campaign that is a race against inclement weather that can destroy the crop in the fields. Because of this unique 100-day operating schedule, our mills maintain a small

year-round workforce and need access to some specialized skill sets via the H2B program during the grinding season only.

Luckily, many mills in Central America conclude their grinding seasons immediately before Louisiana's season begins, and then ramp-up their processing after the beginning of the calendar year when we are done. In many cases, workers specialized in the crystallization of sugar have completed their domestic grinding in Central America and brought their skills to the same Louisiana mill for decades, increasing the efficiency of our operations and improving the returns to our growers as a result. But access to the H2B program has become problematic because of huge new demand from other sectors that far exceeds the annual caps on the program. We need to make the returning worker exemption permanent to allow access to a vital skill set with a proven record of making us more efficient... and then going home.

Just as the small businessmen on the farm and the mill do not survive alone, none of us will be in business without a strong US sugar policy. After four years of trial and error, Secretary Wilbur Ross negotiated modifications to the suspension agreements put in place after Mexico was found to have subsidized the sale of dumped sugar into the US market in 2013-14, with domestic losses of \$2 billion during that period and an additional \$2 billion under the original suspension agreements. We want to thank you, Senator Kennedy, for being a champion with the Administration during the delicate negotiations. We are hopeful that the modifications will work as the Administration envisions. Implementation begins on October 1st and enforcement will be a vital component of the solution.

I mention this because the 5-year reauthorization of farm programs is set to expire in October 2018 and the leaders of the authorizing committees indicate that they will move bills in early 2018. US sugar policy is certain to come under attack during this process, just as we expect attacks in the appropriations battles you'll have in September. At the same time, our customers have already demanded that Mexico be granted new access to legally circumvent the freshly modified suspension agreements.

If I could leave you with one message, it is this: The last thing the US sugar producer needs is more uncertainty. Implementing the new agreements will be greatly complicated, or even torpedoed, by reopening sugar negotiations with Mexico. Any new market access commitments involving other countries will exponentially increase the difficulties of implementing and enforcing those modified agreements. Maintain a strong US sugar policy and implement the new suspension agreements without introducing further volatility.

Thank you.

Senator KENNEDY. Thank you, Michael.
 Ms. Portier? Did I get it right this time?
 Ms. PORTIER. That's good. It's perfect.

**STATEMENT OF ANGELA PORTIER, OWNER AND OPERATOR,
 FAITH FAMILY SHRIMP CO., LLC, CHAUVIN, LA**

Ms. PORTIER. Thank you for having all of us and for inviting me to speak this afternoon.

Senator KENNEDY. You bet. Thank you.

Ms. PORTIER. I'm here today because I am passionate about the jobs and health of our fellow American citizens. I want you to know, as a commercial fisherman and small business owner, the concerns of our shrimp industry in Acadiana.

First, I'd like to talk about the import problem we are facing and have you aware that this issue is getting worse. Louisiana shrimp competes for sales in a market dominated by imports. Last year, the United States imported 1.2 billion pounds of shrimp, the most that we've ever imported. This year, we are up in imports another 10 percent. The increase is due to Indian shrimp, which now accounts for one out of every three pounds of imports. In the first half of the year, America imported 50 million more pounds of Indian shrimp than the first half of 2016.

We are learning that the European Union imposed a requirement that 50 percent of all Indian shrimp imported into Europe be tested for banned antibiotics. Reports are showing that Indian shrimp may be banned from Europe in the near future.

As commercial fishermen, we are heavily regulated and required to compete with foreign industries that lack regulations, where almost anything goes. Doing something about the over-regulation of Louisiana commercial fishermen is crucial at this point, and it is actually just as important to do something about the under-regulation of imports.

The amount of fraud that goes on with seafood imports is out of control. When FDA took action against contaminated Chinese shrimp, that shrimp was relabeled as a product of Malaysia and sold to American consumers. Uncontrolled fraud is why our commercial fishermen need the Seafood Import Monitoring Program. This program will help prevent illegal, unreported, and unregulated caught and/or misrepresented seafood from entering U.S. commerce. It is also why Louisiana shrimpers believe that NOAA fisheries should lift its administrative stay on the application of that program to shrimp.

As fishermen, we have to give account for every pound of shrimp that we land and sell. There are no similar requirements in place for shrimp imports. Our product is traceable, but the imports we compete with are not.

The second topic I would like to discuss today are the regulations on Acadiana shrimpers, and it's about the building of the vessels. There are now strict laws on building new commercial fishing vessels. These laws require that the vessel is designed by an individual licensed by a State as a naval architect or marine engineer, and for the design to incorporate standards equivalent to those prescribed by a classification society to which the Department of Com-

merce has delegated authority. As commercial fishermen, we cannot afford a naval architect or a marine engineer.

These laws are causing very few, if any, new vessels to be constructed in the southeastern U.S. commercial fishing industry. Through these laws, we are continuing to lose small shipyards that construct these vessels. Owners and operators are forced to retain older vessels which are less safe and more expensive to maintain. Slowly but surely, these laws are putting fishermen out of business and in danger.

We are also facing more rules on turtle excluder devices, TEDs, which have to be pulled in our nets. We do have laws in place right now for our bigger boats to pull the TEDs. We have been doing so for many, many years and have accustomed our livelihoods to abide by all the laws concerning TEDs.

But we are hearing talk that if they make the smaller boats pull the device, at the same time, NOAA will change the equipment that the bigger boats are pulling and require us to pull a different size TED. At this time in our industry, with low shrimp prices, we cannot afford to buy this new equipment. Saying all of this, there is no recent data on the status of our Louisiana turtles, and before we are required to pull these devices in our nets, we should be entitled to know the quantity of the Louisiana turtle.

Senator KENNEDY. And who would have that? NOAA?

Ms. PORTIER. Wildlife and fisheries, NOAA, maybe. I'm not exactly sure, but I can find out.

Increasing Federal regulations drive up our costs. We can't get those costs back from our sales because we have to compete with imports that don't have to worry about regulations, and those imports don't have to worry about taking losses, either, because of the subsidies they receive from their governments. We also would need to be subsidized to be able to continue this line of work in America.

We do have more problems facing our industry, which would be the growing dead zone in the Gulf of Mexico caused by chemicals brought down from the Mississippi and white spot disease brought into the country with shrimp imports that may be suppressing the growth of our shrimp.

Thank you for taking time out of your schedule and hearing about our industry.

[The prepared statement of Ms. Portier follows:]

**Written Statement of Angela Portier
Owner/Operator, Faith Family Shrimp Co., LLC
Before the
United States Senate Committee on Small Business and Entrepreneurship

Hearing on
Growing Opportunities for Businesses and Small Farmers in Acadiana

August 24, 2017
Youngsville City Hall
Youngsville, LA**

Thank you Senator Kennedy for inviting me to speak this afternoon.

I am here today because I am passionate about the jobs and health of our fellow American citizens. I want you to know as a commercial fishermen and small business owner the concerns of our shrimp industry in Acadiana.

First I'd like to talk about the import problem we are facing and have you aware that this issue is getting worse. Louisiana shrimp competes for sales in a market dominated by imports. Last year, the United States imported 1.2 billion pounds of shrimp, the most that was ever imported. This year we are up in imports another ten percent.

The increase is due to Indian shrimp, which now accounts for one out of every three pounds of imports. In the first half of this year, America imported fifty million more pounds of Indian shrimp than the first half of 2016.

We are learning that the European Union imposed a requirement that fifty percent of all Indian shrimp imported into Europe be tested for banned antibiotics. Reports are showing that Indian shrimp may be banned from Europe in the near future.

As commercial fishermen we are heavily regulated and required to compete with foreign industries that lack regulations where almost anything goes. Doing something about the over-regulation of Louisiana's commercial fishermen is crucial at this point, and it is actually just as important to do something about the under-regulation of imports.

The amount of fraud that goes on with seafood imports is out of control. When FDA took action against contaminated Chinese shrimp, that shrimp was re-labelled as a product of Malaysia and sold to American consumers.

Uncontrolled fraud is why our commercial fishermen need the SEAFOOD IMPORT MONITORING PROGRAM (SIMP). This program will help prevent illegal, unreported and unregulated caught and/or misrepresented seafood from entering U.S. commerce. It is also why Louisiana shrimpers believe that NOAA Fisheries should lift its administrative stay on the application of that program to shrimp.

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There are now strict laws on building new commercial fishing vessels. These laws require that the vessel is designed by an individual licensed by a State as a naval architect or marine engineer, and for the design to incorporate standards equivalent to those prescribed by a classification society to which the Department of Commerce has delegated authority. As commercial fishermen we cannot afford a naval architect or a marine engineer.

These laws are causing very few, if any, new vessels constructed in the Southeastern US Commercial Fishing Industries. Through these laws we are continuing to lose small shipyards that construct these vessels. Owners and Operators are forced to retain older vessels which are less safe and more expensive to maintain. Slowly but surely these laws are putting fishermen out of business and in danger.

We are also facing more rules on turtle excluder devices, TEDs, which have to be pulled in our nets. We do have laws in place right now for our bigger boats to pull TEDs. We have been doing so for many years and we have accustomed our livelihoods to abide by all the laws concerning TEDs.

NOAA now wants our smaller shrimp industry vessels to pull TEDs as well.

We are hearing talk that if they make the smaller boats pull the device, at the same time NOAA will change the equipment that the bigger boats are pulling and require us to pull a different size TED.

At this time in our industry with low shrimp prices, we cannot afford to buy this new equipment. Saying all of this, there is no recent data on the status of our Louisiana Turtles and before we are required to pull these devices in our nets, we should be entitled to know the state of our Louisiana turtle quantity.

Increasing federal regulations drive up our costs. We can't get those costs back from our sales because we have to compete with imports that don't have to worry about regulations. And those imports don't have to worry about taking losses either, because of the subsidies they receive from their governments. We also would need to be subsidized to be able to continue this line of work in America.

We do have more problems facing our industry which would be the growing dead zone in the Gulf of Mexico caused by chemicals brought down the Mississippi and white spot disease, brought in to the country along with shrimp imports that may be suppressing the growth of our shrimp.

Thank you for taking time out of your schedule to hear about our small business industry problems.

Senator KENNEDY. Thank you, Angela.

Let me ask some questions. Oh, this is great. We'll start in reverse order.

Angela, if you were queen for a day, and you could just make whatever changes you wanted to make to help our shrimp industry, what would be the first thing, the second thing, the third thing, in terms of addressing your problems? Is it regulations?

Ms. PORTIER. It's probably the imports. We're fighting the imports. In 2014, when we had—they had some ponds overseas that were diseased, and it was only like a 14 percent cut, our shrimp prices went through the roof. That year, we averaged \$2 a pound on white shrimp, head on, and \$2 a pound on brown shrimp, head on. So just that little bit of stopping the imports caused our—the demand for our product. So, probably, imports would be number one.

Senator KENNEDY. When we compete with other countries and their imports, are their seafood producers subsidized by the government? Are they cheating?

Ms. PORTIER. I think so. I'm almost positive. I mean, I could ask—you know, we have a lawyer for SSA and a lawyer for LSA, so they would have all that information. So number one would be imports.

Number two would be the regulations on the building of the shrimp vessels. My husband just built a 76-foot, steel hull, brand new—two and a half years it took them, you know. But he was grandfathered in. He had a backdated keel. But so if he wants to try to build that same vessel, it's not happening.

Senator KENNEDY. Who imposed the rule on the vessels? Is it a statute or a regulation?

Ms. PORTIER. I'm not sure.

Senator KENNEDY. Do you know—

Mr. EMEL. It's a Coast Guard issue.

Ms. PORTIER. Coast Guard.

Senator KENNEDY. Why do they do it? Safety?

Mr. EMEL. What they're doing—prior to—well, they're trying to establish across the whole fishery in the—I'm Thomas Emel with LSU Ag Center, and I work with the industry. What they're trying to do is to install the same sort of safety measures that are required in a North Sea Alaska vessel to the conditions that we have here in the Gulf of Mexico, which is a whole different thing.

Out there, boats break up because of high seas. Our biggest issues over here are man overboard issues and certainly not vessel destruction by the elements. So they're trying to make one size fit all, and so they're bringing—

Ms. PORTIER. Trying to put us all in one group.

Mr. EMEL. Trying to do that, and so what's causing—what she's saying is exactly true. We don't build these boats anymore because we can't. So there's more and more regulations like that coming down on our industry.

Senator KENNEDY. Is it a regulation or a statute?

Mr. EMEL. I think it's rulemaking inside of the Coast Guard. I don't think it's a particular statute. I think it's regulatory oversight, or regulatory overdone.

Ms. PORTIER. Now, they want to hear our comments on—by September 11th, we can make comments to U.S. Coast Guard and who else.

Senator KENNEDY. So if you're an adult, and you're satisfied with the safety of the vessel that you want to use, that's not good enough. You've got to satisfy Washington, D.C., which knows better than you do.

Mr. EMEL. A hundred years of building vessels and floating them in the Gulf of Mexico, and now you can't do it because somebody somewhere else has determined that you can't do it. The rhyme or reason of it—we don't understand that, but that's just how government seems to work in our seafood industry. It just comes down and comes down and keeps coming.

Senator KENNEDY. Well, that's just stupid.

Ms. PORTIER. My husband's dad had a shipyard. His brother took over the shipyard recently. He built 150 boats in his lifetime. Ninety-five percent were commercial fishing vessels. None of them have ever sunk, like—they're great, you know, and we didn't have all these—

Senator KENNEDY. Who's your dad?

Ms. PORTIER. It's Chad's dad. He passed away two years ago.

Senator KENNEDY. Okay. I'm sorry.

Ms. PORTIER. Thank you.

Senator KENNEDY. So the bureaucracy in Washington figures they know better than you do about how to build a boat, and even if they did—and they don't—it's your decision. I mean, if you're comfortable with the safety of the boat—it's just stupid.

AUDIENCE MEMBER. Well, whenever they came down to my boat, the people that were making the laws or whatever, they came down and looked at it, and they said that—they don't even have a clue of what they're doing, because the boat that we were building was actually more structurally solid than the ones that were in Alaska already. But they just want to put more—I guess somebody else needs more money or a higher—I'm not sure. But as far as the boat itself, it's better than what they were wanting us to build.

Senator KENNEDY. Were you going to mention one other thing, Angela?

Ms. PORTIER. So that would be the second. I don't know what the third would be.

Senator KENNEDY. Red tape?

Ms. PORTIER. Yeah, yeah.

Senator KENNEDY. Okay. All right.

Let me turn to Mike. Secretary Ross came through for us.

Mr. COMB. Yes, sir. He did.

Senator KENNEDY. He did. He gets it. Robert Lighthizer, our new trade representative, gets it. They understand. I don't mean any disrespect to our friends in Mexico, but they were cheating. What are going to be our challenges in enforcement?

Mr. COMB. Challenges in enforcement—a lot of it is going to circle around, I guess, the definition of raw and refined sugar, as it did with the first one, to make sure that they're not bringing in a refined product and calling it raw and selling it directly to the consumers. You know, as Angela stated, sugar cane is a lot like shrimp, or sugar is a lot like shrimp.

You know, we're competing—sugar is one of the most highly subsidized commodities in the world. Most countries that are producing sugar on a large scale provide some sort of industry support either through direct payments, infrastructure support, and Mexico is no different. So what Mexico tends to do is sell in Mexico for a higher price than when they bring their sugar to the U.S., actually selling it below their cost of production. But that's probably the main thing—is being sure that they don't bring more sugar than they're allowed to and that the definition of that sugar is followed.

Senator KENNEDY. Are there other countries that do what Mexico has done that we have to worry about?

Mr. COMB. No, not really. Because of the trade quotas we have with various countries, they're bringing in all the raw sugar that ends up in the refineries, and there's not a lot of definition on the quality, just the quantity. Since this is all coming in by ocean-going vessels, it's easier to monitor. When Mexico is bringing it across the border by truck or small packages, it becomes very difficult to monitor the amounts and qualities and quantities.

Senator KENNEDY. What about NAFTA? Do you have any thoughts on that?

Mr. COMB. Well, the problem we have with Mexico is a direct—it came from that. I don't have the numbers in front of me, but, you know, Mexico's imports into the U.S. have grown exponentially since NAFTA, from hardly anything to well in excess of a million—1.5 million tons or greater per year. They're bringing in as much sugar as we produce in Louisiana.

Senator KENNEDY. You mentioned the Waters of the United States rule, and I think that's a perfect example of government gone crazy.

Mr. COMB. I agree.

Senator KENNEDY. In the Senate, we have passed 14 bills under the Congressional Review Act, throwing out nonsensical rules and regulations that next year will save the American business community probably \$70 billion. We've run the numbers. It's going to save about 62 million hours of paperwork. But that's just a handful of all the 1.2 million rules that we have.

The Trump administration has directed every cabinet secretary to go through the rules and regulations in his or her agency and repeal the ones that don't make sense. Though that's easily said, sometimes it can take two or three years through the Administrative Procedure Act to get rid of them. But a lot of secretaries have discretion just not to enforce a rule.

But for those who don't know about—I mean, my understanding of the Waters of the U.S. rule is that, basically, EPA and to some extent the Corps could—if I had a puddle in my backyard, they could take jurisdiction of my property. That's how bad it was.

Mr. COMB. Yes. One interpretation was during a—not what I'd call a major rain event, but a significant rain event—that most of south Louisiana would be considered a navigable waterway, under their jurisdiction.

Senator KENNEDY. Unbelievable. Okay. If you were king for a day, and you could make whatever changes you wanted to make, do you have any thoughts on that?

Mr. COMB. Well, I guess number one and two—you know, the first we've spoke about is fair trade, you know. I hate—they use the term, free trade, but it's not—it needs to be fair. Secondly is a little bit I spoke about, but foreign labor in the U.S. I know that's a very touchy subject. But it's something that we have been doing from a sugar mill standpoint for 40-plus years—is bringing in that skill set from Central America, that skill set that's not available here in the U.S. when it comes to the crystallization of sugar.

It's just that these programs have become very, very difficult to navigate. We're constantly—I mean, today, we have mills in Louisiana that should be starting by the 20th of September, because of the size of this crop, that are having to wait to crank up until after October 1st because they have to wait until the new quota comes in for the new people coming in from foreign countries. That, along with burdensome regulations.

You know, when you look at just how difficult it is to construct a new boiler, which is essential for a sugar mill operation—you know, here sugar mills have been using renewable fuel for 200 years. This whole concept of green energy—

Senator KENNEDY. You were the first?

Mr. COMB. Yes, I think we may have been. You know, the concept of green energy is something we all know how to do, and our boilers use natural cane fiber to fuel them. We don't use fossil fuels. However, when we go to construct a new unit, if we can even get permitted to construct a unit, we have to follow the same burdensome regulations as someone that would be firing a boiler under coal or gas or fuel oil.

There was a lot of talk in the past about carbon sequestration, and, you know, if we just look at it, sugar cane plants pull the carbon out of the atmosphere, and then we release it back when we burn it. So it's very net neutral, you know. We're not doing anything to hurt the environment when we burn bagasse. So that would be one thing I'd like to fix. But number one and two on the list would be trade and also when it comes to labor.

Senator KENNEDY. The arrangement that Secretary Ross worked out with Mexico—if we can get them to abide by it, can we live with that?

Mr. COMB. If they abide by it, I think it would fix the issues that we have with Mexico today.

Senator KENNEDY. Well, we're talking about Wilbur Ross, the Secretary of Commerce. He couldn't have been more helpful. I mean, he gets it. He indicated when I first talked to him that, you know, it would take him a while to get up to speed, and he'd have to go check with—he got it right immediately. I mean, he is a very, very, very impressive guy, a good choice by the president.

Mr. COMB. He did very well, and, also, you know, we thank you for all your help. You're a champion for us.

Senator KENNEDY. Well, you're welcome. But he—in terms of trying to convince the agencies to do it, it helps if they can just immediately pick up and they understand the real-world ramifications, and he does. He does. I also think Sonny Perdue is going to be great at Agriculture. Sonny was a good governor of Georgia, and he understands agriculture.

All right. Let's talk some rice. What can we do to help open new markets? A few months ago they sent me to China. I went to Tokyo and met with the governor. I told them if they ever tried our rice, they'd like it better than theirs.

What can we do to help with new markets?

Mr. DORE. Well, we love having a free trader in office, a good advocate for free trade, because it's a proverbial level playing field argument for us. We have—our growers grow the most—the highest quality rice, and we have the most efficient growers practically throughout the world. If we could ever get a level playing field, we would have maybe the most prosperous agriculture anywhere in the world in rice here in the United States.

Senator KENNEDY. What do you mean by level playing field?

Mr. DORE. Where we don't have trade barriers into China is a good example, into the Pacific Rim, Taiwan, Japan, places like that. It doesn't have to be the whole world, for heaven's sakes, but WTO, as I mentioned, is not doing anything. I mean, they're not doing anything, not just for rice, but for nobody. I just don't understand the justification of why they still have office buildings all over the world, because they're not accomplishing anything.

There needs to be a fundamental change and just a re-boot of whatever we're going to do throughout the world as far as trade negotiations go, because there is nothing going on to get a new order of trade. If we're going to really move toward free trade in this world, which I think most policy makers think is really a good idea, we need to move towards that.

Senator KENNEDY. If it's a level playing field.

Mr. DORE. If we can move towards that, it's going to be great for rice here in the U.S. It's going to be really great for the growers, the whole infrastructure and everything.

Senator KENNEDY. Why do you think the WTO can't be fixed?

Mr. DORE. I've been around this for 40 years. WTO has been around for 40 years. WTO made one tiny little move in the Reagan administration, and it was a failure, and they ballyhooed it as the greatest thing in the whole world, that we were going to have all of this success with it. They've done nothing since then and can't do anything. They can't get anything off the ground.

They can't—it's like the Vietnam War. They can't agree on the—you know, what the table should look like, for heaven's sakes. I mean, it's impossible. It needs to be re-booted. They need to all be fired and start over again with a level playing field with WTO. It's just broken, and it can't be fixed.

Senator KENNEDY. What about Iraq?

Mr. DORE. We have access to Iraq now. Our issue with Iraq is we have pretty tough competition going into there. Right now, because we have a fairly short crop here in the U.S. this year, our prices are fairly high compared to prices from our competitors. So we're going to have a tough time in the short term going into Iraq.

Senator KENNEDY. Our competitors didn't spend trillions of dollars in the country, though.

Mr. DORE. That was—you took the words almost right out of my mouth. You know, we could use some political help there. I hate to exert political help in the sense that—

Senator KENNEDY. It's not political help. It's just a fact.

Mr. DORE. It's just a fact. But, you know, that's always helpful when we can—if we can use that card, you know, to help get us business. There's no doubt about it. We actually have a negotiation going on now, which I'm a little bit optimistic about. We might sell some rice to them here this week, so I'm keeping my fingers crossed. We might not, either, you know. The most optimistic thing in the world that people have been saying for the last five or six months is "We're getting ready to sell Iraq rice."

Senator KENNEDY. Yeah, I know.

Mr. DORE. So it might be another—that might be the same thing, you know, we're saying right now. But I think in time, especially—I know it's a difficult—Iraq is struggling, obviously. I think they're trying to get their feet on the ground. It's got to be tough over there. They have money issues, obviously, so you can understand if they're trying to save every penny that they can. But any time we can ask them to help our industry out a little bit, that's always helpful. No doubt about it.

I think, though, in the long term—I mean, I'm speaking personally, of course—I think the best policy is a free trade policy in the long term, so you don't have to go around and, you know, beg your friends, so to speak, to have to trade with you. That's why I think this policy and issues—if we can get the right policies going in the long term, we don't have to have so much political interference, to lean on our Senators to go get us some business, so to speak.

Senator KENNEDY. Well, this has all been incredibly helpful. Our staff will, without whom we—you quickly learn this in the Senate. Without our staff, we couldn't function. If they all go on strike at the same time, I don't know what we'll ever do. We will follow up.

One thing we didn't talk about—but it's important, and it's going to be on our plate in the United States Senate when we get back—and that's tax reform. We haven't had a major revision of our tax code since 1986. Some of my colleagues talk about tax reform, and we do need to reform the tax code. I want to start, though, with tax cuts.

Here's what's going on in our economy, and it affects all of us, in rice and sugar and seafood and every other business. Our economy is growing at 1.6 percent. Now, you'll read in the paper that our unemployment rate is low, and it is, but that hides a lot of things. That low unemployment rate doesn't tell the full story of people who are working part-time that would like to work full-time. It doesn't tell the full story of the people who have given up looking for work. It doesn't tell the full story of people who are making the same amount of money today that they were making eight years ago. So that unemployment number, while low, is very, very, very misleading.

If you go back—and the stagnation with our economy has been going on since 2008. Now, we had a really bad—I don't need to tell you—recession in 2008. But this is 2017. If you go back 30 years before 2008, average growth in our economy was about 3.1 percent. So normal growth for the American economy is 3 percent, and we talk about it—some of my colleagues in Washington talk about it as if, "Oh, gosh, if we got 3 percent, we'd be setting records." That's just normal.

The other problem we have is productivity growth. We normally grow at 2 percent productivity. We're growing at about 1 percent. That's why wages aren't going up.

The other reason I think that the economy is stagnated—it's not the only reason. Of course, part of it here in Louisiana is oil, the price of oil. But putting that aside, businesswomen and businessmen are not investing their capital in new plants or new machinery or new equipment or new software, which means enough jobs aren't being created and which means productivity is not going up which means wages aren't going up. I think a big part of the reason for that is, first—we talked about it a little bit—over-regulation. These rules and regulations cost money. We've got 1.2 million rules and regulations, and some of them are a thousand pages long. I mean, it's just breathtaking.

But the other problem, which we're going to tackle in the House and the Senate, is the tax system. We've done everything we can on what we call the monetary side, interest rates, to get the economy moving. We're only going to get the economy moving on what we call the fiscal side, and that's tax cuts.

What I want to see us do is start—first, I want to see us get it done by November and make the cuts retroactive to the first of the year. That's what I want. I've got to convince 49 of my colleagues to do that.

[Laughter.]

But I want to start with the business side. We have the highest business tax rates of all G20 developed countries, but not just for the large C corporations. I want to cut taxes for LLCs and LOBs and Sub S corporations and family farms and sole proprietorships, because that's where most of the jobs come from. I want to try to take a scalpel, if not an ax, to the capital gains tax, tax on dividends, tax on interest. I want to get rid of the estate tax. That's very burdensome for our family farms, and it's unfair. People have already paid tax on their assets. Why should they have to pay tax again?

On the personal income side, I want to keep it simple. I could live with just taking all the different brackets and reducing the tax by 2 percent for each one. I want everybody to participate, not just those who—the top 1 percent. They're important, but I want to help the middle class primarily. We could do it by just raising the standard deduction. I just know that if we do it, we can get back to 3 percent. If we don't, we're going to have to learn to live with 1 and a half percent growth, and that's just anti-American.

And what Washington—you don't have to be clairvoyant to see it. You see it from day one. There are too many people that have lost sight of the fact that people, businesswomen, businessmen, can spend their money better than government can, and the reason the economy—that's why the economy isn't growing. Government is taking too much.

I want to thank you all for coming. I want to move quickly to our other two witnesses.

All right, folks. Let's come back to order. I introduced Mr. Laroski and Ms. Melancon earlier, so I'm not going to do any more talking. I'm going to turn it over, and let's go first to Ms. Melancon.

Let's come to order, folks, because this is going to be interesting.

**STATEMENT OF HEIDI MELANCON, DIRECTOR, LOUISIANA
SMALL BUSINESS DEVELOPMENT CENTER, UNIVERSITY OF
LOUISIANA AT LAFAYETTE, LAFAYETTE, LA**

Ms. MELANCON. Senator Kennedy, thank you for the opportunity to testify today regarding small business and challenges that are faced by small business owners.

My name is Heidi Melancon, and I am the Director of the Louisiana Small Business Development Center based at the University of Louisiana at Lafayette, which is one of the founding members of the Louisiana Network, which is made up of eight small business development centers hosted by universities across the State since 1983, and, in fact, our organization goes back to President Carter. He was the one that signed our organization into legislation in the 1970s, and they started rolling out the grants around 1983, and UL—

Senator KENNEDY. You all have done some great work, too.

Ms. MELANCON. Yes, at that point. The Small Business Development Center Network is part of a nationally accredited partnership between the universities, U.S. Small Business Administration, and in our State, Louisiana Economic Development. Furthermore, our network is a part of a national program that exists in all 50 states and territories of the U.S. So, in a sense, I do spend a lot of time educating the taxpayers about what Small Business Administration funds for our small business owners as well as on our State side.

Since inception, the LSBDC has touched countless lives by helping entrepreneurs realize their dreams of building their business and generating jobs in our community through no-cost, confidential business consulting services, entrepreneurial programs, and business information and market research to develop and diversify Louisiana's economy. The LSBDC and our center is servicing the eight traditional parishes of Acadiana, which include Acadia, Evangeline, Iberia, Lafayette, St. Landry, St. Martin, St. Mary, and Vermilion, an area of over 6,000 square miles, with three of us to do that work.

In a typical year, the center provides business consulting to over 600 clients with around 55 percent of those being existing business owners. So, typically, in a period of a year, I can tell you where we are right now. We're at \$20 million in capital of what we've helped companies thus far in this year.

However, the downturn in our economy over the last three years has created an increase in demand for our services. In November of 2014, our office began to see a multitude of companies from all sectors, looking for opportunities for diversification due to that downturn in oil and gas prices. Furthermore, this was compounded by two natural flooding disasters that our State faced in 2016.

It is without a doubt that clients were very interested in programs, and still are, that are offered by U.S. Small Business Administration, particularly certification programs that can assist with government contracting, such as Woman Owned Certification, the 8(a) Business Development Program, and HUB zone. These are very intricate programs that require someone to help business owners or people that are interested in these programs, taking them step by step, and we do that in our office, and as well as educational information available for exporting. That was a big con-

cern for many people, because they're looking for new markets in the situation that they're in.

I have worked in the SBDC Program for over 12 years, and I can attest that these small business programs have been paramount in assisting clients with diversification and access to new markets. With all good intentions that these programs provide, there are certain market and policy conditions that are very difficult for business owners to overcome, particularly for individuals that are wanting to start a new business.

Many of my clients choose not to start a business due to several reasons, one being inadequate access to capital; onerous banking laws and policies; tax policy; and, by far, expensive healthcare—the minute they get the sticker price of what it's going to cost for them to purchase healthcare on their own, it kills the deal at that point—and a costly legal system and confusing employment laws. As mentioned before, our center has worked diligently to assist clients with strategic plans for diversification and sustainability in all industries. In concern for farmers and small businesses based in agriculture, they face the same challenges as stated above, as well as disrupted business models due to foreign competition and market pricing situations.

For example, I recently worked with Mr. Jake Cormier from Church Point, Louisiana. He is a crawfish farmer and has been established since 2011. He recently opened C'est Bon Seafood as a means to curtail market conditions that he has faced in selling crawfish in our local market. He was assisted with the development of a business plan, a financial model, and market research in order to secure funding, which he did, for opening a retail operation in an adjacent State so that he could sell his Louisiana product and crop and not have to face the competition in yielding the price margins for sustainability. He developed that retail operation that will utilize his product, as well as other Louisiana products, that is thereby increasing his margin for his crop. This is just one example of many cases that we encounter of business owners having to overcome growing competition and challenging market conditions.

Thank you once again for the opportunity to comment on this important issue, allowing me to highlight some of the challenges that business owners face as well as barriers to entry for new entrepreneurs.

[The prepared statement of Ms. Melancon follows:]

U.S. Senate Committee for Small Business & Entrepreneurship

"Growing Opportunities for Businesses and Small Farmers in Acadiana" Hearing, August 24,
2017

Heidi L. Melancon
Director
Louisiana Small Business Development Center
University of Louisiana at Lafayette

Senator Kennedy, thank you for the opportunity to testify today regarding small business and challenges that are faced by business owners. My name is Heidi Melancon, Director, Louisiana Small Business Development Center based at the University of Louisiana at Lafayette, which is a founding member of the Louisiana network made up of eight Small Business Development Centers (SBDCs) hosted by universities across the state since 1983. The Louisiana Small Business Development Center (LSBDC) at the University of Louisiana at Lafayette (UL Lafayette) is part of a nationally-accredited partnership between UL Lafayette, the U.S. Small Business Administration (SBA) and Louisiana Economic Development (LED). Furthermore, our network is part of a national program that exists in all 50 states and in the territories of the U.S.

Since inception, the LSBDC has touched countless lives by helping entrepreneurs realize their dreams of building their businesses and generating jobs in their communities through no-cost, confidential, business consulting services, entrepreneurial training programs, business information and market research to develop and diversify Louisiana's economy. The LSBDC provides these business support services to existing and potential entrepreneurs across the eight traditional parishes of Acadiana including Acadia, Evangeline, Iberia, Lafayette, St. Landry, St. Martin, St. Mary and Vermilion, an area of over 6,000 sq. miles.

In a typical year, the Center provides business consulting to over 600 clients with around 55% of those being existing businesses. In the period from 2005-2017, the LSBDC has served close to 4,800 businesses, has assisted with capital formation of over \$87M, and has been instrumental in creating over 1,300 jobs in the region. Clients of LSBDC credit the center's services for their cumulative sales growth of over \$36M.

The downturn in our economy over the last three years has created an increase in demand for SBDC consulting and training services. In November of 2014, our office began to see a multitude of companies of all sizes searching for opportunities for diversification due to the downturn in oil and gas prices. Furthermore, this was compounded by the two natural flooding disasters that our state faced in 2016. It is without a doubt, clients were very interested in the programs offered by U.S. Small Business Administration particularly certification programs for government contracting such as Woman Owned Certification, 8 (a) Business Development Program, and HUB Zone and as well as educational information available for exporting and opportunities for new markets.

Testimony (Heidi Melancon)

August 24, 2017

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Business owners were searching for any program or service that could provide relief from the downturn that deeply affected our economy. I have worked in the SBDC program for twelve years and can attest that these small business programs have been paramount in assisting clients with diversification and access to new markets. With all good intentions that these programs provide, there are certain market and policy conditions that are very difficult for business owners to overcome particularly for individuals that are wanting to start a new business.

Entrepreneurship is difficult and by making resources known to taxpayers helps to support economic growth. Armed with this valuable knowledge base, the Small Business Development Center network functions as a solution provider to the numerous inquiries that small business owners and individuals may have in seeking information on starting and operating a business. Because of our capacity, we have the resources to triage clients and make appropriate referrals so that all are included in the conversation about entrepreneurship. However, there are impediments that one must consider and in some cases, impede an individual from choosing entrepreneurship. Many of my clients have chosen not to start a business due to inadequate access to capital and onerous banking laws and practices, tax policy, expensive health care, a costly legal system, and confusing employment laws.

As mentioned before, our center has worked diligently to assist clients with strategic plans for diversification and sustainability in all industries. In concern for farmers and small businesses based in agriculture, they face the same challenges as stated above as well as disruptive business models due to foreign competition and market pricing conditions. For example, I recently worked with Mr. Jake Cormier from Church Point, Louisiana. He is a crawfish farmer and has been established since 2011. He recently opened C'est Bon Seafood as a means to curtail the market conditions that he has faced in selling crawfish in our local market. He was assisted with the development of a business plan, financial model, and market research in order to secure funding for opening a retail operation in an adjacent state in using his Louisiana product and would not have to face the competition in yielding the price margin for sustainability. He developed a retail operation that will utilize his product and other Louisiana products thereby increasing his margin for his crop. This is just one example of many cases that we encounter of business owners having to overcome growing competition and challenging market conditions.

Thank you once again for the opportunity to comment on this important issue and allowing me to highlight some of the challenges that business owners face as well as barriers to entry for new entrepreneurs.

Sincerely,

Heidi L. Melancon

Louisiana Small Business Development Center

Senator KENNEDY. Thank you, Heidi. I've got some questions, but we'll come back.

Mr. Laroski.

**STATEMENT OF JOSEPH A. LAROSKI, JR., SENIOR ADVISOR
FOR POLICY OFFICE OF THE UNDER SECRETARY FOR
INTERNATIONAL TRADE, WASHINGTON, DC**

Mr. LAROSKI. Chairman Kennedy, thank you for the opportunity to speak to you today—

Senator KENNEDY. And thank you for coming.

Mr. LAROSKI [continuing]. About our ongoing efforts to foster job creation for American businesses and farmers.

The Department of Commerce's International Trade Administration is the primary U.S. government agency responsible for strengthening the competitiveness of U.S. industry in the global marketplace, promoting U.S. exports, monitoring compliance with U.S. trade agreements, and enforcing U.S. trade laws. ITA works to enhance the ability of American exporters to compete and win in international markets.

We work closely with other Federal agencies and State and local partners to provide critical services and support to help U.S. businesses become export-ready, to promote American goods and services in international markets, and to connect U.S. companies to financing solutions to support their international businesses. ITA utilizes its network of trade promotion and policy professionals in Louisiana as well as 78 countries and 100 other U.S. locations to assist small businesses and farmers and direct them to resources and services best suited to meeting their needs.

While the ITA is not primarily responsible for agricultural exports and trade matters, it does frequently partner with and work alongside the U.S. Department of Agriculture and regional trade associations, such as the Southern United States Trade Association, to serve American businesses and farmers. In turn, the U.S. Department of Agriculture works with industry trade associations, such as USA Rice, to provide critical market intelligence and services to help businesses and farmers succeed in international markets.

With respect to ITA's enforcement efforts, on June 30th, as was mentioned before, Secretary Ross signed amendments to the countervailing and antidumping duty suspension agreements on sugar from Mexico with the government of Mexico and with the sugar industry in Mexico that are designed to ensure that the agreements meet the requirements imposed by U.S. law and that the U.S. sugar industry receives the trade remedy relief for which it is entitled to under the law.

These newly revised agreements address the injury from unfair subsidies that the Mexican sugar industry was found to receive and the dumping of Mexican sugar into the U.S. market. In addition to addressing the concerns of the U.S. sugar industry, the Department of Commerce determined that the amended agreements are in the public interest in part because they prevent disruptions and uncertainties in the market to the benefit of traders and consumers alike. Importantly, the amended agreements help ensure a level playing field for the U.S. sugar industry with enhanced monitoring

and enforcement provisions and with stiff penalties for noncompliance. These provisions in the amended agreement work together to continue to promote stability in the U.S. sugar market in coordination with the U.S. Department of Agriculture's sugar program.

In addition, since February 2005, the Department has imposed antidumping duties on imports of warm water shrimp from China, India, Thailand, and Vietnam. These duties apply to certain frozen warm water shrimp and prawns and resulted from petitions filed by a coalition of fishermen, shrimp farmers, and processors in the Gulf region. The Department continues to review the pricing practices of the foreign exporters of shrimp subject to these antidumping duty orders and works with our government partner agencies to share information to ensure that the enforcement regime works to maintain a level playing field for domestic fishermen, shrimp farmers, and processors.

Over the last few years, the Department has worked closely with other Federal agencies to scale up its enforcement efforts in the shrimp industry. One example is following the enactment of the Trade Facilitation and Trade Enforcement Act, the Department has strengthened its collaboration with the Customs and Border Protection agency by sharing information on transshipment of shrimp through third countries. Moreover, the Department supports Customs and Border Protection Centers of Excellence, which help combat duty evasion with a 21st century approach to trade operations.

Through its comprehensive suite of services and collaborative partnerships with public and private stakeholders, ITA strives to leverage resources and deliver services to U.S. companies effectively and efficiently.

Thank you again for the opportunity to testify, and I look forward to answering your questions.

[The prepared statement of Mr. Laroski follows:]

Testimony of Joseph A. Laroski, Jr.
Senior Advisor for Policy
Office of the Under Secretary for International Trade
United States Department of Commerce
before the
United States Senate
Committee on Small Business and Entrepreneurship
for a hearing on
"Growing Opportunities for Businesses and Small Farmers in Acadiana"
August 24, 2017

Chairman Kennedy, thank you for the opportunity to speak to you today about ongoing efforts to foster job creation for American businesses and farmers.

The Department of Commerce's (Department) International Trade Administration (ITA) is the primary U.S. government agency responsible for strengthening the competitiveness of U.S. industry in the global marketplace, promoting U.S. exports, monitoring compliance with U.S. trade agreements, and enforcing U.S. trade laws.

ITA works to enhance the ability of American exporters to compete and win in international markets. We work closely with other federal agencies and state and local partners to provide critical services and support to help U.S. businesses become export-ready, to promote American goods and services in international markets, and to connect U.S. companies to financing solutions to support their international business.

ITA utilizes our network of trade promotion and policy professionals in Louisiana, as well as 78 countries and 100 U.S. locations, to assist small businesses and farmers and direct them to resources and services best suited to meeting their needs. While ITA is not primarily responsible for agricultural exports and trade matters, ITA frequently partners with and works alongside the U.S. Department of Agriculture and regional trade associations, such as the Southern United States Trade Association to serve American businesses and farmers. In turn, the U.S. Department of Agriculture works with industry trade associations, such as USA Rice, to provide critical market intelligence and services to help American businesses and American workers succeed in international markets.

On June 30, 2017, Secretary Ross signed amendments to the countervailing and antidumping duty suspension agreements on sugar from Mexico with the government of Mexico and the Mexican sugar industry, that are designed to ensure that the agreements meet the requirements imposed by U.S. law and that the U.S. sugar industry receives the trade remedy relief to which it is entitled under the law. These newly-revised agreements between the Governments of the United States and Mexico, as well as with the Mexican sugar industry, address the injury from unfair subsidies the Mexican sugar industry was found to receive and the dumping of Mexican sugar into the U.S. market. In addition to addressing the concerns of the U.S. sugar industry, the Department of Commerce determined that the amended agreements are in the public interest in

part because they prevent disruptions and uncertainties in the market to the benefit of traders and consumers alike.

Importantly, the amended agreements help ensure a level the playing field for the U.S. sugar industry with enhanced monitoring and enforcement provisions and stiff penalties for non-compliance. These provisions in the amended agreements work together to continue to promote stability in the U.S. sugar market, in coordination with the U.S. Department of Agriculture's U.S. sugar program.

In addition, since February 2005, the Department has imposed antidumping duties on imports of frozen warmwater shrimp from China, India, Thailand and Vietnam. These duties apply to certain frozen warmwater shrimp and prawns, and resulted from petitions filed by a coalition of shrimp farmers and processors in the Gulf region of the United States.

The Department continues to review the pricing practices of the foreign exporters of shrimp subject to these antidumping duty orders and works with our government partner agencies to share information to ensure that the enforcement regime works to maintain a level playing field for domestic processors and farmers. Over the last few years, the Department has worked closely with other federal agencies to scale up its enforcement efforts in the shrimp industry. For example, following enactment of the Trade Facilitation and Trade Enforcement Act, the Department has strengthened its collaboration with Customs and Border Protection (CBP) by sharing information on transshipment. Moreover, the Department supports CBP's Centers of Excellence, which help combat duty evasion with a 21st Century approach to trade operations.

Through its comprehensive suite of services and collaborative partnerships with public and private stakeholders, ITA strives to leverage resources and deliver services to U.S. companies effectively and efficiently.

Thank you, again, for this opportunity to testify. I look forward to answering your questions.

Senator KENNEDY. Thank you, Joe.

Let me ask you—what can Congress do, short-term, to try to help stimulate small business? Is it taxes? Is it regulations? Is it skilled workforce? Is it infrastructure?

Ms. MELANCON. I think when you were talking about the tax policy—I think that would make a difference, because in the situation of a small business owner, they're securing funding, so they get a limited amount from a bank, and before they even have a chance to get up and running, the compliance of the tax law squeezes them, but they only have so much working capital on hand. So they're stuck between the banking laws and then also having to comply—because they're treated the same as a company that's been in existence for five years, eight years. And unbeknownst to them, the employment laws that they've got to deal with, just on an employee—but they haven't even gotten started in the market.

Senator KENNEDY. It's pretty breathtaking.

Ms. MELANCON. So it's hard, because they can't get the capital to go forward. So in some cases, the money that they secure from a bank could go in the trash. I mean, if you look at all—what they borrowed—and we see it often in Lafayette—a business will open and before you know it, it's like, "Oh, gosh, it's closed" before it ever had a chance, because it just can't secure enough capital to overcome those barriers.

Senator KENNEDY. What about the access to capital? Is it there? I know as a result of Dodd-Frank, a lot of our smaller banks have had to spend so much of their profits on just complying with the Dodd-Frank regs.

Ms. MELANCON. They do.

Senator KENNEDY. But is the capital available?

Ms. MELANCON. You know, if a client had the personal situation to walk into a bank—so someone who is very well established—they're not going to have a problem. For those that have decent credit, but they lack collateral, the collateral side is really tough. But I have to say SBA has some very great guarantee programs that have been able to help a lot of our clients, even in our downturn, and I was very impressed with some of their products, what our clients were able to secure based on those guarantees. So I'm thankful for the products that we do have in place that are funded by Congress, because, otherwise, we wouldn't be able to do it.

Senator KENNEDY. What about skilled employees? I mean, I know with the downturn in oil and gas, there are a lot of folks looking for work.

Ms. MELANCON. Absolutely.

Senator KENNEDY. But is there a surplus? I mean, I assume there is.

Ms. MELANCON. I can see right now that people are turning to entrepreneurship to replace the job that they lost, and you can see it right when they're coming into the office, unbeknownst to them that, "Oh, my gosh, you know what? I'm not really ready for entrepreneurship, but I don't have a choice." So, in that point, you can see the squeeze, and it's been going on for the last couple of years.

But, yes, we have great talent. I think there's just so little time and funds in someone's business that they can take the time to

train a person to where they need to be. They want the plug-and-play person, and so that kind of leaves some people in a squeeze.

Senator KENNEDY. You mentioned one other thing that really got my attention—the challenges on health insurance. Tell me about that.

Ms. MELANCON. Well, one of the goals for our organization is to target—they call them encore entrepreneurs, and that's someone that's about 50, looking to turn to entrepreneurship. When I talk about health insurance and where they can actually source their health insurance, and they think about how much it's going to cost out of their own pocket, it kills the deal. So I can see that entrepreneurship is being killed because of that as an aspect.

Senator KENNEDY. Well, the conundrum we got ourselves into is that to hire good employees, you've got to offer health insurance.

Ms. MELANCON. You do, yes.

Senator KENNEDY. It's no longer just a fringe benefit. It's a required benefit. The people who implemented the Affordable Care Act, so-called ObamaCare—they meant well.

Ms. MELANCON. Absolutely.

Senator KENNEDY. They meant well. It just didn't work. I mean, the whole idea was—I remember the debate. It was, okay, if you do this, health insurance is going to be cheaper, and it's going to be more accessible, and your life's going to be better. And it's not cheaper. It's gone through the roof, and, frankly, it's not more accessible.

Ms. MELANCON. And I saw two sides of it. If someone has health insurance, it's easy to say that ObamaCare, or the Affordable Healthcare Act, is not something that's very conducive for them. But if you're in a situation as an entrepreneur, and you have no other choices, of course, you want it to work because you don't—that's really all you have.

Senator KENNEDY. Sure.

Ms. MELANCON. So there are two sides to it when you look at it.

Senator KENNEDY. There are, and when you break it down—we just finished this debate, as you know, in the Senate. We fell one vote short. We will return to healthcare because, first, it's important, but, secondly, we won't have a choice. The Affordable Care Act just—it can't sustain itself. We're now spending—if you add up all the people who have been helped by the so-called ObamaCare, it's about 7 percent of the population. That's the people who buy insurance on the exchanges and the people who have Medicaid through the Medicaid expansion, and those are an important 7 percent of the American people.

But in order to help those 7 percent, we're spending about \$140 billion a year, and we had to screw the 93 percent. I mean, just the amount that health insurance—that established employers offer has gone through the roof. I mean, it just hasn't worked. It just hasn't worked.

Some of my colleagues believe that the answer—I don't agree with them—they want a single source. They want the Federal Government to run everybody's—to be in charge of all health insurance, and they think the right answer is to regulate doctors and hospitals and nurses like they were utilities. I have never seen that work. You can go to any one of the G20 countries, the major devel-

oped countries, that have a single payer system, and they're all in trouble, and nobody's happy with what they have, and I can tell you the American people won't.

I wish we could have passed—I'm biased, of course, because I helped draft it. But the bill that missed by one vote was not perfect, but it was a lot better than what we have, and we'll eventually get it done.

Joe, my question for you is going to be pretty simple. What can Congress do to help you and help you all and your work? Because you do great work.

Mr. LAROSKI. Well, thank you. In terms of enforcement, I think some of the changes that have already been made have been enormously helpful. In the past few years, we've had new legislation to create the facilitation of the Enforcement Act, one in particular, that gave our agency greater authority to hold the Chinese and any government and their exporters more accountable in our investigations under the antidumping counter bill treaty laws and tightened a number of loopholes in our practice to enable us to more robustly enforce our trade remedy laws.

It also has created opportunities for us to collaborate more closely with Customs in rooting out duty evasion and circumvention of our borders. Those efforts have been well worth it, and we're grateful for the——

Senator KENNEDY. How can we streamline and make the WTO more efficient?

Mr. LAROSKI. To make the WTO more efficient. Well, we fully participate in the WTO——

Senator KENNEDY. I know.

Mr. LAROSKI [continuing]. And there are areas where the committee system of the WTO has been quite helpful in exchanging information about new measures and getting explanations from the governments before they pass those measures and seeking changes where we see areas of noncompliance with the rules at the WTO, or simply areas that are going to have consequences for our exporters.

One area of concern has been some of the appellate body decisions that have come down in the area of trade remedy laws, and I think some of those decisions have been largely unfavorable to the U.S. system, and we continue to defend our system as vigorously as we can. But sometimes the decisions just don't have the rigor and support that I would hope to see in a body like that.

Senator KENNEDY. I want to thank both of you and our other experts. I want to thank everybody who came today. I have learned a lot. I'm going to take it back to my colleagues on the Small Business Committee. I want to thank everybody who helped us put this on. I have a lot to think about, and I hope you won't mind if my staff and I contact you to follow up on some of the issues, and our experts from our first panel.

I want to thank the mayor and the council and the chief for their hospitality today. It's good to be back in Louisiana. I can tell you that. Thanks again to everybody who came.

And with that, the hearing is adjourned.

[Whereupon, at 2:33 p.m., the hearing was adjourned.]