



Prepared Testimony of:

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Pressure Cooker: Competition Issues in the Seed & Fertilizer Industries

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Introduction

Good morning, Chairman Grassley, Ranking Member Durbin, and distinguished members of the Senate Judiciary Committee. It is an honor to join you today to testify on behalf of the American Soybean Association regarding the state of the farm economy and the impacts of rising input costs for farmers. My name is Caleb Ragland. I am a ninth-generation farmer from Magnolia, Kentucky, where I farm soybeans, corn, and wheat with my wife, Leanne, and our three sons. This year, I have the privilege of serving as president of the American Soybean Association (ASA). Our association, founded in 1920, represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state soybean associations representing nearly 500,000 farmers in the 30 primary soybean-producing states.

The U.S. soybean industry has a profound, positive impact on the U.S. economy. We have long been U.S. agriculture's number one export crop, and a by-the-numbers look demonstrates the value of the soybean industry to our domestic economic health. The U.S. Department of Agriculture (USDA) estimates that over 80 million acres of soy will be harvested in 2025, with production of 4.3 billion bushels. Soybean production accounts for more than \$4 billion in wages and over \$80 billion in economic impacts, according to a study by the United Soybean Board (USB)/Soy Checkoff and National Oilseed Processors Association (NOPA). This economic impact does not include secondary soy markets and supporting industries like biofuels, grain elevators, feed mills, ports, rail, refining, barges, etc., which bring the national total economic impact of the soybean value chain to a significant \$124 billion.

U.S. agriculture is facing significant challenges, which are illustrated by rapidly plunging margins for farmers. Commodity prices are down nearly 50% from highs experienced three years ago, while farmers are still facing elevated prices for land, seeds, fertilizer, pesticides, and farm machinery. For U.S. soybean farmers, 2025 has proven to be a remarkably challenging year. We are facing immense export market losses with our largest customer – China – turning to our South American competitors for soybean purchases. Due to retaliatory tariffs imposed by China, soybean farmers have lost our biggest export market. Meanwhile, on the domestic front, we cannot realize potential biofuel market opportunities until the administration finalizes the rule for 2026-2027 Renewable Fuel Standard volume obligations and guidance for the 45Z Clean Fuel Production Credit.

Last year, soy farmers were grateful to see Congress pass the American Relief Act, which included \$10 billion for economic assistance to agricultural producers to address unprecedented losses resulting from poor market conditions. While this package was much needed, it did not fully offset the combination of falling commodity prices, historically high input prices, and inflation. As farmers once again must turn to the administration and Congress to request assistance, we welcome the Senate Judiciary Committee's interest in exploring one facet of these economic challenges: input prices.

State of the Farm Economy

Farmers are facing significant economic challenges, due to the continued decline of crop prices paired with production expenses that increased rapidly in recent years and remain high. As noted above, commodity prices have fallen by an average of 50% since 2022. At the same time, farm production costs continue to skyrocket. According to USDA, farm production expenses are expected to reach \$467.4 billion for 2025 – a \$12 billion increase over 2024. While farmers would normally celebrate a harvest season with high yields, today's economic conditions mean many still will not break even.

For soybean farmers, market losses due to the ongoing trade conflict with China are only exacerbating financial problems. As trade negotiations continue deep into our marketing window with China, it is likely that a quarter of U.S. soy production will need to find new customers. When considering high production costs, soybean farmers are expected to net a \$109/acre market loss on their crop this year, according to an ASA economic analysis.

However, when you remove the outside factor of trade losses from the equation, the rising cost of farming inputs continues to squeeze on-farm profitability. Year over year, the number of Chapter 12 farm bankruptcies filed has surged. In 2024, farm bankruptcies were up 55% over 2023. For the first half of 2025, there were 57% more bankruptcies than in the same period last year. In the past two years alone, the U.S. has lost 20,000 farms. This is a deeply concerning trend that is illustrative of what occurs when farmers have depleted their safety nets due to rising costs and lower crop prices.

While there is no silver bullet that can resolve the economic crisis facing the U.S. farming sector, policies included in the One Big Beautiful Bill Act will provide some relief. Finalizing biofuel regulations would create expanded domestic opportunities, and the restoration of the Chinese soybean market would be welcome news. However, none of these items will address the rising production expenses that continue to plague the farming industry.

Rising Costs and Diminishing Returns

Farmers are paying more than ever to grow their crops, and declining revenues are creating a business environment that is not sustainable. While this is not a novel phenomenon in 2025, additional market pressures facing farmers have shed a spotlight on agribusiness. Last month, the U.S. Department of Justice (DOJ) and USDA announced a coordinated partnership to investigate competition concerns in the agribusiness industry. The interest in addressing potential factors which may be impacting the rise in input costs is a welcome development for farmers who have been struggling to break even for years.

Looking back at the past five years, input prices have risen significantly (Figure 1). According to the USDA Economic Research Service (ERS), seed prices have increased 18%; fertilizer prices have increased 37%; pesticide prices have increased 25%; and fuel expenses have increased 32% since 2020¹. Add to this a 37% increase in farmer interest expenses², and it becomes hard to imagine how any farming operation can remain solvent.

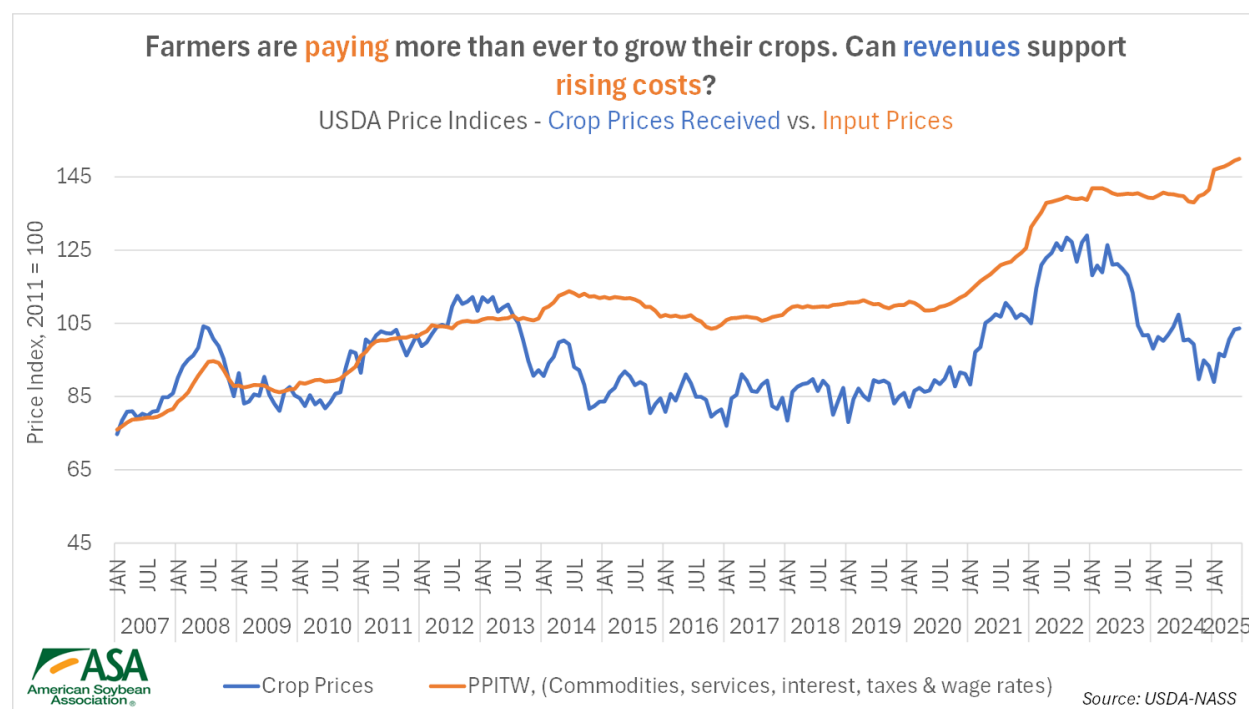


Figure 1

Seed purchases are a key cost consideration for farmers. Modern advancements in seed technology, such as pest resistance and unique genetic traits, have delivered real agronomic benefits, including higher yields and stronger crop performance, but at an added cost. Because of the importance of seed quality to the outcome of a crop, this is not a cost farmers can cut. In 2023, farmers saw a significant increase in the cost of seed, which has remained consistent over the past three growing seasons (Figure 2).

¹ Farm Income and Wealth Statistics - Production expenses. Economic Research Service, U.S. Department of Agriculture, September 3, 2025. <https://data.ers.usda.gov/reports.aspx?ID=4059>

² Price Paid Surveys and Indexes. National Agricultural Statistics Service, U.S. Department of Agriculture. https://www.nass.usda.gov/Surveys/Guide_to_NASS_Surveys/Prices_Paid_and_Prices_Paid_Indexes/

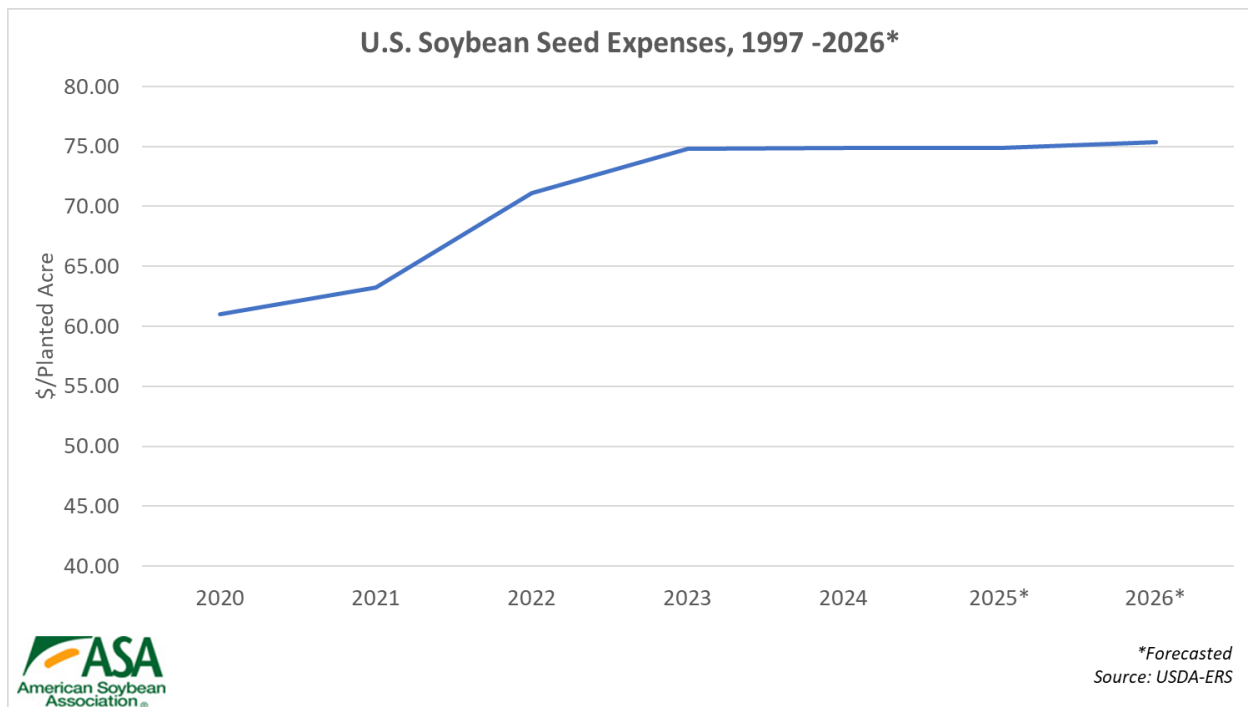


Figure 2

Fertilizer is a significant component of overall farm production costs. Unlike most other farming inputs, fertilizer is traded on a global market and relies on global supply chains, which makes the cost unpredictable. These factors mean that fertilizer is a significant farm input risk and can impact the ability of farmers to accurately budget. For example, the war in Ukraine created a significant spike in fertilizer costs, as Ukraine, Russia, and Belarus are major global suppliers. Prices have declined significantly since the 2022 spike, but the new plateau for fertilizer prices remains significantly higher than the pre-2022 levels (Figure 3).

Actions by the administration to add phosphates and potash to the critical minerals list to strengthen domestic supply are appreciated, but they will not provide short-term relief for farmers. It is clear that increased domestic and North American supplies of fertilizers are needed. The domestic permitting and construction process means it will take years before a larger domestic supply becomes available. Until then, we remain susceptible to shifts in global demand.

Fertilizer markets are complex, and legislation recently introduced by Chairman Grassley may support this Committee's work to gather data related to fertilizer pricing and industry functions. The Fertilizer Research Act directs USDA to develop a report analyzing fertilizer pricing, domestic market structure, and the impact of imports and regulatory burdens on input costs. The purpose of the USDA report is to identify opportunities to strengthen competition, improve transparency, and expand domestic production capacity. ASA supports this legislation.

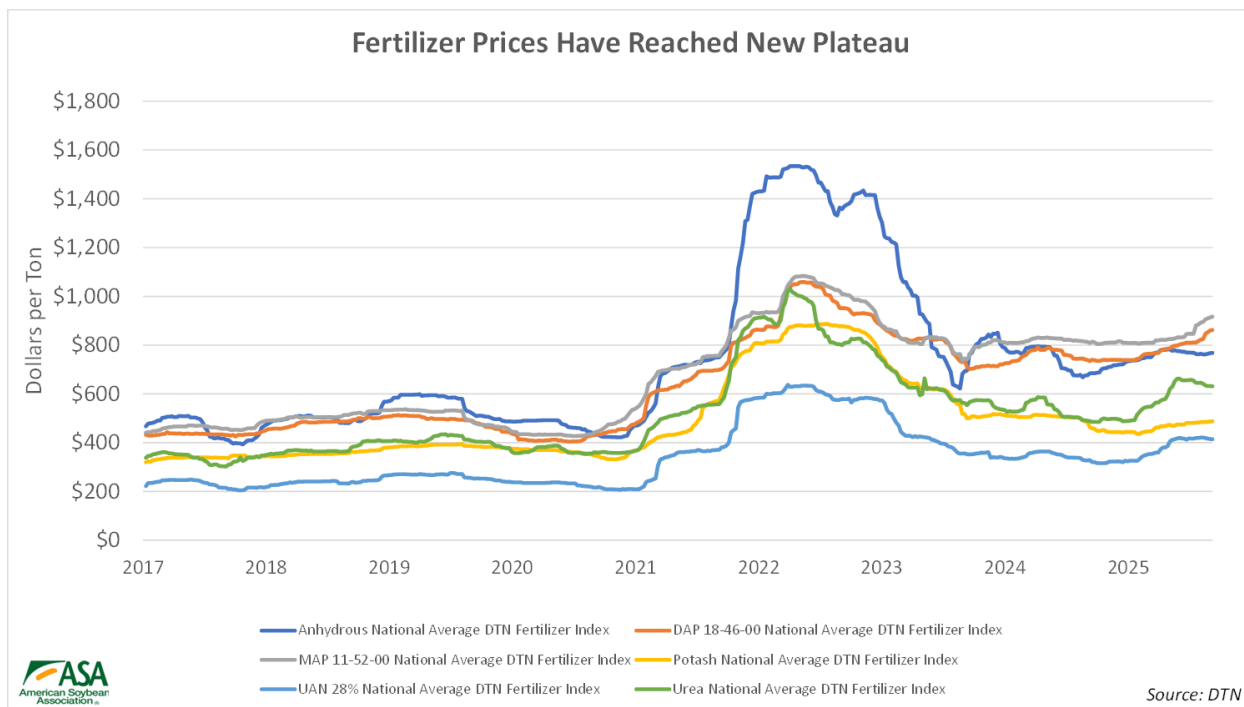


Figure 3

The cost of other farming inputs creates additional strain on a farmer's bottom line. Pesticide costs have increased significantly over the past five years, though, like seed costs, some of this is due to new developments in fungicide, insecticide, and herbicide programs. Importantly, many product advancements allow farmers to decrease pesticide use. Like other inputs, pesticidal products rely on a global supply chain which can lead to additional price disruptions.

While seed, fertilizer, and pesticides are the inputs most associated with farming, the cost of production is significantly impacted by several other farming expenses. Like all Americans, the rise in fuel prices adds additional financial strain on the farm economy.

Farm equipment costs have also increased substantially in recent years. With financial reserves depleted from years of shrinking margins, investing in new farm machinery is no longer an option for many farmers. However, the costs of parts and repairs are also increasing, squeezing farmer margins.

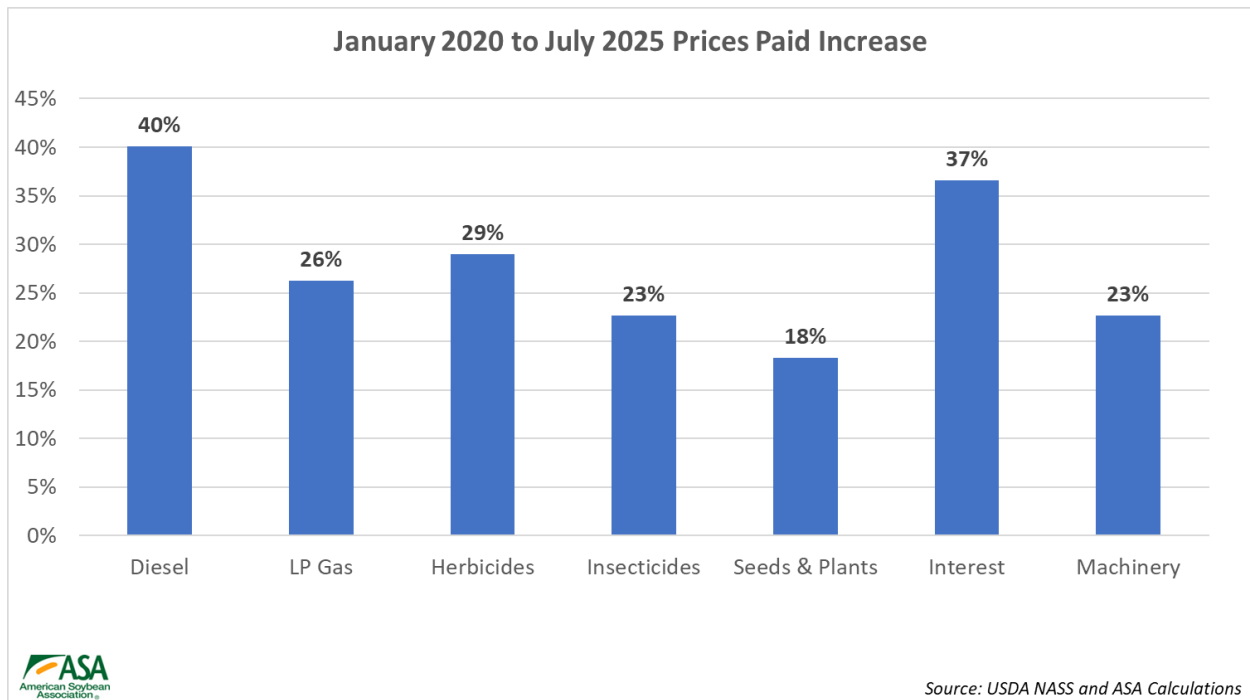


Figure 4

Farmers are also experiencing additional financial pressures due to rising interest rates. In the past five years, farmers have seen a 37% increase in interest expenses. The input costs outlined above require farmers to take out larger loans, both short-term operating loans which are typically taken out each year for seasonal expenses, and long-term loans required to make significant capital investments like purchasing new land or farm equipment. According to USDA, from 2023 to 2024, the total average interest expense per farm increased by 46% and is forecasted to increase again in 2025. As input costs rise and commodity prices remain low, farmers are reliant on higher loan volumes at a time when interest rates remain high. Farm credit health is declining, which in turn leads to a sharp increase in farm bankruptcies.

Factors at Play

ASA is a farm and agriculture association, and as such does not have expertise in antitrust and competition law. The DOJ and USDA investigation and the work of this committee are productive steps to determine whether competition is a significant factor in input costs increases. While the agribusiness sector has faced consolidation in recent years, ASA has not done an analysis to provide the committee with an informed position regarding the impacts of consolidation on input costs. However, other factors are also impacting the cost of inputs.

Impacts of Tariffs

The U.S. agriculture industry relies on an average of \$33 billion in imported inputs. For high-cost inputs like pesticides and fertilizers, high tariff rates can create a heavy financial burden for farmers. The International Emergency Economic Powers Act (IEEPA) tariffs levied earlier this

year not only are increasing the overall cost of imports but also have resulted in a reduction of fertilizer imports into the U.S., further constraining prices, particularly for phosphates.

According to the North Dakota State University Agricultural Trade Monitor, the overall tariff rate on agricultural input products currently averages 12.2%, compared to less than 1% before the IEEPA tariffs were levied³. Pesticide imports have been impacted the most, with effective tariff rates (including most-favored-nation status) hovering around 25% compared to a 5-6% rate prior to the IEEPA tariff. Of note, specialized pesticides imported from India – one of the two largest global suppliers – currently face an effective tariff rate of 44%.

The average tariff rate on fertilizers is lower than pesticides, largely due to the exemptions on Canadian imports. However, the overall imports of fertilizers have decreased. During the second quarter of the 2025 calendar year, U.S. import volumes relative to the prior year were down 70% for monoammonium phosphate (MAP), 23% for diammonium phosphate (DAP), and 18% for potash, according to The Fertilizer Institute.

Fertilizers also face additional trade and tariff pressures. The U.S. placed countervailing duties on the world's largest phosphate exporter, Morocco, and U.S. companies have reduced domestic production volumes. Since most global phosphate production outside of the U.S. is geographically concentrated in regions including North Africa, China, Russia and the Middle East, trade constraints with these countries lead to higher-cost sourcing from other regions with smaller supplies, including Brazil and Peru.

Geopolitical Considerations

Inputs for U.S. agriculture production are dependent on reliable sourcing of international supplies. Approximately 35% of total nitrogen, phosphorous, and potassium fertilizers used by U.S. farmers are sourced from imports and approximately half of active ingredients in pesticides are manufactured outside the U.S.

Fertilizer is traded in a global market, which means regardless of the state of the U.S. farm economy, increased crop production in other regions will continue to drive fertilizer demand and price increases. ASA understands the complexities of the global supply chain and demand but remains concerned with several ongoing issues in the marketplace. The U.S. is only the fourth largest consumer of fertilizer in the world, which means global dynamics can play a volatile role in pricing. Further, fertilizer production is natural-resource intensive and geographically limited. If inputs are not being sourced from lowest-cost origins or need to be detoured through inefficient trade routes due to tariffs or countervailing duties, the added duties, risk, and freight costs significantly reduce farmer profit margins.

³ Arita, S., Kim, J., Lwin, W. Y., Steinbach, S., Wang, M., & Zhuang, X. (2025). IEEPA Tariff Escalation: What It Means for U.S. Food and Ag-Input Imports. *NDSU Agricultural Trade Monitor*, Center for Agricultural Policy and Trade Studies, North Dakota State University, August 2025. <https://doi.org/10.22004/AG.ECON.364771>

Annual agricultural acreage shifts across the world can significantly change nutrient needs, impacting inputs and pricing. Frequent movement in agricultural production can alter the supply and demand flows for inputs required to grow crops, causing price shifts. For example, 2025 U.S. soybean acreage decreased by 6 million acres while U.S. corn acreage increased by 8 million acres, contributing to increased fertilizer demand and prices. For the 2025-2026 growing season, Brazil is forecasted to increase soybean acreage by 4 million acres and corn acreage by 2 million acres⁴.

Litigation and Regulatory Costs

Pesticide and biotechnological products are facing higher costs and longer timeframes to deliver products to market, while experiencing significant litigation costs post-market due to the growing frequency of activist lawsuits targeting agricultural innovation.

From product discovery to registration, it takes an average of 12.3 years and \$301 million to deliver a pesticidal product to the market (2019 average)— an 8.8% increase in time and a 5.7% increase in cost compared to five years earlier⁵. For new seed traits, it takes an average of 16.5 years and \$115 million from discovery to delivery (2022 average) – a 26% increase in time, but a 16.7% decrease in cost compared to ten years earlier⁶. For both pesticides and biotechnology, the regulatory process represents a significant portion of the total development cost.

While the process of registering new products is increasingly time-consuming and arduous, the ability to maintain product registration is in jeopardy. There is a growing frequency of activist lawsuits targeting pesticidal products integral to farming operations. The result is mounting legal expenses for the registrants that may ultimately impact the cost of their products. Not to mention the uncertainty this causes farmers across the country as they struggle to plan for upcoming growing seasons, not knowing which crop protection tools may or may not be available or cost effective for their operations.

Conclusion

The high cost of farm production has eroded the financial safety nets of U.S. soybean farmers and has exacerbated the economic damage sustained by market losses this year. While exploring potential agribusiness competition concerns is appreciated, other factors driving higher input

⁴ Colussi, J. and M. Langemeier. "Brazil Begins Planting with Expected Record Acreage Driven by High Demand but Low Margins." *farmdoc daily* (15):193, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, October 20, 2025. <https://farmdocdaily.illinois.edu/2025/10/brazil-begins-planting-with-expected-record-acreage-driven-by-high-demand-but-low-margins.html>

⁵ "Time and Cost of New Agrochemical Product Discovery, Development, and Registration." AgbioInvestor on behalf of Crop Life America, February 2024. <https://croplife.org/wp-content/uploads/2024/02/Time-and-Cost-To-Market-CP-2024.pdf>

⁶ "Time and Cost to Develop a New GM Trait." AgbioInvestor on behalf of Crop Life America. April 2022. <https://croplife.org/wp-content/uploads/2022/05/AgbioInvestor-Trait-RD-Branded-Report-Final-20220512.pdf>

costs must also be addressed. Farm profitability for row crops like soybeans will continue to remain in peril if input costs remain static at current levels.

As Congress and the administration continue to work to address the overall cost of farm production, I would be remiss if I did not highlight immediate, achievable opportunities to improve economic conditions for U.S. soybean farmers as negotiations with China continue and the administration works to expand new export market opportunities.

1. **Provide tariff relief on inputs** – Removing the IEEPA tariffs on critical inputs such as fertilizers, seed, pesticides, machinery, and parts will immediately lower production costs for farmers. While farmers are still wrapping up the 2025 harvest season, they will soon enter the planning stage for the 2026 crop. This autumn and winter, farmers are going to have to make painful financial decisions as they source their inputs for next year. Providing tariff relief will remove one added cost from that equation.
2. **Finalize biofuel policies to expand domestic market opportunities for U.S. soy** – The 45Z Clean Fuel Production Credit and proposed 2026-2027 Renewable Fuel Standard volume obligations are poised to drive investment in domestic soybean processing and biofuel production. As of today, we understand that the U.S. Department of the Treasury (Treasury) may not finalize 45Z tax guidance until the spring, effectively stalling biofuel production and investment. We encourage the Treasury to promulgate new 45Z guidance that corresponds to the One Big Beautiful Bill Act revisions much sooner than next spring. We also urge the Environmental Protection Agency to finalize the proposed 2026-2027 biofuel volume obligations this year, including the new mechanisms developed to stem the growing surge of imports cannibalizing the biofuel market share for soy. Swift finalization of these policies will spur domestic market growth for soybeans by supporting a key value-added market.
3. **Provide targeted farmer assistance** – While farmers would prefer robust markets for their crops and healthy operating margins, the current state of the farm economy means that many farms will not survive into the 2026 growing season without a financial bridge. Farm assistance is desperately needed to offset trade-related losses and the negative basis being experienced in some regions.

Chairman Grassley, Ranking Member Durbin, and members of the Senate Judiciary Committee, thank you again for the opportunity to testify on behalf of U.S. soybean farmers regarding the impact of rising input costs on our industry. ASA appreciates that the committee is seeking to identify opportunities to improve the state of the farm economy, and we acknowledge that this is just one step in addressing the current cost of farm production. The soy industry stands as a resource for the committee, Congress, and the administration as you work to develop policies to improve the farm economy.