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PUBLIC DOCUMENT

November 20, 2025

The Honorable Lisa R. Barton
Secretary to the Commission
Room 112-A
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

RE: Mushrooms Canada's Submission of Witness Testimony for Staff Conference
Fresh Mushrooms from Canada
Inv. Nos. 701-TA-778 and 731-TA-1764 (Preliminary)

Dear Secretary Barton:

On behalf of the Canadian Mushroom Growers' Association ("Mushrooms Canada") and the individual members of Mushrooms Canada, we hereby submit witness testimony for the upcoming Commission Staff Conference on November 21, 2025.

Attached please find the affirmative statements of Lewis Macleod, Jose Cambon, Justin McLean, Travis Pope, and Ryan Koeslag, as well as a copy of the PowerPoint presentation that will accompany the presentation.

In accordance with the Commission's instructions, we are submitting the attached written testimony via the Commission's EDIS system and have served all parties appearing on the Commission's public service list for the above-referenced investigation, as reflected in the attached certification of service.

We note that, in accordance with the Commission's instructions, the attached witness testimonies have been signed (on the last page) indicating certification pursuant to 19 C.F.R. § 201.8. In addition, we have also included the requested counsel certification.

Please contact one of the undersigned should you have any questions.

Respectfully submitted,

/s/ Daniel L. Porter

Daniel L. Porter
Stephan E. Becker
William C. Sjoberg
Gina Colarusso

Counsel for Mushrooms Canada

PUBLIC CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing submission has been served this day, by secure electronic service or federal express, upon the following persons:

John M. Herrmann, Esq. On behalf of Fresh Mushrooms Fair Trade Coalition **KELLEY DRYE & WARREN LLP** 3050 K Street, NW Washington, DC 20007-5108 *By email:* jherrmann@kelleydrye.com	Devin S. Sikes On behalf of Highline Mushrooms Limited **AKIN GUMP STRAUSS HAUER & FELD LLP** 2001 K Street, NW Washington, DC 20006 *By email:* dsikes@akingump.com
Rajib Pal On behalf of Champ's Fresh Farms Inc.; Kaolin Mushroom Farms Inc.; et. al. **SIDLEY AUSTIN LLP** 1501 K Street, NW Washington, DC 20005 *By email*: rpal@sidley.com	Eric Emerson, Esq. On behalf of the Government of Canada **STEPTOE & JOHNSON LLP** 1330 Connecticut Ave., N.W. Washington, DC 20036 *By email*: eemerson@steptoe.com
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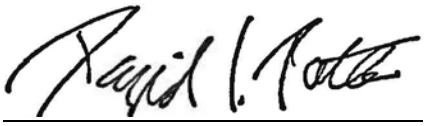
Dated: November 20, 2025

CERTIFICATE OF ACCURACY AND COMPLETENESS

I, Daniel L, Porter of Pillsbury Winthrop Shaw Pittman LLP, counsel to the ***Canadian Mushroom Growers Association,*** certify that (1) I have read the attached submission, and (2) based on the information made available to me by these companies, I have no reason to believe that this submission contains any material misrepresentation or omission of fact, and (3) the confidential information contained in this submission is not available in substantial form to the public.



Daniel L. Porter
Pillsbury Winthrop Shaw Pittman LLP
1200 Seventeenth Street, NW
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Dated: November 20, 2025

Attachment

20 November **FINAL**

Affirmative Statement of Lewis Macleod – South Mill Champs
U.S. International Trade Commission Staff Conference
Fresh Mushrooms from Canada
Inv. No. 701-TA-778 and 731-TA-1764 (Preliminary)
November 21, 2025

Good afternoon. My name is Lewis Macleod. I am the CEO of **South Mill Champs.**

South Mill Champs is based in Kennett Square, PA, with additional operations in Canada, and began four generations ago in 1932 when Louie Pia, an Italian immigrant, began operating a small mushroom farm in southeastern Chester County, Pennsylvania. Since then, we have continued to expand and grow in the mushroom industry — acquiring new farms, building new facilities equipped with the latest technology, and extending our distribution network — in an effort to become one of the largest, most trusted mushroom growers in North America.

Today, South Mill Champs proudly supplies over 160 million pounds of fresh, frozen, and processed mushrooms throughout North America.

According to our counsel, from a trade case perspective, we are a U.S. producer, a Canadian producer-exporter, a U.S. importer and a U.S. purchaser of fresh mushrooms. As such, for this case, we have had the distinct pleasure of preparing four questionnaire responses for the Commission Staff.

I want to highlight an important point about our questionnaire responses. In addition to answering the various questions, both our U.S. importer questionnaire responses and our U.S. producer questionnaire responses include (as attachments) comprehensive "additional explanations" which provide substantial additional details about the competitive dynamic of growing and selling fresh mushrooms in the United States. My team and I spent considerable effort preparing these additional explanations and we believe they provide information which is critical for understanding how fresh mushrooms are produced and sold. We urge you to review these additional explanations when you can.

What I would like to do today is to address another aspect of a theme that you have already heard; namely, why did the quantity of exports from Canada increase over the past few years whereas the quantity of U.S. produced mushrooms decreased. A key reason was that the increased infestation of Phorid flies in PA caused the largest U.S. geographic growing area for fresh mushrooms to have lower yields and reduced production.

It is also true that U.S. produced mushrooms suffered from a decided shift in customer preferences for higher quality fresh mushrooms grown on new generation

infrastructure. Very simply, there are more farms in Canada than the United States that can provide higher quality fresh mushrooms grown on farms with newer generation infrastructure preferred by larger U.S. customers.

I admit that my statement today will be a bit long; but that is simply because there are many important details to convey. To help you follow along, my second slide **{Slide 2}** identifies the key points I will convey today:

- The appearance and shelf-life are critical to fresh mushroom retail customers;
- The spread of diseases from flies can significantly impact quality (including appearance) and shelf-life;
- The type of fresh mushroom growing process affects the prevalence of disease and there is a stark contrast between older generation fresh mushroom farms and newer generation fresh mushroom farms;
- Customers, over the past few years, have increasingly demanded fresh mushrooms from newer generation farms due to the higher quality and more consistent supply; and
- Lastly, South Mill Champs is continuing to invest in U.S. fresh mushroom production.

And now, let's proceed to the first point.

To understand why appearance and shelf-life are critical to customers, especially retail customers, I need to start with an important fact: The majority of all fresh mushrooms sold in the United States are purchased by consumers buying the actual fresh mushrooms in a grocery store or supermarket, that is, at retail.

What this means is that our customers, the grocery stores and supermarkets, care **most** about appearance, quality and shelf-life. Years of research and analysis have confirmed that consumers "buy with their eyes." If the fresh mushrooms appear clean and pristine, consumers are more likely to include them in the grocery cart. If the fresh mushrooms appear aged, bruised, blotched or diseased, consumers will forego purchasing them.

And so, what matters most to a retailer is the ability to have fresh mushrooms looking their best for the longest time (that is, their shelf-life). To stay competitive, mushroom producers must meet increasingly stringent retail standards for visual appeal, consistency, and freshness — ensuring that products not only look attractive when initially displayed on the shelf but also maintain their quality throughout the retail display period and subsequently in the consumer's refrigerator to ensure a great experience while preparing mushrooms for consumption.

This is an area that has been studied very closely by the U.S. Mushroom Council; an organization dedicated to promoting consumption of fresh mushrooms. The U.S. Mushroom Council **{Slide 3}** provides research, marketing tools and retail data to help grow sales and usage of mushrooms.

The failure to maintain quality on the shelf is cited as one of the main drivers for the declining demand for mushrooms by the Mushroom Council, and a key focus to address such declining demand. Please refer to **Slide 3** which shows the results from the Mushroom Council's studies. The results are stark. A 93% propensity to buy when the product looks good, falls to 13% when the product looks diseased. Very few consumers answered that quality was never an issue at their stores. As can be seen on **Slide 4**, this is why the Mushroom Council has specifically called out in the third item under "Marketing Strategies", the need to improve quality as one of the three strategic priorities that the industry needs to address to be focused on increasing demand.

{The spread of disease by vectors such as flies, people, dust and equipment – combined with poor sanitation – can significantly impact mushroom appearance and reduce shelf-life}

Now, what is the best manner of improving the appearance and shelf-life of fresh mushrooms – minimize diseases that are ever present with a growing organism.

In any indoor mushroom growing environment, disease-causing spores are inevitably present, especially in the later stages of the crop, when pathogens have colonized the substrate and begin releasing spores. Common fungal diseases include "dry bubble", "green mold," "cobweb", and "wet bubble", along with the bacterial disease referred to as blotch. These pathogens can significantly compromise crop health, particularly since few fungicides are registered for use in mushrooms.

{Slide 5}

Additionally, flies - particularly Phorids - are well-known vectors for many common mushroom diseases. Considered a major pest of mushroom crops, especially in Chester County, PA, Phorid flies are particularly effective carriers. Attracted by the smell of compost and actively growing mushroom mycelium, they get into the mushroom houses through any possible opening or crack where they subsequently lay their eggs in the compost. Larvae emerging from the eggs feed on the mycelium and can cause damage to developing mushrooms. The life cycle is quick, but the damage caused by feeding in the larval stage can result in reduced yields (up to 25% reduction).

However, the most extensive damage occurs when the adult flies emerge and act as vectors for disease as they walk all over the beds and mushrooms, depositing disease spores wherever they go.

Slide 5 shows Phorid flies crawling over white mushrooms. This picture was taken in an old infrastructure farm on November 12th, 2024.

{The type of fresh mushroom growing process affects prevalence of disease and there is a stark contrast between newer fresh mushroom growing operations and old fresh mushroom growing operations}

Accordingly, effective disease management relies heavily on **prevention** - strict sanitation and facility design that limits the introduction and spread of pathogens.

There are two fundamental ways to achieve this. The first is producing consistently high-quality compost. The second is to always ensure the growing environment is optimized for each stage of crop development. Effective disease control is inherently linked to these two elements.

Each new generation of farm infrastructure improves the ability to achieve this. Most old infrastructure was built before the 1980's. New infrastructure was built after that date, with a significant percentage of new infrastructure being built in the last 20 years.

In short, the type of fresh mushroom growing infrastructure affects the prevalence of disease. And the newer generation infrastructure does a better job of prevention. **Slide 6** presents the distinction between older generation farms and newer generation farms. As you can see,

- **Older Generation infrastructure consists of:**
    - Wooden tray farms
    - Phase 1 compost into any growing houses
    - Phase 2 compost into houses with wooden shelves
- **Newer Generation**
    - All farms with either phase 3 operations *or* Phase 4 operations
    - Phase 2 compost into houses with metal shelves

And perhaps the best way to demonstrate the difference between the two is to present pictures of actual production farms.

In the following slides, I first present pictures of older generation farms.

As you can see from the slides **{Slide 7}**, **older-generation infrastructure farms** typically have wooden shelving or trays **{Slide 8}**, contained in structures that do not have optimal integrity, and which do not seal all aspects of the operation. These facilities

often rely on outdoor **{Slide 9}** phase 1 or phase 2 compost, meaning the crop cycle time is 8 – 10 weeks. This allows for 1 or 2 more breeding cycles of flies within the crop (compared to phase 3 compost), as well as other competitor molds to develop and spread. **{Slide 10}** Older generation farms have a heavy reliance on manual labor which increases the disease vectors.

On the following slides, I present photos of newer generation infrastructure fresh mushroom farms.

{Newer-generation infrastructure mushroom farms}

{Slide 11} These new-generation farms feature Dutch-style or equivalent quality air sealed buildings, with a combination of metal shelving and/or phase 3 compost. One key advantage of non-porous metal shelving, which—unlike wood—can be thoroughly cleaned and disinfected between growing cycles, reducing the risk of pathogen buildup. Metal beds provide a way to manage a good "kill step" (which eliminates disease) after each crop cycle. I note that the newer generation infrastructure for fresh mushroom farms is also referred to as "Dutch style," given that this more modern approach was first popularized there.

Additionally, modern farms have **{Slide 12}** computerized environmental control systems, automation around filling and watering and often with centralized HVAC systems - all of which allow for more consistent growing conditions, higher product quality and much better disease prevention.

{Slide 13} Phase 3 compost *also* has several additional advantages. Indoor, with good environmental control and protection, makes for a more consistent growing medium. Additionally, phase 3 compost allows for faster growing cycles, which limit the number of reproduction cycles when flies are present, resulting in lower fly populations to vector disease or for disease to be spread by other means, especially by workers and equipment moving from growing room to growing room.

{Slide 14} Another important benefit of faster cycles and metal shelves is the ability to automate. As you can see from **Slide 13**, newer generation farms allow for robotic harvesting.

The stark differences between older generation farms and newer generation farms is not only evident in the very physical structures - the stark differences can also be found in the data and the mushrooms themselves.

In **Slide 15**, I provide data detailing the presence of Phorid flies at two of our own U.S. fresh mushroom growing farms, both of which are in Chester Country, PA, a region with high Phorid fly populations. Both farms use the same compost providing a consistent basis for analysis: The Farm A, which has old fresh mushroom growing infrastructure and

the Farm B farm, which has new fresh mushroom growing infrastructure. The difference speaks for itself.

The old infrastructure farm **had 600 times** the presence of Phorid flies as compared to our newer infrastructure farm (Farm B). The presence of flies, which impact both quality and productivity, and are a considerable pest problem to the residents of Chester County, are directly attributable to the significant amount of old infrastructure present in Chester County.

I next turn to the mushrooms themselves In **Slide 16**, I present side-by-side photos of freshly picked mushrooms – one from older generation (Farm A) and one from newer generation (Farm B), both using the same compost. Once the flies crawl over the surface of the mushrooms they impart the disease, which will subsequently develop over the next few days, significantly reducing the visual appeal and shelf-life of the product.

As detailed in our questionnaire response additional explanation, when we compare our white production on old infrastructure and new infrastructure from October, 2024 through to October, 2025 (which represents 104 million pounds worth of production), this demonstrates that new generation infrastructure consistently produces higher yields, higher quality and improved reliability of supply.

{Real-world example of large retailer demanding only fresh mushrooms from newer infrastructure farms}

Indeed enhanced visual appeal, improved shelf-life and more reliable supply very much affects customer decision making. This is not some general, theoretical argument. We have real world experience with customer preferences for newer fresh mushroom growing operations.

One of our larger customers is **Customer A**. In Customer A's most recent official Request for Proposal (RFP) for new business, they explicitly requested disclosure of the percentage of our crop that was grown using new-generation infrastructure with phase 3 compost, and what percentage of their supply we could guarantee would be produced in these facilities. We provided a copy of Customer A's request with our questionnaire response.

Because our entire West Coast production is grown in Canada on new-generation farms using Phase 3 compost, Customer A was able to transition to a fully organic white and brown mushroom supply chain on the West Coast, supported by the scale and consistency of our Phase 3 production.

On the East Coast, however, due to infrastructure challenges, **Customer A** was forced to remain in conventional whites and were only able to move their program to organic browns. In 2024, this resulted in a serious problem because, over the last two years,

Chester County has had significant disease issues caused by high populations of the Phorid fly.

Historically, we supplied **Customer A** on the East Coast with our fresh white mushrooms from both our old and new U.S. farms. In the fall of 2024, **Customer A**, on two separate occasions, rejected product grown on our old infrastructure, this was due to the presence of flies in the packs.

After the second occasion, **Customer A** informed us that if we could not guarantee that ***all*** our supply to them came from new-generation mushroom farms, we would lose their business. In 2024, the mild fall and early winter meant disease and flies were persistent issues for several months. **Customer A's** position on this matter was not unique among customers. We were only able to keep our retail accounts by switching out volume grown using old U.S. infrastructure to volume grown from our new-generation Canadian farms.

Following the success that **Customer A** had switching their program to phase 3 mushrooms in 2019-2022, **Customer B** reached out to us to set up a similar program. Customer B has committed to sourcing from growers with new-generation infrastructure while maintaining a broad supply base.

In 2025, **Customer C** moved two of their three distribution centers to South Mill Champs. With such distribution centers being on the East Coast, this volume is being supplied from our new infrastructure Oxford Farm located in Pennsylvania.

And these are just three examples. There are many other examples of large retail customers expressing a clear preference for fresh mushrooms from newer generation farms.

{South Mill Champs Investment in U.S. Fresh Mushroom Production}

My last point is among the most important. The underlying premise of this trade case is that Canadian fresh mushroom suppliers are harming U.S. fresh mushroom producers. With respect to South Mill Champs, this claim is absurd. As a company, we ship more fresh mushrooms to U.S. customers from our U.S. fresh mushroom farms than we do from our Canadian farms.

Our U.S. producer questionnaire response provided consolidated data from our **six separate** U.S. fresh mushroom farms; including an old infrastructure farm that we closed during the 2022-2025 time period, and a newer infrastructure farm that we opened in 2023.

Our newer infrastructure farm is called Oxford and we believe that Oxford is among the newest and most modern fresh mushroom farms in the United States. Oxford represents our single largest investment in newer generation infrastructure in both the United States

and Canada. Our strategy to build Oxford was not just built on our internal knowledge on the importance of new infrastructure, but also due to a direct requirement from our retail customers.

What's more: we have not finished expanding. Our next investment, outlined in our questionnaire response additional explanation, will be at Oxford. This investment is fundamental to how we will continue the transition from old infrastructure to new infrastructure in the most effective way. **Slide 17** shows the current farm and what is already planned and permitted for expansion, which will more than triple the size of the current farm over the next few years.

And so, Petitioners' claim that we are harming the U.S. domestic industry is just wrong. We are actively investing in and expanding the U.S. domestic industry.

That concludes my affirmative statement. I look forward to your questions.

_____
Lewis Macleod, CEO

Affirmative Statement of Jose Cambon

USITC Staff Conference – November 21, 2025

Fresh Mushrooms from Canada

Inv. No. 701-TA-778 and 731-TA-1764 (Preliminary)

INTRO SLIDE

Good afternoon. My name is Jose Cambon and I am Highline Mushroom's CEO. I joined Highline in 2022 and, before joining Highline, I worked for over 10 years with the Costa Group, Australia's largest supplier of fresh mushrooms. As such, I am intimately familiar with all aspects of fresh produce sales, particularly mushrooms.

{Highline Backround}

Highline was established by Dr. Murray O'Neal in 1961. Today, Highline is the world's largest grower of organic mushrooms and known for our innovation. We use modern infrastructure and commercially sustainable farming practices to grow high-quality agaricus mushrooms, commonly known as white and brown mushrooms.

In 1985, Highline was the first organization to introduce the "Dutch" method – also known as "new infrastructure" to North America. In 2007, Highline became Canada's first certified organic mushroom grower. In 2010, we became the first Canadian mushroom grower to introduce the Safe Quality Food certification standard (SQF). In 2015, we introduced top seal packaging to mushrooms and in 2023 we were the first in North America to pack mushrooms in clear rPET tills so that customers and consumers could see our quality. In 2024, we completed our award-winning re-brand. And today, we are building the most advanced mushroom growing facility in the world. As an industry leader, our sole objective is to provide North American consumers healthy, high-quality, affordable produce.

{U.S. Market Demand for Higher Quality Mushrooms}

With that as background, I would now like to turn to how Highline's story fits into the Commission's investigation. When I joined Highline in 2022, the first thing that jumped out at me was the much lower quality of mushrooms in the US market. Highline's quality was very good, which was a competitive advantage in the lower-quality US market, but I wanted to make Highline's quality even better - the best in North America. Given my experience, I felt that the retail channel was the channel that would most appreciate quality and likely to pay for it. That is the reason Highline had a meaningful decrease in sales to commercial end users and food processors, and a corresponding increase in sales to retailers like grocery stores during the period of investigation. That is also the reason why Highline's prices increased by almost 20% during the same period.

With Highline's packaging, consumers can see for themselves the high quality of our mushrooms and purchase with confidence. This is not the case for US growers who pack in opaque tills - the quality, or lack of, is hidden. Unlike US growers, Highline has nothing to hide.

{Mushroom pricing in U.S. market}

Some background on prices. Prices are set on a customer-specific basis via either;

(1) formal contract or

(2) informal agreement.

Mushrooms prices are not negotiated daily like commodity produce, but rather the base price is set normally for no less than 12 months.

In a formal contract agreement, terms can be for one year or longer. If Highline cannot fulfill a contractual obligation, the customer is free to contact other suppliers. Once the contract term is nearing completion, the buyer may issue a request for proposal (RFP) or may provide Highline the opportunity to negotiate another term without an RFP. As part of the RFP, buyers may include a benchmark price.

Buyers do not always contract with the lowest-priced supplier, particularly those buyers who are focused on quality and service. Well-educated buyers are aware that product grown using old infrastructure has a shorter shelf-life. In fact, U.S. buyers that we work with have a preference for our mushrooms because of our new infrastructure, and the resulting quality and shelf life, a preference that is not driven by price.

In the **informal agreement** model, prices are agreed through written correspondence (emails), set for extended periods.

The key difference between an informal agreement and formal contract is that there is no end date to an informal agreement, either party can exit with fair notice, and there is usually no RFP process. We negotiate price changes in a more ad-hoc manner, but we agree to base prices for usually no less than 12 months.

In practice, informal agreements are typically even stronger than formal contracts. For a number of our large U.S. retailers, Highline has long-standing relationships based on informal agreements, which underscores how much our large customers value partnership. These agreements include fixed base prices and estimated weekly volumes. Under these partnerships, the customer will NOT shop Highline's price around to see if another grower can beat it.

Inversely, I have a wonderful relationship with a major US retailer, but they haven't even entertained bringing us on as a supplier because of their long-standing and mutually beneficial relationship with their current mushroom supplier.

{Older Infrastructure vs. New Infrastructure Mushroom Farms}

Moving on to the differences between new and old infrastructure and its importance in the mushroom industry.

I fully agree with distinction between older and newer infrastructure farms discussed earlier. This is an easy way to identify which farm has the older infrastructure and which farm has the newer infrastructure.

[LEAMINGTON SLIDE]

In 2026, Highline will bring on-line a state-of-the-art newest generation mushroom growing facility in Leamington, Ontario. This new facility will not increase capacity, but will replace existing, more outdated capacity. I agree with everything Lewise said about how and why newer generation mushroom farms are much better at minimizing flies and preventing diseases, giving them an enhanced ability to generate better looking mushrooms that have longer shelf life.

There is an equally important dimension, which is that these new farms lower overall operating production costs. Newer generation infrastructure farms also have lower costs per pound of mushrooms harvested.

The primary drivers for reduced cost of goods are:

1) lower material cost (like compost and spawn) per lb. due to higher and more consistent yields;
2) lower variable labor costs per lb. due to automation of harvesting, packing, watering, filling, casing and emptying; and
3) lower fixed costs per lb. due to better leveraging of all fixed costs due to higher yields and increased production throughput (cycles).

Again, Highline is in the process of bringing on-line a newest generation mushroom farm, so we have analyzed the operational costs in detail. As compared to older generation farms, the overall cost of production in the new facility including materials, labor and overhead, will be over 50% less.
While this may sound too good to be true – increased quality and shelf life at a lower cost - this the result of embracing new technology.

[U.S. FARM CLOSURE SLIDES]

You have heard today that some U.S. mushroom farms closed due to low-priced imports. As shown on the slides, however, the closures were more likely due to less competitive operating model, aging infrastructure, adverse weather conditions, increased costs for raw materials and labor, and decreased demand.
These closures created demand opportunities, which Highline was able to partially address with the high-quality mushrooms we are able to grow using our innovation and modern infrastructure. This is the primary reason we had an uptick our U.S. exports between the 2024 and 2025 interim periods.

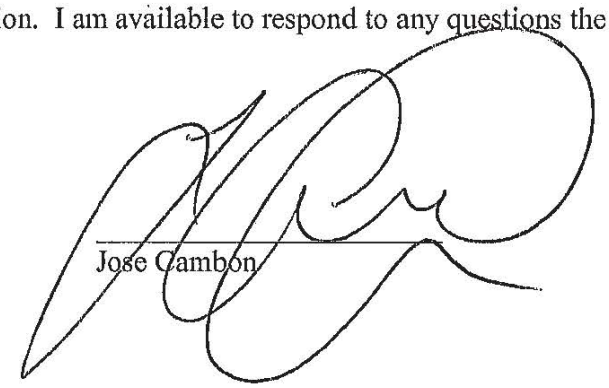
In closing, I'm a Detroit guy, by way of Australia, so I want to use Ford as an analogy. Ford once produced the Model T, but through over a 100 years of technology and innovation, it has now given us the state-of-the-art F-150, which consumers demand. I can't imagine any of us willing to drive a Model T, and Ford has left the outdated Model-T manufacturing processes in the past where they belong.

In our industry, some mushroom growers are still using old infrastructure to produce Model T mushrooms.

But today's customers and consumers expect the F-150 version of mushrooms, not the Model T, because Highline has innovated and invested to deliver them.

In my view, the fundamental difference between U.S. growers and Highline is our innovation and adoption of new technology.

That completes my affirmative presentation. I am available to respond to any questions the staff might have. Thank you.



Jose Cambon

Affirmative Statement of Justin McLean -- Farmers Fresh Mushrooms
U.S. International Trade Commission Staff Conference
Fresh Mushrooms from Canada
Inv. No. 701-TA-778 and 731-TA-1764 (Preliminary)
November 21, 2025

Good afternoon, my name is Justin McLean, and I am the Sales Manager at Farmers Fresh Mushrooms. With me today is Tim Truong, the President of Farmers Fresh.

I have been with the company since January 2024, but have worked in the Food industry for twenty years. As the sales manager at Farmers Fresh, I am the main contact for all corporate and large chain accounts, and I manage our entire customer reach of Western Canada and the Western United States – which covers eight states in total, including California, Oregon, Washington state, Montana, Idaho, Nevada, Arizona, and Utah.

As one of the largest mushroom producers in the Pacific Northwest and Western Canada we are consistently expanding and innovating to meet and exceed the expectations of our clients. Indeed, for the past two years, I have spent a large portion of my time meeting with our customer partners, learning about their business structures, requirements and demands, and their challenges. From my many conversations, I believe I have unique insight, and a full understanding of U.S. customer demands and the basis for their purchasing decisions for fresh mushrooms. My testimony today will focus on my experience at Farmers Fresh serving the Western United States with fresh mushrooms and what our West Coast customers are looking for when purchasing fresh mushrooms.

Before diving into that, let me provide some background on the company. Farmers Fresh is a family-owned and operated business, started by Tan Truong, Tim's father, over twenty-five years ago in Abbotsford, British Columbia. What started as a single farm, has been built out by the Truong family and our dedicated team, to eight mushroom production barns, a composting

facility, and warehouse. As I'll discuss in a few minutes, Farmers Fresh has also expanded its growing operations into the United States. Today, Farmers Fresh grows over 35 million pounds annually in the Fraser Valley, an agriculturally rich region about 60 kilometers east of Vancouver and 15 kilometers north of the US border. Given the location of our farms, our primary market is the Western United States.

As you have heard from others, shelf-life is critical to supplying fresh mushrooms. All U.S. customers – retail and food service – are VERY aware of how long the mushrooms will last when they receive it. This is important as virtually all mushrooms are delivered by truck and it takes three to four days to travel from the East Coast to the West Coast.

Compared to the Eastern United States, the West Coast historically has had fewer growers, and several have closed since January 2022, including Monterey's Royal Oaks facility in California, and Del Fresh, another California grower. Indeed, according to the latest USDA data, nearly 75% of all fresh mushrooms grown in the United States come from Pennsylvania. Needless to say, there is quite a lot of consumption of fresh mushrooms on the U.S. West Coast. Given the importance of shelf-life, when possible, West Coast retailers, distributors, and food service providers, seek to buy from West Coast fresh mushroom suppliers, despite the relatively limited available supply.

Proximity equates to a longer period of fresh product on the shelf. Whole fresh mushrooms generally have a shelf-life of 7-10 days once harvested. If the mushroom is sliced, the shelf-life is even less. If the supplier is geographically close to the distribution center or retail store, the product will quickly arrive to the customer's location and thus most of the product's shelf-life remains, which means a longer period of time for the product to look good on the retailer's shelf and thus more attractive to the end consumer. If, as seen on the **Slide**, a West

Coast customer is sourcing fresh mushrooms from an East Coast supplier, they will lose at least three days, or roughly 30-40%, of shelf-life waiting for the mushrooms to make their way across the country.

As you heard from Mr. Macleod, this is particularly important in the retail segment of the market, where the end consumer our retail customer is selling to is a grocery shopper that is going to examine the product on the shelf before deciding whether to purchase. If the product already looks aged, bruised, or discolored, the shopper is not going to buy it, which means unsold product and waste for the retailer. For this reason, fresh mushrooms sold to the retail segment must have the greatest shelf-life and highest quality appearance – they must be cleaner with a tight stem, such that they look appealing to the retail shopper for the longest period of time possible.

Given our geographic proximity and our products' long shelf-life and appearance, demand for our fresh mushrooms has been strong and increasing, particularly as other West Coast growing facilities have closed. To better meet demand for fresh mushrooms on the West Coast, without the need to rely on purchasing mushrooms from unrelated producers to fill customer orders, we made several key investments during the period the Commission is examining.

First, in 2020, we capitalized on an opportunity to acquire a struggling California-based producer and shipper of fresh mushrooms. The farm was already of newer generation infrastructure, with indoor, phase two compost, and aluminum beds, but we have invested several million dollars in improvements to the growing facility and the packing operations. This includes major investments in replacing aging equipment on the growing and compost side of the business, such as new chillers and compost mixing lines. In doing so, we saved approximately

300 U.S. jobs. With our new California facility and packing operations, are now able to supply another 15 Million pounds, annually, of fresh mushrooms to our West Coast customers. Because the products from this facility have exceptional appearance and shelf-life, and ship from even closer proximity to many of our West Coast customers, we are able to sell our California products at our highest prices.

On the Canada side, we built two new mushroom growing barns in Abbotsford, which started production at the end of 2023. Both of these new barns are Dutch-style "newer generation" infrastructure farms – they have phase two compost and aluminum beds, thus meeting the definition that all of Mushrooms Canada has agreed on, which is presented again on the **Slide**. Our two facilities that predate 2023 have also been upgraded over the years to incorporate newer practices, such as aluminum shelving and a central HVAC system.

Newer mushroom facilities allow us to better control disease and other imperfections that impact the overeall appearance and shelf-life of the product. Newer facilities also yield a greater volume of mushrooms and allow us to better control the volume. Today, with our brand new and upgraded facilities, we are consistently producing more mushrooms that have a long shelf-life, which has enabled us to better meet customer demand on the West Coast. Customers have, in turn, shown a clear preference for these mushrooms which has encouraged us and allowed us to heavily invest in newer and better infrastructure to meet these demands.

Customer preference for our products is particularly stark when compared to East Coast product, which is primarily grown in old generation infrastructure farms. For all the reasons you heard from Mr. Macleod, older generation infrastructure farms are unable to consistently produce a high volume of mushrooms with uniform appearance and long shelf-life, as the wooden beds and lack of temperature control, among various factors, is not nearly as effective at preventing

fly infestation and disease. As mentioned, East Coast-grown mushrooms also have to travel much further to reach West Coast customers, which means a significantly shorter shelf-life for the East Coast product and a potential loss for the retail or food service customer.

Our West Coast customers are typically not interested in such product, but when they have supply gaps in a given week and are desperate to keep product on the shelf, they may turn to East Coast suppliers with older generation farms. East Coast suppliers are well aware of their geographic disadvantage and thus often try to win West Coast business by undercutting us on price.

To understand when and how we see such price competition, let me explain how our business generally works. Farmers Fresh primarily sells to large retail and distribution customers, such as Sysco, Trader Joe's, Raley's, and U.S. Foods. The vast majority, roughly 95 percent, of our business with such customers is pursuant to contracts. Most are long-term contracts that are negotiated through a Request for Proposal – "RFP" – process, where the customer typically receives bids from multiple suppliers. During the RFP process, we sometimes discover, through the potential customer, the geographic location of competing bidders, but rarely the precise grower. So, we know when East Coast suppliers, or even, on occasion, smaller West Coast suppliers have underbid us in an attempt to win business. Ultimately, despite being underbid by other U.S. suppliers, we have maintained and recently succeeded in real growth of our West Coast business by consistently delivering mushrooms that look appealing and have a long shelf-life, and are provided in the volume demanded by our customers. Given the investments we've made in expanding and modernizing our growing infrastructure, we have shifted the focus of our business on West Coast customers that value high-quality product and, in some cases, specifically California-grown products and thus are willing to pay for them. In

doing so, we have achieved *raising* our prices. In fact, since 2022, we have been able to *increase* our prices by ten cents per pound.

Once the contract is secured, the price is set for the duration of the contract. The only time there would be price negotiations during the duration of the longer-term contract is when the customer comes up short and needs to fill supply gaps. Because the product is a fresh, agricultural product, there are sometimes unforeseen supply shortages from week-to-week, as growers cannot perfectly control weekly yield. When the supplier is not able to fully meet a particular week's volume requirement, the customer will look to source from other suppliers – essentially, spot sales to fill the supply gap. In these instances, where customers come to us and ask if we can fill such supply gaps, we often experience the customer using East Coast prices to push down the price. To the extent we have available supply for such sales, we are not willing to meet the low East Coast price. Again, our focus has been on cultivating relationships with customers that value the appearance and shelf-life of our products and are willing to pay for such qualities. It is therefore not in our interest to lower prices. Particularly when we know the West Coast customer would truly prefer a West Coast product.

Given the success of our new California operations and the investments we've made to modernize all of our growing facilities and packing operations, we are optimistic about the future and look forward to continued growth as a U.S. producer.

This concludes my affirmative statement. Tim and I are happy to answer any questions you may have. Thank you.

/s/ Justin McLean
Justin McLean

Testimony of Travis Pope
USITC Staff Conference – November 21, 2025
Fresh Mushrooms from Canada
Inv. No. 701-TA-778 and 731-TA-1764 (Preliminary)

Hello, my name is Travis Pope and I'm a principal at Capital Trade. You have just heard from industry witnesses providing important details about the competitive dynamics of the U.S. market. I would like to explain how the macro data and information support this testimony, and provide some initial thoughts on what the questionnaire responses show so far.

Starting with an important point. Unlike many other cases that come before the Commission, official data provide a clear picture of the volumes of U.S.-produced and imported fresh mushrooms. USDA tracks the very agricultural product at issue – fresh Agaricus mushrooms. And there is a specific HTS code for this same product in the official import statistics.

Those data are presented in this slide, showing volumes and market shares in the U.S. fresh mushrooms market. The important question in this case is: why did U.S. production and sales decrease while imports from Canada increased? The petition claims that domestic sales were displaced by competition from subject imports. However, the official data do not support this claim. Rather, imports from Canada were needed to make up for a shortfall in U.S. production.

U.S. mushroom production is extremely concentrated in the state of Pennsylvania. Pennsylvania accounted for more than two-thirds of sales of U.S.-grown Agaricus mushrooms during the three most recent crop years.

In fact, U.S. mushroom production is concentrated in a small region of southeastern Pennsylvania. Just two adjacent counties, Chester County and Berks County, accounted for 73% of the square footage of U.S. production dedicated to Agaricus mushrooms in the most recent crop year. That is 73% of the square footage of the entire United States.

Given the extremely short shelf life of fresh mushrooms, this geographic concentration in the northeastern United States creates significant logistical challenges in supplying the U.S. market with fresh, high-quality mushrooms. Southeastern Pennsylvania is 2,700 miles away from California. That is a three-day journey by truck. A cross-country journey by truck can eliminate a significant amount of potential shelf life.

The geographic concentration of production has been increasingly problematic recently. The mushroom-growing region of Pennsylvania has suffered from a worsening inundation of phorid flies. As you heard from the industry witnesses, the phorid flies are a significant problem for mushroom growers in this area. Diseases spread by the flies reduce the quality and shelf life of fresh mushrooms, create additional costs, and also pose problems for local communities.

Research from Penn State found that the number of phorid flies has grown exponentially in recent years. Matt Fetick, the mayor of Kennett Square, PA, stated: "This year by far has been the worst. We have had more people reaching out more than ever before and it was very clear and obvious this year that it was different than usual." The flies have caused the Pennsylvania Department of Agriculture to issue a quarantine order and the town of Kennett Square to issue an emergency declaration.

The flies have a direct effect on the performance of the domestic fresh mushrooms industry. The yields of Pennsylvania Agaricus mushroom growers plummeted during the POI, declining by 20% from crop-year 2022-23 to crop-year 2023-24, and remaining at the same low level in the most recent crop-year.

U.S. fresh mushroom sales declined as a result of Pennsylvania's reduced yield. This slide shows U.S. sales volume alongside the counterfactual sales volume it would have made if Pennsylvania growers had maintained the same yields as crop-year 2022-23. As shown in the slide, if not for the phorid flies and lower yields, the U.S. would have produced an additional 113 million pounds in 2023-24 and an additional 116 million pounds in 2024-25.

These shortfalls had significant implications for market share trends. If not for the declining yields, the U.S. industry would have gained market share and imports would have lost market share. Thus, the decrease in U.S. market share

during the POI was attributable to lower yields for growers in Pennsylvania, which was a result of the phorid fly inundation. This trend cannot be attributed to the subject imports.

Domestic share losses are also the natural result of two other factors creating demand for imports. First, as shown in the slide, Monterey Mushrooms closed three facilities since 2023, Princeton, Illinois; Zellwood, Florida; and Royal Oaks, California.

Prior to these closures, Monterey Mushrooms was one of the largest domestic producers of agaricus mushrooms in the country. Data in the public domain regarding the facility in Princeton, Illinois indicate that it produced 600,000 pounds per week and employed 525 workers, which amounts to approximately 30 million pounds of mushrooms annually. This level of labor productivity implies potential output of 12 million pounds for Zellwood and 34 million pounds for Royal Oaks.

Second, as explained in the next slide, subject imports did not cause these closures. Company press releases and industry publications point to aging infrastructure, regulatory burden, and the high cost of doing business. A company official acknowledged that similar issues were behind the decision to close the facilities in Princeton and Zellwood. The absence of a link to subject imports is

underscored by the fact that two of these closures occurred at the end of 2023, a year when subject imports declined by 6.1 million pounds.

Third, as shown in the next two slides, output is constrained by the supply of labor, particularly in Pennsylvania. Harvesting and certain aspects of packaging remain labor intensive activities. The publication Business Insider has a video presentation detailing the impact of the labor shortage on Pennsylvania's mushroom industry. Industry participants confirm they are destroying mushrooms they cannot harvest due to a lack of labor and that they could sell more if they could harvest more.

The Commission should treat the labor shortage in the U.S. mushroom industry as a condition of competition that constrained domestic supply during the POI. Indeed, a Commission study of the U.S. mushroom industry published in 2010, explained that industry sources claimed labor reform was needed "to ensure the availability of labor in the mushroom industry in the near future."

As shown in this slide, inadequate labor supply continues to be a problem for the Pennsylvania industry in 2025. A major hindrance to the industry is that the existing H-2a visa temporary worker program does not apply to year-round crops like mushrooms. Other recent policies that hamper immigration are likely to make things worse.

Together, the decline in yield in Pennsylvania due to phorid flies, industry closures independent of subject imports, and lost output due to labor shortages cast doubt on petitioners' claims that subject import quantities during the POI were injurious.

Turning to the questionnaire responses, we just got the data but have compiled them and wanted to provide some initial reactions on prices. First, prices were stable to increasing over the POI, whether one looks at shipment AUVs or product-specific prices. In terms of the price comparisons, we observe a significant degree of overselling in the data so far. And, as we will discuss in our post-conference brief, other evidence indicates that there is more overselling in the market than is indicated in the pricing data.

That concludes my affirmative statement, I look forward to your questions.

Travis Pope

Affirmative Statement of Ryan Koeslag– Mushrooms Canada
U.S. International Trade Commission Staff Conference
Fresh Mushrooms from Canada
Inv. No. 701-TA-778 and 731-TA-1764 (Preliminary)
November 21, 2025

Good afternoon. My name is Ryan Koeslag and I am the Executive Vice President of Mushrooms Canada, which is the nickname for the Canadian Mushroom Growers Association.

Founded in 1955, Mushrooms Canada is a voluntary, non-profit organization that is dedicated to the production and marketing of fresh mushrooms in Canada. Membership includes mushroom growers, processors, spawn makers, suppliers, scientists and other allied industries. I can state confidently that our Members account for more than 95% of total Canadian exports to the U.S. market.

From my colleagues on the panel, today, you have heard many details about how fresh mushrooms are produced and sold in the Canadian and U.S. market. What I want to do is step back a bit and explain a key condition of competition for your consideration; namely, that in practice, U.S. and Canadian mushroom suppliers are constantly working together to enhance and promote the consumption and sale of mushrooms.

Indeed, the mushroom industry's overall success and growth in North America has been achieved through strong collaboration between Canada and U.S. mushroom industry players. We are an example of the deeply interconnected nature of the Canadian and U.S.

economies, demonstrating how it benefits consumers on both sides of the border when producers work together.

The degree of interconnectedness in the fresh mushroom industry is vast. As you have heard, some of the largest mushroom producers have operations on both sides of the border. Canada supplies virtually 100% of the peat moss used by mushroom growers in the U.S., while the U.S. supplies the entire North American mushroom industry with mushroom spawn. Moreover, Ontario exports sugar beets to Michigan where they are processed and become sugar beet lime, another essential input in mushroom production.

What's more, Canadian mushrooms are literally helping enhance demand in the United States. Every time a Canadian mushroom crosses the border, a levy is paid to the American Mushroom Council in order to help promote the consumption of mushrooms in the U.S.

Supply & demand are never perfectly aligned. For decades, growers have supported each other through sideways sales (selling mushrooms to fellow producers) to ensure customers' supply is maintained. This practice that routinely occurs in the U.S. has long taken place seamlessly across the U.S. and Canada as part of everyday business.

This trading relationship between growers is essential as it allows producers on both sides of the border to cooperate to address unanticipated fluctuations in production in order to meet customer demand in the U.S. There is almost no way to be 100% self-sufficient in mushroom production without some level of trading back and forth, and the

trade is taking place between not only regional competitors, but international competitors. This trade has been essential over the last few years given certain production challenges in the U.S.

Further, Mushroom Canada has historically worked, and continues to work, closely with the Mushroom Council (the U.S. Marketing body) and the American Mushroom Institute (the U.S. Mushroom Industry body). Virtual, or in-person updates at each body's board meetings are standard agenda items.

Every two years, the North American mushroom industry holds the North American Mushroom Conference, where the entire North American industry, with guests from around the world, meet over two to three days to present and discuss the ongoing development of the industry. Next year it is being held in Montreal continuing the over 40-year tradition of switching host country, in Canada or the United States.

Given the current challenges with decreasing consumption of mushrooms in the U.S. and Canada, at this upcoming conference we will be providing the industry an update on U.S. demand, and the major shifts in the focus of the Mushroom Council's marketing dollars to drive demand.

Additionally, we work closely with the American Mushroom Institute who organizes the U.S. conferences to ensure continuity in agenda items and ideas for how we meet the demands of all North American growers. This relationship is not a once a year introduction and conversation, but rather a symbiotic ongoing working relationship that

reflects how the industry participants on both sides of the border have supported each other for decades.

For example, at the 2024 North American Mushroom conference held in Las Vegas, there was a round table discussion with world industry leaders in mushroom automation, including how this will impact the transition from old to new infrastructure. This discussion will be continued as a main agenda item in Montreal next year and is relevant to every grower in North America. The learnings from Canada, which is leading many of these initiatives, will be openly shared with everyone in the U.S. for the benefit of the entire North American industry. The tagline for next year's conference, is "Excellence Through Innovation".

All of this is why this trade case makes no sense. It conveys an impression that does not reflect reality. While of course, U.S. and Canadian mushroom suppliers compete for business, the relationship has historically been rooted in collaboration to promote the overall consumption of mushrooms in North America.

That concludes my affirmative statement. I look forward to your questions.

Ryan Koeslag

pillsbury

Mushrooms Canada Staff Conference Hearing Presentation

Fresh Mushrooms from Canada

Inv. Nos. 701-TA-778 and 731-TA-1764

November 21, 2025

Lewis Macleod
South Mill Champs

Chief Executive Officer of South Mill Champs

South Mill Champs™

Key Points of SMC's Testimony

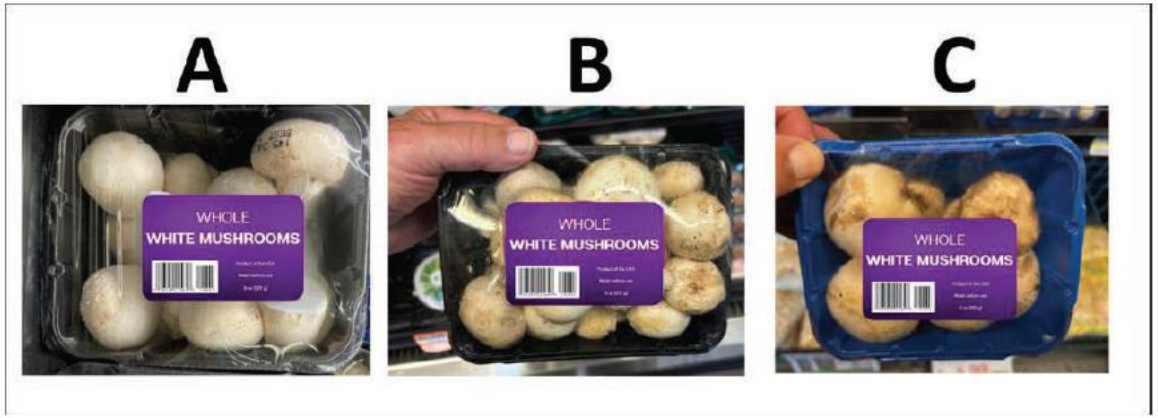
- Appearance and shelf-life are critical to fresh mushroom retail customers;
- The spread of diseases from flies can significantly impact shelf-life;
- The type of fresh mushroom growing process affects prevalence of disease and there is a stark contrast between older generation fresh mushroom farms and newer generation fresh mushroom farms;
- Over the past few years, customers have increasingly demanded fresh mushrooms from newer generation farms; and
- South Mill Champs is continuing to invest in U.S. fresh mushroom production.

South Mill Champs™

Less-than-optimal quality costs us in multiple ways

The loss of a planned purchase, no upsized purchase and no impulse. And let's not forget longer-term category engagement implications

Say you are going to the store and plan to buy fresh white mushrooms. Please have a look at the mushrooms in scenario A, B and C. Assuming the price is reasonable and the same for all, would you purchase the mushrooms in scenario…?



Yes, would buy	93%	52%	13%
Light	84%	35%	9%
Medium	89%	42%	11%
Heavy	96%	61%	15%

Substantial levels of lost business due to lack of quality, especially among Light and Medium Presents

Root Causes

There is a lack of a compelling, singular message about mushroom benefits.

Consumers do not see mushrooms as relevant or an everyday essential.

Overall grocery price inflation is causing shoppers to reduce non-essential items.

Product quality issues are discouraging purchase.

Problem Statement

Fresh mushroom sales declined as marginal users reduced consumption because they do not place a high value on mushrooms in their cooking and dining.

Marketing Objective

Increase fresh mushroom sales by getting emerging users to place a higher value on mushrooms in their cooking and dining.

Marketing Strategies

1. Deliver a compelling, singular message about mushroom benefits.
2. Make mushrooms a more relevant and everyday essential for consumers.
3. Improve product quality and visual appeal of mushrooms.

South Mill Champs™

Old vs. New Generation Farms

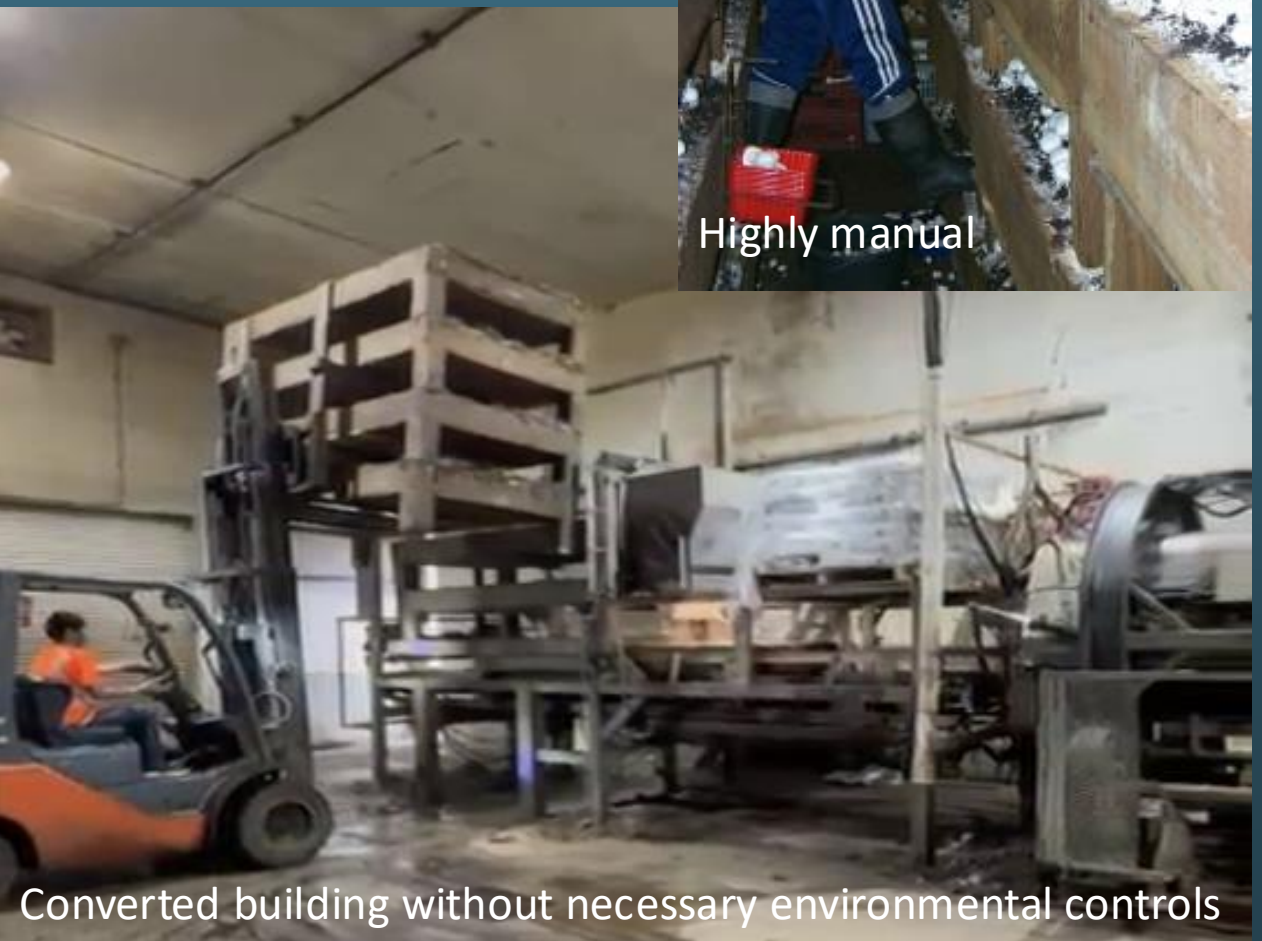
South Mill Champs™

- **Older Generation**
  - Wooden tray farm
  - Phase 1 compost into any growing houses
  - Phase 2 compost into houses with wooden shelves
- **Newer Generation**
  - All farms with either phase 3 operations *or* Phase 4 operations
  - Phase 2 compost into houses with metal shelves

Tray farm

Mostly obsolete, account for majority of closed infrastructure between 2022 - 2025

Highly manual



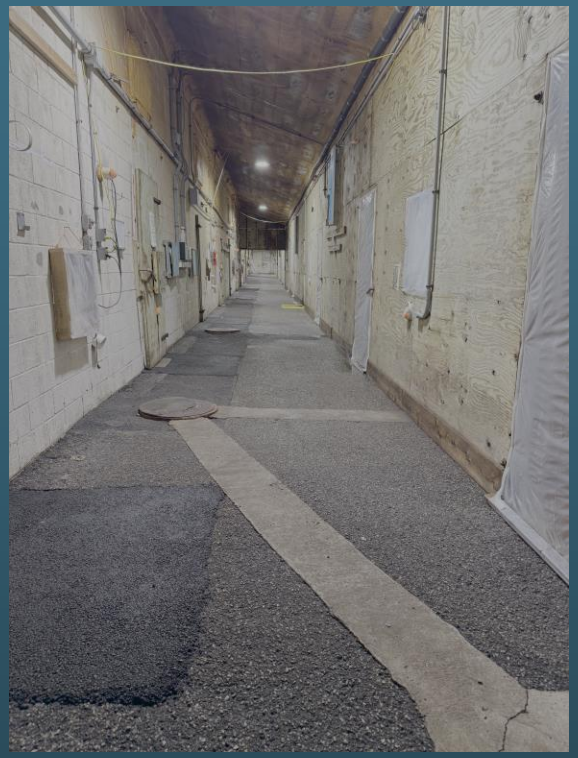
Converted building without necessary environmental controls

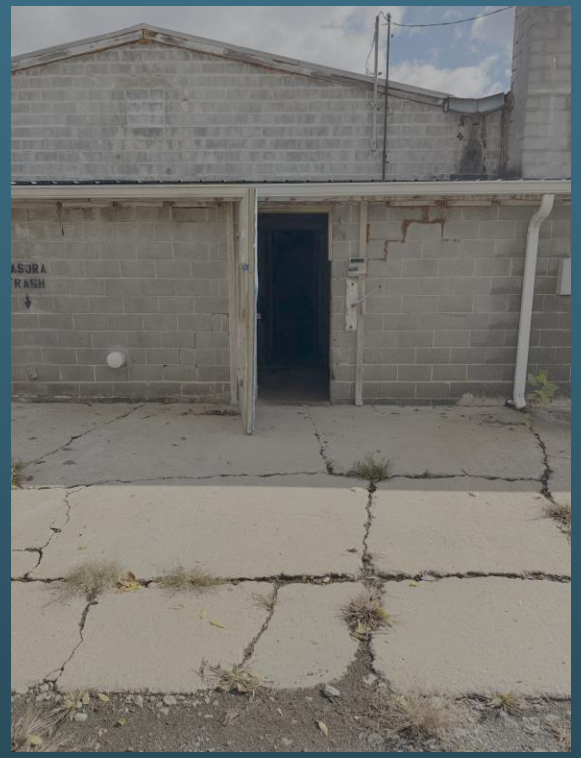
Trays showing inconsistency from tray to tray

South Mill Champs™

South Mill Champs™

Old infrastructure breezeways, difficult to maintain environmental controls



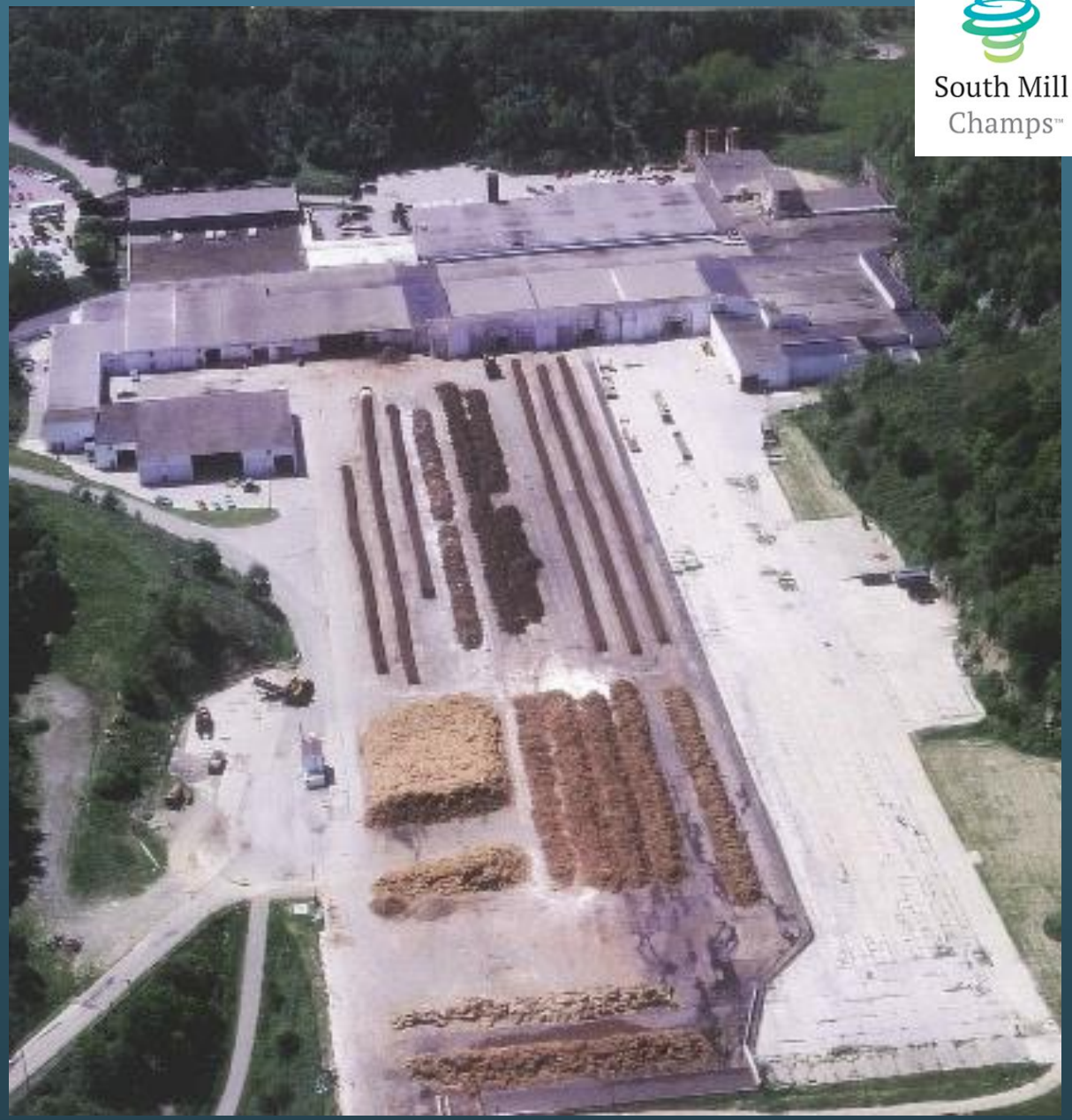


Poor external environmental controls

Outdoor phase 1 – low tech

South Mill Champs™

Exposed to elements outdoor phase 1 facility – PA



Phase 1 compost on concrete slab, next to growing houses

Lack good cold chain control

Pennsylvania Style Doubles

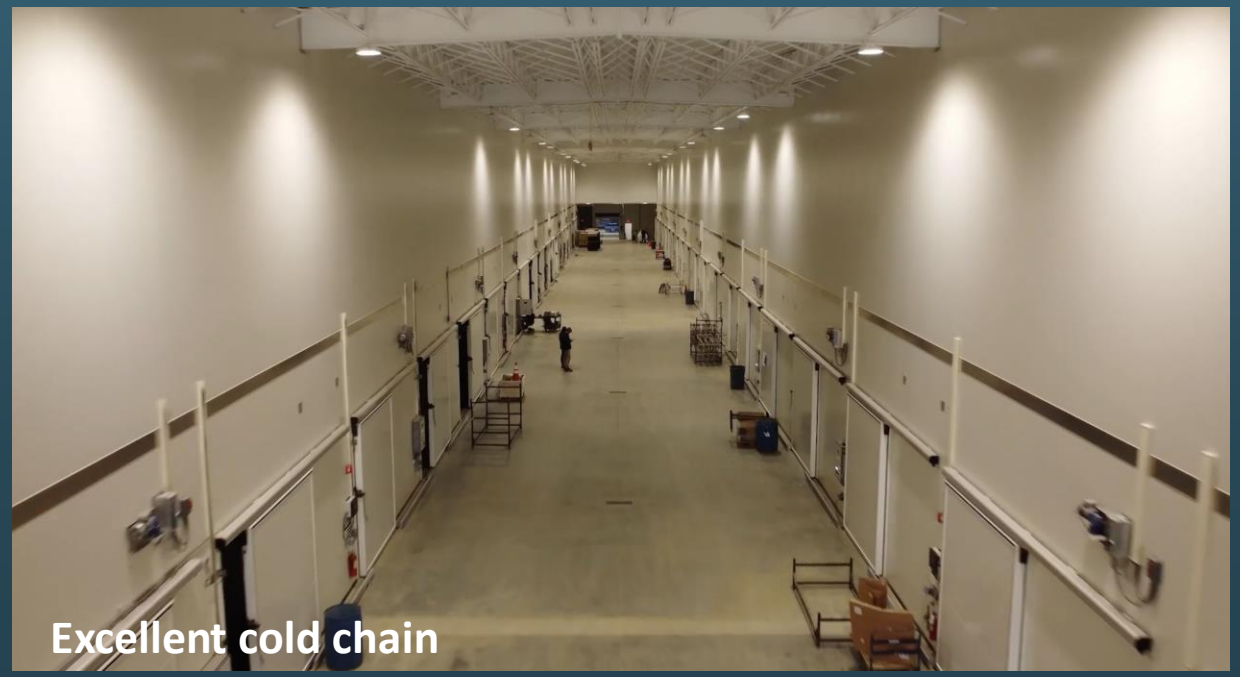
South Mill Champs™

Unergonomic picking

Manual watering

Multi-level

Oxford Farm - Chester County



Excellent cold chain

Improved ergonomics

South Mill Champs™

Automatic filling

Picking lorries

Consistent filling

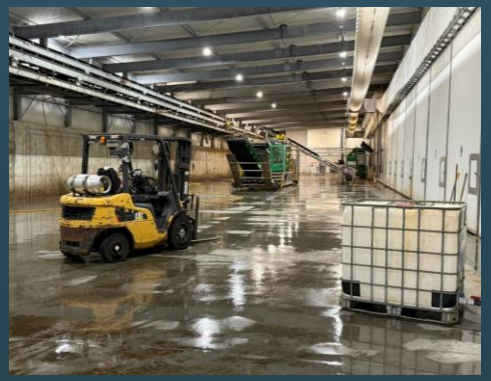
Automatic watering

South Mill Champs™

Dutch style phase II/III tunnels

Homogeneous filling

South Mill Champs™



Clean environment

Homogeneous filling

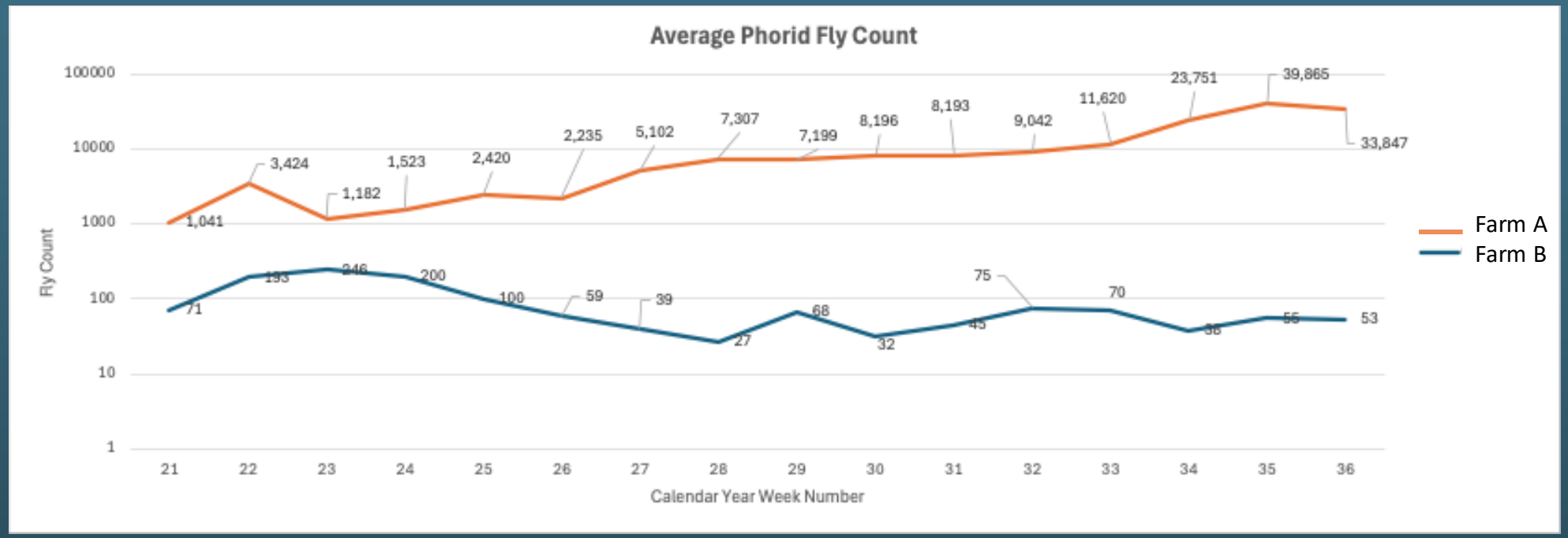
Automatic watering

Robotic picking

Two handed picking

Robotic picking

PHORID FLY COUNT – US INFRASTRUCTURE



600 times more Phorid Flies in Farm A {old infrastructure farm} than Farm B {new infrastructure farm}

Product picked 26th September – Farm A (New Infrastructure)

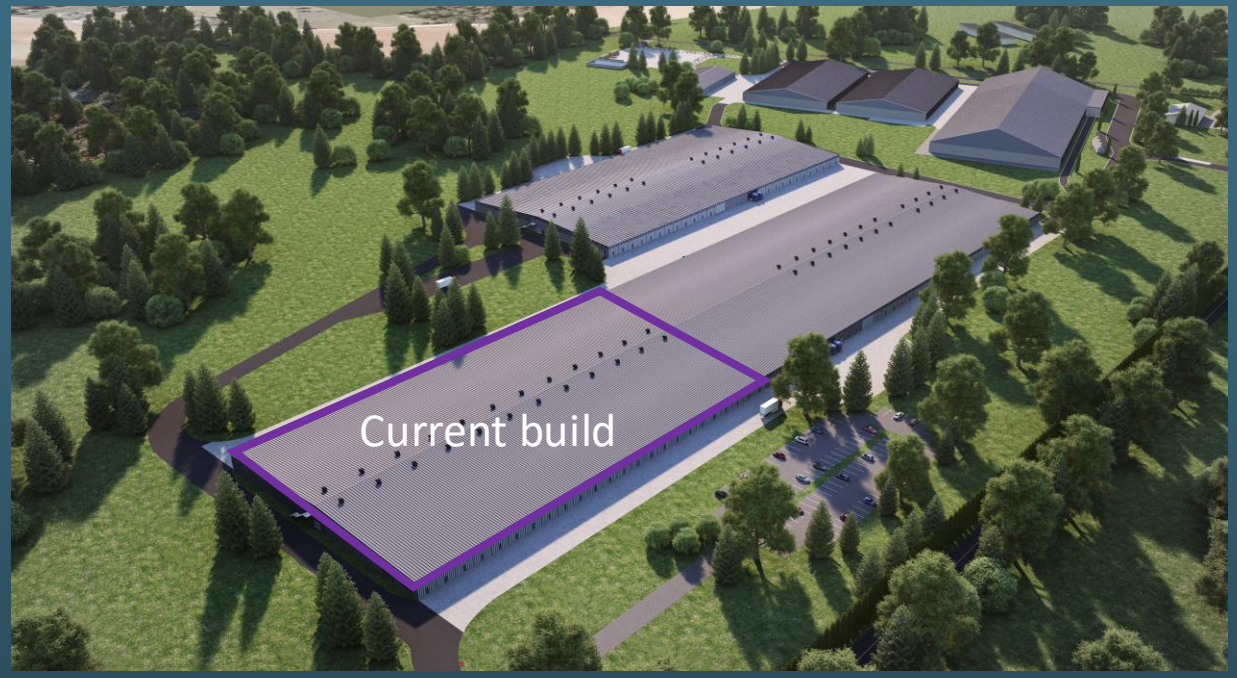
Product picked 26th September –Farm B (Old Infrastructure)

Sample product picked from new and old infrastructure farms.

Note the diseased product would not be sent to a customer.

Current SMC Farm

Planned Expansion



Jose Cambon
Highline Mushrooms

Chief Executive Officer (CEO), Highline Mushrooms

HIGHLINE
EAT A MUSHROOM. BE SUPER.

HIGHLINE
EAT A MUSHROOM. BE SUPER.

HIGHLINE
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HIGHLINE
EAT A MUSHROOM. BE SUPER.

Older vs. Newer Generation Farms

- **Older Generation**
  - Wooden tray farm
  - Phase 1 compost into any growing houses
  - Phase 2 compost into houses with wooden shelves
- **Newer Generation**
  - All farms with either phase 3 operations *or* Phase 4 operations
  - Phase 2 compost into houses with metal shelves

HIGHLINE
EAT A MUSHROOM. BE SUPER.

Monterey Mushrooms closes Florida location

A major mushroom farm in Florida is set to close for good by next year, leaving over 200 workers without jobs.

Monterey Mushrooms, headquartered in California, announced its farm in Zellwood is scheduled to permanently close by January. The company reportedly ships over 200 million pounds of mushrooms annually.

Pandemic restrictions, resulting inflation, weather impacts and other market changes have prompted Monterey Mushrooms to close down its Zellwood location. In addition to the Orlando, Florida location, the company will also close its location in Princeton, Illinois.

HIGHLINE
EAT A MUSHROOM. BE SUPER.

Monterey Mushrooms closing California farm

Monterey Mushrooms plans to close its Royal Oaks, California, farm in December, citing multiple challenges, including adverse weather, increasing labor and raw material costs, and California's unfavorable regulatory environment.

"After decades of operation, the Royal Oaks farm's footprint and complex operating model has become less competitive," the company said in a statement. "It is not viable to invest capital into the farm's aging infrastructure, compared to planned investment at other farms in the Monterey Mushrooms network."

HIGHLINE
EAT A MUSHROOM. BE SUPER.

Donna Bella Farms, which is being dissolved, is a joint venture 50% owned by Giorgi Mushroom Co. and 50% by Monterey Mushrooms.

Joe Caldwell, president of Giorgi Mushroom, said in a phone interview that the current business climate, in which demand for mushrooms is low, prompted the decision. He said the growing rooms Bella Donna uses are owned by Giorgi or Monterey.

They are shut down temporarily and will re-open when demand improves, he said.

Justin McLean
Farmers Fresh Mushrooms

Sales Manager, Farmers Fresh Mushrooms

FARMERS FRESH
MUSHROOMS

3-4 Day Transit Time from Pennsylvania

Older vs. Newer Generation Farms

- **Older Generation**
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Travis Pope
Capital Trade, Inc.

Primary

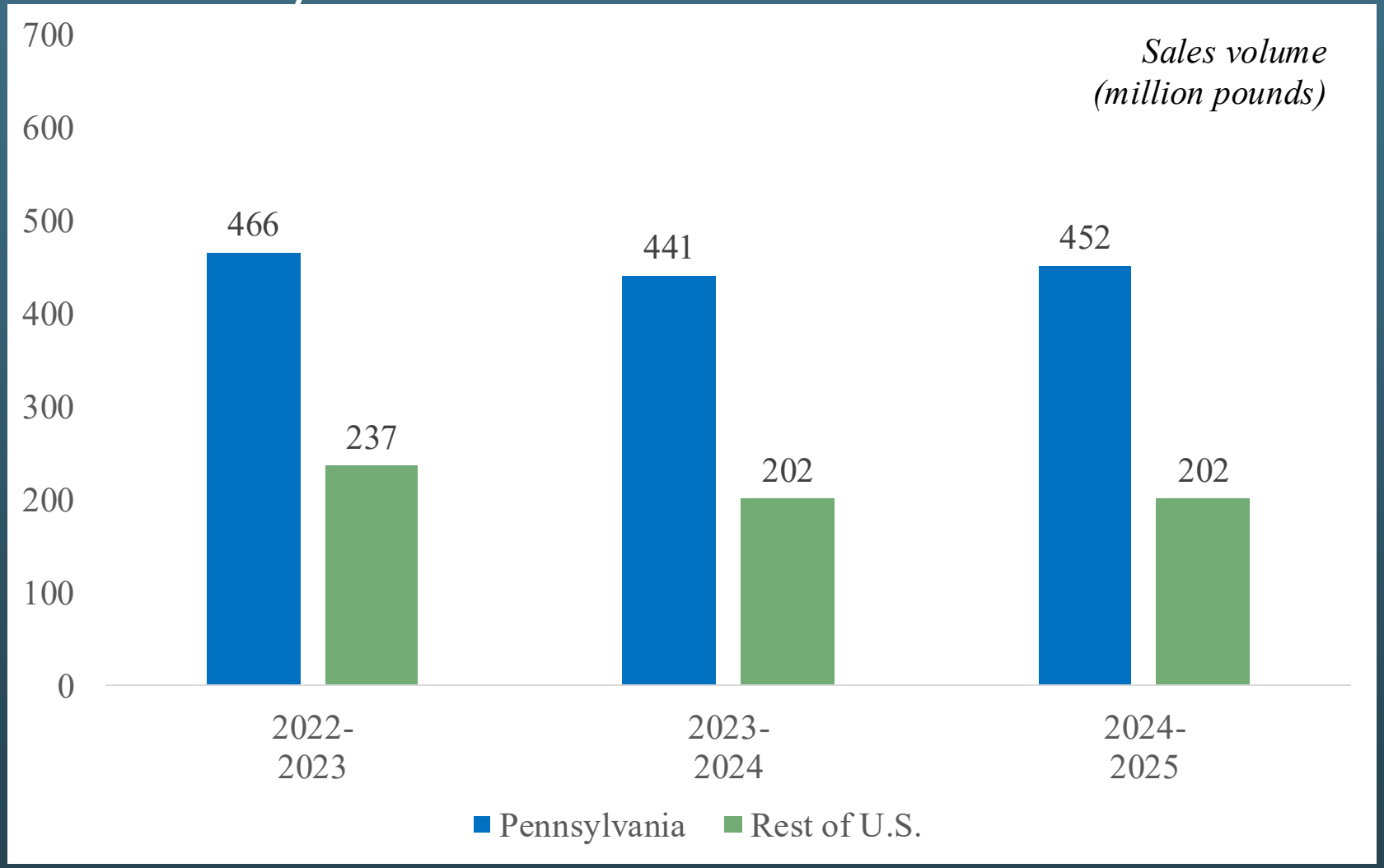
U.S. Volume and Market Shares (Crop Years)

	Sales/Imports (pounds)			
	2022/2023	**2023/2024**	**2024/2025**	**% Change**
U.S. Domestic Sales	694,214,644	636,543,770	649,829,020	-6.4%
Imports from Canada	137,885,298	145,645,413	158,098,409	14.7%
Nonsubject Imports	33,766,853	23,498,072	16,833,228	-50.1%
U.S. Consumption	865,866,795	805,687,254	824,760,658	-4.7%

	Market Share			
	2022/2023	**2023/2024**	**2024/2025**	**Change**
U.S. Domestic Sales	80.2%	79.0%	78.8%	***-1.4%***
Imports from Canada	15.9%	18.1%	19.2%	***3.2%***
Nonsubject Imports	3.9%	2.9%	2.0%	***-1.9%***

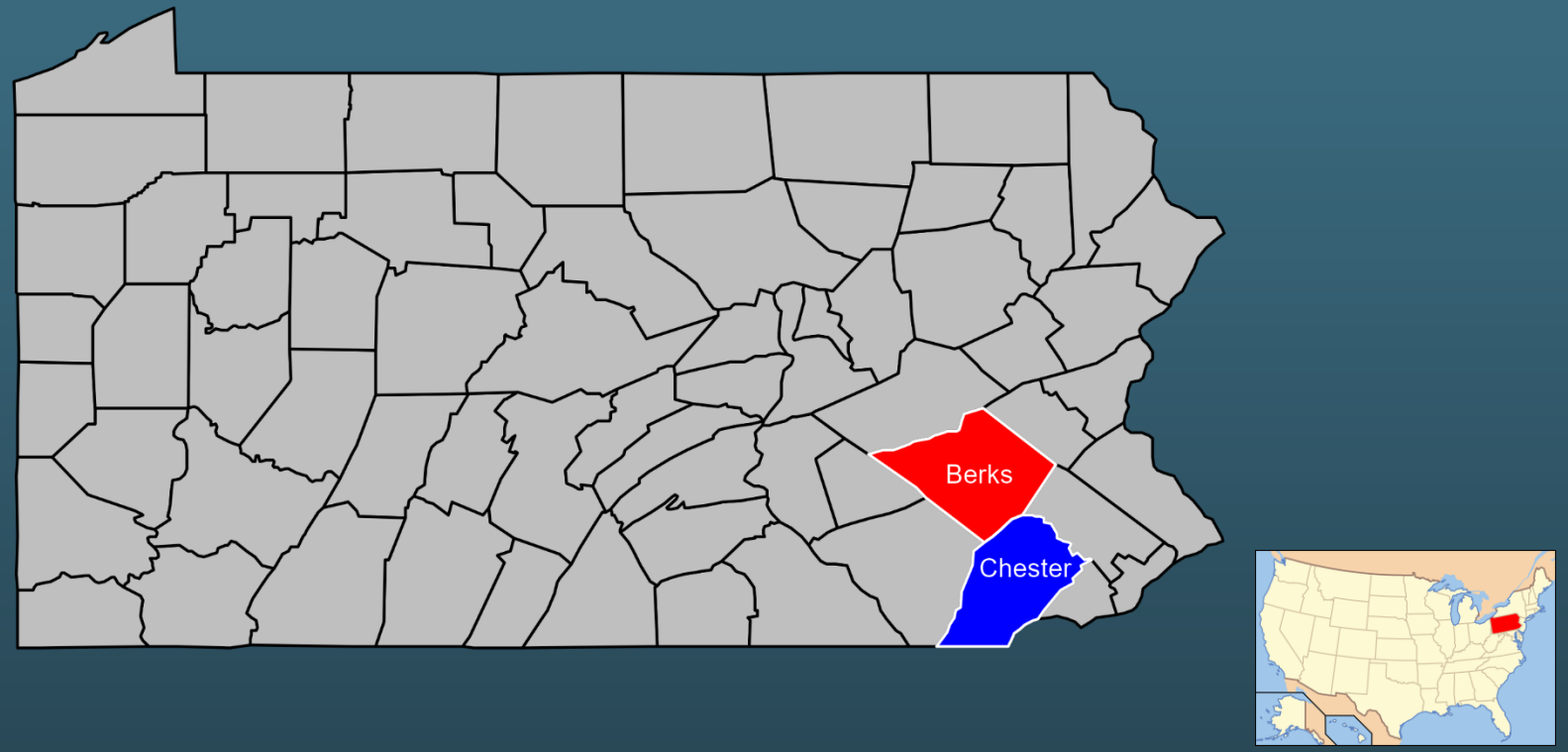
Source: USDA NASS, Mushrooms Report, August 21, 2025; USITC DataWeb, imports and domestic exports of HTS 0709.51.0100.
Domestic sales volume calculated as NASS sales less domestic exports.

Most U.S. Mushrooms Are Grown in Pennsylvania



Source: USDA NASS, Mushrooms Report, August 21, 2025.

Most U.S. Mushrooms Are Grown in Two Counties in Southeastern Pennsylvania



- In 2022, Berks and Chester counties accounted for 73% of U.S. Agaricus square footage in production.

Source: USDA NASS, Agricultural Census, 2022.

Long Transit Times from Pennsylvania Segments the US Market

Pennsylvania Farms Experienced a Severe Inundation of Phorid Flies during the POI

"This year by far has been the worst. We have had more people reaching out than ever before and it was very clear and obvious this year that it was different than usual."

– Matt Fetick, Mayor of Kennett Square, PA

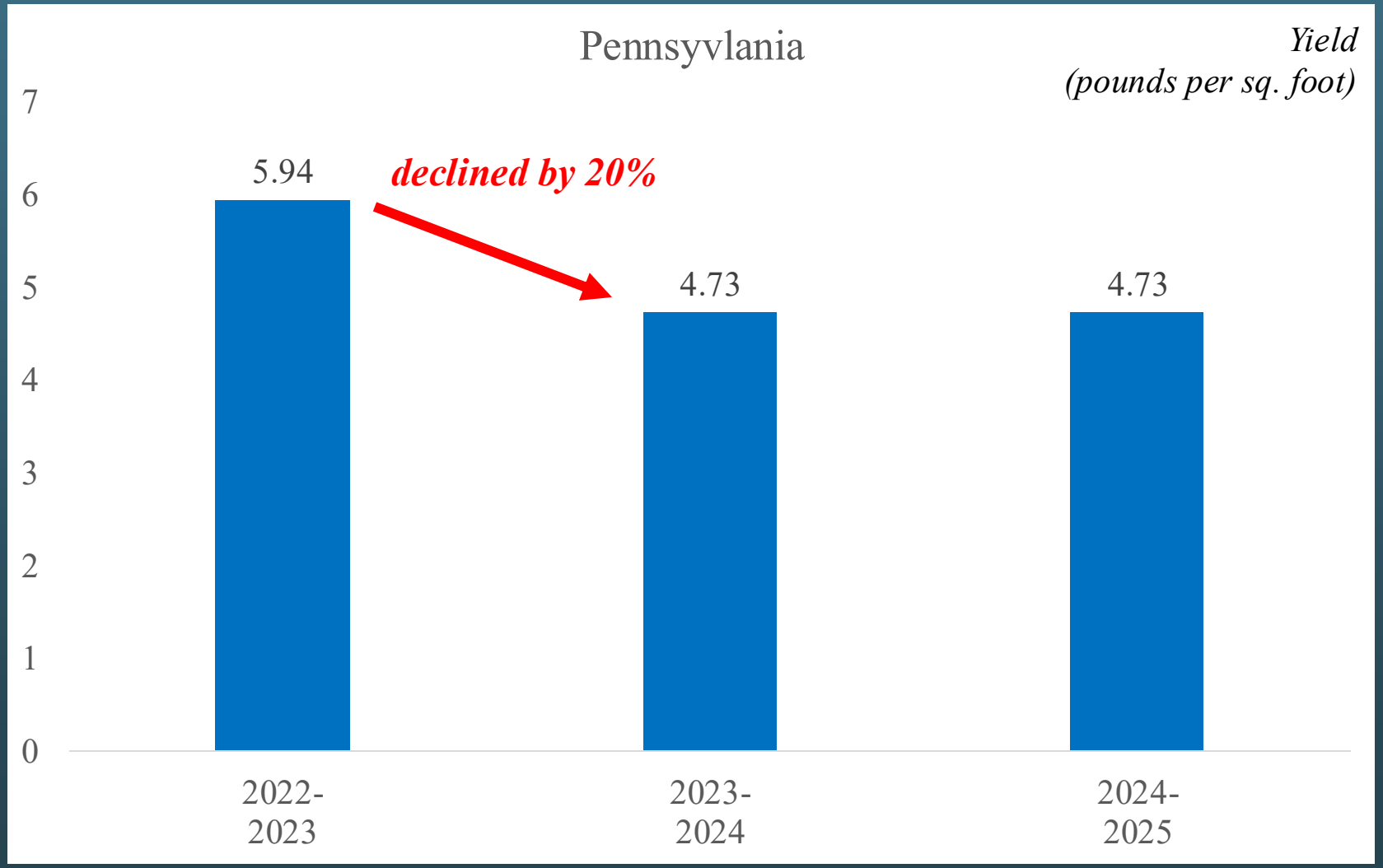
"Since 2012, the number of flies in Pennsylvania has grown exponentially year after year around Kennett Square in Chester and Berks Counties."

– Michael Wolfin, Penn State entomology professor

The Pennsylvania Department of Agriculture issued a quarantine order and Kennett Square issued an emergency declaration.

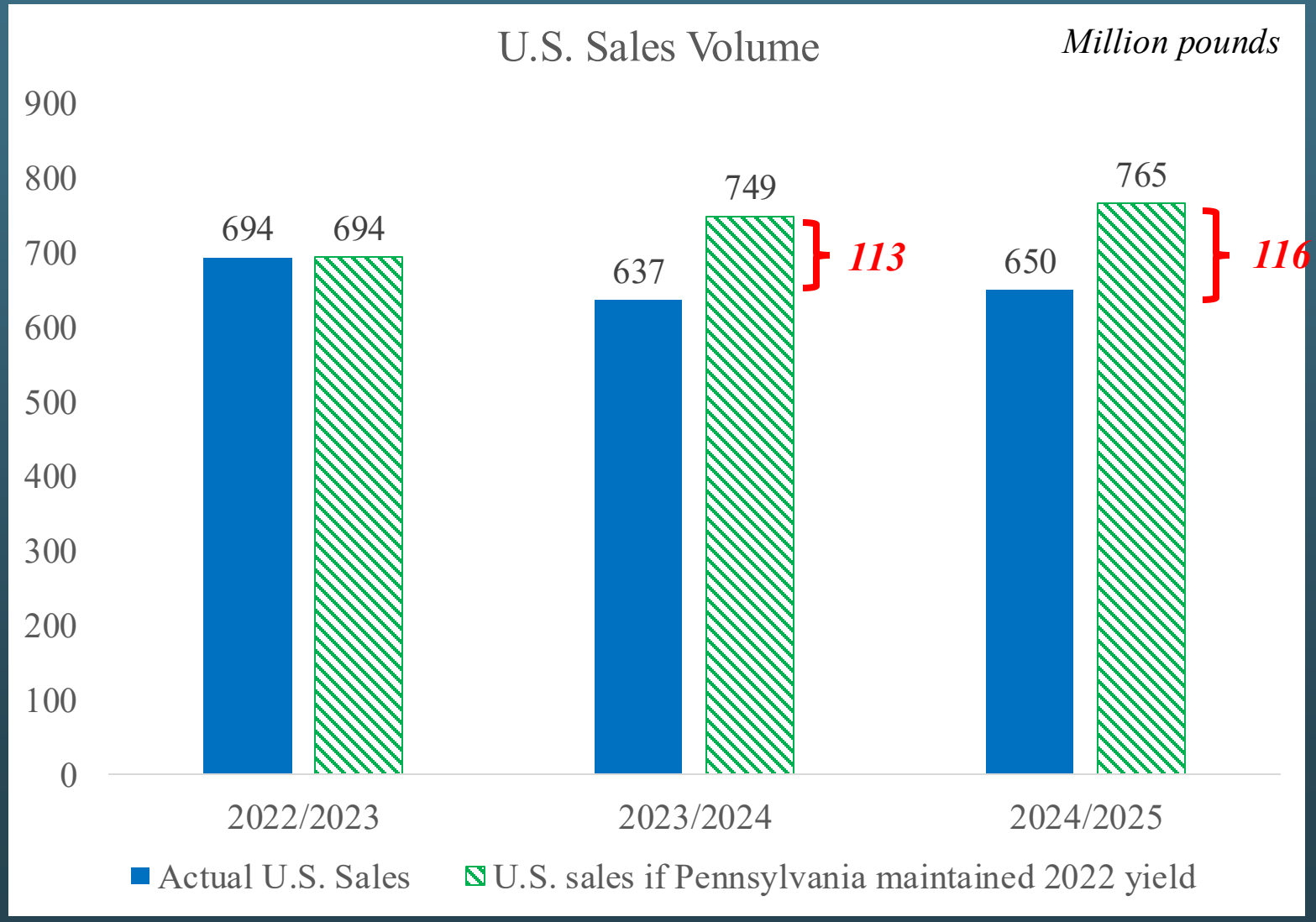
Sources: "Kennett Square Borough on 'assault' to address recent phorid fly outbreak," *Chester County Press*, Dec. 18, 2024.
"Mushroom Farms Under Quarantine in Pennsylvania Due to Phorid Flies," *MushroomForum*, Mar. 3, 2025.
"Researchers at Penn State developing strategies to reduce mushroom phorid flies," Penn State university website,Feb. 18, 2025.

Yields in Pennsylvania Plummeted



Source: USDA NASS, Mushrooms Report, August 21, 2025.

U.S. Sales Would Have Been Higher But For Pennsylvania's Reduced Yield



Source: USDA NASS, Mushrooms Report, August 21, 2025.

Declining Yields Caused Lost Domestic Market Share – Not Subject Imports

- Had Pennsylvania maintained its 2022/2023-level yield throughout the POI…
  - The U.S. industry would have gained market share in crop years 2023/2024 and 2024/2025.
  - Imports would have lost market share.

	Domestic Industry Market Share			
	2022/2023	2023/2024	2024/2025	Change
Actual	80.2%	79.0%	78.8%	*-1.4%*
Counterfactual: U.S. displaces imports	80.2%	93.0%	92.8%	***12.6%***

Source: USDA NASS, Mushrooms Report, August 21, 2025; USITC DataWeb, imports and domestic exports of HTS 0709.51.0100.
Domestic sales volume calculated as NASS sales less domestic exports. Data and calculations to be submitted in the post-conference brief.

Domestic Industry Closures Have Created Demand for Imports

- Monterey Mushrooms has closed at least three facilities since 2023.
  - Princeton, Illinois and Orlando, Florida closures were announced in November 2023.
  - Royal Oaks, California closure was announced in October 2024.
- The Princeton facility at one time claimed to produce 600,000 lb per week with 525 employees (implies 30 mil. pounds of annual production).
- These ratios imply up to 12 mil. pounds of lost production in Orlando (214 employees) and up to 34 mil. pounds lost from Royal Oaks (605 employees).

Source: Monterey Mushroom Farms Press Release, (Nov. 10, 2023); Monterey Mushrooms plans to shutter California farm before holidays, *Organic Produce Network,* (Oct. 2, 2024); Monterey Mushrooms to 40 Years in Area-Monterey Mushrooms Employs 525 (Mar. 1, 2017).

Imports Did not Cause these Closures

- Monterey Mushrooms acknowledged that aging infrastructure was a problem.

> "After decades of operation, the Royal Oaks farm's footprint and complex operating model has become less competitive," the company said in a statement. "It is not viable to invest capital into the farm's aging infrastructure, compared to planned investment at other farms in the Monterey Mushrooms network."

- Monterey acknowledged other problems caused their closures.
  - "California's increasing regulatory burden and high cost of doing business left the company with no other option for maintaining profitability."
  - Monterey's vice president of marketing and product development said closures in Princeton and Orlando were made for similar reasons to the closures of the Royal Oaks facility.

Source: Monterey Mushroom Farms Press Release, (Nov. 10, 2023); Monterey Mushrooms plans to shutter California farm before holidays, *Organic Produce Network,* (Oct. 2, 2024).

Labor Availability Is a Significant Constraint on Domestic Industry Output

- Mushroom harvesting is labor intensive—6 touches at harvest
  - Packaging also requires labor for quality assurance and to pack, track, weigh and palletize.
  - Office workers, supervisors, and truckers are also needed.
- Labor shortages are particularly acute in the Pennsylvania mushroom industry.
  - According to one estimate in 2021, an estimated 1 million mushrooms per week were being destroyed.
  - "That's just not my farm. That's farms in California and Texas and all over the country." Chris Pietro, President, Pietro Industries.

Source: "How 400 Million Mushrooms Are Grown A Year In This Small Town," Business Insider, Nov. 1, 2021 https://www.youtube.com/watch?v=Z9NQ6VEciFk

Insufficient Labor Is a Condition of Competition

- Labor force from 1980s immigration reform is aging out.
- Existing H-2A visa temporary worker program does not apply to year-round crops like mushrooms.
- The Temporary Protected Status Program was eliminated for Venezuelans.

Source: Hazel Velasco Palacios (PSU) and Kathleen Sexsmith (PSU), "Pennsylvania's mushroom industry faces urgent labor shortage – and latest immigration policies will likely make it worse," The Conversation (Mar. 12, 2025).

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Mushrooms Canada is a voluntary, non-profit organization founded in 1955. Our members are dedicated to the production and marketing of fresh mushrooms in Canada. Membership includes mushroom growers, processors, spawn makers, suppliers, scientists and other allied industries.

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26 countries represented

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