

## TENS OF THOUSANDS OF JOBS IN PERIL AS US MULLS TERMINATING US-MEXICO 16-YEAR OLD TOMATO TRADE AGREEMENT



The tomato fight between US and Mexico portends to be an expensive affair and could have far reaching consequences for the \$3.5-billion business that it brings to both the countries. Tomato growers in Florida and other tomato growing states have accused Mexican farmers of illegally dumping their crop within the country. The farmers have demanded from the Commerce Department that they reduce imports from Mexico and it seems that the Government is inclined to agree with the farmers. However, this would require terminating a more than decade and half old trade agreement. Worse, it could result in loss of jobs for tens of thousands of people on either side of the border. Border States, like California would be the worst affected as far as job loss is concerned. The Department of Commerce announced a preliminary decision on September 27 to terminate the suspended antidumping investigation, which virtually rendered the 16-year-old suspension agreement redundant. It could also result in an increase in the price of fresh tomatoes, as US gets almost half of its tomato needs from Mexico. Two years ago, fresh tomato exports totaled \$412 million; last year it escalated to \$1.81 billion. The Florida growers allege that Mexico intentionally keeps its prices exceedingly low to make it an exceedingly attractive proposition for the US importers, thereby making it very difficult for them to compete with them on equal terms. US importers however, say that the Mexican tomatoes are not only cheaper, but they are also cheaper and are available throughout the year. Donna Vaughan, a tomato grower in Merced County said, "It's been difficult to compete. If the playing field was fair, I'd have no issues. But the playing field doesn't seem to be fair." Why US farmers find it hard to compete with their Mexican counterparts is also because in Mexico labor costs are lower and the weather is conducive to growing the crop all the year around. Late last week, the department filed notice of intent to grant the Florida growers' petition to be able to press formal charges of illegal dumping against Mexican producers of tomatoes. The move has caused considerable chagrin amongst major grocery and restaurant chains and tomato importers and has caused dissatisfaction and anger among Mexican growers and lawmakers. Francisco de Rosenzweig, Mexico's top foreign trade official said that they were all very disappointed and questioned the timing of the issue, coming as it is just a day prior to a meeting that both sides were due to have to renegotiate the trade agreement. If the US stonewalls tomato imports from Mexico, it could also retaliate by putting constraints on their country's import of tons of U.S. meat, poultry, grains or other agricultural products that it buys and the US sells to it making it the second largest US destination, behind Canada, for exports. De Rosenzweig was non-committal when asked if there would be reprisals but said that "This is a time we need more commerce, not less, since less hurts jobs and economic recovery." The tomato industry in Mexico, buoyed by US imports, employs upwards of 350,000 people and has sent earnings spiraling northwards to cross \$ 2 billion this year. Analysts believe that the Presidential campaign, with Florida being such a key state, is the reason why the Government seems to be bending over backwards to acquiesce Floridian farmers. Floridians are striking whilst the iron's hot and milking the situation to their advantage.