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Complaints About Imports of Mexican Produce Could Affect U.S. Election

by LADB Staff

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US President Bill Clinton's administration is facing increasing pressure from agricultural producers in California and Florida to impose or maintain restrictions on imports of tomatoes, avocados, and other produce from Mexico. Clinton, who is seeking re-election, is expected to meet at least some of the demands from producers in the two states, since both California and Florida will be key to the president's bid for a second term in the White House. Indeed, Clinton's chief opponent, Robert Dole who has essentially locked up the Republican nomination hinted during a campaign swing through Florida that he would support a renegotiation of parts of the North American Free Trade Agreement (NAFTA) to protect US agricultural producers against Mexican imports.

Dole's only remaining rival for the Republican nomination, Pat Buchanan, has based his campaign on rejection of NAFTA and other free-trade agreements. Responding to the political pressures of the campaign, the Clinton administration has already taken steps to appease Florida's tomato producers. The administration has proposed creating a fixed weekly quota for imports of Mexican tomatoes rather than the quarterly quota negotiated under NAFTA.

The Mexican government and Mexican tomato producers have staunchly opposed this proposal, arguing that a weekly quota would limit the amount of Mexican tomatoes exported to the US. Meanwhile, Florida producers, with the assistance of the Florida Department of Agriculture, have filed a motion with the US International Trade Commission (ITC), asking that the agency launch a formal investigation into whether Mexico is selling tomatoes and bell peppers in the US at below-market cost, a practice commonly known as "dumping."

In its request with the ITC, the Florida Agriculture Department warned that imports of less expensive Mexican tomatoes have steadily displaced Florida tomatoes in the US market, with a potential loss of US\$1 billion in sales per year for the state's tomato industry. Florida Agriculture Department spokesman Bob Crawford told reporters the state's tomato producers feel justified in seeking the ITC action, since language in NAFTA and other international trade agreements allow the US government to invoke safeguards if imports are threatening a particular industry. "This action will settle once and for all the question of whether NAFTA's safeguards can be enforced," Crawford said. "If they cannot be enforced, the survival of our industry is in serious doubt." Florida tomato producers filed a similar complaint with the ITC in March 1995 (see SourceMex, 03/19/95).

In that case, the five-member commission unanimously denied the request for an investigation, since that complaint dealt only with injury to Florida producers and not to US producers in general. However, in the latest complaint, the Florida producers allege that the imports of Mexican produce are causing harm to the US tomato industry as a whole. Nevertheless, the Florida complaint may again face an uphill battle, since the US government would have to prove that imports of Mexican tomatoes have caused serious harm or are seriously endangering the US tomato industry. President

Ernesto Zedillo, meanwhile, has pledged to take whatever steps are necessary to defend Mexican tomato producers against the "protectionist pressures" promoted by a single US state. As with the 1995 complaint, the Trade Secretariat (SECOFI) plans to send a team of lawyers to argue against the motion. "We are going to win because the law is on our side," said Zedillo. On a separate front, the Mexican government filed a preliminary complaint with the World Trade Organization (WTO) regarding the Clinton administration's proposal to change the formula for tomato imports. "Tomato producers in Florida are determined to shut us out of the US market," said Eduardo Palau, an official with the confederation of agricultural associations in Sinaloa state (Confederacion de Asociaciones Agricolas del Estado de Sinaloa, CAADES).

According to Palau, roughly 60% of the 1.2 million metric tons of fruits and vegetables produced in Sinaloa is exported to the US, while the remaining 40% is sold in the Mexican domestic market. Palau, who made the comments in an interview with Dow Jones-Associated Press, added that Florida tomato producers have added to the US-Mexico tensions with their threats to seek legislation tightening regulations to control chemical residues, diseases, and insects in shipments of produce imported by land from Mexico and other countries. According to SECOFI, exports of produce from western Mexico to the US surpassed 933,000 MT during the three-month period ending in January. A report produced by SECOFI's agricultural statistical information service (Servicio Nacional de Informacion de Mercados, SNIM) said the statistics are based on information obtained at border crossings in Sonora, Baja California, and Tamaulipas states. Palau estimated Sinaloa earns US\$15 million per year from exports of fruits and vegetables. He noted the tomatoes exported to the US are usually classified as "US No. 1," which is the highest rating for produce. "The truth is that the quality of tomatoes offered by Florida producers has gone down, while the quality of our export tomatoes has improved," he said.

On a separate but related matter, agricultural producers in California are pressuring the Clinton administration to abandon a plan to allow limited imports of avocados from Mexico. Until now, Mexico has not been allowed to export avocados to the US because of concerns that the imports could introduce harmful pests and diseases to the US crop. These restrictions are compatible with NAFTA, which allows member countries to restrict imports of agricultural products if there are relevant health concerns. Still, the Clinton administration recently began negotiations with Mexico to find a way for Mexican avocados to gain access to the US market. After several weeks of negotiation, the two sides reached a compromise that allows Mexico to export avocados to US regions where the fruit is not produced, namely the northeastern US.

However, in a full-page advertisement published on March 11 in several prominent newspapers including the Los Angeles Times, the San Diego Union-Tribune, and the Wall Street Journal the California Avocado Producers Association (Calavo) urged the Clinton administration to abandon the plan to allow the limited imports of Mexican avocados. In expressing their objections, avocado producers warned that Clinton's plan could force about 6,000 producers out of business and lead to the loss of 21,000 agriculture-related jobs in California. In addition, the producers said, there was nothing to prevent diseases or pests introduced by Mexican avocados from reaching California, Florida, and other producing areas. The import of Mexican avocados would end a near-monopoly for California producers, who currently supply about 90% of the 140,000 MT of avocados consumed in the US annually. Producers in Florida also supply a small amount to the domestic market and even smaller quantities are imported from Israel, the Dominican Republic, and Chile.

There appears to be at least some demand in the US for Mexican avocados. According to the US Department of Agriculture (USDA), at least 17 MT of illegal shipments of avocados were seized at border crossings in Texas and California in recent months. In one case, US Customs officials stopped a van with 1,500 kg of avocados hidden in a secret compartment. For their part, Mexican officials have responded with indignation at the efforts by California producers to block imports of Mexican avocados. During a trip to Los Angeles, Trade Secretary Herminio Blanco criticized the campaign by the California producers as another "protectionist posture." He said Mexico cannot accept such actions because they clearly violate the terms of NAFTA.

According to Blanco, for 50 years, California avocado growers have opposed the opening of the US market to Mexican avocados. Blanco rejected claims by California producers that imports of Mexican avocados could result in the introduction of unwanted pests and diseases to the US and threaten California's avocado crops. "There is no scientific basis to those claims," said Blanco. "Mexican avocados have been exported to Europe and the Middle East for years without creating any problems for local agriculture." Furthermore, Blanco pointed out that many avocado-producing areas in Mexico are totally free of disease and harmful pests.

Still, Blanco predicted that the Clinton administration will not cave in to political pressures and will eventually allow imports of Mexican avocados into the northeastern US. However, electoral politics could still determine the Clinton administration's decision on the matter. California is a crucial state for both the Democratic and Republican parties in the November presidential elections. (Sources: Dow Jones- Associated Press, 01/31/96; Excelsior, 01/25/96, 02/01/96, 02/08/96, 03/13/96; PRNewswire, 03/11/96; Notimex, 02/10/96, 03/11/96, 03/12/96; Los Angeles Times, 03/14/96; La Jornada, 02/12/96, 02/16/96, 03/12/96, 03/13/96, 03/15/96; El Financiero International, 02/26/96)

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