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U.S. Commission Ruling Allows Investigation of Imports of Mexican Tomatoes

by LADB Staff

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In a preliminary ruling issued in mid-May, the US International Trade Commission (ITC) determined that imports of Mexican tomatoes could be harming US tomato producers. The ruling could pave the way for the US government to proceed with a full anti-dumping investigation to determine whether imported Mexican tomatoes are being sold in the US at less-than-fair market value. According to the ITC, the preliminary ruling was based on statistics regarding US production, consumption, and import of tomatoes. The data showed that US producers mainly in Florida grew a total of 3.3 billion pounds of tomatoes in 1995, while consumption reached a total of about 4.4 billion pounds.

At the same time, the data showed that imports of Mexican tomatoes last year reached 1.3 billion pounds. Based on that data, the ITC said that there is sufficient reason to believe that imports of Mexican tomatoes could be causing harm to US tomato producers. The ITC, which held hearings on the matter in early June, is scheduled to issue a final ruling by July 2. If the agency determines that Mexican tomatoes are indeed harming producers in five US states, then the ITC must recommend by Sept. 9 that the US government proceed with a full anti-dumping investigation. In a separate but related controversy, US proposals to change the manner in which tariffs are determined for imports of Mexican tomatoes has already created a strong rift between the US and Mexican governments.

Under terms of the North American Free Trade Agreement (NAFTA), tariffs on tomatoes have been determined on a seasonal basis. But changes proposed by the Commerce Department earlier this year would determine tariffs on a weekly basis (see SourceMex, 01/17/96). In a prepared statement in late May, representatives from Mexico's Trade Secretariat (SECOFI) said that the ITC decision failed to provide sufficient evidence that the large amount of tomato exports to the US is the result of "unfair trade practices." According to SECOFI, the Mexican government will be pressing US President Bill Clinton's administration to ensure that any decision on imports of Mexican tomatoes complies with the terms of NAFTA and the rules of the World Trade Organization (WTO).

However, political analysts suggest that the Clinton administration may be facing pressure to rule in favor of agricultural producers in Florida and California, two states that are key for the president's re-election aspirations in November of this year. Mexican agricultural imports have already become a major issue early in the campaigns of Clinton and his Republican rival Robert Dole during campaign swings through Florida and California (see SourceMex, 03/20/96). "President Clinton and Commerce Secretary Mickey Kantor are well aware of the political realities," said Florida agriculture commissioner Bob Crawford.

Meantime, some Florida agricultural producers acknowledge that any unfair advantage that Mexican tomato producers had in their exports to the US was magnified by the devaluation of the peso in late 1994. "The devaluation hit us like a bomb," said Tom Di Mare, president of the tomato

producing company MB, during testimony to the ITC in early June. "No one was anticipating this development." Di Mare told the ITC that US imports of Mexican tomatoes doubled during 1995 to 13 million boxes. In contrast, US exports to Mexico declined to 420,000 boxes last year, compared with 2.3 million boxes in 1994. On the other hand, Mexican tomato producers and US wholesale importers, also testifying before the ITC, suggested that the increase in imports may be the result of a poor harvest in Florida. "US tomato producers have a history of complaining about Mexican imports every time they have a poor harvest caused by bad weather," said Thomas Wilner, an attorney representing the Mexican producers.

For his part, Basilio Gatzionis, president of the Mexican vegetable producers organization Confederacion Nacional de Productores de Hortalizas de Mexico, suggested that Mexican growers offer a vine-ripened tomato with longer shelf life, which many supermarkets and other retailers prefer. In contrast, US tomatoes are harvested before fully ripening and are then chemically treated to make them turn red. "Many retailers have told us that they want vine-ripened tomatoes because that is what their clients are seeking," said Joseph Procacci, an executive with Procacci Brothers Sales Corporation, one of the largest winter vegetable wholesalers in the US. (Sources: Agence France-Presse, 05/16/96; Notimex, 05/29/96; Reuter, 06/03/96)

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