COMMENTARY | Britton Clarke

Produce tariff hurts border

Whatever its shortcomings, one thing is clear about the North American Free Trade Agreement: It has been an unquestionable success for farmers on both sides of the U.S.-Mexico border.

NAFTA has been a boon for states like Texas, California and Arizona, where tens of thousands of jobs are directly linked to selling, distributing, warehousing and transporting Mexican produce throughout the country. It has served as an even bigger job creator for corn growers in Iowa and Nebraska, pork producers in Minnesota and South Dakota, wheat farmers in North Dakota and Kansas, apple and pear growers in Washington and soybean farmers in Ohio, Indiana, Minnesota, Kansas and, again, Iowa and Nebraska.

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American farmers have succeeded largely because of the quality of American grains and fruit. Likewise, produce from Mexico, which has much better growing conditions for products such as tomatoes and peppers, has been embraced just as readily by U.S. retailers and consumers as American corn and wheat has by Mexicans.

Recently, however, cross-border trade in agriculture has been put at needless risk by an issue that could turn a win-win situation into a trade war threatening farmers on both sides of the border. At the urging of a small group of tomato growers from Florida the U.S. Commerce Department has preliminarily withdrawn from a 22-year-old Tomato Suspension Agreement that has permitted imports of Mexico's superior vine-ripe tomatoes while maintaining a minimum U.S. price for that produce. That agreement has worked well and was updated only six years ago. It has also averted a trade war over a longstanding U.S.-Mexico trade issue.

The increased protection Florida is pursuing would involve placing high duties on Mexican produce, leading to increased prices, less variety for U.S. consumers, and a distribution monopoly for a few Florida growers, who ironically buy and repack Mexican tomatoes themselves. What's worse, this move threatens the USMCA, the successor agreement to NAFTA, which is facing ratification problems in all three NAFTA countries. More ominously, it invites retaliation from Mexico against successful U.S. agricultural exports such as corn, wheat, soybeans, pears, apples and pork. In other words, a few companies in Florida will, if successful, turn a "win-win" in trilateral trade into a total loss.

NAFTA has been a compelling success story for U.S. agricultural producers. U.S. exports of agricultural products to Mexico totaled $19 billion in 2017, making it our third largest agricultural export market. Leading domestic exports include corn ($2.7 billion), soybeans ($1.6 billion), pork and pork products ($1.5 billion), dairy products ($1.3 billion), and beef & beef products ($979 million). Iowa's No. 1 export market is Canada, and No. 2 is Mexico. Mexico is Kansas' No. 1 export market; it is No. 2 for Ohio; No. 2 for South Dakota; No. 2 for Minnesota and so on.

U.S. agricultural interests spoke with one voice during the USMCA negotiations, telling the Trump administration to first and foremost do no harm to their NAFTA exports and emphasizing the importance of the Mexican and Canadian markets. It is not difficult to figure out what will happen if the United States tries to turn the flow of agricultural products into a one-way street.

Mexico's produce industry supports almost 1.5 million jobs, directly and indirectly. In a letter hand delivered to U.S. Commerce Secretary Wilbur Ross on March 15, Mexico's Minister of Economy Graciela Márquez warned of the impact the loss of those jobs could have on pressing bilateral trade issues.

"Given the importance of reciprocal trade between our countries and the future implementation of the USMCA. the termination of the Tomato Suspension Agreement would not only be unfortunate but harmful," she wrote. "(Almost) 400,000 agricultural (workers) and one million additional jobs in related industries in Mexico would be at risk. These jobs are as important to Mexico as the export jobs in the corn, pork, wheat, apples, beef, and soybeans industries, among many others, are to the United States."

It is clear that Mexico will not sit by while a small group of Florida farmers tries to eliminate their Mexican competition. Retaliation against U.S. agriculture is likely, and that does not benefit anybody.

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