



TESTIMONY BY SERGIO CONTRERAS
CHAIRMAN
BORDER TRADE ALLIANCE
HEARING REGARDING TRADE DISTORTING POLICIES THAT MAY BE AFFECTING SEASONAL AND
PERISHABLE PRODUCTS IN U.S. COMMERCE
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Introduction and background

My name is Sergio Contreras, and I am the president and CEO of the RGV Partnership, a regional chamber of commerce representing members throughout the Rio Grande Valley of South Texas.

I appear before you today, however, as chairman of the board of directors of the Border Trade Alliance. Since 1986, the BTA has advocated for tariff-free and secure cross-border trade throughout North America.

In the early 1990s, the BTA was an active and vocal champion for the passage of the North American Free Trade Agreement. Our organization called upon that legacy of advocating for free trade in North America when we devoted tremendous time and energy over the past few years to the successful and bipartisan adoption of USMCA, the United States-Mexico-Canada Agreement, which came into force last month.

You will hear today from several experts in the field of agribusiness. I, however, will spend the few minutes I have with you reflecting on the importance of preserving the spirit of cross-border free trade and cooperation embedded in the USMCA when it comes to agricultural trade. The BTA believes that the administration should not adopt policies that would attempt to tilt the rules of trade to favor a particular commodity or a particular region.

Seasonality undermines U.S. trade law, harms U.S. businesses and consumers

In the several months of public debate over USMCA that preceded its implementation, the BTA urged strongly against the inclusion of any so-called “seasonality” provision in the final accord agreed upon by all three member countries. It is a position we maintain today.

Generally speaking, seasonality refers to certain agricultural products being subject to numerous seasonal and regional dumping duties at various times throughout the year. Seasonality runs counter to the spirit of a free trade agreement intended to tear down both tariffs and non-tariff barriers to trade.

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Further, following the 2019 adoption of a new Tomato Suspension Agreement between the U.S. and Mexico, the BTA believes that any concerns over the future conduct of cross-border trade in fresh tomatoes has been sufficiently addressed. While our organization has cited some concern over the implementation of new tomato inspection protocols, we are encouraged that duties will not be applied to imported fresh tomatoes, which is beneficial not only to the U.S. fresh fruit and vegetable industry, but is in keeping with the overall spirit of USMCA.

USDA's Agricultural Trade Advisory Committee (ATAC), which advises the USTR on trade matters, cited its strong opposition to seasonality policies and recommended that any seasonality proposal not be included in a successor agreement to NAFTA.

It was for those reasons that our organization sought to ensure that the administration did not seek a side letter on seasonality within USMCA, especially and including a letter that would provide for the establishment of seasonal tariffs or quotas against imports. We contended that inserting a side letter on seasonality into the agreement would result in a needless complication that would run counter to consumer preferences, undermine the spirit of the trilateral free trade agreement, and risk harm to U.S. industries in order to address a small segment of regional growers' interests.

These same beliefs that guided our advocacy during the debate over USMCA and a revised Tomato Suspension Agreement are at the heart of our appearance here today.

An attempt to tilt the rules of trade

Representatives from a small but vocal segment of U.S. producers are seeking avenues to change U.S. trade law in a manner that would allow them special treatment, carving out windows of protection for the domestic fruit and vegetable industry that could result in seasonal tariffs or quotas against imports or increased anti-dumping cases.

These regional interests are pursuing an agenda that is inconsistent with World Trade Organization norms and would invite other nations to establish barriers to U.S. exports, further harming U.S. businesses.

Pursuing trade distorting policies to benefit one region risks pitting different regions of the country against each other. If successful, this tactic will result in higher prices for U.S. consumers, while reducing availability, selection, and quality in the supermarket aisle for items such as tomatoes, avocados, bell peppers, watermelons, strawberries and blueberries, just to name a few.

Higher prices harm consumers and hardworking American families

Trade is essential in the effort to lower food costs for American families and in increasing availability and variety for consumers. A seasonality provision within trade law would result in tit-for-tat trade disputes with U.S. trade partners that would drive up consumer costs, while limiting the supply of fresh produce items consumers purchase year-round.

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Consumers in the U.S. currently enjoy the lowest food costs in the world, with just 6.4 percent of U.S. income going toward food. U.S. per capita consumption of fresh vegetables stood at 126.8 pounds per year in 1993, before the implementation of NAFTA. In 2016, U.S. per capita consumption of fresh vegetables had reached 145.1 pounds per year, a 14 percent increase.

However, some fresh fruits and vegetables simply are not available in sufficient volume from the U.S. in certain months, underscoring the value U.S. companies have found in working with farms in Mexico and Canada to produce and export the foods that contribute to healthful eating habits for U.S. consumers.

Trade policy should meet needs of consumers and industry broadly, not parochial interests

The BTA strongly opposes any agriculture seasonality provisions, import quotas, or increased inspection regimes, as they would run counter to consumer preferences, undermine the spirit of the trilateral free trade agreement, and harm U.S. industries in order to artificially support a small segment of regional growers' interests who have been unwilling or unable to adapt and innovate to meet consumer demands.

The Border Trade Alliance appreciates the opportunity to provide this testimony for the record. I am happy to answer any questions and would be pleased to make myself available for further discussion in the future.