

Tomato fight: US plans to reopen anti-dumping probe against Mexico

President Donald Trump's administration plans to reopen an anti-dumping investigation into Mexican tomatoes and exit a 2013 agreement that has been criticized by U.S. growers, the Commerce Department announced Thursday.

The 2013 agreement suspended an anti-dumping investigation on fresh tomatoes exported from Mexico.

A group of U.S. lawmakers last week urged Commerce to suspend the agreement and said it wasn't working and was used by Mexico "as cover for their continued use of unfair trade practices."

President Donald Trump's administration plans to reopen an anti-dumping investigation into Mexican tomatoes and exit a 2013 agreement that has been criticized by U.S. growers, the Commerce Department announced Thursday.

Florida tomato growers and a group of U.S. lawmakers have accused Mexico of unfair trade practices and said the six-year-old "suspension agreement" wasn't working the way it should. The 2013 agreement suspended an outstanding anti-dumping investigation on fresh tomatoes from Mexico.

"We have heard the concerns of the American tomato producing industry and are taking action today to ensure they are protected from unfair trading practices," Commerce Secretary Wilbur Ross said in a release. "The Trump Administration will continue to use every tool in our toolbox to ensure trade is free, fair, and reciprocal."

The 2013 agreement is described on a Commerce website as a commitment by Mexican producers and exporters to sell tomatoes "at or above the reference price, which will eliminate completely the injurious effects of exports of fresh tomatoes to the United States."

In explaining its action, Commerce said the Florida Tomato Exchange — a growers lobbying group — last November requested the agency end what's known as the 2013 Suspension Agreement on Fresh Tomatoes from Mexico and restart an "anti-dumping investigation of fresh tomatoes from Mexico."





"Commerce finds at this stage that it is appropriate to notify the Mexican signatories of our intent to withdraw, terminate the agreement, and resume the investigation," the department said.

In addition, a group of U.S. lawmakers led by Florida GOP Sen. Marco Rubio sent a letter last week to Ross urging him to "immediately terminate the current agreement suspending the outstanding anti-dumping investigation on fresh tomatoes from Mexico." That bipartisan letter was signed by nearly 50 members of Congress.

According to the letter, "Suspension agreements negotiated by past administrations have not worked, and Mexican tomato exporters have used successive suspension agreements as cover for their continued use of unfair trade practices to gain U.S. market share at the expense of the domestic tomato industry."

Last year, Florida specialty crop producers urged the administration to negotiate a special anti-dumping provision in the new United States-Mexico-Canada Agreement (USMCA) that would have allowed anti-dumping and so-called countervailing duty cases to be filed. The Southeast growers argued that the anti-dumping provision in a new trade deal would give U.S. farmers more leverage to hold Mexico accountable for not playing by the rules.

However, some producer groups in California and in other U.S. Western states cautioned against including anti-dumping provisions in an updated NAFTA. They warned it could be used by Canada or Mexico to make a "dumping" case against U.S.-grown seasonal crops such as apples.

California produces more than 95 percent of the nation's processed tomatoes and about one-third of the world's crop. Processed tomatoes get turned into everything from soups to ketchup.

Florida is the nation's leading grower of fresh tomatoes and its top competitor is Mexico. Last week's letter from U.S. lawmakers said hundreds of American tomato growers have been forced out of business since the first tomato suspension agreement with Mexico in 1996. It also said Mexico's slice of the U.S. tomato market has jumped during that time from 32 to 54 percent, while the share for American growers has dipped from 65 to 40 percent.

One way Mexico has boosted production of fresh tomatoes is by turning vast areas that were once open farm acreage into greenhouse environments. That has allowed Mexico to grow specialty crops on a year-round basis and undercut American tomato prices, according to Southeast growers.





Some U.S. growers have also accused Mexico's government of unfairly subsidizing agricultural production. Regardless, U.S. growers concede it's been tough to compete with Mexico's cheaper labor costs.

"Upon completion of the withdrawal, the Department of Commerce will continue with its investigation and notify the International Trade Commission (ITC) of its final determination," Commerce said. "If the department continues to find sales made at less than fair value in its final determination, the ITC will then complete its own investigation and make a final determination with respect to injury. If both Commerce and the ITC issue affirmative final determinations, an anti-dumping duty order will be issued."

The U.S. withdrawal from the 2013 tomato pact with Mexico will take effect on May 7, 2019, Commerce said.

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