

## Mexico must pay a bond to export tomatoes to the USA

If the Tomato Suspension Agreement is not renewed before May 7, the almost 800 exporting producers of Mexican red tomatoes will have to pay temporary export bonds to ship the product to the USA, which would imply a considerable financial expenditure.

These export bonds would guarantee the United States industry the payment of possible tariffs to which the domestic producers would be exposed, if any are established, on the export of this vegetable.

This would apply from May to November, when the International Trade Commission (ITC) is expected will issue its final determination regarding the damage to the industry, stated the Mexican Association of Protected Horticulture (AMHPAC).

"From May to November we would have to make that payment. If November's ruling is favorable to us and there are no tariffs, the money will be returned, but if they impose tariffs, it will be charged," said Alfredo Diaz, the general director of the Association.

The final resolution of the investigation that is still being carried out by the ITC was one of the issues pending in the process. The resolution, which was to be announced in April 2019, was delayed and that it is now expected to be ready in early November of this year. According to the AMHPAC, the ITC will determine if the Mexican vegetable trade causes damage to the US industry.

If its resolution indicates that it doesn't harm the US industry, the tomato industry would return to free trade, a scenario in which there would be no payment of tariffs or reference prices.

However, if the final decision of the ITC determines that there is damage to the US industry, Mexican tomato producers would have to pay a fee, which would be calculated by the US Department of Commerce.

According to Diaz Belmontes, the negotiation between Mexican farmers and the Department, which are the signatories of the Agreement, has not yet been carried out, even though they have insisted on talking with their counterparts to renegotiate since last year.



He also said that they trust the ITC's opinion would be favorable for Mexico, but added that if tariffs were to be established, the tomato would be more expensive for consumers and there could be a risk that small or medium producers wouldn't be able to pay said tariffs and they could decide to stop growing tomatoes.

"There would be producers who, at the moment, would be unable to finance that cost and they might have to dedicate themselves to producing something else," the director said.

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