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**Why Is U.S. Commerce Department Threatening Economic Welfare of American Workers, Businesses
With an Unfair Policy on Mexican Tomato Imports?**

Trade Agreement Termination Risks \$7.67 Billion in Economy Activity and More than 275,000 U.S. Jobs

NOGALES, AZ - February 1, 2013 – If the U.S. Department of Commerce refuses to accept good-faith concessions by Mexico’s tomato-growing industry after months of negotiating a trade agreement, it signals a dangerous precedent that would have unintended consequences for U.S. jobs, said an industry group that fears a broad trade war could break out.

“If the Commerce Department kills the tomato trade agreement, this will almost certainly threaten the livelihood of hundreds of thousands of American workers, seriously strain thousands of American businesses and needlessly impose a substantially higher cost to American consumers of tomatoes,” said Lance Jungmeyer, President of the Fresh Produce Association of the Americas (FPAA). “What’s more, the Commerce Department risks igniting a trade war with our second-largest trading partner, a war that could impact exports of other American commodities.”

Jungmeyer added that if the Commerce Department ultimately chooses to abandon the 16-year-old agreement, American workers, business owners and consumers ought to ask one simple, but important question: *Why?*

FPAA’s brief in support of continuing the Tomato Suspension Agreement, filed this week with the Commerce Department, includes facts on the U.S. economic stake in Mexican tomatoes that bring three important questions into sharp focus:

Why would the U.S. government risk the enormous economic benefit American businesses, workers and communities reap from the import of Mexican tomatoes to the U.S.?

- More than 81 cents of every dollar American consumers spend on Mexican tomatoes goes to workers and businesses in the U.S. that make up the supply chain – distributors, shippers, retailers and many other ancillary services. This formula is derived from the USDA Food Dollar series.
- Mexico sold \$1.8 billion in tomatoes to the U.S. market in 2011, as valued at the first point of sale. In total, the \$1.8 billion in Mexican tomatoes equals a food dollar value of \$9.47 billion, based upon the USDA/ERS calculations. Using these same calculations, this means that the \$1.8 billion in Mexican tomatoes generates an additional \$7.67 billion in economic activity, after the first point of sale.
- Indirectly, the sale of Mexican tomatoes in the U.S. generated approximately \$7.7 billion in total economic activity, according to 2011 figures.

Why would the U.S. government deliberately place at risk more than 275,000 jobs held by American workers, who are such a critical part of Mexican tomato supply chain on our side of the border?

- Of the 81 cents not generated after the first point of sale, a full 38.5 cents goes toward U.S. labor, a significant stakeholder in the public interest.
- This labor is comprised of warehouse workers, such as the thousands employed in the border regions that import Mexican tomatoes, not to mention the laborers at the many repacking operations and wholesalers scattered around the United States.
- According to the above USDA/ERS calculations, the Mexican tomato supply chain generated \$3.64 billion in labor activity in the United States in 2011, after the point of first sale. This equates to 275,000 full-time job equivalents.

Why would the U.S. government turn its back on the many businesses that form and support the Mexican tomato supply chain on the U.S. side of the border?

- This includes not only distributors, truckers, retailers, but also revenues that go to media that run advertising about the tomatoes; businesses that fuel and repair the trucks that take the tomatoes to market; and many other ancillary providers. And they operate in communities across the U.S., communities that benefit from the trade.
- For example, Mexican tomatoes generated four cents out of every dollar spent in the U.S. for the transportation sector in the United States in 2011, or \$378 million.
- Another 8 cents of every dollar goes toward packaging. Using the above USDA/ERS calculations, this means that Mexican tomatoes generated \$757 million in packaging sector economic activity in the United States in 2011.
- Another 3.5 cents out of every dollars spent in the U.S. on Mexican tomatoes goes to taxes, an equivalent of \$63 million in 2011 that went to community chests across the country.

Matt Mandel, a vice president of SunFed® and chairman-elect of FPAA , said , “I find it truly reprehensible that the Department of Commerce seems destined to create chaos in the marketplace and push the country over the tomato cliff. This action would have the ripple effect of threatening the over 50 people employed by my company, their families and their economic well-being. This will also affect every part of the supply chain, pushing the eventual higher prices to every American consumer looking to eat healthy and buy affordable tomatoes. And for what? To protect the simple interests of a group of Florida farmers whose businesses are not competitive financially or with their product offerings.”

Malena Produce of Rio Rico, Ariz., is another FPPA member company that stands to lose if the agreement is scuttled. Gonzalo Avila of Malena Produce said, “The Department of Commerce clearly refuses to consider the broad impacts on U.S. jobs and the economy by pandering to a handful of growers in Florida. That Commerce opens the door for a group of Florida growers to continue to beg for government protection from other U.S. companies that have outpaced and out-innovated them is irresponsible. How will Commerce explain shielding the weakest links in Florida when my employees and their families could suffer if I am forced to eliminate jobs?”

View the FPAA’s Case Brief at www.savemytomato.com.