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Trade welcomes bipartisan support in tomato spat



Group led by Congressman Vicente Gonzalez urges Dept of Commerce to reject rule change

The Fresh Produce Association of the Americas (FPAA) and the Texas International Produce Association (TIPA) have welcomed the efforts of Congressman Vicente Gonzalez in leading a bipartisan letter addressed to the Secretary of Commerce, Gina Raimondo, regarding a proposal to reinterpret parts of the 2019 Suspension Agreement on Fresh Tomatoes from Mexico (TSA).

The bipartisan letter states, "The minimum pricing threshold established by the 2019 TSA through the "reference price" mechanism provides predictability for American tomato growers, produce distributors, and consumers alike.

"The proposal under consideration would require US distributors to add all expenses incurred at the moment tomatoes cross the US – Mexico border to the reference price, including wages, utilities, and inspection fees.

only changing the interpretation of the 2019 Tomato Suspension Agreement, but

"This proposed interpretation stands in stark contrast to the decade-old interpretation of the reference price, which treats such expenses as included in the reference price and establishes that the reference price applies when the tomatoes are sold at the distributor's warehouse/first point of sale in the US."

The letter highlights the strong trade relationship between the US and Mexico and urges the US Department of Commerce to maintain the current mechanisms for determining reference pricing, adding that the proposed change will harm border state economies as distributors will be forced to change how their pricing is calculated and tomato prices for working families will jump, like so many other grocery staples in recent months.

"Congress is right to speak up on this issue. The basic rules and terminology for how competitors behave in the

"It is their efforts and their backing that makes our voices heard, and addressing

marketplace should not be offered up for reinterpretation," said Lance Jungmeyer, President of FPAA.

"Since the first Tomato Suspension Agreement in 1996, the reference or sales price has always been established at the shipping warehouse.

"The terms and definitions in the Agreement incorporate produce industry norms established under the Perishable Agricultural Commodities Act, something with a much longer precedent even than the Tomato Agreement.

"The changes being pushed by the FTE are spurious and nonsensical. We hope the people that are concerned about this issue submit letters to Commerce, because it's a serious concern that industry needs to address."

Dante L Galeazzi, CEO & President of TIPA, commented: "The matter of not

The FPAA and TIPA said they were watching closely to continue to encourage

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changing a fundamental term such as 'FOB Shipping Point,' will have far reaching implications and potentially devastating economic impacts throughout Texas and North America.

"The tomatoes brought from Mexico through Texas represent investments in our state, jobs for our local communities, and a healthy and affordable food for all Americans. We applaud and thank Congressman Gonzalez for his leadership, as well as the other Congressional representatives that support this effort and this letter.

these issues with Commerce possible. The fresh produce industry in Texas looks forward to continuing to work with our elected officials in DC to ensure the spirit of the agreement remains intact and executed as intended."

Commerce is in the process of reviewing written submissions on this issue. Following that review, the agency will publish a proposed clarification which will undergo an additional public comment period.

Commerce to maintain the precedent that has existed in the Tomato Suspension Agreement since 1996 and that has existed in the produce industry at large since the PACA was established.