

From Ms Udall,
f.y.i.

f.y.i.—for your information—is a periodic summary of legislative activity of the Congress of the United States and of proposals and general information of interest to the residents of the 2nd Congressional District of Arizona.

UPDATE ON THE TOMATO WAR

The tomato industries of Mexico and Florida have been involved in a long, drawn-out fight for several years, a fight which goes beyond the normal limits of competition we see in most industries, and which may eventually result in restrictions on imports of Mexican tomatoes and in higher prices for American consumers.

The Florida industry has charged that Mexican growers "dump" produce on the American market, i.e., that the produce is sold below cost. The charge has led to an investigation by the U.S. Department of the Treasury. Michael Ready, who is leading the investigation, said that although the case is due to be decided in April, "there may be a three-month delay, because this is a particularly difficult case." Ready said that the anti-dumping act may not apply to this case, since it was meant more for manufactured goods. And because farm prices fluctuate rapidly due to many conditions, such as weather, disease, and labor, it is almost impossible to predict what the final cost of a commodity will be. "There are many novel aspects to this case," Ready said.

Responding to a letter from this office. Bob Bergland, Secretary of Agriculture, has stated:

"Many growers of vegetables sell their produce below cost on occasion. Such actions may be influenced by various factors, including the perishable nature of the product. The basic cause, however, is an imbalance of supply and demand. For example, growers in both Florida and Mexico sold tomatoes at prices below estimated costs for many weeks this past winter (1977) due to very heavy Mexican supplies. Below cost prices probably occurred again in May (1978) when Florida's shipments were large."

There are also two bills now before Congress, which if passed would severely restrict the number of tomatoes imported through the imposition of strict packaging requirements. S.398, introduced by Senator Stone (D-Florida) and H.R.116, introduced by Rep. Bafalis (D-Florida) are identical measures which would force Mexican shippers to conform to packaging standards of Florida growers. The bills would amend the Agricultural Marketing Act of 1937, which gives producers' associations the authority to prescribe certain marketing practices (minimum package weights, quality standards, packaging requirements) upon all domestic producers of specified commodities.

.... The Tomato War

In Florida, the Florida Tomato Committee establishes standards through a marketing order for the tomato industry. Florida is the only state to produce for the winter market, so the Committee, in effect, sets standards for the entire U.S. production, and controls both the supply and price of domestic tomatoes. If Florida were allowed to impose its packing requirements on the Mexican industry, as S.398 and H.R.116 would provide, costs to Mexican growers would climb, imports from Mexico would necessarily fall, and Florida might be able to monopolize the market. And this would be legal under the Agricultural Marketing Act.

The Florida growers have tried to restrict imports from Mexico several times in the past. Arbitrary size standards were tried first, then charges that Mexican producers use pesticides not allowed in the U.S. (a position refuted by the U.S. Department of Agriculture). In 1977, legislation passed the House which would have imposed standards similar to those in H.R.116 and S.398, that that measure was defeated in conference.

Mexican tomato importers would be hurt by packing restrictions because theirs is a different kind of tomato than produced by Florida growers. The Mexican tomato is known as a "vine-ripe" tomato, that is, the tomato is not picked until it begins to turn red. The Florida tomato is picked while still green and is subjected to a gas treatment to cause ripening and enhance the red color. The two kinds of tomatoes are different and must be packed differently. If Mexican tomatoes were subject to a pack ordered by the Florida Tomato Committee, they would suffer from unnecessary movement and bruising, and would be damaged to the point where they could not be sold. The Mexican industry would be forced to completely alter their growing methods, at great cost in both money and jobs lost in Mexico.

Referring to this legislation in a letter to Rep. Thomas S. Foley, Chairman of the House Agriculture Committee, Secretary Bergland said:

"The Department recommends against enactment of this legislation.... it could adversely affect trade with foreign countries. The original basic concept....was to provide for comparable quality of product from both domestic and foreign sources.

"This proposed legislation would expand the statute's regulatory authority on imported commodities beyond quality-related factors. It would authorize requirements that different grades or sizes of tomatoes be packed in separate containers. This is not a quality regulation but rather a pack specification."

The way tomatoes are shipped makes no difference to consumers, because their criteria for selection are based on the pocketbook and on the quality of the product. Any measures which would hamper the importation of Mexican tomatoes would not only greatly strain relation between the U.S. and Mexico at a critical juncture, they would seriously harm the interests of the American consumer.