International Trade Report

December 30, 2002

New Tomato Suspension Agreement Signed Between Mexico and the United States Sets Floor Price on Imports from Mexico

Summary

On December 16, 2002, the Federal Register published a notice that made the new Tomato Suspension Agreement signed with Mexico and the Department of Commerce (Commerce) on December 4th official. The agreement suspends the antidumping investigation on fresh tomatoes from Mexico.

Terms of the Agreement

Under the new agreement, initialed on November 8, 2002, made on behalf of Mexican growers (i.e., Sinaloa, Baja, and Jalisco), tomatoes from Mexico may not be sold for less than an established floor price of 17.2 cents per pound in the summer and 21.08 cents per pound in the winter. Under the old suspension agreement signatories included mainly Sinaloa growers and a few Baja growers. The new agreement, which includes enforcement procedures, requires that the Mexican producers and exporters who are signatories to the agreement sell fresh tomatoes to their U.S. customers in such a way as to: 1) eliminate completely the injurious effects of Mexican tomato exports to the United States, and 2) prevent the suppression or undercutting of price levels of domestic fresh tomatoes by imports of that merchandise from Mexico.

Background

On April 25, 1996, Commerce initiated an antidumping investigation on imports of fresh tomatoes from Mexico. On November 1, 1996, Commerce published its preliminary determination and its notice of an agreement to suspend the antidumping investigation. On May 31, 2002, Mexican tomato growers accounting for a large percentage of all fresh tomatoes imported into the United States withdrew from the suspension agreement. As a result, the suspension agreement and the sunset review terminated on July 30, 2002, and Commerce resumed the antidumping duty investigation.

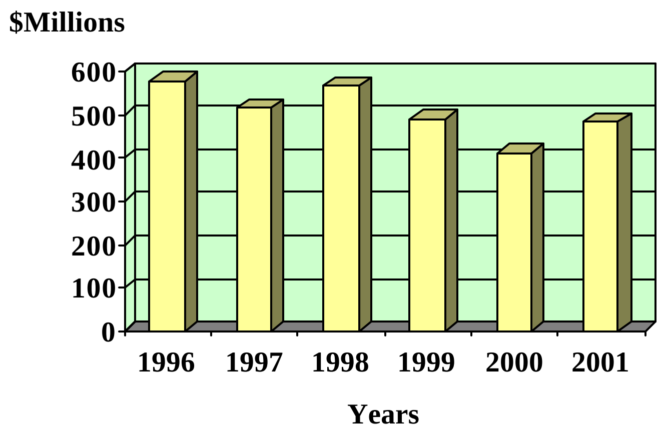
With the resumption of the antidumping investigation, Commerce instructed the U.S. Customs Service to require cash deposits or bonds for all entries made on or after July 30, 2002, based on preliminary antidumping margins ranging from 4.16 to 188.45 percent. Mexican growers subsequently proposed a new agreement to suspend the resumed antidumping investigation. Commerce consulted with interested parties, the

U.S. Customs Service and the United States Department of Agriculture to improve the overall operations of any new agreement, including provisions to enhance enforcement. Under the old suspension agreement, the U.S. industry complained that Customs did not enforce violations of the reference price. Only Customs can act against individuals.

On December 16, 2002, the official implementation date of the new agreement, Commerce instructed the U.S. Customs Service to adjust the cash/bond security required from Mexican signatories to zero. The security rates in effect for imports from non-signatory growers remains as published in the November 1, 1996, preliminary determination. In calendar year 2001, U.S. imports from Mexico were valued at $485 million.

Reportedly, all parties are pleased with the new suspension agreement, particularly with the resolution of enforcement and grower participation issues.

United States Imports of Fresh Tomatoes From Mexico



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