



June 12, 2017

Dear Sir or Madam:

Re: Docket ID: USTR-2017-0006-0001, Negotiating Objectives Regarding Modernization of North American Free Trade Agreement with Canada and Mexico

On behalf of United Fresh Produce Association, I am submitting the following comments in response to a request by the United States Trade Representative's office for public comments on how to modernize the North American Free Trade Agreement. We appreciate the opportunity to comment on potential changes to this landmark trade agreement which has had profound and long-lasting impacts on the fresh produce industry.

First, some background on the United Fresh Produce Association. Founded in 1904, United Fresh is the only trade association that represents all segments of the fresh fruit and vegetable production chain across the United States. While most of our members are based here in the U.S., export and import markets are essential to our members as they seek to ensure business viability and meet consumer demand.

For American agriculture overall, the importance of trade to the ability of farmers and ranchers to be successful cannot be overstated. Consider that, according to data from Texas A&M University, the U.S. is the largest exporter of agricultural commodities with a value of \$135 billion in 2016, accounting for about 35% of income in the agriculture sector. However, as consumer tastes change and consumers look for more diverse ways to meet their nutritional needs, imports are also of tremendous value. U.S. agriculture imports totaled \$115 billion in 2016. It is helpful to remember that commonly consumed fresh produce items such as limes, bananas and avocados are either totally or significantly imported into the U.S.

The business of fresh fruit and vegetable production, distribution and marketing is highly integrated across the United States, Mexico and Canada. In addition to their U.S. production, many U.S. growers and distributors have extensive ownership and financial interests in all three countries, supporting year-around availability of product and diversifying supply chains to reduce risks of weather and pests. Trade among the NAFTA countries has been a tremendous boost to jobs and the economies in all three countries.

The general effect of NAFTA on the integration of agriculture production among the three principles has been significant. In summarizing the effect of integration brought about NAFTA on the 20th anniversary of the agreement, the Economic Research Service of USDA characterized the level of integration among all three nations as "medium" pre-NAFTA and "high" post-NAFTA. The report goes on to say that "With a few exceptions, intraregional agricultural trade is now completely free of tariff and quota restrictions, and the agricultural sectors of the member countries – Canada, Mexico and the United States-have become far more integrated, as is evidenced by rising trade in a wider range of agricultural products, substantial levels of cross-border investment, and important changes in consumption and production." In terms of dollars and cents, for the fruit and vegetable sector as a whole, the impact of NAFTA has been significant. Fruit and vegetable exports and imports to and from Mexico have tripled during the NAFTA era. As another example of the increased trade opportunities afforded to American producers by NAFTA, U.S. fruit and vegetable exports to Canada increased from \$1.9 billion in 1993 to \$5.8 billion in 2013.

The effect of trade on the agriculture sector is not just measured in dollars and cents, it can also be seen in employment. Agriculture trade generates jobs not only in the actual growing and harvesting of commodities but also in the warehousing, transportation and customs brokering sectors, among others. We know that promoting free trade can provide jobs in the fresh produce industry and have seen the results from a variety of trade agreements. For example, since the full implementation of the North American Free Trade Agreement in 2009, U.S. exports to Canada and Mexico have grown more than 50 percent to a current level of over \$41 billion – fresh and processed fruit exports grew from less than \$2 billion to more than \$3 billion in 2014. Furthermore, export markets are essential to the economic well-being of many of America's key fruit and vegetable production areas. Just two states provide striking evidence of that. For the U.S.'s top exporter of agricultural products, California, exports were valued at nearly \$20 billion in 2013 and supported almost 150,000 jobs. Another top producing state, Florida's, exports were nearly \$4.5 billion in 2013 and supported almost 33,000 jobs.

Therefore, our first goal is "to do no harm" to the current trading systems across these supply chains. That would include any unilateral U.S. action to protect individual market sectors that provokes retaliatory action by Mexico or Canada against other sectors. Furthermore, United Fresh opposes the concept of "pulling out of NAFTA," which would trigger a return to tariffs and quotas with devastating effects on U.S. fruit and vegetable exports, as well as significantly raising prices to U.S. consumers.

However, United Fresh supports "modernization" of NAFTA, and wishes to work closely with the U.S. government and our trading partners to address issues of concern. Our primary focus in a modernization effort would be on an enhanced Sanitary and Phytosanitary framework to better bring sound science into the decision-making process on market access. Currently, the majority of concerns within different fruit and vegetable commodity sectors centers on market access denied by unscientific SPS barriers. The U.S. should hold trading partners to strong

SPS scientific standards to support U.S. exports, and then abide by these standards ourselves when considering import market access.

United Fresh recognizes that U.S. producers of certain commodities in certain regions face more competitive markets than others from Mexican or Canadian production. We support the Administration seeking to understand these concerns, and potentially assisting vulnerable commodities with WTO-acceptable support programs. However, the answer to competition cannot be erecting protectionist barriers that would only be mimicked by other countries to protect their own industries from U.S. exports.

United Fresh appreciates the opportunity to comment on this crucial matter. We stand ready to work with policymakers in the Administration and the Congress to ensure that the provisions of NAFTA reflect consumer demand, scientific standards and provide American producers with conditions that maximize their ability to succeed. Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Guenther". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Guenther".

Robert Guenther
Senior Vice President
Public Policy
United Fresh Produce Association