



## TESTIMONY

**Kenneth Parker, Executive Director  
Florida Strawberry Growers Association**

**November 15, 2018**

**United States International Trade Commission  
*Review of the United States-Mexico-Canada Agreement;  
Likely Impact on the US Economy and on Specific Industry Sectors  
(Investigation No. TPA-105-003)***

Hello, my name is Kenneth Parker, and I serve as Executive Director of the Florida Strawberry Growers Association (FSGA), representing the majority of strawberry growers in Florida, the largest domestic producing region for winter production of fresh market strawberries. Family farms dominated the Florida strawberry industry with continuous production in our region for over 130 years, and continue to contribute over a billion dollars of economic impact.

FSGA appreciates the opportunity to offer comments regarding the United States-Mexico-Canada Agreement (USMCA) and the potential economic impact of the Agreement on Florida strawberry growers, with a focus on how USMCA could further impact this vital American farm sector in the absence of measures that can provide effective, near-term relief against unfairly traded Mexican goods.

In the words of one of many FSGA members who has farmed Florida strawberries for decades,

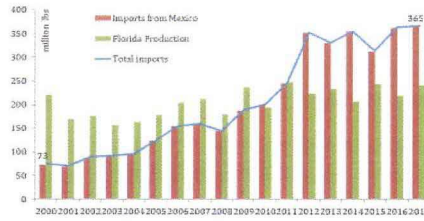
*“Selling multi-generational land was never a consideration until recently. Thanks to Mexico, we’re selling strawberries for below cost of production, and that has pushed us in a direction my great grandfather would be disappointed in. Without some trade relief, we’ll have to sell more land.”*

Strawberries from central Mexico share the same growing season as Florida strawberries. **As a result of the unfair trade advantages, fresh strawberry imports from Mexico have increased fivefold** between 2000 to 2017.<sup>1</sup> These dramatic increases of imported strawberries from Mexico present a clear and present danger to the sustainability of the Florida industry, family farms in production for generations, and the ability to provide domestically produced winter strawberries for our nation at large.

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<sup>1</sup> Zhengfei Guan, University of Florida, Institute of Food and Agricultural Sciences based on USDA NASS data.

## Fresh Strawberry Imports & Origins



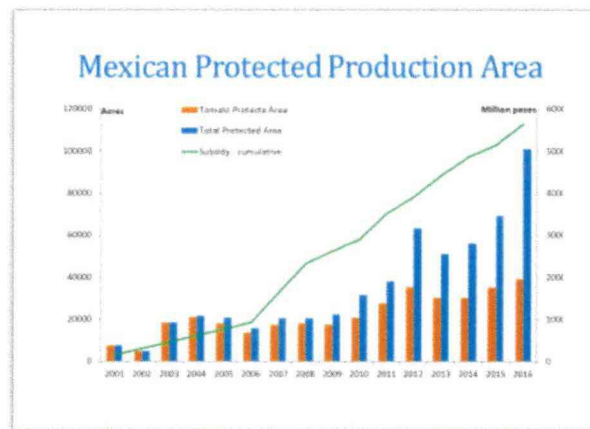
Source: US Census Bureau, DDC

In 2000, Florida produced two-thirds of the winter market and Mexico one-third, a dynamic that has now been reversed, with Mexico producing the majority of strawberries for US consumption in the winter months.<sup>2</sup> The unprecedented growth of the Mexican strawberry industry has been enabled to a great degree by significant program subsidy supports from the Mexican government and other unfair trading practices.

### Mexican Government Subsidy Programs

These support programs, which provide as much as 45%-60% of the cost of improvements for specialty crops,<sup>3</sup> have helped Mexican producers become the dominant US supplier of specialty crops and are progressively pushing Florida strawberry growers out of business. Mexico's total agricultural support budget for 2013-2016 was \$13 billion according to the Mexican Secretariat of Agriculture (SAGARPA).

In 2013, the Mexican government stated their industry goal to double its strawberry production capacity.<sup>4</sup> Achieving that goal would mean Mexico will have a total of 43,000 acres of strawberry crops, further solidifying its dominant market position in the winter season. In 2016, Mexican exports of fruit and vegetables to the United States reached about 10 million tons, with a total value of \$12.4 billion, up 57.5% from 2011.<sup>5</sup> To put this in perspective, in the same year, the United States exported \$2.6 billion of corn and \$1.5 billion of soybeans, the largest agricultural commodities exported to Mexico.



<sup>2</sup> Florida Department of Agriculture and Consumer Services “An Examination of International Competitive Impacts on Florida Agriculture: Mexico’s Ag-Exports Impacts on Florida Agriculture” (October 25, 2018).

<sup>3</sup> See Wageningen University and Research, “Mexican Protected Horticulture: Production and Market of Mexican Protected Horticulture,” (Report GTB-1126, 2011); USDA Foreign Agricultural Service, 2012 Tomato Annual.

<sup>4</sup> Guan et al, Fresh Fruit Portal, 2015.

<sup>5</sup> U.S. Department of Agriculture, 2016.

## No Access to Trade Remedies

As Mexico's unfairly traded shipments have entered the US market unabated in the last several years, with growth at roughly 23% per year on average between 2011 and 2017,<sup>6</sup> Florida producers of strawberries and similar crops have had no trade tools to redress unfair trade practices. For just that reason, through the *Trade Promotion and Authority Act* (TPA) of 2015 and predecessor TPA laws, Congress has called for, "Ensuring that import relief mechanisms for perishable and cyclical agriculture are as accessible and timely to growers in the United States."

**President Trump** stood in the heart of our nation's winter strawberry production region at the Florida State Fairgrounds on July 31, 2018 to reinforce his commitment to addressing unfair trade practices: "*In the past politicians ran for office promising to crack down on unfair trade, they never did anything about it... I'm not going to let that happen, I keep my promises.*"

We commend the President's commitment; however, the USMCA as it is now drafted contains no such mechanism for producers to seek redress from unfair trade practices as those afforded every other US commodity, placing at peril the economic livelihood of Florida strawberry growers and their communities.

Mexico's unfair pricing strategies have further contributed to its fruit and vegetable industry's extraordinary gains in the US market. In the winter of 2016-2017, for example, Mexican strawberries shipped to the Eastern United States were priced half as high as Mexican strawberries shipped to California.<sup>7</sup> These practices have taken an inevitable toll on the Florida strawberry industry's cash receipts and pushing many more producers to the brink.

## Conclusion

Dramatic increases of unfairly traded imported strawberries from Mexico threaten the future sustainability of the winter strawberry production in our nation. As a result of the unfair trade practices, strawberry imports from Mexico have increased fivefold.

In the continued absence of effective, near-term relief measures to redress this issue for Florida and Southeast producers, the harm being caused by Mexico's unfair practices will only intensify, putting at further risk the survival of this important American industry.

As the purpose of this ITC hearing is to assess the potential economic impact of the USMCA on specific sectors, my only conclusion is one word – "DEVASTATING". Devastating is the impact it would have on Florida's strawberry growers, generations of family farming operations, the evaporation of an annual \$1Billion economic driver in Plant City Florida, and placing at risk our nation's ability to domestically produce winter strawberries.

FSGA is committed to continuing to work with Congress and the Administration on measures to accomplish urgently needed unfair trade relief and respectfully requests that the ITC reflect in its report to Congress an assessment reflective of this important endeavor.

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<sup>6</sup> Florida Department of Agriculture and Consumer Services, Oct 2018.

<sup>7</sup> *Id.*

