THE VOICE OF FOOD RETAIL
Feeding Families Enriching Lives

August 30, 2012

The Honorable Rebecca M. Blank
Acting Secretary
United States Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

Attention: Judith Wey Rudman
Anne D'Alauro
Import Administration
International Trade Administration

Re: Notification of Initiation of Changed Circumstances Review – Tomatoes from Mexico

Docket: A-201-820

Dear Acting Secretary Blank:

On behalf of the Food Marketing Institute (FMI)[1], I am writing to express our support for the antidumping suspension agreement with Mexico's tomato growers/exporters and to urge you to address any concerns the domestic industry might have within the context of updating the current agreement. For the last 16 years, the suspension agreement has brought stability to a market that was previously distorted by trade disputes and cross-border maneuvering. FMI is concerned that any effort to revoke the agreement would result in a decrease in the tomato supply and a subsequent increase in retail prices at the very time American consumers are already struggling with renewed food price inflation from the current drought.

[1] Food Marketing Institute (FMI) conducts programs in public affairs, food safety, research, education and industry relations on behalf of its nearly 1,250 food retail and wholesale member companies in the United States and around the world. FMI's U.S. members operate more than 25,000 retail food stores and almost 22,000 pharmacies with a combined annual sales volume of nearly $650 billion. FMI's retail membership is composed of large multi-store chains, regional firms and independent operators. Its international membership includes 126 companies from more than 65 countries. FMI's nearly 330 associate members include the supplier partners of its retail and wholesale members.

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On August 21, 2012, the International Trade Administration (ITA) published a notice of changed circumstances review for tomatoes from Mexico.[2] The notice was the result of a petition from certain parties in the underlying suspended antidumping duty investigation to immediately terminate the suspension agreement. FMI appreciates ITA's use of the changed circumstances review and is grateful for the opportunity to comment on the importance of maintaining the current suspension agreement.

Tomatoes are currently the fourth most-popular fresh vegetable and play an important role in retail produce departments. Many of our members have seen steady growth in tomato sales over the last fifteen years, growth made possible by a stable supply and grower innovation. The United States Department of Agriculture's Economic Research Service acknowledges this dynamic in their overview of the industry:

> *Over the past few decades, per capita use of tomatoes has been on the rise due to the enduring popularity of salads, salad bars, and bacon-lettuce-tomato (BLT) and submarine (sub) sandwiches. Perhaps of greater importance has been the introduction of improved tomato varieties, heightened consumer interest in a wider range of tomatoes (such as hothouse tomatoes, grape tomatoes, and specialty/heirloom varieties), a surge of new immigrants who eat vegetable-intensive diets, and expanding national emphasis on health and nutrition.*[3]

It is FMI's belief that the suspension agreement played a significant role in nurturing both stability and innovation and that the overall increase in tomato consumption has benefitted the US and Mexican industries. Revoking the agreement and setting the stage for a new antidumping investigation (as the petitioners have made clear is their intention[4]) would undermine the very factors necessary for the industry to continue to grow. Raising wholesale and retail costs and reducing supply will sharply curtail the ability of a retailer to distinguish itself from its competitors by offering either lower prices or a broader range of tomato categories.

The American consumer will be the ultimate loser in this process. USDA is already predicting a 3-4 percent increase in food prices in 2013.[5] This is a significant increase that will make it harder for families already battered by a weak economy to make ends meet. It simply does not make sense to suspend the current agreement and risk the stability it has brought when it is due for renegotiation this fall.

We are also concerned that higher costs and a tighter supply will lead to a decline in tomato consumption. This will obviously impact both US and Mexican growers, but, again, it is the consumer who will bear the brunt of the decision to revoke the suspension agreement. Faced with rising obesity rates - especially among children - consumers, the retail industry and the Administration have been aggressively working together to improve the diet and eating habits of

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[2] 77 Fed. Reg. 50554-50556 (August 21, 2012).
[3] Available on the ERS website at http://www.ers.usda.gov/topics/crops/vegetables-pulses/tomatoes.aspx. Accessed August 24, 2012.
[4] E.g. http://articles.chicagotribune.com/2012-06-25/news/sns-rt-us-usa-mexico-tomatoesbre85o1ax-20120625_1_tomato-farmers-tomato-imports-florida-tomato-exchange.
[5] http://www.ers.usda.gov/data-products/food-price-outlook.aspx. Accessed August 24, 2012.

all Americans. Increasing the consumption of fresh produce, such as tomatoes, is an integral part of this process.

The instability created by revoking the suspension agreement will undoubtedly make the retail price of tomatoes more expensive. Unfortunately, cash-strapped school lunch programs and lower income Americans are likely to experience this increase most acutely, but virtually all consumers will find it just a little bit harder and a little more costly to eat healthy. In the current environment, it simply does not make sense to make fresh, nutritious products more expensive, especially when there is an alternative (working within the current agreement's framework) available.

FMI recognizes that the domestic industry has raised a number of concerns in its petition and we are anxious to see a negotiated agreement that both US and Mexican growers feel is fair. The expiration of the current suspension agreement and the opportunity to negotiate a new one provides a mechanism for this to occur. It is our belief that this is the best possible outcome for both the US and Mexican industries and urge Congress to keep the current suspension agreement in place while at the same time opening discussions on crafting a new one as expeditiously as possible.

Thank you for the opportunity to comment on this matter. I would be able to answer any additional questions you might have.

Sincerely,

Leslie G. Sarasin

Leslie G. Sarasin, Esq., CAE
President and Chief Executive Officer