

Jerome Crosby Statement
USTR Field Hearing

USTR: Georgia Seasonal and Perishable Food Products
USTR-2020-0010-0001

Hello, I am Jerome Crosby, Owner of Pineneedle Farms, in Willacoochee, Georgia. Thank you for the opportunity to submit this statement on a matter of profound importance to the Georgia fruit and vegetable industry.

Today, I am not only speaking as a farmer but also as the Chairman of the Georgia Blueberry Commodity Commission, President of Georgia Berry Exchange, and board member of Georgia Fruit and Vegetable Growers Association.

Since 2005 our farm has grown both High Bush and Rabbit Eye blueberries and our harvest window is from late March through July 4th usually. We harvest both fresh and frozen blueberries with hand labor and mechanical harvesters. For several years, we tried to grow produce such as squash and pepper varieties but we could not compete in the marketplace against the imports and had to give it up.

I appreciate the opportunity to submit this statement on a matter of such importance to the Georgia fruit and vegetable industry.

Everyone involved in this hearing had to know that excluding fresh fruit and vegetables from some type of seasonal protection in the USMCA agreement would be detrimental to the economy of Georgia blueberries and other fresh products grown in the State. There is a reason why Mexico's negotiators called the U.S. proposal on this issue a "deal killer." Mexico subsequently moved quickly to take advantage of their superior position under the old NAFTA and new USMCA agreement by exploding their production levels of blueberries to attack the Georgia harvest season and marketing window. The reason Mexico was so adamant about not agreeing to seasonal protections is because they had already invested heavily in the planting of blueberries to target the Georgia window and these farms would reach significant production in 2020. I am uncertain how much discussion there was on the U.S. side about this, but I have to wonder why Mexico was so adamant that protections for seasonal fruit and vegetables would kill the deal . . . unless they planned to do this.

As you are probably aware, after you scheduled these hearings, on July 22, 2020, a group of high level Mexican government officials met to produce a threatening statement concerning any action the US may take to correct this unfair trade issue stating that seasonal protection for our growers would be implementing an "underhanded practice."

As you can imagine, this threatening statement is utterly ridiculous to fruit and vegetable farmers in Georgia. It is offensive. We built the market that these imports are now targeting.

We have been telling Washington about Mexico's unfair trading practices for several years. We raised it when the USMCA negotiations began and we proposed a solution to the issue. The solution we proposed was merely intended to afford us - as U.S. businesses - genuine access to our own U.S. trade laws. That is all we proposed to do: make it possible for us to file a petition for import relief. We did not

ask for a guarantee that we would win an antidumping or countervailing duty case. We only asked for the actual ability to file one. Not a nominal ability to file a case, an actual ability to file a case.

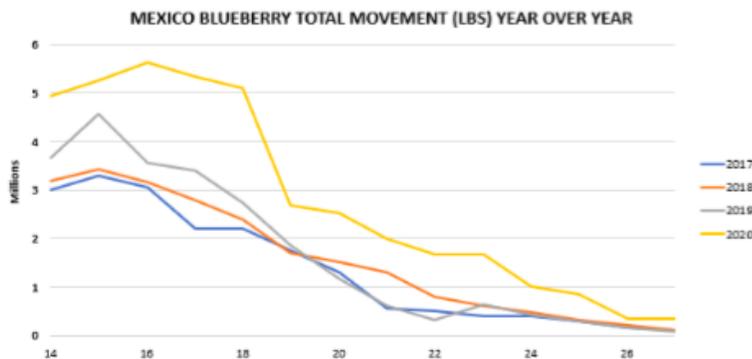
Does Mexico seriously suggest that we now have no right or recourse to our own trade laws? No right to petition our own government for relief? That it would be “underhanded” to continue seeking an answer to a very serious problem that threatens to destroy our livelihoods? It is not we are who are destroying the Mexican market. It is Mexico that is destroying ours.

To understand this, let me describe how our markets work, based on my experience. Then, let us take a look at what has actually been happening in our market. Historically, we have sold all of our April, May, and 50% of our June blueberries in the fresh market. Since Mexico has entered the equation, we have lost the June fresh market opportunity and now the May harvest has been targeted. This year alone, Georgia lost almost 10 million pounds in sales to imported fruit.

Now, let’s look more closely at what is happening in Mexico and in the U.S. market. The first thing we notice is the remarkable growth in Mexico’s imports.

The financial impact of this tremendous increase in Mexican imports is evidenced by the volume and pricing numbers reported by USDA’s Agricultural Marketing Service. There was a 68% increase of imported Mexican fruit from 2019 to 2020. That is an increase of over 15 million pounds of fresh blueberries during a 14-week period.

Mexico volume in lbs by week during Georgia Season:



Week	2017	2018	2019	2020
14	2,998,679	3,180,231	3,661,387	4,937,389
15	3,286,864	3,423,115	4,571,151	5,276,266
16	3,061,289	3,170,364	3,560,448	5,645,271
17	2,208,304	2,799,251	3,396,342	5,341,344
18	2,217,278	2,407,772	2,750,507	5,111,861
19	1,747,756	1,715,736	1,871,493	2,680,598
20	1,295,797	1,512,937	1,175,875	2,534,406
21	569,895	1,304,849	624,674	1,985,811
22	522,144	796,827	315,118	1,665,426
23	414,689	619,084	655,600	1,681,312
24	398,645	472,214	441,402	1,009,395
25	291,879	325,871	290,445	853,253
26	172,414	210,079	177,084	347,592
27	108,317	106,119	81,354	343,121
Grand Total	19,293,950	22,044,449	23,572,880	39,413,045

Data Source: USDA AMS

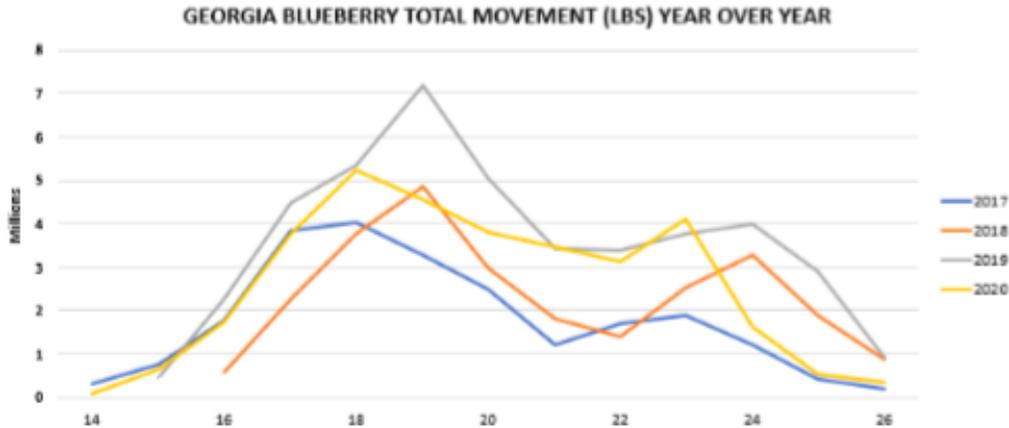
Mexico imports are up 67% in 2020 over 2019 during weeks 14-27.

Mexico imports are up 67% in 2020 over 2019 during Georgia’s prime weeks 16-20

The volume of Georgia fruit moved during the same time period decreased by 10 million pounds amounting to a 25% reduction in volume. That is 68% and 15 million pounds gain for Mexico; a 25% and 10 million pounds loss for Georgia in just 14 weeks.

Movement

Georgia volume in lbs by week:



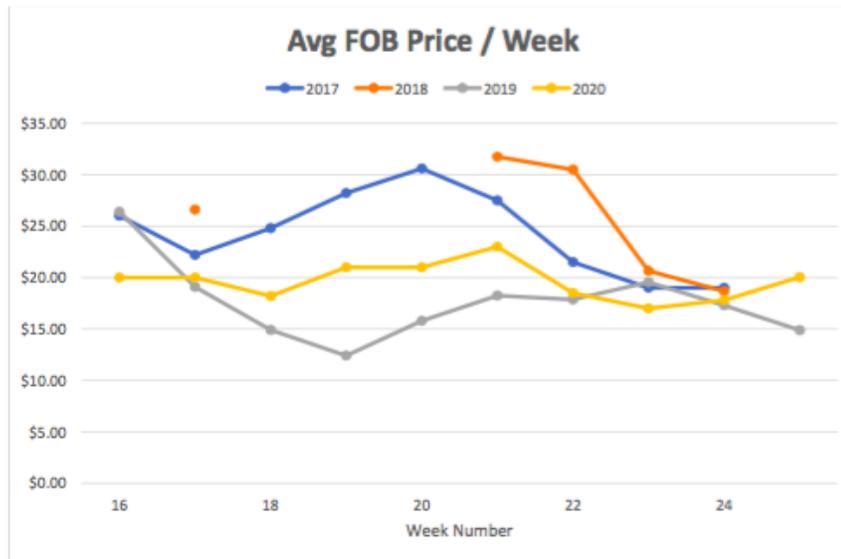
Week	2017	2018	2019	2020
14	325,458			71,497
15	773,055		460,998	638,606
16	1,763,235	564,948	2,263,080	1,725,572
17	3,832,668	2,255,283	4,466,485	3,778,907
18	4,027,617	3,764,853	5,333,285	5,238,351
19	3,260,178	4,854,591	7,169,201	4,571,276
20	2,486,988	2,966,985	5,054,034	3,803,574
21	1,222,191	1,806,768	3,411,396	3,477,183
22	1,691,712	1,412,307	3,400,371	3,115,147
23	1,872,315	2,520,432	3,755,512	4,111,870
24	1,227,456	3,292,956	3,995,916	1,623,079
25	411,993	1,902,186	2,900,551	546,830
26	203,247	857,772	927,455	351,556
Grand Total	23,098,113	26,199,081	43,138,284	33,053,448

Data Source: USDA AMS

Georgia movement was down 23% this year over last

At the same time, the weekly averages have dropped between 24% to 48% as a result of the excess product placed into the market by Mexico. Georgia farmers attempt to pre-sell some of our harvest, however, we often enter the harvest period thinking we have solid sales and the Mexican imports will then undercut our pre-sold pricing and we experience the frustration of seeing our contracts either canceled or renegotiated to lower prices.

Georgia 1 PT



Week	2017	2018	2019	2020
16	\$26.00		\$26.40	\$20.00
17	\$22.20	\$26.60	\$19.10	\$20.00
18	\$24.80		\$14.90	\$18.20
19	\$28.20		\$12.40	\$21.00
20	\$30.60		\$15.80	\$21.00
21	\$27.50	\$31.75	\$18.25	\$23.00
22	\$21.50	\$30.50	\$17.88	\$18.50
23	\$19.00	\$20.67	\$19.55	\$17.00
24	\$19.00	\$18.67	\$17.30	\$17.80
25			\$14.88	\$20.05

Data Source: USDA AMS

The average Georgia pint FOB decreased 33% from 2017 (\$26.43) to 2019 (\$17.72) during weeks 16-20

The average Georgia pint FOB decreased 24% from 2017 (\$26.43) to 2020 (\$20.04) during weeks 16-20

The average Georgia pint FOB decreased 48% from 2017 (\$27.87) to 2019 (\$14.37) during weeks 18-20

The average Georgia pint FOB decreased 28% from 2017 (\$27.87) to 2020 (\$20.07) during weeks 18-20

In other words, imports from Mexico under NAFTA – and now under USMCA which basically has the same terms for fresh fruit and vegetables -- have directly contributed to a loss of 25% of Georgia’s market and a 24% to 48% reduction in price on the fruit we are able to sell.

In addition to being able to sell less fruit at lower prices, Georgia farmers are at a tremendous disadvantage in farm labor and harvest cost. Mexican producers pay only 1/10th of what Georgia farmers have to pay. The prevailing wage in Mexico is between \$8 and \$14 per day. In Georgia, we proudly pay right at \$14 per hour. To put this number in perspective, if I pick 1 million pounds of blueberries on my Georgia farm, my harvest labor cost is \$800,000. An identical farm in Mexico would only pay \$80,000 for the same work, giving them a \$720,000 advantage over my farm that is being used to price me out of the market.

While I understand USTR is not involved in labor and food safety issues managed by other government agencies, you are our back stop against these unfair advantages held by Mexico as a result of the USMCA agreement, including government subsidies and lax regulatory enforcement. During the final phases of the USMCA negotiations, the Georgia farmers agreed to withdraw our adamant opposition to USMCA in return for your promise to work to protect us from damages from imports.

Unfortunately, the damages have already arrived and are continuing to grow. Let me be clear here: we need an immediate and resolute response from USTR to save the blueberry industry in Georgia.

USTR's plan should be clear and should consist of specific actions the U.S. government will take. Our colleagues in Florida have asked you to consider bringing an investigation under Section 301 of the Trade Act of 1974. If the administration will seriously consider taking action under Section 301, then that would be an ideal solution. It would give the President broad powers to address the source of the problem – which are the subsidy programs and policies in Mexico that have facilitated their tremendous export boom.

I also hope USTR is giving serious thought to the original ideas we first presented to Ambassador Lighthizer when the USMCA negotiations began. Small farm commodities need help identifying when and how to bring trade cases to defend their interests. As a whole, the U.S. fruit and vegetable sector consists of mostly small farmers who grow a dizzying array of different commodities. It is hard for us – harder than for other farm sectors – to build and maintain a permanent industry infrastructure that monitors what other governments are doing on so many different commodities and then to defend our interests. This is something the federal government, especially our trade policymakers at USTR, could help us do better. We need your help in identifying when a dumping or countervailing investigation should be considered. Larger industries have teams of lawyers and economists who help them make those decisions. Small fruit and vegetable farmers don't. But they have you.

During this current epidemic, we see a glimpse of how vulnerable our country can be if our food products are primarily sourced from off shore. American and Georgian farmers produce some of the best and safest product in the world.

For now – while Southeastern farmers are still in business, we set the standard for quality and safety. As long as we are here, imported food products from Mexico may meet certain minimum industry requirements for food safety. They have to do that in order to compete with us for the wholesale and retail markets. As with most products, consumers want to buy produce at low prices when they can, but they also expect their food to be safe and wholesome. However, if you remove the American farmer from the equation, if you allow us to be knocked out of business by dumped and subsidized competition, then you leave the market to the imports. And you remove any competitive incentive for foreign producers to send to the U.S. market the safe food products our consumers need and expect. The safety and the quality of our food supply will decline, ultimately jeopardizing the health and safety of our fellow citizens.