Tree fruit industry lauds House passage of USMCA

By **DAN WHEAT**
Capital Press

WENATCHEE, Wash. — U.S. House passage of the U.S.-Mexico-Canada Agreement is a big deal in the Washington state tree fruit world.

"Mexico and Canada represent our top two export markets, totaling nearly a half-billion dollars in annual sales. Growing apples is a risky business and locking in our largest markets adds certainty for the long haul," said Jim Bair, president and CEO of the U.S. Apple Association.

"The agreement lets U.S. growers do what they do best," Bair continued, "producing superior quality apples in a volume and range of varieties not available anywhere else."

Bair said Canada, Mexico and the U.S. collectively make up "the most competitive and successful regional economic platform in the world," and that under the previous trade treaty, the North American Free Trade Agreement, U.S. apple exports to Mexico quadrupled and those to Canada doubled.

The vast majority of U.S. apples exported to both countries are grown in Washington state.

The House passed USMCA, 385 to 41, on Dec. 19. Speaker Nancy Pelosi, D-Calif., had refused to call a vote for more than a year as House Democrats sought changes to the agreement.

Passage in the Senate is considered likely in January.

Rep. Dan Newhouse, R-Wash., called USMCA "critical for the agricultural and manufacturing industries in Central Washington."

The state is the most trade-reliant in the nation with 40% of its jobs tied to international trade, Newhouse said.

Dan Wheat/Capital Press File

Apple picking in East Wenatchee, Wash. The USMCA trade deal passed by the U.S. House will benefit the Pacific Northwest tree fruit industry, leaders say.

Washington state exported $11.5 billion in products to Mexico and Canada in 2018 with $1.54 billion of that being agricultural, he said.

Mexico is Washington's No. 1 export market for apples usually buying 10 million to 11 million, 40-pound boxes worth about $200 million. In 2014 Mexico bought nearly 16 million boxes.

Canada is No. 2, usually buying 5 million to 6 million boxes.

Mexico and Canada buy about 50% of Northwest apple exports, 72% of its pear exports and 36% of its cherry exports, said Mark Powers, president and CEO of the Northwest Horticultural Council in Yakima.

"The good thing about Canada is it takes high value Granny Smith and Honeycrisp and proprietary varieties," said Todd Fryhover, president of the Washington Apple Commission in Wenatchee.

"Canada has been a good reliable partner for a long time and their retail system is similar to ours with Costcos and the like," Fryhover said.

Toronto, Montreal and Vancouver are the Top 3 recipients of Washington apples in that order, he said.

Mexico ended a one-year, 20% tariff on U.S. apples in May in response to the Trump administration ending its tariffs on steel and aluminum from Mexico.

USMCA maintains duty-free access, improves phytosanitary rules and dispute resolutions.

Powers said it was important that the agreement does not include a seasonal and perishable trade provision initially sought by Florida growers to prevent Mexican vegetable dumping in Florida because it could have been used against Northwest tree fruit growers in Mexico.

"That was important but the biggest thing the treaty does is maintain duty-free access and trading certainty with our most important trading bloc and eliminates the threat of us withdrawing from NAFTA," Powers said.

NAFTA remains in effect until USMCA is enacted, he said. Changes that House Democrats made to the agreement do not directly pertain to tree fruit.

House gives Trump trade victory with USMCA approval

By **KEVIN FREKING**
Associated Press

WASHINGTON — One day after its historic impeachment votes, the Democratic-led House gave President Donald Trump an overwhelming bipartisan victory Dec. 19 on a renegotiated trade agreement with Canada and Mexico.

By a 385-41 vote, the House approved a bill that puts in place terms of the United States-Mexico-Canada Agreement.

The legislation passed after House Speaker Nancy Pelosi, D-Calif., and her colleagues won key concessions from an administration anxious to pass the trade deal before next year's election season makes that task more difficult.

The deal is projected to have only a modest impact on the economy. But it gives lawmakers from both parties the chance to support an agreement sought by farmers, ranchers and business owners

J. Scott Applewhite/Associated Press

House Speaker Nancy Pelosi, D-Calif., meets with reporters at the Capitol in Washington, Thursday, Dec. 19. The House has approved the rewritten USMCA trade pact.

anxious to move past the months of trade tensions that have complicated spending and hiring decisions.

The GOP-controlled Senate probably will take up the legislation when members return to Washington after the holidays and after dealing with impeachment.

Trump made tearing up the North American Free Trade Agreement a hallmark of his presidential run in 2016 as he tried to win over working-class voters in states such as Michigan, Ohio, Wisconsin and Pennsylvania.

"Critics said it couldn't be done, but he made it happen. Another promise made, another promise kept," said House Minority Leader Kevin McCarthy, R-Calif.

Some said the agreement did not do enough to prevent U.S. jobs from relocating to Mexico, but it won praise from Democrats who have routinely voted against prior trade agreements.

"Twenty-six years ago, I opposed NAFTA with every bone in my body," said Rep. John Lewis, D-Ga. "I never thought the day would come when we would have the opportunity to right some of the wrongs in that agreement."

Pelosi said the agreement was "light years" ahead of what the administration negotiated with Canada and Mexico. "We knew we could do better," Pelosi said.

The original NAFTA phased out nearly all tariffs on goods produced and traded within North America. It was extraordinary because it linked two wealthy, developed countries with a poor, developing country. Since then, trade with Canada and Mexico has increased more rapidly than trade with most other countries.

Democrats for years have charged that NAFTA led to massive losses of high-paying manufacturing jobs in the U.S. as companies moved production to low-wage Mexico. Trump distinguished himself from free-trade Republicans in the presidential primary with his NAFTA-bashing rhetoric, and his administration got Canada and Mexico to negotiate a rewrite.

The International Trade Commission projected in April that the agreement would boost the economy by $68 billion and add 176,000 jobs six years after taking effect.

Some of the biggest impacts would be felt in the U.S. automotive industry. The agreement aims to see more cars produced where workers earn an average of at least $16 an hour.

The commission found that the new agreement would create 30,000 jobs in American auto parts plants. On the down side, the commission found the pact would increase the cost of pickup trucks and cars. That would hurt demand and reduce the number of jobs in factories that assemble cars by about 1,500.

Business and farm groups had been hitting the airwaves and the halls of Congress to get lawmakers to support the pact, putting pressure on Democrats to work with the administration even as labor unions remained wary that the new deal represented much of an improvement from NAFTA.

Trump, at times, seemed resigned to the assessment that the two sides would never reach a compromise. "She's incapable of moving it," Trump said a few weeks ago about Pelosi.