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Gregoire urges Obama to resolve trucking dispute

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YAKIMA, Wash. -- Washington Gov. Chris Gregoire is urging the Obama administration to quickly resolve a trucking dispute with Mexico to aid export of certain Washington farm products.

Mexico has raised tariffs on almost 90 American products, a retaliation for a U.S. decision to cancel access to Mexican truckers on U.S. highways despite the terms of a free trade agreement.

Washington farmers exported \$87 million in goods to Mexico last year, including frozen potatoes, pears and cherries, that are now the target of the 20 percent duty. Now Mexican importers will be forced to look for supply sources from other countries, Gregoire said in a letter.

Washington apples are not among the products affected by Mexico's action.

"In view of the economic downturn, the loss of any market for our agricultural producers is especially troubling," Gregoire said. Once the issue is resolved, she said, "There is certainly no guarantee that Mexican importers will resume their earlier trading relationship with our producers."

Gregoire urged Obama in a letter Friday to move forward with a robust new trucking pilot program or another solution that resolves both commercial and safety issues of Mexican trucks as soon as possible.

Washington and Oregon produce 84 percent of U.S. pears grown for the fresh market, at 17.5 million cartons. Each carton weighs about 44 pounds.

Mexico is the industry's top export market at 12 percent to 13 percent, but the new tariff imposed in March has resulted in lost exports of about 25 percent on last year's refrigerated crop, said Kevin Moffitt, president and CEO of Pear Bureau Northwest, the federal marketing commission for Washington and Oregon pear growers. That equates to as much as 300,000 cartons.

"It's a significant amount of fruit," he said. "We're approaching the end of the export season, if there's any bright side."

The current price of pears for Mexico is about \$18 per carton. The 20 percent duty comes in at about \$3.60 per box.

Growers in Argentina and Chile, where pears were harvested in February, are beginning to take over the U.S. market there, he said. Meanwhile, U.S. growers are anticipating a larger harvest beginning in August.

"So if we don't get something solved by September or so, it could really have downward pressure on pricing and the returns to the growers," he said.

Canadian potato growers are beginning to replace U.S. exports of frozen potatoes to Mexico, said Chris Voigt, executive director of the Washington Potato Commission.

The U.S. exported \$80 million in frozen potatoes, such as French fries and tater tots, to Mexico in 2008, making it the No. 2 market behind Japan. About half came from Washington state.

Washington produced 9.4 billion pounds of potatoes last year. Ninety percent is processed into frozen potatoes.

"This is going to affect the bottom line of growers. If we can't get rid of those tariffs, if they remain in place, all that business is going to shift to Canada, and that means growers are going to have to reduce acres," Voigt said. "Processors will go to the growers and say, 'You're not a grower for us anymore. We don't have a home for your potatoes.'"