

GROWERTALKS

SAF in the Lobby

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U.S. Trade Benefits for Ecuadorian Flowers Expire

Society of American Florists

As of midnight July 31, flowers imported from Ecuador are subject to import tariffs, as the Andean Trade Promotion and Drug Eradication Act (ATPDEA) and the Generalized System of Preferences (GSP) both expired. Congress must act to renew both, but has not yet done so. Although renewal of the GSP is anticipated at some point, renewal of the ATPDEA for Ecuador is unlikely.

On June 27, Ecuador renounced the trade preferences it has had under the ATPDEA, saying it was not going to be bullied or threatened by the United States for considering asylum for National Security Agency leaker Edward Snowden.

"From our perspective, the effort to extend the ATPDEA for Ecuador beyond July 31, 2013, was already in danger, but Ecuador's announcement it was considering granting asylum for Snowden threatened to kill it completely," said Lin Schmale, SAF's senior director of government relations.

Ecuador had petitioned the Obama Administration to have broccoli, artichokes and roses placed under the GSP, but the administration has deferred a decision on that petition. Even if Congress acts to extend the GSP, Ecuador's petitions won't be initially included.

"Blame Edward Snowden if you soon find yourself paying more ... if your special someone doesn't bring you roses on your anniversary," says an article in the Capitol Hill journal Politico citing the suggestion of Ecuadorean President Rafael Correa that he might offer sanctuary to Snowden.

With the expiration of the ATPDEA, importers of record need to prepare for duties to be charged to them on all floral products from Ecuador. Because Ecuador has not negotiated with the U.S. for a long-term trade agreement, it's unlikely that the ATPDEA would be renewed. Duties would then revert to GSP tariff levels of 6.4% (3.2% for mini-carnations). It's unclear at this point whether or not Congress would make approval retroactive, thereby allowing importers to seek refunds of GSP duties paid. Ecuadorean roses, however, aren't covered under the GSP. The tariff on roses can be expected to be 6.8%.

On July 31, the Ecuadorean government approved a law to compensate exporters affected by the ATPDEA

expiration, giving tax-credit certificates to affected companies. The Association of Floral Importers of Florida (AFIF) notes that this should help importers if they're renegotiating new prices with the Ecuadorean farms to reflect the new tariff because the farms can now go to their government and get the tax-credit certificates to help offset the decrease that importers are able to pay the farms for the flowers.

Flowers from both Colombia and Ecuador have entered the United States duty-free under the ATPDEA since 1991. Colombian exports to the United States now have permanent duty-free status under the U.S./Colombia Free Trade Agreement (FTA), officially implemented on May 15, 2012.

White House Releases New Report On Economic Benefits of Immigration Reform

On July 29, the White House released a new report, "Fixing Our Broken Immigration System: The Economic Benefits to Agriculture and Rural Communities," detailing important benefits provided by the bipartisan Senate immigration reform bill for domestic agriculture and rural communities. The report notes that although agriculture serves as a key engine of economic growth, it's "hampered by a broken immigration system" with "insufficient U.S.-born workers to fill labor needs," and details economic impact state by state. It cites one economic analysis showing that an expanded H-2A program, as found in the Senate bill, would raise GDP by about \$2 billion in 2014 and by \$9.79 billion in 2045. **GT**

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