GROWERTALKS

SAF in the Lobby

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Trade Experts Express Relief Over Trilateral Agreement

Society of American Florists

The new deal among the United States, Canada and Mexico that updates the North American Free Trade Agreement (NAFTA) is being hailed as a win for U.S. industry — with many trade experts expressing relief that Canada signed on at the eleventh hour.

“The fact that this is a trilateral deal is the biggest takeaway,” said Alice Gómez, vice president and counsel at Cornerstone Government Affairs in Washington, D.C. and an advisor on legislative issues to the Society of American Florists. “We came very close to having a bilateral agreement presented to Congress and that would have been a nonstarter for many lawmakers. Getting Canada back at the table [represents] a collective sigh of relief from industry and policymakers, and it’s a big win for the Trump Administration.”

The agreement, known as the United States-Mexico-Canada Agreement or USMCA, comes after more than 14 months of intense negotiation among the countries. It will replace NAFTA, the pact signed into law in 1994 that governs the more than $1.2 million worth of trade among the three countries.

One important caveat, and a point lost in some of the reporting on the agreement, according to Gómez: USMCA won’t go into effect until leaders from Canada, Mexico and the United States sign it and their respective legislative bodies sign it into law. That’s expected to happen by 2020.

“The ink is still wet on the agreement,” she said. “The story is not finished and NAFTA is still the law of the land.”

Still, Gómez added, most experts agree the new agreement would “do no harm to trade as it currently stands with Canada and Mexico” and, in fact, “could facilitate trade in flowers if implemented correctly.

“USMCA will improve cooperation among Canada, the United States and Mexico on sanitary and phytosanitary matters by ensuring each countries’ laws and trade practices are transparent and that decision-making is based on science and risk analysis,” she said, adding that other provisions in the legal text could also expedite import checks and reduce paperwork, which is important for perishable product. “The agreement also modernizes, and in some respects, simplifies customs procedures by requiring countries to allow for electronic payments of duties, taxes and other charges associated with shipping products across borders, including allowing for electronic submission of associated documentation. Finally, there are other provisions that generally boost cooperation on trade in products like flowers, such as requirements to allow stakeholders to participate in the development of regulations.”

Steve Register of Flores Ixtapan S de RL de CV, Tenango-Ixtapan de la Sal, in Villa Guerrero, Mexico said that, as a grower and exporter in Mexico, he and his team have been keeping a “close eye on the developments.”

“Early on we were concerned about tariffs possibly being placed on the cut flowers we export to the U.S., but over the course of the negotiations that possibility continued to appear less likely,” he said. “We are relieved to know that the negotiations have finished and that there will be no tariffs placed on cut flowers.”

In addition, he added, “the research we have done shows there will be no changes with USMCA to exporting our buckets. We are very relieved and very excited to increase our exports to the U.S. of both cut flowers and buckets that are commonly used in the floral industry.”

Gómez said that most beltway insiders are now turning their attention to China and how the Trump Administration might move forward with trade negotiations there.

“There’s a general feeling of, ‘Now that we’ve cleared the deck with North America with this agreement, we can start regrouping and improving what’s going on with China,’ which is the real issue for this administration,” Gómez said, noting that some of the language included in the USMCA, including stipulations against currency manipulation, seemed to be thinly veiled references to China. (Currency manipulation has not historically been an issue among Canada, Mexico and the United States.)

“A lot of what’s been done is paving the path forward for this next chapter.”

Department of Transportation Consi-ders Changes to Trucking Hours Rule

Most commercial truckers, including those in the floral industry, are required by U.S. Department of Transportation (DOT) regulations to use electronic logging devices (ELDs) to maintain a record of their driving hours.

The regulations went into effect on December 18, 2017 and apply to trucks carrying horticulture products, despite an “agricultural exemption” from the rule for certain agricultural commodities.

Since the implementation of the rule in December, DOT has been contacted by truckers throughout the country requesting that the regulations be modified to relieve the pressures created by the rule.

In response to the concerns raised, the Federal Motor Carrier Safety Administration (FMCSA), issued an Advance Notice of Proposed Rulemaking (ANPRM) to obtain input from interested parties on a number of possible changes to the rule.

There are four specific aspects of the regulations that are under consideration:

• The short-haul hours of service HOS limit

• The HOS exception for adverse driving conditions

• The 30-minute rest break provision

• The sleeper berth rule to allow drivers to split their required time in the sleeper berth

Tariffs Take Effect on Floral Containers, Other Packaging Materials from China

In September, President Trump implemented the latest round of tariffs on imports from China, including floral containers and other packaging materials, such as baskets and ceramics.

SAF acted by writing to the U.S. Trade Representative (USTR) urging removal of these and other floral products from the target list.

“Imposing increased tariffs on floral containers from China would not be practicable or effective to obtain the elimination of China’s alleged unfair acts, policies and practices, and would cause disproportionate economic harm to U.S. interests, including SAF members based in the United States,” SAF wrote in letter to USTR.

The U.S. Trade Representative finalized plans to implement tariffs effective September 24 at 10% on 5,745 tariff lines, including those covering numerous products used in the floral industry. The Trump Administration plans to raise the tariffs to 25% effective January 1, 2019, if negotiators do not reach an agreement with China on trade matters.

The outlook for improving ties with China is grim in the near term. A Chinese delegation scheduled to visit Washington in September cancelled their trip at the prospect of another round of tariffs. More tariffs are in the pipeline for the U.S., with no scheduled negotiations in sight.

SAF will continue to monitor this issue and act when necessary. **GT**