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# News Release

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## **Mexican Tariff on California Grapes Expected to Drop to Zero**

FRESNO, California – It is expected that Mexico will completely suspend the retaliatory tariff on U.S. grapes by October 21. The first Mexican carrier was cleared Friday morning, October 14, under the Department of Transportation's cross-border trucking pilot program, which was the final step under the U.S.-Mexico agreement for suspending the retaliatory tariffs. The agreement states that Mexico must reduce the tariff on U.S. fresh grapes from 10 percent to zero percent within five business days of the first permit issued.

This has been a long awaited step to resolve the two-year trade dispute between Mexico and the U.S. In March of 2009, Mexico increased its tariff on table grapes from zero to 45 percent in retaliation for the U.S. government canceling a pilot program that allowed Mexican trucks to operate in the U.S. Fresh grapes were among 89 products included on Mexico's retaliation list, and received the highest tariff imposed on any product.

Mexico is one of the largest export markets for California's fresh grape industry, with shipments ranking second in 2008, valued at over \$61 million. The increased tariff caused exports to drop by almost 73 percent to a value of \$16 million in 2009. Volume decreased from nearly 5.8 million 19-pound boxes in 2008 to 1.7 million in 2009.

The California Table Grape Commission immediately began working with U.S. trade negotiators, Congress and other industry organizations to try to resolve the trade dispute. "Mexico has been a vital market for California's fresh grape industry and it was important to get this issue resolved so steps could be taken to rebuild the market," said Kathleen Nave, president of the commission.

In August of 2010, Mexico reduced the tariff to 20 percent resulting in increased shipments over those of the prior year, but still significantly less than totals for 2008. In July of 2011, U.S. Transportation Secretary Ray LaHood was in Mexico City to sign the agreement that would end the Mexico trucking dispute. The fresh grape tariff was reduced to 10 percent until trucking began, when the tariff would be suspended. The tariff is expected to be dropped to zero by October 21.

The California Table Grape Commission was created by the California legislature in 1967 to increase worldwide demand for fresh California grapes through a variety of research and promotional programs.

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