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Conclusions

We have the power to change the tide of trade tension if we are organized. But facts and information alone are not enough. Canada learned this in the last round of multilateral trade negotiations, and the United States learned this in fast track debates. We need real industry participants – real people – educating others about these facts in a language they can understand. This educational process takes time but the rewards are significant and we need a common vision and acceptance of these long-term benefits. And education may be the only constant in our ever-changing industry.

A statement often used to close a TradeWorks address seems a fitting way to close these discussion comments – Trade works for all of us. We should now focus on working for trade.

REFERENCES

Burtless, Gary, Robert Z. Lawrence, Robert E. Litan, and Robert J. Shapiro. 1998. *GLOBAPHOBIA: Confronting Fears About Open Trade*. The Brookings Institution, Washington D.C.

STARR PRODUCE CO.

Robert A. Peterson

Starr Produce was formed in the late 1940s. I represent the second generation of ownership. Starr Produce now has fourth generation ownership. We grow, package and ship cantaloupe, watermelons, sweet onions and potatoes in Texas. We also grow, package and ship seedless watermelon, honeydew melons and onions from the state of Colima, Mexico.

My father, who was one of the organizers of this operation and his partner, went down to Michoacan, Mexico in the mid 1950s. He was probably the second person to go into that area to grow and ship cantaloupe into the United States during the wintertime when cantaloupe cannot be produced in the United States. When they produced their first crop, they could not move it to the market because they did not have any railcars. The ex-president of Mexico, Lázaro Cárdenas (1934-40), lived down in that area. They went out to visit him and caught him out in the corral as he was working his cattle. They told him their problem. The next week, they had more railcars than they could fill. It does pay to know people in Mexico.

The Need for a Credit System

We produce in the lower Rio Grande valley, and we pack and ship our product all over the United States and Canada. Starr Produce is just 100 miles away from a population base of 5 million people—Monterrey, Mexico. Very little of our product goes to Mexico and there is a sizable market 100 miles away. Why is this? The citizens of Mexico love fresh fruit and vegetables and are willing to pay for them. The reason is that we do not have a credit system to be able to move our product south and have assurance that we are going to be able to collect for it.

The United States has a Perishable Agricultural Commodities Act (PACA). It defines the terms that we use over the telephone, because all of our products are sold over the phone. Everybody knows what we are talking about when we say, “a delivered sale, an F.O.B. sale, a consigned sale.” It also defines the standards for each commodity. We know what a “#1 onion” is. We know what a “fancy” pepper or “vine ripe” tomato is. These are defined in PACA. The inspection service can pick those definitions out and that gives us a level playing field.

As we ship our product into the United States, we have assurance that we will collect the bill because PACA defines the credit terms that we act on. The base credit term is 10 days. The Act instructs us as to how we can change that to 30 days. PACA provides another safety net in that it provides a trust on our product. If I were selling a load of produce to a buyer, and I ship it in good faith, if the bank comes down on the buyer and takes all of the assets including my produce, the law has created a trust on that produce. The bank or the buyer is obligated to pay for the produce before they can take out their money for the debt that is owed them. PACA also creates a license. So, if the buyer does not pay, the seller can go after the buyers license which will cut the buyer off doing business with other people.

Why is there not a counterpart of PACA in Mexico, and even in Canada? I have lost more money in Canada than I have in Mexico. These concepts are all available, if we could just get them instituted into law. The lack of a PACA-style credit system in Mexico and Canada is one of my biggest problems.