

kets for milk products.

However, if grain exports to Mexico increase, dairy production in Mexico may well increase, adding to competition with U.S. exporters. Unlike labor, feed costs constitute a large portion of milk production costs, so cheaper grain will benefit Mexican dairy producers.

Additionally, Mexican milk producers are using BST, the milk-increasing hormone not yet approved for use here. BST, coupled with increased grain availability, may give Mexican dairy producers a competitive edge in the domestic market, Ayer says. "So how dairy will shake out is unclear."

Aside from the impact the FTA may

## Some sectors may be harmed and some may benefit.

have on specific sectors of Arizona agriculture, Ayer points out that increased development in Mexico should generally increase the demand for U.S.-produced foods. When agricultural sectors of less-developed countries expand, farmers have more money to spend and tend to demand more agricultural products. Thus, the market for foods that the U.S. farmers

produce efficiently increases, and exports rise.

"If you check the data for a number of years to see where demand for our agricultural has increased, you'll notice that it's in those less developed countries whose agricultural sectors are developing most rapidly," Ayer says. "So the more that Mexico's agriculture gets moving, in general, our agricultural sectors will benefit. Though particular sectors will have a harder time. That's the key difficulty with the FTA."

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## The Other Side of the Coin Importing Vegetables from Mexico

By Lorraine B. Kingdon

**Q**uality is Steve Rainey's No. 1 concern. The Yuma-based entrepreneur who owns STR Sales, Inc., ships vegetables grown near San Luis in Mexico to all parts of the United States and into Canada.

"We're a small company," Rainey says. "We've built a reputation for quality and service that sets us apart. I take a great deal of pride in the fact that I'm in minute-to-minute contact with Angel and Julio Atondo, who grow the produce I sell.

"They know we both get a higher price because of higher quality, so we both work very hard to maintain our reputation." Rainey works on commission, a percentage that depends on the market price.

Pesticides—and pesticide contamination—are no more a problem than with any U.S. vegetable grower. People who worry about "the circle of poison" coming from Mexican food imports are mistaken. Importers face stringent regulations bringing produce into this country and undergo constant, random testing by the Food and Drug Administration.

*continued*



Julio Atondo (left) and Steve Rainey check the green onion crop daily.



"Growers like Julio are every bit as careful as vegetable growers in the U.S.," Rainey says. "He knows he can't make a profit selling vegetables in Mexico. He has to export them."

Although the produce testing is random, Rainey says at least one or two samples of his onion shipments are checked every week. U.S. Customs inspects all trucks at the border, checks the labelling and the net weight of the carton. The FDA tags the load if it's being checked for pesticides. Testing can take as long as two days, but it's usually finished in 24 hours. Since vegetables are perishable, waiting for the test results can ruin the salability of a load. But if Rainey sells without waiting, he will have to track down every box and dump it if the pesticide residue test turns out positive. Fortunately, he has never had a positive test.

The regulations are powerful motivation to watch constantly over spray schedules on Atondo's farm in Mexico. Rainey has the kind of relationship with the Atondo family—Angel and his son Julio—that allows for close and frequent contacts. That's one of the reasons he prefers to deal with the Mexican grower.

"I left a secure job (as a head produce merchandiser with Fleming Foods in Milpitas, Calif., the largest food wholesaler in the country) to go into my own business," Rainey

says. An old acquaintance associated with the Atondos called Rainey because the family needed shipping and sales support to handle the vegetables he wanted to export. The Atondos raise a variety of vegetables on 1,500 acres near San Luis, which is only about 30 miles south of the U.S. border near Yuma.

"Without Julio, our commitment to quality wouldn't work," Rainey says. "We have a friendship—we work together and it's more than just sales. We work on a handshake, and I like that. That's a kind of trust you can't get in the United States anymore."

In 1989, Rainey began shipping green onions—still his largest crop—for the Atondos under the Sho-Pac and Master Grower labels. Depending on the season, STR Sales ships nearly 20 different vegetables, ranging from artichokes and beets to peas and turnip greens.

He looks at free trade as a somewhat limited option that will phase in gradually.

"Free Trade will make a big difference on duty payments in those products where a percentage of the value is charged now," Rainey says. "But, I believe we'll still pay fees for crossing the border—and it probably won't make a dent in the paperwork we have to file."

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## The Circle of Poison?

Do Pesticides Threaten U.S. Consumers of Imported Produce?

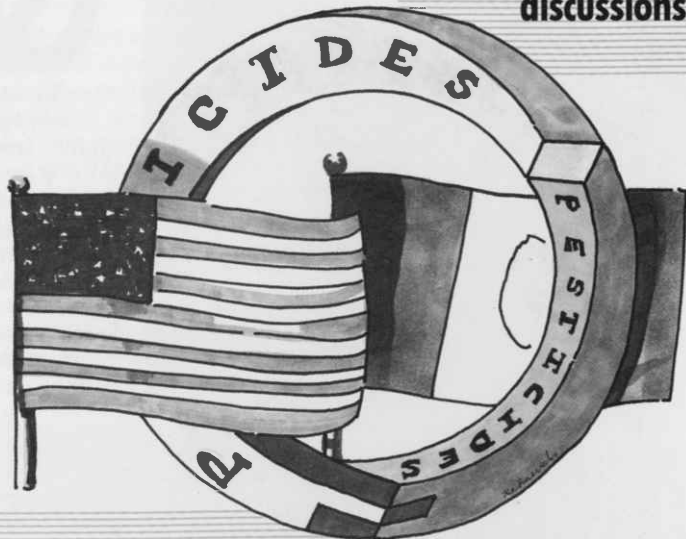
By Maggy Zanger

**W**ill the "circle of poison" pose a larger threat to U.S. consumers with a Free Trade Agreement between the U.S. and Mexico? Not according to University of Arizona experts.

U.S. companies sometimes export chemical pesticides outlawed in the U.S. to other countries, like Mexico. Growers in Mexico may spray these dangerous pesticides on fruit and vegetable crops which may then be exported to the U.S.

Thus, the residue of toxic chemicals banned in the U.S. might circle back to the dinner tables of U.S. consumers on onions, lettuce, broccoli and squash from Mexico. Since the Free Trade Agreement (FTA) will increase agricultural imports from Mexico, people are concerned that more fruits and vegetables in U.S. supermarkets and

Produce safety is  
very much an issue  
in free trade  
discussions.



Ann Helmericks

"Consumers all over  
should be better off  
after the Free Trade  
Agreement."