



June 14, 2017

Mr. Edward Gresser
Chair of the Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th St, NW
Washington, DC 20508

RE: NAFTA Negotiations (Docket No. USTR-2017-0006)

Dear Mr. Gresser:

The Society of American Florists (SAF) respectfully submits these comments on negotiating objectives regarding the modernization of the North American Free Trade Agreement (NAFTA) with Canada and Mexico. SAF appreciates the opportunity to provide the views of the U.S. floriculture industry on the matter.

SAF members produce, distribute and sell fresh cut flowers and foliage, foliage plants, potted flowering plants and bedding plants that compete in the international marketplace. The floriculture industry in the U.S., valued at over \$30 billion, employs approximately 750,000 individuals at nearly 28,000 businesses across the country including: growers, wholesalers, retailers, importers and related organizations located in communities nationwide.

The United States is one of the world's top global producers and consumers of floriculture products thanks to stable trade relations – especially in North America -- that have helped create, expand, and maintain market opportunities. U.S. production of floriculture crops is largely concentrated in California and Florida, which account for 49 percent of total wholesale value, estimated at \$4.37 billion in 2015. U.S. imports of floriculture products have sharply increased in recent years. Canada and Mexico consistently rank within the top five supplying countries for U.S. imports of bulbs, plants, cut flowers, and foliage. Mexico's share of U.S. cut flower imports continues to grow as that nation's annual floral production increases. Canada is an important supplier of foliage, flowering, and bedding plants, and most U.S. floral exports go to Canada. SAF strongly encourages maintaining current NAFTA provisions that benefit North American floriculture trade.

With regard to NAFTA negotiations, SAF would express deep concern at any action that disrupts the efficient and rapid flow of plant material. Floriculture products are highly perishable and need to move quickly through the supply chain to the retailer. SAF encourages USTR to maintain and strengthen NAFTA provisions relating to clear communications channels on border inspection procedures. SAF urges all NAFTA parties to adequately fund the respective inspection agencies for expeditious movement of perishable product. It is also important to strengthen rapid response mechanisms for adverse import checks to mitigate negative financial impacts on the flow of commerce in floriculture trade. For this reason, it is paramount that



NAFTA negotiations prioritize provisions that maintain and enhance movement of plant material across borders.

SAF urges NAFTA negotiators to maintain duty free status for imports and exports of floriculture products. Prior to NAFTA, U.S. tariffs on imports of cut flowers ranged from 4 percent to 8 percent ad valorem. The rates for all cut flowers except roses were eliminated immediately under NAFTA and the 8 percent duty for roses was phased out after 5 years. Mexico's import duty of 20 percent ad valorem was also immediately eliminated under the Agreement. Duty free status has allowed the industry to flourish, and we would object to any revision to the agreement that includes new duties on floriculture products.

SAF recognizes that there may be opportunities to improve the agreement through modernization. One area for modernization is promoting the use of e-commerce as the global economy moves to online retail platforms. To this end, SAF encourages NAFTA negotiators to establish an e-commerce approach that studies adoption of common digital commerce standards in the North American retail sector to maximize regulatory cooperation and tax relief for small businesses.

SAF also encourages USTR to work with USDA's Foreign Agricultural Service and the relevant Canadian and Mexican counterpart agencies to include within NAFTA science-based sanitary and phytosanitary (SPS) standards to protect domestic producers from new and invasive pests. SAF urges USTR to ensure that the negotiations result in transparent SPS provisions that do not create nontariff trade barriers.

Finally, SAF urges swift conclusion of negotiations to remove any uncertainty with regard to floriculture trade in the region. Thank you for this opportunity to submit comments on the NAFTA negotiations, and SAF would welcome the opportunity to provide further information to USTR and other appropriate agencies as negotiations proceed.

Sincerely,

Drew Gruenburg
Chief Operating Officer