

## **BILL ANALYSIS**

Senate Research Center  
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H.C.R. 108  
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Water, Agriculture and Rural Affairs  
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Engrossed

## **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Urging the U.S. Department of Commerce to maintain the Tomato Suspension Agreement.

The State of Texas and Mexico have greatly benefited from their strong economic relationship and long history of bilateral trade.

Fresh tomatoes imported from Mexico contribute more than \$7.5 billion to the U.S. economy and support nearly 50,000 jobs. More than half of the imported tomatoes enter through ports in Pharr and Laredo, with an estimated value of nearly \$1.5 billion.

The Suspension Agreement on Fresh Tomatoes from Mexico, or the Tomato Suspension Agreement, is the result of a collaborative effort involving the U.S. Department of Commerce and nearly 700 producers and exporters of fresh tomatoes grown in Mexico. The agreement first became effective on November 1, 1996, and its most recent update went into effect on September 19, 2019.

Under the Tomato Suspension Agreement, signatory producers and exporters are required to sell Mexican tomatoes at or above a specific reference price to eliminate the injurious effects of exports of fresh tomatoes to the United States. The agreement has helped to bring stability to the tomato market while complying with U.S. trade laws, and it has established strong enforcement and monitoring mechanisms. In addition, the agreement ensures that U.S. consumers have access to a wide selection of fresh tomatoes year-round.

The termination of the Tomato Suspension Agreement would subject U.S. companies to a 17.09 percent tariff on each shipment of tomatoes imported from Mexico, resulting in severe economic harm to numerous businesses and communities in Texas. The estimated potential loss to the state's economy is more than \$4.5 billion and 32,000 jobs. The vast majority of produce warehouses in the Rio Grande Valley would see immediate and severe reductions in their business, and many would face the threat of closure. Moreover, high duties on tomatoes would negatively impact consumers by inflating prices and limiting the supply of vine-ripened and specialty tomatoes, which are predominantly imported by Texas companies.

Countless businesses, residents, workers, and citizens of Texas have benefited from the Tomato Suspension Agreement, and its continuation is vital to the economy of the Lone Star State.

## **RESOLVED**

That the 89th Legislature of the State of Texas hereby respectfully urge the U.S. Department of Commerce to maintain the Tomato Suspension Agreement.

That the Texas secretary of state forward an official copy of this resolution to the U.S. Secretary of Commerce.