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Steven Ranieri

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U.S.-mexico Free Trade Agreement Debate: Recent Expressions Of Opposition, Reservations

by Steven Ranieri

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In October, AFL-CIO chief Lane Kirkland reiterated concerns that a free trade agreement could lead to human rights abuses in Mexico, especially in border areas. In statements to reporters on Oct. 21, Mexico's chief accord negotiator, Herminio Blanco, said his government is prepared to discuss a comprehensive agreement, but that workers' rights and immigration should be excluded. Trade Secretary Jaime Serra Puche reiterated Blanco's statement on immigration, and added, "we prefer to export products, not people." Foreign Minister Fernando Solana acknowledged that certain US groups are "interested in imposing conditions of a political nature" before formalization of a trade accord. However, Mexico City will not change its position on such matters. Solana asserted that the free trade agreement will deal exclusively with trade and investment issues. According to Jose Luis Solleiro Rebolledo, technical secretary for the Universidad Nacional Autonoma de Mexico's technological innovation center, of 100,000 Mexican manufacturing enterprises, only 6,500 are equipped to compete with US firms in a "free trade" environment. Regardless of all forms and sources of pressure, Energy Minister Fernando Hiriart said oil exploration and exploitation will not be included in the negotiations. Foreign participation in these activities is prohibited under the nation's constitution. Peter T. Hutchison, finance and corporate planning director for Mexico's Alfa Industrial Group, told business counterparts that the potential impact of the accord on Mexico will be much greater than that experienced by Canada. He pointed out that US per capita GDP is similar to Canada's. Mexican per capita GDP is about one-ninth of its two northern neighbors. Hutchinson emphasized that the US economy is approximately 20 times the size of Mexico's. The business leader then highlighted the fact that when the Canada-US agreement went into effect 65% of bilateral trade was already tariff-free. In the case of Mexico and the US, only 27% of bilateral trade meets this condition. Hutchison said Mexico is emerging from an entire decade of economic recession when capital for investment in modernization, increased efficiency and output expansion was severely limited. Consequently, he said, Mexico's current situation is radically different from the Canadian one at time of Ottawa's bilateral agreement with the US. He added that negotiations should not be modeled on the US-Canada example, especially in regard to the rate of eliminating all trade barriers. A recent report by Business Week indicated that the US will lose jobs in certain industries, and undergo "painful" restructuring in others, especially agriculture. During a Nov. 9 meeting with Trade Secretary Jaime Serra Puche, representatives of Mexico's National Chamber of Manufacturing Industries (CANACINTRA) placed conditions on their support for the trade pact as follows: * Reform of anti-trust legislation in the US and Mexico. * Differential removal of tariffs on both sides, allowing for the "asymmetry" of the two economies. * Adoption of quality standards in consultation with business leaders. * Development of regulations to assist Mexican companies to enhance competitiveness in product areas using inputs from third countries. * GATT liberalization of quotas affecting Mexican industries, such as textiles, iron and steel. According to the Nov. 15 issues of dailies El Financiero and El Nacional, Mexican legislators, private sector representatives, and the general public are beginning to question the logic of a free trade accord upon evaluating Washington's reliability as a partner by examining its behavior in other venues.

Based on the tuna embargo experience, US positions put forth at the GATT Uruguay Round, and rumors of possible political conditions tied to a trade agreement, editorials expressing doubts about a binding long-term trade accord with the US frequently appear in Mexico City daily newspapers. Such doubts were exemplified in a Nov. 14 statement by Democratic Revolutionary Party (PRD) Sen. Ifigenia Martinez: "It doesn't do Mexico any good to establish a free trade agreement with a partner who traditionally breaks the rules whenever it wants, or uses any means including force to benefit itself." (Sources: Agence France Presse, 10/19/90; Notimex, 10/19/90, 10/20/90, 10/26/90; La Jornada, 10/25/90, 11/08/90; El Nacional, 10/22/90, 10/25/90, 10/26/90, 11/06/90, 11/08/90, 11/15/90; El Financiero, 10/22/90, 10/25/90, 10/26/90, 10/29/90, 11/01/90, 11/05/90, 11/06/90, 11/08/90, 11/10/90, 11/15/90; The Mexico City News, 10/26/90, 10/27/90, 11/09/90)

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