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Agriculture Ministry Proposes Special Compensation For Farmers Experiencing Major Losses From Trade Liberalization

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Last week, the Agriculture and Hydraulic Resources Secretariat (SARH) submitted a proposal to the trade and budget ministries that would provide temporary compensation to farmers experiencing major financial dislocation as a result of the government's trade liberalization policies. The suggested program consists of immediate temporary tariffs and financial aid to benefit wheat, rice, sorghum, soybean and milk producers. Similar assistance measures would benefit sugar and cotton growers at a later date. Agriculture ministry spokespersons argued that Mexico has achieved an unprecedented level of trade liberalization in only 18 months. Farmers in some of the world's major agricultural exporter nations are protected high tariffs, and huge subsidies. In contrast, Mexican producers have experienced sudden and unwarranted financial "shocks," and should instead be eased into the new world of market opening. SARH's proposal also mentions that the average Mexican tariff on agricultural imports is about 20%, much lower than the current 50% ceiling mandated by the General Agreement on Tariffs and Trade (GATT). According to El Financiero (11/14/90), trade and budget ministry officials are opposed to the proposal. They favor complete agricultural trade liberalization, and the elimination of all subsidies. (Source: El Financiero, 11/14/90)

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