

2-20-1991

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Recommended Citation

Ranieri, Steven. "Chronology Of Free Trade Accord Developments: Feb. 6-feb. 19." (1991). <https://digitalrepository.unm.edu/sourcemex/341>

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Chronology Of Free Trade Accord Developments: Feb. 6-feb. 19

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Category/Department: General

Published: Wednesday, February 20, 1991

Feb. 6: Kathryn Whitmore, mayor of Houston, Texas, and member of the US Advisory Committee on International Trade Policy, announced in Mexico City that the US will respect Mexico's constitutional restrictions and accept the exclusion of oil from the trilateral free trade accord (FTA). "Mexico needn't worry. It is easier for PEMEX to buy US companies working in the field of oil derivatives than the other way around," Whitmore said. US Trade Representative Carla Hills confirmed that the US recognized Mexico's constitutional restrictions on foreign investment in the oil sector and that direct foreign investment in oil reserves and exploration may be excluded from the accord. Regarding labor migration, Hills said the laws currently in effect adequately deal with the issue and that there is no reason for the trade agreement to modify them. Feb. 7: Erwan Foure, European Economic Community (EEC) Ambassador to Mexico, said that a North American trade bloc should remain open to the free trade initiatives of non-member countries and unions. He praised Mexico's efforts to free trade with nations outside North America, as demonstrated by a commitment to a trade accord with Central America in 1996, with the EEC (currently under negotiation), and another with Chile, expected before 1992. Commerce Secretary Robert Mosbacher, speaking before the San Antonio World Affairs Council, urged business leaders to push their congressional representatives for swift approval of a free trade agreement with Mexico. Fast-track negotiations would ensure more rapid implementation of the agreement because Congress could not amend the pact before voting on it, he said. Jose Cardenas Izabal, president of the Fruit and Vegetable Producer Confederation (CNPH), said that US farmers are "very interested" in acquiring Mexican farmland, where they would combine high-tech technology and cheap Mexican labor. Cardenas said that unless acquisition occurs after the implementation of agricultural reforms, it would only exacerbate existing land tenure problems. According to Cardenas, fruit and vegetable production will be among the least affected domestic agricultural sectors under a US-Mexican free trade agreement, thanks to growers' export trade experience, which dates from 1910. Current exports total about 1.5 million metric tons per year, accounting for over 50% of the nation's agricultural exports. The CNPH is demanding elimination of all tariff and non-tariff barriers to Mexican fruit and vegetable exports within a 10-year period. Cardenas said that tariffs in 1990 cost Mexico approximately \$160 million. Feb. 9: Jesus Gonzalez Gortazar, president of the National Small Property Confederation (CNPP), said that Mexican and Canadian farmers could unite against US agriculture, because of the latter's formidable subsidies. He added, however, that a trilateral free trade accord would be favorable to Mexican agriculture. Feb. 11: According to a study by the Free Enterprise Studies Center (CEESP), Canada's participation in a free trade agreement does not entail direct competition between Canada and Mexico. The CEESP study claimed that the complementary nature of the two economies, especially regarding agriculture, the automobile industry and tourism, will allow Mexico to benefit more from the trilateral agreement than it would with a bilateral agreement with the US. Pedro Noyola Garagorri, deputy secretary for foreign trade of the Industrial Development and Trade Secretariat (SECOFI), announced that the free trade agreement between Chile and Mexico will take effect in December of 1995. "We have

already established the basic parameters and have invited Venezuela and Colombia to join the free trade agreement," he said. According to Noyola, the Mexican government's objective is to eventually create a free trade zone encompassing all of Latin America. US Secretary of Agriculture Clayton Yeutter said that, as in the agreement with Canada, the trilateral accord will include agricultural tariff safeguards. These tariffs will only be applied if imports are much higher than anticipated and endanger US agriculture. Feb. 12: Jesus Seade Kuri, Mexico's permanent ambassador for the General Agreement on Tariffs and Trade (GATT), said that the trilateral agreement will be more beneficial for Mexico than its inclusion in the GATT. Seade Kuri said the accord will involve a more complete liberalization of Mexico's principal markets than does GATT. David Winfield, Canadian Ambassador to Mexico, said that as far as Canada is concerned, neither services nor oil will be included, in any form, in the free trade agreement negotiations. Winfield denied that Mexico would have to subscribe to the already existing agreement between Canada and the US. Feb. 13: The National Union of Regional Autonomous Campesino Organizations (UNORCA), General Worker, Campesino and Populist Union (UGOCP), Independent Agricultural Workers and Campesino Union (Central-CIOAC), Cardenist Campesino Union (Central-CCC), and more than 100 regional agricultural organizations presented a manifesto titled Toward a New Mexican Society, demanding inclusion in the accord negotiations process. The manifesto also called for official recognition of ejidos and other existing forms of land tenure, and for continued government support of agricultural financing. Feb. 14: Both Canada's Trade Minister, John Crosbie, and the chief US negotiator, Julius Katz, stated independently that Mexico will have to revise its foreign investment and intellectual property laws before the US and Canada will sign a free trade agreement. Juan Morales Doria, president of the Mexican Business Council for International Affairs (CEMAI), said that modifications of Mexico's foreign investment legislation has been discussed in the trade talks. Speaking at a forum on the trade negotiations in Acapulco, Morales said particular emphasis was placed on an opening for foreign investment in financial services. Herminio Blanco, chief negotiator for Mexico, said the talks "are starting from zero" and that a total opening of the three economies could be 12 to 15 years in the future. He added that Mexico is not obligated to use the US-Canada accord as a model. Feb. 18: US House Democrat Reps. Thomas Downey, Frank Guarini and Robert Matsui, in a letter to US Trade Representative Carla Hills, demanded that Mexico's Chamber of Deputies strengthen intellectual property and copyright laws as soon as possible, or the Congress may not approve the fast track negotiation route for the free trade agreement. Feb. 19: Business Week magazine reported that Mexico produces 25% of the fruits and vegetables consumed in the US, and that this proportion should increase with the advent of a free trade accord. According to Business Week, the gradual unification of agriculture in North America seems inevitable. Bright prospects for Mexican agricultural exports is mainly the result of lower wages, between \$4 and \$5 per day in Mexico and \$3.65 per hour in the US. In Mexico City at a conference on tourism, Eduardo Chabert Garcia, vice president of Tourism Developers (Desarrolladores Turisticos), said a trade accord with Canada and the US would permit investment of \$1.7 billion in the industry. (Sources: AP, 02/07/91; Excelsior, 02/08/91; El Financiero, 02/07/91, 02/08/91, 02/12-14/91, 02/19/91; La Jornada, 02/07/91, 02/11/91, 02/14/91-15/91, 02/18/91; El Nacional, 02/07/91, 02/12/91-13/91; The Mexico City News, 02/07/91, 02/12/91, 02/18/91; Notimex, 02/09/91, 02/14/91, 02/19/91; Agence France-Presse, 02/14/91; EFE, 02/18/91)

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