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North American Free Trade Agreement (nafta): Summary Of Developments, November 3-9

by Carlos Navarro

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Nov. 3: Six Mexican senators, representing different areas of the country, said in separate interviews that despite the election of a new US administration, Mexico will retain its current policies regarding the North American Free Trade Agreement. The senators Maria Elena Chapa, Silvia Hernandez, Gustavo Salinas Iniguez, Carlos Jimenez Macias, Artemio Iglesias and Eduardo Robledo Rincon told the government's international news service Notimex that NAFTA was negotiated by governments and not political parties, so there is little chance the treaty will be altered significantly. In a news analysis, Notimex agreed with the senators that very little would change regarding NAFTA with Bill Clinton in the White House. The news agency pointed to Clinton's support for the treaty during the presidential campaign. For example, on Oct. 4, then-candidate Clinton said in Raleigh, N.C., that he opposed any renegotiation of the accord and instead discussed the benefits of free trade for the US, Canada and Mexico. Notimex noted that Clinton's public support for the NAFTA on Oct. 7, three days after the treaty was initialized in San Antonio, Texas, put a damper on hopes by NAFTA opponents to derail the treaty in Congress. Clinton was quoted as saying that free trade would not solve the economic problems of the US. Rather, he said, the treaty should be considered as a part of the total effort to rebuild the US economy. The agency pointed out that even Rep. Richard Gephardt, (D-MO), whom some had considered as a likely opponent of the treaty in Congress, has publicly supported NAFTA. Gephardt has unsuccessfully sought a special tax to finance measures to protect the environment along the US-Mexico border. Canadian Trade Minister Michael Wilson warned that any efforts to modify NAFTA would threaten the fairness of the treaty. Wilson agreed Clinton's election would not have any major effect on NAFTA, since the changes the president-elect is seeking are on the accessory labor and environmental sections and not to the treaty itself.

Nov 4: Mexican Trade Secretary Jaime Serra Puche confirmed Clinton has expressed plans to seek changes that would elevate the status of the treaty's labor and environmental provisions. Speaking in Mexico City, Serra Puche said the matter would be discussed when US and Mexican officials meet in March of 1993. Serra Puche said the Mexican government had kept in contact with Clinton's staff during the presidential campaign. Speaking to exporters in Guadalajara later in the day, Serra Puche said NAFTA provides Mexican companies access to new technology and a wider market.

Nov. 5: In an interview with the television network Televisa, Salinas de Gortari said President-elect Clinton called him to reiterate his support for NAFTA and promised to work toward full enactment of the treaty. Salinas said he would retain the same NAFTA negotiating team, led by Serra Puche, in trade dealings with the Clinton administration. Analysts at the Mexican Stock Exchange (Bolsa Mexicana de Valores, BMV) said the market finished 28.84 points higher at 1,568.69 on Nov. 5 because of Clinton's statement supporting NAFTA. Analysts said the market took the comments as a sign Clinton would not try to renegotiate the treaty. Herminio Blanco, Mexico's chief NAFTA negotiator told a Mexican Senate committee that the treaty would be especially beneficial for the petroleum sector. While he did not make any predictions, he said that revenues from oil exports to the US per year are currently at US\$5 million, compared with expenditures of US\$1 million from imports.

Nov. 7: According to wire service reports, the Japanese office equipment company Canon Inc. intends

to build new plants and increase output at existing facilities in Mexico to take advantage of lower tariffs resulting from NAFTA. The Mexican plants would produce parts that would complement Canon's US plants in Virginia and California, which produce photocopying machines. At a meeting in Guadalajara, Mexican business executives expressed mixed views on whether the election of Clinton would benefit NAFTA. Aurelio Tamez, president of the Confederation of Sales and Marketing Executives (Confederacion Mexicana de Ejecutivos de Ventas y Mercadotecnia), said he was concerned about the potential for increased protectionism under a Democratic administration. However, Juan Gallardo, business sector advisor in NAFTA negotiations, said he thought Clinton would find it easier to sell the treaty to a Democrat-controlled Congress. Nov. 9: According to El Financiero International business newspaper, at a NAFTA seminar in Merida, Serra Puche warned that Mexican business would turn to US and Canadian banks if Mexican financial institutions do not lower their interest rates. (Sources: Notimex, 11/03-05/92; Associated Press, 11/05/92; Agence France-Presse, 11/03/92, 11/06/92, 11/07/92; Spanish news service EFE, 11/04/92, 11/07/92; El Financiero International, 11/09/92)

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