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Mulroney Administration Introduces Nafta Legislation In Canadian Parliament

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On Feb. 25, Canadian Trade Minister Michael Wilson sent the North American Free Trade Agreement (NAFTA) to the House of Commons for review, making that country the first of the treaty's three signatories to submit the accord for legislative approval. Little opposition to NAFTA is expected in the Canadian Parliament, since a majority of Canada's federal legislators belong to Prime Minister Brian Mulroney's Progressive Conservative Party. Nevertheless, legislative approval will likely be slow. In addition to the House, the bill must also be considered by the Canadian Senate. Moreover, Canadian legislators have already decided not to submit the initiative to full debate until a special committee examines the treaty and makes recommendations. Mulroney announced his resignation as prime minister on Feb. 24, and at that time vowed to bring NAFTA for ratification before officially stepping down this summer. Trade Minister Wilson later told reporters that the treaty had to be considered in Parliament early in the year, or risk taking a back seat to the country's general elections in fall 1993. Notwithstanding the time pressures, however, the elections themselves might be the main reason why the Progressive Conservatives are rushing to bring NAFTA for a legislative vote. Jean Chretien, leader of the opposition Liberal Party, has said publicly he would reopen the treaty for renegotiation if elected (see SourceMex, 02/17/93). A Gallup Poll taken in early 1993 showed Chretien's party ahead of the Progressive Conservatives by 49% to 20%. Still, despite his campaign promises, many political analysts doubt Chretien would actually reopen the treaty. Rather, Chretien would likely follow US President Bill Clinton's lead, endorsing the accord but taking a tough stand on issues such as labor and the environment. Once Mulroney departs in June, only one of the three leaders who originally negotiated the treaty will remain in office: Mexico's Carlos Salinas de Gortari. Following are other recent NAFTA-related developments: Feb. 17: A study released by the government of the Philippines suggested that products from that country (and other Asian origins) will stay competitive in the US even after NAFTA is implemented, since most Phillipine exports will remain cheaper than similar goods produced in Mexico. Exports of low value-added garments, such as T-shirts, are expected to lose out to Mexican competition. But the Philippines should retain a competitive edge in high value-added garments, integrated circuits and computer software. Feb. 22: Mexico's Authentic Labor Front (Frente Autentico de Trabajadores, FAT), which represents 40,000 industrial and agricultural workers nationwide, openly opposed NAFTA, complaining the accord is merely an "instrument" to allow multinational corporations to take advantage of Mexican labor. FAT members include employees of subsidiaries of US companies in Mexico. FAT leader Manuel Garcia proposed replacing NAFTA with an accord that would compensate for unequal development between the US and Mexico. "We can't support NAFTA, not even its renegotiation," said Garcia, who called the treaty a threat to workers' rights and living standards. FAT's position contrasts sharply with the government- affiliated Mexican Workers Confederation (Confederacion de Trabajadores de Mexico, CTM), which generally supports NAFTA and has refused to join US unions (led by the AFL-CIO) in calling for reopening of negotiations over the treaty. Feb. 24: US Rep. Richard Gephardt (D-Missouri) proposed creating a special tax on all US commerce with Mexico and Canada once
NAFTA takes effect. The revenue raised would be used for special environmental and worker protection funds. He said implementation of the tax or a substitute fund-raising mechanism was a condition for his support of NAFTA. According to Gephardt, the US government must establish a reliable source of revenue to strengthen infrastructure along borders, implement an effective environmental protection system and create strong retraining programs for workers displaced by the relocation of factories to Mexico. (Sources: Journal of Commerce, 02/18/93, 02/22/93; Agence France-Presse, 02/23-25/93; United Press International, 02/24/93; Reuter, New York Times, 02/24/93, 02/25/93; Wall Street Journal, Financial Times, 02/25/93)

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