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Agricultural disputes could become a major obstacle to the implementation of the North American Free Trade Agreement (NAFTA). On March 17, US Trade Representative Mickey Kantor faced hostile questioning by members of the House Agriculture Committee. The Committee wants to know whether NAFTA will pave the way for Canadians and Mexicans to bring peanuts, citrus fruits, and other products produced outside North America into the US market, taking advantage of reduced tariffs under NAFTA. In addition, the National Association of Wheat Growers (NAWG) has now expressed opposition to NAFTA, despite its initial support when the treaty was negotiated. In a Feb. 10 statement, NAWG charged that NAFTA would merely extend what they see as unfair aspects of the existing Canada-US Free Trade Agreement (FTA). According to NAWG, US farmers have lost over 20% of their US durum market share to Canadian imports since 1987. NAFTA would eliminate tariffs on a broad range of agricultural products the day the treaty goes into effect. Other non-tariff import restrictions would also be immediately replaced with tariffs and then phased out over 10 to 15 years, depending on the product. As a result, certain US agriculture-related sectors such as citrus and wine producers have started to question the potential effects of NAFTA on their activities. The US wine industry sees NAFTA as an opportunity to expand sales to Canada rather than to the smaller Mexican market. Moreover, US wine producers accuse Mexico of using a double-standard by requiring a 10-year tariff phase out for the 20% tariff on US wine, while at the same time conceding to immediately cut in half a 20% tariff on Chilean wine under a separate Chile-Mexico free trade agreement that began last year. For its part, the Florida citrus industry expects NAFTA to give Mexican orange growers a major advantage over those in the state. According to Bob Behr, an economist from the Florida state government, lower wages and less stringent environmental and labor laws will allow Mexican producers to offer boxes of oranges and other citrus fruits for US$2 less than the US equivalent. Box prices in Florida averaged about US$2.36 in January. US tariffs for citrus fruits would not be eliminated immediately, but gradually over a 10-year period. However, Behr suggested that as tariffs are reduced each year, competition will increase accordingly, forcing Florida producers to either go out of business or to relocate operations to Mexico. (Sources: Reuter, 02/09/93, 02/10/93; Wall Street Journal, 02/10/93; Journal of Commerce, 02/09/93, 03/11/93; Reuter, 03/12/93; Notimex, 03/14/93; Albuquerque Journal, 03/15/93; Associated Press, 03/18/93)

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