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On Latest Nafta Developments

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In early May, legislation to ratify the North American Free Trade Agreement (NAFTA) appeared almost certain to gain approval in the Canadian Parliament, but the fate of the treaty is a good deal less certain in the US Congress. In Canada, a final vote on the NAFTA Implementation Act is expected in the House of Commons by mid-May. According to political observers, given the Progressive Conservative Party's legislative majority in Parliament, the treaty will almost certainly gain approval, although the opposition New Democratic Party (NDP) is lobbying heavily against the treaty. In fact, the NDP has won much public sympathy even more so than anti-NAFTA labor groups by accusing Prime Minister Brian Mulroney's administration of trying to force ratification of the treaty without adequate debate. Still, according to the New York Times, there is less public sentiment against NAFTA in Canada than in the US, as reflected in recent public opinion polls. "Because Mexico is a long way from Canada, worry about eroding standards is just not so prevalent here," a Canadian pollster, Angus Reid, told the New York Times. In the US, Congress is not expected to begin deliberations on NAFTA until negotiations on parallel agreements on the environment and labor are concluded. Nevertheless, US legislators opposed to NAFTA have forced public debate on the treaty, especially drawing attention to the issue of potential US job losses. Rep. Nydia Velazquez (D-NY), one of nine women members of the House who traveled to Mexico in late April to examine working conditions in that country, said NAFTA will not have enough support in the US Congress unless future NAFTA parallel accords provide solid guarantees that US jobs will not be transferred to Mexico. During the visit to Mexico, the US women legislators led by Rep. Marcy Kaptur (D-Ohio) met with women union leaders, human rights representatives, and government officials. They also visited various work sites around the country, including border maquiladora plants. According to Kaptur, the poor working conditions and lack of environmental protection at Mexican plants operated by multinational corporations seemed reason enough to oppose NAFTA. The uncertainty over US congressional support grew even more on April 26 after President Bill Clinton's Budget Director, Leon Panetta, flatly stated that NAFTA is "dead" for the time being because of the lack of backing in Congress. Even though Panetta a former member of the House later retracted, there was enough concern over his statements to push Congressional supporters of NAFTA to mobilize. On April 27, the House Ways and Means Committee, led by Rep. Robert Matsui (D-California) and committee chairman Dan Rostenkowski (D-Ill), announced plans to meet with US Trade Representative Mickey Kantor and other officials to discuss strategies on how to assure Congressional ratification of NAFTA. "We should not let false fears prevent us from pursuing an accord that is both fair and balanced," said Rostenkowski. The Clinton administration also acted quickly to defuse the Panetta controversy. Mickey Kantor telephoned Mexico's Trade Secretary Jaime Serra Puche to reassure him that the administration still fully expects the treaty to be ratified. Kantor then reiterated that position in a meeting with a congressional delegation from Florida. "We still intend to meet the goal of a Jan. 1, 1994, implementation," he insisted. According to Kantor, negotiations on parallel agreements on the environment and labor should be completed by mid-year, and ratification is "highly likely" by year-end. However, House Speaker Thomas Foley (D-Wash) stressed that the final content of the parallel agreements will determine the extent of House support for ratification. He warned that any effort to bring NAFTA for a vote
before conclusion of negotiations on the parallel agreements "would create great difficulties." Some NAFTA opponents in Congress have said they may support the treaty if the parallel agreements offer protection against US job losses and provide strong enforcement of environmental regulations. But Republicans have hinted that they oppose "overregulation." In a letter to Clinton, a group of 27 Republican Senators, led by Sen. John Danforth (R-Missouri), said they are willing to launch a campaign to gain support for NAFTA and Clinton's efforts to negotiate parallel accords on the environment and labor. However, they warned Clinton that they would oppose any effort to give the trilateral commissions created under the parallel accords broad enforcement powers. "If [Clinton] has to create whole new levels of regulation and bureaucracy relating to environmental protection and labor laws, he will lose most of the Republicans, including myself," said Danforth. In Mexico, government officials remained confident the treaty would eventually be ratified in the US. In fact, Trade Secretary Serra Puche echoed Kantor's statements that despite the growing opposition, it is "highly probable" that NAFTA will go into effect as scheduled on Jan. 1, 1994. For his part, President Carlos Salinas de Gortari took advantage of Mexico's Labor Day celebrations May 1 to solidify support for NAFTA among Mexican workers. Salinas reiterated that NAFTA would create jobs and boost salaries, especially for workers at the bottom end of the pay scale. Salinas pointed out that his economic reforms have increased wages by 28% in Mexico's manufacturing sector. Despite the strong optimism of Mexican officials, some members of the Mexican business community have expressed doubts whether the treaty will actually be implemented on schedule. On April 25, Salvador Garcia Linan, director of the Mexican Institute for Small and Medium-sized Businesses (Instituto Mexicano de la Mediana y Pequena Industria) recommended that private firms not follow the government's strategy of relying too much on NAFTA in putting together their strategic plans for the near term. In an interview with the government news agency Notimex, Garcia suggested that US congressional opposition to Clinton is so strong that the fate of NAFTA may not become clear until at least the first quarter of 1994. Meanwhile, on May 3 technical negotiators from the three countries began meeting in Washington for several days in an effort to consolidate their positions into a single document in preparation for the next round of talks on parallel agreements in Ottawa on May 12-13. Mexican Trade Secretary Serra Puche told the Spanish news service EFE on May 1 that a single document rather than three separate position papers would allow easier discussion of the points where the three countries disagree. The Ottawa negotiations will be headed by chief trade negotiators Herminio Blanco of Mexico, Rufus Yerxa of the US and John Weekes of Canada. (Sources: Toronto Star/Newsscan, 04/15/93; Notimex, 04/25/93; Reuter, 04/27/93, 04/28/93; United Press International, 04/30/93; Agence France-Presse, 04/29/93, 04/30/93, 05/01/93; Spanish news service EFE, 05/01/93; New York Times, 04/30/93, 05/03/93)