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Carlos Navarro

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by Carlos Navarro
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Due to unforeseen obstacles that emerged in late January and early February, Mexico has been unable to finalize regional free trade agreements with Costa Rica, nor with Colombia and Venezuela. The latter two nations, together with Mexico, make up the Group of Three (G-3) countries. The agreement with Costa Rica, as well as the accord with the other two G-3 members, were both originally targeted for implementation on Jan. 1, 1994, but the date has gradually been moved back in both cases to the first half of this year because of delays in the negotiations.

Delay in G-3 agreement surprising

The difficulties facing the G-3 accord are especially surprising, since the three countries had finalized a text for the agreement in December and were only awaiting the signature of the three presidents. Signature of the G-3 agreement was first delayed in the wake of the uprising in Chiapas, and then was postponed due to the inauguration of Venezuelan President Rafael Caldera.

In the interim, a final technical review of the agreements found that the three sides had not fully resolved differences in such areas as trade in automobile parts, rules of origin for chemical products, and subsidies. Negotiators returned to the table to attempt to iron out the differences. But as of mid-February, there had been no announcement regarding when the G-3 accord might finally be submitted to the three executives for their signature.

The Salinas administration also faced criticism from representatives of Mexico's private sector for having attempted to negotiate too many agreements at one time, which they say resulted in a weak G-3 accord. In an interview with La Jornada, Jesus Francisco Gonzalez Villarreal, an executive with the Nuevo Leon state Manufacturing Industry Chamber (Camara de la Industria de Transformacion de Nuevo Leon), said the G-3 accord as negotiated in December failed to address private sector concerns regarding the Venezuelan government's energy subsidies for businesses. He said that access to cheaper fuel gave Venezuelan companies an unfair advantage over Mexican businesses, who at times have to pay for crude oil at prices above those quoted in the international market.

Separately, members of the Coordinator of Foreign Trade Organizations (Coordinadora de Organismos Empresariales de Comercio Exterior, COECE) took issue with requests by Colombia and Venezuela for a 15-year transition period for tariff elimination in the automobile and auto parts sectors. "How can one say that an agreement exists with Colombia and Venezuela if those countries do not accept measures regarding rules of origin similar to those in NAFTA (the North American Free Trade Agreement), especially for the auto parts industries and textile fibers," said a COECE statement.

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Agriculture dispute blocks Costa Rica accord

Meanwhile, trade in agricultural products constitutes the major stumbling block in reaching an agreement with Costa Rica. As of early February, the two sides had been unable to reach agreement on regulations regarding trade in dairy, sugar, and meat industry products. Mexico wanted to retain the right to protect those industries, while Costa Rica was seeking greater access to these Mexican markets. In fact, Mexico's steadfast insistence on protecting these sectors led Costa Rica's chief trade negotiator, Renzo Cespedes, to criticize Mexico for its "protectionist" attitude.

Similarly, Costa Rican Agriculture Minister Juan Rafael Lizano warned that unless the agriculture dispute was resolved, "there will be no agreement." The Salinas administration's decision to seek greater protection for those sectors was based in part on strong pressure from Mexico's dairy producers.

On Feb. 1, the National Dairy Industry Chamber (Camara Nacional de la Industria de la Leche) urged Trade Secretary Jaime Serra Puche to suspend the negotiations. The Chamber accused Costa Rican dairy companies of "pirating" Mexican dairy brand names, such as Bimbo, Alpura, and Corona. The Mexican producers claimed that a Costa Rican company, after failing to reach a joint venture agreement with a Mexican partner, appropriated the Mexican company's brand name.

Costa Rican Trade Minister Roberto Rojas dismissed the accusations, claiming the dispute involved a "problem of communication" between company lawyers. He said this disagreement would be easily resolved. Another concern that emerged was that Costa Rica's president-elect Jose Maria Figueres might in some way oppose the accord or place new obstacles to the agreement. The accord was negotiated under President Rafael Calderon's administration. Calderon is leader of the Social Christian Unity Party (PUSC), while Figueres is a leader of the opposition National Liberation Party (PLN). But on Jan. 9, Figueres attempted to downplay such concerns, telling reporters that he plans to support the accord as long as the agreement meets with the approval of Costa Rica's business sector.

Despite the disagreements on agriculture and other issues such as rules of origin and intellectual property, officials from the two countries said they remain committed to completing the accord. In fact, in order to expedite negotiations, the cabinet-level trade officials from the two countries Jaime Serra Puche of Mexico and Roberto Rojas of Costa Rica met for ten hours on Feb. 15 in an attempt to iron out differences. Serra Puche later told reporters enough progress was made at this meeting to continue discussions at another meeting in Mexico City on Feb. 21.

Meantime, La Jornada reported that the delays in completing the Costa Rican and the G-3 accords endangered President Salinas's goal of completing a series of other regional trade accords before leaving office in December of 1994. According to the newspaper, Salinas also hoped to finalize agreements with Bolivia and Ecuador; sign an accord with the Central American countries of Honduras, Guatemala, El Salvador and Nicaragua; and either tie in with the Southern Cone Common Market "Mercosur" or negotiate an agreement separately with Argentina and Brazil.

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As of mid-February, the only agreement Salinas had finalized with a Latin American country during his term in office was a bilateral accord with Chile.

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