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Mexico Imposes Trade Restrictions on Chilean, Argentine Imports

by Carlos Navarro

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During February, Mexico became entangled in separate disputes with Chile and Argentina over decisions to impose restrictions on imports of agricultural products from each of the two countries. In the case of Chile, the Mexican Trade Secretariat (Secretaria de Comercio y Fomento Industrial, SECOFI) on Feb. 10 imposed preliminary duties ranging from 2.45% to 28.42% on all imports of Chilean fishmeal. SECOFI initially imposed the preliminary duties only against four Chilean companies Coloso, Eperva, Iquique and Indo but later extended the action to all fishmeal imports from Chile. The Secretariat will hear testimony regarding the case during the next several weeks and is expected to issue a final ruling by the end of June.

Chilean firm accused of dumping fishmeal in Mexico

SECOFI's preliminary ruling was based on a complaint filed by the National Fisheries Industry Chamber (Camara Nacional de la Industria Pesquera, Canaipes) on Oct. 5, 1993 (see SourceMex, 10/20/93). In the complaint, Canaipes charged that the Chilean government was unfairly subsidizing Chilean fishmeal production, which allowed exporters to sell the product in Mexico at lower prices. In a Feb. 11 statement explaining the ruling, SECOFI said the Mexican government especially wants to provide protection to fishmeal producers in the states of Sonora and Baja California, which produce much smaller volumes than the efficient and well-established Chilean industry.

In fact, the SECOFI action received an enthusiastic endorsement from the Mexican sardine fisheries union (Sindicato Interempresa de Trabajadores Tripulantes de Naves Sardineras), which represents about 1,500 workers. According to the union, recent changes in labor laws in Chile have eliminated privileges for workers in the country's fisheries industry. The union alleges this has resulted in a reduction in salaries to 1991 levels, which has in turn reduced the cost of operation for Chilean fisheries.

During 1993, Chile exported US\$26 million worth of fishmeal to Mexico, or about 20% of its fishmeal exports worldwide. As expected, the SECOFI action provoked strong protests from Chilean officials, who accused Mexico of blocking free trade and violating terms of the bilateral trade agreement between the two countries. The Chileans raised special concern about Mexico's decision to impose blanket duties on all imports of Chilean fishmeal. Despite the strong Chilean protests, there was little indication that Chile planned to take retaliatory measures against imports of Mexican products.

Mexico's ambassador to Santiago, Jorge Eduardo Navarrete, told the government news agency Notimex in late February that the administration of President Carlos Salinas de Gortari would be willing to have the matter brought up before the General Agreement on Tariffs and Trade for resolution. Meantime, Alejandro Jara, head of international economic relations for the Chilean Foreign Ministry, was scheduled to travel to Mexico City in early March to discuss the matter with Trade Secretary Jaime Serra Puche and other SECOFI officials. In addition, representatives of

the four Chilean fishmeal producers originally affected by the SECOFI action have asked to send representatives to testify before the panel that will issue the final ruling.

Argentine agricultural imports restricted

In the dispute with Argentina, the Mexican Agriculture Secretariat (Secretaria de Agricultura y Recursos Hidraulicos, SARH) in late February announced an embargo against imports of Argentine rice, wheat, garlic, and peanuts, citing "phyto-sanitary concerns."

The move provoked a strong protest from Argentina. According to Felipe Sola, Argentina's Secretary for Agriculture, Animal Husbandry, and Fisheries, the Mexican government imposed the restrictions unilaterally without consulting with Argentine authorities. In any case, Sola suggested that diseases and insects identified by the SARH as present in Argentine exports of those products to Mexico are also prevalent in imports of the same agricultural items from the US. "This is not only a serious non-tariff barrier to trade, but also sets a poor precedent for future trade relations," said Sola, who accused the SARH of acting in bad faith.

Sola said Argentina's Foreign Ministry plans to "urgently" present a protest to the Salinas administration, urging a cancellation of the Mexican directive. Notwithstanding Argentina's concerns, exports of these four products to Mexico have been small in recent years, despite a commitment by Mexico in 1990 to increase purchases of Argentine agricultural products. For example, analysts noted that Argentina exported only 16,500 metric tons of wheat to Mexico during 1993. Rice and peanut exports were also relatively small.

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