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Increased Exports Helped Narrow Agricultural Trade Deficit in 1993

by LADB Staff

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In late March, the Agriculture Secretariat (Secretaria de Agricultura y Recursos Hidraulicos, SARH) reported that Mexico's agricultural trade deficit for 1993 narrowed to US\$121.4 million, a significant drop from the US\$761.4 million deficit registered the previous year.

The report, produced by the SARH's International Affairs Department (Direccion General de Asuntos Internacionales, DGAI), said agricultural exports approached US\$2.4 billion last year, the highest level in 15 years. This was offset by imports of almost US\$2.5 billion, down from US\$2.8 billion in 1992.

According to the DGAI, the principal exports last year were fresh fruits and vegetables including tomatoes, live cattle, and coffee. About 63% of all agricultural imports consisted of soybeans, cotton, sorghum, and wheat. Imports of all these products were higher relative to 1992. In fact, the recent trend toward increased wheat imports has created some concern among SARH officials. In an interview with reporters from Reforma daily newspaper in late March, SARH deputy secretary Luis Tellez said the government is considering imposing countervailing duties on imports of US and Canadian wheat if the two countries do not eliminate production and export subsidies on wheat shipped to Mexico.

Regarding the wheat dispute, Tellez said the Mexican government will also attempt to invoke anti-dumping provisions in the North American Free Trade Agreement (NAFTA), which prohibit sales of goods among the three NAFTA members at less- than-fair market value. On a related matter, SECOFI officials told El Financiero daily newspaper the Salinas administration will launch a comprehensive review of US, Canadian, and European production and export subsidies for wheat, rice and dairy products to determine if these products are being sold in Mexico at below- market value. This would be the first time SECOFI initiates an anti-dumping investigation without first receiving a complaint from the private sector.

Meanwhile, the overall drop in agricultural imports relative to 1992 was partly the result of a reduction in imports of beef from the US. According to the US Department of Agriculture (USDA), Mexican imports of US beef during 1993 were down sharply from the previous year. The USDA report said Mexico purchased about 36,560 metric tons of US beef during January-November of last year, compared with the 65,100 MT during the same period in 1992. The import decline was due mostly to Mexico's decision to reinstate tariffs of 20% on imports of US beef in order to protect the domestic cattle industry. The tariff, which was eliminated in 1992, attracted a flood of imports of US beef, according to the SARH.

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