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In mid-April, deputy trade ministers from Mexico, Colombia, and Venezuela failed to reach agreement on rules of origin for chemicals and textile products during a meeting in Mexico City, thus delaying again the completion of a proposed free trade accord for the Group of Three (G-3). Despite the latest setback, officials for the three countries agreed to resume negotiations in Bogota, Colombia, on May 7. Those talks will again be led by deputy trade ministers Herminio Blanco of Mexico, Ricardo Arcaya of Venezuela, and Jose Echavarria of Colombia.

According to sources close to the negotiations, a new G-3 accord was held up by a disagreement between Mexico and Venezuela on the percentage of imported components that will be allowed to be used in textile and chemical products before the finished items can be eligible for reduced tariffs. Venezuelan officials apparently want a flexible percentage, while Mexican officials are insisting on at least a 50% local content.

In early April, sources close to the Mexico City negotiations told Agence France-Presse that if the differences on rules of origin with Venezuela are not resolved, the ministers have discussed leaving the disputed areas out of the agreement in order to prevent any further delays in the signing of the G-3 accord.

The new administration of Venezuelan President Rafael Calderon has agreed not to reopen any areas where negotiations had already been completed, thus eliminating any possibility for a general reopening of the G-3 accord. A report issued on April 8 by the Trade Secretariat (Secretaria de Comercio y Fomento Industrial, SECOFI) indicated that a G-3 accord would benefit certain sectors and products from each country.

For example, Mexico would be able to boost exports of motor vehicles and auto parts, steel, petrochemicals, electronics, glass, clothing, and photographic equipment. Colombia would mainly gain better access to the Mexican and Venezuelan markets for clothing, footwear, leather, ceramics, and editorial and printed matter.

Venezuela would be able to increase sales of aluminum and aluminum products, steel, petrochemicals, and fertilizers. According to SECOFI, several agricultural products would be excluded from the agreement, including poultry, dairy products, dry beans, coffee, wheat, corn, tobacco, pork, rice, tallow, vegetable oil, and bananas.

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