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One of the most significant impacts of the peso devaluation has been the reversal of Mexico's trade balance from a deficit to a surplus. According to preliminary government estimates, Mexico attained a trade surplus of U$380 million in March, compared with a deficit of US$1.3 billion during the same month last year. The reversal of the trade deficit, however, has shed a different light on Mexico's trade disputes with the US and other countries, regardless of whether the disputes are directly related to the devaluation.

In a case directly linked to the devaluation, spokespersons for Chile's fishmeal industry told reporters in mid-April that the drop in value in the peso, along with inflation and high interest rates, have virtually halted all Mexican imports of Chilean fishmeal. According to the spokespersons, the peso devaluation has nearly doubled prices for Chilean fishmeal in Mexico, which has prompted Mexican livestock producers to seek alternatives, including vegetable-based meals such as soymeal to feed their animals. Before the devaluation, Mexico and Chile were involved in disputes over Chilean fishmeal exports to Mexico. For example, in November of 1994, the Mexican government invoked a clause in its bilateral free-trade agreement with Chile that allows Mexico to impose quotas on imports of Chilean fishmeal to protect domestic producers (see SourceMex, 12/07/94).

The restrictions imposed in November followed the Mexican government's imposition of countervailing duties on Chilean fishmeal on the premise that exporters were being subsidized by the Chilean government and were thus selling their product in Mexico at less-than-fair market value (see SourceMex, 03/02/94 and 03/16/94). The devaluation of the peso is also expected to affect the government's decision on whether to act on complaints by Mexican companies about unfair trade practices against several countries. In a decision handed down in April, the Trade Secretariat (Secofi) announced that no countervailing duties would be imposed against steel sheet imported from eight countries, even though some instances of unfair trade practices were discovered.

According to a Secofi spokesperson, the government decided that it was preferable to allow an increase in the supply of steel sheet to enter Mexico, in order to reduce prices and help manufacturers cope with the impact of the devaluation. The Secofi directive affected imports from the US, Brazil, Venezuela, Australia, Germany, South Korea, the Netherlands, and South Africa. On the other hand, the devaluation has not totally changed the government's policies in dealing with unfair trade practices. In mid-April, Secofi proceeded to impose temporary countervailing duties of 166% on bicycle tires imported from India. The decision was based on an investigation conduced by Secofi in the last half of 1993, which found that national production declined by 38% at the same time that imports from India increased by 542%.

During April, Secofi also launched an investigation on imports of iron products from Brazil, based on a complaint from the Mexican company Cifunsa that Brazilian producers are dumping

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their products on the Mexican market. A handful of trade disputes between the US and Mexico also gained prominence during April. In one case, the trade dispute resolutions panel created under the North American Free Trade Agreement (NAFTA) met in mid-April at the request of the US government to review anti-dumping duties imposed by Mexico on imports of US flat steel. Companies affected by the duties from the two countries were due to present testimony. No decision was immediately expected in the case, since the panel has a deadline of July 13. The panel is composed of five members, two each from the US and Mexico, and a fifth designated through mutual agreement.

In a separate US-Mexico dispute, the US International Trade Commission (ITC), in a 5-0 decision issued on April 18, decided against taking any immediate action against imports of Mexican tomatoes. In handing down the decision, the commission said there was no immediate evidence that the tomato imports from Mexico were causing undue harm to tomato producers in Florida, which had filed the original complaint in March (see SourceMex 03/29/95). The ITC, however, will continue the investigation through July to determine if Florida farmers are entitled to any special government assistance. The Florida Tomato Exchange, which represents growers and handlers in central Florida, had sought 50% tariffs on imported tomatoes through the end of April.

Although the import competition began before NAFTA took effect in January 1994, the growers say NAFTA worsened the situation. The Florida case differs from traditional dumping complaints because no unfair trading practices were alleged. Instead, the agency must determine whether there has been any serious injury to US producers and whether imports are a substantial cause for such injuries. Ironically, on April 10, Mexico's Chamber of Deputies citing static tomato production in Mexico over the past five years asked President Zedillo to offer special assistance to tomato producers in western Mexico. The main sponsor of the initiative, Jorge Kondo of the Democratic Revolution Party (PRD), said the enactment of NAFTA resulted in an unprecedented increase in imports of tomatoes from Florida, California, and Texas. (Sources: La Jornada, 04/11/95, 04/12/95, 04/14/95; Notimex, 04/19/95; Associated Press, 04/18/95, 04/23/95; El Financiero International, 04/24/95)

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