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U.S.-Mexico Economic, Political Conflicts Bring Increased Scrutiny to NAFTA

by LADB Staff

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The North American Free Trade Agreement (NAFTA) is facing a new level of scrutiny on both sides of the US-Mexico border because of concerns that the accord has not adequately protected the economic and political interests of both countries. In particular, questions about NAFTA were sparked by two legislative initiatives addressed in the US Congress during April and March. One initiative attempted to withdraw certification for Mexico as an ally in the fight against drug trafficking, while the other involved a controversial and tough immigration-reform law. Questions raised about role of accord in drug trafficking In the US congressional debate on Mexico's drug certification, opponents drew both indirect and direct connections to NAFTA. In the end, the House passed a resolution to withdraw certification from Mexico while the Senate voted to uphold the certification on the condition that US President Bill Clinton's administration prepare a detailed report on Mexico's efforts to fight drug trafficking.

Still, during the debate in both the US House and Senate, critics accused the administration of adopting a lenient stance toward Mexico in order to protect the US commercial and economic interests. This philosophy was evident, for example, during a hearing of the House Ways and Means Committee, in which US Trade Representative Charlene Barshefsky urged Congress not to allow concerns about drug trafficking in Mexico to influence a decision on whether to extend fast-track negotiating authority to President Clinton in order to proceed with negotiations on extending NAFTA to Chile. Chile has expressed interest in joining NAFTA, but negotiations have been on hold until US President Bill Clinton secures fast-track authority from the US Congress (see NotiSur, 11/09/95).

The debate in Congress over the Mexican drug issue has been fueled further by allegations that government officials, including the family of former president Carlos Salinas de Gortari, were deeply involved in the drug trade. The certification became more difficult because of negative publicity in February and March implicating key government officials in drug trafficking. In late February, federal law enforcement authorities arrested Mexico's chief drug-enforcement officer, Gen. Jesus Gutierrez Rebollo, and two of his top assistants, on charges of accepting bribes to protect one of Mexico's most notorious drug traffickers, Amado Carrillo Fuentes (see SourceMex, 02/26/97).

Even more direct connections have been drawn between NAFTA and the drug trade. According to trade specialists, the opening of the US-Mexico border under NAFTA has greatly increased the flow of trucks from Mexico to the US without a proportional increase in the number of US Customs inspectors. According to the US Customs Service, that agency's personnel are only able to inspect about 7% of the Mexican trucks crossing into the US, meaning that 93% of the trucks crossing the border get through without scrutiny. While the extent of drug trafficking since the opening of the US-Mexico border in 1994 is nearly impossible to track, the one set of statistics available to authorities involve the growing amounts of drugs confiscated at the US-Mexico border.

According to the US Customs Service, federal law enforcement authorities at US-Mexico border checkpoints seized more than 500,000 pounds of marijuana, 45,000 pounds of cocaine, and 500 pounds of heroin at border crossing stations during 1996. The statistics show that the amount of cocaine confiscated last year is similar to the preceding five years, but the amounts of marijuana and heroin seized are much greater than during 1991-1995.

Meanwhile, the move by the US Congress to withdraw drug certification from Mexico caused anger among Mexican government officials, legislators, and business leaders. The national association of manufacturing businesses (Asociacion Nacional de Industriales de la Transformacion, ANIT) went as far as to pass a resolution urging President Ernesto Zedillo's administration to renegotiate NAFTA. "We would like to decertify the import of manufactured products from the US, which we are able to produce in our own country," said ANIT in a prepared statement.

Mexican Congress wants accord to protect immigrant rights

Mexican legislators also raised questions about the viability of NAFTA following the passage of punitive legislation in the US Congress regarding undocumented immigrants. The new US immigration law, which went into effect on April 1, creates mechanisms that could lead to the mass deportation of undocumented aliens, forfeiture of their property and rights acquired during their stay in the US, and a permanent ban on their return. The law also increases the number of Border Patrol agents along the US-Mexico border and provides funding for authorities to acquire modern surveillance equipment and erect more barbed-wire fences.

In response, the Mexican Chamber of Deputies passed a resolution condemning the new US immigration legislation and urging that the Zedillo administration bring the matter before the United Nations and the Organization of American States. "It is a totally unjust law, in every aspect, because Mexican laborers help the U.S. (economy)," said Deputy Juan Jose Osorio Palacios, president of the Chamber of Deputies. Osorio, a member of the governing Institutional Revolutionary Party (PRI), urged the Zedillo administration to make use of NAFTA to take steps to counter the new US immigration law. "We have to take advantage of our membership in NAFTA to establish a migratory accord with the US," said Osorio. \

The Mexican legislators also took advantage of a meeting in early April with members of the US Senate and House in Mexico City to complain about the immigration law. The US delegation was led by Sen. Bob Smith (R-NH). The Mexican legislators, led by Deputies Rafael Ceballos Cancino, Cesar Gonzalez Quiroga, and Carlota Botey, also raised questions about what they perceived as the "inequities" of NAFTA toward Mexican agricultural products. They cited continuing US restrictions on imports of Mexican agricultural products, including tomatoes, avocados, wheat, sugar, mangoes, bananas, sheep, chickens, and pork. "We have to sit down to revise NAFTA as partners and not as enemies," Gonzalez Quiroga told the visiting US delegation.

US-Mexico agricultural trade remains contentious issue

In recent months, Mexican producers have also complained about US restrictions on apples and cattle. In fact, in early March, the Mexican Trade Secretariat (SECOFI) agreed to launch an investigation against imports of US apples. The investigation, requested by apple growers in

Chihuahua state, alleges that apple producers in Washington state are selling their produce in Mexico at a much lower cost than allowed under NAFTA. Under the trade agreement, Mexico has been phasing out tariffs on US apples, with total elimination of import taxes scheduled for the year 2003.

For their part, in early April Mexican cattle producers filed a complaint asking SECOFI to investigate whether meat imports are being sold in Mexico at below-market value. The complaint is directed principally at US meat exporters, but also includes imports from other countries.

On the US side of the border, an outbreak of Hepatitis A in Michigan has raised concerns on whether NAFTA allows for adequate inspection of produce imports. The cases of Hepatitis A, which affected more than 100 school children, were traced to strawberries distributed in US school-lunch programs. The strawberries were labeled as a California product, but US authorities later traced the origin of the produce to Baja California state. The Mexican origin of the strawberries has provided ammunition for US agricultural interests to call for tighter restrictions on imports of Mexican produce.

The calls for tighter scrutiny could be aided by a recent report published by the US Department of Agriculture (USDA). In the report, the USDA inspector general concludes that the huge increase in agricultural imports under NAFTA has overwhelmed the agency's ability to regulate imports of 15 commodities. "The USDA has been unable to perform all required inspections of imported fruits and vegetables to be sold in retail markets," the inspector general states. Among other things, the report discovered that US importers have frequently abused rules established under NAFTA to allow quicker entry of products. As a result, Congress is considering stricter measures that could fuel more conflicts with Mexico. For example, Reps. Sonny Bono (R-Calif) and Karen Thurman (D-Fla) were expected to sponsor legislation this year that would require that all produce carry labels identifying its country of origin.

In Mexico, government officials and producers were similarly concerned that the hepatitis outbreak could result in protectionist measures against Mexican produce. In an article printed in the daily newspaper *Excelsior*, columnist Laura de Alizal suggested that the publicity surrounding the tainted strawberries is part of a wider campaign to discredit Mexico. "Mexican strawberries were blamed immediately for the outbreak, even before authorities were certain about their origin," said Del Alizal. "Some economic interests in the US are evidently trying, through varied means, to create obstacles for NAFTA." Some Mexican health authorities have argued that the contamination was not the result of irrigation with contaminated water in Mexico as reported, but rather occurred at a US processing plant. The concerns about NAFTA also followed the release of the US Trade Representative's (USTR) annual report on global trade barriers against US products in late March.

While the report focused primarily on barriers imposed by Japan and European countries, the USTR also criticized the Zedillo administration for imposing "overly restrictive" measures against US products in retaliation for US tariffs on imports of Mexican straw brooms (see SourceMex, 09/18/96 and 12/18/96). In addition, the USTR report criticized Mexico's customs regulations, which are inconsistent and tend to create obstacles for US exporters. Cooperation efforts continue despite conflicts. Notwithstanding the criticisms of NAFTA, the US, Mexican, and Canadian

governments are continuing efforts to increase cooperation through mechanisms established under the agreement.

At the fourth annual meeting of the NAFTA commission in Washington in late March, Mexican Trade Secretary Herminio Blanco, Canadian Trade Minister Art Eggleton, and the USTR's Barshefsky reached an agreement to expedite the reduction of import tariffs for 68 products. The new timetable would become effective on July 1 of this year. Tariffs will be reduced at a faster rate than stipulated under the original NAFTA timetable for 24 products from Canada, 25 from Mexico, and 19 from the US. The Mexican products include such items as chemicals, photographic film, towels, and wooden blinds. The list of US products that will benefit includes bicycle parts, some petrochemicals, and processed artichokes.

For Canada, the new timetable will cover a variety of industrial products, including some types of heavy machinery. The three trade ministers also committed themselves to reach an agreement on "alternative" mechanisms to resolve outstanding trade disputes. Separately, mayors from 83 US, Mexican, and Canadian cities organized a summit in Monterrey on April 9 to discuss ways of expanding economic ties. Event organizers said the summit dealt with such topics as technological and infrastructure investments, trade and economic development initiatives, and cooperative trade marketing strategies. (Sources: El Nacional, 02/19/97; Christian Science Monitor, 03/03/97; La Jornada, 02/14/97, 03/21/97; New York Times, 03/24/97; El Universal, 03/13/97, 03/20/97, 03/21/97, 04/01/97; El Economista, 04/01/97; Reuter, 03/04/97, 03/05/97, 04/02/97, 04/03/97; Associated Press, 03/06/97, 03/18/97, 04/03/97; The News, 03/19/97, 04/03/97, 04/04/97; Journal of Commerce, 04/04/97; El Financiero International, 04/07/97; Excelsior, 04/08/97)

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