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## **NAFTA Panel Proposes Mechanism to Resolve Agriculture Trade Disputes**

*by LADB Staff*

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A special committee within the North American Free Trade Agreement (NAFTA) is expected to consider a mechanism to allow private agricultural companies in the US, Canada, and Mexico to bring their disputes before a trilateral commission, which would be set up for that purpose. Nevertheless, because the commission would not be empowered to handle national-level disputes, recent large-scale disagreements between the US and Mexico regarding avocados, apples, and corn syrup are likely to continue in the medium- to long-term.

According to Canadian Trade Minister Sergio Marchi, the trilateral commission's creation will be examined by officials from the three countries, who are expected to review agricultural issues during an upcoming meeting in Montreal. Marchi said the new commission would comprise both private- and public-sector representatives from the NAFTA countries. According to Marchi, NAFTA article 707 provides for the creation of the commission, which would come under the auspices of NAFTA's Consultation Committee on Trade Disputes. Marchi said the commission could help expedite resolution of agricultural trade conflicts, particularly those regarding fruits and vegetables. Avocado, apple, & other sectoral disputes handled separately

The new commission would have the power to resolve disputes between individual companies. Nevertheless, it would not be able to address larger issues that affect broad productive sectors in the NAFTA countries. As a result, recent disagreements between the US and Mexico regarding trade in avocados, apples, and corn syrup will not be affected by the trilateral commission's creation. In fact, some of these controversies may grow more intense, particularly the conflict over avocados. Currently, Mexico is seeking to expand its market share of avocado sales in the US.

Under an agreement negotiated by US President Bill Clinton and Mexican President Ernesto Zedillo, avocado producers in Michoacan and other states started exporting their produce to 19 states in the eastern US for a four-month period, beginning in November 1997 (see SourceMex, 10/16/96 and 10/29/97). Mexican producers, however, say they will push the US to allow their avocados to be marketed in a larger area. That has increased concern among avocado producers in California, who are already angered by the Clinton administration's decision to allow limited access to Mexican avocados.

According to Mark Affleck, director of the California Avocado Commission, producers in that state are worried that Mexico is seeking to expand sales to Texas and other central states. "We are going to fight with all our energy to keep the current restrictions," said Affleck. Some avocado producers in California want to revoke the agreement, charging that the US must yet prove that Mexico has fully eradicated harmful pests from its avocado groves.

## *US calls Mexican duties on apples & corn syrup excessive*

Meanwhile, the US government says Mexico has imposed exorbitant restrictions on imports of US apples and high- fructose corn syrup. In a report released in early October, the US Commerce Department said temporary countervailing duties recently imposed on apples and corn syrup are "excessive." Moreover, the report says the Mexican government has not provided sufficient justification for the duties.

The preliminary duties on apples were imposed in September (see SourceMex, 09/24/97). Now, Mexican apple producers are pushing the government to make the duties permanent. Regarding corn syrup, Mexico's Secretaria de Comercio y Fomento Industrial (SECOFI) initially imposed preliminary duties of 66% to 102% in July (see SourceMex, 07/02/97). Those duties became permanent in September (09/24/97). The US has brought a complaint about the corn-syrup restrictions to the World Trade Organization (WTO). The US contends that the WTO anti-dumping code does not apply to the case since corn syrup and sugar are two separate products, even though they are used for similar purposes. (Sources: El Economista, 10/20/97; Excelsior, 11/07/97; Notimex, 10/31/97, 11/06/97, 11/10/97)

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