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## **Mexico, U.S., Canada to Expedite Some Tariff Reductions Under NAFTA**

by LADB Staff

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In late April, the US, Mexico, and Canada reached an agreement to expedite tariff phase-outs under the North American Free Trade Agreement (NAFTA). The decision, which takes effect on Aug. 1, covers about 500 products traded among the three NAFTA countries. This is the second time the three countries have agreed to expedite tariff reductions since NAFTA went into effect on Jan. 1, 1994. The decision to expedite the tariff phase-out was announced jointly by Mexican, US, and Canadian officials attending a two-day conference of the Organization of Economic Cooperation and Development (OECD) in Paris.

### *Mexican textiles to gain faster access to US, Canada*

Mexican Trade Secretary Herminio Blanco said the new timetable will allow faster access to the US and Canadian markets for US\$562 million in Mexican textiles, wools, synthetic fibers, watches, and other products. Under the original NAFTA timetable, the tariffs for those products were not scheduled to be phased out for another five years. In exchange for quicker access for its products, the Mexican government agreed to expedite the phase-out of tariffs for about US\$500 million in imports from the two NAFTA partners.

Most of the US\$500 million involves US products, including pharmaceuticals, toys, steel products, certain chemicals, and a limited number of cloth products. Some items, such as hats and steel cables, will be able to move freely among the three countries, effective Aug. 1. But the decision to move up the date for elimination of US tariffs attracted protests from representatives of the Mexican toy and clothing and apparel industries.

In a letter to the Secretaria de Comercio y Fomento Industrial (SECOFI), representatives of the Camara Nacional de la Industria del Vestido (CNIV) and the Asociacion Mexicana de la Industria del Juguete (AMIJ), accused the government of making "unilateral decisions" without consulting with the appropriate industry groups. In their letter, CNIV president Alberto Dana Shilton and former AMIJ director Teresa Casuga said the toy, clothing and apparel, and other industries were not prepared for a greater opening of the Mexican market.

In reply, Humberto Jasso, director of SECOFI's division of industrial and agricultural negotiations, said the government held several consultations with representatives of the clothing, toy, steel, chemical, and pharmaceutical sectors, and did not meet any objections. On the other hand, he said President Ernesto Zedillo's administration did not consent to US requests for a faster phase-out of tariffs on wood, paper, and certain agricultural products because of objections from representatives of those industries in Mexico. (Sources: Reuters, Notimex, Bloomberg News, Associated Press, 04/29/98; El Economista, Excelsior, El Diario de Yucatan, Novedades, 04/30/98; El Universal, 04/30/98, 05/04/98; El Financiero International, 05/04/98)

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