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Mexico Business Briefs: Tuna Embargo, Cement Ruling, Japan Trade

by LADB Staff

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US, Mexico, six other nations sign accord to end tuna embargo

At a late-May meeting in Washington, representatives from the US, Mexico, and six other countries agreed to end a US embargo on imports of tuna. The agreement was signed by US Secretary of State Madeleine Albright and diplomatic representatives from Mexico, Costa Rica, Nicaragua, Panama, Ecuador, Colombia, and Venezuela.

The agreement will go into effect following ratification by the senates of the participating countries. As of late May, the senates of Mexico and three other countries had not yet voted on the accord. The signatories left open the possibility that nine other countries and the European Union (EU) could sign the agreement at a later date.

The US imposed the embargo on tuna imports from 23 countries in 1990, arguing that the nets used resulted in the accidental death of too many dolphins (see SourceMex, 11/07/90). US President Bill Clinton pushed to end the embargo in 1996, but some US senators objected because the administration's proposal was not considered adequate to protect dolphin populations in the western Pacific Ocean. The administration then modified its proposal to require exporting countries to continue labeling cans of tuna "dolphin safe," indicating the methods used to catch the tuna did not result in a high incidence of dolphin deaths (see SourceMex, 08/06/97).

The accord signed in Washington in mid-May commits the US to allocate US\$8 million to study dolphin numbers and their habitat in the western Pacific Ocean. The study, which will begin during the second half of this year, should be completed by March 1999. Until the study is completed, all tuna imported from Mexico and the seven other countries must carry the "dolphin-safe" label. Jesus Reyes Heróles, Mexico's ambassador to Washington, urged the US to guarantee that the study is fair to Mexico and other Latin American tuna exporters. "We must ensure that the study is objective and based on scientific data," said Reyes Heróles.

But Alfredo Rosinol, president of Mexico's Camara Nacional de la Industria Pesquera (CANAINPES), said his organization opposes the continued use of the "dolphin-safe" label. "This nontariff barrier will block our access to the US market," said Rosinol. "US consumers are strongly influenced by environmental groups that continue to push the dolphin-safe label."

Rosinol also urged the Mexican government to negotiate an end to EU restrictions on semi-processed Mexican tuna. Mexico and the EU are expected to begin negotiations on a free-trade agreement sometime this year (see SourceMex, 03/11/98 and 05/20/98). "There is strong interest

among European food packers for this tariff to be eliminated," said Rosinol. "They would rather acquire tuna from Mexico in a semi-processed state instead of frozen."

Mexican company wins cement dispute with Guatemala

In late May, a special World Trade Organization (WTO) panel ruled against an anti-dumping measure imposed by Guatemala against Mexican cement manufacturer Cruz Azul. Guatemala immediately appealed the ruling. The WTO panel did not address the appropriateness of the countervailing duties imposed by Guatemala, but rather took issue with implementation procedures.

The WTO panel said Guatemala failed to notify the Mexican government before publishing the announcement of the anti-dumping investigation. In addition, the panel said the Guatemalan government had insufficient evidence to launch the investigation in the first place. The WTO ruling recommended that Guatemala immediately lift the duty of 89.54% imposed on imports of Mexican cement (see EcoCentral, 02/13/97). But Guatemala's Cementos Progreso, which filed the original complaint that led to the investigation, said the WTO ruling may not be binding and therefore Guatemala is not obliged to revoke the anti-dumping fees already in place.

Before Guatemala imposed the restrictions, Cruz Azul was shipping an average of 15,000 metric tons of cement from its plant in La Laguna, Oaxaca, to Tecun Uman, Guatemala. In another case involving a Mexican cement manufacturer, the US Department of Commerce recently lowered the duty on cement imports from CEMEX to 36.3%. The US announced the reduction following its sixth annual review of the duty in March. The duty was cut by half from its previous level of 73.6%. CEMEX has requested a dispute-resolution panel under the North American Free Trade Agreement (NAFTA) to determine whether the US duties are justified.

Mexico surpasses Japan as second-largest market for US

Mexico surpassed Japan as the second most important destination for US exports during the first quarter of this year. The latest monthly report from the US Department of Commerce said US exports to Mexico approached US\$19.6 billion in January-March, compared with only US\$15.1 billion to Japan during the same period. Canada remained the principal destination for US exports. Mexican exports to the US in January-March totaled US\$22.3 billion, bringing Mexico's trade surplus with its NAFTA partner to about US\$2.7 billion for the first quarter of the year.

However, the surplus was lower than the US\$3.9 billion recorded in the first quarter of 1997. Mexican exports to the US during March reached US\$8.3 billion, an increase of more than 18% from US\$7 billion in February. In comparison, Commerce said US exports to Mexico surpassed US\$6.9 billion in March, a slight increase from the US\$6.4 billion in February. Mexico also retained a wide trade surplus with Canada, its other NAFTA partner. In a report released in mid-May, Statistics Canada said Mexican exports to Canada in January-March approached US\$1.3 billion, including automobile parts and fruits and vegetables.

In contrast, Canadian exports to Mexico totaled only US\$241 million, primarily wheat, powdered milk, and cooking oil. (Sources: Notimex, 05/20/98, 05/21/98; Reuter, El Nacional, El Diario de Yucatan, 05/21/98; El Economista, 03/12/98, 04/27/98, 05/20/98, 05/21/98, 05/22/98; Novedades, 05/21/98, 05/22/98; El Universal, 05/22/98)

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