

8-12-1998

Business Briefs: Labor Complaint, Steel Tariffs, Tomato Prices

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Business Briefs: Labor Complaint, Steel Tariffs, Tomato Prices." (1998). <https://digitalrepository.unm.edu/sourcemex/3954>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Business Briefs: Labor Complaint, Steel Tariffs, Tomato Prices

by LADB Staff

Category/Department: Mexico

Published: 1998-08-12

US supports labor complaint at US-owned factory in Mexico

In an early August report, a US Labor Department agency supported complaints of violations of worker rights and safety abuses at the ITAPSA auto-parts plant in Mexico. The National Administrative Office (NAO) was created under the North American Free Trade Agreement (NAFTA) to investigate complaints of labor abuses in the US, Canada, and Mexico. NAO's investigation of the ITAPSA plant was based on a complaint filed by labor unions in the US, Canada, and Mexico earlier this year (see SourceMex, 05/06/98). ITAPSA is a subsidiary of US-based Echlin Corp.

In its report, NAO said its investigation uncovered sufficient evidence that the Mexican government and the government-affiliated Confederacion de Trabajadores de Mexico (CTM) had prevented workers at the ITAPSA plant in Mexico state from affiliating with the independent Sindicato de Trabajadores de las Industrias Metalica, Acero, Hierro, Conexos y Similares (STIMAHCS). NAO also found evidence that government health and safety inspections were not strict enough to ensure the well-being of workers at the plant. The report found evidence that workers are operating with defective equipment and are being exposed to dangerous levels of asbestos and other toxic substances.

"Questions are raised regarding the efficacy of [health and safety] inspections. These questions are of special concern because of the presence of asbestos and other toxic substances at the plant which have not been adequately monitored," the NAO statement said. NAO director Irasema Garza said US Labor Secretary Alexis Herman had requested formal consultations with her Mexican counterpart, Jose Antonio Gonzalez Fernandez, to discuss the findings.

This is the second case this year in which an NAO report supported charges of violations of labor rights in a Mexican plant. In April, NAO ruled that the Baja California state labor board interfered with the rights of workers at a South Korean-owned maquiladora plant to organize (see SourceMex, 05/06/98).

Panel rules against Mexican tariffs on Canadian steel

In early August, a special NAFTA trade-disputes panel ruled that Mexico illegally raised a tariff on imports of steel from three Canadian companies. SECOFI increased the tariff on imports of Canadian rolled steel to 108% in February after ruling that the companies were selling the product in Mexico at below-market value. The decision to raise the tariff was based on complaints lodged with SECOFI by Mexican steel companies AHMSA and HYLSA in December 1995.

The SECOFI action prompted the Canadian government to ask for a NAFTA dispute-resolution panel. After several months of investigation, the panel ruled that Canadian flat-rolled steel-slab export prices were hurting Mexican industry, but also called the 108% tariff illegal. The panel, comprising three Mexican nationals and two US citizens, said SECOFI will have to lower the tariff on imports from Canadian companies Dofsac, Algoma, and Stelco to the original rate of 31.08% by Oct. 31. At the same time, the NAFTA panel ruled that SECOFI will be allowed to continue assessing the 108% rate to imports from a fourth Canadian company, Titan Industrial Corp.

US reaches agreement with Mexican growers on tomato prices

In early August, the US International Trade Administration (ITA) and Mexico's Confederacion Nacional de Productores de Hortalizas (CNPH) reached an agreement to allow exports of Mexican tomatoes to enter the US market at a lower price during the summer months. Under the accord, negotiated in Washington, Mexican tomatoes will enter the US at a reference price of US\$0.172 per pound during the summer months, between July 1 and Oct. 22.

Tomato imports during the winter months, between Oct. 23 and June 30, will be charged a reference price of US\$0.2108 per pound. Most of Mexico's tomato exports to the US are shipped during the winter months. In recent years, those exports have averaged about 270,000 metric tons. "This agreement will cover more than 90% of the tomatoes exported from Mexico to the US," the ITA statement said. The ITA, a division of the US Department of Commerce, said the agreement will also help US authorities monitor inbound shipments of Mexican tomatoes.

The agreement to set tomato prices is aimed at defusing tensions between Mexican and US tomato growers. In 1996, Florida growers accused Mexican tomato producers of selling their produce in the US at below-market prices. The charges prompted then US commerce secretary Mickey Kantor to seek countervailing duties on imports of Mexican tomatoes (see SourceMex, 06/05/96).

Following weeks of negotiation with Mexican government officials and producer organizations, the Commerce Department agreed to lift restrictions on imports of Mexican tomatoes as long as they were sold in the US at prices equivalent to produce originating in Florida (see SourceMex, 10/16/96). On a related matter, the Union Nacional de Productores de Aguacate (UNPA) is forecasting exports of 12,000 MT of avocados to the US market during the winter months, twice as much as during the previous winter season. UNPA president Gonzalo Moreno Cervantes said exports in the coming season should bring in about US\$24 million.

An agreement between the US and Mexican governments, reached in October 1995, allows Mexico to export avocados to 19 US states between November and February (see SourceMex, 10/16/96). The US government had banned imports of all Mexican avocados until November 1997, when the agreement went into effect. Moreno said Mexico's avocado production will probably fall short of the annual average of 1.2 million MT because of weather-related crop damage. However, he said the shortfall should not affect the anticipated export volume to the US market in the coming season. (Sources: Associated Press, 08/03/98; Reuters, 08/05/98; El Economista, 08/03/98, 08/06/98; US International Trade Administration news release, 08/07/98; Notimex, 08/09/98; The New York Times, 08/09/98; El Nacional, 08/06/98, 08/10/98; The News, 08/10/98)

-- End --