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## **Mexico Business Briefs: Dispute Over Trucks, Meat Dumping, Trade Deficit**

by LADB Staff

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### *Mexico requests dispute-resolution panel for trucks*

In mid-September, President Ernesto Zedillo's administration requested a dispute-resolution panel under the North American Free Trade Agreement (NAFTA) to examine its complaints against US restrictions on Mexican truckers. The decision came after the US and Mexican governments were unable to resolve the issue through bilateral consultations under the auspices of the NAFTA governing commission. Those consultations were held in July and August. "Despite recent consultations between US and Mexican government representatives, the US has not agreed to eliminate unilateral restrictions placed on our truckers," Trade Secretary Blanco told reporters.

Under transportation guidelines negotiated in NAFTA, the US was to allow Mexican truck drivers to travel in California, Texas, New Mexico, and Arizona beginning in January 1995. But the US government failed to comply with this provision, citing the wide difference in requirements in each country regarding weight, size, and insurance coverage for trucks (see SourceMex, 02/23/94, 01/17/96, and 02/05/97).

The Mexican government has accused the US labor organization, International Brotherhood of Teamsters, of blocking any efforts to open US access to Mexican truckers. The Teamsters is concerned that access to Mexican truckers could result in the loss of 5,000 jobs in the US trucking industry (see SourceMex, 06/04/97).

Blanco said SECOFI would consider dropping its request for the NAFTA panel if the US and Mexico can still resolve the matter bilaterally. "A solution would have to comply adequately with the agreements reached during NAFTA negotiations," said Blanco. He said the issue is important to Mexico because 80% of Mexican exports to the US are shipped by trucks.

### *Poultry, livestock producers seek action against US*

Mexican poultry, cattle, and hog producers have asked the Secretaria de Comercio y Fomento Industrial (SECOFI) to initiate anti-dumping investigations or take other action against imports of US meat products. All three Mexican industry groups accuse US counterparts of shipping inferior-quality products to Mexico and disguising them as higher-quality items. Salvador Calderon, director of the Consejo Mexicano de Porcicultura (CMP), said low-cost US imports are partly responsible for the loss of market share for Mexican pork products. Citing statistics from the Consejo Nacional de Empacadores de Carnes Frias, Calderon said Mexican pork products now have a 43% share of the cold-cut market, compared with a 70% share in 1999.

In its complaint, the CMP said US meat processors are exporting an increasing amount of poultry-based products, such as turkey ham, which are competing unfairly with Mexican ham produced

from pork. Similarly, the Confederacion Nacional Ganadera (CNG) has filed a complaint with SECOFI accusing US processors of selling beef products in Mexico below cost. CNG president Gustavo Torres Flores said US processors are shipping low- quality beef parts to Mexico. These parts, said Torres, are not in high demand in the US market but have strong acceptance in Mexico. He said Mexico imported 400,000 metric tons of such products in 1997. For its part, the Union Nacional de Avicultores (UNA) has asked SECOFI to impose tighter restrictions on imports of processed chicken.

UNA president Florentino Alonso Hidalgo said some US companies are shipping processed-chicken products to the US under a "fresh-poultry" category, resulting in the potential loss of US\$8 million in import taxes.

### *US reports narrowing of trade deficit with Mexico in July*

The US trade deficit with Mexico narrowed to US\$1.143 billion in July, compared with US\$1.163 billion in June, mostly because of a decline in imports of Mexican products. A report published in mid-September by the US Commerce Department said Mexican exports to the US totaled only US\$7.325 billion in July, compared with US\$8.012 billion in June. The decline is attributed in large measure to Mexico's lower oil-export prices. According to the Commerce report, US exports to Mexico, which also declined, totaled US\$6.182 billion in July.

In comparison, the US exported US\$6.408 million in goods and services to Mexico in June. The US report said the July statistics helped bring the US trade deficit with Mexico to US\$8.282 billion in January- July, compared with US\$9.309 billion in the same seven-month period in 1997. US-Mexico trade for June-July reached US\$98.594 billion, an increase of 13.6% relative to the same period in 1997. During January-July, Mexico exported US\$53.428 billion in goods and services to the US while importing US\$45.146 billion. According to Commerce, bilateral trade could surpass last year's record of US\$157 billion if current trends continue in the last five months of the year. (Sources: El Financiero Internacional, 08/24/98; The Journal of Commerce, 08/21/98, 09/14/98; Reuters, El Nacional, 09/17/98; Excelsior, 09/17/98, 09/18/98; El Universal, 09/18/98; El Economista, 08/11/98, 08/18/98, 08/20/98, 09/15/98, 09/17/98, 09/18/98, 09/23/98)

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