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## **Business News: Tomato Exports, Fertilizer Imports, Colombia Tariff Request**

by LADB Staff

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### ***Damage to US crop boosts demand for Mexican tomatoes***

Possible freeze-related damage to tomato fields in central and northern Florida in early January has sharply increased US demand for Mexican tomatoes. The freezing temperatures are expected to at least retard development of the Florida tomato crop and possibly affect quality and yield. This has led US wholesalers to turn to produce from Sinaloa state, which supplies about 95,000 boxes of the 230,000 boxes of Mexican tomatoes exported each year to the US market.

Mario Haroldo Robles, director of Mexico's Comision de Investigacion y Defensa de las Hortalizas, said the increased US demand has raised the price of export tomatoes from Sinaloa to US\$24 for 12-kg box. But Haroldo Robles said the increase in export prices has also caused domestic prices to rise to the equivalent of about US\$28 per box.

Because of the increased US demand, said Haroldo Robles, Mexican tomato producers are planning to boost production this season, both in fields and in greenhouses. Sinaloa produces about 345,000 metric tons of tomatoes during the winter season. Mexico is able to increase its tomato shipments to the US thanks to an agreement negotiated in October 1996.

The US agreed to discontinue an anti-dumping investigation and discard a proposal to impose quotas on Mexican tomatoes as long as these were sold in the US market at prices comparable to US tomatoes (see SourceMex, 10/16/96).

### ***Mexico investigates fertilizer imports from US, Russia***

The Secretaria de Comercio y Fomento Industrial (SECOFI) has initiated an anti-dumping investigation on imports of the agricultural fertilizer urea from the US and Russia. The investigation was requested by Mexican fertilizer manufacturer Agro Nitrogenados. A SECOFI spokesperson said "reasonable indications" are that US and Russian exporters have been selling urea in Mexico at below-market prices. The investigation covers a period between May 1, 1997, and April 30, 1998. The government dropped a similar investigation against Lithuania, since this country only served as a shipping point for Russian exports to Mexico, the SECOFI spokesperson said.

In addition to Agro Nitrogenados, other companies have asked the government to act against lower-cost imports from the US, Russia, and some Asian countries. Mexican fertilizer manufacturers Ferquimica and Agroquimicos have been operating at 60% of capacity because of the lower-cost imports, said Carlos Pani, director of the consulting company Carlos Pani y Asociados. Pani acknowledged that the Mexican fertilizer industry has also been affected by the depressed agricultural sector. Many agricultural producers have been unable to obtain new credit to acquire seed, fertilizer, and other inputs because of unpaid debts.

### *Colombia urges Mexico to expedite tariff reductions*

The Colombian government has renewed its request that Mexico expedite the timetable for tariff reductions under the framework of the Group of Three (G-3) agreement negotiated by the two countries and Venezuela. In April 1998, representatives from the G-3 countries initiated preliminary discussions to expedite tariffs and ease other restrictions on key sectors, but have made little progress since that time (see SourceMex, 04/22/98).

The accord, which went into effect in January 1995, left major agreements in the agricultural, textile, automotive, and petrochemical sectors partially resolved (see SourceMex, 05/18/94). Speaking at a forum of Mexican and Colombian business representatives in Mexico City in December, Trade Secretaries Martha Lucia Ramirez de Rincon of Colombia and Herminio Blanco of Mexico agreed that Colombia's trade deficit with Mexico could be narrowed if the two countries agree to eliminate tariffs at a much faster rate. Colombian government statistics show that Mexican exports to Colombia have increased by more than 83% between 1995, when the agreement was enacted, and 1997.

Conversely, Colombian exports to Mexico have grown by only about 5% during the same period. Ramirez said the G-3 countries should reserve the right to maintain the existing timetable on tariffs for certain strategic industries like automobiles and auto parts. But she said tariffs could be eliminated at a faster rate on many products with "strong development potential" in the two markets. "We are very concerned about our growing trade deficit with Mexico," said Ramirez. Blanco acknowledged that imports from Colombia accounted for only a "minute portion" of Mexico's imports of US\$120 billion in 1998 and pledged to push for a faster tariff elimination. (Sources: Reuters, 12/13/98; El Economista, Excelsior, 12/09/98, 12/14/98; El Universal, 11/05/98, 12/09/98, 01/08/99)

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