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Agricultural Producers Protest Government's Trade Policies

by LADB Staff

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Mexican agricultural producers are pushing the government to make major revisions to trade policies, which they claim have created many hardships for the farm sector. Producer organizations, primarily representing bean and coffee growers, made their concerns known during demonstrations in Mexico City in March.

Bean producers seek to limit US imports

The strongest protests were organized by the Frente Nacional de Proteccion a la Agricultura, a coalition of 15 agricultural organizations from bean-producing states. The debtors-rights organization Asamblea Ciudadana de Deudores a la Banca (ACDB), informally known as El Barzon, also joined the protests. The coalition took over a section of the headquarters of the Secretaria de Comercio y Fomento Industrial (SECOFI) to express its dissatisfaction with the government's policies that encourage bean imports from the US when domestic inventories remain large. The protestors demanded that SECOFI cancel a proposed tender to import 20,000 metric tons of beans from the US and Canada scheduled for early this year. They said the import proposal is ridiculous when some 400,000 MT of beans are sitting in warehouses in Zacatecas, Sinaloa, Chihuahua, Nayarit, and Durango states. Concerns about bean imports have been raised frequently during the past year by producer organizations and federal legislators (see SourceMex, August 25, 1999, January 19, 2000). The protestors also took the opportunity to express their opposition to the North American Free Trade Agreement (NAFTA), which allows the importation of US and Canadian beans during the Mexican harvest season. Fernando Flores Marin, a coalition spokesman, said President Ernesto Zedillo's administration has gone beyond the parameters of NAFTA and allowed imports to surpass the annual quota of 61,000 MT. Furthermore, Flores told reporters that bean imports from the US and other countries have increased to 172,000 MT from 25,000 MT since Zedillo took office in 1994. During this same period, Mexican bean exports have declined by about 94%. A few days after the massive protests at SECOFI and the Secretaria de Agricultura, Ganaderia y Desarrollo Rural (SAGAR), the protestors turned their attention to the agreement reached between Mexico and the European Union (EU). A group of producers sold beans at very low prices in Mexico's central square, the Zocalo, to protest the EU accord, which will open the Mexican market to European agricultural products. "These types of agreements are ruining Mexican agriculture," a producer told the daily newspaper Excelsior. The EU-Mexico accord was approved in mid-March by the Mexican Senate, the European Parliament, and the EU's foreign ministers, and only requires the signatures of Zedillo and EU officials, including European Commission President Romano Prodi. The Chamber of Deputies, meanwhile, is expected to consider a legislative initiative calling on the federal government to suspend all bean imports until the foreign trade committee (Comision de Comercio Exterior), can investigate the damage caused by bean imports in recent years. The resolution noted that bean inventories accumulated during 1998 and 1999 in the four major states have reached 278,000 MT, equivalent to 30% of the total production in 1999.

Coffee growers seek relief from low prices

The bean producers were joined at the SECOFI protest by coffee growers from 12 states, who renewed their demand that the government regulate imports of green coffee beans from Indonesia and Costa Rica. Coffee beans are imported by processors such as Nestle because they are more suitable for producing soluble or instant coffee. Most coffee grown in Mexico is of higher quality and is grown primarily for export. But producers argue that imported coffee beans are contributing to depressed domestic prices. The protests at SECOFI were organized by four coffee-producer organizations: the Confederacion Mexicana de Productores de Cafe (CMPC), the Coordinadora Nacional de Organizaciones Cafetaleras (CNOF), the Confederacion Nacional de Propietarios Rurales (CNPR), and the Confederacion Nacional Campesina (CNC). The CMPC lodged a similar complaint against imports last year (see SourceMex, 1999-09-15). The organizations also demanded that SECOFI take steps to help small-scale producers, whose earnings have declined sharply because of an overvalued peso and abuses by marketing intermediaries. Josefina Aranda, a representative of small-scale coffee producers in Oaxaca state, said local growers are only receiving the equivalent of US\$70 per 100 pounds of coffee, which is 30% below the cost of production. CNOF president Fernando Celis also urged the government to throw its full support behind the proposed creation of a cartel with coffee producers in Central America. Mexican coffee-industry representatives met in early March with counterparts from Guatemala, Costa Rica, El Salvador, Nicaragua, and Honduras to discuss joint strategies to deal with low prices and sluggish exports. The six countries accounted for 19% of all coffee exports in 1998-1999.

Avocado producers protest against restricted US access

In addition to concerns by bean and coffee producers, the Mexican government also heard appeals from avocado growers in Michoacan state. In a letter to Zedillo, the Asociacion de Productores y Empacadores Exportadores de Aguacate de Michoacan and other smaller organizations in the state said the limited opening of the US market to Mexican avocados has provided few benefits to the state's producers. Under an agreement signed in late 1996, the US ended an 80-year embargo on imports of Mexican avocados, which had been imposed because of agricultural health concerns. But the administration bowed to pressure from avocado growers in California and only opened the market in 19 US states, mostly in the northeast (see SourceMex, October 16, 1996). The letter from the Michoacan producers complained that packers from California set up shop in their state immediately after the partial opening of the US market and now control over 75% of the shipments north of the border. The California companies have signed contracts with certain producers, which has resulted in limited opportunities for the remaining growers in the state. SAGAR statistics show only about 4% of the 10,000 avocado producers in Michoacan had the opportunity to ship their produce to the US market. In their letter, the Michoacan producers urged the administration to expand opportunities for all growers in the state by demanding that the US allow shipments to all 50 states and for the entire calendar year instead of the four-month period between November and February. (Sources: Novedades, 02/08/00; Associated Press-Dow Jones news service, 02/29/00; Notimex, 02/28/00, 03/13/00; El Financiero, 02/28/00, 03/03/00, 03/10/00, 03/13-17/00; El Universal, El Economista, 03/16/00, 03/17/00; La Jornada, 03/10/00, 03/16/00, 03/17/00, 03/21/00; Excelsior, 03/15/00, 03/22/00)

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