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WTO Agrees to Mexico's Request to Create Panels on Cement, Steel Products

by LADB Staff
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The World Trade Organization (WTO) has agreed to Mexico's request to create dispute-resolution panels to examine US anti-dumping tariffs on imports of Mexican cement, steel pipes, and steel sheets. The panels could take as long as a year to issue rulings. Mexico's complaint against the cement tariffs dates back to 1990, the first year in which the US anti-dumping tariffs went into effect. At that time, the US set the duty on all imports of Mexican cement at 44.7%.

The US has renewed the tariff on an annual basis, occasionally raising the duty on some companies. The decision to retain the tariffs for more than a decade has greatly increased tensions between the two countries over this issue (see SourceMex, 1994-08-10 and 2000-10-11). "However incredible it may seem, the United States has kept in force for 13 years a measure that in principle never should have existed," said Eduardo Perez Motta, Mexico's ambassador to the WTO.

Earlier this year, the Mexican government announced its intention to seek the panel but delayed the formal filing to allow US and Mexican officials to negotiate a solution (see SourceMex, 2003-02-12). Mexico decided to proceed with the request for the cement panel after these negotiations failed. "The only thing we are asking for is a (dispute settlement) panel with enough vision to grant us justice," said Perez Motta.

The Mexican ambassador said President Vicente Fox's administration will only be satisfied when the US agrees to pay back the money it has collected through the duty. He did not specify how much money is involved. Mexican officials say they are confident of obtaining a favorable ruling from a dispute-resolution panel. "We have a solid case and good prospects of winning it," said Hugo Perez Cano, director of legal affairs at the Secretaria de Economia (SE).

Linnet Deily, the US ambassador to the WTO, expressed regret that Mexico had gone ahead with its request. "We are disappointed that Mexico has chosen to pursue this matter further by requesting the establishment of a panel," Deily told the Associated Press.

Still, Deily said she was confident that a dispute-resolution panel would uphold the US right to protect its cement industry against lower-priced imports.

Mexican cement companies to sue US government

Apart from the WTO action, the Mexican cement industry has announced plans to file a lawsuit against the US seeking US$150 million in damages against the US government for the harm caused by the tariffs to Mexican cement manufacturers. "This money would be in addition to any refunds obtained from the US for the unjustified tariffs," said Perez Cano, who has been working closely with the cement industry on its legal complaint.
The main producers affected by the tariffs on Mexican cement are Monterrey-based Cemex and Chihuahua-based Grupo Cementos Chihuahua. Mexico also requests panels on steel pipes, sheets. In conjunction with the request for the dispute-resolution panel on cement, the Mexican government also convinced the WTO to create dispute-resolution panels to examine US anti-dumping tariffs on Mexican steel pipes and steel sheets. In the case involving oil pipes, the Mexican government contends the US has violated rules of international trade by maintaining anti-dumping duties on imports of this product from Mexico.

According to the Mexican government, the US used inappropriate methodology to determine these tariffs, which are set at 22%. The government also claims that the US wrongly imposed a duty of close to 12% on imports of plate steel from Altos Hornos de Mexico (AHMSA). The US counters that the company still benefits from government subsidies it received before it was privatized. Deily suggested that Mexico was wasting its resources by pursuing these claims because the duties were "in most respects no longer in effect."

The Mexican government, for its part, is conducting an anti-dumping investigation on imports of steel pipes from the US. The investigation, announced in the Aug. 29 issue of the federal register (Diario Oficial de la Federacion), was requested in April by Mexican companies Tubacero and Tuberia Laguna. The SE agreed to conduct the investigation after concluding that between January and December 2001 US tubes may have been brought into Mexico at below-market value, therefore causing economic damage to Mexican producers. (Sources: Dow Jones news service, 08/04/03; La Cronica de Hoy, 08/05/03, 08/06/03; Spanish news service EFE, Associated Press, 08/18/03; CNI en Linea, 08/18/03; El Sol de Mexico, 08/05/03, 08/19/03; Notimex, El Universal, 08/19/03; Reuters, 08/18/03, 08/29/03; Reforma, 08/19/03, 08/29/03; Unomasuno, 08/29/03; CNI en Linea, 08/30/03)