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Trade Dispute Mars President Barack Obama's Efforts To Start New Relationship With Mexico

by LADB Staff

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US President Barack Obama's relationship with the Mexican government got off to a rocky start, with a trade dispute one of the early items on the bilateral agenda. Mexico imposed tariffs on various US products after the US Congress voted to remove funding for a pilot program allowing Mexican truck drivers to haul cargo in the US. Obama, scheduled to meet with Mexican President Felipe Calderon in mid-April, will try to convince his counterpart that his administration's policy toward Mexico will be different from his predecessor's by promoting mutual respect and shared responsibility. Mexico retaliates for US decision to end trucking program Obama's efforts to reach out to Mexico have been derailed, at least temporarily, by the dispute regarding US access to Mexican truck drivers.

The US Senate's decision to withdraw funding for the program, initiated by former President George W. Bush, drew angry reactions from Mexican officials, who threatened retaliation (SourceMex, March 11, 2009). On March 16, the Calderon government made good on the threat by announcing new tariffs on 89 agricultural and industrial products from 40 US states. The value of the products which range from fruit juices, beer, and deodorant to Christmas trees is estimated at about US\$2.4 billion annually. In contrast, US exports to Mexico totaled US\$151 billion in 2008. Bloomberg news service said the decision spared some of the major companies that export to Mexico, including Ford Motor Co. and Tyson Foods. The new tariffs will range from 10% to 40%, according to the federal registry (Diario Oficial de la Federacion).

These are the most widespread sanctions that Mexico has imposed on US products since the North American Free Trade Agreement (NAFTA) went into effect in 1994. Previous sanctions were in response to a dispute regarding imports of US high-fructose corn syrup and US restrictions on straw brooms (SourceMex, December 18, 1996 and February 04, 1998). "We believe that the US action is wrong, protectionist, and a clear violation of NAFTA," Economy Secretary Gerardo Ruiz Mateos said, in reference to the congressional decision to end the truck pilot program. Before imposing the sanctions, the US and Mexican governments met in an unsuccessful attempt to avert a trade action. "After exhausting all avenues, we did not have a response that was favorable to our interests," said Ruiz Mateos. "So we were forced to adopt retaliatory measures."

At a deeper level, there is some concern in Mexico that the decision to scrap the pilot program could be a signal that the US government might impose protectionist measures in other sectors, especially given the current economic crisis. "The US economy is going to fall very hard, harder than the Mexican economy, and that is sure to generate a series of political pressures," Mauricio Gonzalez of the GEA consulting company in Mexico City said in an interview with the London-based Financial Times. "We could well see a type of occult protectionism from the US." Secretary of State Hillary Clinton visits Mexico The US has pledged, however, to replace the pilot program

for Mexican truckers with one that addresses the "legitimate concerns" of the US Congress while allowing the US to meet its NAFTA obligations.

US Secretary of State Hillary Clinton reiterated this pledge during a visit to Mexico City on March 25. She said the Obama administration was in the process of modifying the program to make it more acceptable to Congress. Without offering further details, Clinton expressed optimism that US legislators would be receptive to the administration's plan. The secretary of state was scheduled to travel to Monterrey the next day to discuss trade issues with Nuevo Leon Gov. Jose Natividad Gonzalez Paras.

During the trip to Mexico City, Clinton met with Calderon and with Foreign Relations Secretary Patricia Espinosa. In addition to the trade dispute, the officials discussed US support for Mexico's anti-drug efforts and probably touched on the Obama administration's proposals for immigration reform. While there were very few details about the discussions, a senior Mexican official said the visit by the top US diplomat could go a long way toward helping repair the US-Mexico relationship. The official said discussions between Mexico and the US during the Bush years was dominated by US efforts to secure its borders.

While both sides still expect security to remain a priority, especially given the drug-related violence in Mexico, the official said Mexico views Clinton's visit as a good first step in repairing relations between the two countries. "[The visit] tells us that the State Department is back on the scene, and that's very, very good news for us," said the official. "It's a sign that the US government is ready to re-engage with Mexico and the rest of Latin America. That's welcome news." Other experts agreed that the visit was significant. "At a time when both countries are giving increased importance to the violence caused by drug trafficking on their own communities, Clinton's visit to Mexico will be crucial for developing a common strategy for cooperation between the two countries," Andrew Selee, director of the Mexico Institute at the Woodrow Wilson Center in Washington, told The Dallas Morning News.

Emilio Alvarez Icaza, director of the Comision de Derechos Humanos del Distrito Federal (CDHDF), said the acknowledgment that the two countries have a common problem is an important first step. "This visit from the secretary of state, and [the later visit] by President Obama, will generate confidence among the peoples of both countries," Icaza said in an interview with Mexico's official news agency Notimex. There were some questions for Clinton regarding the Obama administration's management of Plan Merida, by which the US government provides technical assistance and equipment to Mexico for drug-interdiction efforts (SourceMex, June 11, 2008). Clinton defended the US Congress' decision to withhold funds for the program, at least for now. She said Congress wants to determine whether the US\$700 million already allocated for Mexico has been spent wisely.

Conversely, Clinton's open admission that greater efforts were needed in the US to combat gun smuggling to Mexico was well received. Her comments were in contrast to those made by former secretary of state Condoleezza Rice, who in December denied a connection between weapons contraband and the surge in violence in Mexico. "It is shocking to hear an American politician admit

there is an issue," said Denise Dresser, a political expert at the Instituto Tecnológico Autónomo de México (ITAM).

Obama expected to address immigration during April meeting Clinton's visit to Mexico set the stage for Obama's scheduled trip to Mexico City on April 16-17, where he will meet with Calderon to discuss these issues further. Obama is also expected to discuss his proposals for immigration reform with Calderon, an issue that Mexico has been anxious to address with the new administration (SourceMex, January 21, 2009). During the presidential campaign, Obama pledged to give immigration reform a high priority. "The president made clear to us that he is a man of his word," said Rep. Nydia Velazquez (D-NY), following a meeting with the Congressional Hispanic Caucus in March. Other caucus members said Obama told them he plans to address immigration in a similar way as he has other major policy initiatives. There will be a public forum some time in the first half of this year, where the administration will unveil key principles of how it proposes to proceed with immigration reform.

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