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At the end of December, the special tariff that the Guatemalan government imposed on cement imported from the Mexican firm Cruz Azul was suspended because the four-month period that the Ministry of Economy had been given to reach a definitive ruling in the case came to an end. Nevertheless, the final ruling is still pending, and the government may yet opt to reimpose protective tariffs. Meanwhile, other potential trade disputes between Mexican exporters and domestic Guatemalan producers are also coming to light.

Last August, the Guatemalan government decided to temporarily impose a 39% tariff on all cement imported from the Mexican firm Cruz Azul, which had been steadily increasing its sales on the local market since 1995 via a joint venture with a local distributor, Comercial Molina. The tariff was imposed to protect the Guatemalan cement monopoly Cementos Progreso, which had accused Cruz Azul of engaging in unfair trade practices by selling its product at below-market value. The duty constituted the first anti-dumping measure ever enacted by the Guatemalan government against a foreign firm (see NotiCen, 11/14/96).

On Dec. 28, however, the protective tariff was dropped because the period that Ministry of Economy officials had been granted to resolve the case came to an end. On Dec. 20, the Ministry held a final, closed-door hearing on the case, during which both sides presented their concluding arguments before the government reached its verdict. However, since the definitive ruling is still pending, customs authorities were forced to stop charging the anti-dumping tariff because the measure was no longer in effect. "Since the anti-dumping sanction expired, we've been able to import three shipments, and another delivery is expected in the next few days," said Luis Mendez, administrative director for local distributor Comercial Molina. "To be honest, the longer the Ministry of Economy delays the final resolution in the case, the better off we are because we can continue importing the product free from the special tariff that we had been paying until now."

Final verdict expected in late January

According to Economy Minister Mauricio Wurmser, the delay is the result of government preparations to attend an international donors' conference in Europe on Jan. 21-22, which has absorbed the attention of most officials in the economic cabinet (see NotiCen, 01/16/97). By the end of January, however, Wurmser expects to release the final verdict, which may well be to reimpose the anti-dumping tariff permanently. Weighing against Cruz Azul is its decision in early December to prohibit a delegation of Guatemalan officials from carrying out an on-site inspection at the Cruz Azul headquarters in Mexico. The Guatemalan committee traveled to Mexico on Dec. 3, but was blocked from entering the cement plant because of alleged "irregularities" in the inspection procedures.

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According to Mario Martinez, head of Cruz Azul's export department, the principal concern was the inclusion of a US advisor on the Guatemalan delegation, which Martinez claims breaches dispute-resolution procedures established through the World Trade Organization (WTO). Martinez said the advisor's presence represents a conflict of interest, since that individual also represented the US government in a separate trade dispute in which the US had accused the Mexican firm Cementos Mexicanos (CEMEX) of dumping its products on the US market (see Sourcemex - Economic News on Mexico, 09/18/96). If the Guatemalan government rules against Cruz Azul, the Mexican firm says it will appeal to the Mexican government to take its case to the WTO for arbitration. Still, that move would be preceded by a final attempt to resolve the matter in direct negotiations between government officials from both countries.

Other trade disputes surface

Meanwhile, two other potential trade disputes between Mexican and Guatemalan producers have come to light since late 1996. At the end of November, Guatemalan avocado farmers joined with mango, papaya, lemon, pineapple, and peach producers to form a new association Federacion de Fruticultores (FEFRUTA) that aims to lobby the government for protective measures against Mexican fruit exporters, as well as exporters from some other countries. FEFRUTA will begin its campaign by pressuring the Ministry of Agriculture to impose higher tariffs on Mexican shipments of avocados, which FEFRUTA says have increased enormously in the last couple of years.

According to Wilmar Mendez, provisional secretary for FEFRUTA, between 1995 and 1996, imports of Mexican avocados grew from an annual total of 1,200 metric tons to 3,000 MT, greatly depressing domestic prices and pushing local producers to the brink of bankruptcy. "The worst part is that, in 1997, Mexican firms expect to export 7,000 MT of avocados to Guatemala, given the wide demand that their product has generated among local consumers," said Mendez. "The growth in demand is not a reflection of the quality of Mexican avocados but rather that Mexican exporters can offer their product at lower prices because of the devaluation of Mexican currency."

According to Mendez, the campaign for protective tariffs on avocado imports will be followed soon after with similar demands for special tariffs on other fruit imports from Mexico. "Mexican imports are not just affecting avocado producers, but rather the agricultural sector in general," said Mendez. "There has truly been an invasion of Mexican fruits and vegetables on the domestic market."

Also, in early January, the Mexican daily business newspaper El Financiero reported that the Mexican oil firm PEMEX has been providing special privileges to the Texas Gas Oil company that have allowed it to sell liquified natural gas on the Guatemalan market at a lower price than other firms, constituting an unfair trade practice. According to El Financiero, Texas Gas Oil affiliated with the Grupo Miguel Zaragoza Fuentes consortium is allowed to purchase gas from PEMEX at a discount and is also charged lower export taxes for its shipments of gas to Guatemala than the two other firms that export to the Guatemalan market, Guategas and WEITSA. As a result, Texas Gas Oil's two local distributing partners Gas Nacional and Hidrogas de Guatemala have nearly monopolized the local market, gaining about 90% of market share since 1995. [Sources: La Hora (Guatemala), 11/22/96, 12/02/96, 12/18/96; Prensa Libre (Guatemala), 11/23/96, 11/29/96, 12/02/96, 12/10/96, 12/18/96, 12/20/96, 01/02/97, 01/04/97, 01/08/97, 01/21/97]

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