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## Mexico

### Agricultural Situation

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**Report Highlights:** CARLA HILLS SAYS NO TO NAFTA RENEGOTIATION; CLAIMS SUCCESS\* LOWER HOUSE DEMANDS FOX ACT BEFORE FARMING CRISIS HITS\* SENATORS CREATE NEW COALITION TO IMPROVE AG SECTOR\* NOTHING AGAINST NAFTA\* FEDERAL BUDGET COULD GO UP FOR VOTE THIS WEEK, LEGISLATOR SAYS\* TRADE PACT SENDS MEXICO'S FARMERS INTO THE STREETS TO PROTEST\*U.S. OFFICIAL: FARMERS' PAIN WORTH FREE TRADE GAIN\* FOX ASKED TO RENEGOTIATE SOME NAFTA AGREEMENTS\* AGRICULTURAL GROWERS FEAR SUBSIDIES, NOT THE MARKET OPENING\* ANGRY FARMERS TAKE TO THE CAPITAL'S STREETS ... AGAIN\* NEW U.S.-MEXICO TOMATO SUSPENSION AGREEMENT\* U.S. EMBASSY RESPONDS TO NAFTA MISPERCEPTIONS\* USDOC REITERATES CONCERN OVER POSSIBLE PROTECTIONIST MEASURES\* SENATE ACKNOWLEDGES NEED TO RENEGOTIATE AG CHAPTER OF NAFTA\* ACADEMICS IN FAVOR OF A REVIEW ON NAFTA\* MEXICAN AG PROBLEMS BLAMED ON INACTION\* ECONOMISTS CITE NAFTA'S PROS AND CONS\* CAMPESINO GROUPS BLAME U.S. FARM SUBSIDIES\* WORKER GROUP TO PROTEST 2003 REPEAL OF AG TARIFFS\* STATE OF AGRARIAN REFORM\* CANADIAN PRIME MINISTER CRITICIZES U.S. FARM SUBSIDIES\* CONGRESSWOMAN PREDICTS DIRE RESULTS FROM 2003\* CONGRESS URGES FOX TO TAKE ACTION OR FACE BOYCOTT U.S. AG GOODS\* SENATE CLAIMS U.S. VIOLATING NAFTA\* ACADEMICS WARY ABOUT POSTPONING 2003\* MEXICAN ECONOMY NEEDS MORE FUNDING, CLAIMS ENVIRONMENT MINISTER\* NAFTA NEGOTIATOR AFFIRMS NAFTA'S BENEFITS\* ECONOMIA SETS TARGET GOAL FOR REDUCING SMUGGLING\* SENATE APPROVES REFORMS TO FOREIGN TRADE LAW\* FARM GROUPS CONTINUE TO CALL FOR MORATORIUM\* MEXICAN BISHOPS CAUTIOUS ABOUT FREE TRADE\* KEY LIME PRODUCERS TO GET ORGANIZED UNDER AN ARMOUR PLAN\* MEXICAN AVOCADO PRODUCTION FACING STRUCTURAL CHALLENGES\*

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1], [MX]

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

**DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.**

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### **CARLA HILLS SAYS NO TO NAFTA RENEGOTIATION; CLAIMS SUCCESS**

Ten years after the historical signature of the North America Free Trade Agreement (NAFTA), Carla Hills, the American negotiator of that time, affirms that it has been "an enormous success." She opposes vigorously the renegotiation of any chapter of it, including the agricultural one. "Just seeing the statistics, as a result of the permanent trade liberation and lowering of trade barriers, we can notice that the commercial expansion between Mexico, the United States, and Canada has been explosive," she declared. The former U.S. trade representative stated that the increasing displeasure of the Mexican farmers is being badly channeled, since the problem is not NAFTA but the U.S. Farm Bill, the law signed by President George W. Bush that grants U.S. \$190 billion dollars in subsidies in ten years for American farmers. "Personally, I am very disappointed with the Farm Bill, because I believe that it goes in the opposite direction (of the market opening)." Hills defended the market opening. She argued that it is reciprocal and that just as the U.S. farmers will have free access to the Mexican market, so will Mexican farmers have access to the U.S. market. "The NAFTA is not the problem; the problem is the internal supports for the U.S. farmers, which represent a "trade distortion." She also said that if it had been in her hands, she would not had favored these "enormous supports" for agriculture growers, because there are other ways to help them. "The agricultural countries of the world are being terribly affected by the nations that are giving export subsidies." In addition to the United States, most of the European Union, beginning with France, protects their agricultural growers from foreign competition. The government of Mexico fears that in January 1, 2003, the due date when import tariffs on U.S. and Canada agricultural products will be eliminated under NAFTA, the Mexican agricultural production will face unfair competition due to the subsidies of farm bill. (Source: El Financiero; 12/9/2002).

### **LOWER HOUSE DEMANDS FOX ACT BEFORE FARMING CRISIS HITS**

On Friday, December 5, 2002, the political forces in the Lower House demanded that President Vicente Fox act immediately to solve the economic and social crisis that threatens farmers because of the next phase of North American trade liberalization in 2003. The legislators also demanded the executive branch to enact immediately the emergency measures included in the Chapter 8 of the Free Trade Agreement of North America (NAFTA), regarding the suspension of imports or the imposition of import duties. More than 20 agricultural import duties are due to be lifted on January 1, 2003, nine years after the NAFTA went into effect. The small farmers, or "campesinos," fear a new wave of cheap U.S. products will decimate Mexico's delicate agricultural sector and cost thousands of rural jobs. "If President Vicente Fox does not act soon, he can only expect massive mobilizations across the country," said Deputy Jaime Rodriguez, who heads the Chamber's Agriculture Committee. Rodriguez called on Fox to enact protectionist tariffs under NAFTA emergency clauses, saying even massive increases to the agricultural budget will not be enough to save campesinos.

The members of the joint committees of Agriculture, Livestock, and Social Development considered that the emergency clauses would have to prevail for three years. In addition, the legislators requested that the media promote a campaign to buy only Mexican products in order to pressure the Government of the United States. For the Congressmen, the legislative branch does not have any legal recourses to stop the market opening. They warned, however, of massive protests nationwide if the president does not enact emergency trade barriers to protect Mexican farmers ill prepared for the next phase of NAFTA liberalization. Campesino protests have become increasingly common over the past two years, as farmers have blocked highways and laid siege to government offices in search of higher subsidies. U.S. farmers receive an average of 20,800 dollars each annually. Mexico only manages to dole out about 720 dollars a year to its farmers. (Source: Reforma; The News; 12/7/2002).

### **SENATORS CREATE NEW COALITION TO IMPROVE AG SECTOR**

On December 5, 2002, the Mexican Senate approved the creation of a national coalition for the defense of the Mexican countryside (FNDCM). It includes the executive and legislative branches, agricultural organizations and academic centers. The FNDCM attempts to face the "dramatic adverse effects" of the North American Free Trade Agreement (NAFTA). This resolution arose as a result of a proposal of legislator Jose Antonio Aguilar Bodegas, from the PRI party. During a prolonged discussion, all political factions agreed in demanding a bigger budget for the agricultural sector. Specifically, the federal 2003 Executive's budget proposal for the Agriculture Secretariat must be increased to 13.0 billion pesos (U.S.\$1.3 billion). Senator Jose Bonilla, from the PRI party, proposed this increase in order to allocate higher subsidies as part of the agricultural armor package. Among the senate members that support this proposal are Jeffrey Jones from the PAN party, Ricardo Guerra from PRD party, and Joaquin Montaña Yamuni and Lauro Diaz-Castro of the PRI party. (Source: El Financiero, La Jornada; 12/6/2002).

### **NOTHING AGAINST NAFTA**

Mexico and the United States are exploring mechanisms that, "without violating NAFTA," can generate solutions in those agricultural sectors experiencing trade problems, states the secretary of Economy, Luis Ernesto Derbez. Within the legal framework of the Free Trade Agreement of North America (NAFTA), "these issues can be solved with goodwill and hard work," he said. Derbez avoided specifying what sectors could enter into this process. He stated, however, that agricultural producers must be protagonists and cited, as an example of such, the case of the second suspension agreement of the Mexican tomato antidumping case. Derbez rejected vigorously the possibility that the Executive branch is trying to postpone the 2003 lowering of duties of NAFTA in agricultural products. "As in the case of tomatoes, we are looking for flexible inside solutions... within the NAFTA." Also, Faryar Shirzad, Under Secretary of International Trade Issues of the U.S. Department of Commerce, concurred: "I am not sure if renegotiating the NAFTA would be beneficial for the parties involved. A stable relationship is basic in having good growth (of the trade) like we have had up to now." The Mexican Secretary of Agriculture, Javier Usabiaga, mentioned that the poultry sector is one in which negotiated solutions will be reached. "Also we are working with the pork sector, but it will be more difficult because the Mexican part does not have that union, an empathy of ideas, nor a unified objective." About the sugar and high fructose corn syrup, Derbez was asked if Mexico and the U.S. have already come to an agreement. Unfortunately, he said, these issues will not be resolved until the documents are signed. Meanwhile, Alejandro Gomez Strozzi, head of the Unit of Commercial International Practices (UPCI), affirmed that the negotiated safeguard for leg and chicken quarters – the investigation of which was initiated last week - will have a speedy resolution. It will take less

than the expected one-year period in ordinary safeguards. (Source: El Financiero; 12/5/2002).

### **FEDERAL BUDGET COULD GO UP FOR VOTE THIS WEEK, LEGISLATOR SAYS**

Congress could pass the revenue half of the 2003 budget as early as this week, the President of the Congressional Finance Committee said on Wednesday, December 4, 2002. Analysts are more skeptical, however, predicting that a special session will be needed to approve the nation's financial plans for next year. Oscar Levin Coppel, President of the Chamber of Deputies Finance Committee, stated most of the tax and revenue bills were nearly ready for votes. "We have already sent the Rural Financing Law to the floor and today we are preparing to vote on the income tax bill and vehicle taxes," he said. "It is likely that we will be able to consider service taxes and the Value-Added Tax (IVA) Thursday or Friday." Levin was confident the entire revenue package could be sent to the floor by the weekend, allowing for a vote by the full Chamber of Deputies as early as Tuesday. Levin said committee members were "for the most part" in agreement on the amendments to the proposals sent by the Fox administration to Congress last month. Analysts are predicting the budget will not be approved by the December 15 deadline. They point out that opposition deputies are criticizing several of the government's tax proposals and its conservative prediction that oil prices will remain at 17 dollars per barrel. (Source: The News; 12/5/2002).

### **TRADE PACT SENDS MEXICO'S FARMERS INTO THE STREETS TO PROTEST**

Mexico's farmers are rebelling, blocking streets and highways, demonstrating day after day at the Agriculture Ministry in Mexico City and building barricades out of corn sacks at the entrance of the Senate. The angry "campesinos" from across the country have united to demand protection from foreign competition as a provision is about to take effect in the North American Free Trade Agreement (NAFTA) that would eliminate a bushel-full of import duties on agricultural products. On January 1 - the ninth anniversary of the trade pact signed by the United States, Canada and Mexico - the remaining duties on more than 20 items such as wheat, rice, dairy products, poultry and pork will disappear, and farmer's organizations fear that the move will cost Mexico thousands of rural jobs. Duties on corn, beans and sugar will remain until 2008, but the entire sector already finds itself struggling in a market flooded by subsidized, low-cost imports from the United States. The farmers' arguments are not falling on deaf ears. Even President Vicente Fox, a convinced economic liberal, has said he is concerned by the approaching tariff elimination. It could do considerable damage to Mexico's agricultural industry if the United States does not lower its large subsidies, he has said. NAFTA critics and opposition politicians are demanding that Fox's government renegotiate the trade agreement, saying their criticisms of the trade pact has only been proven since it went into effect at the beginning of 1994. Mexico's agricultural imports have increased enormously as the much higher farm subsidies from countries north of its border wipe away any possibility that its farmers could compete on an equal footing, they argued, and the people who are paying under NAFTA are the 25 million Mexican farm workers who are already living in poverty at a much higher rate than the rest of the country. Despite those arguments, the farmers have little chance of winning a reopening of NAFTA talks. Fox's government has repeatedly denounced the U.S. farm subsidies but has been careful not to call for new NAFTA negotiations because the pact has been a huge success for other sectors of Mexico's economy. Last year, Mexico recorded a trade surplus of nearly 27 billion dollars with the United States. It might import corn from its neighbor, but it earns far more money on the many cars it exports there. And thanks to NAFTA, Mexico has largely been spared infection from the financial crisis sweeping Latin America this year. Besides, the United States has already rejected a reopening of NAFTA talks and Deputy Agriculture Secretary Francisco Lopez Tostado warned that undoing NAFTA would prove dangerous. In addition, Fox's government said NAFTA is not to blame for the antiquated Mexican farm

industry's lack of competitiveness. It blames the policies of the previous government of the Institutional Revolutionary Party (PRI), which ruled Mexico for 71 years. In the meantime, though, Fox has pledged 102 billion pesos (U.S.\$10.2 billion) in farm aid in 2003, but farmers groups have criticized the amount, which is a 7.7-percent hike over last year, as too little. So farmers continue their protests, carrying signs that say, "NAFTA equals death" and marching in Mexico City without much chance of winning their argument. (Source: The News; 12/5/2002)

### **U.S. OFFICIAL: FARMERS' PAIN WORTH FREE TRADE GAIN**

With the deadline for the abolition of most tariffs on U.S. farm products looming, a top U.S. trade official on Tuesday, December 3, 2003 said "getting the economic fundamentals right" in agriculture must be the priority for both Mexico and the United States. U.S. Department of Commerce Under Secretary for International Trade Administration, Grant Aldonas, said President Vicente Fox's administration had "been trying to address legitimate human concerns" over the consequences of the trade opening in January. Mexican officials last week said they will not ask the administration of U.S. President George W. Bush to change NAFTA to give protection to Mexican farmers. Aldonas said the Bush administration is working with Fox "to identify best practices that actually will improve the economics of rural communities both in Mexico and the United States." But Aldonas said, for some people, economic opportunities "probably will not exist in agriculture over the long haul because of the lack of competitiveness." Nor will retreating behind trade barriers save the sector, he warned. "Preventing other Mexicans from having the opportunities that exports to the United States can provide ... is not the answer to solving the problems of campesinos," he said. Defending NAFTA, Aldonas said the ten year-old agreement between Mexico, Canada and the United States was "a better model" than the European Union, which relies on high-ranking bureaucrats to set agricultural policy. In NAFTA "you have three governments coming together to say the market should decide. The market is always going to be more efficient than mandarins in Brussels trying to make a determination about which countries are going to succeed in (growing) tangerines," he said. (Source: The News; 12/4/2002).

### **FOX ASKED TO RENEGOTIATE SOME NAFTA AGREEMENTS**

Lawmakers on Tuesday, December 3, 2002, told President Vicente Fox to come to the aid of the embattled farm sector and renegotiate some terms of the NAFTA trade pact to keep tariffs on U.S. and Canada farm goods, set to be eliminated on January 1. Mexican farmers fear they will be ruined by a flood of U.S. farm imports starting next year when tariffs in most agricultural goods crossing NAFTA borders are lifted completely. "This is a mandate to the executive," Jaime Rodriguez-Lopez, the president of the lower house's agriculture commission told reporters after meeting with hundreds of farmers gathered at the doors of the Congress to demand protection from U.S. imports. Rodriguez said a document sent to Fox, a rancher in his own right, was approved by the Lower House, in recent days and that it bears signatures from lawmakers of all parties. "Beginning these negotiations cannot be interpreted internally or externally as simply protectionist or as an expression against NAFTA, but as a recognition of political and economic realities," lawmakers said in the document. Legislators also ask Fox to enact Chapter VIII of the NAFTA pact, allowing him to declare a state of emergency in the countryside and renegotiate the terms of farm imports. The chapter can be enacted when a country feels its producers are being harmed by unfair competition from foreign imported goods. "The consumers dependence in imported goods and the growing rural misery (in Mexico) cannot be disguised," legislators wrote in the document. Farmers gathered outside Congress on Tuesday, December 3, asked for a three-year extension to the market opening to better prepare themselves for the increased competition from protected and subsidized goods coming from the United States. Legislators

said in the document that past governments never live up to promises made when NAFTA was signed to modernize Mexican farming. (Source: The News; 12/4/2002).

### **AGRICULTURAL GROWERS FEAR SUBSIDIES, NOT THE MARKET OPENING**

A special report examines how Mexican farmers will be adversely affected by the repeal of agricultural import duties next year under NAFTA. The report states that more than the penultimate NAFTA repeal of agricultural import duties, the farming producers fear the worldwide tendency of greater subsidies to the countryside. This goes in opposite direction of the support that Mexican agricultural sector receives. With a lower budget than the previous year, an agriculture armor-package that has been announced without definite policies in place, and a neighbor willing to overprotect its agricultural production, the Mexican countryside and its 8.6 million actors will undergo the worse drought of economic resources of last the five years, the report stated. In a last effort, the organizations of agricultural businessmen and farmers will lobbying and protest to the Mexican Congress, in order to modify the proposed budget for the agricultural sector. The proposed budget was sent by the executive branch to the legislative one, recently. But it is smaller by almost 2 billion pesos with respect to the 2002 budget. A great number of organizations are in agreement about reviewing the NAFTA agriculture chapter, independent of whether the agriculture budget will be increased or not. This review is necessary in order to balance the market conditions between Mexico and the United States, they claim. The U.S., however, refuses to renegotiate. The article also stated that the so-called Agricultural-Armor package is frustrating because the proposed 2003 budget for the Agriculture Ministry (SAGARPA) is lower than in 2002. Moreover, it does not include special funds for this armor package. Initially, the armor package was a national priority, but suddenly it disappeared from Javier Usabiaga, the Secretary of Agriculture's vocabulary. Also, the agriculture opening became a fact of full myth for the Economy secretary, Luis Ernesto Derbez. Meanwhile, according to President Fox, the media has exaggerated the adverse impacts of the opening, "as in fact, the impact is minimum." The deception and the claims of the farming sector, however, forced President Fox to reconsider the idea of the agriculture-armor. As a result, Fox announced a budget of nearly 103 billion pesos (USD\$10.3 billion) for this armor-package. This figure, however, includes the budgets of other ministries that administer rural programs which do not support production agriculture. At the same time, agricultural businessmen requested a SAGARPA budget of 47.7 billion pesos (USD\$ 4.7 billion), or 36 percent higher than originally anticipated in 2003. Farmer organizations are requesting a budget of 67.9 billion pesos (USD\$ 7 billion). (Source: El Universal; 12/2/2002)

### **ANGRY FARMERS TAKE TO THE CAPITAL'S STREETS ... AGAIN**

On Monday, December 2, 2003, over 1,000 campesinos from across the nation marched from one government agency to the next, demanding more aid and a moratorium on Mexico's agricultural free-trade agreements. The farmers, from different grass roots organizations in over 20 states, marched first to the Agriculture Secretariat, where police nearly drove them from the premises, and then to the offices of the Interior Secretariat, hoping to find someone in the government willing to take up their petition of complaints. At the top of their list of demands is the suspension of the agricultural provisions of the North American Free Trade Agreement (NAFTA). On January 1, 2003, trade of farm products between Mexico, the United States and Canada will become nearly completely liberalized as remaining tariffs on all but a handful of commodities disappear. "NAFTA is killing us," said Jesus Palamares, a tall, graying corn farmer from the northern state of Sinaloa. "And our government does not care, they are not giving us any help." While Mexico's exporters of certain fruits and vegetables have thrived under NAFTA, the nation's millions of small farmers complain cheaper U.S. imports of grains and meat have undercut their livelihood. Alberto Gomez, a farmer from the central state of Michoacan and president of the National

Union of Campesino and Autonomous Organizations (UNORCA) that helped organize the march, said the government needed to change its agricultural policies to bolster small farmers. "We do not want to immigrate to the cities or the United States just to make a decent living. We want to keep living in our communities, but we need a moratorium on NAFTA," said Gomez. "This is not about us working harder out there, it's about changing policies. We need aid that promotes and develops our capacities, so we can be profitable and competitive." Monday's protest is only the latest in a rising tide of protesting campesinos bringing their grievances to the capital's streets. But the administration's response is still wavering. Agriculture Secretary Javier Usabiaga - whose successful enterprise of exporting of freeze dried garlic has earned him the title of "Garlic King" - has said small farmers working fields of corn and beans just "need to find a different job." But President Vicente Fox, well aware of midterm elections next year, unveiled new farm subsidies last month in an attempt to appease the countryside. Opposition parties hold far greater sway in rural areas than Fox's National Action Party (PAN), and analysts say Fox will make stronger overtures to appease farmers in coming months. (Source: The News; 12/3/2002)

### **NEW U.S.-MEXICO TOMATO SUSPENSION AGREEMENT**

On December 4, 2002, officials from the U.S. Department of Commerce and Mexican growers/exporters of tomato signed in Mexico an antidumping suspension agreement which will allow tomatoes to be exported to the U.S. at an agreed-upon price and no compensatory duties. The Mexican Secretary of Economy (SE), Mr. Derbez, and the Mexican Secretary of Agriculture (SAGARPA), Mr. Usabiaga, were witnesses at the signing ceremony. The reference price for exporting fresh tomatoes is now 17.2 cents per pound from July 1 to October 22, the summer season, and 21.08 cents per pound from October 23 to June 30, the winter season. This measure will be in force for 5 years after it is published in the U.S. Federal Register. Mr. Sergio Esquer, President of the Commission of Investigation and Protection of Horticultural Products in Sinaloa, indicated that this agreement is substantially better than the previous one because it contains two mechanisms that will allow a more equal participation of all Mexican exporters: 1) an official regulation of food safety enforced by SAGARPA, and 2) an automatic export permit issued by SE. (Source: The News, Reforma, Excelsior, 12/05/02).

### **U.S. EMBASSY RESPONDS TO NAFTA MISPERCEPTIONS**

The U.S. Embassy released an information sheet to clear up misperceptions about the effects of the repeal of agricultural tariffs in 2003 upon Mexican agriculture. The release pointed out that Mexican agriculture suffers from structural problems that are unrelated to NAFTA. In a related development, the U.S. Embassy's Agriculture Attaché stated on television that the Mexican agriculture sector had obtained great benefits from NAFTA, that jobs had been created, and that Mexicans had access to a larger supply of products because of the trade agreement, and therefore, there were no grounds to criticize it. (Source: Reforma, Milenio; 12/6/02; Televisa; 12/9/02).

### **USDOC REITERATES CONCERN OVER POSSIBLE PROTECTIONIST MEASURES**

Department of Commerce U/S for International Trade Grant Aldonas said the United States was concerned about protectionist measures Mexico could apply on U.S. exports, such as chicken and other farming products, and that U.S. authorities would make sure that Mexico was complying with WTO regulations. (Source: Reforma, Financiero, Universal, Jornada, Milenio; 12/4/02).

## **SENATE ACKNOWLEDGES NEED TO RENEGOTIATE AG CHAPTER OF NAFTA**

PAN, PRI, and PRD senate leaders agreed that NAFTA needed to be renegotiated, especially regarding its agricultural chapters. The senators acknowledged that NAFTA had brought economic benefits to Mexico, but they argued that the opening of the agricultural sector and US farm subsidies had contributed to the Mexican agricultural crisis. Federal deputies will reportedly meet with U.S. legislators in January to point out the "sensitivity" of the problems of Mexican agriculture and to propose the creation of a bilateral or trilateral fund to support the transition of the agricultural sector. (Source: Reforma, Milenio; 12/5/02).

## **ACADEMICS IN FAVOR OF A REVIEW ON NAFTA**

During a press conference, academics from the National Autonomous University of Mexico (UNAM) and the Chapingo Autonomous University (Agricultural University) indicated that the large asymmetries in the agricultural sectors between Mexico and the other NAFTA countries should be the base for the re-negotiation of the NAFTA. These academics turned in a document to the House of Representatives requesting a review on agrifood issues under NAFTA. These academics pointed out that for 2003 there will be dramatic effects due to the opening of trade under NAFTA, impacting the poultry, pork and meat sectors amongst others. (Source: El Financiero 12/09/02).

## **MEXICAN AG PROBLEMS BLAMED ON INACTION**

Former Mexican President Carlos Salinas blamed the crisis of Mexican agriculture on former President Ernesto Zedillo's failure to provide federal support for the sector, which was ostensibly permitted under NAFTA. Salinas is currently in Washington to attend a conference on the 10<sup>th</sup> anniversary of NAFTA, which will also be attended by former President George Bush and former Canadian Prime Minister Brian Mulroney. During his scheduled speech, he is expected to call for a migration agreement to advance the accomplishments of NAFTA and to protect the labor and human rights of migrants. (Source: Reforma, Financiero, Universal, Milenio, Televisa; 12/9/02).

## **ECONOMISTS CITE NAFTA'S PROS AND CONS**

Economists claimed that NAFTA had benefited urban populations in Mexico, but said that rural communities had lagged behind. Alejandro Ibarra Yunes, a researcher from the Technological Institute of Monterrey, said that Mexican farmers faced unfair competition from U.S. farm subsidies. Another report reviews NAFTA's accomplishments by each economic sector. (Source: Reforma, Universal, TV Azteca; 12/9/02).

## **CAMPESINO GROUPS BLAME U.S. FARM SUBSIDIES**

Heladio Ramirez, leader of the National Farm Workers' Confederation (CNC), denounced the failure of the development model for Mexican agriculture and complained that Mexican farmers could not compete with the enormous subsidies granted to U.S. farmers. (Source: Reforma, Milenio; 12/9/02).

## **WORKER GROUP TO PROTEST 2003 REPEAL OF AG TARIFFS**

The National Union of Workers (UNT) will join a march on the Chamber of Deputies this Tuesday to protest the repeal of agricultural tariffs under NAFTA. (Source: Universal; 12/9/02).

**STATE OF AGRARIAN REFORM**

Ten years after former President Carlos Salinas attempted to reform Mexican agrarian laws, less than one percent of community-owned land (ejidos) has been turned into marketable real estate. The intention of agrarian reform was to promote investment in Mexico's rural communities. (Source: Reforma, 12/6/02).

**CANADIAN PRIME MINISTER CRITICIZES U.S. FARM SUBSIDIES**

Former Canadian Prime Minister Brian Mulroney said that U.S. farm subsidies were "unacceptable," and that these types of policies were very unfair for developing countries like Mexico, who needed access to developed countries' markets. (Source: Reforma, Jornada, Milenio; 12/8/02).

**CONGRESSWOMAN PREDICTS DIRE RESULTS FROM 2003**

PRI Deputy Irma Pineyro, president of the Chamber of Deputies Commission of Population, Borders, and Migration Issues, said the elimination of agriculture tariffs in 2003 would have terrible effects not only on Mexican agriculture, but that it would increase illegal migration into the United States to unprecedented levels. (Source: Universal; 12/8/02).

**CONGRESS URGES FOX TO TAKE ACTION OR FACE BOYCOTT U.S. AG GOODS**

Deputies from the Commission on Agriculture and Rural Development urged President Fox to adopt measures against the impact of tariffs elimination in 2003, and said they would promote a boycott on the consumption of U.S. farming products in Mexico. (Source: Reforma, Universal, Jornada, Milenio; 12/7/02).

**SENATE CLAIMS U.S. VIOLATING NAFTA**

The Senate requested President Fox to demand the United States to agree to buy the Mexican surpluses of sugar, because by not doing so the USG was violating NAFTA. Regarding this issue, PRI Senator Fidel Herrera said Mexico should not agree to eliminate its agriculture tariffs, since the United States was not complying entirely with NAFTA. (Source: Jornada, 12/7/02).

**ACADEMICS WARY ABOUT POSTPONING 2003**

Academics from the CIDE said NAFTA included mechanisms that would permit certain reforms to postpone the elimination of agriculture tariffs in 2003, but that it would not be convenient for Mexico because the United States could demand access to strategic Mexican sectors. (Source: Reforma; 12/7/02)

**MEXICAN ECONOMY NEEDS MORE FUNDING, CLAIMS ENVIRONMENT MINISTER**

Environmental Secretary Victor Lichtinger said NAFTA's greatest flaw was that the United States and Canada had not provided Mexico with any financing to build economic equilibrium within the North American region, in contrast with mechanisms of the sort implemented within the European Union. (Source: Reforma; 12/7/02).

**NAFTA NEGOTIATOR AFFIRMS NAFTA'S BENEFITS**

Jaime Zabłudovsky, one of Mexico's main negotiators for NAFTA, said that its results had exceeded the most optimistic projections. Zabłudovsky rejected the idea that negotiating the agricultural sector had been a mistake. (Source: Reforma, Financiero; 12/4/02).

### **ECONOMIA SETS TARGET GOAL FOR REDUCING SMUGGLING**

Economic Secretary Luis Ernesto Derbez said that as a preliminary step toward eliminating contraband goods in Mexico, the federal government's target goal for 2006 was to reduce piracy by 10-15 percent. The Chamber of Deputies recently added piracy to its list of organized crimes. (Source: Reforma, Televisa; 12/4/02).

### **SENATE APPROVES REFORMS TO FOREIGN TRADE LAW**

The Senate approved several reforms to the National Foreign Trade Law aiming to strengthen mechanisms against unequal competition, especially regarding the agricultural sector. (Source: Financiero, Jornada; 12/4/02).

### **FARM GROUPS CONTINUE TO CALL FOR MORATORIUM**

During its sixth annual assembly, the National Association of Farm Enterprises (ANEC) called for a three-year moratorium on the repeal of agricultural tariffs under NAFTA. Academic researchers argued that the GOM had negotiated the agricultural chapters of NAFTA "badly," and had not established a strong foundation to prepare Mexico's agricultural sector to face competition in 2003. (Source: Financiero; 12/3/02).

### **MEXICAN BISHOPS CAUTIOUS ABOUT FREE TRADE**

Mexican bishops warned that Mexico would "head straight into a collapse" if it continued following the current economic model. Saltillo Bishop Raul Vera said that Mexico had "already begun to notice reactions" to the repeal of agricultural tariffs under NAFTA, the development of the FTAA, and the Puebla-Panama Plan. (Source: Milenio; 12/3/02).

### **KEY LIME PRODUCERS TO GET ORGANIZED UNDER AN ARMOUR PLAN**

Producers of key limes in the state of Colima, are getting organized under an "Armour Plan" in order to protect their product. However, this plan consists more in establishing an organization than in economic support. The plan will allow key lime producers to establish technical assistance throughout the production cycle. This entails technical assistance at the field, commercialization, and financial level. The President for the State Council for Key Limes, Mr. Martinez, assured that there will not be a significant negative impact for this product due to the opening of NAFTA, because Mexico is the first world wide producer. What producers need to accomplish is to have improved production within the food safety requirements as well as better technology in the packing process. (Source: Reforma 12/09/02).

### **MEXICAN AVOCADO PRODUCTION FACING STRUCTURAL CHALLENGES**

Despite advances in Mexico avocado production, and the opening of new markets in the United States, Mexican avocado producers still face structural deficiencies compared to Chilean avocado producers. (Source: Milenio; 12/9/02).

### **REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY**

Number	Title	Date
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MX2164	Weekly Highlights & Hot Bites, Issue #41	12/03/02
MX2165	Monthly Crop Update, November	12/03/02
MX2166	Investigation on Bilateral Poultry Safeguards on Chicken Leg Quarters	12/05/02

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