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## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #21

### NAFTA Update Edition

## 2003

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**Report Highlights:**

PRODUCERS DEMAND WHITE CORN AND DRY BEANS BE EXCLUDED FROM NAFTA\*CANADA  
REJECTS RENEGOTIATING NAFTA\*GOM AGREES TO RENEGOTIATE CHANGES TO NAFTA

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

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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.

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### **PRODUCERS DEMAND WHITE CORN AND DRY BEANS BE EXCLUDED FROM NAFTA**

On April 15, 2003, producers from Mexico's largest dry bean producing states said they supported the federal government's decision to renegotiate white corn and dry beans positions of the NAFTA. Producers said they would like to see the NAFTA charter functioning under stricter mechanisms and with permanent tariff rate quotas (TRQs) in place.

Producer groups represented the states of Zacatecas, Durango, Guanajuato, Chihuahua, Sinaloa, and Nayarit. José Carmen Fernández, President of the Mexican Dry Bean Council stated that domestic producers could not compete with the highly subsidized price of U.S. dry bean imports. Mexico's production costs are much higher than those in the United States and Canada.

Mr. Fernandez added that Mexico does not need any more dry bean imports, since it currently has over 200,000 metric tons stored in warehouses.

Additionally, Mr. Fernandez stated that if the GOM does not exclude dry beans from NAFTA, the 2008 tariff phase-out would mean the end for Mexico's dry bean production.

### **CANADA REJECTS RENEGOTIATING NAFTA**

On April 15, 2003, Canadian Ambassador to Mexico, Keith Christie, reportedly reiterated that Canada would not agree to renegotiate NAFTA. However, Ambassador Christie clarified that Canada was willing to analyze the Mexico's petition to give special consideration to white corn and dry beans.

Ambassador Christie state that if one country reopens a part of NAFTA, then another country could make a legitimate case for reopening yet another part of NAFTA, and this would put the entire agreement in jeopardy.

Additionally, Ambassador Christie stated that NAFTA was an international treaty based on international law and one country could not change the rules of engagement without the rest of the members' consent and agreement. If Mexico's intention is to renegotiate, then it is an issue for the three member countries to discuss, added Ambassador Christie.

In a radio interview with Radio Red, Ambassador Christie strongly emphasized that the only legitimate reasons for regulating Canadian and U.S. imports would be in the case of dumping or the entrance of subsidized products where special TRQs could be implemented.

## GOM AGREES TO RENEGOTIATE CHANGES TO NAFTA

After four months of intense negotiations, on the evening of April 12, 2003, the federal government and the main farming groups finally agreed on the National Agricultural Agreement's final draft. The Secretaries of Government Affairs, Agriculture, Economy, and the Agrarian Reform and leaders from the farming groups El Barzón, the Permanent Agrarian Congress (CAP), the National Farm Worker Confederation, and "The Farmland Can't Stand Anymore," established that the Pact would be signed on the 23rd or 28th of April in the *Palacio Nacional*. The leaders of the farming groups must now go back to their constituents to ensure that there is agreement on these points. There is still the possibility of changing certain points, although given the April 11 all-night wrangling session, that possibility may be somewhat diminished.

The Pact's most important points were the following:

- 1) Develop mechanisms that reduce the developmental asymmetries and subsidies between the United States and Canada.
- 2) Establish complementary treaties with the United States and Canada that guarantee equitable agricultural producing rights for Mexico.
- 3) Protect the interests of domestic producers of white corn and dry beans.

An emergency fund for the rural sector was also negotiated. The federal government granted 2.8 billion pesos (US\$ 260 million). These funds were distributed in the following manner:

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|--------------------------------------------|---------------------------------------|
| 1) Industrial productivity projects:       | 300 million pesos (US\$ 28.4 million) |
| 2) Women farmers in the rural countryside: | 100 million pesos (US\$ 9 million)    |
| 3) Healthcare:                             | 400 million pesos (US\$ 37 million)   |
| 4) Rural housing development:              | 260 million pesos (US\$ 24 million)   |
| 5) Subsidies to Part-time employment:      | 150 million pesos (US\$ 14.1 million) |
| 6) Procampo farm subsidy program:          | 650 million pesos (US\$ 60 million)   |
| 7) Creation of rural sector corporations:  | 150 million pesos (US\$ 14.1 million) |
| 8) Conciliatory compensation:              | 300 million pesos (US\$ 28.4 million) |
| 9) Senior citizen support:                 | 500 million pesos (US\$ 46 million)   |

### REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

Number	Title	Date
MX3046	Sugar Annual	4/9/03
MX3047	NOM-EM-041-FITO-2003 on imported beans	4/10/03
MX3048	Dried Fruit Annual Report	4/10/03
MX3049	Mexico's First Auction of U.S. Dry Edible Beans	4/11/03
MX3050	Coffee Annual Report	4/14/03
MX3051	Hot Bites Issue #20	4/14/03

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