English translation of an interview with Karen Lehman which appeared in La Jornada, Mexico City, November 29, 1993

It's important to note that President Clinton couldn't sell NAFTA, so he had to buy it. Despite the millions of dollars spent by U.S. industry and the Mexican government to pass NAFTA, if the deal had come up for a vote on November 10, it wouldn't have passed. Citizen and congressional opposition to NAFTA in the U.S. was too strong. What put it over the top were the "pork barrel" deals the administration gave members of Congress for their districts in order to secure their votes. There were bridges and military transport planes for Texas Congressmen, the North American Development Bank for California, and even a proposed reduction in the cigarette tax to win Congressmen in tobacco producing states, to name a few. There was nothing subtle about this. At the bottom of letters to Congressman English proposing deals on wheat and peanuts, President Clinton said, "I trust these actions and assurances will enable you to support the NAFTA implementing legislation."

While many of the deals were unrelated to the negotiations, some of them, especially in agriculture, cut right to the heart of key issues that had been addressed during the negotiations and represent losses for Mexico. We find it ironic that what took months to hammer out could be negotiated away in secret in backroom deals in a matter of a week.

You can't begin with substance, you have to begin with voting blocks. The Florida delegation was at the top of the list with a dozen uncommitted representatives, some of which were leaning against NAFTA. Florida was very concerned about the fruit and vegetable provisions of NAFTA which would have made Florida produce vulnerable to Mexican imports. So what happened? The Administration systematically went to the most concerned sectors of Florida agriculture--citrus, sugar, and fruits and vegetables--to determine what changes were necessary in NAFTA to secure their support. The Administration went back to the Mexican negotiators and basically said, "If you want NAFTA, this is what you'll have to do." The deals resulted in the farm organizations in Florida withdrawing their opposition to NAFTA and thus provided more leverage for their members of Congress to vote with Clinton. The much acclaimed success by Mexican negotiators in gaining market access to the U.S. in agricultural products was wiped out.

Let's look at some of the specific deals in agriculture. Most important to Mexico are the Florida deals. In relation to fruits and vegetables, Florida producers secured commitments from the Administration to use aggressively the early warning import surge mechanism negotiated under NAFTA with respect to tomatoes and sweet peppers. This means that instead of having to request assistance in monitoring from the International Trade Commission, the industry will be able to count on the monitoring system being in place until the year 2009. Trade Representative Kantor went on to say if the International Trade Commission determined that imports of tomatoes and sweet peppers were the ". . . cause of serious injury, or threat thereof" to Florida producers, that the President would proclaim provisional relief to the industry. This means that additional duties or quotas could be imposed. Whereas this is already possible under NAFTA, it indicates that the Administration will aggressively support the interests of Florida fruit and vegetable producers. Kantor also committed to increasing inspections of Mexican produce imported into the U.S.

Perhaps even more important is the scope of the Florida side agreements beyond NAFTA. The Administration assured Florida fruit and vegetable growers that no new countries would be allowed benefits under the Caribbean Basin Initiative if their entrance would adversely affect the Florida fruit and vegetable industry. In addition, the Administration agreed to block tariff cuts in the Uruguay Round greater than 15 percent ad valorem on tomatoes, peppers, lettuce cucumbers, celery, and sweet corn in key seasons. This angered other agricultural organizations who must take additional penalities in order to keep the overall average of reductions at 36% as called for in the Dunkel draft.

Trade Representative Kantor also said he would ask the President not to grant developing countries preferential tariffs in these same products under the Generalized System of Preferences. This means that developing countries that could have reduced tariffs and thus greater market access under the GSP for these products would face higher tariffs.

Market access to the U.S. for sugar was the most glamorous achievement in agriculture for Mexican negotiators. As originally negotiated, NAFTA made it possible for Mexican sugar producers to have unlimited access to U.S. markets after six years, if Mexico could demonstrate that it was a net surplus producer of sugar. This could only be accomplished if corn sweeteners, which can easily replace cane sugar in products such as soft drinks, were not counted in the calculation of sugar consumption. The sugar agreement negotiated in the last days of the NAFTA debate stipulates that Mexico must count its consumption of all sugars against production and, as a way to appease the Mexican sugar industry, increases the quota from 150,000 metric tons to 250,000 metric tons in the years 7-14 of the transition period. The bottom line is that Mexico will have less access to the U.S. sugar market than it would have had without the changes.

In citrus, U.S. citrus producers pressured the Administration to protect them from price impacts of increased imports of frozen orange juice concentrate. The new agreement provides for the imposition of a customs duty on Mexican imports above a certain volume if the price for frozen orange juice concentrate falls below the five-year average price for the corresponding month. This means that the U.S. can effectively control imports from Mexico through increased duties which were not provided for in the original NAFTA text.

Mexican interests weren't the only ones for sale in the vote bazaar. Canada, too, was the target of some deals which, if they weren't centered on serious conflicts caused by the poor negotiation of the Canada-U.S. Free Trade Agreement, would be almost laughable. One, which was cut to secure votes from Representatives from Texas and Oklahoma, concerns a product, durum wheat, which is not even grown in their states. The durum wheat deal corresponds to complaints that North Dakota durum wheat farmers have had since the passage of the Canada-U.S. Free Trade Agreement. At the time the CUSTA was negotiated, North Dakota farmers pressured the Administration to negotiate an end to Canadian rail subsidies which made Canadian wheat cheaper, if the subsidies were not counted as such. The President committed to negotiate with Canada to resolve the problem, but nothing came of it. After years of complaint by the North Dakota congressional delegation, Department of Agriculture and farmers on Canadian pricing and subsidy policies, a dispute settlement panel was established. The panelists decided in favor of Canada based on a narrow reading and interpretation of the CUSTA itself, despite the fact that they knew that alternatives had been discussed at the Executive level. The durum wheat decision made it clear to North Dakotans that the only thing that counts in trade agreements is the language of the Agreement itself.

Suddenly, years later, without consulting the North Dakota Department of Agriculture or the North Dakota congressional delegation, some Congressmen from Texas and Oklahoma announced that they would vote for NAFTA because President Clinton had committed to opening discussions with Canada about its wheat pricing and transportation subsidies. North Dakota Agriculture Commissioner Sarah Vogel pointed out that the language in the deal offered by Clinton was even weaker than the language related to the CUSTA that resulted in a negative panel decision. North Dakota farm organizations also were skeptical. The wheat deal was truly a "fig leaf" meant to cover the Congressmen who were looking for a rationale to support NAFTA.

The long term impact of these deals is questionable. They are, after all, not part of the NAFTA itself, and the NAFTA dispute settlement mechanism gives greater weight to the

Agreement itself than to any side negotiations. It is very likely that these agreements will, in fact, be disputed, which means that the implementation of NAFTA will be a rocky road.

Farmers in the U.S. are divided on who wins and who loses from NAFTA. Corn farmers, supposedly the winners who will export more grain to Mexico, complain that because U.S. agriculture policy sets prices at artificially low levels, greater exports also simply mean greater losses for producers. Estimated increases in corn prices of 6 cents after 15 years are not very impressive. Pork producers, on the other hand, believe that they will increase their sales to Mexico.

Whether farmers think they are winners or losers, nearly all agree that agribusiness is the real winner, both food processors and the traders. With the changes in Mexico's agricultural policy, especially the reduction of support for corn production, grain trading corporations will be able to take hold of a share of the Mexican grain economy that has not been theirs to date. Processors such as meatpackers and frozen vegetable exporters will continue to move to Mexico to take advantage of lower wages in these labor intensive industries.

Many members of Congress were very concerned about the impact of NAFTA on Mexican agriculture, especially the potential for displacement of Mexican peasant farmers who will be unable to compete with U.S. grain in a liberalized economy. The U.S. maintains a policy commitment to government involvement in agriculture based on production, having decided against adopting a decoupled payment program similar to the Procampo program. This policy orientation will continue into the foreseeable future, but could be changed as a result of the Uruguay Round of negotiations of the General Agreement on Tariffs and Trade. Many of the same issues that arose in the NAFTA debate are hotly contested in the GATT negotiations, which could be decided as early as December 15.