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AFPC **POLICY WORKING PAPER**

THE NORTH AMERICAN FREE TRADE AGREEMENT

Background, Legislative Process, and Provisions for Agricultural Trade

92-9

Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Agricultural Extension Service
Texas A&M University system.

AFPC

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PREFACE

The purpose of this Working Paper is to summarize the provisions of the North American Free Trade Agreement (NAFTA) from an overall perspective as well as for individual commodities. No attempt is made to draw conclusions regarding the consequences of NAFTA. These analyses are dependent upon the provisions, which may change between now and finalization of the agreement, and on how the provisions are interpreted.

The Working Paper begins with testimony presented by Parr Rosson and Gary Williams before the Texas House of Representatives. This brief statement is followed by individual commodity summaries developed by the Economic Research Service, USDA and Texas A&M Extension Economic Specialists.

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THE NORTH AMERICAN FREE TRADE AGREEMENT

Background, Legislative Process, and Provisions for Agricultural Trade

C. Parr Rosson, III and Gary W. Williams*

Background

On August 12, 1992 the United States announced terms of recent trade negotiations with Canada and Mexico to form the North American Free Trade Agreement (NAFTA). Preliminary provisions of the agreement have been provided by the Economic Research Service, United States Department of Agriculture and are outlined in this publication. Major commodity sections include grain crops, horticultural crops and processed vegetables, dairy, livestock/meats and poultry, cotton, peanuts, and sugar. Extension economists responsible for commodities and other specialties are listed. The information provided is preliminary and subject to change as debate and negotiations continue over the next several months.

If approved by the national legislative bodies in Canada, Mexico, and the United States, NAFTA will become the world's largest free trade area consisting of 360 million people, $6.2 trillion in economic output, and trade exceeding $1.1 trillion. NAFTA will attempt to expand the flow of goods, services, and investment among the three countries. NAFTA proposes: (1) the full, phased elimination of import tariffs; (2) the elimination or fullest possible reduction of nontariff trade barriers, such as import quotas, licenses, and technical barriers to trade; (3) the establishment of clear, binding protection for intellectual property rights; and (4) fair and expeditious dispute settlement procedures. Trade restrictions applied by the three countries to imports from all other countries will remain in effect unless modified by the General Agreement on Tariffs and Trade (GATT). Each NAFTA country, therefore, receives significant preferential status in the market of the other NAFTA partners.

Recent Trade Trends

As a result of Mexico's entry into the General Agreement on Tariffs and Trade (GATT) in 1986, tariffs on many imported goods have already been lowered to 10%-20% range from a high of 100% in 1985. Lower tariffs, coupled with stronger economic growth in Mexico, have led to an upsurge in trade between the two countries. Mexico has emerged as the third largest market for U.S. agricultural exports, purchasing food and fiber valued at $2.9 billion in 1991, up 9% from 1990. Major U.S. export sales to Mexico included: grains ($758 million); meats ($462 million); fruits, nuts, vegetables and products ($350 million); hides and fats ($220 million); live animals ($151 million); and dairy ($73 million).

*Excerpt from testimony before the Texas House of Representatives, Committee on State, Federal and International Relations, August 21, 1992.

The balance of agricultural trade with Mexico has favored the United States. U.S. agricultural imports from Mexico were valued at $2.5 billion in 1991, slightly below 1990. Major products imported from Mexico were: vegetables ($894 million); live animals, mainly feeder cattle ($408 million); coffee ($338 million); fruits ($317 million); and frozen concentrated orange juice ($39 million).

Both countries employ a number of nontariff trade barriers. Mexico uses import licenses which affect over 25% of all agricultural imports from the United States, and more passive forms of trade restriction such as trucking regulations which prevent U.S. trucks from operating within Mexico. Further, inadequate infrastructure, such as lack of sufficient cold storage and handling facilities as well as poorly maintained roads, may limit potential gains for U.S. exports in the near term. Mexico views U.S. marketing orders as barriers to trade. Inconsistent, complex, and lengthy administrative procedures at border crossings also restrict the flow of goods between the two countries. Other than import licensing, few of these other impediments to trade are addressed by NAFTA.

The Legislative Process

NAFTA has been evaluated by Private Sector Advisory committees, with reports issued to the U.S. Congress, the President, and the United States Trade Representative. The President notified U.S. Congress of his intent to sign the agreement on September 18, 1992. By law, however, he may not sign the agreement until 90 calendar days after providing notification to Congress. During this period, the House Ways and Means Committee and the Senate Finance Committee, along with any other committees having jurisdiction over trade matters, will consult with the President to consider how and to what extent the agreement will achieve its stated purposes, to identify any changes in U.S. laws necessary to comply with NAFTA provisions, and to develop the text for acceptable implementing legislation. Informal closed executive sessions will be held with Congressional committee representation to develop recommendations and a draft text. The legislative process will include public hearings, markup, and House/Senate conference committee. It is expected that the President will sign NAFTA by the end of December, 1992.

Under current law, the agreement must be signed by the President before June 1, 1993 for NAFTA to be eligible for consideration by the U.S. Congress under "fast track" authority. Implementing legislation may be submitted to Congress any time after the agreement is signed by the President. Once implementing legislation is submitted, it moves under the "fast track" procedure which means that NAFTA will receive a "yes" or "no" vote within 90 session days. Fast track requires that legislation be voted upon without amendment. It appears unlikely that NAFTA will receive congressional consideration before May-June 1993. Consequently, it is doubtful that NAFTA could become effective before January 1, 1994.

General Provisions for Agriculture

NAFTA creates separate bilateral agreements for agricultural trade, one between the United States and Mexico and the other between Mexico and Canada. Mexico and the United States have agreed to immediately eliminate all import tariffs on a broad range of agricultural products already facing very low or negligible duties. Consequently, about one-half of current U.S.-Mexico bilateral agricultural trade will be duty free when NAFTA takes effect. Currently, this represents about $1.5 billion in U.S. exports to Mexico and $1.6 billion in Mexican exports to the United States. All remaining tariffs on U.S.-Mexico trade will be systematically reduced according to one of several time schedules and in some cases in concert with special safeguard provisions. A small share of trade (about 10 percent) will be liberalized over a five year period. These products were deemed too sensitive for immediate liberalization, but not sensitive enough to require more than five years of transition to free trade.

Special Agricultural Safeguards

Tariffs for most sensitive agricultural products will be eliminated over a 10-year or 15-year transition period. Some products will be eligible for special safeguards in the form of a tariff-rate quota (TRQ) during the transition period. The TRQ's will facilitate the transition to free trade for producers of some import-sensitive products by charging a low or zero duty on a specified amount of imports. For imports over the specified TRQ level, a higher tariff (the current or original) will be "snapped back" into place. Both the within-quota and the over-quota tariffs will decline to zero over the specified time period. The initial TRQ levels will be determined by recent average trade levels and will expand at 3 percent compounded rate per year over the transition period. The United States will use 10-year TRQ's entirely for selected fruits and vegetable imports from Mexico valued at $330 million. Mexico will use the ten-year TRQ's on $155 million in imports from the United States, mainly hogs, pork, potatoes, and apples.

Tariffs on a few selected fruits and vegetables will be eliminated over a 15-year period. A 15-year period with TRQ's is provided for the most economically and politically sensitive products, including U.S. imports of sugar, peanuts, and frozen orange juice. Mexico will employ a 15-year transition with TRQ's for corn, dry beans, and non-fat dry milk.

Section 22 Exemptions

Mexico and the United States have agreed to the phased elimination of all nontariff barriers to trade. Mexico will eliminate its import licensing requirements on imports from the United States, while the United States will eliminate Section 22 (Agricultural Adjustment Act 1933) quotas on imports from Mexico. Section 22 quotas will be replaced by TRQ's during the 5-15 year transition period depending on the product. Mexico will also be exempt from the U.S. Meat Import Act.

Rules of Origin

Rules of origin have been developed to prevent non-NAFTA countries from taking advantage of the preferential trading arrangements afforded NAFTA countries. Generally, the "de minimis" requirements of the Canada-U.S. Free Trade Agreement are used, which allow all products to receive NAFTA benefits so long as foreign ingredients make up less than 7 percent of the value of a processed commodity. These rules of origin will be permanently in place and are not a transition measure.

Several origin related NAFTA provisions further restrict entry of goods from non-NAFTA countries. Citrus juices, for instance, must be produced entirely from NAFTA country fresh citrus fruit. Milk from the European Community cannot be imported into Mexico and processed into cheese or yogurt for shipment into the U.S. market. Non-NAFTA raw sugar refined in Mexico does not become a product of Mexico entitled to duty free shipment to the United States. Peanuts from non-NAFTA countries may not be shipped through Mexico or imported into Mexico and processed into peanut butter or paste for re-export to the United States. Cotton imported into Mexico from non-NAFTA countries must be transformed twice, from cotton fiber to yarn to fabric, before it is considered a product of Mexico. This is referred to as the "fiber forward" provision. Yarn is covered by the "yarn forward" provision which requires that yarn imported into Mexico be transformed twice, from yarn to fabric to apparel, before it can receive duty-free access to the U.S. market. These rules of origin are intended not only to prevent non-NAFTA countries from benefitting from NAFTA, but are in place to protect and ensure the integrity of U.S. farm programs and to reduce the possibility of unfair competition. The rigor with the rules of origin provisions are enforced will go along way in determining the viability of the NAFTA agreement.

Domestic Agricultural Policy and Export Subsidies

A trilateral agreement covers domestic agricultural policies and export subsidies. Although each of the NAFTA countries "will endeavor to move toward domestic support policies that are not trade-distorting," the NAFTA does **not** require any changes in domestic agricultural policies in any of the countries. NAFTA also allows domestic support policies to be changed so long as those changes comply with present GATT obligations. While NAFTA provides for the establishment of a working group to eliminate all export subsidies, the United States and Canada may use export subsidies in the Mexican market to counter subsidized competition from non-NAFTA countries. The United States may continue to apply countervailing duties against subsidized imports from Canada or Mexico. U.S. marketing order provisions for fruits and vegetables will be maintained, but Mexico will receive special treatment allowing products that do not meet marketing order grades and standards for fresh produce to be imported into the United States for processing.

Sanitary and Phytosanitary Regulations

The NAFTA confirms the right of each country to establish and maintain the level of sanitary and phytosanitary (SPS) protection that it considers appropriate to protect human and animal health and plant life. The agreement provides that each country may achieve its desired level of SPS protection through measures that: (1) are based on scientific principles and risk assessment; (2) are applied only to the extent necessary to provide the chosen level of protection; and (3) do not result in unfair discrimination or disguised restrictions to trade. The potential to use permanent SPS regulations to restrict trade will be reduced as NAFTA is implemented. However, with fewer nontariff barriers at their disposal, it is likely that both governments will be pressured to use SPS to restrict imports, with disruptive effects in both markets.

Summary

The North American Free Trade Agreement will be debated in all three countries over the next several months. If implemented, NAFTA will create the largest free trade area in the world and may set the stage for continued economic integration throughout the Western Hemisphere. Agricultural trade between the United States and Mexico has reached record levels during the last three years. Producers of livestock, meats, and feed grains have been the major beneficiaries of this increased trade. Recent gains in trade between the United States and Mexico will be secured if NAFTA becomes law. NAFTA also may require significant adjustment for some labor intensive sectors of the U.S. economy. NAFTA exempts Mexico from import quotas under Section 22 and the U.S. Meat Import Act. However, rules of origin will be implemented to protect U.S. producers from additional import competition from non-NAFTA countries. Rules of origin specified in NAFTA are permanently in place and do not expire at the end of the transition period. NAFTA does not require any of the partners to modify domestic agricultural policies, but encourages the use of policies that are not trade distorting. As tariff and nontariff barriers to trade are reduced, it is likely that more frequent attempts by special interest groups in both countries will be made to restrict trade by calling for more stringent sanitary and phytosanitary protection.

The following commodity provisions indicate the extent of tariff nontariff reductions agreed to by both the United States and Mexico. While these provisions are current as of this printing, it is likely that some may change before final implementing legislation is submitted to the U.S. Congress next year. Periodic updates will be provided as additional information becomes available.

NAFTA Agriculture Fact Sheets: Grains

NAFTA AGRICULTURE FACT SHEET: WHEAT

TREATMENT OF TARIFFS:

-- The United States will phase out the 0.77 cents per kilogram tariff on durum wheat imports from Mexico over 10 years; for non-durum, the U.S. tariff of 0.77 cents per kilogram will be reduced to zero over 5 years.

(In 1990, the ad valorem equivalents of the specific 0.77 cents/kilogram U.S. tariffs were 4.1 percent for durum wheat and 3.7 percent for non-durum.)

TREATMENT OF NON-TARIFF BARRIERS:

-- Upon enactment of the NAFTA, Mexico will convert its import licensing regime for wheat imported from the United States (and Canada) to tariff-only treatment.

-- U.S. wheat exports to Mexico will qualify for a 15-percent tariff, which will be reduced to zero in equal installments over a 10-year transition period.

-- Canada will eliminate its import licensing requirement for wheat imported from Mexico.

-- Canadian import licensing requirements on imports from the United States were eliminated as part of the U.S.-Canada Free Trade Agreement.

U.S.-MEXICO WHEAT TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	63,577	51,494	39,170
Volume (metric tons)	392,378	357,995	312,400
U.S. Imports from Mexico	(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET:
RICE

TREATMENT OF TARIFFS:

U.S. Import Tariffs

-- The United States will eliminate the tariffs on rice imports from Mexico over a 10-year period. Currently, these tariffs range from 0.69 cents per kilogram to 3.3 cents per kilogram.

Mexican Import Tariffs

-- Mexico's tariffs on U.S.-sourced rice will also be phased-out over a 10-year period. The current Mexican tariffs are 10 percent for rough rice and broken rice, and 20 percent for brown and milled rice.

TREATMENT OF NON-TARIFF BARRIERS:

-- There are no non-tariff barriers affecting U.S.-Mexico trade in rice.

U.S.-MEXICO RICE TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	65,418	38,455	24,649
Volume (metric tons)	196,623	119,563	90,338
U.S. Imports from Mexico	(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET: CORN

TREATMENT OF TARIFFS:

-- Upon enactment of the NAFTA, the United States will eliminate immediately the 0.2 cents per kilogram tariff on corn imported from Mexico.

TREATMENT OF NON-TARIFF BARRIERS:

-- When the NAFTA goes into effect, Mexico will convert its import licensing regime for corn imported from the United States (and Canada) to a transitional tariff-rate quota (TRQ). The TRQ will be in effect for 15 years.

-- For the United States, duty-free access to the Mexican market will be assured for 2.5 million metric tons of corn. This 2.5-million-metric-ton amount will grow at a 3-percent annual compounded rate over the 15-year transition period.

-- U.S. exports to Mexico in excess of the 2.5 million metric tons will be assessed a tariff, based on the TRQ -- initially equal to $206 per metric ton, but not less than 215 percent. Over the first 6 years of the agreement, an aggregate 24 percent of this over-quota tariff will be eliminated; the remainder will be phased-out over the rest of the 15-year transition period.

-- The NAFTA will also establish a separate TRQ for Mexico's corn imports from Canada. Canada will gain duty-free access for 1,000 metric tons of corn. The annual growth rates for this quota amount, the initial level of the over-quota tariff, and the over-quota tariff phase-out design will be the same as that for the United States.

U. S.-MEXICO CORN TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	435,220	401,130	147,784
Volume (metric tons)	3,844,294	3,494,434	1,316,066
U.S. Imports from Mexico			
Value ($1,000)	261	81	344
Volume (metric tons)	1,435	386	2,019

NAFTA AGRICULTURE FACT SHEET:
GRAIN SORGHUM

TREATMENT OF TARIFFS:

U.S. Import Tariffs

-- Upon enactment of the agreement, the United States will eliminate immediately the 0.88 cents per kilogram tariff on grain sorghum imports from Mexico.

Mexican Import Tariffs

-- Similarly, upon enactment of the agreement, Mexico's current 15-percent seasonal tariff on grain sorghum imports from the United States for the period May 16 to December 15 will be eliminated. For the remainder of the year, U.S. grain sorghum already enters Mexico duty-free.

TREATMENT OF NON-TARIFF BARRIERS:

-- There are no non-tariff barriers affecting U.S.-Mexico trade in grain sorghum.

U.S.-MEXICO GRAIN SORGHUM TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	275,622	328,088	371,744
Volume (metric tons)	2,388,717	2,929,197	3,355,692
U.S. Imports from Mexico	(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET: BARLEY/MALT

TREATMENT OF TARIFFS:

-- Upon enactment of the NAFTA, the United States will eliminate immediately the tariffs on Mexican barley and malt. These tariffs range from 0.23 cents to 0.34 cents per kilogram for barley and 0.66 cents per kilogram for malt.

TREATMENT OF NON-TARIFF BARRIERS:

-- When the NAFTA goes into effect, Mexico will convert its import licensing regime for barley and malt imported from the United States (and Canada) to a transitional tariff-rate quota (TRQ). The TRQ will be in effect for 10 years.

-- For the United States, duty-free access to the Mexican market will be assured for an aggregate 120,000 metric tons of barley and malt, expressed in barley equivalents. For aggregation purposes, 700 kilograms of malt will equal one metric ton of barley. This 120,000-metric-ton amount will grow at a 5-percent annual compounded rate over the 10-year transition period.

-- U.S. exports to Mexico in excess of the 120,000 metric tons will be assessed a tariff, based on the TRQ -- initially equal to $155 per metric ton, but not less than 128 percent, for barley; and $212 per metric ton, but not less than 175 percent, for malt. Over the first 6 years of the agreement, an aggregate 24 percent of this over-quota tariff will be eliminated; the remainder will be phased-out over the rest of the 10-year transition period.

-- The NAFTA will also establish a separate aggregate TRQ for Mexico's barley and malt imports from Canada. Canada will gain duty--free access for an aggregate 30,000 metric tons of barley and malt. The annual growth rates for Canada's quota, the initial level of the over-quota tariff, and the over-quota tariff phase-out design will be the same as that for the United States.

U.S.-MEXICO BARLEY AND MALT TRADE:

		-----Calendar Years-----		
		1989	**1990**	**1991**
U.S. Exports to Mexico				
Barley	Value ($1,000)	22,352	27,597	7,387
	Volume (metric tons)	136,439	167,062	52,913
Malt	Value ($1,000)	23,900	5,793	14,209
	Volume (metric tons)	65,148	18,445	49,051
U.S. Imports from Mexico		(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET:
SOYBEANS AND PRODUCTS

TREATMENT OF TARIFFS:

U.S. Import Tariffs

-- Upon enactment of the agreement, the United States will eliminate immediately the 0.7 cents per kilogram tariff on soybean meal imports from Mexico. The United States will phase out the 22.5 percent tariff on crude and refined soybean oil imports from Mexico over 5 years.

-- U.S. imports of soybeans from Mexico already enter duty-free.

Mexican Import Tariffs

-- Mexico will eliminate the 10-percent ad valorem tariff on imports of U.S. crude soybean oil over a 10-year period. For refined soybean oil, Mexico will reduce the 20-percent tariff assessed on imports from the United States over the same 10-year period.

-- For soybean meal imports from the United States, Mexico will eliminate the 15-percent ad valorem tariff over 10 years.

-- For soybeans imported from the United States, Mexico will immediately reduce the seasonal tariff from 15 percent to 10 percent, and reduce the dutiable season from August 1 to January 31 to the three month period of October 1 to December 31. The 10-percent seasonal tariff will be eliminated over a 10-year period. The remainder of the year, Mexican imports are already duty-free.

TREATMENT OF NON-TARIFF BARRIERS:

-- There are no non-tariff barriers affecting U.S.-Mexico trade in soybeans and products.

RULES OF ORIGIN:

-- Refining of crude oil does not confer origin for <u>any</u> vegetable oil, including soybean, corn, sunflower, safflower, cottonseed, peanut, linseed, rapeseed, tung, sesame, and tropical oils.

U.S.-MEXICO SOYBEAN AND PRODUCTS TRADE:

		-----Calendar Years-----		
		1989	**1990**	**1991**
U.S. Exports to Mexico				
Beans	Value ($1,000)	273,012	201,409	343,727
	Volume (metric tons)	1,079,242	870,806	1,486,261
Oil	Value ($1,000)	7,326	1,800	9,596
	Volume (metric tons)	14,104	2,021	16,499
Meal	Value ($1,000)	71,517	56,603	64,886
	Volume (metric tons)	269,452	250,351	302,329

U.S. Imports from Mexico (virtually none during this period)

NAFTA Agriculture Fact Sheet: Cotton

NAFTA AGRICULTURE FACT SHEET: COTTON

TREATMENT OF TARIFFS:

-- U.S. tariffs on cotton will be phased out in conjunction with the treatment of Section 22 import quotas on cotton (see below).

-- Mexican tariffs on cotton are 10 percent. Most will be phased out over 5 or 10 years.

TREATMENT OF NON-TARIFF BARRIERS:

-- U.S. import restrictions (Section 22 quotas) on Mexican cotton will be replaced by a NAFTA tariff rate quota which will remain in place during a 10-year transition period.

-- Mexico, which currently has a Section 22 quota of 4,029 metric tons, will initially receive a 10,000-ton tariff rate quota under the NAFTA. This quota will grow by a 3-percent compound rate over the transition period.

-- In-quota shipments will enter the United States duty-free. Above-quota imports from Mexico will face a tariff equivalent of 29 percent, which will be phased out on a straight line basis to zero over 10 years.

-- Mexico does not have any non-tariff barriers affecting trade in cotton.

RULES OF ORIGIN FOR COTTON TEXTILE PRODUCTS:

Fiber-forward:	cotton yarns; cotton knit fabrics
Yarn-forward:	most cotton woven fabrics; most cotton/man-made blends
Fabric-forward:	cotton luggage, handbags, flat goods, cotton fabrics that are coated, laminated, or impregnated
Single substantial transformation:	men's shirts from certain high-count cotton fabrics; men's shirts from cotton/man-made blends; apparel from specific fabrics (corduroy, velveteen)

Tariff-rate quotas will be established to allow additional entry of some non-NAFTA-origin apparel. De minimis allows up to 7 percent by weight of fibers and yarns to be non-NAFTA in origin.

U.S.-MEXICO COTTON TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	28,311	58,094	64,897
Volume (metric tons)	30,905	49,323	47,333
U.S. Imports from Mexico			
Value ($1,000)	55	0	1,715
Volume (metric tons)	80	0	2,528

NAFTA Agriculture Fact Sheets: Fresh Fruits & Vegetables, Processed Vegetables

NAFTA AGRICULTURE FACT SHEET: ONIONS, DRY, FRESH

TREATMENT OF TARIFFS:

-- Two new U.S. tariff lines will be created for onions imported from Mexico.

-- Onions imported from Mexico will be covered by the special agricultural safeguard, which is designed as a seasonal tariff-rate quota. Under the safeguard, a certain quantity of imports enter at the NAFTA preferential tariff rate, while the amount in excess will be assessed the lower of the most-favored-nation (MFN) rate in place on June 12, 1991, or the MFN rate in place when the safeguard action is taken.

-- Under the safeguard, the quota receiving the preferential NAFTA rate is based on the high annual import volume between 1989 and 1991, plus 5 percent. This quota will grow at a compounded 3-percent annual rate over the transition period.

-- Mexico will match the U.S. tariff line changes and specific duties. The new specific duties will be phased out over the applicable transition period. The duty assessed on imports from the United States cannot exceed Mexico's 10-percent ad valorem MFN duty. Mexico will not use the safeguard on onions.

-- The U.S. phase-out schedule and safeguard quotas for onions will be:

Season	Tariff	Phase-out	Safeguard base 1/
Jan 1-Apr 30	3.9 cents/kg	10 years	130,700 mt
May 1-Dec 31	3.9 cents/kg	10 years	N/A

1/ Will increase 3 percent annually, compounded.

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in onions.

U.S.-MEXICO ONION TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U S. Exports to Mexico			
Value ($1,000)	947	5,309	4,591
Volume (metric tons)	3,878	20,674	15,308
U.S. Imports from Mexico			
Value ($1,000)	57,817	67,169	89,675
Volume (metric tons)	143,443	143,238	186,444

U.S.-MEXICO TOMATO TRADE:

	-----Calendar Years-----		
	1989	1990	1991
U.S. Exports to Mexico			
Value ($1,000)	440	2,138	4,295
Volume (metric tons)	859	4,848	7,994
U.S. Imports from Mexico			
Value ($1,000)	222,316	370,556	249,883
Volume (metric tons)	385,915	352,312	353,577

NAFTA AGRICULTURE FACT SHEET:
FRESH CUCUMBERS

TREATMENT OF TARIFFS:

-- Several new U.S. tariff lines will be created for cucumbers to allow for the maximum transition period for more sensitive periods, yet grant Mexico improved access during its main shipping season.

-- Two periods will have the longest phase-out period of 15 years, reflecting high U.S. tariffs and competition from Mexican imports.

-- Mexico will match the U.S. seasonal tariff lines and phase-out schedule except that none of Mexico's phase-out periods will exceed 10 years. Mexico's tariff on cucumbers is 10 percent.

-- The U.S. phase-out schedule for cucumbers will be:

Season	Tariff	Phase-out
Dec 1-Feb/last	4.9 cents/kg	Immediately
Mar 1-May 31	6.6 cents/kg	15 years
Jun 1-Jun 30	6.6 cents/kg	5 years
Jul 1-Aug 31	3.3 cents/kg	Immediately
Sept 1-Sept 30	6.6 cents/kg	5 years
Oct 1-Nov 30	6.6 cents/kg	15 years

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in cucumbers.

U.S.-MEXICO CUCUMBER TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	9	9	9
Volume (metric tons)	25	26	27
U.S. Imports from Mexico			
Value ($1,000)	84,649	64,335	72,725
Volume (metric tons)	194,145	166,256	159,962

NAFTA AGRICULTURE FACT SHEET: FRESH PEPPERS

TREATMENT OF TARIFFS:

-- Four new U.S. tariff lines will be created for fresh peppers.

-- U.S. chili pepper imports from Mexico will be covered by the special agricultural safeguard, which is designed as a seasonal tariff-rate quota. Under the safeguard, a certain quantity of imports enter at the NAFTA preferential tariff rate, while the amount in excess will be assessed the lower of the most-favored-nation (MFN) rate in place on June 12, 1991, or the MFN rate in place when the safeguard action is taken.

-- Under the safeguard, the quota receiving the preferential NAFTA rate is based on the high annual import volume between 1989 and 1991, plus 5 percent. This quota will grow at a compounded 3-percent annual rate over the transition period.

-- Mexico will phase out immediately its 10-percent duty on bell peppers and other non-chili peppers imported from the United States. For chili peppers, Mexico will create a new tariff line to match the U.S. duty and phase out the duty over 5 years. Mexico will not use the safeguard on peppers.

-- The U.S. phase-out schedule and safeguard quotas for peppers will be:

Item	Season	Tariff	Phase-out	Safeguard base 1/
Peppers, other	Nov 1-May 31	5.5 cents/kg	10 years	None
Peppers, other	Jun 1-Oct 31	5.5 cents/kg	5 years	None
Peppers, chili	Oct 1-Jul 31	5.5 cents/kg	10 years	29,900 mt
Peppers, chili	Aug 1-Sept 30	5.5 cents/kg	Immediately	None

1/ Will increase 3 percent annually, compounded.

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in peppers.

U.S.-MEXICO PEPPER TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	183	438	772
Volume (metric tons)	451	980	2,020
U.S. Imports from Mexico			
Value ($1,000)	87,071	136,031	111,097
Other (bell)	62,239	104,652	71,995
Chili	24,832	31,379	39,102
Volume (metric tons)	130,573	126,462	122,422
Other (bell)	101,416	91,022	87,334
Chili	29,157	35,440	35,088

NAFTA AGRICULTURE FACT SHEET: MELONS

TREATMENT OF TARIFFS:

-- Several new U.S. tariff lines will be created for cantaloupe, watermelon, and other melons to allow for the maximum transition period for more sensitive periods, yet grant Mexico improved access during its main shipping season.

-- One import period for watermelon will be covered by the special agricultural safeguard, which is designed as a seasonal tariff-rate quota. Under the safeguard, a certain quantity of imports from Mexico will enter at the NAFTA preferential rate, while the amount in excess will be assessed the lower of the most-favored-nation (MFN) rate in place on June 12, 1991, or the MFN rate in place when the safeguard action is taken.

-- Under the safeguard, the quota receiving the preferential NAFTA tariff rate is based on the high annual import volume between 1989 and 1991, plus 5 percent. This quota will grow at a compounded 3-percent annual rate over the transition period.

-- Mexico will match the U.S. tariff line changes and phase-out periods for some of the different seasons. Mexico's tariff on melons is 20 percent.

-- The U.S. phase-out schedules for melons will be:

Item	Season	Tariff	Phase-out	Safeguard base 1/
Cantaloupe	Jan 1-May 15	Free	Immediately	N/A
Cantaloupe	May 16-Jul 31	35%	15 years	N/A
Cantaloupe	Aug 1-Sept 15	20%	10 years	N/A
Cantaloupe	Sept 16-Nov 30	35%	15 years	N/A
Cantaloupe	Dec 1-Dec 31	35%	Immediately	N/A
Watermelon	Dec 1-Mar 31	20%	Immediately	N/A
Watermelon	Apr 1-Apr 30	20%	Immediately	N/A
Watermelon	May 1-Sept 30	20%	10 years	54,400 mt
Watermelon	Oct 1-Nov 30	20%	Immediately	N/A
Other melons	Dec 1-Apr 30	8.5%	5 years	N/A
Other melons	May 1-May 31	8.5%	10 years	N/A
Other melons	Jun 1-Nov 30	35%	15 years	N/A

1/ Will increase by 3 percent annually, compounded.

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in melons.

U.S.-MEXICO MELON TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	168	196	1,061
Cantaloupe	121	105	860
Watermelon	14	55	58
Other melons	33	36	143
Volume (metric tons)	618	949	4,383
Cantaloupe	408	394	3,571
Watermelon	105	401	409
Other melons	105	154	403
U.S. Imports from Mexico			
Value ($1,000)	92,643	87,031	98,359
Cantaloupe	52,608	53,157	55,061
Watermelon	21,076	17,262	19,161
Other melons	18,959	16,612	24,137
Volume (metric tons)	363,982	299,507	338,287
Cantaloupe	143,105	146,748	163,641
Watermelon	156,564	99,156	100,521
Other melons	64,313	53,603	74,125

NAFTA AGRICULTURE FACT SHEET:
FRESH CITRUS

TREATMENT OF TARIFFS:

-- Several new U.S. tariff lines will be created for oranges, mandarins and tangerines.

-- Mexico will match the U.S. tariff line changes and duties on oranges and grapefruit.

-- Mexico will eliminate immediately its 20-percent duty on lemons.

-- The U.S. phase-out schedule for citrus items will be:

Item	Season	Tariff	Phase-out
Oranges	Dec 1-May 31	2.2 cents/kg	5 years
Oranges	Jun 1-Nov 30	2.2 cents/kg	Immediately
Mandarins/ tangerines	Oct 1-Apr 30	2.2 cents/kg	10 years
Mandarins/ tangerines	May 1-Sept 30	2.2 cents/kg	5 years
Lemons	Jan 1-Dec 31	2.75 cents/kg	10 years
Limes	Jan 1-Dec 31	2.2 cents/kg	10 years
Grapefruit	Aug 1-Sept 30	2.2 cents/kg	Immediately
Grapefruit	Oct 1-Oct 31	1.8 cents/kg	10 years
Grapefruit	Nov 1-Jul 31	2.9 cents/kg	10 years

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in fresh citrus.

U.S.-MEXICO FRESH CITRUS TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	1,661	1,488	211
Oranges	940	1,018	90
Mandarins/tangerines	10	35	75
Lemons	556	373	18
Limes	24	0	4
Grapefruit	131	62	24
Volume (metric tons)	3,606	3,196	318
Oranges	1,401	1,545	121
Mandarins/tangerines	32	39	84
Lemons	1,851	1,455	73
Limes	24	0	5
Grapefruit	298	157	35
U.S. Imports from Mexico			
Value ($1,000)	8,149	13,246	33,133
Oranges	250	908	16,830
Mandarin/tangerines	3,167	4,550	3,383
Lemons	0	9	16
Limes	4,729	7,768	12,335
Grapefruit	3	11	569
Volume (metric tons)	48,537	65,729	103,262
Oranges	980	3,426	26,051
Mandarins/tangerines	11,909	12,358	8,736
Lemons	0	13	58
Limes	35,645	49,899	67,821
Grapefruit	3	33	596

NAFTA AGRICULTURE FACT SHEET:
ORANGE JUICE

TREATMENT OF TARIFFS:

-- U.S. and Mexican tariffs on both frozen concentrated orange juice (FCOJ) and single-strength juice will be phased out over 15 years.

-- The United States will have a tariff-rate quota for FCOJ that will give Mexico annual access for 40 million gallons (single strength equivalent) at one-half of the most-favored-nation (MFN), applied tariff rate. There will be no growth in the quota volume over the transition period. The over-quota tariff, beginning at the current MFN, applied rate of 9.25 cents per liter, will decline a total of 15 percent over the first 6 years, then stay constant for years 7 through 10, and then will be phased-out in equal installments over the remaining 5 years. The in-quota tariff will remain unchanged until it equals the over quota tariff (in year 13), at which point it will be phased-out at the same rate as the over-quota tariff.

-- For single-strength orange juice, Mexico will have a tariff-rate quota for 4 million gallons of juice at one-half the MFN, applied tariff. Any juice above this quantity will be assessed the current applied, MFN rate of 5.3 cents per liter, to be phased out on a straight-line basis over 15 years. The in-quota tariff will remain unchanged until it equals the over-quota tariff (in year 8), at which point it will be phased out at the same rate as the over-quota tariff.

-- For other orange juice made from concentrate, the current U.S. applied, MFN tariff of 9.25 cents per liter will be phased out over 15 years.

-- Mexico will match our tariff line changes, duties, and 15-year phase-out periods. Mexico's new specific duties will be phased out over the applicable transition period. The duty assessed on imports from the United States cannot exceed Mexico's own ad valorem duty of 20 percent.

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in orange juice.

RULES OF ORIGIN:

For <u>citrus</u>, all single-fruit juices -- fresh, frozen, concentrated, reconstituted, and fortified -- must be made from one hundred percent NAFTA fresh citrus fruit.

U.S.-MEXICO ORANGE JUICE TRADE:

	-----Calendar Years-----		
	1989	1990	1991
U.S. Exports to Mexico			
Value ($1,000)	129	872	437
FCOJ	30	788	208
Orange juice, not conc.	0	84	229
Orange juice, other	99	0	0
Volume (KL)	179	1,782	718
FCOJ	15	1,660	379
Orange juice, not conc.	0	122	339
Orange juice, other	164	0	0
U.S. Imports from Mexico			
Value ($1,000)	57,494	88,577	44,911
FCOJ	45,345	65,971	41,424
Orange juice, not conc.	10,360	15,333	3,487
Orange juice, other	1,789	7,273	0
Volume (KL)	170,980	239,563	186,841
FCOJ	136,829	169,659	176,026
Orange juice, not conc.	28,371	53,090	10,815
Orange juice, other	5,780	16,814	0

NAFTA AGRICULTURE FACT SHEET: ASPARAGUS, FRESH AND PROCESSED

TREATMENT OF TARIFFS:

-- Several new U.S. tariff lines will be created for asparagus to allow for the maximum transition period for more sensitive periods, yet grant Mexico improved access during its main shipping season.

-- Two seasonal import periods will have the longest phase-out period of 15 years, reflecting high U.S. tariffs and competition from Mexican imports.

-- Mexico will match the U.S. seasonal tariff lines and phase-out schedule, except that Mexico will use a 10-year transition instead of 15-year periods. The Mexican tariff on asparagus is 10 percent.

-- For frozen asparagus, the current U.S. duty of 17.5 percent will be lowered to 15 percent and phased out over 10 years. The U.S. tariff of 17.5 percent on prepared/preserved asparagus will be phased out over 10 years.

-- The U.S. phase-out schedule for fresh asparagus will be:

Season	Tariff	Phase-out
Sept 15-Nov 15 1/	25%	Immediately
Jan l-Jan 31	25% lowered to 17.5%	15 years
Feb 1-Jun 30	25%	15 years
Jul 1-Dec 31	25%	5 years
Jan 1-Dec 31, new line for white asparagus	12.5%	Immediately

1/ Air shipped only.

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in asparagus.

U.S.-MEXICO ASPARAGUS TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	62	31	269
Volume (metric tons)	28	13	122
U.S. Imports from Mexico			
Value ($1,000)	14,278	21,130	25,763
Volume (metric tons)	12,357	14,766	18,309

NAFTA AGRICULTURE FACT SHEET:
FRESH BROCCOLI

TREATMENT OF TARIFFS:

-- Two new U.S. tariff lines will be created for broccoli to allow for the maximum transition period for more sensitive periods, yet grant Mexico improved access during their main shipping season.

-- One period will have the longest phase-out period of 15 years, reflecting high U.S. tariffs and competition from Mexican imports.

-- Mexico will match the U.S. seasonal tariff lines and phase-out schedule, except that none of Mexico's phase-out periods will exceed 10 years. The Mexican tariff on broccoli is 10 percent.

-- The U.S. phase-out schedule for broccoli will be:

Season	Tariff	Phase-out
Jan 1-May 31	25%	15 years
Jun 1-Dec 31	25%	5 years

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in broccoli.

U.S.-MEXICO BROCCOLI TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	75	47	69
Volume (metric tons)	130	77	93
U.S. Imports from Mexico			
Value ($1,000)	2,873	2,352	2,745
Volume (metric tons)	11,417	8,219	7,788

NAFTA AGRICULTURE FACT SHEET: FRESH CAULIFLOWER

TREATMENT OF TARIFFS:

-- Several new U.S. tariff lines will be created for cauliflower. For cauliflower reduced in size, the U.S. tariff for imports from Mexico will be lowered from 17.5 percent to 12.5 percent.

-- Mexico will match the U.S. tariff line changes and phase-out periods for imports from the United States. Mexico's tariff is 10 percent.

-- The U.S. phase-out schedule for cauliflower will be:

Season	Tariff	Phase-out
Jan 1-Jun 4	12.5%	10 years
Jun 5-Oct 15	5.5%	Immediately
Oct 16-Nov 30	12.5%	5 years
Dec 1-Dec 31	12.5%	Immediately
Jan 1-Dec 1 for reduced in size	12.5%	10 years

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in cauliflower.

U.S.-MEXICO CAULIFLOWER TRADE:

	-----Calendar Years-----		
	1989	1990	1991
U.S. Exports to Mexico			
Value ($1,000)	53	110	256
Volume (metric tons)	77	513	450
U.S. Imports from Mexico			
Value ($1,000)	1,801	1,906	1,486
Volume (metric tons)	7,190	8,421	6,609

NAFTA AGRICULTURE FACT SHEET: DRY BEANS

TREATMENT OF TARIFFS:

-- Upon enactment of the NAFTA, the United States will eliminate immediately the tariffs on dry beans imported from Mexico. These tariffs vary from 1.1 cents to 3.3 cents per kilogram.

TREATMENT OF NON-TARIFF BARRIERS:

-- When the NAFTA goes into effect, Mexico will convert its import licensing regime for dry beans imported from the United States (and Canada) to a transitional tariff-rate quota (TRQ). The TRQ will be in effect for 15 years.

-- For the United States, duty-free access to the Mexican market will be assured for 50,000 metric tons of dry beans, which will grow at a 3-percent annual compounded rate over the 15-year transition period.

-- U.S. exports to Mexico in excess of the 50,000 metric tons will be assessed a tariff, based on the TRQ -- initially equal to $480 per metric ton, but not less than 139 percent. Over the first 6 years of the agreement, an aggregate 24 percent of this over-quota tariff will be eliminated; the remainder will be phased-out over the rest of the 15-year transition period.

-- The NAFTA will also establish a separate TRQ for Mexico's dry bean imports from Canada. Canada will gain duty-free access for 1,500 metric tons of dry beans. The annual growth rates for Canada's quota, the initial level of the over-quota tariff, and the over-quota tariff phase-out design will be the same as that for the United States.

U.S.-MEXICO DRY BEAN TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	66,452	100,433	21,562
Volume (metric tons)	86,683	150,948	33,196
U.S. Imports from Mexico			
Value ($1,000)	481	568	156
Volume (metric tons)	1,202	1,740	150

NAFTA AGRICULTURE FACT SHEET:
DRIED FRUITS AND NUTS

TREATMENT OF TARIFFS:

U.S. Import Tariffs

-- Upon enactment of the NAFTA, the United States will eliminate immediately the import tariffs on raisins, prunes, and dried apples imported from Mexico.

-- All U.S. tariffs on fresh/dried nuts imported from Mexico will be eliminated upon enactment of the NAFTA.

Mexican Import Tariffs

-- Mexico will eliminate immediately the 20-percent tariff on imports of U.S. raisins and prunes.

-- Mexico's 20-percent tariff on dried apples imported from the United States will be phased-out over 10 years.

-- Mexico's tariffs on fresh/dried nuts imported from the United States, which now vary from 15 to 20 percent, will be eliminated upon enactment of the NAFTA.

TREATMENT OF NON-TARIFF BARRIERS:

-- There are no non-tariff barriers affecting U.S.-Mexico trade in dried fruits and fresh/dried nuts.

U.S.-MEXICO DRIED FRUIT AND NUT TRADE:

	1989	1990	1991
		-----Calendar Years-----	
U.S. Exports to Mexico			
Value (thousand $)			
Prunes, Dried	2,161	3,054	2,061
Apples, Dried	101	202	1,301
Raisins/Dried Grapes	635	3,438	495
Pecans, Fresh/Dried	1,916	3,844	9,585
Almonds, Fresh/Dried	2,937	3,161	3,535
Walnuts, Fresh/Dried	341	133	699
Volume (metric tons)			
Prunes, Dried	1,588	2,506	1,759
Apples, Dried	79	131	1,876
Raisins/Dried Grapes	313	1,464	394
Pecans, Fresh/Dried	1,258	2,101	4,756
Almonds, Fresh/Dried	1,558	2,156	1,787
Walnuts, Fresh/Dried	219	99	637
U.S. Imports from Mexico			
Value (thousand $)			
Prunes, Dried	9	17	30
Apples, Dried	3	0	0
Raisins/Dried Grapes	4,871	2,352	2,860
Pecans, Fresh/Dried	9,212	41,542	49,362
Almonds, Fresh/Dried	0	0	0
Walnuts, Fresh/Dried	0	0	0
Volume (metric tons)			
Prunes, Dried	5	8	18
Apples, Dried	1	0	0
Raisins/Dried Grapes	5,246	3,328	3,600
Pecans, Fresh/Dried	4,800	16,387	15,052
Almonds, Fresh/Dried	0	0	0
Walnuts, Fresh/Dried	0	0	0

NAFTA AGRICULTURE FACT SHEET: FRESH GRAPES

TREATMENT OF TARIFFS:

-- The United States will eliminate immediately the existing seasonal tariffs on imports of fresh grapes from Mexico. The current U.S. tariffs are $1.41 per cubic meter for the period February 15 to March 31 and $2.12 per cubic meter for July 1 to February 14; during the rest of the year imports from Mexico already enter duty-free.

TREATMENT OF NON-TARIFF BARRIERS:

-- Upon enactment of the NAFTA, Mexico will convert its import licensing regime for fresh grapes imported from the United States to tariff-only treatment.

-- Under the NAFTA, the 20-percent tariff U.S. exports of fresh grapes to Mexico for the period October 15 to May 31 will be eliminated immediately. U.S. exports to Mexico for the remainder of the year will be assessed a 20-percent tariff, which will be reduced to zero in equal installments over a 10-year transition period.

U.S.-MEXICO FRESH GRAPE TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	1,140	1,593	3,405
Volume (metric tons)	1,553	2,245	3,813
U.S. Imports from Mexico			
Value ($1,000)	31,546	18,925	53,919
Volume (metric tons)	25,756	26,192	42,895

NAFTA AGRICULTURE FACT SHEET: FRESH DECIDUOUS AND STONE FRUIT

TREATMENT OF TARIFFS:

U.S. Import Tariffs

-- Upon enactment of the NAFTA, the United States will eliminate immediately the import tariffs on fresh apples, pears, quinces, apricots, cherries, peaches, nectarines, plums, and prune plums imported from Mexico. The current U.S. tariffs on these products range from 0.4 cents per kilogram to 1.1 cents per kilogram; some products imported from Mexico, including apples and cherries, already enter duty-free.

Mexican Import Tariffs

-- Upon enactment of the NAFTA, Mexico will eliminate immediately the 20-percent tariff on U.S. exports of fresh cherries.

-- For fresh pears, quinces, plums and prune plums imported from the United States, Mexico will immediately cut the 20-percent tariff to 15 percent, and phase out this reduced tariff over 5 years.

-- Mexico's 20-percent tariff on U.S.-produced fresh apricots will be eliminated over 5 years.

-- For fresh apples, peaches and nectarines, Mexico's 20-percent tariff on imports from the United States will be phased out over 10 years.

-- For imports of fresh apples from the United States (and Canada), Mexico will implement a special agricultural safeguard. For U.S. apples, this safeguard will allow 55,000 tons to be exported to Mexico at the preferential NAFTA tariff. The 55,000-ton quota amount will grow at a 3-percent compounded annual rate. The in-quota tariff will be 20 percent, which will be phased out over 10 years. The over-quota tariff will be the lower of 20 percent or Mexico's most-favored-nation (MFN) tariff.

-- Canadian apples will receive the same safeguard treatment, but the initial quota will be 1,000 metric tons.

TREATMENT OF NON-TARIFF BARRIERS:

-- There are no non-tariff barriers affecting U.S.-Mexico trade in the above mentioned fresh deciduous and stone fruits.

U.S.-MEXICO FRESH FRUIT TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)			
Apples	4,755	6,852	12,125
Pears/Quinces	8,902	12,595	14,079
Apricots	940	855	1,341
Peaches/Nectarines	4,791	4,167	7,326
Plums/Prune Plums	1,766	2,113	2,866
Cherries	125	125	350
Volume (metric tons)			
Apples	9,218	12,027	21,625
Pears/Quinces	20,784	26,797	27,013
Apricots	1,220	1,251	2,124
Peaches/Nectarines	9,677	8,044	14,587
Plums/Prune Plums	2,905	3,594	5,218
Cherries	100	151	223
U.S. Imports from Mexico			
Value ($1,000)			
Apples	0	0	0
Pears	0	4	0
Apricots	0	0	0
Peaches/Nectarines	219	40	411
Plums/Prune Plums	0	0	0
Cherries	0	0	0
Volume (metric tons)			
Apples	0	0	0
Pears	0	6	0
Apricots	0	0	0
Peaches/Nectarines	281	37	183
Plums/Prune Plums	0	0	0
Cherries	0	0	0

NAFTA AGRICULTURE FACT SHEET: FRESH POTATOES

TREATMENT OF TARIFFS:

-- Upon enactment of the NAFTA, the United States will eliminate immediately the 0.77 cents per kilogram tariff on yellow (Solano) potatoes and will phase out the 0.77 cents per kilogram tariff on "other" potatoes over a 5-year period.

TREATMENT OF NON-TARIFF BARRIERS:

-- When the NAFTA goes into effect, Mexico will convert its import licensing regime for fresh potatoes imported from the United States (and Canada) to a transitional NAFTA tariff-rate quota (TRQ). The TRQ will be in effect for 10 years.

-- For the United States, duty-free access to the Mexican market will be assured for 15,000 metric tons of fresh potatoes, which will grow at a 3-percent annual rate over the 10-year transition period.

-- U.S. exports to Mexico in excess of the 15,000 metric tons will be assessed a tariff, based on the TRQ -- initially equal to $354 per metric ton, but not less than 272 percent. Over the first 6 years of the agreement, an aggregate 24 percent of this over-quota tariff will be eliminated; the remainder will be phased out over the rest of the 10-year transition period.

-- The NAFTA will also establish a separate TRQ for Mexico's fresh potato imports from Canada. Canada will gain duty-free access for 4,000 metric tons of fresh potatoes. The annual growth rates for Canada's quota, the initial level of the over-quota tariff, and the over-quota tariff phase-out design will be the same as that for the United States.

U.S.-MEXICO FRESH POTATO TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	2,297	1,361	5,279
Volume (metric tons)	4,910	5,195	11,062
U.S. Imports from Mexico	(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET: FRESH EGGPLANT

TREATMENT OF TARIFFS:

-- Three new U.S. tariff lines will be created for eggplant.

-- U.S. eggplant imports from Mexico will be covered by the special agricultural safeguard, which is designed as a seasonal tariff-rate quota. Under the safeguard, a certain quantity of imports enter at the NAFTA preferential tariff rate, while the amount in excess will be assessed the lower of the most-favored-nation (MFN) rate in place on June 12, 1991, or the MFN rate in place when the safeguard action is taken.

-- Under the safeguard, the quota receiving the preferential NAFTA rate is based on the high annual import volume between 1989 and 1991, plus 5 percent. This quota will grow at a compounded 3-percent annual rate over the transition period.

-- Mexico will phase out its 10-percent duty on eggplant imports from the United States immediately.

-- The U.S. phase-out schedule and safeguard quotas for eggplant will be:

Season	Tariff	Phase-out	Safeguard base 1/
Dec 1-Mar 31	2.4 cents/kg	Immediately	N/A
Apr 1-Jun 30	3.3 cents/kg	10 years	3,700 mt
Jul 1-Sept 30	3.3 cents/kg	Immediately	N/A
Oct 1-Nov 30	3.3 cents/kg	10 years	N/A

1/ Will increase 3 percent annually, compounded.

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in eggplant.

U.S.-MEXICO EGGPLANT TRADE:

	-----Calendar Years-----		
	1989	1990	1991
U.S. Exports to Mexico			
Value ($1,000)	5	10	9
Volume (metric tons)	6	12	10
U.S. Imports from Mexico			
Value ($1,000)	9,574	16,870	13,854
Volume (metric tons)	17,008	16,248	19,735

NAFTA AGRICULTURE FACT SHEET: FRESH SQUASH

TREATMENT OF TARIFFS:

-- Two new U.S. tariff lines will be created for squash.

-- U.S. squash imports from Mexico will be covered by the special agricultural safeguard, which is designed as a seasonal tariff-rate quota. Under the safeguard, a certain quantity of imports enter at the NAFTA preferential tariff rate, while the amount in excess will be assessed the lower of the most-favored-nation (MFN) rate in place on June 12, 1991, or the MFN rate in place when the safeguard action is taken.

-- Under the safeguard, the quota receiving the preferential NAFTA rate is based on the high annual import volume between 1989 and 1991, plus 5 percent. This quota will grow at a compounded 3-percent annual rate over the transition period.

-- Mexico will eliminate immediately its 10-percent duty on squash imports from the United States.

-- The U.S. phase-out schedule and safeguard quotas for squash will be:

Season	Tariff	Phase-out	Safeguard base 1/
Oct 1-Jun 30	2.4 cents/kg	10 years	120,800 mt
Jul 1-Sept 30	2.4 cents/kg	5 years	N/A

1/ Will increase 3 percent annually, compounded. Import data are from the Agricultural Marketing Service, USDA.

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in squash.

U.S.-MEXICO SQUASH TRADE:

	-----Calendar Years-----		
	1989	1990	1991
U.S. Exports to Mexico	(no exports during this period)		
U.S. Imports from Mexico			
Value ($1,000)	35,555	43,796	49,969
Volume (metric tons)	76,674	74,681	77,534

NAFTA AGRICULTURE FACT SHEET: PROCESSED VEGETABLES

TREATMENT OF TARIFFS:

-- U.S. tariffs on many processed vegetables imported from Mexico will be phased out over 10 years. Some of the major items include frozen broccoli, frozen cauliflower, and tomato paste.

-- For some of these products, Mexico will be granted an immediate reduction in the U.S. tariff, and the tariff will be phased out from that lower rate.

-- For dried onions (whole, powdered, or flour) and dried garlic imported from Mexico, the 35-percent U.S. tariffs will be phased out over 15 years.

-- For some of these same products--for example, tomato paste--Mexico will lower its duties of 15 to 20 percent to match the U.S. duties.

-- The U.S. phase-out schedule will be (U.S. and Mexican duties are all on an ad valorem basis):

Item	Old tariff	New tariff	Phase-out
Broccoli, frozen	17.5%	15%	10 years
Cauliflower, frozen	17.5%	15%	10 years
Tomato paste	13.6%	11.5%	10 years
Dried onions, powder	35%	No change	15 years
Dried onions, whole	35%	No change	15 years
Dried garlic	35%	No change	15 years

TREATMENT OF NON-TARIFF BARRIERS:

There are no non-tariff barriers affecting trade in these processed vegetables.

U.S.-MEXICO PROCESSED VEGETABLE TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)			
Broccoli, cauliflower, frz.	287	208	248
Tomato paste	477	501	636
Dried onions 1/	243	482	102
Dried garlic	248	768	473
Volume (metric tons)			
Broccoli, cauliflower, frz.	399	246	298
Tomato paste	679	591	908
Dried onions 1/	207	283	65
Dried garlic	240	687	482

1/ Includes powered, flour, and whole.

U.S. Imports from Mexico			
Value ($1,000)			
Broccoli, frozen	64,615	68,637	61,372
Cauliflower, frozen	17,459	19,928	16,424
Tomato paste	16,837	20,237	17,980
Dried onions 1/	1,571	5,756	2,229
Dried garlic	284	501	382
Volume (metric tons)			
Broccoli, frozen	104,130	101,587	108,425
Cauliflower, frozen	25,487	26,305	20,910
Tomato paste	20,941	24,825	27,987
Dried onions 1/	2,197	4,170	1,685
Dried garlic	208	375	350

1/ Includes powered, flour, and whole.

NAFTA Agriculture Fact Sheets: Livestock, Meats, and Dairy

NAFTA AGRICULTURE FACT SHEET: CATTLE AND BEEF

TREATMENT OF TARIFFS:

U.S. Import Tariffs

-- The United States will eliminate immediately the 2.2 cents per kilogram tariff on beef cattle imports from Mexico. In 1990, the specific tariff on cattle imported from Mexico was equivalent to 1.2 percent on an ad valorem basis.

-- The United States will also eliminate immediately tariffs on fresh, chilled and frozen beef and veal imported from Mexico. These tariffs range, depending on the type of cut, from a specific tariff of 4.4 cents per kilogram to 4 percent or 10 percent on an ad valorem basis.

-- U.S. imports of beef edible offals (variety meats) already enter the country duty-free.

Mexican Import Tariffs

-- The current Mexican import tariffs on live cattle and fresh, chilled and frozen beef and veal are zero.

-- Mexico's 20-percent import tariff on beef edible offals from the United States (and Canada) will be phased out over a 10-year period.

TREATMENT OF NON-TARIFF BARRIERS:

-- When the NAFTA takes effect, Mexico will be exempted from import quotas which may be imposed under the U.S. Meat Import Act.

U.S.-MEXICO LIVE CATTLE AND BEEF TRADE:

	-----Calendar Years-----		
	1989	1990	1991
U.S. Exports to Mexico			
Live Cattle			
Value (thousand $)	65,418	55,356	132,862
Volume (head)	124,937	64,226	210,075
Fresh/Chilled/Frozen Beef & Veal			
Value (thousand $)	76,156	79,494	183,754
Volume (metric tons)	30,741	27,931	63,618
Beef Variety Meats			
Value (thousand $)	40,031	31,611	49,363
Volume (metric tons)	35,026	27,356	42,266
U.S. Imports from Mexico			
Live Cattle			
Value (thousand $)	284,285	419,424	361,010
Volume (head)	873,550	1,261,204	1,034,245
Fresh/Chilled/Frozen Beef & Veal			
Value (thousand $)	176	3,243	1,948
Volume (metric tons)	70	1,156	563
Beef Variety Meats	(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET: SWINE, PORK AND PORK PRODUCTS

TREATMENT OF TARIFFS:

U.S. Import Tariffs

-- Imports from Mexico of live swine and some fresh, chilled and frozen pork products already enter the United States duty-free. The 2.2 cents per kilogram U.S. tariffs on the remaining fresh, chilled and frozen pork products imported from Mexico will be eliminated immediately upon enactment of the agreement.

-- U.S. tariffs on edible offals are already zero for imports from Mexico.

Mexican Import Tariffs

-- Upon enactment of the agreement, Mexico's 10-percent tariff on imports of U.S. and Canadian swine breeding stock will be eliminated. Mexican imports of purebred swine already enter duty-free.

-- For imports of U.S. and Canadian slaughter swine and fresh/chilled/frozen pork and hams, Mexico will implement NAFTA special safeguards. These safeguards will allow certain quantities of imports of U.S. and Canadian products at preferential NAFTA tariffs, while amounts in excess will be assessed the lower of the applied, most-favored-nation (MFN) tariff in place on June 12, 1991, or the MFN rate in effect when the safeguard action takes place. For these products, the initial in-quota tariff of 20 percent will be phased-out over 10 years. The quota amount will grow at a 3-percent compounded annual rate.

-- Mexico's tariffs of 10 or 20 percent on imports of U.S. edible offals (except pigskins, which enters duty-free) will be phased out over 10 years.

TREATMENT OF NON-TARIFF BARRIERS:

-- There are no non-tariff barriers affecting U.S.-Mexico trade in live swine or pork and pork products.

U.S.-MEXICO SWINE AND SWINE MEAT TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Live Swine			
Value (thousand $)	7,932	5,551	22,237
Volume (thousand head)	78,112	41,969	253,208
Pork/Hams, Fresh/Chilled/Frozen			
Value (thousand $)	54,719	35,386	64,643
Volume (metric tons)	22,753	13,513	26, 831
Edible Offals			
Value (thousand $)	24,471	31,558	47,504
Volume (metric tons)	35,543	42,197	63,555
U.S. Imports from Mexico			
Live Swine	(no imports during this period)		
Pork, Fresh/Chilled/Frozen			
Value (thousand $)	1	33	32
Volume (metric tons)	1	7	5
Edible Offals	(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET: POULTRY

TREATMENT OF TARIFFS:

-- Upon enactment of the NAFTA, the United States will eliminate immediately tariffs on poultry imported from Mexico.

TREATMENT OF NON-TARIFF BARRIERS:

-- When the NAFTA goes into effect, Mexico will convert its import licensing regime for fresh, chilled and frozen poultry imported from the United States to a transitional tariff-rate quota (TRQ). The TRQ will be in effect for 10 years.

-- For the United States, duty-free access to the Mexican market will be assured for 95,000 metric tons of poultry, which will grow at a 3-percent annual compounded rate over the 10-year transition period.

-- U.S. exports to Mexico in excess of the 95,000 metric tons will be assessed a tariff, based on the TRQ -- initially equal to $1,850 per metric ton, but not less than 133 percent, for whole turkey; and $1,680 per metric ton, but not less than 260 percent, for chicken and other poultry. Over the first 6 years of the agreement, an aggregate 24 percent of these over-quota tariffs will be eliminated; the remainder will be phased out over the rest of the 10-year transition period.

-- Separate TRQs will be established for the following U.S. poultry and products exported to Mexico (quota amount in metric tons, over-quota tariffs in percent ad valorem and $ per metric ton):

Product	NAFTA TRQ	Over-Quota Tariff
Whole turkey	2,000	133%/$1,850
Other whole poultry	13,000	260%/$1,680
Turkey parts and offals	28,000	260%/$1,850
Other poultry parts and offals	25,000	260%/$1,680
Mechanically deboned poultry	27,000	260%/$1,680
TOTAL	95,000	--

-- Trade liberalization in poultry between Mexico and Canada was excluded from the NAFTA; hence there will be no elimination of tariffs or non-tariff barriers for Mexican-Canadian trade in these products.

U.S.-MEXICO POULTRY TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value (thousand $)	49,867	47,584	100,043
Volume (metric tons)	48,146	46,934	91,045
U.S. Imports from Mexico	(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET:
MILK POWDER

TREATMENT OF TARIFFS:

-- See below.

TREATMENT OF NON-TARIFF BARRIERS:

U.S. Section 22

-- When the NAFTA goes into effect, the United States will establish a transitional tariff-rate quota (TRQ) of 422 metric tons for imports of milk powder from Mexico, which will grow at a 3-percent compounded annual rate over a 10-year transition period. U.S. imports of milk powder from Mexico within the quota (up to 422 metric tons) will enter duty-free.

-- U.S. imports from Mexico in excess of the quota will be assessed a tariff equivalent that is based on the tariffication of the U.S. Section 22 import restrictions on milk powder. This tariff equivalent will initially be equal to $900-$1,100 per metric ton, but not less than 78-83% ad valorem, depending on the exact type of milk powder. This over-quota tariff will be phased-out over 10 years.

Mexico's Import License

-- When the NAFTA goes into effect, Mexico will convert its import licensing regime for milk powder to a transitional NAFTA tariff-rate quota (TRQ). The TRQ will be in effect for 15 years.

-- For the United States, duty-free access to the Mexican market will be assured for an aggregate 40,000 metric tons of skim and whole milk powder. This 40,000-metric-ton amount will grow at a 3-percent annual compounded rate over the 15-year transition period.

-- U.S. exports to Mexico in excess of the 40,000 metric tons will be assessed a higher tariff, based on the TRQ -- initially equal to $1,160 per metric ton, but not less than 139 percent. Over the first 6 years of the agreement, an aggregate 24 percent of this over-quota tariff will be eliminated; the remainder will be phased-out over the rest of the 15-year transition period.

Mexico/Canada

-- Mexico and Canada excluded their bilateral dairy trade from liberalization in the NAFTA.

U.S.-MEXICO MILK POWDER TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	70,040	5,497	36,849
Volume (metric tons)	98,394	4,428	23,133
U.S. Imports from Mexico	(no imports during this period)		

NAFTA AGRICULTURE FACT SHEET: CHEESE

TREATMENT OF TARIFFS:

-- Tariffs on cheese for both the U.S. and Mexico will be eliminated in conjunction with treatment of non-tariff barriers (see below).

TREATMENT OF NON-TARIFF BARRIERS:

-- Upon enactment of the NAFTA, Mexico will convert its import licensing regime for cheese imports from the United States to tariff-only treatment.

-- U.S. exports of cheese to Mexico currently subject to import licensing will be assessed a 20-percent tariff, to be reduced to zero in equal installments over a 10-year transition period. The only exception is U.S. exports of fresh cheese, which will be assessed a 40-percent tariff, to be phased out over 10 years.

-- U.S. import restrictions (Section 22 quotas) on Mexican cheese will be replaced by a NAFTA tariff rate quota during a 10-year transition period.

-- Mexico will initially receive a 5,550-ton tariff rate quota for its cheese exports to the United States. This is an aggregate quota that includes all cheese subject to Section 22 quotas. This quota will grow by a 3-percent compound rate over the transition period.

-- In-quota shipments will enter the United States duty-free. Above-quota shipments from Mexico will face a tariff equivalent of 69.5 percent, or a specific duty ranging from $1,200 to $2,180 per ton, depending on the type of cheese. This over-quota tariffs will be phased out linearly over 10 years.

Mexico/Canada

-- Mexico and Canada excluded their bilateral dairy trade from liberalization in the NAFTA.

U.S.-MEXICO CHEESE TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	1,358	4,482	7,972
Volume (metric tons)	623	1,827	3,230
U.S. Imports from Mexico	(no imports during this period)		

NAFTA Agriculture Fact Sheets: Peanuts and Sugar

NAFTA AGRICULTURE FACT SHEET:
PEANUTS

TREATMENT OF TARIFFS:

-- U.S. tariffs on peanuts will be phased out in conjunction with the treatment of Section 22 import quotas on peanuts (see below).

-- Mexican tariffs on peanuts are currently zero.

TREATMENT OF NON-TARIFF BARRIERS:

-- U.S. import restrictions (Section 22 quotas) on Mexican peanuts will be replaced by a NAFTA tariff rate quota during a 15-year transition period.

-- Mexico will initially receive a 3,377-ton tariff rate quota for shelled and in-shell peanuts. This quota will grow by a 3-percent compound rate over the transition period.

-- In-quota shipments will enter the United States duty-free. Above-quota imports from Mexico will face a tariff equivalent of 123.1 percent on shelled and 186.1 percent on in-shell. These over-quota tariffs will be phased out by 15 percent in the first 6 years, and the remaining tariff will be phased out linearly over the final 9 years.

-- Mexico does not have any non-tariff barriers affecting trade in peanuts.

RULES OF ORIGIN FOR PEANUTS AND PRODUCTS:

-- For trade in peanut products with Canada, NAFTA origin is conferred on peanut butter and peanut paste made from non-NAFTA peanuts. Roasting or blanching of non-NAFTA peanuts does not confer origin.

-- For U.S.-Mexico trade in peanut butter, peanut paste, roasted peanuts and blanched peanuts, one hundred percent NAFTA-grown peanuts must be used to make product that qualifies for NAFTA preference.

U.S.-MEXICO PEANUT AND PRODUCTS TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	3,665	7,012	9,586
Volume (metric tons)	4,340	7,933	10,501
U.S. Imports from Mexico			
Value ($1,000)	40	0	29
Volume (metric tons)	70	0	150

NAFTA AGRICULTURE FACT SHEET: SUGAR

TREATMENT OF TARIFFS:

-- U.S. and Mexican tariffs on sugar will be phased out in conjunction with the treatment of U.S. and Mexican border protection on sugar (see below).

-- Mexico and Canada will retain their tariffs on sugar with respect to their bilateral trade.

-- In the initial six years of the agreement, Mexico's sugar exports to the United States will be limited to its current export allocation of 7,258 metric tons. However, in any year that Mexico reaches net exporter status during the initial six-year period, it would be allowed access for its net exportable surplus, up to 25,000 tons.

-- Beginning in year 7, Mexico will be allowed to ship its net exportable surplus to the U.S., up to a maximum of 150,000 tons. This ceiling will grow 10 percent per year over the remainder of the 15-year transition.

-- If Mexico reaches net exporter status for two consecutive years at any time during the transition period, beginning in year seven or the second year of net export status, whichever is later, it can ship its total exportable surplus to the U.S. duty-free.

-- During years 1-6, the United States will reduce its second tier tariff on sugar imports from Mexico by 15 percent.

-- Mexico will align its tariff regime with that of the United States by year 7 of the agreement, implementing a tariff quota with rates equal to those of the United States. During years 7-15, the U.S. and Mexican tariffs on bilateral sugar trade will be reduced linearly to zero.

-- The U.S. sugar re-export program will remain in place for exports to Mexico, but U.S. shipments under the program will be subject to Mexico's MFN tariff rate.

-- The United States and Mexico will each allow duty-free access for raw sugar imported from the other country which is refined in the importing country and re-exported to the producing country.

RULES OF ORIGIN:

-- For sugar, refining does not confer origin. For example, if a Mexican company imports raw sugar and refines it, the refined sugar may not be exported to the U.S. at NAFTA preferential tariff rates.

U.S.-MEXICO SUGAR TRADE:

	-----Calendar Years-----		
	1989	**1990**	**1991**
U.S. Exports to Mexico			
Value ($1,000)	57,139	96,780	92,123
Volume (metric tons)	148,423	235,492	218,660
U.S. Imports from Mexico			
Value ($1,000)	0	0	3,461
Volume (metric tons)	0	0	7,804