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Summary of Agricultural Issues

Mexican Trade Restrictions: Most U.S. agricultural products, other than basic necessities imported by CONASUPO, the Mexican Government's food supply agency, face severely restricted access to the Mexican market. Since Mexico is not a member of GATT, import duties are frequently charged and are often set at high levels. Furthermore, Mexico requires prior import licenses for virtually all agricultural imports. By failing to make the licenses available, Mexico effectively limits the quantities of imports considered competitive or non-essential. This is also in keeping with Mexican policy to restrict imports to combat its economic crisis.

Citrus Canker: USDA banned U.S. imports of Mexican citrus in July 1982 with the detection of an outbreak of citrus canker in Mexico. In January, U.S. import regulations were modified to allow Mexican citrus to enter the U.S. under precautions necessary to protect the U.S. citrus industry. Since that time regulations governing the entry of Mexican citrus into the U.S. have been progressively liberalized, and we expect further liberalization if no new outbreaks of citrus canker occur. The USDA has been working closely with its counterparts in Mexico on citrus canker, and a joint two-year research agenda has been adopted. The Government of Mexico has, however, delivered a note protesting the import restrictions to the U.S. State Department.

Table Grapes: California's table grapes are subject to minimum quality requirements under a U.S. marketing order. In October 1982, Section 608e of the Agricultural Marketing Agreement Act of 1937 was amended to make imported table grapes subject to the same order. As a result, from May through August, U.S. imports of Mexican grapes will be subject to the same quality standards as grapes from California's Coachella Valley.

GSM-102 Financing: On February 16, 1983, Secretary Block signed the 1983 agricultural supply agreement with Mexico. The agreement provides \$1.7 billion in credit guarantees from USDA's Commodity Credit Corporation (CCC) under the GSM-102 program for sales of agricultural products abroad. \$520 million of this amount has been set aside for use in the first quarter of FY 1984. On July 20, the Budget Review Board decided to defer to the President on Mexico's request for \$500 million in additional CCC credits for FY 1983. Ambassador Gavin, Treasury, USDA and State had supported the increase and the matter is now before the President for decision.

Dairy Donations: Under Section 416 of the Agricultural Act of 1949 (as amended), the CCC has donated 20,000 metric tons of non-fat dry milk, 6,460 tons of butter oil and 4,000 tons of cheese to Mexico for food assistance to the needy. An additional 577 tons of dairy products were donated to private voluntary agencies and another 4,700 metric tons donation is pending U.S. approval.

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