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PART II: NORTH AMERICAN FREE TRADE AGREEMENT

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REPORT ON PROGRESS OF NAFTA NEGOTIATIONS

by Antonio González

Nearly one year after Congress' narrow approval of Fast Track Authority for President Bush's efforts to negotiate a North American Free Trade Agreement (NAFTA) with Canada and Mexico the agreement is approaching completion. Sticky disagreements over auto, agriculture and oil prevented the negotiators from completing the deal by their ambitious February 1 deadline. Still, a draft agreement is expected to be made public by May 1992.

Does this mean that proponents and opponents of NAFTA will be intensifying their lobbying efforts? Yes and no. While it is likely that NAFTA will be soon made public, it is doubtful that President Bush will formally begin the Fast Track process. That is because he would lose the vote in Congress if he did so.

A year after the opening volleys in the NAFTA debate, the U.S. and Canada are mired in longterm, structural recessions. U.S. public opinion and Congress look unfavorably on measures that are perceived as causing job loss. In other words, the racist backlash against the Japanese has also stalled NAFTA. Moreover, President Bush's emphasis on foreign policy issues (NAFTA is perceived as foreign policy) has proved to be Pat Buchanan's best weapon against Bush in his far-right campaign for Republic Presidential nomination. So don't look for Bush to push for a vote before the November election.

However, look for a vigorous pro-NAFTA public relations campaign and the beginnings of Congressional debate. Bush needed to support President Salinas of Mexico who needs a pro-NAFTA gesture from Bush to reassure investors and guarantee that his choice wins the PRI Presidential nomination. Mexico's elections are in summer 1994, but the PRI's succession struggle begins now. Furthermore, Prime Minister Mulroney of Canada is on the rocks (20% approval rating) and wants a NAFTA vote before his

reelection in 1992. In other words, expect a NAFTA vote in the U.S. Congress between November 1992 and March 1993.

But what if a Democrat is elected President? Both leading candidates, Clinton and Tsongas, favor NAFTA -- albeit with some reservations.

What will the NAFTA that Bush reveals in April or May look like? Since the negotiations are secret, no one knows for sure, but the sticking points on auto, oil and agriculture are instructive. Oil is of course what the U.S. wants and what Salinas finds hardest to give up. Mexico's public opinion backlash would be heavy. Moreover, Mexico's oil monopoly is used to pay its large foreign debt (over \$100 million at last count). Auto, on the other hand, is what Mexico wants and what Bush cannot give up. It would mean the end of an already reeling U.S. auto industry.

Finally, agriculture is so complicated that it spells problems for both sides. For example, including Mexico's corn growers in NAFTA would mean elimination of government subsidies and open competition with U.S. and Canadian grain farmers that are twenty times more productive. Dr. Raul Hinojosa argues that such competition could mean about 839,000 corn farmers would be displaced (if the subsidies are eliminated rapidly.) They, of course, would migrate, first to urban centers, then to the United States -- clearly not what Bush wants.

Conversely, California, Texas and Florida perishable crops farmers would face stiff competition and perhaps displacement from modern farms in Sonora and Nuevo Leon. Unlike U.S. producers, Mexico's citrus-growers, for example, never lose crops to winter freezes!

Where are Chicanos on NAFTA? A year ago, Chicanos were overwhelmingly in favor of NAFTA. According to SVRI polls by about 4 to 1. Most organizations favored Fast Track. LULAC, MALDEF, U.S. Hispanic Chamber of Commerce and NCLR all supported Fast Track. But that has changed. While Chicano public opinion still

supports NAFTA there are many reservations. Moreover, prominent Latino leaders and organizations have reiterated their calls for substantial investment in border infrastructure, impact assistance and retraining for displaced workers, abolition of employer sanctions, etc.