

September 13, 1991

TO: NINA  
FROM: ELLI  
SUBJECT: SFC TRADE BRIEFING ON TARIFF AND NON-TARIFF BARRIERS IN NAFTA

The tariff, non-tariff offer will be tabled in Dallas on September 19. This is different from the original date of October 18, due to Yom Kippur.

The point stressed was that this will essentially be a hearing-out time, a wish list time. As the process evolves, prioritizing will take place.

GROUND RULES FROM WHICH WE ARE OPERATING:

- 1) this is an initial and conditional offer -- NOT CONCRETE.
- 2) there are no exclusions in the initial offer (all sides have agreed to this).
- 3) where we are going from is applied rates -- Mexico: a maximum of 20% and an average of 10%. On the US side, duty free items under GSP would be eligible for the same under NAFTA.

STRUCTURE OF TARIFF OFFER: 3 categories with a possible fourth to be added in Dallas or thereafter.

A: immediate

B: intermediate

C: long-term

\*\*there has been no identification of what these mean in terms of time.

A: IMMEDIATE

- includes items that are already MFN duty-free -- \$4 billion or 14% of our imports from Mexico
- 31% of imports from Mexico or just under \$9 billion, GSP duty free
- includes items on which there is a tariff but are key exports for US -- 16% of imports or \$4 billion

B: INTERMEDIATE (the smallest category)

- private sector advice on these items was mixed
- 6% of imports OR just over \$1.5 billion
- includes some agricultural items, chemicals, auto parts

C: LONG-TERM

- includes import sensitive items
- the list is extensive -- 9,140 items including household glass, ceramic tile, footwear, fruit, vegetables, petroleum

The offer is conservative and should be of no great offense to US interests. It will not buy us a lot with Mexico, but it will be refined throughout negotiations.

On the non-tariff side, we will go forward with a request list, not specific proposals or even positions. The list is intended to be points which have been identified as being on the table. There will be groups specified to negotiate on the different items.

QUESTIONS:

Q: Will areas be identified that have been considered resolved at Canada FTA?

A: That is really a rhetorical matter in terms of what has been resolved.

Q: Does developing country status fit in?

A: No, not really.

Q: Once offers are exchanged on the 19th, is there any sort of time table?

A: Not yet. The likely scenario will be a general initial reaction with respect to how the lists match up in general terms. It will be a while before concrete counter offers are made.