# Mexico Again Threatens to Ban Imports of U.S. GMO Yellow Corn

By Edward M. Lebow, Larry B. Pascal, César Ramirez del Angel | November 28, 2022

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The dispute between Mexico and the United States surrounding the 2020 threat by Mexican President Andrés Manuel López Obrador to ban imports of U.S. genetically modified corn as well as corn grown using the herbicide glyphosate, effective January 31, 2024, appears to be coming to a head. Notwithstanding a statement in October 2021 by the Mexican Minister of Agriculture that Mexico would not impose such a ban, last month Mexico's Deputy Agriculture Minister Victor Suárez stated Mexico would in fact proceed and by so doing cut its imports of U.S. yellow corn in half.

Yellow corn is used primarily as animal feed and constitutes the majority of U.S. corn exports to Mexico. According to a letter to USTR from Iowa Senators Chuck Grassley and Joni Ernst, both members of the Agriculture Committee, the proposed ban would reduce U.S, corn exports to Mexico by 90 percent. The senators noted that Iowa corn growers export 16 million tons to Mexico each year and that "Despite overtures to the Mexican government for nearly two years, there is little indication from the country's leadership that it will adhere to its commitments under USMCA. The time has come for the Office of the United States Trade Representative (USTR) to intervene on this issue. I am respectfully calling on you to formally request dispute settlement consultations under Article 31.4 of USMCA."

Similar calls for action have been made by the National Corn Growers Association, and USTR Katherine Tai met virtually on November 4 with Mexico's Secretary of Economy, Raquel Buenrostro to discuss the issue.

A formal USMCA dispute settlement would begin with consultations and would likely postpone, and perhaps eventually avert, imposition of the import ban. If such a proceeding is initiated, Mexico can be expected to argue that it is within its national rights to ban imports of GMO corn, whereas the U.S. will assert that doing so would be discriminatory and not based on science. Moreover, the U.S. will point out that it has already been holding off on using all possible hybrids out of respect for Mexico's desires.

Ted McKinney, CEO of the National Association of the State Departments of Agriculture, predicts that a settlement will be reached:

"I think pressure will grow on them, not just from the U.S., but from many countries like Brazil, Argentina, and others because it's not science and it's not well-founded…They need our corn and our soy meal. They can't go anywhere else and get it for anywhere near the price of what it comes from the U.S., so it's got to get fixed."

Also militating against a ban would be the inflationary impact on Mexican consumers. It has been estimated that a ban could increase the price of tortillas in Mexico by as much as 30 percent. The impact on the U.S. economy would also be substantial. In their letter to Ambassador Thai, the Iowa senators cited a 10-year forecast by World Perspectives, Inc. that found the ban would cause the

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U.S. economy to lose $73.89 billion in economic output, and Gross Domestic Product (GDP) would go down by $30.55 billion. In the first year of Mexico's ban, U.S. corn growers and industry partners would suffer $3.56 billion in losses, followed by a loss of $5.56 billion during the second year. This economic downturn would also lead to the loss of 32,000 U.S. jobs.

There remains some hope that a trade dispute could be averted. An import ban would result in increased costs for Mexico. The Biden Administration presumably will want to protect farmers, an important constituency, from economic harm.

The terms of any settlement are unclear, but both sides have compelling reasons to find a solution.

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