

Abstract

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The Forestry Industry in the State of Chihuahua: Economic, Ecological and Social Impacts post-NAFTA

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This paper examines how NAFTA has influenced the forestry and forest product industries in the northern Mexico state of Chihuahua. It also explores how these changes are affecting the forests, environment and indigenous peoples of the Sierra Tarahumara. The Sierra is an area rich in biodiversity and cultural traditions, but also one plagued by socio-political conflict, much of which centers around the forestry industry.

Wood production, particularly of pine, has increased substantially in Chihuahua since Mexico's entry into NAFTA, paralleling both an increase in both exports of wood and wood products from Mexico and an increase in imports, particularly from the United States. During this same period, there has been significant consolidation of the forestry and forest product industries in Chihuahua and a large increase in the number of private sawmills. Forest ejidos, however, have generally remained impoverished suppliers of raw wood, with pressure on the forests intensifying greatly over the last few years. The traditional socio-political structure that controls wood production from forestry ejidos—a structure under which a few powerful leaders profit but the majority of ejido residents receive very little compensation for the wood they own in common—has persisted and adapted to changing times.

Pre-NAFTA tariffs on wood and wood products will be progressively reduced to zero by 2003 under NAFTA, though most US and Canadian tariffs were already at or near zero and most Mexican tariffs were fairly low (0 to 15 percent in most cases). The major forest products industries operating in Chihuahua state that reduction of Mexico's tariffs will not affect their competitive positions or production levels significantly. The trade data, however, show that imports of pulp and paper products from the United States into Mexico have increased rapidly since NAFTA took effect. Chihuahua producers are thus under pressure to keep product prices low in order to maintain their share of the Mexican market. This dynamic could put pressure on the forest products industry in Chihuahua to oppose environmental regulations that increase its cost of doing business by either making the raw wood more expensive or by imposing additional environmental controls on pulp and paper operations.

NAFTA's provisions regarding non-tariff trade barriers could adversely affect Mexico's ability to create and/or foster development of markets for sustainably-produced wood and wood products. This is particularly true of the NAFTA rules for adopting product standards and for government purchasing programs. Much depends on how these provisions are ultimately interpreted and applied. Of more immediate concern, however, are recent interpretations of NAFTA's Chapter 11 investment provisions, particularly the Metalclad case. If this type of case is allowed to stand, it would pose a substantial threat to Mexico's ability to adequately regulate forestry or forest product operations of companies from Canada or the United States.

In the last few years, indigenous leaders and others have filed hundreds of citizen complaints about illegal cutting and other unsustainable forestry practices in the Sierra Tarahumara. Government response to these complaints, and enforcement of forestry and environmental laws in the Sierra, has, on the whole, been inadequate. Indigenous leaders, peasants, nongovernmental organizations and others are now asking for public audits of forestry operations. They are also seeking comprehensive environmental studies to assess the damage being done by these forestry operations and to provide the basis for a land management system that will protect the forests and the environment. Forestry ejidos in the Sierra will require substantial technical and financial resources, including market development assistance, to move toward more sustainable forestry. The current corrupt ejido control system that dominates forestry practices in many Sierra ejidos will also have to be addressed if real progress is to be made.