

BILL ANALYSIS

H.C.R. 137
By: Martinez
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The North American Free Trade Agreement (NAFTA) was put into effect on January 1, 1994, with the intent to create a continent-wide free trade zone within a ten year period. The agreement encompasses both Canada and Mexico, with arranged duty free access for several items, while other items receive reductions in the rate of customs duty. NAFTA increased market access for goods to move through North American borders freely. While NAFTA has increased the market for exported items it has simultaneously put producers in the South Texas region at a competitive disadvantage.

Texas produced products are required to follow strict United States Department of Agriculture (USDA) safety guidelines to create a safe market ready product, while Mexico products are required to follow certain guidelines, they do not reflect the effective measures taken by the United States. With the access provided through NAFTA, it has become difficult for South Texas producers to comply with required regulations and the cost of production, as well as compete with producers from Mexico whose cost of production is significantly lower. Over the past decade South Texas producers adjusted to this fact and attempted to find new markets in other regions. They quickly found the cost of transportation to be detrimental to their operation forcing the closure of many South Texas farm operations. This, in turn, creates the loss of several jobs throughout the region. The South Texas region includes, but is not limited to, San Antonio and all areas south, especially the Rio Grande Valley.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

The proposed concurrent resolution urges the United States Congress to reform the North American Free Trade Agreement to create a market preference for those products being produced within the South Texas Region. Through market preference, more consumers in the South Texas Region will be purchasing U.S. made products that have followed the safety regulations created by the United States Department of Agriculture. The concurrent resolution does not discourage free trade, but promotes the purchase of South Texas made products by South Texas consumers.

The proposed concurrent resolution also requests that the Texas Secretary of State forward official copies of this resolution to the President of the United States, to the Speaker of the U.S. House of Representatives and the President of the Senate of the United States Congress, and to all the members of the Texas delegation to the U. S. Congress with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.