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July 30, 2003

Ms. Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

2003 JUL 30 PM 2:06

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C.F.T.C.

COMMENT

RE: CME Live Cattle Amendments

Dear Ms. Webb:

On behalf of the Secretaría de Economía de México (Secretariat of Economy), I am submitting this letter to express our concerns regarding the proposal of the Commodity Futures Trading Commission (Commission) to approve certain amendments to live cattle futures contracts requested by the Chicago Mercantile Exchange. The proposed amendments would require that all cattle delivered on the futures contract must be born and raised exclusively in the United States. The Commission published the proposed amendments in its *Federal Register* notice of July 15, 2003 (68 FR 41783), and set today as the due date for comments.

The Secretaría de Economía observes that the Commission provided only two weeks for comment on this proposal. This does not provide a reasonable opportunity for interested parties, including the Government of Mexico, to undertake a detailed assessment of the impact of the proposed amendments on exports of live cattle to the United States, and therefore is inconsistent with Chapter Eighteen of the North American Free Trade Agreement.

In addition, the Commission has not provided a sufficient explanation of the need for the proposed changes. The Commission's *Federal Register* notice implies that the amendments are in some way related to the implementation of the Country Of Origin Labeling (COOL) requirements established pursuant to Section 10816 of Public Law 107-171 (the Farm Security and Rural Investment Act of 2002). However, the COOL requirements do not in any manner prohibit the importation or sale of cattle born and/or raised outside the United States. Accordingly, there is no readily apparent connection between the COOL requirements and the Exchange's proposed requirement that cattle delivered under futures contracts must be born and raised exclusively in the United States. Without a more detailed explanation, the proposal appears arbitrary and a likely violation of the national treatment obligations of the World Trade Organization Agreements and the North American Free Trade Agreement.



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The Secretaría de Economía therefore requests that the Commission explain in more detail the reasoning behind the proposal, and provide sufficient time for interested parties to submit public comments on its likely impact, before taking further action.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Sergio Soto Nunez".

Sergio Soto Nunez  
Economic Counselor  
Embassy of Mexico