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Mexico, Peru to Resume Talks on Bilateral Agreement in May

by LADB Staff

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In late March, Peru and Mexico announced plans to begin full negotiations on a bilateral free trade agreement sometime during May. The two countries announced the initiative following consultations in Mexico between Presidents Alberto Fujimori of Peru and Ernesto Zedillo of Mexico. "We already have several points of agreement with the Mexican government regarding the economy, trade, and investments," Fujimori told reporters. In addition to a commitment to push forward on a bilateral trade accord, Fujimori said he and Zedillo reached cooperation agreements on scientific exchanges, agricultural and animal-health matters, and reciprocity on visas.

Preliminary talks on a bilateral Peruvian-Mexican accord were initiated in 1994, under former president Carlos Salinas de Gortari's administration (see SourceMex, 03/16/94). However, last year Mexico postponed all pending negotiations on free trade agreements because of the economic crisis that followed the devaluation of the peso in late 1994. Fujimori later reiterated Peru's intention to finalize a bilateral agreement with Mexico during an address to Mexico's economic affairs council (Consejo Mexicano de Asuntos Internacionales, CEMAI). He told participants that the two countries planned to replace an existing economic cooperation accord with a full-fledged bilateral trade agreement. The agreement will set a timetable for the two countries that phases out import tariffs and removes nontariff barriers.

According to Fujimori, a bilateral trade agreement could eventually double Mexican-Peruvian trade, which in 1995 surpassed US\$270 million. Additionally, Fujimori said Peruvian businesses are keenly interested in investing in Mexico's mining industry, and he invited Mexican companies to invest in Peru's mining and tourism industries as well. He told reporters that Mexico and Peru are the world's largest silver producers, and a bilateral agreement would help mining companies in both countries form strategic alliances.

Meanwhile, Mexico's efforts to negotiate a free trade agreement with the European Union (EU) remain stalled. In mid-March, EU members defeated a proposal, offered by Italy, to create a special commission to determine a timetable for Mexico and the EU to gradually reduce tariffs on each other's products. Such a commission would have been given authority to make decisions based on the trade rules established under the World Trade Organization (WTO). The Italian proposal was opposed by Spain and Britain because the measure did not contain specific language proposing the creation of a free trade zone with Mexico. France also opposed the measure, but for other reasons. French officials, led by President Jacques Chirac, argued that the EU should not enter into any new trade agreements until the effectiveness of existing accords could be determined. In addition, Chirac said the EU should not negotiate any new agreements until the European economy recovers from a current mild recession.

On the other hand, the Italian proposal received a conditional endorsement from Austria, Belgium, Greece, the Netherlands, and Portugal. These countries said they would support an economic

alliance with Mexico, as long as a full agreement is negotiated, rather than partial agreements. During a state visit to Mexico City in late March, Italian President Oscar Luigi Scalfaro reiterated his country's intention to support negotiation of an EU free trade accord with Mexico. He said members of the EU will determine by the end of the year if negotiations on such an accord will proceed.

A week earlier, Mexican Foreign Minister Jose Angel Gurria told reporters during a visit to Italy that he was optimistic an EU-Mexican trade accord would be signed eventually. He said negotiations on the accord had been delayed because of internal considerations within the EU and not because the European countries lacked the political will to negotiate an accord with Mexico. "Mexico does not represent a threat to Europe in the area of agricultural trade," said Gurria, referring to concerns in some European countries that the proliferation of free trade agreements could flood Europe with less expensive produce and meat from overseas. (Sources: La Jornada, 03/15/96, 03/22/96, 03/28/96; Excelsior, 03/22/96, 03/28/96, 03/29/96; Inter Press Service, 03/27/96)

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