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Mexico, MERCOSUR Postpone Negotiations on Full Integration Accord

by LADB Staff

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In early September, representatives from Mexico and the Southern Cone Common Market (MERCOSUR) postponed negotiations on a full trade-integration agreement, but announced plans to seek other means to expand trade ties between the South American bloc and Mexico. According to Everardo Sousa, an international trade specialist with Mexico's confederation of industrial chambers (Confederacion Nacional de Camaras Industriales, CONCAMIN), in early September Mexico and the four MERCOSUR countries decided to postpone a full agreement until at least the year 2001 because of wide differences over customs regulations.

"MERCOSUR's customs accord is not, at the moment, consistent with Mexico's developed and competitive trade agenda," said Sousa, who was part of a Mexican delegation that met in September with counterparts from the MERCOSUR nations: Argentina, Brazil, Paraguay, and Uruguay. The decision to delay negotiations on a full Mexico- MERCOSUR accord, however, did not stop the two sides from exploring alternative options to expand trade.

According to Renato Marques, the Brazilian Foreign Ministry's director of economic integration, the two sides have initiated talks on an accord informally known as "Four plus One," in which they will seek to exchange a list of products for which the two sides can reduce import tariffs. "This instrument will create a sense of certainty and transparency for trade and investment between Mexico and the MERCOSUR countries," Mexico's Trade Secretariat (SECOFI) said in a prepared statement.

Marques said the two sides have scheduled meetings for mid-October and mid-November to review the list of products proposed for tariff reductions. According to Sousa, the Mexican government is seeking tariff reductions for the Mexican automotive, mining, and chemical industries. Sousa said the agreements could greatly expand trade between Mexico and the four MERCOSUR countries, which totaled US\$1.1 billion in 1995.

In addition to the talks with MERCOSUR, the Mexican government is continuing negotiations on separate trade agreements with Peru and Ecuador. In June, Mexican and Peruvian negotiators met to iron out agreements signed earlier this year by Presidents Ernesto Zedillo of Mexico and Alberto Fujimori of Peru. A Peruvian Foreign Ministry spokesperson said the two sides were scheduled to meet again to discuss such areas as intellectual property protection, resolution of trade disputes, and investment in various productive sectors. Mexican and Peruvian officials did not offer a target date for when the two countries expect to complete a bilateral accord. Meantime, the Zedillo administration has begun talks with President Abdala Bucaram's government in Ecuador. According to spokespersons for the Mexican Foreign Relations Secretariat (SRE), the Bucaram administration which took office in August is pursuing negotiations for an Ecuador-Mexico bilateral accord, which were initiated by former president Sixto Duran Ballen.

SRE officials said delegations from the two countries initiated negotiations in early May, and are scheduled to hold follow-up meetings in October and November to discuss technical aspects of a bilateral accord. Antonio Riva Palacio, Mexico's ambassador to Quito, raised the possibility that the two countries could reach at least a preliminary agreement in time for Bucaram's visit to Mexico in early 1997. In an interview with Agence France-Presse, Bucaram said the agreement would create opportunities for Mexican companies to invest in Ecuador, especially in such projects as road construction and energy generation. As far as trade, Bucaram said opportunities exist for Ecuador to increase exports of coffee, cocoa, and palm oil to Mexico. Similarly, he said a new bilateral accord could allow Mexico to boost exports of such products as synthetic fibers, plastics, and automobiles to Ecuador. (Sources: Reuter, 06/04/96; Excelsior, 08/12/96; The News, El Universal, 09/06/96; Agence France-Presse, 08/23/96, 09/16/96, 09/17/96, 09/28/96)

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