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European Union Proposes to Resume Economic-Integration Accord with Mexico

by LADB Staff

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In late March, the European Union (EU) announced a set of proposals intended to jump-start stalled negotiations with Mexico on a trade and economic-cooperation agreement. The foreign ministers of the 15 EU members and Mexico tentatively agreed to the talks in June 1996. However, the negotiations were later put on hold because of disagreements regarding demands presented by both the Mexican government and the EU. Partly because of pressure from European exporters, the EU's executive body, the European Commission, has now outlined two mechanisms that could lead to resumption of negotiations with Mexico.

The EU's national association of chambers of commerce and industry (EUROCAM) has pushed particularly hard for an agreement with Mexico in order to become more competitive with the US and Canada in the Mexican market. Under one option offered by the commission, the two sides would issue a joint declaration announcing their intention to resume negotiations. The declaration would, in effect, create the legal framework for talks to resume. The second option provides for the negotiation of an "interim" agreement until the two sides are able to finalize a more formal and binding accord.

The Mexican government has not indicated which of the two options will be used, but said both were acceptable. Negotiations could begin in early May. The two sides are tentatively planning to reopen talks in the first half of May. The European Commission's proposal, however, still needs approval from the permanent ambassadors of the 15 member nations in Brussels and from the foreign ministers of each country. The two mechanisms, while procedural in nature, would implicitly recognize the EU and Mexican demands as legitimate issues to be discussed once negotiations begin.

The Mexican government had demanded that any agreement include the creation of a free-trade area between the EU and Mexico. During initial talks in Brussels in October, the Mexican delegation insisted that the two sides set target dates and determine specific goals to implement market-opening measures. Some EU members objected, suggesting that the European bloc was moving too fast toward negotiating free-trade agreements without first ensuring adequate protection for agriculture and other domestic industries (see SourceMex, 10/23/96). Mexico would benefit significantly from a reduction in EU import restrictions. According to Mexico's Trade Secretariat (SECOFI), Mexico's trade deficit with the EU totaled US\$3.5 billion in 1996, partly as a result of EU import restrictions on textiles and agricultural products.

For its part, the EU had demanded that any agreement negotiated contain a clause by which the Mexican government would pledge to respect human rights within its own borders. According to the EU, the human rights clause is a standard portion of all its current agreements, including one recently signed with Australia. The Mexican government rejected the EU demand as an

infringement of Mexico's sovereignty. EU hopes to push for human rights clause in new accord
The EU's announcement to continue negotiations on a new accord came only days before the European body canceled a grant of US\$400,000 for the independent Mexican human rights academy (AMDH) to monitor legislative, state, and local elections on July 6. These elections will be the most competitive in Mexican history, with the governing Institutional Revolutionary Party (PRI) in danger of losing its strong grip if not its outright majority in the Chamber of Deputies and Senate.

In addition, candidates for opposition parties are expected to beat the PRI in the race for mayor of Mexico City and several governorships. An EU spokesperson, who asked not to be identified, said Mexico's Foreign Relations Secretariat (SRE) pushed for the withdrawal of the grant. He said SRE officials had insisted that the grant would represent a violation of Mexico's sovereignty, given that the country's elections are "free and fair." The spokesperson acknowledged that EU authorities decided to withdraw the grant in part to avoid a confrontation with Mexico that could derail trade negotiations. "We do not want to create an incident," said the EU spokesperson. "We try to provide financing only to projects that are accepted by the host government."

On the other hand, EU officials said any future pact with Mexico should have a human rights clause to give the EU greater leeway in funding groups like the AMDH. The human rights group, which has criticized the government for electoral fraud and voter coercion, had planned to establish an observer team for future elections. For its part, the Mexican government has countered with a proposal that the EU channel any funding for electoral observers via the United Nations, rather than directly to nongovernmental organizations in Mexico. According to the SRE, the UN already created a program in December 1996 to fund observers for the upcoming July 6 elections. (Sources: El Nacional, 03/11/97; New York Times, 03/12/97; Spanish news service EFE, 03/15/97; El Economista, Associated Press, 03/17/97; Agence France-Presse, Notimex, 03/20/97; El Universal, 03/11/97, 03/18/97, 03/21/97; Novedades, 03/21/97; La Jornada, 03/05/97, 04/02/97)

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