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LADB Staff

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New Obstacles Block Agreement Between Mexico; European Union

by LADB Staff

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In early July, the council of permanent representatives (COREPER) of the European Union (EU) rejected the text of an interim economic and political cooperation agreement with Mexico, thus creating further delays for the completion of a permanent accord. The interim agreement which was drafted in June by representatives of the European Commission and Mexico created the legal framework for negotiations on a full accord. This legal framework basically developed a three-step process that was to lead to full negotiations in 1998 (see SourceMex, 06/11/97). The text of the interim accord, which the European Commission the EU's executive body presented to representatives from COREPER, generated strong objections from Denmark, Greece, and France.

Denmark, Greece demand opening of Mexican maritime sector

Denmark and Greece which have large ocean-shipping fleets are demanding that an eventual, full agreement include requirements that Mexico completely open its maritime-services market to EU members. According to COREPER representatives from those two countries, lack of access to Mexico's maritime- services market would be sufficient cause for their governments to oppose a full EU-Mexico accord. In response, representatives of the Mexican shipping industry disputed the Greek and Danish contention that Mexico's shipping market is closed to foreign competition. "We neither understand nor accept the demands of the EU in this regard," said Agnes Celis Roca, director of the Camara del Transporte Maritimo.

Celis Roca said foreign companies already handle a large portion of the cargo shipped in and out of Mexican ports. In fact, many of the foreign shipping lines receive subsidies from their governments and are therefore operating at an unfair advantage to Mexican shippers.

France seeks changes in timetable for tariff phaseout

Meanwhile, objections raised by France could prove even more difficult to resolve than those presented by Denmark and Greece. The French government has demanded a postponement in the EU phaseout of tariffs on Mexican products. According to the framework negotiated by EU and Mexican representatives, the tariff phaseout would begin sometime in 1998. The French government argues that Mexico, which is already receiving benefits through the EU's Generalized System of Preferences (GSP), would gain an advantage over other countries included in the GSP. Under the GSP, the EU offers tariff reductions and other concessions to developing nations.

French officials argue that the tariff phaseout on Mexican products should not begin at least until Mexico's current GSP benefits for imports of industrial products expire at the end of 1999. For agricultural products, the EU has already begun to reduce GSP benefits for Mexico, with the goal of phasing these out totally by the year 2000. Speaking to reporters in Mexico, the French Embassy's trade consul, Gilles Badouin, said his country fully supports the completion of an EU

trade agreement with Mexico. Badouin said the delay in COREPER's approval of the interim accord is because of disagreements regarding certain procedures followed by the European Commission.

For its part, the Mexican government offered a compromise proposal that addresses COREPER concerns regarding the tariff timetable and the maritime dispute. However, according to Mexico's ambassador to the EU, Manuel Armendariz, COREPER declined to consider the Mexican initiative. Armendariz expressed concern about the lack of confidence by some EU countries in the European Commission, which had been empowered to draft the interim agreements on their behalf. "The problems that emerged are evidence that the EU does not speak with a single voice," Armendariz told reporters. Still, Armendariz expressed hope that some of the problems with the EU can be resolved so the two sides can begin formal negotiations next year.

COREPER, which must give unanimous approval to the interim accord, has already instructed the European Commission to renegotiate the sections that are in question. "This agreement is important to Mexico," said Armendariz. "Therefore, we will continue taking a serious and good-faith stance in an attempt to complete the negotiations." (Sources: Agence France-Presse, Reuter, 07/02/97; Notimex, 07/02/97, 07/03/97; Siglo 21, El Universal, 07/03/97; Excelsior, 07/03/97, 07/04/97; El Economista, 07/01/97, 07/03/97, 07/04/97, 07/15/97, 07/16/97)

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