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Mexico, Venezuela, and Colombia have initiated preliminary discussions on several contentious sectors within the Group of Three (G-3) agreement. The accord, which went into effect in January 1995, left major agreements in the agricultural, textile, automotive, and petrochemical sectors partially resolved (see SourceMex, 05/18/94). The three countries are looking at options to ease restrictions on the textile sector and expedite the phaseout of tariffs for agricultural and automotive products, said Belinda Martinez, Venezuela's international economic relations director.

In an interview with Mexico's official news agency Notimex, Martinez said easing restrictions could further boost trade among the G-3 countries from their recent level of US$4 billion annually. In 1997, trade between Mexico and Venezuela approached US$1.1 billion, an increase of 174% from 1994, said Mexico's Banco Nacional de Comercio Exterior (BANCOMEXT). Martinez said the G-3 countries could soon agree on a faster phaseout of tariffs in the agricultural sector. Colombia and Mexico, which had the strongest differences regarding agricultural trade, are already exploring options to open that sector, said Martinez.

The G-3 countries have also established a working group to resolve their differences on trade in automobiles, said Martinez. Under the original G-3 accord, Venezuela and Colombia insisted on a more gradual opening of the automotive market because of concern that their own industries would be unable to compete with a surge in imports of Mexican vehicles. But Martinez said Mexico and Venezuela are still searching for consensus regarding rules of origin for textiles, which is the principal stumbling block in opening that sector.

Mexico & Venezuela agree to expand energy ties

Easing restrictions within the G-3 agreement was part of the agenda discussed by Presidents Ernesto Zedillo of Mexico and Rafael Caldera of Venezuela during the Mexican president's state visit to Caracas in mid-April. The two presidents also renewed their commitment to closer coordination on energy polices, including petroleum production and exports. The agreement includes a proposal to develop joint refining capacity and coordinate shipments of petroleum products to the US West Coast.

In addition, the two countries agreed to cooperate in electricity generation and development of unconventional sources of energy. The energy agreement, although limited, is a breakthrough in Mexican-Venezuelan relations regarding oil policy. Before this accord, cooperation was through the San Jose Accord, through which the two countries provide oil to Central American and Caribbean nations at concessional prices. Energy cooperation began in late March, when Mexico and Venezuela, along with Saudi Arabia, coordinated a global campaign to reduce crude-oil supplies by 2 million barrels per day to boost depressed prices (see SourceMex, 03/25/98).

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Expanding the scope of the G-3 agreement is compatible with other Mexican efforts to extend existing agreements with trade partners. In late March, Mexico's Foreign Relations Secretary Rosario Green Macias and Bolivian Foreign Minister Javier Murrillo reaffirmed the commitment to expand relations, including a comprehensive revision of the Bolivia-Mexico free- trade agreement, which went into effect in January 1995 (see SourceMex, 01/04/95). Green said Mexican and Bolivian representatives will meet at least six times during 1998 to discuss expanded cooperation in technology and science, cultural affairs, business exchanges, and the fight against drug trafficking.

Green's visit to Bolivia was part of the Mexican official's tour of South American countries. The trip also included a stop in Brasilia, where Green met with Brazilian Foreign Affairs Minister Luiz Felipe Lampreia to discuss Brazil's objections to a trade agreement between Mexico and the Southern Cone Common Market (MERCOSUR). Mexico is attempting to forge a tariff-reduction accord with the MERCOSUR countries to replace bilateral agreements reached with Brazil, Argentina, Uruguay, and Paraguay. Until now, Brazil had declined to go along with this proposal. "The fact that Mexico and Brazil will soon engage in discussions on this matter means we may have broken the impasse," Green told reporters. (Sources: Spanish news service EFE, 04/13/98; Notimex, 03/29/98, 04/13/98, 04/15/98; Associated Press, The News, 04/16/98; El Economista, 03/31/98, 04/14/98, 04/17/98; El Universal, 04/14/98, 04/17/98; Novedades, 04/16/98, 04/17/98; El Financiero International, 04/20/98; Excelsior, 04/14/98, 04/20/98, 04/22/98)

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