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## **E.U., Mexico Fail to Complete Trade Accord; More Talks Set for November**

*by LADB Staff*

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The European Union (EU) and Mexico have agreed to hold an additional round of negotiations in November to iron out lingering differences on rules of origin and other matters. EU and Mexican representatives met in Mexico City in early October for an eighth round of talks, but failed to agree on rules of origin, which was one of the two stumbling blocks during the seventh round of negotiations in Brussels in August (see SourceMex, 1999-08-11).

The disagreement on rules of origin particularly applies to provisions covering automotive, textile, and electronic products. The EU is insisting on tight restrictions to prevent US companies, which have preferential access to Mexico under the North American Free Trade Agreement (NAFTA), from gaining a foothold in the European market.

The failure of the two sides to reach a full accord in the eighth round all but eliminates the possibility that President Ernesto Zedillo will meet his goal of having an accord with the EU in place by Jan. 1, 2000. Zedillo had hoped to use a scheduled trip to Brussels in mid-October to formalize an agreement.

But the lack of an accord and natural disasters in central and southern Mexico in early October forced the president to postpone his trip. Still, Trade Secretary Herminio Blanco was upbeat about the progress made by negotiators during the eighth round of talks, including the completion of chapters dealing with investment and services. The two sides are also close to agreeing on agricultural trade, although differences remain on a handful of products. "We are very satisfied with the results of this round of negotiations," Blanco told reporters.

Blanco said the two sides are hoping to make significant advances at the ninth round of talks in Brussels on Nov. 8. "We still have to deal with difficult topics that require tough political decisions," Blanco told reporters at a news conference after meeting with EU Foreign Relations Commissioner Chris Patten. "But we are convinced that we can meet the goal of completing the negotiations by the end of the year."

### ***EU, Mexico hope to implement accord in July 2000***

The two sides are now targeting implementation of an agreement in early July 2000, which would coincide with the Mexican presidential elections. But Blanco insisted that Mexican negotiators will not accept unfavorable terms to hasten the completion of an accord, which must still be ratified by Mexican and European legislators. "I will not recommend any agreement to President Zedillo that does not take into account the best interests of our country," Zedillo told reporters. Still, business chambers on both sides of the Atlantic are pushing the EU and Mexico to complete an agreement as soon as possible.

In a resolution passed at a Mexico-Spain trade show in Madrid, an group of 1,200 European trade organizations urged EU negotiators to expedite completion of the accord. The organizations, which represent both EU and non-EU member countries, said Mexican trade with the EU has been declining at a time when Mexico is increasing commercial ties with nations with whom it has a trade agreement. In Mexico, the Consejo Mexicano de Comercio Exterior (COMCE) is also pushing for a speedy completion of the accord.

But COMCE president Federico Sada Gonzalez, who is also director of Grupo Vitro, cautioned Mexican businesses not to expect an "overnight miracle" from an agreement with the EU. Sada said the accord would especially benefit small and medium-sized companies in Mexico, which would gain access to new markets. (Sources: Reuters, 10/13/99, 10/15/99; Bloomberg news service, 10/16/99; El Economista, 10/11/99, 10/13/99, 10/15/99, 10/18/99, 10/19/99 El Universal, 10/13-15/99, 10/18/99, 10/19/99; Novedades, 10/13/99, 10/19/99 Notimex, 10/18/99, 10/19/99; Spanish news service EFE, Associated Press, 10/19/99; Excelsior, 10/15/99, 10/19/99, 10/20/99)

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