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Fox Signs Trade, Economic, Political Agreements with Russian Leader Putin

by LADB Staff
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President Vicente Fox and Russian President Vladimir Putin signed a series of economic, commercial and political agreements in late June, including an accord committing Russia to supply natural gas to Mexico over a 20-year period. Fox said the agreements were another step in expanding trade relations between the two countries. "The trade between our nations is too small and doesn't reflect the existing potential," Fox said.

The agreements, which were concluded during a state visit by Fox to Moscow on June 20-21, included a plan to reduce tariffs on a wide range of products traded between the two countries, boost access to services, and improve cooperation on research and development. Russia also agreed to protect the intellectual property rights of tequila and mescal, and prosecute any attempts to create counterfeit product within its borders.

This agreement is similar to ones Mexico has negotiated with the European Union and Japan (See SourceMex, 1997-02-17 and 2004-03-17). Russian and Mexican negotiators also completed the terms for Russia's accession to the World Trade Organization (WTO). Russia has to negotiate such deals with each of its trade partners before it can join the WTO. Mexico negotiated a similar accord with China before that country was allowed to join the WTO (see SourceMex, 2001-09-19). "Our ties and the intensity of our cooperation are growing along with our economies," Fox said after talks with Putin in the Kremlin.

The visit to Russia allowed Fox to follow through on energy-related agreements negotiated during Putin's visit to Mexico City in June 2004, including a proposal for Russia to supply Mexico with natural gas (see SourceMex, 2004-06-16). "We are working on a series of significant projects in the economic sphere, including in energy," Putin said at the start of their meeting. "I am pleased to note that liquefied gas will be delivered to the Mexican coast from Sakhalin."

The Sakhalin-2 project, which involves multinational energy companies Mitsui & Co. Ltd., Mitsubishi Corp. and Royal Dutch/Shell, contains reserves of about 150 million metric tons of oil and 500 billion cubic meters of gas. "We discussed a 20-year agreement on the supply of liquefied natural gas to Mexico, which will be refined at four facilities that need to be built," Fox told a news conference after the talks. "This will guarantee stable gas supplies at good prices." The natural gas agreement with Russia is still another attempt by Mexico to diversify its supply sources beyond the US, with Bolivia and Peru as potential suppliers (see SourceMex, 2005-05-11).

Mexico and Russia discussed other areas of cooperation in the energy sector, with Putin expressing interest in having Russian companies cooperate with Mexico's state-run oil company PEMEX on deep-water drilling projects in the Gulf of Mexico. Fox said he welcomed Putin's interest
because Russia would be able to offer the type of equipment and technology that PEMEX is lacking. The Mexican and Russian leaders also discussed increased cooperation in projects involving hydroelectric and nuclear power. Russian company ZAO Energomachexport already has had a presence in Mexico, participating in the construction of the Aguamilpa, Huites, and El Cajon hydroelectric projects. (Sources: La Jornada, El Universal, 06/22/05; The Herald-Mexico City, 06/22/05, 06/23/05)

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