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Mexico Among Five Countries Proposed for Membership in G-8

by LADB Staff

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At its annual meeting in St. Petersburg, Russia, in mid-July, the Group of Eight (G-8) nations entertained a proposal to incorporate five countries, including Mexico, into the global economic bloc but the group decided to pass on this plan. The proposal, presented by British Prime Minister Tony Blair, would have expanded the G-8 to include Mexico, South Africa, China, India, and Brazil. The five countries, informally known as the G-5, were invited to the G-8 summit not only as observers but also as participants in an "outreach session" held by the economic bloc. The intention was to promote an exchange of points of view on several economic themes and to develop formulas for cooperation in trade and development.

Britain supports expansion, Germany opposes move

Some members of the G-8 differed on whether the five countries should become permanent members of the economic bloc. Blair, one of the chief proponents of expansion, promoted the concept of "muscular multilateralism," allowing voices from important emerging countries to help set the global economic agenda. Supporters of Blair's position say the G-8 wields a disproportionate influence on the world's economic system.

The eight countries (the US, Britain, France, Italy, Japan, Canada, Russia, and Italy) account for 44% of global GDP but are home to only 14% of the world's population. An expanded G-13 would represent 56% of the world's population and 69% of global GDP, said the Mexico City daily newspaper *La Crisis*. "Leaders from these other countries are invited to join G-8 discussions on some issues. But they are peripheral participants and clearly not at the table of G-8 leaders or central to decision making," said columnist David Crane of *The Toronto Star*. "This represents an enormous gap in our ability to set global priorities and deal with global problems."

Germany, which will assume the presidency of the G-8 in 2007, voiced the strongest opposition to incorporating the five countries into the economic bloc. German Chancellor Angela Merkel said the G-8 is made up of countries that "play a special role in the world economy and adhere to certain principles like intellectual property." Merkel's comments were directed primarily at China, and to some extent Mexico and Brazil, countries that have been unwilling or unable to control copyright violations and other forms of piracy. "At the moment, I see no reason to change [the G-8's current structure]," Merkel said.

Blair's proposal did not come up for a formal vote before the G-8, and most other members of the bloc did not openly discuss their positions on the plan. Russia did offer general support for the move. The British prime minister said the input of the five countries is needed not only on economic but environmental matters. "There is no way we can deal with climate change unless we get an agreement that binds in the United States, China and India," he told the London-based newspaper *The Guardian*, referring to disagreements related to the Kyoto Protocol, which seeks to limit

emissions of carbon monoxide and other gasses scientists blame for increasing world temperatures, melting glaciers, and rising oceans.

The US has opposed the Kyoto agreement, claiming the accord would force industrialized nations to implement stricter emissions standards than emerging countries like China and India. "We have got to get an agreement with a binding framework of that I am in no doubt at all," Blair said. Brazil, with the support of Mexico, offered a proposal to the G-8 members to promote a greater use of alternative energy. "Brazil is most advanced in the usage of ethanol, biodiesel, and other formulas for energy generation," Mexican President Vicente Fox told the Mexico City daily newspaper Reforma.

Participants in G-8 summit discuss failed WTO talks

Even though trade was not officially on the agenda at the outreach session, the Doha round of the World Trade Organization (WTO) was an important topic of discussion. Before the summit, the G-5 countries issued a joint statement urging the G-8 to push for a completion of the talks, which were begun in 2001 in the capital of Qatar. "We must insist on the elimination of agricultural subsidies and a greater opening of markets," Fox told reporters.

The discussions on the Doha round came against the backdrop of the failure of the latest negotiations in Geneva in early July. The G-8 countries held consultations on the Doha round with Brazil, India and China, considered key players in the WTO talks, but these talks did not result in any major breakthroughs. Still, Brazil cast a positive spin on the talks with the G-8 countries. "We're committed to a successful Doha round," said Brazilian President Luiz Inacio Lula da Silva. "Now is the time for us to make a political decision."

The G-8 countries, in their final statement, also offered support for the eventual completion of negotiations under the Doha round. "This is a historic opportunity to generate economic growth, create potential for development, and raise living standards across the world," said the statement. "We urge all parties to work with utmost urgency for conclusion of the round by the end of 2006, to strengthen the multilateral trading system and provide an important boost for the world's economy."

Some observers said the G-8 discussions on trade were all talk and no action. "G-8 leaders paid some lip service to Doha, saying they are committed to reaching a deal within a month," the Los Angeles Times said in an editorial. "But no new proposals were offered, and few hold out much hope that trade ministers can resolve their differences as leaders in the United States and European Union play a disgraceful game of chicken, refusing to budge until the other blinks."

In the end, the biggest obstacle to completion of the Doha Round remains the huge gap between the US and the European Union (EU), specifically France, on the extent by which agriculture subsidies will be eliminated. The failure of the G-8 countries to agree on agricultural subsidies at their meeting in St. Petersburg prompted WTO officials to suspend further Doha Round talks indefinitely.

Brazil commits to help bring Mexico into MERCOSUR

While a global trade agreement is unlikely in the near term, the possibility of Mexican integration into the Southern Cone Common Market (MERCOSUR) received a boost. During bilateral meetings

in St. Petersburg, Fox and Lula renewed their commitment to push for Mexico's full membership into the South American trade bloc. Fox said the goal is to complete negotiations before his term in office expires at the end of November. "We made a commitment, both presidents, that we would have a formal agreement before the end of the year for Mexico to join MERCOSUR," Fox told Reforma.

Mexico joined MERCOSUR as an associate member in 2004 (see SourceMex, 2004-08-04) and has completed bilateral tariff-reduction agreements with Brazil, Uruguay, and Argentina (see SourceMex, 2002-06-19, 2003-11-19 and 2006-06-14), which are considered important steps for full integration into the trade bloc.

MERCOSUR recently admitted Venezuela as a full member, to become official at the end of this year (see NotiSur, 2005-12-02). It is not certain what Venezuela's position would be on Mexican membership in the South American trade bloc. After gaining admission to MERCOSUR, Venezuela withdrew from the Group of Three (G-3) trilateral agreement with Mexico and Colombia (see SourceMex, 2006-05-17). [Sources: The Guardian-London, El Universal, 07/13/06; Agence France-Presse, La Cronica de Hoy, Excelsior, Unomasuno, 07/14/06; The Toronto Star, 07/16/06; Notimex, 07/14/06, 07/17/06; La Crisis, 07/14/06, 07/17/06, 07/18/06; Associated Press, El Economista, Reforma, 07/18/06; Los Angeles Times, 07/18/06, 07/19/06; The Wall Street Journal, 07/18/06, 07/26/06]

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