

8-8-2007

Argentina, Brazilian Presidents Invite Mexico to Consider MERCOSUR

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Argentina, Brazilian Presidents Invite Mexico to Consider MERCOSUR." (2007). <https://digitalrepository.unm.edu/sourcemex/5131>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Argentina, Brazilian Presidents Invite Mexico to Consider MERCOSUR

by LADB Staff

Category/Department: Mexico

Published: 2007-08-08

The presidents of the two most influential countries in the Southern Cone Common Market (MERCOSUR) issued personal invitations to the Mexican government to begin the process of formally joining the South American trade bloc. Argentine President Nestor Kirchner and Brazilian President Luiz Inacio Lula da Silva traveled to Mexico within a week of each other to meet with President Felipe Calderon and other government officials and business leaders in Mexico. In both cases, the South American leaders reiterated that the door is open for Mexico to become a full-fledged member of MERCOSUR.

If Calderon decides to pursue full membership in the trade bloc, Mexico would become the sixth member of MERCOSUR. The trade association, which also includes Uruguay and Paraguay, is about to incorporate Venezuela as its fifth member (see NotiSur, 2007-03-23).

Mexico previously considered full integration into MERCOSUR during the administration of former President Ernesto Zedillo in 1996 (see SourceMex, 1996-03-06). While those efforts never came to fruition, Zedillo and ex-President Vicente Fox laid the groundwork for a future accession to MERCOSUR by negotiating an associate membership, which was formalized in 2004 (see SourceMex, 2004-08-04). Chile and Bolivia also have a similar relationship with MERCOSUR.

Mexico's entry into the trade bloc would also be facilitated by tariff-reduction agreements that have been negotiated with Argentina, Brazil, and Uruguay (see SourceMex, 1999-07-28, 2002-06-19 and 2006-06-14). Mexico, Argentina sign strategic cooperation agreement Kirchner issued the invitation to Calderon to join MERCOSUR following the signing of a strategic-association agreement between the two countries, which deals not only with trade and economic matters but also with cultural, scientific, and technological issues and education-related exchanges.

The Argentine leader said expanding relations with Mexico was an "essential" step for an eventual regional integration. "This strategic-association agreement allows us to look to the future from a new and solid platform from which we deepen the process of integration for Latin America and the Caribbean," Kirchner told reporters on July 30, at the start of his three-day visit to Mexico. He also reiterated that Mexico has a "standing invitation" to join MERCOSUR.

Under terms of the strategic-association agreement, the two countries will consult regularly on each of the areas of cooperation, with meetings at the presidential level scheduled every two years. Even if Mexico's entry into MERCOSUR is delayed for a few years, bilateral trade is expected to continue to grow significantly. Trade between the two countries has quintupled in the last seven years, reaching US\$2.7 billion, and the countries plan to meet at the end of this year to negotiate expanding the list of products eligible for tariff reductions.

Kirchner's cordial visit with Calderon is quite a contrast to his sometimes-tense relationship with Fox. The two leaders exchanged harsh words over Kirchner's opposition to the US-sponsored Free Trade Area of the Americas (FTAA), which Fox strongly supported (see SourceMex, 2005-11-16). In contrast, Calderon has shown more willingness to embrace alternatives to the FTAA. "This [new] relationship offers an unprecedented framework to achieve the goals we have not been able to attain," Kirchner told reporters.

Accompanying Kirchner on the trip was his wife, Sen. Cristina Fernandez, who has announced her candidacy for the presidency (see NotiSur, 2007-07-20). Expanding trade also offers business opportunities for the private sector.

During the last day of their visit, Kirchner and Fernandez met with several prominent Mexican business leaders, including Carlos Slim of Grupo Telmex, Daniel Servitje of Grupo Bimbo, Carlos Salazar of Coca Cola FEMSA, Dionosio Garcia of Grupo Alfa, Hector Medina Aguiar of Grupo CEMEX, and Guillermo Prieto, president of the Bolsa Mexicana de Valores (BMV). Kirchner secured a promise from the business leaders that they would invest about US\$2 billion in Argentina during the next three years.

During Kirchner's visit to Mexico City, Mexico's giant media company Grupo Televisa announced it had acquired full control of Argentina's Editorial Atlantida, the second -largest publisher of magazines in the country.

Brazil, Mexico seek increased cooperation in energy sector

Lula's visit to Mexico on Aug. 6-7 had a similar purpose as Kirchner's trip: to consolidate and expand commercial and economic relations with Mexico. Lula also invited Calderon to join MERCOSUR and offered to serve as the "door" for Mexico entry. Calderon hinted that he would accept Brazil's offer to be the intermediary for Mexico to enter the trade bloc. "Even though we are geographically in the north, I can assure you that our heart is clearly in the south and in Latin America," the Mexican president told Lula.

The leaders said bilateral trade increased to US\$6.7 billion between 2002 and 2006, in part because the tariff-reduction agreement put in place in 2003 reduced import taxes for 800 products. They noted the potential for bilateral trade and investment to increase even further. "We're still far from achieving the flow of trade and investment that befits the two main economies in Latin America," Calderon said.

Unlike Kirchner, the Brazilian leader was able to offer extensive cooperation in the energy sector, an area where Mexico needs a lot of help. Through a memorandum of understanding, the two countries agreed to explore cooperation between their state-run oil companies PEMEX and Petrobras. The two companies are considering expanding their technical-cooperation agreement so that Petrobras could expand its involvement in exploration and extraction of reserves recently discovered in the deep waters of the Gulf of Mexico (see SourceMex, 2007-03-07).

In signing the energy memorandum, Calderon was careful to stipulate that any cooperation would have to comply with the Mexican Constitution, which restricts the participation of foreign entities in

the Mexican oil industry. "Mexico's legislation is very clear on the participation of outside interests in this sector," said Calderon. "My government is very respectful of this stipulation."

Calderon was responding to comments from the center-left opposition that an agreement with Brazil would open the door for Mexico to increase private involvement in PEMEX. Lula also proposed to Calderon that PEMEX and Petrobras join forces in investing in third countries. PEMEX and Petrobras have recently been involved in or considered participating in several projects in Central America (see NotiCen, 2005-09-15, 2006-06-08 and 2007-05-24).

The Brazilian president said he is also interested in forging a partnership with Mexico in manufacturing biofuels. Brazil is aggressively pushing to expand its sugarcane-based ethanol industry because of strong global demand for this fuel (see NotiSur, 2007-04-27). "Brazil is ready to cooperate with Mexico in producing biofuels, whether it is creating a sugar-based ethanol industry or developing biodiesels, which can be manufactured with a wide variety of seeds and oilseeds," Lula told reporters. "We want to secure the support of Mexico in establishing a global market for clean, inexpensive, and renewable fuels. [This is an industry] that can create jobs and produce earnings."

-- End --