

A NEW ERA FOR THE EU-MEXICO RELATIONSHIP



The year 2018 will become a new milestone in the relationship between Mexico and the European Union with the announcement of the conclusion of negotiations for the modernization of its legal framework, 20 years after the signing of the Economic Partnership, Political Coordination and Cooperation Agreement between Mexico and the European Community at that time, and its Member States.

The Mexico-European Union relationship is supported, in legal terms, by the Global Agreement, in force since 2000, and by two instruments of a political nature; the EU-Mexico Strategic Partnership, endorsed in 2008, and the Joint Executive Plan of the Mexico-EU Strategic Partnership from 2010.

In terms of trade, the European Union is a priority partner for Mexico. Since the entry into force of the trade pact in 2000, trade between both parts has tripled, from 20.8 billion dollars to 61.7 billion dollars, while investments of companies with EU capital invested in Mexico 174.8 billion dollars, from 1999 to June 2017, equivalent to 35.9 percent of

foreign direct investment received by the country in that period, according to figures of the Mexican Ministry of Economy.

Mexico and the European Union closed the year 2017 with seven rounds of negotiation in commercial matters and six rounds regarding politics and cooperation subjects, after having accelerated exponentially, in recent months, the negotiations for the renewal of the document, whose intention was announced almost four years ago, in January 2013, within the framework of the first EU-CELAC Summit.

The acceleration of the rounds of negotiation was not only due to the initial motive for the renewal of the agreement based firstly on the important political and economic transformations in Mexico and in the European Union over seventeen years [including enlargement of the EU from fifteen to twenty eight Member States at the present moment], but also to the permanent seeking of diversification in the Mexican trade, as well as an uncertain international political context.

Since the arrival of Donald Trump to the White House and the difficulties in concluding the renegotiation of NAFTA, the Mexican government has doubled its efforts to find new ways to reduce its dependence on imports and exports from the United States.

The “Trump factor” has moved the pieces of the global board and has in suspense the North American Free Trade Agreement, which forces Mexico to effectively diversify its commercial relations. The closure of negotiations with the European Union will be a clear example of this.

Despite the willingness and interest of both parties to reach a political commitment to renew its legal framework during 2017, the seven commercial rounds that took place for this purpose were full of challenges. Technical subjects regarding the investment protection system, rules of origin in agricultural matters, market access and dispute settlement mechanisms, found reluctance during discussions.

Mexico was probably expecting an offer from Europe regarding the interests of Mexican producers of orange juice, asparagus, and some other agricultural products. While the European side was probably waiting for some sacrifices on the Mexican side regarding denomination of origin on the dairy sector, which evidenced the absence of the involvement of certain sectors during the talks.

An easy development was given to the issues of energy, telecommunications, e-commerce, anti-corruption and small and medium-sized enterprises. It is important to stress out that the European Union proposed to submit an authorization, required by both parties, for the exploration or production of energy goods to public procedure.



The projections of the modernization of the agreement indicate a possible outcome of 0.01% of growth of GDP for the European Union and of 0.390% for Mexico by 2028. The most conservative figures foresee increases of 0.003% and 0.108% respectively.

It is expected that the new Mexico-European Union Agreement will preserve the commercial, political dialogue and cooperation sections. Certainly, it will contain new guidelines on investment, e-commerce and dispute settlement. As mentioned above, it will include sections on anti-corruption, security and fight against terrorism. Human Rights will continue to be the basis of the relationship. Development Cooperation will be linked to political dialogue through the Partnership Instrument.



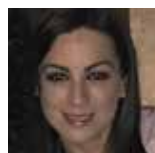
Once the announcement on the conclusion of the negotiations occurs in the beginning of 2018, a long process for the implementation of the new agreement is expected. The document must be translated into the 23 remaining official languages and shall have the endorsement of the European Council, in order to proceed with its signature. Afterwards, since it is a treaty with mixed content, it will have to be approved, on the one hand, by the Mexican Senate, and on the other, both by the European Parliament and by the national parliaments of the member states of the EU, before its entry into force. It is expected, however, that the parties may opt for an interim executive agreement, as a provisional entry into force, as it occurred two decades ago, in order to make a fast-track implementation process.

Mexico is facing an unbeatable opportunity to take advantage of what has not been done with the European Union in 20 years. Both parties must search a more constructive and inclusive political dialogue, achieve a more efficient cooperation and strengthen trade while making it more diverse, reaching a balance with the entire member states in trade outcomes.

One of the challenges of the new EU-Mexico Agreement will be to achieve a healthy synergy between the different and multilevel dialogues that exist in the relationship, at the ministerial and parliamentary level as well as with the civil society. The past experiences with the TTIP [EU-USA Agreement] and CETA [EU-Canada Agreement] negotiations require a transparent and accessible process with the inclusion of different actors.



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