

*ECSA Conference  
Pittsburgh, June 1999*

***Mexico/EU relationship, bridge or exception in North America?***

Stephan Sberro,  
Ph.D. Political Sciences

ssberro@eniac.rhon.itam.mx

Department of International Studies

Instituto Tecnológico Autónomo de México

Rio Hondo, 1

01000 Mexico DF

Mexico

***Introduction: the triple transatlantic paradox:***

For an external observer it is puzzling to note that in economic and political terms, no preferential agreement exists between both sides of the North Atlantic. This is puzzling for three reasons. In the first place, both sides of the Atlantic share common values and, more important, common interests as far as the international relations and international political economy are concerned. This absence of a preferential agreement is all the more surprising if one considers that during the same period there was a close military alliance and that the US was very much in favour of the integration of Europe. Secondly, since the end of the Cold War, both Europe<sup>1</sup> and the United States are developing numerous regional agreements. Europe is reforming and modernising its relations with the ACP countries, including South Africa, with the Mediterranean countries and with the Mercosur in South America. On its side, the US is trying to establish solid institutional relation with the Pacific Basin Nations and with Latin America as a whole. Neither of the two partners has set an institutional agreement with the other as a priority or even more modestly as a possible objective. Adding to this apparently unexplainable situation, a third enigma appears; when the European Union finally decided to open negotiations with North America for a comprehensive bilateral agreement<sup>2</sup>, it chose Mexico, the country of the three with which has fewer trade flows, economic interests and political links.

---

<sup>1</sup> In this paper, Europe really means the European Union. For the author, this simplification is not arbitrary because the EU does represent almost the totality of the population and the economy of the continent. Moreover, the Central and Eastern Europe countries, Cyprus, Malta, Norway and Iceland try to align themselves on the political positions and economic conditions of the EU.

<sup>2</sup> This paper will concentrate on Europe on one side, Mexico and the United States on the other side. Further research should also include Canada.

In this paper I will first try to explain briefly this triple transatlantic paradox. Then I will discuss if the present negotiations with Mexico a change in transatlantic relations. Would a UE-Mexico agreement constitute a precedent and a bridge for Europe to the rest of North America? Or on the contrary would it represent an exception? My conclusion will be that although Mexico is indeed an exception, it is less and less so.

Transatlantic relations so-called, could be divided in two main areas; international politics and defence on one side, economy and trade on the other side. In the case of Mexico there is no such division. The relations between Europe and Mexico always were essentially economic and at least since the French intervention in the past century there was no such rhetoric such as a common vision of the world or shared ideals that are worth to fight for together. During the Cold War Mexico and Europe were not on opposite sides but were clearly different. To Mexico then, the North/South political and economic divide was at least as important as the East/West divide. For that reason this paper will focus exclusively on the trade and economic aspect of the relation, the only one for which the comparison between Mexico and the United States, in their relation with Europe is possible.

***1-Until the 90s, no framework for the economic relations between North America and Europe:***

### ***1.1- The USA and Europe, mutual indifference surpasses the common interest:***

During the Cold War the relationship between Europe and the US had two important characteristics: it was both multilateral and under the leadership of the United States. The weight of the European Community was diluted in multilateral forums such as the IMF, the World Bank, the OCDE and the G/. Only the GATT was a partial exception but it was neither a bilateral forum nor a preferential relationship. On the contrary in most of the cases it turned up to be an arena for confrontation.

In 1962 the USA nevertheless took the initiative to create an institutional framework for a transatlantic relation going beyond Defence<sup>3</sup>. In a speech where for the first time, a transatlantic Partnership is mentioned, Kennedy proposes that Europe, which shares the ideals of the American Revolution, take part in extending this ideal world wide. But in 1962, Europe was unable to speak with a single voice in foreign policy. No mechanism existed not even one as modest as the European Political Co-operation of to day. Moreover, De Gaulle, the French president had just vetoed the United Kingdom candidacy for joining the EEC, and he would do the same again several years later. For De Gaulle at least, the ideological premises of the Kennedy proposal were unacceptable. France was already rebuilt and trying to lessen its economic dependence on the

---

<sup>3</sup> For a detailed historical review, see for example John Peterson *Europe and America* Routledge, 1996

United States<sup>4</sup>. The Kennedy Initiative did not materialise.

Ten years later, in 1973, Richard Nixon made a similar attempt with a « Year for Europe ». Kissinger had forecast that the beginning of a political Europe could have consequences for the hegemony of the United States in the Western World. In 1974, the European accepted to consult the United States before taking a political position on the World Affairs. This engagement was not reciprocal but sufficiently vague not to make the Europeans afraid. Moreover, they too had obtained something, the recognition of their political Cupertino. Apart for these decisions, which had no concrete consequence whatsoever for either partners, the transatlantic relation remained basically the same. The President of the United States and his Secretary of States considered Europe to be a minor player in politics. Even the defeat in Vietnam could not change that perception. This perception was nevertheless to change more rapidly in the economic realm with the crisis of the dollar and the emergence of a Trade deficit.

The idea of a special and institutionalised relationship between both parts evolved slowly. From the seventies they started to meet with a fixed schedule; twice a year between officials from the European Commission and the US government and then with the same frequency between the European Parliament and the US Congress. The presidents of the European Commission travelled more often to Washington and in 1976, Jimmy Carter made the first visit of an American president to the European Union. He made another one in 1978 but these progresses were stopped when R. Reagan, who never visited the European Commission, came to the power. His successor, George

---

<sup>4</sup> De Gaulle tried without success, to impulse, with the other members of the EEC, a reform of the International Monetary System. Condemned by the European Commission for its selective capital movement laws and debilitated by May 1968, he gave up this idea in 1969, before renouncing.

Bush visited the European Commission in 1989. For the first time, he named a high profile diplomat as an ambassador to the EU<sup>5</sup>.

It is nonetheless difficult to know if this new attitude was due to a reassessing of the relation with Europe or only to a necessary adaptation to the new conditions on the continent. After all, the fall down of the Soviet block, the second Gulf war, the war in Yugoslavia close to Europe, the strengthening of the political aspect of the European integration made a bilateral dialogue indispensable, whatever the true feelings of the US were on the real and desired importance of the European Union as an important political player. The strengthening of the political aspect of the European integration (the integration of the European Political Co-operation in the European institutional system in 1985, the Single Act in 1986, the strengthening of the role of the « Troika », the Maastricht Treaty with the objective of an Common Foreign and Security Policy and the adhesion of three new members) was in itself a sufficient reason for an upgrading, at least a quantitative one, of the European policy of the American leaders.

Even if the US wished to maintain their relation to the same level, they would first have to insure themselves that in the event of the formation of a new political and military power, they would keep control. It is in that context that we should situate the Bush initiative for developing new mechanism, which could maintain the United States as a «European power». Neither the Americans, nor the Europeans had any interest for improving the second aspect of the relation, the economic one. It is indeed symptomatic that George Bush did not feel able to make a proposal,

---

<sup>5</sup> The Europeans had done so a decade before, naming to ex Prime Ministers, Jens Otto Krag from Denmark from 1974 to 1979 and Andreas van Agt from the Netherlands in 1989.

which would reconcile all the sectors of his government and preferred to suggest that the Europeans take the initiative. As we can see, this initiative was bound from the beginning to maintain the relation as it was and not change it.

### ***1.2- EC/Mexico during the Cold War, two worlds apart.***

During the Cold War, the relations between the European Union and Mexico were more modest still. In international politics, they were on different sides. It is true that already in the eighties, both partners started to define common interests, in particular against the Reagan politics in Central America. The European Union endorsed the initiative taken by some Latin American governments. This gave birth eventually to the Rio Group, which is the privileged interlocutor for a political dialogue between Latin America and Europe. On the economic and trade point of view, the relations were even more modest. Although Europe was the second economic partner of Mexico, far behind the United States, the relation was neither preferential nor considered as strategic. Let us recall that Mexico, as the rest of Latin America, was immersed in an “imports substitution strategy”. As a result it did not give the emphasis on the development of trade and economic foreign relations. It was the time when the country was close to the Non Aligned Countries movement and to their ideas on a New International Economic Order. It only joined the GATT in 1986 after a failed intent in 1982.

### ***2- after the cold war, an attempt to create a real relationship.***

## *2.1- The Transatlantic Agenda and the failure of the Atlantic marketplace*

This is why the Europeans took the initiative for the third attempt to formalise the transatlantic links<sup>6</sup>. Unsurprisingly it was during a British presidency of the EU Council that the step was taken. The dramatic changes of the world scene in 1989 constituted the perfect background for it. In 1990, a common declaration would orientate the relations for the next five years. It was nonetheless a simple declaration, with a poor content, which did not include an engagement for a preferential trade agreement<sup>7</sup>. On the contrary, one year before Maastricht, the Europeans insisted on the necessity to rely on the multilateral system. No new topic of collaboration (such as currency or environment) was mentioned because this time of the reticence of the US administration. The London declaration did not suggest thus any fundamental reform of the bilateral relation. It nevertheless created for the first time a weak institutional framework. This framework allowed for high level biyearly consultations. The president of the United States would meet twice a year the president of the Council of ministers and the president of the European Commission while with the same frequency, the Secretary of State would meet his colleagues of the European Council of Foreign Affairs. These meetings would take place on both sides of the Atlantic alternatively. Beside these high-level meetings civil servants would meet, the president of the Council of ministers could meet the Secretary of State on an *ad hoc* basis and there would be a constant flow of information between the European Political Co-operation and the US authorities. Moreover the relationship initiated in the seventies between the European Parliament and the US Congress would strengthen. All these agreements did not however, constitute a real bilateral institutional

---

<sup>6</sup> For a complete review of this third attempt, see for example Anthony Lawrence Gardner *A New Era in US EU relations: the Clinton Administration and the Transatlantic Agenda* Avebury 1997

<sup>7</sup> It did not include either an engagement to change the defence relations.



framework. The Gulf war, the Middle East situation, the Yugoslav wars, the GATT negotiations all demonstrated that the 1990 Transatlantic Declaration had not introduced a new dimension in the transatlantic relation based on the American hegemony.

So in 1995, Jacques Santer, the president of the Commission tried once again to take an initiative with the old idea of formalising, and the new idea of extending the scope of the bilateral relation. The UE would try this time to transform the discussions in action. For Santer, the war in Bosnia was the clearest example of the necessity of this joint action but he mentioned also drug trafficking, terrorism and the nuclear weapons trade along with the improvement of the education links.

Four days later in Madrid, in the context of the biyearly high-level meetings created by the London declaration; a “New Transatlantic Agenda” was adopted. Once again a new era was announced in the transatlantic relations. But no further institutionalisation was implemented apart from a new high-level group formed by the European Commissioners and the US sub-secretaries for economic and political affairs to supervise the activities of the NTA. This new group would meet each trimester. It is also important to mention the creation of a Transatlantic Business Dialogue to gather businessmen whose recommendations could be taken in account by the various levels of consultations existing since 1990. The first of such meetings had been organised one month earlier in Seville.

The Madrid declaration “considers” the possibility of negotiating “mutually satisfactory” tariff

reductions. Although the negotiator would remain in the WTO setting, the tariff reduction could be accelerated and additional reductions could be negotiated for the industrial products. Some concrete steps could also be taken to reduce non tariff barriers. No precise objective was fixed but an agreement on co-operation and mutual assistance for customs before 1996. This objective was reached and the NTA offered a propitious background for progress in trade relations. The co-ordination between the two main member of the new WTO allowed for the rapid conclusion of an agreement on the information and telecommunication services trade. In April 1997, an agreement was reached between the United States and Europe on the bothersome problem of the Liberty Act and the sanctions against Iran and Libya.

Still it was difficult to know if it was just a good climate or a real change in the relation<sup>8</sup>. Trade liberalisation was taking place anyway all over the world. The words “free trade” or “preferential agreements” had not yet been mentioned.

The acid test was launched again on the European side. In March 1998, the European Commissioner Leon Brittan proposed a “Transatlantic Market Place” where the trade on goods and services would be liberalised. The proposal also included a comprehensive negotiation on public procurements, investments, intellectual property as well as a bilateral mechanism to prevent trade conflicts. The agriculture and audio-visual sectors were excluded from the Commission proposal. But the Brittan initiative meant for the first time a qualitative as well as a quantitative leap in the bilateral relations. It only took a month to the European Council of ministers to reject it

---

<sup>8</sup> There was no progress at all in the defence realm and NATO was still mentioned as the core of the transatlantic relation.

under the impulse of France, but with the support of various other EU members. It is doubtful that the US Congress would have approved an agreement, which excluded two of its priorities in trade negotiations, but with the clear European refusal, the debate was not even open.

Sir Brittan was not discouraged and in September 1998 proposed a "Transatlantic Economic Partnership". This new proposal is not irrelevant. It does offer a harmonisation of the standards and laws in key sectors (agriculture, services, public procurements, and intellectual property) as well as a rapid alert system to avoid trade conflicts. Brittan was given a negotiation mandate in November 1998. But the momentum is lost for several reasons. It is difficult not to see that the mandate is a second best and that certain European governments clearly refuse to grant the US preferential advantages on the European markets as well as an institutional framework which would allow for a common decision process in trade affairs. Whether this refusal is justified or not is another debate but the idea of abolishing the "transatlantic paradox" is not mature yet.

The multiplication since then of bilateral trade problems also made difficult substantial progress. The bananas, the genetically modified organism, the Helms-Burton and d'Amato laws, the hormones prohibition are but the most famous signs<sup>9</sup> of constant tensions which do not create a good negotiation climate. Adding to these frictions, the demotion of the whole European Commission which would be operating fully again only in September, without Leon Brittan, and

---

<sup>9</sup> For example, the EU directive on data protection, applied since October 1998, harmonise the legal framework of the Fifteen as far as access to data through registration offices is concerned. But the data collected in Europe may be electronically shipped abroad. The United States proposes a voluntary approach to data protection among industry groups. It means the elaboration of a "Safe Harbour Principles" which American firms could abide to demonstrate compliance with the UE new rules. The UE does not seem to be convinced that this solution would guarantee the safety of the data. A trade war could be avoided for anyway data flows are taking place although the laws are not similar.

the American presidential election do not offer bright perspectives for significant progresses in the US-UE relations.

## *2.2- The agreement on trade liberalisation and political co-operation with Mexico*

The first agreement on trade Cupertino between Mexico and the EEC was signed in 1975. In 1989, both parts decided to adapt and extend this agreement. They signed a new one after fifteen months of negotiations in April 1991 but it was still limited to trade co-operation. Mexico did not wait one year to realise it was not sufficient to allow for a real trade diversification for the country and asked for a real trade agreement which would consolidate the trade flows. The principle of this new negotiation was officially accepted by both part by the "Paris Solemn Joint Declaration" which was an engagement to open discussions for a new agreement which would not include co-operation but also a political dialogue and a gradual trade liberalisation. After two years of negotiations, a global agreement on Economic Association, political dialogue and co-operation was signed in June 1997. This global agreement allowed an immediate start of trade negotiations allowing a bilateral, **preferential**, progressive and reciprocal trade liberalisation.

Although Mexico did not succeed to avoid a political part and an engagement to free trade, it seemed to have succeeded where the other North Americans had failed. It also succeeded to put the negotiations on a fast track for the Europeans. Similar negotiations have indeed begun with the countries of the Mercosur and with Chile but the ones with Mexico are much more advanced. They are dense - a negotiating round almost every month - but they are also tense. Substantial

difficulties have appeared in all the aspects related to the economic association. It is too early to make an assessment on the eventual result of the negotiations but two things are now certain; the final agreement will not be signed before the end of 1999 and the scope of the liberalisation will be smaller than what both parts expected in a beginning. Mexico will certainly have better a treatment than the US or Canada but certainly a worse one than other developing countries. It remains also to be seen if it is significantly better than what could be achieved in the WTO multilateral negotiations

***Conclusion:***

There is a striking simultaneity in the relations between the EU and the US on one side, Mexico on the other side. Although there were declarations of intentions in both cases, we had to wait until the nineties to see some concrete proposals for real qualitative progresses in both bilateral relations (EU-USA and EU-Mexico). In both cases, the European Union was not the demanding part but it finally took the initiative to make a proposal. 1997 was the year where a real opportunity to change the relation appeared. But whereas this opportunity still exists in the EU-Mexico relation it seems to have vanished in the US case.

It seems it will be difficult to improve in the short run the institutional relations between Europe and the United States in the economic realm. A preferential agreement is now discarded. As a matter of fact, although the US/EU relations are not in crisis, they are not good either and certainly not improving. The difficulty to adapt the old defence relation is not offering a favourable

background whereas the multiple trade disputes give the feeling of a certain tension. For the first time in the history of the modern European Integration, Washington was reserved towards a major project for the Europeans, the single currency.

On the Mexican-UE front, the perspectives look quite different. Both sides are negotiating an economic agreement, both institutional and preferential. This would make a clear distinction between Mexico and its two partners of the NAFTA, the US and Canada, which could never get similar negotiations even started. After all, the negotiations with Europe could not avoid to be made in reference with the United States, at least on the Mexican side. The main motivation for the negotiation was the diversification of the economic and trade relations. For the European also, the proximity of the United States was the main attractive of Mexico. We are talking of the main partner in Latin America but this does not mean very much if one considers the trade currents with other countries in America with which the European Union does not seek preferential agreements.

On the contrary given the difficulties to even conceive a bilateral trade agreement between the EU and the USA, the membership to the NAFTA could be for Mexico more a liability than an asset. It is indeed impossible in the present conditions to foresee a block to block agreement between NAFTA and the UE. First of all because NAFTA as no common external tariff and is thus not a trade block. Moreover all its three members wish to preserve its independence in international negotiations. The United States, and as a matter of fact Canada, have too many trade conflicts with the EU to envisage a comprehensive bilateral trade negotiation. In these conditions, Mexico is bound to remain more of an exception in North America than of a bridge in its relations with

Europe. Its interest is by consequence to stress its Latin American Quality and its uniqueness in North America and not only its membership to NAFTA

In that respect the European decision, not really the Mexican one, remain a puzzle. Mexico does not have the characteristics to be a priority target for having a preferential agreement with the UE. It is neither a European country nor at least a country, which could be included in the European geopolitical or geo economic sphere (as the Mediterranean or the ACP countries are). It is not either part of a regional integration that could be supported by the European Union.

Two elements allow us to be sceptical about a special treatment given to Mexico by the European Union over its two partners in North America. In the first place, the low profile given to the negotiations by the European Union when compared to the negotiations with South Africa, the ACP and naturally the negotiations with Central and Eastern European countries. In Mexico, more attention was given to the negotiations but this could be partly explained by internal reasons and not so much by the interest in the agreement by itself. The negotiation with the Europeans helped to demonstrate that the country had a foreign policy that went beyond its relation with the United States. In a very traditional way in the Mexican foreign politics, Europe was used as a counterweight and an argument in the negotiation with the US. As for the possibilities of the agreement in itself, problems arose almost immediately. These problems were not so much technical they were political. The Europeans made clear that there will be political clauses, in particular concerning the human rights in the agreement, notwithstanding the Mexican reticence based on sovereignty and constitutional respect arguments. Beyond the problems themselves, that

could finally be solved the discrepancies between Mexicans and Europeans were significant for two reasons: they proved that the Europeans were ready to go until the rupture of the negotiation rather than yielding. In this manner, they proved that a rupture of such negotiations would not have such a high price<sup>10</sup>.

One of the main arguments for the European not to break the negotiation with Mexico was the necessity not to lose more ground to the United States on such an important and strategic market. In this respect, Mexico cannot be considered as an exception in North America. The European Union is already visualising the bilateral agreement in close relation with the NAFTA. The low priority it gives to the agreement with Mexico also reflects this fact. If Europe can afford the absence of preferential trade agreement with its most important partner, why should it be different for Mexico? In these conditions, the country could be no bridge but it is less and less an exception in the North Atlantic Relationship. So we can expect a gradual removal of trade barriers, the multiplication of bilateral forums of discussion with no power of decision and thus not really a qualitative and quantitative leap in the EU-Mexico relation. Politically, the chances are even more remote. The only possibility for such a leap would reside in a substantial improvement of the relations between Europe and Latin America, via the Mercosur or Central America. In such case, Mexico would be entitled to claim a comparable relation. It would then have a different pattern than the two other countries of North America. It would then be an exception, but in any event, no bridge.

---

<sup>10</sup> They broke the negotiations in a similar way with Australia.