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Meeting of the EEC-Mexico Joint Commission

The fifth session of the EEC-Mexico Joint Commission will take place in Mexico City on 5/7 December 1984. The delegations will be led on the Community side by Commissioner Richard BURKE and on the Mexican side by Mr Bernardo SEPULVEDA, Minister of Foreign Affairs.

Among the points on the agenda are an exchange of views on trade cooperation including the Community's trade promotion programme for Mexico and Mexico's use of the Generalised System of Preferences.

At the point, economic cooperation, the parties will carry out a preliminary analysis of the results of the industrial cooperation meeting which will by then have taken place in Guadalajara. The two sides will also discuss how the cooperation in energy matters can be further developed as well as taking note of the emerging cooperation in the research field.

## DEVELOPMENT OF EC-MEXICO RELATIONS

The Community has always attached great importance to its relationship with Mexico, both because of her position within Latin America and because of the leadership role she has assumed in the North/South Dialogue. This relationship has been deepened by visits at ministerial level, notably that of Commission President Gaston E. THORN in January 1983.

### EC-Mexico Agreement

Formal relations between the Community and Mexico are regulated by the Agreement which was signed on 15 July 1975 and came into force in November of the same year. This agreement, which was one of the earliest of its type, was aimed at developing an economic and commercial cooperation between the two partners.

The main features of the agreement are:

- Both sides grant each other the benefit of the GATT Most Favoured Nation clause.
- The Joint Commission set up by the agreement will examine ways of increasing trade between the parties, notably through trade promotion measures.
- It will also encourage contacts between economic operators in the two regions as part of a broader mutually beneficial economic cooperation.
- In the Preamble both sides express their desire for a more balanced bilateral trade.

The practical cooperation foreseen by the agreement was slow in getting off the ground. However, following the talks between Commission President Gaston E. Thorn and Mexican President Miguel de la Madrid during the former's visit to Mexico in early 1983 and the meeting of the Joint Commission in December of the same year cooperation, particularly in the economic field, was intensified.

Among the achievements so far are:

#### - Industrial Cooperation

An essential aspect of the Community's view of industrial cooperation is that the economic operators should as far as possible be brought face to face. In this light, the Commission and the Mexican authorities have organised "Meetings" in Guadalajara from 3 to 5 December 1984 where some one hundred European firms armed with concrete proposals have come to talk directly to their potential Mexican partners about future cooperation.

### Energy Cooperation

A number of projects are already underway or are about to begin in the field of energy cooperation. The main projects so far have been:

- The development of instruments and of a methodology for evaluating energy demand in Latin America.
- Technical assistance in the field of geothermal energy.
- Two studies into the rational use of energy and energy policy.
- The creation of reliable instruments for the evaluation of the demand and supply of energy (data banks, models, forecasting).

Total budgetary commitments so far in favour of energy cooperation with Mexico have exceeded 1 MECU.

### Research Cooperation

In this area cooperation is basically of two types, direct and indirect. In direct cooperation a research institute from Europe will join together with one from Mexico to carry out a joint research project while in indirect cooperation research institutes from several countries join together for an action which is of interest to them all.

In the case of Mexico the direct action was translated into a joint research programme by a European and a Mexican institute in the field of tropical agriculture. This project entitled "Conversion of tropical agricultural production into animal feed by fermentation" is aimed at finding better use for the waste products of tropical agriculture, such as leaves, by turning them into animal feed and thereby reducing import requirements for grain.

Other projects for indirect action are also underway. The selection procedure for a further round of projects of interest to Mexico is nearing completion.

### Textiles

In the framework of the Third Multifibres Arrangement the Commission and the Mexican authorities have negotiated a bilateral agreement covering access for Mexican textiles and clothing in the period 1983-86. In return for a certain self-restraint in her exports, Mexico receives guarantees of access to the Community market for these products.

### Structure and Development of Trade

Trade between Mexico and the Community has traditionally shown a clear surplus for the Community and this imbalance was recognised in the framework agreement. Until 1982 this surplus showed a tendency to increase since the Community's exports were rising, due to the requirements for capital goods in the Mexican development programme. However in 1982 this situation was reversed due to a sharp drop in Mexico's imports caused by the recession while her exports, mainly oil, jumped by more than a quarter resulting in a small surplus for Mexico.

The following year the Community's exports suffered a further drop due to the effects of the recession on the Mexican economy. However, early indications for 1984 suggest that Mexico is beginning to import again as signs appear that the worst of the recession is over.

Mexico accounts for about 1% of the Community's external trade while the Community is Mexico's second largest trading partner after the United States.

The Community's main imports from Mexico in 1983 were oil (73%), silver, metal ores and coffee; EC exports were mainly machinery and transport equipment, chemicals, iron and steel and metal manufactures.

#### Trade between the Community and Mexico (million Ecus)

	1975	1977	1979	1981	1982	1983	1984 (3 months)
EC Imports	323	434	450	1974	2503	2762	765
EC Exports	969	801	1549	3200	2468	1776	518
EC Balance	646	367	1099	1226	- 35	-986	-247

Source: EUROSTAT

(\*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.