

## Trade policy and dependency

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In recent weeks Mexico's government has begun to undertake a strategy of trade diversification in response to the protectionist threats from US President Donald Trump, because it seems that they have finally realised the fact that the Mexican economy is highly focussed and dependent on the US. The success of this new national policy will depend largely on the scope and content of the agreements that Enrique Peña Nieto's administration manages to sign with other nations.

By way of example, this very week a series of meetings and negotiations are taking place in Brussels, Belgium, to renew and update the Fair Trade Agreement between the European Union and Mexico (FTA EU-MX). The deals and commitments that the Mexican government is able to secure will be crucial to Mexico's future economic and political activity, and to breaking with our heightened trade dependency on our northern neighbour. The authorities will have to disclose and share the progress and commitments that come out of these talks and submit them for public consultation and approval, before they sign.

Something that could be at stake is whether there is respect for our sovereignty and control over key national industries, such as extractive industries like energy and mining, advanced technology in computer sciences and electronics, farming and agricultural raw materials, intellectual property, services, transport and acquisitions in the public and private sectors. European countries have a real interest in all of these areas, and have even already made investments in our country. The ambitions of multinational companies in Europe are really not going to be that different from those of their American counterparts, or indeed of anywhere else in the world.

This is why it is paramount to take a very close look at who we choose to associate ourselves with, what our aims and objectives are, and to assess clearly what the opportunities and expected benefits for the Mexican population would be. It is also imperative that the agreements signed be transparent, and that all deals are respectful of labour rights and human rights.

Not long ago Canada had a robust internal debate during its recent negotiation and exchanges with Europe, marking their Free Trade Agreement. They were obliged to make



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significant changes to the agreement in response to pressure from public, political and trade union organisations, given that it is a democratic country with high standards on transparency, clear rules against corruption and legislation that protects labour, human and environmental rights. Even with these foundations of legality and transparency, the deal was close to being approved<sup>1</sup> and it is still yet to be ratified by the European nations.

On the one hand, Mexico is a country that is seriously deficient in these areas, meaning there are no guarantees that the free trade agreement with Europe will be signed at all, and even less so if they fail to include a key chapter about respect for the human and labour rights of all Mexicans. It would be a serious error to go from one trade dependency, as we have now, to another one, based on the same brazen and indiscriminate exploitation of Mexico's natural resources and work force. This is our chance to protect our country's industries, countryside and all of our economic activities. We must not allow inequality and poverty to increase, whether now or in the future, without first having established solid foundations of healthy and balanced growth to strengthen the national economy, equality, democracy and prosperity of all Mexicans.

On the other hand, the situation in Europe, the cooling of trade relations with the United States and the interest these countries have in expanding their activities have all suggested that they may open up to new markets such as Mexico, Mercosur or Japan, which will also contribute to compensating for the United Kingdom's exit from the European Economic Community (EEC) thanks to the infamous *Brexit*, which has now formally begun, although this divorce process will take two years to complete, by 29<sup>th</sup> March 2019. Britain, for its part, has recently declared that it will prioritise Mexico going forward, and that it will be looking to establish broader and deeper links between both countries.

This situation exists in the context of a series of threats made by Trump's government against Mexico's trade policy and interests. However, our country's political leaders must resist the pressures from the north and develop an alternative domestic economic policy that is more effective, nationalist and equitable, in order to take advantage of this global trade war situation to extricate itself, and in several places this has started to happen already.

Perhaps it's a good sign that the Trump's administration indicated to Congress that he intends to seek to make minor and modest changes to the North American Free Trade Agreement between Canada, the US and Mexico, allowing the three nations to impose tariffs

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<sup>1</sup> Translator's note: I think this may be an error in the original, and would suggest a "no ser aprobado" makes more sense, or in English "was close to not being approved"

The logo for La Jornada, featuring a stylized sunburst or gear-like symbol on the left, composed of a circle with a smaller circle inside, and a series of triangles radiating from the left side.

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when the indiscriminate opening up of imports presents a threat to their national industries. Is this the beginning of a change in the deteriorating trade relationship, or a provisional way out of the new global economic situation? Will the Mexican government be able to benefit from this apparently new strategy, or will it repeat the same mistakes as in the past? We'll soon see.