

DIRECTORATE-GENERAL FOR EXTERNAL POLICIES  
POLICY DEPARTMENT



# THE MODERNISATION OF THE EUROPEAN UNION- MEXICO 'GLOBAL AGREEMENT'

AFET





**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION**

**DIRECTORATE B**

**POLICY DEPARTMENT**

**STUDY**

## **THE MODERNISATION OF THE EUROPEAN UNION- MEXICO 'GLOBAL AGREEMENT'**

### **Abstract**

Signed in 1997 and in force since 2000, the Economic Partnership, Political Coordination and Cooperation Agreement, known as the 'Global Agreement', is the cornerstone of the legal framework for relations between the European Union (EU) and Mexico. Currently, the EU and Mexico are exploring possible ways to update and modernise the Agreement, to factor in the transformations that have occurred in the past decade and half.

The study addresses how the EU-Mexico relationship has evolved since the entry into force of the Agreement in 2000 and evaluates the results achieved within each of its three main areas (political dialogue, cooperation and trade), as well as in the EU-Mexico Strategic Partnership from 2008. Against that background, it assesses the options for updating the Agreement and provides specific recommendations in this regard.

The study focuses in particular on the EU-Mexico Joint Parliamentary Committee (JPC), the forum for institutionalised interparliamentary dialogue between the European Parliament and the Mexican Congress. The study examines the JPC's role in monitoring the implementation of the Global Agreement and EU-Mexico relations in general, and sets out recommendations to improve the Committee's performance and to strengthen its participation in the process of modernisation of the Agreement.

This study was requested by the European Parliament's Committee on Foreign Affairs.

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## LIST OF ABBREVIATIONS

AA	Association Agreement
ACTA	Anti-Counterfeiting Trade Agreement
AMEXCID	Mexican Agency for International Development Cooperation ( <i>Agencia Mexicana de Cooperación Internacional</i> )
BITs	Bilateral Investment Treaties
CELAC	Community of Latin American and Caribbean States ( <i>Comunidad de Estados Latinoamericanos y Caribeños</i> )
CEMEX	<i>Cementos Mexicanos</i>
CFE	Federal Electricity Commission ( <i>Comisión Federal de Electricidad</i> )
CIFCA	Copenhagen Initiative for Central America and Mexico
COFECE	Federal Commission for Economic Competition ( <i>Comisión Federal de Competencia Económica</i> )
COP	Conference of the Parties
CSD	Civil Society Dialogue
ECLAC	Economic Commission for Latin America
EEA	European Economic Area
EEAS	European External Action Service
EESC	European Economic and Social Committee
EP	European Parliament
EU	European Union
FDI	Foreign Direct Investment
FONCICYT	International Cooperation Fund in Science and Technology ( <i>Fondo de Cooperación Internacional en Ciencia y Tecnología</i> )
GA	Global Agreement
GHSI	Global Health Security Initiative
GDP	gross domestic product
IEF	Index of Economic Freedom
IFT	Federal Telecommunications Institute ( <i>Instituto Federal de Telecomunicaciones</i> )
INEGI	National Institute for Geography and Statistics ( <i>Instituto Nacional de Estadística y Geografía</i> )
JCC	Joint Consultative Committee

JPC	Joint Parliamentary Committee
NAFTA	North American Free Trade Agreement
NGOs	non-governmental organizations
PAN	National Action Party ( <i>Partido Acción Nacional</i> )
PEMEX	<i>Petróleos Mexicanos</i>
PPP	purchasing power parity
PRI	Revolutionary Institutional Party ( <i>Partido Revolucionario Institucional</i> )
PROTLCUEM	Project for the Facilitation of the Free Trade Agreement between Mexico and the EU ( <i>Proyecto de Facilitación del Tratado de Libre Comercio Unión Europea-México</i> )
PROCEI	Competiveness and Innovation EU-Mexico Programme ( <i>Programa de Competitividad e Innovación México-UE</i> )
RMALC	Mexican Action Network against Free Trade ( <i>Red Mexicana de Acción Frente al Libre Comercio</i> )
SMEs	Small and Medium Enterprises
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
TTIP	Transatlantic Trade and Investment Partnership
UN	United Nations
UNAM	National Autonomous University of Mexico ( <i>Universidad Nacional Autónoma de México</i> )
UNFCCC	UN Framework Convention on Climate Change
USA	United States of America
WTO	World Trade Organisation

## EXECUTIVE SUMMARY

Signed in 1997 and in force since 2000, the Economic Partnership, Political Coordination and Cooperation Agreement, known as the 'Global Agreement' (GA), is the cornerstone of the legal framework within which relations between the European Union (EU) and Mexico have developed. Now, Mexico and the EU are looking at ways to update and modernise the GA to factor in the transformations that have occurred in the past decade and half. The overall objective of the study is to analyse and evaluate the implementation of the GA between the EU and Mexico, and to make recommendations that can help strengthen their partnership.

The study is divided into five main chapters. The first chapter focuses on the transformations of the EU and Mexico from 2000 to 2014 by assessing whether both players have implemented policies that reflect a similar direction or orientation. While the EU and Mexico are committed to continue designing and implementing policies embracing free markets and democracy, the implementation of some policies in Mexico in areas, such as rule of law or combating corruption, are still a matter of concern for both parties. The 2008 Strategic Partnership, which complements the GA, reinforces the political willingness of Mexico to address the problems in such areas by developing dialogues with the EU and by bolstering the bilateral relations to share common position in international organizations.

The second chapter reviews the evolution of the EU-Mexico relationship based on the three pillars of the GA. The political dialogue of the 2000 EU-Mexico agreement, the first pillar, has offered a flexible framework of cooperation to address the changing of the international, regional, and bilateral agenda. As a result, the political dialogue has evolved de facto from the debate on democracy to the practices of good governance and both parties have developed mechanisms to hold permanent dialogues in priority areas, convey political solidarity and coordinate positions at the international level. The political dialogue of an updated GA will contribute to consolidate the progress in this area. The economic partnership of the GA, the second pillar, has provided a setting to increase trade and investment significantly. However, the gravitational centre of the transformations of the global economy has moved from tariffs that were a main source of concern during the original signing of the agreement to non-tariff obstacles, therefore creating a need for new regulatory frameworks and policies to increase competitiveness. In the area of cooperation, the third pillar of the GA, the main challenge is how to consolidate the achievement of successful programmes and address the new priorities of cooperation with significantly less economic resources. These three elements are together essential in designing of a modernised EU-Mexico GA.

The third chapter focuses on the EU-Mexico civil society dialogue held since 2002 and the active role that civil society has played in monitoring the bilateral relationship. The formal inclusion of mechanisms for civil society dialogue in a modernized GA, in line with the EU-Chile and EU-Central America association agreements, would not only acknowledge that role, but also enhance the inclusiveness and transparency of the agreement.



The fourth chapter focuses on the role of the EU-Mexico Joint Parliamentary Committee (JPC), which is the forum for institutionalised interparliamentary dialogue between the European Parliament (EP) and the Mexican Congress. Since its creation in September 2005, the JPC has participated in the discussion of the EU–Mexican relations, particularly with regard to the implementation of the GA. This part of the study is a response to the commitment by the JPC to form part of the process of modernisation of the GA. In this context, the JPC is analysed with two aims: (i) to examine and assess its role in monitoring EU-Mexico relations and the implementation of the GA and (ii) to make recommendations to improve its performance and strengthen its participation in the process of modernisation of the Agreement and EU-Mexico relations in general.

The analysis shows that the EU-Mexico JPC suffers unequal treatment compared to the JPCs established directly in similar agreements, since it lacks a binding legal basis that includes it within the institutional framework of the agreement and its mechanisms for political dialogue. In practice, the JPC carries out several kinds of activities and pursues several objectives, as its individual delegations have. Added to the working methods of the JPC, this has allowed a broad use of the forum beyond participation in the monitoring and implementation of the GA, although it has occasionally diminished the depth and continuity in its activities. The JPC has mainly focused on assessing the implementation of the GA and using the forum to gain knowledge of the political, economic and social situation in the EU and Mexico, through the exchange of first-hand information with key actors. The JPC has also frequently been used by its delegations as a platform for expressing their views on a number of international matters outside the sphere of EU–Mexico relations. Likewise, the JPC has sought to become a mechanism for bringing citizens closer to the development of the GA.

The European and Mexican executives have cooperated with the JPC since its creation, albeit separately and not jointly through the EU-Mexico Joint Council or Joint Committee. Cooperation has focused on providing information to the JPC on the development of EU–Mexico relations. However, the executives have not integrated the JPC into the work of the Joint Council and the Joint Committee. In this regard, the JPC's participation is focused on making the joint declarations that it adopts at the end of its meetings available to the executives. Ensuring that these declarations have a real impact on relations is a task that still has to be carried out. It also seems evident that the parliamentary and the executive spheres do not hold the same view on the role that the JPC should play in EU–Mexico relations.

The modernisation of the GA is a unique opportunity to strengthen the role of the JPC and to optimise its working methods. Likewise, it opens the door for the JPC and the executives to work more closely on already institutionalised formulae and explore new forms of cooperation. It is important that the JPC should form part of the process of modernisation of the GA in view of its functions as representing the European and Mexican citizens and ensuring democratic control.

The fifth chapter of the study includes a number of recommendations that could be considered for the negotiation of an updated and modernized EU-Mexico GA. Six premises are considered pertinent for the negotiation: a) it should be based on realistic commitments of the parties; b) it should reinforce effective practices of current cooperation; c) it should provide a long term perspective; d) it should be based on previous learning experiences; e) it should encourage

policies oriented towards strengthening free markets and liberal democracy; and f) it should reduce the 'performance gap' between the EU and Mexico. The modernisation of the GA would benefit from considering, *inter alia*, the following recommendations for each one of its three main areas:

#### *Political Dialogue*

- Provide a strategic vision to the political dialogue.
- Adopt the main premises of the EU-Mexico Strategic Partnership through a multidimensional conception of the items on the agenda.
- Add components of good governance to the agreement's democracy clause.
- Reinforce common strategies in international *fora*.
- Continue the policy of flexibility for facilitating the adaption of the bilateral relationship to the emerging regional and global challenges.
- Avoid the risk of an increasing number of mechanisms of dialogue by organising the high-level dialogues around a limited number of thematic nodes.

#### *Economic Partnership*

- Focus the economic partnership on two broad areas: competitiveness and growth.
- Promote the development of clusters of production and innovation in Mexico.
- Find more economic commonalities and opportunities, *inter alia* by taking advantage of the economic and political reforms in Mexico and the EU, including the opportunities offered by the 2013-14 economic reforms in Mexico.
- Continue collaboration to harmonise standards in order to facilitate trade and investment.
- Strengthen cooperation in order to improve the implementation of Mexico's intellectual property right laws.
- Explore the possibility of opening the participation of EU companies in public procurement at the state and municipal levels in Mexico.
- Promote regional chains of production and observe the regulatory evolution in the framework of the negotiations of the EU-USA Transatlantic Trade and Investment Partnership (TTIP).

#### *Cooperation*

- Organise multiple areas of cooperation around two overarching spheres: sustainable development and good governance.
- Promote cooperation in areas such as migration, natural disasters and government accountability.
- Develop an innovative mechanism of coordination for additional funding for cooperation programmes.
- Implement triangular cooperation with third countries or regions.
- Develop the assessment of cooperation programmes based not only on the number of actions, but also on the effects on the recipients.
- Consolidation of the Mexican Agency for International Development Cooperation (*Agencia Mexicana de Cooperación Internacional*, AMEXCID).

- Increase and continue multidimensional and plural programmes such as the Social Cohesion Laboratory.

In the institutional area, in order to enhance the inclusiveness and transparency of a modernised GA, the study recommends considering the creation of a Joint Consultative Committee (JCC), integrated by civil society representatives, and in general to improve the scope for consulting with civil society organisations on the design of cooperation programmes.

To improve the performance of the JPC, its participation in EU-Mexico relations and in the process of modernising and updating the GA, the study recommends to establish a legal basis for the Committee, which describes the JPC's tasks, rules of procedure and competencies in relation to the EU-Mexico Joint Council and the Joint Committee, incorporating it as a part of the institutional framework of the GA. Likewise, the JPC should determine what role it wishes to play in EU-Mexico relations and clarify its task, and also review its working methods and interaction with the executives. A second group of recommendations put forward initiatives related to parliamentary cooperation and the JPC's functions of scrutiny and representation during the process of modernisation of the Agreement.

## 1. CLOSER OR DISTANT INTERNATIONAL ACTORS?

From the euphoria of the early 1990s globalization of the North Atlantic economic and political model, to the security-centred international agenda following 2001 and the weaknesses of the global economic model since 2008, the post-Cold War international society has been in steady transformation. During the last 25 years, the relations between Mexico and the European Union (EU) have evolved as a result of the complex interrelationship between the trends of the international agenda and the domestic preferences of each of these two political entities. In light of these transformations, has the partnership between the EU and Mexico become closer or more distant since the turn of the century?

This inquiry is significant in order to explore the potential modernisation of the Economic Partnership, Political Coordination and Cooperation Agreement, known as the 'Global Agreement' (GA) between the EU and Mexico.

The Agreement, which was signed on 8 December 1997 and entered into force on 1 October 2000, was the EU's first partnership agreement with a country in Latin America, and the first to create a free-trade area. In contrast to other significant agreements in the Western Hemisphere - particularly the North American Free Trade Agreement (NAFTA) between Mexico, Canada and the United States of America (USA), which came into force on 1 January 1994 - it included not only the liberalisation of trade, but also institutionalised political dialogue and broadened cooperation to a vast range of different areas.

The leading assumption of this analysis is that the GA is more than a formal agreement since it entails rules, norms, and practices implemented by both actors. As any other international treaty, the GA is significant from two different perspectives. The first is that the formalisation or legalisation of the EU-Mexico relationship in the GA is not exclusively the beginning of a new stage of their bilateral interactions, but a continuation of previous policies and practices where both parties found a common ground. Simply put, the negotiation of the GA in the second half of the 1990s was, *inter alia*, already the acknowledgment of policies that served as a platform and incentive for deepening the relationship and the GA was a means to consolidate or lock-in such policies and commitments. The second perspective, again as a part of a broader scope of the relationship, is that the GA was conceived as a lever to achieve specific goals and, in some cases, revitalise bilateral political, economic and cooperation exchanges. 14 years after the GA came into effect, Mexico and the EU have reached the consensus of reviewing the relationship and finding new avenues for deepening mutual exchanges.

This chapter aims at analysing the transformations that both international actors have experienced in the past 14 years. It questions whether both players have moved into different directions so that the prospects of any modernisation to the agreement could produce limited positive impact. Conversely, if the orientations of both actors' policies are closer than a decade and a half ago, the modernisation of the GA is set to meet the best forecast of Mexican and European negotiators. In order to explore these assumptions, the following sub-section will look at the orientation or direction of the policies in Mexico and the EU. The second sub-section will review some general indicators to observe the performance of Mexico in comparison to EU member states.

## 1.1 The EU and Mexico since 2000: Similar policy orientations

Since the days when Mario Vargas Llosa coined the phrase ‘Mexico, perfect dictatorship’,<sup>1</sup> the Aztec nation has carried out profound and comprehensive transformations aimed at consolidating the open economy model, improving democratic standards, and increasing the living conditions of its inhabitants. Freedom for political participation and contestation has gradually become part of the Mexican political culture, and reforms have made political institutions more accountable. While the general trend of the Mexican political system points to the strengthening of institutions, electoral democracy and free market, there are still challenges to overcome: income inequality remains one of the highest in the world, the government faces difficulties to provide effectively basic citizen security in several regions of the country, consensus is hard to reach in the legislative power, political parties have eroded their legitimacy and the judiciary and police still confront deep seated practices of corruption (Martinez-Gallardo 2013).

From the economic perspective, Mexico has implemented sound policy frameworks since the mid-1990s, which have resulted in developing favourable financial conditions that have supported national economic activity. Placed as the second largest economy in Latin America and closely integrated with the industrial production of the USA, Mexico was resilient to the 2008 economic crisis and subsequent financial turmoil in Europe. While not as spectacular as other emerging economies such as India or China, the Mexican economy has steadily grown for the past two decades and has accumulated large international reserves that provide a buffer for managing volatility in the exchange and interest rates, which are largely driven by market forces. Starting in 2013, the Mexican Congress has passed a series of long awaited structural reforms in the area of energy, telecommunications, and finance boosting the expectations for new investments (see table 1). As an acknowledgment of the recent innovations in the Mexican economy, the credit rating agency Moody upgraded the Mexican sovereign debt rating from Baa1 to A3 in February 2014.<sup>2</sup>

While all of these policies safely place Mexico as a consolidated free market economy, the trickle-down effect has been limited. Economic growth has been insufficient to meet the demand of new jobs and inequality remains one of the highest in the Western Hemisphere. According to World Bank figures, the number of Mexicans living in poverty in 2012 was 52.3 % of the country’s total population, while 10.4 % was in extreme poverty; this despite targeted social protection programmes such as the *Oportunidades*, transformed into *Próspera* in September 2014, a conditional cash transfer initiative, and the *Seguro Popular* universal health insurance (World Bank 2014). Under different metrics, the Economic Commission for Latin America (ECLAC) calculates that the percentage of Mexicans living in poverty and indigence was 37.1 % and 14.2 %, respectively, in 2012; this indicates an increase in comparison to 2006, when those numbers stood at 31.7 % and 8.7 % (ECLAC 2014).

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<sup>1</sup> A combination of democratic and authoritarian practices that guaranteed stable, effective government with minimal oppression.

<sup>2</sup> Moody’s Corporation, often referred to as Moody’s, is the holding company for Moody’s Investors Service, a credit rating agency, and Moody’s Analytics, a provider of financial analysis software and services. It was founded in 1909. The rating scale is the following from highest to lowest: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C.

After the Revolutionary Institutional Party (*Partido Revolucionario Institucional*, PRI) ruled for more than seven decades, three presidential elections have taken place in Mexico (2000, 2006 and 2012). The National Action Party (*Partido Acción Nacional*, PAN) won the elections in 2000 and 2006, while a reinvented PRI was brought back to power in the 2012 presidential election. These three elections have helped to consolidate the Mexican transition to democracy. The creation of the Federal Electoral Institute (*Instituto Federal Electoral*, IFE) in 1990 contributed to strengthen the impartiality, certainty, transparency and legality of federal elections. The most recent Constitutional reform in political-electoral matters, approved in December 2013, redesigned and transformed the IFE, an authority of federal character, into the National Electoral Institute (*Instituto Nacional Electoral*, INE), in order to standardise the rules by which the federal and local levels ensure transparency and professionalism in the organization of elections. Likewise, the reform will allow senators to run for two six-year terms, members of the Chamber of Deputies for four three-year terms, and mayors to run for two three-year terms. However, similar to other new electoral democracies in the world, Mexican democracy still faces problems related, among others, to illegal use of economic resources in elections or to the excessive role of powerful interests such as media conglomerates or dominant interests groups in the policy making process.

While the implemented policies to improve the economy and democracy indicate positive trends, the threat to public security, related to the violence sparked by drug trafficking and organised crime organizations, has overshadowed some of the major achievements of the Mexican government. Between 2007 and 2013, it was estimated that Mexico's drug war had caused 70 000 deaths (Thomson 2013). The government was able to contain the activities of drug trafficking organizations for decades, but the confluence of several factors produced an environment for confrontation and violence escalation including, among others, the following: disruption of traditional arrangements between some sectors of the political elite with organised crime as a result of the democratisation of the country, breaking up of the two main major Colombian cartels, turf wars among the seven main Mexican cartels, proliferation of local mini cartels, the interdictions of traditional supply routes of illegal drugs and tightened up of security measures of the US southern border (Bow and Santa Cruz 2013, Gratius 2012). While the Administration of President Vicente Fox (2000-2006) made some changes to deal with the problem, the government of President Felipe Calderon (2006-2012) waged a military frontal war against cartels that were seeking to seize and maintain control over several areas of the territory. The government of President Enrique Peña Nieto, who took office on 1 December 2012, has continued the military approach to the conflict, but simultaneously emphasizing the role of development as a tool to break the vicious circle of poverty and organised crime, and implementing measures to contain other unexpected effects of the violence such as the emergence of the vigilante "self-defence" groups in the Michoacán state. While the Peña Nieto Administration has also scored important victories against drug trafficking (such as the arrest of Joaquin 'El Chapo' Guzman in February 2014, who was considered the world's most powerful drug kingpin), it is still uncertain whether his administration will be able to reduce the levels of violence in the long term – particularly following events such as the killing of 43 students in Ayotzinapa in September 2014, which reflects not only the presumably complicity between local authorities and criminal organisations, but also that these links are not isolated events.

The EU has also experienced several transformations in the past 15 years. Not only has the number of member states increased from 15 to 28, but the EU has also become more diverse by adding several historical, political and economic traditions to the complex process of integration, particularly after 2004. Likewise, the Euro has proved to be resilient to the protracted crisis, and the number of EU members that has adopted the currency has increased from 12 to 18. From an institutional perspective, the Treaty of Lisbon has enabled the streamlining of the policy making process in the EU. All of these transformations have resulted in a wider and deeper integration process, but not without critical debates, policy controversies, and tensions between states and regional projects.

The economic recovery in Europe has been sluggish due to a combination of multiple factors including, but not limited to high debt, financial fragmentation, uncertainty for investment, and difficult structural adjustment. Contrary to the forecast of a weakening of the integration in the EU, the coordination of policies between the regional and the state levels have solidified in concrete actions such as the 2013 Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (popularly known as the 'fiscal compact'), which aims at strengthening fiscal discipline in the Euro area through the balanced budget rule and a correction mechanism, and the steps towards an EU Banking Union. The economic rebound in some emerging markets and a stronger growth in the USA are two factors driving the world economy and contributing to the European economic recovery. However, the European economy remains fragile and shows very slow recovery in areas such as unemployment, especially youth unemployment, and a lack of dynamism in the economic growth of some member states (European Commission 2014).

Similar to other regions, democracy in Europe needs to be reinforced on a daily basis and liberal democratic practices still face challenges particularly in some of the most recent EU member states. From setbacks to freedom of press and concentration of power in the executive branch, to accusations of illegal financing in presidential elections, some member states are finding problems in maintaining the high standards of democratic practices set forth by EU. At the European level, the EU democratic deficit entails more complex elements due to the supranational and intergovernmental nature of the EU, but progress has been made in enhancing people's voice through the European Parliament (EP), which has become a stronger EU institution and exercised, for instance, its Lisbon Treaty power to overwhelmingly reject an international trade agreement for the first time in 2012, the Anti-Counterfeiting Trade Agreement (ACTA). However, more steps still need to be put forward to incentivize citizens to participate more actively in the European elections - the total turnout in the 2014 May elections to the EP was a mere 42.5 %.

In the area of external relations, there is a simultaneous and to some extent contradictory process. On one hand, the EU has strengthened its role as an international actor, but with some limitations, through more efficient institutions such as the European External Service Action (EEAS); on the other hand, the perennial problems of differences, clash of interests and hesitation of the member states to act decisively, particularly in times of crisis, limit a more timely external voice. The combination of both dynamics has increased, as a general tendency, the profile of the EU in long-term policy areas of cooperation, mediation and soft diplomacy: for instance, the EU played a significant international role in the 2013 mediation between Belgrade



and Pristina, consolidated the policies of enlargement in the Balkans, while it has provided the humanitarian assistance for Syrian refugees, combatted against piracy off the coast of Somalia and in the Indian Ocean through EU NAVFOR.

Based on the analysis posed in the preceding lines, Mexico and the EU have a common thread of developing policies at strengthening free markets and liberal democracy. In the economic area, Mexico has continued strengthening its open market economic model, while the EU is restoring its pillars to get back towards the path of growth. In the area of democracy, Mexico has adopted policies that aim at consolidating the transition to democracy and the EU has become a more diverse entity with countries of various democratic practices. In sum, from the perspective of the orientation of policies, Mexico and the EU have grown closer since 2000.

## **1.2 Reducing the performance gap**

The GA involves two political entities, a state and an integration process composed of 28 member states, endowed with different resources. This is not atypical in international relations; in fact asymmetrical relations are the norm rather than the exception. While all states are equally sovereign from the legal standpoint, all states are also different based on their endowment of resources and capacities to produce welfare, making asymmetrical relations an inherent condition of international society. In the case of the EU-Mexico relationship, the asymmetry is magnified by the fact that the EU is a conglomerate of 28 states embarked on an integration process, and Mexico is a country that has consolidated a long term project based on free markets premises and liberal democratic principles, but is still in the process of building solid institutional pillars that can increase the living conditions of its citizens to step up to another level of development.

The asymmetric relationship between the EU and Mexico is relatively unproblematic when it is understood as a condition of international relations. What is more challenging is the performance gap between the asymmetrical partners. Rather than economic size or military might, it is the effective performance of states, determined by their capacity to accomplish their objectives, tasks and functions in a world dominated by free markets and liberal democracy, which allows them to benefit from the relations with other states. The general trend is that countries that effectively implement good governance policies will be more inclined to raise the living conditions of their citizens, although this varies from case to case. For example, China has moved forward rapidly on economic policies, but is lagging behind in political reforms, while India has been labelled the largest democracy in the world, but has found obstacles to effectively match the pace of economic reforms with its insurmountable population growth. In the Western Hemisphere, Mexico and Brazil have embraced good governance policies in the political, economic and social areas; however, the full-fledge implementation has been problematic, preventing both countries to break away from deep-rooted disruptive traditions and reduce high inequality more effectively.

The GA between the EU and Mexico is more than a free trade agreement. While the economic part of the GA may be the spinal cord of the relationship, the GA is also significant to foster political dialogue and cooperation. In this regard, the focus then is about how both actors perform in the areas of democracy, human rights, or poverty alleviation, which falls within the interest of both the EU and Mexico; and hence, the relevance of the performance gap in the



modernisation of the agreement. While the orientation of the policies between the EU and Mexico is, to some extent, in the same direction and produces a positive synergy in the bilateral relationship, the obstacles for an effective performance or implementation of policies may open a debate on how to improve the bilateral political dialogue and the cooperation.

The modernisation of the GA can maximize the interests of both actors if they clearly understand one another, identify and develop a common strategy to move forward in the coming years. Finding the areas where the performance of good governance is effective or not will guide negotiators to produce better outcomes and allocate human, technical, and economic resources more efficiently. In order to illustrate how Mexico and the EU have performed in a limited number of variables significant for good governance policies over the past decade, a methodological consideration should be taken into account. A comparison between the EU and Mexico would be imprecise, not only because both actors are different political entities, but also because the performance of the EU in areas such as democracy, good governance, or competitiveness is the aggregate of its member states. In this regard, comparing the performance of Mexico and the 28 EU countries will allow a more accurate assessment of whether Mexico performs better or worse than its EU-member peers. This comparison aims only at providing an overview of the performance of EU members and Mexico in a few different policy areas in order to have an insight into how these two actors have evolved in the past decade.

One of the main challenges Mexico faces in comparison to the 28 EU members is the capacity of its economy to meet the expectations of the demographic growth. Three economic indicators may help place Mexico in the context of the EU member states. The size of the population in Mexico is around 121 million, far larger than the 80 million in Germany or the 66 million in France or 64 million in the United Kingdom. However, when the rubric of comparison is economic size, the gross domestic product (GDP) (in purchasing power parity (PPP)) of Mexico is USD 1.2 trillion, locating Mexico between Spain, with a GDP of USD 1.3 trillion and a population of 47 million, and the Netherlands, with a GDP of 0.8 trillion and a population of around 17 million. When the GDP per capita metric is used for comparison, the economic capacity of Mexico drops dramatically: in 2013, the only two EU countries with a lower GDP per capita than Mexico (USD 10 317) were Romania (USD 9 499) and Bulgaria (USD 7 296) (see table 2).

Mexico's positive performance in the economic realm within the last decade and a half is in stark contrast to the deteriorating governing and rule of law performance during the same time. One of the systematic indicators used to compare the economic performance is the Heritage Foundation's Index of Economic Freedom (IEF), which measures economic freedom based on ten quantitative and qualitative factors. The IEF from 2000 and 2014 reflects the strides made by the Mexican economy in the past decade. Overall, Mexico has improved its ranking, moving up from place 80<sup>th</sup> in 2000 to 55<sup>th</sup> in 2014 (see table 3). The improvement in the ranking can be attributed to a better performance in several of the ten components of the IEF, among others a 40 % increase in the business freedom scores between 2000 and 2014, which now puts Mexico above Austria in ranking. While the investment freedom score remained the same, the improvement of the fiscal score by 10 % places Mexico higher than most countries of Northern Europe. The labour freedom score was the only indicator that declined by a margin of 5% between 2000 and 2014. However, the positive development in economic sphere has been shadowed by Mexico's performance in the political and governance domain. Based on the

World Bank Governance Indicators, Mexico's 'Political Stability and Violence Score' declined dramatically between 2000 and 2012, reflecting the increased violence relating to drug cartels (see table 4). At the same time, the scores on 'Government Effectiveness and Rule of Law' also declined significantly. In contrast to economic indicators, the performance of Mexico in these three indicators is lower than most of the EU member states (see table 5).

## **2. TOWARDS A MODERNISED EUROPEAN UNION - MEXICO AGREEMENT**

In the margins of the EU-Community of Latin American and Caribbean States (*Comunidad de Estados Latinoamericanos y Caribeños*, CELAC) Summit in January 2013, the President of the European Council, Herman Van Rompuy, and the President of the European Commission, José Manuel Barroso, met with the Mexican President Enrique Peña Nieto, deciding to explore an upgrade of the 2000 GA.

The review of the GA has opened a period of reflection in the EU and with regard to the expectations that were set in 2000, the place where both parties stand today, and where they would like to be in the future. The evaluation of the GA and the EU-Mexico relationship comes at a very appropriate time since both parties have tested both the limitations and the potential of the bilateral relationship during the last 14 years. In fact, both have been assessing the bilateral relationship, improving it with the creation of new mechanisms of collaboration and adapting it through the decisions of the Joint Council, a bilateral body created by the GA at the ministerial level that has met seven times since 2000. A significant addition to the bilateral relationship was the adoption in 2008 of the EU-Mexico Strategic Partnership, which acknowledged Mexico's increasingly significant international role and has reinforced the bilateral cooperation.

While some areas the EU-Mexico relationship have gradually adapted to the changing circumstances of the international arena, the modernisation of the 2000 Agreement is more comprehensive not only because of its focus on political, economic and cooperation areas, but also due to the inclusion of new policies and mechanisms of cooperation such as the Strategic Partnership. If one wanted to draw an analogy with the *acquis communautaire*, the two main pillars of the *EU-Mexico acquis*, in addition to several sectorial agreements, would be the GA and the Strategic Partnership. However, the 2000 agreement remains the spinal cord of the relationship due to its legal and comprehensive nature. The GA is a legally binding document in order to set goals and rules for the political dialogue, economic partnership and cooperation relationship. The Strategic Partnership, on the other hand, is an indicative strategy aimed to deepen the bilateral relationship in the context of the emerging international environment of the 21st century in which emerging countries play an increasingly significant role. After the Strategic Partnership was established in 2008 and the EU and Mexico adopted the Joint Executive Plan for the Partnership in 2010, both parties identified the priorities of the agenda, found common ground to work together in international and regional fora and promoted bilateral dialogues in areas where they needed more collaboration as a result of the changing circumstances. Fortunately, the GA and the Strategic Partnership have developed a synergy and enhanced the potential to improve their bilateral relationship.

The analysis of the 2000 GA and the 2008 Strategic Partnership reveals two different approaches to dealing with the bilateral relationship. The GA organizes the relationship in horizontal perspective in three main thematic areas: political dialogue, economic partnership and cooperation. The Strategic Partnership, in contrast, understands the relationship from a vertical perspective of territorial scope: multilateral, regional and bilateral issues. The organization of the bilateral agenda based on topics or territorial scope incentivises the cooperation; however, both approaches entail some intrinsic limitations. For example, the problems of drug trafficking and the violation of human rights have not only been a part of a political agenda, but also a component of cooperation. These same topics also have a multilateral, regional and bilateral dimension. Other areas of the bilateral agenda are more concentrated in one thematic area and territorial scope, such as the case of education, which is focused on cooperation at the bilateral level. These examples of the horizontal (the GA) and vertical (the Strategic Partnership) dimensions of each of the bilateral agenda items are not contradictory to main goals of the agenda. The challenge between these different approaches is to address the multidimensionality of the bilateral agenda items in order to avert its fragmentation. In this regard, a modernised GA will need to include this multidimensionality and embed it in a more coordinated institutional arrangement.

## **2.1 A strategic political dialogue**

The political dialogue provisions of the GA have offered a flexible framework of cooperation in the context of the changing international, regional, and bilateral agenda. In contrast to other pillars of the GA, the political dialogue is based on a single article, article 3, and the Joint Declaration on Political Dialogue, which provides a brief legal structure that allows a broad leeway to cover all bilateral and international matters of mutual interest.<sup>3</sup> The follow-up of the areas of the political dialogue makes it clear that the bilateral relationship has evolved in practice from the debate on democracy to the practices of good governance. At the same time, both parties have also developed mechanisms to hold permanent dialogues in priority areas, convey political solidarity and help to coordinate positions at the international level.

Article 3 guides the political dialogue based on Article 1 of the GA, which sets the principles of the GA. Article 1, also known as the 'democracy clause', states the following:

*"Respect for democratic principles and fundamental human rights, proclaimed by the Universal Declaration of Human Rights, underpins the domestic and external policies of both Parties and constitutes an essential element of this Agreement."*

The inclusion of this clause in the GA, a standard clause in the association agreements that the EU negotiates with third parties, was subject to several controversies in the mid-1990s on both sides of the Atlantic. Mexico was concerned about the effects of the democracy clause in a still weak Mexican democracy, particularly in light of the possibility that it could be used to criticise the Mexican government. In Europe, even after Mexico opened up the political system and accepted the democracy clause, the ratification process of the GA faced obstacles in the German

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<sup>3</sup> [http://eur-lex.europa.eu/resource.html?uri=cellar:f95ad1a3-795e-4fb0-84e1-28351b99415c.0004.02/DOC\\_3&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:f95ad1a3-795e-4fb0-84e1-28351b99415c.0004.02/DOC_3&format=PDF)

and Italian parliaments due to the Mexican performance on human rights (Pi-Suñer et al. 2011, 424-25).

However, the debate of the democracy clause has been largely superseded in the last 14 years. The retrospective analysis of the democracy clause shows no indication of the EU or Mexico attempting to use it as a justification for suspending the GA. Instead, the analysis of the democracy clause is significant today because the evidence suggests that the EU has been inclined to promote good governance practices and convey its views, through EU declarations, in cases of flagrant deviations of democracy or rule of law in Mexico. In other words, while some scholars have expected a tougher position from the EU on human rights violations in Mexico, the evidence indicates a pragmatic and constructive approach of the EU towards implementing the principles of the democracy clause (Prado Lallande and Cruz Cervantes 2012).

More importantly, beyond the democracy clause of the GA, the practices of democracy and human rights in Mexico, while still weak on many fronts, show a clear commitment from the Mexican government to strengthen institutions through multiple reforms, from electoral to women's rights. In this regard, in comparison to the context in 2000, the policies of cooperation and the dialogues at the bilateral and regional levels present evidence of the acceptance, particularly from Mexican part, not only of the democracy clause but also of practices of good governance. The negotiation of a new agreement may strengthen this process of good governance by drawing from the examples of the respective Article 1 of both the EU-Chile and EU-Central America Association Agreements (AAs) that include a more comprehensive notion of the democracy clause by adding more explicit elements of good governance. It is worth considering, for instance, the third paragraph of the Article 1 of the EU-Central AA, which could inspire the negotiations of a revised GA:

*"The Parties reaffirm their attachment to good governance and the rule of law, which entails, in particular, the primacy of law, the separation of powers, the independence of the judiciary, clear decision-making procedures at the level of the public authorities, transparent and accountable institutions, the good and transparent management of public affairs at local, regional and national levels, and the implementation of measures aiming at preventing and combating corruption."*

One of the functions of the political dialogue in the 2000 EU-Mexico agreement has been to not only enhance cooperation, but also to express positions when events occurring in Mexico or the EU raise public concerns internationally. Monitoring events worldwide is part of the states' diplomacy and operates in both directions so that it makes statements about events in other countries and heeds to other countries' concerns when something occurs within its borders. As the GA is, in fact, an instrument conducive to this mutual monitoring, the EU has been more active in expressing its views with regard to the problems with the effective application of the rule of law in Mexico. For instance, in 2011, the EU Delegation in Mexico issued a local declaration on attacks of human rights defenders<sup>4</sup>, and in 2014 has issued two local statements related to the murder of the journalists Gregorio Jiménez de la Cruz and Jorge Torre Palacios.<sup>5</sup>

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<sup>4</sup>[http://eeas.europa.eu/delegations/mexico/documents/news/situation\\_of\\_human\\_rights\\_defenders\\_21\\_december\\_2011\\_es.pdf](http://eeas.europa.eu/delegations/mexico/documents/news/situation_of_human_rights_defenders_21_december_2011_es.pdf)

<sup>5</sup> [http://eeas.europa.eu/delegations/mexico/documents/news/20140214noticia\\_es.pdf](http://eeas.europa.eu/delegations/mexico/documents/news/20140214noticia_es.pdf)

Likewise, in October 2014 the EP passed a resolution condemning forced disappearances and crimes in Iguala.

While several of these statements and resolutions may produce divergent reactions in different specific sectors in Mexico, the general trend is that the Mexican government has been receptive to these concerns. More importantly, there is also another aspect of the mutual monitoring, which is the case of statements supporting the actions of the Mexican governments. For instance, these are the cases of the EU-issued declarations of support to the government of President Vicente Fox (2000-2006) to ensure greater public accountability in 2002, Mexico's ratification of the Rome Statute in 2005, and the abolishment the death penalty in Mexico in 2006. In light of the increasing levels of violence in Mexico, the High Representative of the EU for Foreign Affairs and Security Policy and Vice President of the European Commission, Catherine Ashton, reiterated the EU's support of Mexico tackling this problem and offered technical assistance from Europol and Frontex to the Mexican and Central American authorities (Mertens 2012).

Along the same lines of mutual monitoring are the expressions of political solidarity concerning relations with third countries. The EU supports one of the central concerns of Mexican foreign policy: the protection of Mexicans sentenced to death in the USA who were incarcerated and denied notification of their right to contact a Mexican consulate at the time of his arrest, as required by the Vienna Convention on Consular Relations. In 2014, the EU High Representative issued statements on the execution of Edgar Tamayo Arias in January and of Ramiro Hernández Llanas in April.<sup>6</sup>

Since the EU-Mexico GA came into force in 2000, the political dialogue has been tested to respond to the transformations taking place in the bilateral relationship and the international agenda. The record of the political dialogue indicates that the GA and the Strategic Partnership have provided a flexible platform to hold regular bilateral consultations so that it is able to adapt to the new circumstances. The review of the joint communiqués of the summits, the joint councils and the joint committees presents a list of subjects in which both parties agree.

A more tangible outcome of the political dialogue is the creation of EU-Mexico High Level Dialogues (HLD), which is generally led by under-deputies of the ministries of the Mexican government and the counterparts in the European institutions. Rather than being based on a fixed plan, these dialogues have been created as a result of the evolution of the bilateral relationship and as part of the Joint Executive Plan of the Strategic Partnership. Hence, the longevity and number of stakeholders of the dialogue varies depending on the specific topic. The HLDs contribute to improving the bilateral relationship from two main perspectives: first, the creation of a HLD is the mutual acknowledgement that there are topics in the bilateral agenda that deserve priority treatment; second, instead of working on a broad agenda, the goals set by a HLD generate a dynamic collaboration where both parties concentrate human and economic efforts to deal with the challenges in specific areas.

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[http://eeas.europa.eu/delegations/mexico/documents/news/2014/20140606com\\_asesinato\\_periodista\\_es.pdf](http://eeas.europa.eu/delegations/mexico/documents/news/2014/20140606com_asesinato_periodista_es.pdf)  
<sup>6</sup>[http://eeas.europa.eu/delegations/council\\_europe/press\\_corner/all\\_news/news/2014/2014041602\\_en.htm](http://eeas.europa.eu/delegations/council_europe/press_corner/all_news/news/2014/2014041602_en.htm)  
[http://eeas.europa.eu/statements/docs/2014/140123\\_01\\_en.pdf](http://eeas.europa.eu/statements/docs/2014/140123_01_en.pdf)

Four HLDs have been at the forefront of the bilateral relationship since 2010. The HLD on Human Rights has been a gravitational force to debate and spark actions around this item of the agenda. With regard to civil society, the two most recent meetings of the human rights dialogue, held in October 2012 and March 2014, respectively, have been preceded by a seminar of civil society organizations from Mexico and the EU, which provided opportunities to promote the exchange of information and good practices such as transparency and accountability. An additional mechanism developed by the EU Delegation and the Member States embassies in Mexico is the implementation of a local plan for human rights defenders, which consists of five working groups of member states' embassies, which follow-up on individual cases on a geographic basis under the coordination of the EU Delegation in Mexico.<sup>7</sup>

Another important dialogue is the HLD on Security and Law Enforcement, which was held for the first time in 2011, in the context of increasing levels of violence in Mexico. This HLD has helped to support Mexico move forward in areas such as the fight against organised crime; drugs, human and arms trafficking; judicial reforms; and cooperation with Central America. One of the areas that can be strengthened is to open opportunities of collaboration on information sharing with Europol (the EU's Law Enforcement Agency), CEPOL (European Police College), Eurojust (the EU's Judicial Cooperation Unit) and Frontex (European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the EU) (Delegation of the EU to Mexico 2012).

The third HLD focuses on the environment and climate change. This is significant because rather than emerging as a result of an immediate crisis, such as the case of violence, this dialogue focuses on changing environmental practices and redesigning policies to revert environmental degradation from the local to the global level. In addition to the coordination of positions of the EU and Mexico in international environmental organizations, the dialogue contributes to delineate the areas where cooperation can be expanded, such as the integrated management of solid waste, forest management and regulation trade in forest products, exchanging experiences in the implementation of the Nagoya Protocol on Access to Genetic Resources and Fair and Equitable Sharing of Benefits arising from their Utilization and of the Mexican Strategic Plan for Biodiversity (*Plan Estratégico para la Diversidad Biológica*) 2011-2020 (Muñoz Villarreal 2007). The most recent dialogue is the High Level Political Dialogue, which was launched in January 2014 and in its first meeting discussed a variety of bilateral, international and regional issues including Iran, Syria, the situation in the Middle East, relations with strategic partners, and the EU's and Mexico's regional contexts.

The dialogue between peers at the senior or ministerial levels builds trust and understanding, two pillars for a good relationship. The only risk in the proliferation of the mechanisms of political dialogue is the duplication of efforts and overlapping of agendas. Hence, the modernisation of the GA will need to keep the balance between coordination and flexibility of the political dialogue. In this regard, as each of the agenda items entails multiple ramifications, rather than the proliferation of new dialogues, the creation of a limited number of nodal HLDs

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<sup>7</sup> Since the adoption of a local action plan for HRDs in Mexico in 2010, the EU has conducted field visits to the states of Baja California, Chiapas, Guerrero, Chihuahua (Chihuahua City and Ciudad Juárez), Quintana Roo and Oaxaca.



would help to promote cross communication, synergy and coordination both between the officials on the two sides as between Mexico and the EU.

Regular meetings at different levels under the political dialogue have produced a better understanding not only on European and Mexican positions concerning the international agenda items, but also have built a closer professional relationship between Mexican and EU officials. The record on the implementation of the GA indicates that both parties have found a common ground in numerous areas in international organizations. The next step is to reinforce the similarities and agreements of the positions of the EU and Mexico in a wide range of topics of the international agenda. While these common goals are usually embedded in the joint communiqués of the decision-making or dialogue bodies of the GA, more visibility of those goals in joint statements in international organizations would help to reinforce the strength of the bilateral relationship in the global arena. A more visible coordination of bilateral positions in international relations could also produce a gravitational force for attracting other Latin American countries to endorse and join the EU-Mexico bilateral positions in international organizations.

The opportunities for the EU and Mexico to work together in forging international consensus are multiple. In the area of human rights, both parties have already sustained efforts to strengthen and improve the functioning of the UN Human Rights Council, supported initiatives at the Council and the General Assembly of the UN on different human rights issues, such the elimination of all forms of discrimination, the improvement in women's rights, as well as the abolishment of the death penalty. In the area of disarmament, while there is some disagreements on the World Moratorium on Nuclear Arms, both parties decisively support the implementation of the Arms Trade Treaty in the UN (Notimex 2014). Also in the area of security, dialogue and cooperation to tackle the problem of production, trafficking and consumption of illicit drugs has become a priority. The global agenda on climate change, sustainable development and the millennium development goals in the meetings of the Conference of the Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC), the UN Conference on Sustainable Development ('Rio+20') and the debate on the post-2015 development agenda, respectively, are other areas of shared objectives (EU-Mexico JPC 2013).

The modernisation of the EU-Mexico GA would also benefit from keeping an eye on the institutional structures of the political dialogue of the AAs between the EU and Chile and Central America, respectively. In both cases, there are particular adaptations. In the EU-Chile agreement, the political dialogue emphasises foreign and security policy (an area where cooperation has led to Chile's contributions of troops to the EU Force ALTHEA in Bosnia and Herzegovina for over a decade). In the case of the EU-Central America agreement, the political dialogue paves the way for new common initiatives in 20 areas and includes specific articles on innovative topics such as finance for development, migration, citizen security, good governance in the tax area, and a common economic-financial credit fund. In contrast to these two AAs, the political dialogue in the EU-Mexico GA is limited to one article and does not establish specific areas of dialogue. Instead the Strategic Partnership has contributed to expand the political dialogue and this is an important reason to include it as part of a modernised GA.

## 2.2 An Economic Partnership for competitiveness and growth

The Economic Partnership chapter of the GA (included in its Titles III, IV and V) deal with a) trade, b) capital movement and payments, and c) public procurement, competition, intellectual property and other trade-related provisions. This legal framework has been expanded with the inclusion of the decisions of the Joint Council<sup>8</sup>, and its implementation is followed up and monitored by several sub-committees, which meet on a regular basis (see table 6).

The modernisation of the free trade or economic partnership provisions of the GA has given rise to several debates with regard to elements indirectly and directly linked to the GA. External events such as the 2008 recession, the financial crisis in the Eurozone as well as the competition from emerging markets and global centres of production such as China or India may affect flows of EU-Mexico investment. Similarly, there are economic decisions that directly influence the bilateral economic relationship such as the redefinition of instruments to boost mutual economic exchanges, the move of the gravitational centre of trade from tariffs, once the trade barriers were phased out as scheduled in the GA, to non-tariff obstacles, and the emergence of new regulatory frameworks and policies within Mexico and the EU in areas such as agriculture, telecommunications, intellectual property rights and competition.

The GA has met the expectations of phasing out trade barriers and increasing the total volume of trade in spite of the asymmetrical nature of the bilateral relationship, which is reflected in two main dimensions. The first is the share of trade between the EU and Mexico relative to their trade exchanges with the world: The EU represented 8.2% of Mexico's total trade in 2013 and was its third trade partner, after the USA (65.2%) and China (8.9%). From the European perspective, Mexico was the 17th trade partner of the EU and represented only 1.3% of total extra-EU trade (DG Trade 2013). The second dimension where the asymmetry has been reflected is in the liberalisation of bilateral trade in all industrial goods and most of the agricultural ones. Both parties have implemented a progressive reduction tariff schedule, which allowed a transition for free trade to occur at different speeds according to the sector and party concerned. According to the tariff reduction schedules established in the GA, the EU eliminated all tariffs on imports from Mexico of industrial products in 2003, and Mexico reciprocated in January 2007. As for agricultural and fisheries products, the EU eliminated import duties in 2008, and Mexico in 2010, except for a small list of sensitive items. The agreement also established tariff quotas for certain agricultural and fisheries products. At the end of a transitory period of ten years, 62 % of EU-Mexico trade in agricultural goods was fully liberalised. Among the exceptions that do not benefit from preferential treatment are live animals, meats, dairy products and cereals.<sup>9</sup>

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<sup>8</sup> As the Joint Council has the power to take binding decisions and make appropriate recommendations by agreement between the two Parties, all its decisions are important for the implementation of the GA. Particularly important for the Economic Partnership is decision no. 2/2001, which laid down the necessary arrangements for implementing the progressive and reciprocal liberalisation of trade in services; the progressive liberalisation of investment and related payments; ensuring an adequate and effective protection of the intellectual property rights, in accordance with the highest international standards; and establishing a dispute settlement mechanism.

([http://www.sice.oas.org/TPD/MEX\\_EU/Implementation/JointCouncil/DEC02\\_2001\\_e.pdf](http://www.sice.oas.org/TPD/MEX_EU/Implementation/JointCouncil/DEC02_2001_e.pdf))

<sup>9</sup> Mexican agricultural exports to the EU which do not benefit from a preferential treatment include: live animals (cows), meats (bovine, pork and hams), dairy products (such as milk, cream, yogurts, butter, cheese, eggs), honey, flowers, vegetables (asparagus, sweet corn, potatoes, frozen peas, olives, mushrooms, grapes, apples, pears,



The volume of EU-Mexico trade increased from EUR 21.6 billion in 2000 to a record of EUR 47.3 billion in 2012, a total increase of 119 % - although the total value of exchanges fell in 2013, to EUR 45 billion, mainly due to a drop in EU imports (from EUR 19.4 billion in 2012 to 17.5 billion in 2013), but also due to a slight decrease in EU exports (from EUR 28 billion to EUR 27.4 billion). It is quite significant that the EU's imports from Mexico have witnessed a growth of 157 % from 2000 to 2013 as opposed to EU exports to Mexico which grew at 85 %. From the Mexican perspective, exports to the EU grew 246 % from 2000 to 2013, while imports increased by 171 %, and the trade deficit consequently by 129 % (see table 7). As a result of the faster growth of Mexican exports to the EU, although Mexico's deficit with the EU has grown in absolute figures, it actually has proportionally decreased: in 2013 it was equivalent to 37 % of total bilateral trade, compared to 47 % in 2000. It is also important to note that Mexico's trade deficit with the EU is consistent with the geographical and sectorial structure of trade. As most of imports from the EU are capital goods and intermediate products that are incorporated in the production of final goods exported to other destinations — mostly to the USA — the deficit with the EU is compensated by the surplus in trade with the USA.

Since the GA's original goals of tariff liberalisation have been achieved, the starting point for the modernisation of the GA should be under a different context. One of the premises of the negotiations in the mid-1990s was that the EU-Mexico free trade agreement would contribute to diversify Mexico's external relations and that the EU would need to regain some of the trade diversion produced by NAFTA. In contrast, in the mid-2010s, the premises are based on finding a common platform, taking advantage of the economic and political reforms in Mexico and the EU and increasing the competitiveness and sustainable economic growth for both parties.

The challenge is how to use the updated legal framework of an EU-Mexico agreement as a lever to contribute to resolve some of the structural problems that still hamper a more competitive productive apparatus in Mexico. Some of the problems in this respect are the still deficient infrastructure in Mexico and the lack of knowledge on the opportunities that the EU market offers for Mexican producers, or the absence of the 'European variable' in the production and calculation of Mexican businesses (Ruano 2012, 32-33). Another element consistent with the uneven regional development in Mexico is the concentration of 96 % of trade between Mexico and the EU in just 7 of the 28 EU Member States, while the 80 % of EU investment in Mexico is concentrated in 3 out of 32 states or federative bodies in Mexico - Mexico City, Estado de México and Nuevo León (Organización de los Estados Americanos 2008). The GA could contribute to spreading EU investment throughout Mexico by encouraging policies and strategies to develop chains of value and competitive advantages to attract investment.

A pending question in the modernisation of the AG is the inclusion or not in the negotiation of the approximately 35 % of agricultural products that is still excluded from the liberalisation of

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strawberries, bananas), cereals (wheat, rye, oats, rice, sorghum, buckwheat, starch), olive oil, meat sausages, sugar, jam and certain fruit juices. European agricultural exports to Mexico which do not benefit from a preferential treatment include: live animals (bovine, poultry, sheep), meats, dairy products (milk, cream, butter, cheese), eggs, potatoes, beans, bananas, apples, coffee, cereals (wheat, centeno, oats, corn, rice, sorghum), flour, malt, starch), animal fats, palm / sunflower / coconut oil, cold meats, preserved meat, sugar and its derivatives, conserved tuna, cocoa, preparations of cereal, biscuits, conserved tomatoes / potatoes / peaches, jam, grape juice, rum, food preparations for fish, cigarettes.

EU-Mexico trade. The modernisation of the agreement would potentially help to improve the profile and competitiveness of the agricultural sector in the bilateral relationship. This sector profile should not only expand on the scope of products included in free bilateral trade, but also the quality of the production in terms of norms and regulations. The progress in further bilateral opening in this sector will tell the willingness or not of Mexico and the EU to open up to the global markets of agricultural products.

The GA covers all services, including financial services, telecommunications, distribution, energy, tourism and environmental services, with the only exceptions being the audio-visual sector, maritime cabotage and air services. Maritime transports and financial services are ruled by specific dispositions and commitments. From the enactment of the GA onwards, the parties undertook not to introduce new restrictions on the other party's operators, thus consolidating in practice the level of liberalisation existing in the respective legislations. Market access barriers in the trade of services are often embedded in national legislation, which in the case of Mexico either prohibits or limits foreign ownership in certain key sectors of the economy. However, the recent reforms may open the door for further services.

All in all, the discussion of trade also reflects a healthy relationship in terms of disputes. Since the GA came into effect, trade conflicts between Mexico and the EU have been modest and both parties have found better institutional channels of communication and reliability for dispute settlement mechanisms. After the creation of a bilateral dispute settlement mechanism by Decision 2/2000 of the EU-Mexico Joint Council, only one case has been brought to the World Trade Organisation (WTO): the EU complaints on the countervailing duties imposed by Mexico on olive oil originating in the EU filed in August 2004 and March 2006, respectively (the case ended in 2008 with the WTO ruling in favour of the EU).

In light of the economic asymmetries between both parties, investment flows have been proportionally more significant from Europe to Mexico. The EU has been solidly the second largest source of Foreign Direct Investment (FDI) flowing to Mexico with EUR 100 billion accumulated between 2000 and 2013. Likewise, the number of Mexican companies with European investment has dramatically increased from 5 066 companies in 2001 to 12 830 in 2012, or 24 % of the total number of companies with FDI in Mexico (51 426 companies in the whole country) (Secretaria de Economía 2012).

Some sectors have benefited more than others from European investment. The automotive sector has attracted large sums of investment for more than a decade and is still attracting more investment for the coming years. BMW announced a EUR 740 million Mexican plant investment in July 2014 and outlined plans to build a factory in San Luis Potosi; the goal of such investment is to begin assembling models in 2019 with an initial workforce of 1 500 and annual production capacity of 150 000 vehicles (Alper 2014). Similarly, Volkswagen, which has invested in Mexico for decades, more recently began the construction on a new Audi assembly plant in Mexico and is expanding its operations in North America with an investment pledge of EUR 5.2 billion between 2014 and 2019 (Rauwald 2014). Fiat has also started its production at Chrysler's Toluca facility and plans to produce more than 120 000 Fiat 500 model cars each year with more than 50 000 going to the US and Canadian market (Higgins 2011). German supplier Robert Bosch is

preparing to invest EUR 400 million in Mexico to build car parts for a growing North American market and create 3 000 new jobs in Mexico by 2017 (Automotive News 2014).

Another area attractive for investment is energy. In addition to the potential European investment in the oil industry after the recent energy reforms in Mexico, the sector offers multiple economic opportunities. In 2014, the Mexican firm *Energia Limpia*, owned by Italy's Enel Green Power, committed to an investment of EUR 143.7 million in a wind power project in the state of San Luis Potosí. In 2011, a new Siemens production facility was officially opened in El Marqués industrial park in the city of Querétaro, in which equipment for high-voltage systems will be produced (Martinez and Garcia 2014). In the financial sector, three of the five most important banks in Mexico are European (BBVA Bancomer, Santander Serfin and HSBC).

One new area of investment is the Mexican aerospace industry, which is the result of a joint commitment of government, businesses and universities to bring the aerospace industry to the highest levels of competitiveness with a single strategic programme. With an average 20 % annual growth rate since 2004, Mexico has become a global leader in the aerospace sector, hosting 270 companies. The European company Eurocopter has already started exploring the benefits of this new cluster of development and investment (Promexico 2013).

In sum, although the main foreign investor in Mexico remains the USA, with around 47 % of the accumulated FDI in the period 2000 - 2013, the EU follows closely with 36 % and an accumulated flow of around EUR 100 billion, primarily directed to services, notably financial and tourism, followed by the manufacturing sector (Delegation of the European Union to Mexico 2013a). The four European countries with the largest accumulated FDI in the same period were Netherlands (13 %), Spain (12 %), Belgium (4 %) and United Kingdom (3 %). It is important to note that Belgium represented 38 % of the FDI in 2013 due to the acquisition of Grupo Modelo by AB Inbev (Secretaria de Economía 2014).

Mexican investors have also explored the European markets, particularly Mexican companies already consolidated in the international economy. Carlos Slim's participation in the Dutch company KPN (Estevez 2013), is a good example. The participation of the state-owned oil and gas company *Petróleos Mexicanos* (PEMEX) in the Spanish energy company Repsol is another (however, after management disagreements and low returns, PEMEX sold the main part of its stake in Repsol, worth around EUR 2.2 billion, in June 2014). One of the top world companies in the production of cement, *Cementos Mexicanos* (CEMEX) has also expanded its presence in Europe, with the most recent action being the European Commission's authorisation of CEMEX's purchase of Holcim's Spanish operations in September 2014. A recent trend has been the rapid increase of Mexican investment in Spain, particularly attracted by business opportunities that opened up as a result of the economic crisis, but it is to be seen whether it will remain in the long term (Manaut 2014).

One of the elements to be considered in the modernisation of the GA is the transition from bilateral investment treaties (BITs) to an overarching agreement on investment with the EU. The Treaty of Lisbon empowers the European Commission to negotiate on behalf of the EU on both the liberalisation and protection of investment. While the EU is still defining the details of the transition from BITs to new regulatory frameworks on areas such as investor-to-state dispute settlement mechanisms, the EU and Mexico have already a consolidated experience for

increasing investments in the past 14 years based on the national laws and BITs, which provide a solid ground to further cooperation in the negotiation of new GA.

Three more key elements to be evaluated in the negotiation of a new GA are intellectual property, competition and public procurement.

Intellectual property rights, such as patents, trademarks and copyrights are very sensitive in the international agenda and in the EU-Mexico relationship as well. While Mexico has passed several pieces of legislation and developed mechanisms to improve intellectual property protection, the enforcement is still weak, particularly with regard to the widespread availability of pirated and counterfeit products. In this regard, serious concerns remain about the implementation of intellectual property protection laws in Mexico. The EU has included Mexico in the list of countries in which the counterfeiting and piracy of intellectual property rights remain a serious problem; Mexico has been also included in the US Trade Representative's *Watch List* since 2002 (Office of the United States Trade Representative 2012).

A major issue that the EU has been trying to resolve over the years is related to geographical indications, whose registration for foreign owners is not permitted in Mexico. The EU considers that the Mexican legislation on geographical indications is non-compliant with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Mexico should adhere to the Madrid Protocol on the international recognition of trademarks. This contrasts with the EU-Colombia/Peru Trade Agreement, which allows for the protection of over 100 European geographical indications on the Colombian and Peruvian markets (European Commission 2013b).

One of the recent reforms of the Mexican government is the Competition Law (*Ley Federal de Competencia Económica*) which came into force in 2014, introducing major changes to the antitrust framework. The new law not only strengthens the existing powers of the Mexican competition authority, the Federal Commission for Economic Competition (*Comisión Federal de Competencia Económica-COFECE*), but also introduces new powers and novel legal concepts, some of which have attracted controversy. This reform comes in the context of regular contacts between the European Commission and the USA Department of Justice over several cases in the area of competition. The modernisation of the GA is an opportunity to engage in a more transparent culture of competition, promote a convergence of competition policy instrument and practices where it is possible, and to continue implementing Article 11 of the current GA that aims at preventing distortions or restrictions of competition.

Public procurement, when it is implemented within high standards of transparency, opens competition and stimulates good practices. After the implementation of several free trade agreements with other countries in the last two decades, Mexico reformed its public procurement regime in 2009 and eliminated 586 regulations, rationalising the application of excessive and complex laws as an impediment to fostering competition and promoting good governance. Public procurement accounts for around 40 % of the Mexican federal budget and around 10 % of the country's GDP (World Bank 2013).

In the area of public procurement, the GA establishes provisions to guarantee access by Mexican and European operators to each tender market, provided that the value exceeds a certain pre-established thresholds. Mexico gives European companies access with conditions similar to

those offered to its NAFTA partners and in exchange, the EU awards Mexico with the same benefits that are given to its partners in the framework of the WTO public contracting agreement. It should be noted that the provisions in the GA only cover tenders in Mexico at the federal level, meaning that public tenders at state or municipal level are not included, hence limiting the participation of EU providers. However, the modernization of the GA will take place in a new economic environment of more transparency and efficiency in Mexico. In this regard, while European participation in public procurement is consolidated at the federal level, opening state and municipal levels to the participation of European companies would help to support the efforts of the Mexican government to promote more competition and transparency at levels of local governments.

The discussions for the modernisation of the GA are well under way. The EU-Mexico sub-working group on trade has held two meetings, in October 2013 and February 2014, in order to explore issues such as rules of origin, trade facilitation, trade in services, competition, investment, trade defence instruments, government procurement, intellectual property rights, energy and trade and sustainable development. While this agenda can be further enriched by an open discussion and dissemination of information to the public,<sup>10</sup> an important guiding principle for the negotiation of an updated AG in the area of the economic partnership would be to consider competitiveness and economic growth as two central goals of the agreement. In addition, an updated GA should observe the evolution of the negotiations of the EU-USA Transatlantic Trade and Investment Partnership (TTIP), particularly in two areas. First, the recent trends of European investment in Mexico in the automotive sector, for instance, indicate that Mexico has been included in the calculation of some European investors in North America; however, as the case of the automotive sector entails specific characteristics, the GA should include the development of regional chains of production as a priority of the economic partnership. Second, the GA should facilitate the adaptation of Mexican regulations to the evolution of the regulatory frameworks that will emerge from the TTIP in areas of environment, safety and health, among others.

### **2.3 Cooperation for sustainable development and good governance**

The modernisation of the GA in the area of cooperation takes place in an environment quite different from the one existing a decade ago. These changes have taken place at three levels of interaction. First, at the global level, the debates, policies and trends of development have experienced several transformations embedded in the millennium development goals and the post-2015 development agenda. Both the EU and Mexico have participated actively in this process, particularly with regard to effective development outcomes and the integration of the 'Busan principles'<sup>11</sup> of country ownership, inclusive development partnerships, transparency,

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<sup>10</sup> On 4 March 2014, the Mexican Senator Rabindranath Salazar, co-chair of the EU-Mexico Joint Parliamentary Committee (JPC) and President of the External Relations Committee, Europe, of the Mexican Senate, submitted a 'point of agreement' (*Punto de Acuerdo*) to the Senate to exhort the Ministry of Foreign Affairs and the Ministry of Economy to report on the status of negotiations and scope sought by the Mexican government in the modernisation of the EU-Mexico GA. 'Points of agreement' are proposals for consideration by the Senate that are not bills, but statements on political, cultural, economic and social issues affecting a particular community or group. ([http://sil.gobernacion.gob.mx/Archivos/Documentos/2014/02/asun\\_3074102\\_20140226\\_1393344683.pdf](http://sil.gobernacion.gob.mx/Archivos/Documentos/2014/02/asun_3074102_20140226_1393344683.pdf))

<sup>11</sup> The 'Busan Partnership agreement' is a consensus supported by a wide range of governments and organisations which offers a framework for continued dialogue and efforts to enhance the effectiveness and accountability of

mutual accountability, and focus on results. Second, at the bilateral level, the most significant change is the redesign of the EU development aid policy and the fact that Mexico, as a higher middle-income country, is not receiving bilateral development aid from the European Commission since 2014, moving bilateral relations towards partnership cooperation. Third, at the internal level or within Mexico and the EU, some potential new areas of bilateral cooperation can be identified in the broader framework of priority policies and strategies defined in the Mexican National Development Plan 2013 - 18 and the EU Strategy 'Europe 2020'. (Ponce-Adame 2013).

These transformations in the three levels will influence the review of Title VI of the GA, which sets the parameters of cooperation between both parties in more than 30 areas. The extensive list of areas of cooperation provides a framework for finding opportunities for deepening the bilateral relationship, but every area has experienced different speeds of development depending on the incentives, willingness and resources of the EU and Mexico. A broad assessment of the bilateral cooperation indicates that only seven areas of cooperation have been fully explored (Salazar Solorio 2014), which sheds some light on the priorities, bilateral activity and compatibility in each one of the areas of cooperation; however, evaluations of this type are complex because sometimes the structure and nature of some areas is not directly related to any failure of the GA, but rather to the lack of conditions and interests for further cooperation or the little demand for it. All in all, based on the review of the programmes, some areas reflect higher levels of mutual interest and compatibility than others, and after more than a decade, the actions and the resources of the actors have defined the priority areas of cooperation.

The litmus test of the modernisation of the GA's cooperation chapter is how to address the new priorities of cooperation with significantly less economic resources. Under the 2007 - 2013 Country Strategy Paper, the European Commission allocated EUR 55 million to cooperation with Mexico, and since Mexico committed to co-finance all programmes, this number should have reached EUR 110 million, including Mexico's contribution. As bilateral development cooperation is no longer available since 2014, the funding for cooperation with Mexico is through programmes eligible within the Partnership Instruments, regional and thematic aid.

Another crucial element in the modernisation of the GA is the consolidation of the current EU - Mexico cooperation achievements. An evaluation that is based on actions and the allocation of resources is only the first step in the implementation of effective cooperation. The programmes will succeed to the extent that they provide an enduring effect on the targeted groups or population. In contrast to very tangible infrastructure projects such as bridges or roads that once built provide an immediate effect, a great share of the EU-Mexico cooperation programmes focuses on providing skills, basic elements for empowering people in need and practices that need to be reinforced in order to reach the intended goals because new practices take a longer time to produce effects, in areas such as good governance, human rights, social cohesion, and

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development co-operation. After a year-long process of inclusive consultations, the document 'Busan Partnership for Effective Development Co-operation' was adopted by the Fourth High Level Forum on Aid Effectiveness, held on 29 November-1 December 2011 in Busan, Korea, with the participation of governments, civil society representatives, private sector, multilateral and bilateral institutions and other actors.



learning competitive business practices, to mention a few examples. In this regard, the modernisation of the GA could jeopardize some of the achievements of the EU-Mexico cooperation if programmes are not renewed. Therefore, a renegotiation of the GA will benefit the EU-Mexico cooperation if the programmes that need to continue are identified and alternative sources to fund them are found.

The provisions on economic cooperation will face several challenges in the modernisation of the GA. The implementation of the trade component of the GA is not limited to a schedule of reducing trade tariffs. The opening of new markets entails a process of adaptation of norms and productive processes in order to effectively take advantage of new business opportunities. In this regard, economic cooperation complements the trade and economic partnership component of the GA. In the past 14 years, several funded programmes have focused on facilitating the norms and rules and disseminating information and learning processes for exporting Mexican goods to Europe. Two programmes have played a significant role. The first was the Project for the Facilitation of the Free Trade Agreement between Mexico and the EU (known as PROTLCUEM, *Proyecto de Facilitación del Tratado de Libre Comercio Unión Europea-México*), which ran from 2004 to 2011. The second programme is the EU-Mexico Programme for Competitiveness and Innovation (known as PROCEI, *Programa de Competitividad e Innovación México-UE*), which will expire in 2015.

PROTLCUEM implemented actions of trade facilitation in a variety of areas such as customs, technical rules, investment, competition, consumer protection, and intellectual property, among others. The PROTLCUEM aimed at enabling cooperation and generating greater coordination among agencies, organizations and government entities responsible for administrating the EU-Mexico free trade area, creating a favourable environment for boosting trade relations. The second programme, PROCEI, has contributed to improving the competitiveness of small and medium enterprises (SMEs) through specialized European technical advice and assistance directed at new technologies and innovation in production processes, allowing them access to European markets.<sup>12</sup> While these two comprehensive programmes have provided a background of support for producers who are potentially able to export to Europe, some of their benefits may be minimal from a sustainable perspective because business opportunities, regulations, and demands for products are in steady transformation. For instance, workshops on export opportunities to Europe have reached out to different producers each time, due to transformations in regulations that have encouraged distinct types of products based on specific needs of the moment. The continuation of these projects or similar substitute would provide much needed assistance to address the changing conditions of business, the skills requested from the Mexican producers, efficient intergovernmental cooperation for business facilitation and technical advice to producers.

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<sup>12</sup> The programme, which started in 2011, is designed to last 48 months and has a budget of EUR 18 million, provided equally by Mexico and the EU. The expected results of the projects approved are focused on three main areas: 1) increasing the competitiveness and internationalization of Mexican SMEs by strengthening their processes of innovation and technology transfer; 2) enhancing the export capacity of Mexican SMEs by supporting certification processes required for the marketing of products and services in the market of the EU; and 3) strengthening markets by creating a 'Business Intelligence System'.

In other cases, there is a need to monitor current developments in the areas of cooperation and to explore new areas. For instance, in the case of the agriculture and rural sector, where there is a permanent demand for information about the changes in the EU's Common Agricultural Policy in the period 2014 - 20, and where more than 70 % of trade is already liberalised, new opportunities can be developed to boost bilateral trade, expand export quotas and boost cooperation in research and development in, *inter alia*, the wine industry, livestock, genetics, agricultural biotechnology and satellite information systems in the food sector. In the area of fisheries, for instance, one of the challenges has been to increase the number of vessels and processing plants certified to export to the EU. Under PROTLCEM, several workshops have been organised to contributing to a better knowledge and understanding of food hygiene standards of the EU and the management in its application for approval of fishery establishments, including fishing vessels.

Under the broad area of social cohesion, one of the most successful and innovative mechanisms of cooperation has been the implementation of the Mexico-EU Integrated Program of Social Cohesion (*Programa Integrado de Cohesión Social México-UE*) which, similar to most of the areas of cooperation, are funded equally by the EU and Mexico. The Social Cohesion Laboratory (*Laboratorio de Cohesión Social*) I, endowed with a funding of EUR 20 million, had focused on reviewing, renewing and systematizing the methodology for public policies and institutional practices on urban poverty, health systems and social security. The project began in 2011 and will end in 2015. Given the positive results of the project, in November 2013 the Mexican government and the EU signed a Financing Agreement for the Social Cohesion Laboratory II, which is designed to develop equal opportunity projects for access to justice, public safety and human rights. The project, financed for EUR 22 million, will run to 2017 (Delegation of the EU to Mexico 2014). While the Social Laboratory Projects are quite complex due to the numerous stakeholders and areas of cooperation involved, one of the benefits is the production of multiple effects on the defined focused areas.

Cooperation in science and technology and education has produced a very intense dynamic that a revised GA should maintain. The EU-Mexico International Cooperation Fund in Science and Technology (FONCICYT, *Fondo de Cooperación Internacional en Ciencia y Tecnología Unión Europea-México*), which expired in 2011, has contributed to mobilizing the technological potential between the parties with a funding of EUR 20 million from both Mexico and the EU. The FONCICYT was implemented through co-financing 24 projects and 10 research networks in 9 technology areas with the participation of more 200 European and Mexican institutions. Similarly, 35 Mexican research institutions have participating in the Marie Curie programme and 700 Mexican students and teachers have benefited from the Erasmus Mundus programme; around 30 % of Mexican students studying abroad are in a EU country (Delegation of the EU to Mexico 2014).

Other areas of the bilateral cooperation have demanded different types of resources, such as information sharing or cooperation between official bodies, without requiring a large amount of economic resources. In the area of health, for instance, cooperation between the EU and Mexico has been very close since 2001 in the framework of the Global Health Security Initiative (GHSI). The cooperation has facilitated information sharing about risks and communication strategies in the event of a crisis, including the Mexican experience concerning the A/H1N1 influenza virus.



Some other areas of cooperation require accordance between officials in order to coordinate or harmonize norms, such as the case of the Memorandum of Understanding between the Mexican National Institute for Statistics and Geography (*Instituto Nacional de Estadística y Geografía*, INEGI) and the Statistical Office of the European Communities, EUROSTAT.

Environmental cooperation has gradually increased in importance in the past decade. During the first years of the GA, environmental cooperation remained in a modest rank of the bilateral relationship, in comparison to other areas included in the GA. After a series of talks aimed at deepening environmental cooperation within the framework of a Mexico-EU technical committee meeting, the EU presented an official proposal to the Mexican Ministry for the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*) in March 2007. While there was some agreement on deepened cooperation in some areas, the EU proposal tended to the formula of a political dialogue about environmental issues of mutual interest, while Mexico focused on deepening environmental cooperation, ideally through a sectorial agreement. In spite of the different approaches, negotiations for deepening environmental cooperation moved forward and the EU-Mexico High-Level Dialogue on Environment and Climate Change was launched (Muñoz Villarreal 2007).

As the bilateral relationship has evolved, some areas that were not directly included in the GA have emerged. Article 38 of the GA, which focuses on refugees, responds to long-standing mutual concerns on the reconciliation process in Central America. The phenomena of refugees and migration have undergone dramatic transformations since the GA came into effect. The combination of transnational organised crime, insecurity in Central America, weak law enforcement in Mexico, and pull factors in the USA have produced new dangerous routes of migrants from Central America to the USA; including a recent wave of unaccompanied children, who jeopardize their lives in their journey to the USA. While this is not directly affecting the EU-Mexico relationship, *de facto* the EU has responded to this problem from the perspective of human rights by funding the organization *Sin Fronteras* to discuss, analyse and elaborate a document on human rights and constitutional reforms in Mexico, new legislation on the migration agenda as well as legislative harmonization in the field of migrant health at the federal level, emphasizing services for women, youth and children (Delegation of the EU to Mexico 2014).

Other emerging areas are space cooperation and nuclear safety. In 2012, the then Vice-President and Commissioner for Industry and Entrepreneurship at the European Commission, Antonio Tajani, signed a letter of intent for a dialogue on space policy with Mexico. On the other hand, the Strategic Partnership identified the cooperation in the area of nuclear safety, including the fields of design safety, operational safety, regulatory issues and waste management.

Reinforcing the achievements of cooperation programmes, identifying new sectors for deepening collaboration in the existing areas of the GA and including emerging areas of cooperation are some of the elements that characterize the evolution of the cooperation policies between the EU and Mexico. Numerous programmes and policies, as well as the resources for cooperation, will be contingent to the evolution of the relationship. The flexibility to emphasize one sector over others or shifting priority areas is actually a virtue of the GA to facilitate cooperation. Rather than focusing on a rigid model of priorities of cooperation, the

modernisation of the cooperation section of the GA should enrich the bilateral relationship by providing a framework able to adapt to the changing circumstances. On the other hand, such framework, as mentioned above, will be constrained by the reduction of economic resources available. In other words, flexibility, inclusion of new priorities and limited resources are three elements likely to pervade the negotiation of a new GA.

The original approach adopted for the GA was to include all the areas of cooperation under one title. This methodology contrasts to the design of the cooperation sections of the EU-Chile and EU-Central America AAs, which are not only more extensive than the GA but also include more areas of cooperation grouped under different titles. This is not only an issue of format, but also responds to the rationale of generating synergies between different areas of cooperation included under each title.<sup>13</sup>

The cooperation between Mexico and the EU has adopted approaches such as ownership and co-responsibility, elements that develop mutual interests in the effective and efficient implementation of cooperation. This could be further enriched with the inclusion of triangular cooperation in a new agreement, combining the human and economic resources of Mexico and the EU working together in third countries. Of particular interest of triangular cooperation between Mexico and the EU is coordinating resources and programmes in Central America. Another element may be a stronger participation of the private sector, particularly in order to coordinate more effectively the implementation of resources, maximise the benefits and catalyse public-private sector cooperation and partnerships (Council of the European Union 2014).

### **3. A MORE INCLUSIVE AGREEMENT: THE ROLE OF CIVIL SOCIETY**

One of the main features of globalization is the inclusion of a larger number of actors in the policy making process at national and regional levels. In the EU, this process has manifested itself in the increasing powers of the EP and the greater scope of national parliaments to participate alongside the European institutions in the work of the Union. In Mexico, electoral processes have been carried out within the general standards of electoral democracy since the mid-1990s and the role of the Mexican Congress has strengthened. In this context, the number and increasing activism of civil society organizations are relatively new components of the policymaking process. In contrast to the role of parliaments, the inclusion of civil society organizations in the decision making process has faced more resistance from key policy makers. In spite of such limitations, EU and Mexican legislative bodies and civil societies have already actively discussed the achievements and transformations needed to improve the GA.

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<sup>13</sup> In the case of Chile, all the areas of cooperation are organised under Part III of the AA and included in 7 titles, each one consisting of several articles. For instance, Title I on economic cooperation comprehends 19 articles. One of the innovations is the inclusion of a Title IV on Public Administration and Interinstitutional Cooperation. Particularly the modernisation of public administration encompasses organisational efficiency and the legislative and institutional framework, drawing lessons from both parties' best practices. The EU-Central America AA includes a similar structure and develops a comprehensive section of 8 titles, including areas of cooperation such as migration or natural disasters. Interestingly, Title I includes good governance and the modernisation of the state and public administration, while Title III includes social development and social cohesion.

Formal and informal mechanisms for monitoring international trade agreements by consulting civil society organizations have been created or reinforced in the past 14 years, both in the EU and in Mexico. In the area of trade, the European Commission has set mechanisms of regular meetings with European civil society through the Civil Society Dialogue (CSD), which included 381 civil society organizations as of July 2014. The CSD contact group, an informal steering body composed of 10 to 15 organisations that represent the different CSD constituencies, acts as the interface between DG Trade of the European Commission and civil society organisations.

In addition, most of the bilateral trade agreements (with Colombia/Peru, Singapore, South Korea and the trade section of the AA with Central America) concluded recently by the EU include commitments in the field of sustainable development and involvement of civil society. An important aspect of this framework is the participation of civil society in joint consultative structures to monitor the implementation of the sustainable development chapters included in the agreements. In the case of the EU–South Korea FTA, for example, according to its Article 13.12 (institutional mechanism) and 13.13 (civil society dialogue mechanism), civil society has the task of monitoring and advising the implementation of the concerned chapter. Also, the European Commission, in cooperation with the European Economic and Social Committee (EESC), has created domestic advisory groups with representatives of environment, labour and business organizations to address the sustainable development aspects of the trade agreements (European Commission 2013a).

The systematic and institutional participation of civil society was not originally contemplated in the GA between the EU and Mexico, but two articles make specific references to civil society. Article 36, which focus on cooperation on social affairs and poverty, establishes that Mexico and the EU will hold periodic consultations regarding cooperation activities involving civil society and destined to offer opportunities for the creation of jobs, vocational training and income growth. Article 39, which develops the topic of human rights and democracy, states that "cooperation shall focus mainly on: (a) the development of civil society by means of education, training and public awareness programmes" (together with the strengthening of institutions and the rule of law and the promotion of human rights and democratic principles). Based on these references, one can infer that the negotiators of the GA conceived the role of civil society as an object of cooperation rather than a subject or active actor of this relationship.

During the negotiations of the GA in the mid-1990s, EU funding to Mexican non-governmental organizations (NGOs) in the area of electoral observation produced frictions between the Mexican government and the European Commission. After the GA came into effect, four main factors have produced a more conducive environment for dialogue between civil society organizations and the Mexican government in context of its relationship with the EU.

First, the participation of civil society organisations in foreign policy has been facilitated by the creation of a dialogue mechanism. The PAN's electoral victory in 2000 opened new avenues of dialogue and inclusion of civil society organizations in Mexico, and in 2005 President Vicente Fox and Foreign Affairs Secretary Luis Ernesto Derbez signed an agreement that establishes guidelines for the participation of civil society organisations in foreign policy issues (*Acuerdo por el que se establecen los lineamientos para la participación de las organizaciones de la sociedad civil*

*en temas de política exterior*).<sup>14</sup> This agreement, which forms part of the laws of governing the federal public administration, is emblematic of the commitment to develop a more inclusive foreign policy. The agreement also expresses the commitment of the Ministry of Foreign Affairs (*Secretaría de Relaciones Exteriores*) to report and update civil society on key foreign policy issues, promote greater civil society participation and involvement in the formulation of foreign policy, foster a relationship of higher quality, and improve coordination between government and civil society organisations, and to encourage transparency and consensus building in public policy.

Second, the EU supports Mexican civil society organizations with direct funding. As of 2014, cooperation with non-state actors covered 15 projects summing up a EUR 5 million contribution, allocated to support several foundations, networks and associations working on topics such as cooperation between local authorities, citizen participation, crime prevention, human rights, indigenous communities' development, the combat against violence and poverty, among others. These projects, which will expire between 2014 and 2017, strengthen the participation of non-state actors in a variety of areas with direct impact on people, such as human rights, gender equality and poverty alleviation. (Delegation of the EU to Mexico 2014).

In third place, an important mechanism through which the civil societies in Mexico and the EU have expressed their views to the Mexican government and EU institutions has been the organization of a forum for dialogue on a biannual basis. The First Forum, which was the initiative of several organizations, such as *Equipo Pueblo*, the Mexican Action Network against Free Trade (*Red Mexicana de Acción Frente al Libre Comercio* (RMALC) and the Copenhagen Initiative for Central America and Mexico (CIFCA), took place in Brussels in November 2002 (Castaneda Bustamante and Becerra Pozos 2013). The fifth, and most recent, EU-Mexico Civil Society Forum was held in October 2012, with approximately 100 participants, representing civil society, EU institutions and the Mexican government (European External Action Service 2012).

Rather than an institutionalized participation of civil society in the GA, the evolution of the EU-Mexico relationship has opened a non-binding avenue of communication with the civil society through this biannual Civil Society Forum, which offers an opportunity to present recommendations to the Mexican government and EU institutions, but does not have the capacity to enforce or give systematic follow-up to these recommendations (Karishausen 2012). Nonetheless, recommendations that have been consistently reiterated during the five meetings of the Forum focus on fair trade, investment, and the creation of a 'Social Observatory' and a Joint Consultative Committee (JCC) (RMALC 2003). Some of these recommendations have produced a wide consensus, but there are still obstacles for their implementation. For instance, while there is a consensus on the creation of a 'Social Observatory', it has been difficult to determine how this observatory should be composed and organised (as reflected by the rejection by several organisations to create it within the National Autonomous University of Mexico (*Universidad Nacional Autónoma de México*, UNAM) due to the fear that they would become marginalized (Huacuja Acevedo 2012).

A fourth element related to the participation of the civil society is linked to the representation of the Mexican and European civil societies and the institutionalisation of their consultative role.

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<sup>14</sup> [http://www.dof.gob.mx/nota\\_detalle.php?codigo=789119&fecha=02/03/2005](http://www.dof.gob.mx/nota_detalle.php?codigo=789119&fecha=02/03/2005).

Based on the premise that the forum of dialogue of the civil society is not included in the GA, Mexican civil society organisations proposed in 2002 (at the first meeting of the Forum) to create a JCC and reached a consensus on this issue with their EU counterparts at the fourth Forum in 2010. In order to move forward with the proposal, the Mexican government created the Consultative Mechanism for EU-Mexico civil society dialogue (*Mecanismo Consultivo para el Diálogo de la Sociedad Civil México-Unión Europea*) in October 2012, including 15 representatives of trade unions, business groups, the agricultural sector, academics and other parts of Mexican civil society. The goal of this mechanism is to promote the participation of Mexican civil society and submit recommendations to the government in order to improve the bilateral relationship EU-Mexico (Castaneda Bustamante and Becerra Pozos 2013). While the Consultative Mechanism represents an important innovation to articulate the Mexican civil society, the creation of the JCC has been more problematic than expected. At the fifth Civil Society Forum, held in October 2012 in Brussels, the EESC received the creation of the Mexican Consultative Mechanism with caution, preferring not to officially recognise it, because in its opinion it was insufficiently representative of the Mexican civil society (Appel 2013). Also on the European side, the representatives of EU civil society faced internal disagreements on whether the EESC should exclusively represent EU civil society or whether this role should be shared with other European NGOs. Finally, a consensus was reached on shared representation of EESC and the NGOs.

These four elements have paved the way to organise, acknowledge and institutionalise the relations between civil society organizations and EU/Mexican Government as part of the GA through the creation of a JCC. In fact, the AAs with Chile and Central America and the Strategic Partnership with Brazil include civil society participation in consultative processes, something which is still absent in the GA with Mexico. The EU-Chile AA includes the creation of a JCC with the task of assisting the Association Council in promoting dialogue and cooperation with civil society, and establishes regular meetings with civil society organisations to inform them about the implementation of the agreement and gather their suggestions for its improvement. Interestingly, the EU-Chile AA also includes the participation of civil society in several areas of bilateral cooperation. The EU-Central America AA, which contains similar provisions for the JCC, includes more than ten references to civil society participation in its cooperation chapter, involving areas such as the modernisation of the state and public administration, conflict prevention and resolution, environment and public health. It also creates a bi-regional Civil Society Dialogue Forum, with balanced representation of environmental, economic and social stakeholders, to conduct dialogue on the sustainable development aspects of the trade relations between the EU and the Central American countries. Equally, the 2010 Joint Action Plan of the Strategic Partnership EU-Brazil includes the promotion of a dialogue between the civil societies of Brazil and the EU.

However, in the case of the GA, the prospects of continuing the negotiations for institutionalising the relationship with civil society remain unclear; as of September 2014, there is no indication of a date for holding the sixth Civil Society Forum, which is expected to be crucial in order to solve not only the differences on approaches of EU and Mexican civil societies with regard to mechanisms of representation and the creation of the JCC, but also to forge common positions with a view to modernisation of the GA.

#### **4. PARLIAMENTARY DIALOGUE AND THE ROLE OF THE JOINT PARLIAMENTARY COMMITTEE**

The EU-Mexico Joint Parliamentary Committee (JPC) is the forum for institutionalised interparliamentary dialogue between the EP and the Mexican Congress, established on the basis of the *Joint declaration on the dialogue at parliamentary level* annexed to the Final Act of the GA. It consists of 28 permanent members from a delegation from the EP and a delegation from the Mexican Congress, on the basis of parity. The Mexican delegation includes members of both the Senate and the Chamber of Deputies. Both delegations reflect the political plurality of their institutions. Since its constitution in September 2005, the JPC has held 17 meetings.

The parliamentary committees originated as an instrument of parliamentary diplomacy of the EP which, according to its rules of procedure, "may set up joint parliamentary committees with the parliaments of States associated with the Union or States with which accession negotiations have been initiated" (Article 214(1) of the *European Parliament Rules of Procedure*). This prerogative, even though no formal powers were held at that time, has been exercised by the EP since the signing in 1961 of the first AA between the EU with a third country (Greece), when it created a pioneer JPC with the Hellenic Parliament (European Parliament 1962). The fact that the JPCs are linked to an international agreement makes them a preferential system for parliamentary diplomacy. In particular, the JPCs stand out within the framework of the agreements because they have direct legitimacy and therefore represent the citizens within the relations. Equally, the EU-Mexico JPC stands out from the other JPCs because it is the only one which is linked both to an international agreement and a Strategic Partnership with the EU.

This chapter of the study pursues two aims: (i) to examine and assess the role of the JPC in the fulfilment of its task with regard to the monitoring of EU-Mexico relations and the implementation of the GA and (ii) to make recommendations to improve its performance and strengthen its participation in the process of modernisation of the Agreement and EU-Mexico relations in general. It seeks to answer two questions: How has the work of the JPC been conducted? How have the JPC cooperated with the European and Mexican executives in the implementation of the GA and, in general, in the development of EU-Mexico relations?<sup>15</sup> The results of the investigation are intended to contribute to the JPC's commitment to participate in the process of modernisation of the GA, which it made public at its 16th meeting (2013) and

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<sup>15</sup> For the purposes of this chapter, the term 'European executive' includes the Council of Ministers, the European Commission and the European External Action Service (EEAS).



ratified at its 17th meeting (2014). In addition, they are intended to contribute to earlier comments and requests made by the JPC at several of its meetings to strengthen its work and its role in EU-Mexico relations.

The information used is based on (Velasco Pufleau 2012) and has been updated by recourse to first-hand sources: (i) official documents of meetings of the JPC (agendas, work programmes, joint declarations and minutes), (ii) semi-structured interviews with key figures<sup>16</sup> in the work of the JPC and its interaction with the European and Mexican executives and (iii) direct observation of JPC meetings. In addition, a review has been carried out of the literature and political documents applicable to the JPC and EU-Mexico and EU-Latin American relations<sup>17</sup>. The information was analysed using qualitative and quantitative methods, the latter consisting of content analysis of the work programmes, agendas and declarations from the 17 meetings of the JPC.

#### **4.1 Creation, task and competencies**

Since its creation, the JPC has faced the twofold challenge of building up a new institution and finding ways to influence and improve the EU-Mexico relationship, particularly as – unlike other agreements<sup>18</sup> – the GA did not create a JPC. The JPC therefore has no legal basis in the GA which includes it within the institutional framework of the agreement and its mechanisms for political dialogue. In fact, the EU-Mexico JPC was created through the political will of the EP and the Mexican Congress on the basis of the *Joint declaration the dialogue at parliamentary level* annexed to the Final Act of the GA, signed on 8 December 1997, which only refers to the advisability of institutionalising a political dialogue at parliamentary level by means of contact between the EP and the Mexican Congress.<sup>19</sup>

In fact, at the beginning, the *Joint declaration* gave rise to the institutionalisation of the dialogue between the EP and the Mexican Congress within the framework of five interparliamentary meetings<sup>20</sup> held between 1997 and 2003. At those meetings, and as a result of the dynamic sparked by the GA, the delegations decided to move forward to the creation of a JPC, assuming the commitment to take the necessary steps for that purpose in 2003.<sup>21</sup>

This occurred after the EU-Chile AA, signed on 18 November 2002<sup>22</sup>, created the first JPC with a Latin American country. In fact, the EU-Chile AA not only instituted the EU-Chile JPC, but also refers to its composition, rules of procedure and competencies. This difference between the two agreements may be explained in terms of the era in which they were negotiated and

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<sup>16</sup> Representatives and/or officials of the co-secretariats of the JPC located in the EP and the Mexican Senate, the office of the EEAS for Mexico, the EU Delegation in Mexico, the External Relations section of the EESC and the Mission of Mexico to the EU.

<sup>17</sup> In addition, a questionnaire was distributed among European and Mexican parliamentarians who are or have been members of the JPC. However, the response was not representative for quantitative analysis.

<sup>18</sup> Among others, the Association Agreements signed by the EU with the Central and Eastern European countries, other Latin American countries, the countries of the Western Balkans or to establish the European Economic Area (EEA).

<sup>19</sup> OJ L 276, 28.10.2000, p. 66.

<sup>20</sup> Cf. *Gaceta Parlamentaria, Cámara de Diputados*, year I, number 0, 22.12.1997 (<http://gaceta.diputados.gob.mx/>)

<sup>21</sup> The EP would consider the creation of a first delegation in the EU-Mexico JPC the following year (cf. EP 2004).

<sup>22</sup> OJ L 352, 30.12.2002, p. 3.

signed, and the role played by the EP in that regard. Basically, the GA was signed in an era in which, after the adoption of the Maastricht Treaty in 1993, the EU began to renew its relations with Latin America as part of a general objective to strengthen its international role (Peña and Torrent 2005). As part of its strategy for the region, the EU considered concluding three new ambitious agreements – with Mercosur, Chile and Mexico – which, in addition to cooperation, would for the first time also include political dialogue and the liberalisation of trade (EC 1995; Del Arenal 1997; González Sánchez 1997; Verwey 2004). As the first of these agreements, the GA was signed in December 1997. The GA was also one of the first such agreements signed with a country outside Europe (and the first transatlantic one), thus breaking with the EU's practice of signing agreements of this type with third countries that were neighbours or with a view to their accession to the EU. During the process, the EP confined itself to highlighting the need to include the institutionalisation of political dialogue between the Mexican Congress and the EP in the GA, though it did not make any reference to a JPC (*cf.* EP 1995). Finally, the creation of the JPC was not considered either within the institutional framework of the GA or its political dialogue mechanisms. Instead, the Joint Declaration on dialogue at parliamentary level was added. This conformed to the model of joint declarations included in the AAs signed in the 1970s with countries such as Malta and Cyprus. This type of declaration was also included in the Framework Cooperation Agreement signed with Chile in 1996, which preceded the 2002 EU-Chile AA.<sup>23</sup>

The negotiation and signing of the EU-Chile AA coincided with a stage of reinforcement of bi-regional relations thanks to the launch of the bi-regional strategic association between the EU and Latin America and the Caribbean at the first Summit between Heads of State and Government held in June 1999 (*cf.* CE 1999). The negotiating mandate for the agreement included a specific reference to the "need to strengthen political dialogue in the parliamentary field by setting up a permanent dialogue between the EP and the Chilean National Congress (House of Representatives and Senate)." (EP 2001(a), p. 9). To which the EP responded by directly requesting the creation of a JPC in the agreement.<sup>24</sup> That request formed part of the wider ambition of the EP to create what is today the Euro-Latin American Parliamentary Assembly (EuroLat) as a parliamentary institution of the biregional strategic association (*cf.* EP 2001(d)), which should have "specific committees according to the various Association Agreements" (Salafranca Sánchez-Neyra 2004, p. 93). The EU-Chile negotiating committee included the JPC in the institutional framework of the agreement, following the 'standard format' used, for example, in the AAs signed with the Central and Eastern European countries throughout the 1990s. The EU-Chile JPC held its first meeting in October 2003, almost two years earlier than the EU-Mexico JPC.

The Political Dialogue and Cooperation Agreements with Central America and the Andean Community, respectively, both signed on 15 December 2003, do not institute a JPC, but in the two Agreements the parties "encourage" the EP and its Latin American counterparts, the Central American Parliament (Parlacen) and the Andean Parliament (Parlandino), "to establish an Inter-parliamentarian Committee, within the framework of this Agreement, in accordance with "their

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<sup>23</sup> OJ L 209, 19.8.1996, p. 5.

<sup>24</sup> In parallel, the EP also requested the creation of an EU-Mercosur JPC (*cf.* EP 2001(b)).



constitutional laws" (in the case of Central America) or "past practice" (in the case of the Andean Community).<sup>25</sup> The EU-Central America AA signed on 29 June 2012, provides for the creation of a JPC, highlighting the different treatment of the EU-Mexico JPC.

As the EU-Mexico JPC lacks a binding legal basis in the GA, the task of the JPC is only set out in the Rules of Procedure of the EU–Mexico JPC, which state as follows: "The role of the Committee shall be to consider all aspects of the relations between the European Community and Mexico, and in particular the implementation of the Association Agreement" (EU-Mexico JPC 2005(a), Article 1). That task allows the JPC a great deal of scope to interpret its function – e.g. to confine itself to exchanges of views among the parliamentarians, exercise varying degrees of parliamentary control and/or participate in the implementation of the GA and EU-Mexico relations in general.

The AAs that created JPCs *per se* are more precise when describing their means and objectives. Although the exact wording depends on the AA in question, they normally define JPCs as forums for members of parliament to 'meet and exchange opinions, points of view or ideas'.<sup>26</sup> The Rules of Procedure of the European Economic Area (EEA) JPC refer to further two tasks of the JPC: ensuring democratic parliamentary control and scrutinising legislation applying to the EEA (EEA JPC 1996, article 10).

In practice, the EU-Mexico JPC has carried out various kinds of activities and pursued various objectives within the framework of its task. Some of these objectives are implied and others have been expressly included in the joint declarations that the JPC adopts at the end of its meetings. Its original commitment to participate in the implementation of the GA must be emphasised. This was enshrined at its first meeting (2005) in terms of "making use of all the opportunities offered by the Agreement, including the use of the evolutive clause, with a view to increasing the levels of wellbeing enjoyed by their citizens" (EU-Mexico JPC 2005(b), p. 7). The JPC also wished to consolidate and further strengthen its role as "the institutional mechanism through which links between the EP and the Mexican Congress are channelled and strengthened" (EU-Mexico JPC 2011(b), p. 27). More recently, it has expressed an interest in exercising stronger parliamentary control over the relations (*cf.* EU-Mexico JPC 2013(b), 2013(d); 2014).

The development of the JPC's tasks has also allowed its components to pursue individual goals related to the parliamentary diplomacy of the institutions they represent (*cf.* EP 2014(a); *Senado de la República mexicana* 2010; *Cámara de Diputados de México* 2010). In view of the political system and the history of each institution, these goals are not exactly the same. For example, the European delegation has had a particular interest in obtaining first-hand information, discussing matters concerning human rights and exercising democratic control over relations, whereas the Mexican delegation has sought in particular to cooperate with the Mexican government to strengthen the image of Mexico (Velasco Pufleau 2012).

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<sup>25</sup> [http://eeas.europa.eu/ca/pol/pdca\\_12\\_03\\_en.pdf](http://eeas.europa.eu/ca/pol/pdca_12_03_en.pdf)

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0695:FIN:EN:PDF>

<sup>26</sup> Specifically, the AA of the EEA states, instead of the above, that the EEA JPC "[...] shall contribute, through dialogue and debate, to a better understanding [...] [between the parties] in the fields covered by this Agreement' (Article 95(3)). (OJ L 1, 3.1.1994, p. 3).

In order to carry out its task, the JPC has a single explicit competency, defined in the its Rules of Procedure as follows: "On a proposal from the Committee's bureau, recommendations may be put forward to the Association (Joint) Council, to the relevant committee of the European Parliament and to the National Congress of the United Mexican States or to the relevant committees thereof" (article 4(1)). The final part of this competency originates from the EP's rules of procedure which provide that the JPCs may formulate recommendations for the parliaments involved. (Article 214(1)). In practice, the JPC includes its recommendations in the text of its joint declarations, though these are not binding on their recipients.

In comparison with the JPCs instituted in the AAs concluded, for example, with the Central and Eastern European countries, other Latin American countries or the AA with the EEA countries, there is also unequal treatment to the detriment of the EU-Mexico JPC as far as its competencies are concerned. As a rule, the JPCs with a legal basis in these AAs, in addition to making recommendations to the Joint (Association) Council, may request information from it regarding the implementation of the agreement, and the Council has an obligation to provide the JPC with the information that it has requested and to keep it informed on decisions and recommendations that it adopts. The EEA AAs provide that the JPC may examine the annual report to be published by the EEA Joint Committee on the functioning and development of the agreement and also that the President of the Council should appear before it (article 95(4-5)). The Rules of Procedure of the EEA JPC also authorise its members to put oral and written questions to the Council and the Committee (article 16). In addition, the agreements known as the Economic Partnership Agreements (EPAs) – such as that signed in 2008 with Cariforum<sup>27</sup> – also extend the competencies of their JPCs to allow them to make recommendations to the body that would be the equivalent of the EU-Mexico Joint Committee.

#### **4.2 Activities 2005-2014**

From its first meeting in Strasbourg in 2005 to the most recent in April 2014, the JPC has experienced an enriching evolution. Several stages can be identified in the evolution of the JPC based on the review and interpretation of the joint declarations and the context in which the JPCs took place. In an early stage, the JPC focused primarily on identifying the best mechanisms to examine and evaluate the most significant aspects of the GA, but also provided a forum of socialization among the parliamentarians and the fundamental pillars to develop an institutional memory. From the JPC's the fifth meeting, held in November 2007, the Committee's meetings experienced not only an increase in the number of paragraphs of the joint declarations, which increased to around 18 in the four previous meeting to around 30, but also a more articulated and comprehensive vision of the EU-Mexico relationship.

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<sup>27</sup> OJ L 289 30.10.2008, p. 3.

**EU - Mexico JPC meetings 2005 - 2014**

Meeting	Place	Dates
<b>1st</b>	Strasbourg	28-29 September 2005
<b>2nd</b>	Monterrey	11-12 January 2006
<b>3rd</b>	Brussels	30 May 2006
<b>4th</b>	Mexico City	27-28 February 2007
<b>5th</b>	Brussels	27 November 2007
<b>6th</b>	Strasbourg	21-22 May 2008
<b>7th</b>	Mexico City	28-29 October 2008
<b>8th</b>	Brussels	30-31 March 2009
<b>9th</b>	Mexico City	10-11 December 2009
<b>10th</b>	Seville	12-15 May 2010
<b>11th</b>	Mexico City	1-2 December 2010
<b>12th</b>	Luxembourg	20-21 June 2011
<b>13th</b>	Mexico City/Oaxaca	25-28 November 2011
<b>14th</b>	Strasbourg	23-24 May 2012
<b>15th</b>	Mexico City/Morelos	2-4 May 2013
<b>16th</b>	Strasbourg	19-21 November 2013
<b>17th</b>	Strasbourg	17 April 2014

The JPC normally has met twice a year, generally alternating between the EU (one of the EP's places of work) and Mexico. Though it is not expressly provided in the JPC's Rules of Procedure, the holding of meetings biannually has become an institutionalised practice on the basis of a commitment that has been expressed in the Committee's joint declarations practically since its first meeting in 2005. In addition, it follows the general rule for JPCs of the EP, since most of their rules of procedure provide that (at least) two meetings per year must be held. At the JPC's 16th meeting (2013), the delegations agreed to amend the Rules of Procedure to formalise the standard practice of holding two meetings a year and that each of the parties should submit to the authorities of the EP and of the Mexican Congress their endorsement of this modification. While the amendment was approved by the Mexican Senate on 14 October 2014, its approval by the Bureau of the EP is still pending.<sup>28</sup>

The meetings of the JPC contribute to monitor not only the implementation of the GA, but also to evaluate the challenges that Mexico and the EU are facing: from statements of solidarity following natural disasters or condemnations of death penalty, to concerns regarding violence in Mexico or the effects of the economic crisis in Europe, the JPC meetings embody numerous topics that both directly and indirectly affect the EU-Mexico agenda. In response to the permanent transformations of the bilateral agenda, the JPC has also embarked on detecting

<sup>28</sup> <http://www.senado.gob.mx/?ver=sp&mn=2&sm=2&id=50423>

some elements for updating the GA, among others the possible effects - and distortions - on EU-Mexico relations of the Transatlantic Trade and Investment Partnership (TTIP) which is currently negotiated by the EU and the USA, the expiration of the European Commission's bilateral development cooperation with Mexico, the review of the GA's institutional framework, calls for enhanced cooperation as regards climate change, the millennium development goals, and security issues.

#### 4.2.1 Working methods

In view of the absence of provisions in the Rules of Procedure in this regard, the working methods of the JPC were established in practice. Originally, they were defined at its first meeting (2005), observing, on the one hand, the standardisation with which forums of this kind function in the EP and, on the other, the experience acquired by the EP and the Mexican Congress at the interparliamentary meetings between 1997 and 2003. These methods have meant advantages for the work of the JPC, but have also given rise to certain disadvantages.

Notably, the fact that it is not subject to specific rules has allowed the JPC to innovate, introducing activities such as the joint seminars from its second meeting (2006) onwards. Nevertheless, that same laxity, combined with the large number of activities carried out at each meeting, means, for example, that the items of the agenda are not always discussed with the appropriate degree of depth. This appears to be due to the fact that the agenda items are often very general, which makes it difficult to focus the discussion on specific points, added to the limited time allowed for their discussion. As a result, the discussion of the items on the agenda is occasionally limited to a single presentation by the *rapporteurs*, with no time for in-depth discussion among the members or to arrive at specific agreements and recommendations to be included in the joint declarations. The members of the JPC highlighted this situation in their discussion on the work of the JPC at its ninth meeting (*cf.* EU-Mexico JPC 2010(a)).

In addition, the performance and direction of the work of the JPC rests to a very great extent on the interest of its members, particularly the co-chairs, who are responsible for directing and organising the work. This circumstance, added to the lack of explicit objectives for the fulfilment of the JPC's tasks, leads to a direct relationship between the interest, willingness and commitment of members and the progress, quality and direction of the work. It also means that the work of the JPC is dependent on the persons holding the offices of co-chair.

Attention should be drawn to the practice of organising and preparing the meetings of the JPC one by one, and only when the meetings are about to be held. Although this practice allows the JPC the capacity to react according to the *momentum* of the relations, it also leads to sacrifices in terms of planning and continuity. In addition, it risks to limit the time for *rapporteurs* to prepare the items on the agenda and contributes to the perception among members that their participation ends with each meeting and only begins once again when the next meeting is about to be held. This practice does not facilitate monitoring of the JPC's agreements and commitments between meetings – something which was highlighted in the interviews carried out for this study as one of the biggest problems with the functioning of the JPC.

#### 4.2.2 Results

At its 17 meetings held up to now, the JPC has spent a total of at least 51 days carrying out all its activities. The time taken for its three main activities exceeded 131 hours for discussion of the items of the agenda and adoption of joint declarations, 29 hours for joint seminars and 107 hours for meetings with third parties. On the days of the meetings, members should take part in sessions on a full-time basis. Nevertheless, as was highlighted in the interviews carried out, it is difficult for all the members of the JPC to be present at the same time at its meetings. This problem occurs particularly – it was stated – when the meetings take place in Strasbourg and coincide with plenary sessions of the EP, even though rules exist that appear to attempt to mitigate this effect, limiting the times at which the delegations can hold meetings in parallel to the plenary sessions.

##### *Agenda items and joint seminars*

The number of agenda items and the way in which those items are included has changed over the 17 meetings of the JPC. Basically, whereas the first meetings discussed a large number of items with sub-items (e.g. there were over 20 sub-items at the first meeting), linking them to the three pillars of the GA, the most recent meetings have included a smaller number of items drafted in a more general way – with no sub-items –, independent from the pillars. Overall, the JPC has discussed more than 70 general items and 80 sub-items relating to EU-Mexico bilateral relations – including interparliamentary dialogue –, EU-Latin America bi-regional relations, multilateral matters and the internal situation in Mexico and in the EU.

In terms of frequency, the most debated matters (on more than ten agendas) have been the assessment of the progress of the GA or EU-Mexico relations – either generally or with regard to one of the pillars–, and the monitoring of the political, economic and/or social situation in the EU or in Mexico. On the one hand, this reflects the main interest of the JPC in fulfilling its task through monitoring the implementation of the GA and, on the other, its wish to make use of the forum to obtain first-hand knowledge of aspects of the internal situation of each party. That wish was expressed as early as the second meeting (2006) of the JPC, where the European delegation in particular expressed its pleasure at the possibility of using the meetings not only to debate EU-Mexico relations, but also to learn about political, economic and social aspects of Mexico (EU-Mexico JPC 2006(a)). In addition, discussion of the two parties' internal situations shows that the delegations are conceived as being part of a peer relationship – which is not the case, for example, in the JPCs created with countries negotiating their accession to the EU, and where discussions focus on the internal situation of the third country and not that of the EU.

Among the remaining matters discussed by the JPC are security and migration, reflecting the commitment made by the delegations at the second and third meetings to keep those matters on the agenda (*cf.* EU-Mexico JPC 2006(a), 2006(b)). Furthermore, the establishment of the EU-Mexico Strategic Partnership has helped to keep security issues (such as terrorism, organised crime, drug trafficking and illegal arms trading) and border management on the agenda of the JPC from its seventh meeting (2008) onwards. In this context, the initiative of the then European co-chair, Erika Mann (S&D, Germany), to move from dialogue to specific actions when sending a letter to the US Senate on the treatment of Mexican migrants at the border with that country (*cf.*

EU-Mexico JPC 2006(b)), should be highlighted. Although it was exceptional, that initiative showed the possible scope of the work of the JPC in this regard.

Nevertheless, not all the items that the JPC has undertaken to keep on the agenda have been discussed on a continuous basis. For example, the matters agreed at the 13th meeting (2011) relating to the social consequences of the economic crisis, fiscal imbalances and a minimum agenda to encourage and revive sustainable economic growth (*cf.* EU-Mexico JPC 2011(c)) have not been included at subsequent meetings.

Another recurring theme has been climate change and renewable energy sources, which was stimulated in part because Mexico hosted the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 16) in December 2010 and by the JPC's monitoring of these Conferences. The originality of the item 'national and international legislative experiences on climate change' of the sixth meeting (2008) is notable due to the opportunity that it gave European and Mexican parliamentarians to exchange legislative practices on a matter of common interest, although exercises of this kind have not taken place very frequently. Attention should also be drawn to the issue of human rights which, despite being a main item on the Euro-Mexican agenda, was not discussed as such for a number of years, between the sixth meeting in 2008 and the 14th meeting in 2012.

As regards joint seminars, these began to be organised at the second meeting (2006) with the aim of deepening interparliamentary dialogue with forums of other kinds, so as not to confine dialogue to closed meetings between members of parliament, and to contribute to greater participation by citizens in the progress of the GA. 13 joint seminars within the framework of JPC meetings have been held up to the 17th meeting in 2014. These have usually been organised by the JPC itself and have lasted between one and a half hours and three hours. In addition to members of parliament, officials and representatives of the European and Mexican executives, the United Nations, the World Bank, academics, business people and other representatives of civil society have taken part in the seminars. The joint seminars have been particularly useful in allowing the JPC to discuss the matters in question in more detail, enriching its work with contributions that extend beyond the parliamentary perspective.

#### *Meetings with third parties*

Like the joint seminars, the meetings with third parties<sup>29</sup> have been held from the second meeting of the JPC (2006) onwards, providing opportunities to learn about each other's realities and include the points of view of citizens in the issues discussed at the meetings. It may be estimated<sup>30</sup> that, by its 17th meeting in 2014, the JPC (one or both delegations) had held approximately 80 meetings with third parties over 15 JPC meetings. The meetings with third parties took place as part of official meals (53 %) or independently (47 %), being held at the same time with one or more participants from one or more spheres or sectors. Governmental representatives (81 %) took part in over three quarters of the meetings, whereas the non-governmental sphere took part in one third (32 %). Within the governmental sphere, a large

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<sup>29</sup> 'Third party' is considered to mean any person other than the members of the JPC and its institutions, along with presenters of items on the agenda and of joint seminars.

<sup>30</sup> On the basis of the encounters planned in the work programmes and assuming that the said persons took part. As far as possible, the information was supplemented with the minutes of the meetings.

majority of the participants were from the executive (87 %), followed by the legislature (11 %) and the judiciary (6 %). From the non-governmental sphere, participants came primarily from the business sector (52 %), the academic sector (32 %) and from social organisations (28 %). In addition, European organised civil society, represented by the EESC, took part in three meetings that included discussion of the establishment of a 'Round Table' for dialogue with civil society (cf. EU-Mexico JPC 2010(c)) and a JCC (cf. EU-Mexico JPC 2013(c); 2014).

With regard to the non-governmental sphere, the interest of the JPC has mainly focused on meeting business people. In fact, the fifth meeting (2007) of the JPC considered it "useful to formalise business dialogue within the JPC's usual proceedings by setting up meetings between Mexican and European business people at each of the JPC meetings" (EU-Mexico JPC 2007(b), p. 13). Nevertheless, it is notable that since the 11th meeting in 2010, there has been an increase in the number of sectors involved in the meetings, particularly with regard to academics.

More meetings with third parties have usually been held at the JPC meetings taking place in Mexico (an average of eight meetings per JPC meeting) than at the meetings taking place in the EU (an average of three meetings per JPC meeting). In addition, Mexican representatives and officials were present at most of the meetings in which the executive took part. In this country, the meetings have normally included three levels of government: federal – including the presidential level (cf. EU-Mexico JPC 2006(a)) – state and municipal. However, in Europe the meetings have been confined primarily to EU institutions and bodies. Likewise, in Mexico there have been frequent meetings with authorities from different states in the country (e.g. Nuevo León, Jalisco, Querétaro, Hidalgo, Oaxaca, Tlaxcala and Morelos), where meetings have also taken place with business people and others. On only one occasion has the JPC met representatives other than from the EU, its Member States or the Mexican government: the meetings with the ambassadors of Canada and the USA, Mexico's NAFTA partners, during its third Meeting (cf. EU-Mexico JPC 2006(b)).

If the meetings with third parties carried out within the framework of the JPC are compared with the meetings carried out within the framework of interparliamentary meetings between 1997 and 2003, there has been a reduction in the number of meetings held individually by the European delegation with Mexican civil society organisations working in human rights and/or on projects (co-)financed by the EU in Mexico. In fact, since the creation of the JPC, there has only been one meeting of this kind (in 2006). Since then, meetings with civil society have been planned in the programmes of work to be held jointly.

#### *Joint declarations*

Joint declarations are the only immediate, tangible result from JPC meetings.<sup>31</sup> In the absence of an explicit provision in the JPC's Rules of Procedure, the delegations resolve in the declarations themselves to send them to the Joint (Association) Council. In practice there is no established procedure for sending the declarations and they are not always systematically sent.

Each declaration consists of a number of paragraphs, ranging from 17 to 43, which means that there has been a total of over 500 paragraphs in the 17 joint declarations issued by the JPC up to

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<sup>31</sup> Without prejudice to the exception of the Message from the 10th JPC meeting (2010) to the fifth EU–Mexico Summit.



now. Only in four declarations (of the 13th, 14th, 16th and 17th meeting) have the paragraphs being grouped into themes, which were almost all included on the agenda. The inclusion of paragraphs dealing with issues not included on the agenda has been the norm.

In its declarations, the JPC or its individual delegations have made statements concerning five main areas (similar to the general agenda items): EU-Mexico bilateral relations – including the interparliamentary dialogue –, EU-Latin America bi-regional relations, multilateral issues and the internal situation of Mexico and of the EU. It could be estimated that most statements (a paragraph can contain more than one statement, depending on its substance) have been made on bilateral relations (57 %) and multilateral matters (24 %). With regard to the latter, there has been a clear increase in the number of statements after the approval of the EU-Mexico Strategic Partnership in 2008 (for example, the number of paragraphs addressing multilateral issues increased from between 2 and 11 in the joint declarations issued prior to the Strategic Partnership to 26 in the declaration issued by the 13th meeting in 2011), although not all the paragraphs dealing with multilateral matters were confined to the Partnership. After these two main areas, the paragraphs dealing with the internal situation in Mexico (8 %), bi-regional relations (8 %) and the internal situation in the EU (3 %) are the most numerous.

In the context of EU-Mexico relations, the JPC has made statements mainly on the cooperation pillar of the GA and political dialogue; in the latter case, with the accent on the JPC itself. With regard to cooperation, most JPC statements address six sectors: (i) human rights and democracy, including the rule of law; (ii) social issues and the fight against poverty, including social cohesion; (iii) the environment and natural resources, including climate change and the 'green economy'; (iv) science and technology, including innovation; (v) training and education, and (vi) economic and trade issues, including cooperation aimed at SMEs. All these sectors have been priorities or transversal themes in bilateral cooperation. In fact, the JPC has made few statements on sectors other than these, and therefore it could be said that the Committee has acted more reactively than proactively in the area of bilateral cooperation, following the approach of the executives rather than proposing new sectors for cooperation. Nevertheless, the JPC has occasionally proposed more specific cooperation activities — one example is the interest expressed in its 10th meeting (2010) in signing a sector agreement regarding higher education (*cf.* EU-Mexico JPC 2010(c)).

The paragraphs of the joint declarations can be divided into five categories, according to their contents: (i) statements, (ii) commitments and agreements, (iii) urgings and requests, (iv) thanks, acknowledgements and congratulations, and (v) recommendations. As a general rule, the paragraphs have included more than one category, being introduced or concluded with a statement.<sup>32</sup> Thus, the statements are the most numerous category of content (over 75 % of the paragraphs contain a statement). On the other hand, recommendations, such as those made to the European and Mexican executives (as part of the EU-Mexico Joint Council or to one of them individually) are few. Only in exceptional cases has one delegation made recommendations to the other (e.g.: "The European parliamentarians recommended to their Mexican counterparts

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<sup>32</sup> They include statements of will, expressing a mood or opinion for a purpose other than that of the remaining categories, using phrases such as "the delegations express their willingness", "their concern", they "welcome", "insist that", "consider that", "agree that", etc.

that the Protocol which will enable the European Investment Bank to open up to Mexico should be signed as soon as possible" (EU-Mexico JPC 2006(a), p. 20).

With regard to the commitments and agreements adopted by the JPC, it is possible to identify at least 150 in the various paragraphs<sup>33</sup>. They relate to the JPC itself (37 %), bilateral relations<sup>34</sup> (32 %), multilateral matters (28 %) and EU-Latin America relations (3 %). It is difficult to assess the fulfilment of all the commitments, due mainly to the relatively non-specific way in which many of them are drafted – particularly those addressing bilateral relations and multilateral issues – and the absence of an official record of actions carried out to monitor and fulfil them.

Nevertheless, on the basis of an analysis of the joint declarations, along with a review of the minutes of meetings, the interviews carried out in the parliamentary level and personal attendance at meetings, it can be verified that the JPC fulfilled over 75 % of the commitments and agreements in relation to the Committee itself. However, most of these relate to form or procedure – such as holding the next meetings and joint seminars, sending the declarations to the executives, keeping matters of security and migration on the agendas for meetings or appointing *rapporteurs* for the agenda items. Important commitments and agreements for strengthening the work of the Committee – such as the commitment by the ninth meeting (2009) to establish mechanisms to assess, monitor, implement and disseminate the agreements adopted by the JPC itself – are still pending fulfilment.

#### 4.2.3 Interaction with the European and Mexican executives

The European and Mexican executives have cooperated with the JPC since its creation, for example by providing punctual written information to their respective secretariats or to the delegations of the JPC prior to meetings or when they request it. In addition, they appear by invitation at ordinary meetings of the European delegation and the preparatory meetings of the Mexican delegation.<sup>35</sup> Likewise, depending on where the JPC meeting is held, the EU Delegation in Mexico or the Mission of Mexico to the EU normally supports their respective delegations with the planning of their agenda and/or with certain logistics *in situ*. In addition, it is normal practice for the EU Delegation to meet the EP delegation upon its arrival in Mexico to provide it with more information. During meetings, the participation by the executives – particularly the European Commission, the EEAS and the Mission of Mexico to the EU – in the meetings with third parties and the joint seminars has been significant. They have also occasionally participated as *rapporteurs* of items on the agenda.

The flow of information between the executives and the JPC exists even though the Committee has no formal competencies to request information and the executives have no obligation to provide it. Nevertheless, the interviews carried out in the parliamentary level, particularly in Mexico, have shown a wish that the remittance of information by the executives to the JPC should be more regular and not only take place immediately before and during the meetings in response to requests by the co-secretariats or the JPC delegations. In addition, the

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<sup>33</sup> A paragraph may contain more than one commitment in one or more areas.

<sup>34</sup> Including commitments assumed with regard to the GA, the establishment and functioning of the Strategic Partnership and civil society.

<sup>35</sup> Unlike the European delegation, the Mexican delegation in the JPC does not meet as such regularly, but only prior to the JPC meetings.

questionnaires answered by the Mexican members of the JPC express an interest in exchanging information with the European Commission and the EEAS. The Mission of Mexico to the EU has been receptive to the idea that information flows should be more frequent and should also take place informally and not just through formal channels such as appearances at meetings of the JPC and of its delegations. For its part, the EEAS has expressed its willingness to explore formulas to improve the flow of information, although it warns that, in its opinion, excessive remittance of information would not be fruitful.

It is notable that the European and Mexican executives contribute to the work of the JPC independently and not jointly through the Joint Council or the Joint Committee. That means that each executive acts to represent its own region and not as a joint body and that there is no prior agreement on the information that they supply to the JPC. In fact, neither the Joint Council nor the Joint Committee is formally obliged to act in this capacity in relation to the JPC. The JPC's Rules of Procedure only refers to the power of the JPC to make recommendations to the Joint (Association) Council (article 4(1)) and when it states that the executives may attend and speak at meetings, it refers to them as "members of the Council of Ministers of the European Community and the European Commission and representatives of the Mexican Government" (article 6) and not as the Joint Council or Joint Committee. Otherwise, in the case of other JPCs, such as the EEA Committee, the Association Council and/or Committee of the EEA are obliged to conduct relations with the JPC as bodies.<sup>36</sup>

Another notable element in the interaction between the executives and the JPC is the lack of reciprocity by the executives to the willingness of the JPC to invite them to take part in its meetings. This mainly concerns the meetings of the Joint Council. Practically all the declarations of the JPC have requested such reciprocity. According to the interviews, there is disappointment in the parliamentary level that this objective has not yet been fulfilled, but also expectation that it will be fulfilled in future. Nevertheless, nine years of inactivity appear to clearly demonstrate the absence of any will on the part of the executives to carry it out, which may suggest that is unlikely to be carried out in the near future. When they were questioned in that regard, representatives of the EEAS and the Mission of Mexico cited competencies as the reason for the situation, as well as the fact that they now have the JPC recommendations available in written form.

In this regard, it should be said that requests from the JPC to attend meetings of the Joint Council have not always gone in one direction. In fact, the joint declarations by the JPC state that its original intention was to attend meetings of the Council to provide information on the development of interparliamentary dialogue. However, in 2010 the message to the fifth EU - Mexico Summit, approved by the JPC at its 10th meeting, requested to attend the meetings of the Summit in order to establish a system for permanent information for members of parliament

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<sup>36</sup> In the case of the EU-EEA JPC, the Association Council and Committee conduct relations with the JPC as bodies in at least three circumstances: (i) when the President of the Council appears at meetings of the JPC, (ii) when the JPC examines the Committee's annual report on the functioning and progress of the agreement and its representatives take part in its meetings and (iii) to the extent to which the Council and the Committee are obliged to reply to the oral and written questions put by the members of the JPC. The EEA JPC's Rules of Procedure refer to the participation of the executives as the 'President of the Council of the EEA and representatives of the Association Committee of the EEA' (article 10).

(EU - Mexico JPC 2010(c)), thus inverting the wish to inform the executives to a wish to *be* informed. In the declaration from the 13th meeting (2011), the JPC referred to attending as observers not just the meetings of the Joint Council, but in general the meetings of the consultation mechanisms and the sectoral dialogues provided in the GA and the Strategic Partnership, and especially civil society dialogue meetings. Finally, in its 16th meeting in 2013, the JPC included a new element in the request: to be able to exert a greater degree of parliamentary control through the invitation of the chairs of the two delegations to the JPC to the meetings of the EU-Mexico Summit, the Joint Council and the Joint Committee (EU-Mexico JPC 2013(d)). With regard to who should be invited to the meetings, normally the joint declarations refer to the co-chairs of the JPC, although in exceptional cases requests have also been issued for the 'JPC authorities', its 'members' or the 'members of the bureau' to be invited.

Furthermore, it seems evident that the JPC and the executives – the EU Delegation in Mexico, the EEAS and the Mission of Mexico to the EU – do not fully coincide in their perception of the role that the JPC should play in EU-Mexico relations. On the one hand, the aforesaid executive bodies emphasise the JPC's ability to deliberate on important matters, which helps to obtain new points of view regarding relations, represents a democratic component, generates new channels for understanding and promotes cooperative and friendly relations between the EU and Mexico (Coninsx 2011; Fuentes-Berain Villenave 2010, 2011; Interviews at the EEAS and the Mission of Mexico to the EU). On the other hand, although the JPC shares this view, it places greater emphasis on the exercise of parliamentary control over relations and considers that such control should have a real impact on their development. The JPC has recently reclaimed this role, particularly in relation to the process of modernisation of the GA (*cf.* JPC EU – Mexico 2013(b); 2013(d); 2014).

Another characteristic of the interaction between the JPC and the executives has to do with the impact of the joint declarations on EU-Mexico relations. According to the interviews carried out for the study and prior research (Velasco Pufleau 2012), the EEAS and the Mexican government have been permanently receptive to the contents of the declarations, giving assurances that particular consideration is given to them since they come from representatives elected by citizens. Nevertheless, in the parliamentary level, it is not universally accepted that the declarations do always have an impact on decision-making at the Joint Council. That impact could be expected to be achieved through the recommendations put forward by the JPC in its joint declarations. However, in addition to the obvious limitation that the Council's is free to consider the recommendations or not, the way the recommendations are drafted and the form in which they are included in the declarations largely constitutes an obstacle that prevents them having a greater impact.

In this context, although it could be expected that explicit recommendations put forward specifically to the Joint Council would have a greater impact due to their precise drafting, they are relatively few. In contrast, implicit recommendations – which could be expected to be less effective due to their ambiguous drafting which give more room for the Joint Council to interpret them subjectively – represent the most usual form of drafting.

Moreover, the different recommendations are dispersed throughout the declarations, which makes it more difficult to identify them. The perception that recommendations are difficult to

identify is shared by the EEAS (as was demonstrated in an interview with representatives from the Service), which has shown interest in having the recommendations included in a specific section of the declarations. In general, the EEAS has shown interest in receiving recommendations on the institutional framework of the GA and new issues for high-level dialogue.

Another aspect of the relationship between the JPC and the EU and Mexican executives concerns the activities of its members within the Mexican Congress and the EP, respectively. One example – which also shows the interest of the JPC in the process of modernisation of the GA – was the proposal put forward in March 2014 by Senator Rabindranath Salazar, the Mexican co-President of the JPC and President of the External Relations Committee, Europe, of the Mexican Senate, asking the Mexican government to provide detailed information on the progress and prospects of the negotiations on the review and modernisation of the GA and to establish a working group with the participation of the Senate to accompany the Mexican government in the negotiations.<sup>37</sup>

In the same way, on 15 January 2014, the plenary session of the EP debated the modernisation of the GA based on a question put to the European Commission ('Modernisation of the trade title of the EU – Mexico Economic Partnership, Political Coordination and Cooperation Agreement').<sup>38</sup> During the debate, which confirmed the wide support in the EP for updating the Agreement, the European Commission was asked to keep the Delegation for relations with Mexico and the Parliament's Committee on International Trade informed about the progress of the modernisation process.

#### 4.2.4 Conclusions

The format for creation of the JPC does not correspond to the level and depth of the current relations between the EU and Mexico. Compared to other JPCs established in the AAs, the EU-Mexico JPC suffers from inequality of treatment since it lacks a legally binding base that makes it part of the institutional framework of the GA and its mechanisms for political dialogue. This absence of a legal base means that the EU-Mexico JPC has fewer competencies in relation to the Joint Council and the Joint Committee than most of the JPCs created in the AAs. The JPC's Rules of Procedure do also not contain a provision that enshrines the biannual nature of its meetings. Lacking a legal basis, the task of the EU-Mexico JPC is only contained in Committee's Rules of Procedure (as is its sole competency in relation to the Joint Council). They are drafted in general terms and establish no explicit means or objectives. As a result, the JPC has been able to carry out different activities and pursue several objectives. This has allowed it to make wide use of the forum beyond monitoring the application of the GA, although it has occasionally diminished the depth and continuity in its activities.

The analysis of the main activities of the JPC during the 2005-2014 period shows that the JPC's working methods entail advantages but also disadvantages. Notable among the advantages is the capacity for innovation. The disadvantages include the above mentioned diminished

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<sup>37</sup> [http://sil.gobernacion.gob.mx/Archivos/Documentos/2014/02/asun\\_3074102\\_20140226\\_1393344683.pdf](http://sil.gobernacion.gob.mx/Archivos/Documentos/2014/02/asun_3074102_20140226_1393344683.pdf)

<sup>38</sup> The question was asked by the then members of the Committee on International Trade, Vital Moreira (President) and George Sabin Cutaş, on behalf of the Committee.

continuity and depth in the work of the JPC – for example, in relation to the inclusion and discussion of the items on the agenda and the monitoring of its agreements and undertakings. Notable among the many activities that have been carried out by the JPC in support of its task is the assessment of the implementation of the GA on the basis of presentations by members of the JPC and exchanges of views. The attention of the JPC has also been focused on the internal situation (political, economic and social) in the EU and in Mexico, taking advantage of the opportunity to obtain first-hand information and increase mutual knowledge. This latter indicates, in turn, that the delegations perceive their role as being within a peer relationship.

The desire to improve mutual knowledge, added to the aim of making the development of the GA more accessible to citizens, has led the JPC to include meetings with third parties and seminars in its meetings. Both government representatives and civil society have been part of these activities. In this context, the support shown by the JPC on many occasions for the creation of an EU-Mexico JCC, supporting a direct link between civil society and the development of the GA, should be noted. Sectors of civil society involved in the implementation of the GA, including the EESC, have also expressed an interest in discussing the modernisation of the Agreement with the JPC. Similarly, the interviews carried out have shown that there is a great willingness on the part of the EESC to establish close cooperation between a CCC and the JPC.

In its statements on bilateral relations, the JPC has focused particularly on the cooperation sectors as included in the European Commission's strategies for cooperation with Mexico. The absence of explicit recommendations shows that the sole competency of the JPC in relation to the Joint Council has not been exploited sufficiently. The JPC has also frequently pronounced itself on multilateral issues, within the limits of the EU-Mexico Strategic Partnership and beyond.

Equally, the JPC has also adopted a significant number of agreements and commitments relating to bilateral relations – including relating to the work of the Committee itself –, EU-Latin America relations and multilateral issues. Nevertheless, like other parliamentary diplomacy forums, the JPC has difficulties following up all its agreements and commitments. In fact, the current working of the JPC is not fully suitable for performing this task, although the members of the JPC are keen to deal with it.

The European and Mexican executives have cooperated closely with the JPC, which has taken the initiative to the collaborative relationship and constantly has shown its willingness to maintain it. However, they cooperate separately and not jointly through the EU-Mexico Joint Council or the Joint Committee. Furthermore, the executives have not demonstrated the same reciprocity with regard to integrating the JPC in the work of the Joint Council and the Joint Committee, although neither has the JPC issued totally clear requests to participate in them. The flow of information between both takes place without any formal competency or obligation for the parties and could be improved in terms of its regularity. It seems evident that the parliamentary and the executive spheres do not hold the same views on the role of the JPC should play in EU-Mexico relations. The impact of the joint declarations on relations is an issue where much work still has to be done in the interaction between the JPC and the executives. The JPC is partly responsible for this due to the way in which its recommendations are drafted and included in its declarations.



The modernisation of the GA represents an opportunity to strengthen the role of the JPC in EU - Mexico relations. It would be particularly important for a renewed agreement to establish a binding legal basis for the JPC which should precisely define its task and broaden its competencies *vis-à-vis* the Joint Council and the Joint Committee. The EP could play a decisive role in asking the European Commission and the Council of Ministers for such a legal basis to be created, in view of its power to approve a modernised version of the GA (or a new agreement). Along with this *sine qua non* condition, a review of the JPC's working methods is needed, both in relation to the performance of its activities and with regard to its interaction with the executives. To sum up, the reinforcement of the JPC in the overall EU-Mexico relations is a shared responsibility for the executives, the JPC and its components: the EP and the Mexican Congress.

The modernisation of the GA may also be an opportunity for the JPC and the members of the Joint Council to work more closely together. This cooperation may take place on the basis of formulas that are already institutionalised or else by exploring new forms of working together. Both parties appear to be positively inclined in this regard, to judge by the two most recent meetings of the JPC and the interviews carried out within the framework of this study (for example, both the EEAS and the Mission of Mexico to the EU have expressed their willingness to attend JPC meetings to provide information on the progress of the process of modernisation of the GA).

One important underused instrument is the one established by article 4 in the JPC's Rules of Procedure, which states that the JPC may put forward recommendations to the Joint Council, to the relevant committee of the EP and to the relevant committees in the Mexican Congress. A suggestion to include in a revised GA could be to introduce the faculty of the JPC not only to submit recommendations, but also to raise questions to the Joint Council and the Joint Committee and obtain their commitment to respond to them within a reasonable time frame. The mechanism would allow reinforcing the dialogue between the EU and the Mexican government with the JCP, and the transparency needed for further strengthening trust among different political actors.

Overall, based on the JPC meetings, parliamentarians from the EP and the Mexican Congress have developed an institutional history as well as the expertise on the achievements and potentials of the EU-Mexico relationship, elements that are crucial for the modernisation of the GA. In any case, the JPC's involvement in the modernisation process must not be ignored in view of its functions in representation of European and Mexican citizens and exercising democratic control.

In addition to the inclusion of the JPC as part of the institutional framework of an updated GA, other elements may help to strengthen the role of the JPC.

An instrument that currently exists and has the potential to be used further is issuing resolutions from the EP or 'propositions with points of agreement' from the chambers of the Mexican Congress with regard to significant events that may affect one of the parts of the GA. The EP has issued at least six resolutions related to Mexico in the past decade. Some of these resolutions may have helped to endorse positive developments in the bilateral relationship such as in the cases of the Strategic Partnership (2009) or the scientific and technological cooperation agreement (2005), while others have expressed concerns about murder of women in Mexico



and Central America (2007), the escalation of violence in Mexico (2010) and, most recently, the disappearance of 43 teaching students in Mexico (2014). While these resolutions are issued by the EP and convey its legitimate concern, their impact may be strengthened if the JPC considered issuing common specific statements on diverse aspects of the bilateral agenda or events occurring in the EU or Mexico. Such statements would provide a shared view rather than the position of only one of the parties, as is the case with EP resolutions.

Another innovation could be strengthened collaboration between the EP and the Mexican Congress through a more permanent parliamentary diplomacy between the meetings of the JPC, also entailing a more active role of the co-chairs in monitoring EU-Mexico relations. A crucial aspect of such enhanced collaboration should be the exchanges and 'cross-fertilization' between parliamentarians of information, views and ideas on their legislative work.

## 5. ELEMENTS FOR THE NEGOTIATION AND RECOMMENDATIONS

14 years after the GA came into effect, the EU and Mexico have agreed to review the relationship, consolidate the achievements and find new avenues for deepening mutual exchanges. Six variables appear to be particularly pertinent for the negotiations on the modernisation of the agreement<sup>39</sup>:

***Negotiations should be based on realistic commitments of the parties.*** The evaluation of the GA and the EU-Mexico relationship comes at a very appropriate time since both parties have tested the limitations and potential of the bilateral relationship during the last 14 years.

***The modernisation should reinforce effective practices of current cooperation.*** The process of updating the GA and possibly negotiating a new agreement does not mark only the beginning of a new stage of bilateral interactions, but also the continuation of previous policies and practices where both parties have found a common ground.

***The process should provide a long term perspective.*** The review of the GA opens a period of reflection in Mexico and the EU with regard to the expectations that were set in 2000, the place where both parties stand today, and where they would like to be in the future.

***The modernisation process should be based on the previous learning experience.*** Both parties are familiar with assessing the bilateral relationship, innovating it through the creation of new mechanisms of collaboration and adapting it through the decisions of the Joint Council.

***The modernisation should encourage policies oriented towards strengthening free markets and liberal democracy.*** Mexico and the EU are closer in sharing these values than two decades ago.

***A renewed AG should reduce the performance gap.*** While policies to improve the economy and democracy indicate positive trends in Mexico, their implementation still faces obstacles in the areas of rule of law, combating corruption, public security, human rights, poverty, social cohesion, and social inequality.

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<sup>39</sup> Roberto Domínguez is the author of this part of the recommendations.

Based on these six premises, the modernisation of the GA would benefit from considering the following recommendations for each of its three main components.

### **Political Dialogue**

- Provide a strategic vision to the political dialogue for the coming years based on the current EU-Mexico *acquis* on political dialogue and the Strategic Partnership.
- Adopt the main premises of the Strategic Partnership through a multidimensional conception of the items on the agenda. This entails combining the horizontal perspective of the GA (three main thematic areas) with the vertical territorial approach of the Strategic Partnership (multilateral, regional and bilateral issues).
- Add components of good governance to the democracy clause, as has been done in the Association Agreements between the EU and Chile and the EU and Central America.
- Reinforce common strategies in international *fora* through joint statements on common positions.
- Continue the policy of flexibility for facilitating the adaption of the bilateral relationship to the emerging regional and global challenges.
- Avoid the risk that an increasing number of mechanisms of dialogue lead to fragmentation of communication and duplication of activities in the bilateral agenda.
- Organise the high-level dialogues around a limited number of thematic nodes. Three could be suggested: political cooperation, good governance and sustainable development. These three areas would include all the current high-level dialogues and provide, among others, the following advantages: stability as regards the follow up of commitments; the inclusion of all officials that can contribute to addressing the different angles of the agenda of one specific thematic node; and, more synergy in the work of the different areas of the Mexican government and EU institutions.

### **Economic Partnership**

- Focus the economic partnership on two broad areas: competitiveness and growth. In the new economic environment, competitiveness is a key element for enduring growth.
- Promote the development of clusters of production and innovation in Mexico. Experiences such as the automotive industry in Puebla and more recently the aerospace industry in Querétaro suggest that Mexico's efforts to promote economic development can produce better results if there is EU investment in high technology industries.
- Take advantage of the opportunities of the 2013-14 economic reforms in Mexico and facilitate European businesses to enter Mexican markets, particularly in energy and telecommunication sectors.
- Continue the collaboration of harmonisation of standards in order to facilitate trade and investment.
- Strengthen cooperation in order to improve the implementation of Mexico's intellectual property right laws.

- Explore the possibility of opening public procurement at the state and municipal levels to the participation of EU companies.
- Promote regional chains of production, inter alia through observing the possible regulatory agreements in the context of the EU-US Transatlantic Trade and Investment Partnership (TTIP).

### **Cooperation**

- Organise multiple areas of cooperation around two overarching spheres: sustainable development and good governance. Rather than a long list of articles under the rubric of cooperation, the reorganisation should allow designing cooperation programmes in one specific area with multiple effects on other areas of the bilateral relationship. Based on the transformations of international development policies in the last two decades, 'sustainable development' and 'good governance' encompass a variety of specific policies and generate positive interaction among different areas of cooperation.
- Include cooperation on migration, natural disasters and government accountability.
- Develop innovative mechanisms of coordination for additional funding for cooperation programmes. Three elements are significant: a) to provide flexible structures to facilitate coordination among multiple donors of aid; b) to encourage the private sector to contribute to cooperation programmes; and, c) to coordinate effectively the funding provided by other governments with the resources provided by the EU.
- Implement triangular cooperation in third countries or regions. The combination of know-how and resources of the EU and Mexico would produce several positive effects such as improving policy coordination and more effective use of resources.
- Develop the assessment of cooperation programmes based not only on the number of actions, but also in the effects on the recipients.
- Consolidation of the Mexican Agency for International Development Cooperation (*Agencia Mexicana de Cooperación Internacional para el Desarrollo*, AMEXCID).
- Increase and continue multidimensional and plural programmes such as the 'Social Cohesion Laboratory'.

In order to enhance the inclusiveness and transparency of an updated and modernised GA, the following recommendations should be considered:

- **Create a Joint Consultative Committee** (JCC) as a new institution of the GA in order to formalise the participation of Mexican and EU civil society organisations as active actors in the bilateral relationship.
- In general, **improve the scope for consulting with civil society organisations** in the design of those cooperation programmes that directly impact specific groups in order to improve the enduring effects of cooperation policies and develop a sense of ownership in the beneficiary groups.

- **Create an 'Observatory of EU-Mexico relations'**. Endowed with a small group of experts, funded by the EU institutions and the Mexican government, and included as part of the GA, the observatory should follow the model of an impartial think tank aimed at following and analysing the significant trends in the bilateral relationship, producing periodical reports and studies in a timely fashion. The flow of information produced by the Observatory to all the participant parties in the bilateral relationship would contribute to set a common framework of discussion, develop more accurate analyses about the potential and limitations of the bilateral cooperation, and supersede the current fragmentation of information on the relationship.

### 5.1 Recommendations concerning the Joint Parliamentary Committee (JPC)<sup>40</sup>

With the aim of improving the performance of the EU-Mexico Joint Parliamentary Committee (JPC) and its participation in EU-Mexico relations, the following recommendations should be considered:

- **Provide the JPC with a legally binding basis** so that it becomes part of the institutional framework of EU-Mexico relations and its mechanisms for political dialogue. This legal basis should refer to the task, rules of procedure and competencies of the JPC in relation to the Joint Council and the Joint Committee, at least in equal conditions with regard to the JPCs created in other agreements. The drafting of this legal basis should consider the recommendations made in this regard by the JPC itself, the European Parliament and the Mexican Congress.
- **To expressly determine, by mutual agreement between the components of the JPC, the role that the JPC must play in EU-Mexico relations and communicate it unequivocally to the European and Mexican executives.** This would also mean carrying out a joint deliberation exercise to **clarify the task of the JPC**, establishing joint activities and objectives for its performance. It would also be necessary for the delegations to make a joint effort to fulfil this task and make the desired role for the JPC in the relations a reality.
- **Initiate discussions between the co-chairs of the JPC and the European and Mexican executives on the scope of the future competencies of the JPC in relation to the Joint Council and the Joint Committee** (for example, on the possibility that the Committee may submit an annual report to the JPC, that the President by rote of the Joint Council appear before the JPC, that the JPC may be able to submit written and oral questions to the Joint Council and the Joint Committee, that the co-chairs of the JPC may attend meetings of these bodies, among other options), **and on the current points of disagreement between them** (for example, in relation to the establishment of a more regular flow of information through the regular remittance of information to the JPC).
- **Revise the working methods established by the JPC relating to its interaction with the EU and the Mexican government** in order to decide whether they should be strengthened, altered or even eliminated and possibly substituted by new methods.

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<sup>40</sup> Mónica Velasco Pufleau is the author of this part of the recommendations.

The review should conclude with specific agreements. In particular, the possibility could be explored of:

- **Establishing work programmes** that cover more than one meeting and that provide continuity for the work of the JPC, for example by defining the matters to be discussed (among others, sectors of the relations to be developed), organising joint seminars and meetings with third parties or establishing specific objectives to be fulfilled within a particular period.
- **Ensuring effective monitoring of the agreements, commitments and recommendations made by the JPC** by: (i) appointing persons responsible from among the members of the JPC, (ii) keeping a joint register, (iii) regularly devoting an item on the agenda to monitoring, (iv) including them in specific sections of the joint declarations and (v) if the agreement or commitment involves the Mexican Congress and/or the EP as an institution, make it known to them.
- **Focusing the work of the JPC on EU-Mexico relations**, addressing multilateral matters from the perspective of bilateral relations as far as possible.
- Along the same lines, **increasing the fulfilment of agreements and commitments adopted by the JPC**, adopting only those agreements and commitments that are possible to fulfil on the basis of the functions, competencies and scope of activity of the JPC and that are relevant for the performance of its tasks and role in EU-Mexico relations.
- **Focusing on putting forward explicit, informed recommendations to the Joint Council on EU-Mexico relations and expressing them clearly in the joint declarations.** In particular, it could be useful to structure the declarations in such a way as to include recommendations in a specific section, for example at the end of the text. It would also be advisable to establish a procedure for systematically sending the declarations to the Joint Council.
- **Adjusting the number of items on the agenda per meeting** in order to allow in-depth exchange of opinions between the parliamentarians and to adopt specific agreements on each item and recommendations to be included in the declarations.
- **Observing a better balance between the meetings with third parties** held in the EU and in Mexico, between the representatives of the government and the non-governmental actors, and between different sectors of each sphere (unless the JPC intentionally decides to favour meetings with one sphere or sector). In addition, in the event that the EU-Mexico Joint Consultative Committee or a similar body is established, **the establishment of institutionalised forms of cooperation with the JPC should be explored** (for example, mutual attendance at meetings, systematic exchange of oral and written information, etc.).
- **Amending the Rules of Procedure of the JPC** to reflect its institutionalised practice of holding two meetings a year, as is provided in most rules of procedure of JPCs of the EP.

Specifically in order to strengthen the participation of the JPC in the modernisation of the Global Agreement, the following recommendations should be considered:

- **Institutionalise the practice of representatives of the EU and of the Mexican government attending JPC meetings to provide information** on the progress of the process of modernisation (without prejudice to the fact that they may directly inform the respective delegations of the EP and the Mexican Congress).
- **Channel questions to the European Commission, the Council and/or the Vice President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy through the members of the EP delegation** that have been previously discussed at the JPC in order to obtain more information on the process of modernisation. A similar exercise could be carried out — as has already been done — in relation to the Mexican delegation and the ability to put forward proposals for resolution in the Mexican Senate.
- **Systematically include in the agendas** the process of modernisation of the Global Agreement, both with regard to its three pillars and with regard to specific matters.
- **Organise joint seminars and meetings with third parties** with the participation of sectors of civil society involved in the implementation of the Global Agreement, including the European Economic and Social Committee (EESC), in addition to representatives from the EU and the Mexican government, to discuss the modernisation of the Agreement and obtain proposals in that regard from civil society.
- **Draft a specific programme of work to accompany the process of modernisation of the Global Agreement**, including the main activities of the JPC (debates among its members, organisation of joint seminars and meetings with third parties), in order to guarantee the continuity of the monitoring of the process of modernisation.
- Consider the formation of **one (or more) working groups within the JPC** dedicated to the process of modernisation of the Global Agreement.
- **Put forward express recommendations** to the Joint Council regarding the modernisation of the Global Agreement, preferably including them in a specific section of each joint declaration. Another option would be for the JPC to draft a single document – similar to that sent to the Fifth EU–Mexico Summit – containing the recommendations.
- **Use the competency of the JPC to put forward recommendations to the competent committees of the EP and the Mexican Congress** on the modernisation of the Global Agreement. The members of the JPC who are on these committees could assume responsibility for following up these recommendations. Likewise, the EP rapporteurs of a proposal for modernisation of the Global Agreement may attend meetings of the JPC (just as it is foreseen that they attend the meetings of the European delegation).
- Use the meetings of the Euro-Latin American Parliamentary Assembly (**EuroLat**) to exchange information. In this context, it could be considered to hold a **joint meeting with the EU-Chile JPC** (or with its Bureau), since the possible modernisation of the EU-Chile Association Agreement is also currently being discussed.

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## Tables

**Table 1 Main Reforms in Mexico (2012-2014)**

Area	Main Characteristics
Energy Reform	Ends state monopolies of PEMEX and the Federal Electricity Commission ( <i>Comisión Federal de Electricidad</i> , CFE). Enables foreign firms to drill in deep water fields and shale beds. Existing regulators to be strengthened. Aim of reducing energy prices for the average consumer, also to increase funding for social programmes. Increasing the transparency of the energy sector by providing an account of all income gained from oil/natural gas.
Telecommunications*	Aims to increase fixed-line, mobile and Internet penetration in Mexico. Special regulations for America Movil and Televisa. Establishes the Federal Telecommunications Institute ( <i>Instituto Federal de Telecomunicaciones</i> , IFT) to regulate expanding market. Allows foreign investment in telecommunications (up to 100%) and broadcasting (up to 49%). Intended to increase competition amongst telecommunication companies. Updates legal framework surrounding the telecommunication industry.
Anti-Trust*	Creates new competition authorities while clarifying the roles of existing agencies to increase efficiency. Increases jail terms for offenders. Generates new control mechanisms, increasing transparency. Expands list of anticompetitive conduct.
Financial (Banking)	Improves competition among Mexico's big, mostly foreign-owned banks. Strengthens development banks ability to report losses (that do not threaten their core capital). Other reforms include restructuring the security process with loans, ultimately encouraging the penetration of credits to the population.
Fiscal	Raises taxes under progressive terms, raises spending, cuts tax loopholes, including on capital gains. New, higher taxes on <i>maquiladoras</i> (with some relief, but not much). The aim is to get more funding from the citizens without impeding economic growth, or putting the greatest burden on the poorest people.
Education*	Introduces evaluation of teachers in order to improve standards. Creates autonomous regulator.
Political – Electoral	Allows re-election of members of Congress and more federal oversight of local elections

\* Involving constitutional reform



**Table 2 Comparative Indicators EU - Mexico (2013)**

Country	Population (Millions)	Country	GDP (USD billion, PPP)	Country	GDP per Capita in USD (PPP)
Brazil	198.6	Germany	3425.9	Luxembourg	103858
<b>Mexico</b>	<b>120.8</b>	France	2611.2	Denmark	56364
Germany	80.4	United Kingdom	2461.7	Sweden	55039
France	65.6	Brazil	2248.7	Austria	46792
United Kingdom	63.6	Italy	2013.2	Netherlands	45960
Italy	59.5	Spain	1322.4	Ireland	45921
Spain	46.7	<b>Mexico</b>	<b>1186.4</b>	Finland	45649
Poland	38.5	Netherlands	770	Belgium	43395
Romania	20.0	Sweden	523.9	Germany	42597
Chile	17.4	Poland	490.2	France	39758
Netherlands	16.7	Belgium	482.9	United Kingdom	38648
Belgium	11.1	Austria	394.4	Italy	33813
Greece	11.0	Denmark	315.1	Spain	28281
Portugal	10.5	Chile	266.2	Cyprus	26352
Czech Republic	10.5	Greece	248.4	Greece	22395
Hungary	9.9	Finland	247.1	Slovenia	22058
Sweden	9.5	Portugal	212.1	Malta	20838
Austria	8.4	Ireland	210.6	Portugal	20175
Bulgaria	7.3	Czech Republic	196.4	Czech Republic	18689
Denmark	5.5	Romania	169.3	Slovak Republic	16892
Finland	5.4	Hungary	124.6	Estonia	16887
Slovak Republic	5.4	Slovak Republic	91.3	Chile	15245
Ireland	4.5	Croatia	56.1	Lithuania	14172
Croatia	4.2	Luxembourg	55.1	Latvia	13946
Lithuania	2.9	Bulgaria	51.3	Croatia	13158
Slovenia	2.0	Slovenia	45.3	Poland	12720
Latvia	2.0	Lithuania	42.3	Hungary	12560
Estonia	1.3	Latvia	28.3	Brazil	11319
Cyprus	1.1	Cyprus	22.7	<b>Mexico</b>	<b>10317</b>
Luxembourg	0.5	Estonia	22.3	Romania	9499
Malta	0.4	Malta	8.7	Bulgaria	7296

Source: World Bank

**Table 3 Index of Economic Freedom**

Country	2000 Rank	2000 Score	Country	2000 Rank	2014 Score
United Kingdom	4	77.3	Chile	7	78.7
Luxembourg	7	76.4	Ireland	9	76.2
Ireland	10	76.1	Denmark	10	76.1
Chile	12	74.7	Estonia	11	75.9
Netherlands	21	70.4	United Kingdom	14	74.9
Estonia	24	69.9	Netherlands	15	74.2
Czech Republic	30	68.6	Luxembourg	16	74.2
Austria	31	68.4	Germany	18	73.4
Denmark	33	68.3	Finland	19	73.4
Cyprus	35	67.2	Sweden	20	73.1
Spain	41	65.9	Lithuania	21	73.0
Germany	43	65.7	Austria	24	72.4
Portugal	46	65.5	Czech Republic	26	72.2
Sweden	47	65.1	Belgium	35	69.9
Hungary	49	64.4	Latvia	42	68.7
Finland	50	64.3	Cyprus	46	67.6
Belgium	55	63.5	Spain	49	67.2
Latvia	56	63.4	Poland	50	67.0
Italy	67	61.9	Hungary	51	67
Lithuania	68	61.9	<b>Mexico</b>	<b>55</b>	<b>66.8</b>
Brazil	71	61.1	Slovakia	57	66.4
Greece	72	61	Malta	58	66.4
Poland	75	60	Bulgaria	61	65.7
<b>Mexico</b>	<b>80</b>	<b>59.3</b>	Romania	62	65.5
Malta	84	58.3	Portugal	69	63.5
Slovenia	85	58.3	France	70	63.5
France	92	57.4	Slovenia	74	62.7
Slovakia	108	53.8	Italy	86	60.9
Croatia	110	53.6	Croatia	87	60.4
Romania	115	52.1	Brazil	114	56.9
Bulgaria	131	47.3	Greece	119	55.7

Source: Heritage Foundation

**Table 4 World Bank Governance Indicators (EU-Mexico)**  
Political Stability and Absence of Violence/Terrorism

2000		2012	
Country	Estimate	Country	Estimate
Netherlands	1.67	Finland	1.38
Finland	1.63	Luxembourg	1.34
Luxembourg	1.53	Austria	1.33
Malta	1.51	Netherlands	1.17
Ireland	1.50	Sweden	1.16
Denmark	1.43	Slovak Republic	1.06
Portugal	1.34	Czech Republic	1.04
Germany	1.32	Malta	1.04
Sweden	1.32	Poland	1.03
Belgium	1.05	Ireland	0.93
United Kingdom	0.98	Slovenia	0.92
Italy	0.85	Denmark	0.90
Hungary	0.82	Belgium	0.90
Austria	0.79	Germany	0.77
Slovenia	0.79	Lithuania	0.75
Estonia	0.79	Portugal	0.75
France	0.74	Hungary	0.67
Greece	0.71	Cyprus	0.63
Slovak Republic	0.57	Estonia	0.60
Chile	0.43	Croatia	0.58
Cyprus	0.43	France	0.55
Spain	0.42	Italy	0.50
Bulgaria	0.35	Latvia	0.43
Lithuania	0.29	United Kingdom	0.41
Latvia	0.29	Chile	0.35
Czech Republic	0.26	Bulgaria	0.33
Poland	0.22	Romania	0.07
Brazil	0.18	Brazil	0.07
Croatia	0.15	Spain	-0.01
<b>Mexico</b>	<b>-0.23</b>	Greece	-0.23
Romania	-0.48	<b>Mexico</b>	<b>-0.67</b>

Source: World Bank

**Table 5 World Bank Governance Indicators (EU-Mexico)**

Rule of Law / Government effectiveness

Rule of Law			
Country	2000	Country	2012
	Estimate		Estimate
Finland	1.94	Finland	1.94
Austria	1.81	Sweden	1.93
Luxembourg	1.80	Denmark	1.85
Denmark	1.80	Austria	1.84
Sweden	1.78	Netherlands	1.84
Netherlands	1.72	Luxembourg	1.77
United Kingdom	1.65	Ireland	1.73
Germany	1.59	United Kingdom	1.69
Ireland	1.51	Germany	1.64
France	1.40	France	1.43
Spain	1.39	Belgium	1.40
Malta	1.32	Chile	1.37
Belgium	1.28	Malta	1.34
Chile	1.26	Estonia	1.13
Portugal	1.17	Cyprus	1.07
Slovenia	1.01	Spain	1.04
Cyprus	0.98	Portugal	1.04
Hungary	0.85	Czech Republic	1.01

Government Effectiveness			
Country	2000	Country	2012
	Estimate		Estimate
Finland	2.13	Finland	2.21
Netherlands	2.08	Denmark	1.97
Denmark	2.00	Sweden	1.94
Sweden	1.97	Netherlands	1.80
Luxembourg	1.97	Luxembourg	1.66
Austria	1.95	Belgium	1.59
Germany	1.91	Germany	1.57
United Kingdom	1.86	Austria	1.56
Spain	1.79	Ireland	1.53
Belgium	1.78	United Kingdom	1.53
France	1.72	Cyprus	1.38
Ireland	1.67	France	1.33
Chile	1.12	Chile	1.25
Cyprus	1.07	Malta	1.24
Malta	1.07	Spain	1.11
Portugal	1.04	Portugal	1.03
Hungary	0.96	Slovenia	1.02
Italy	0.77	Estonia	0.96

Greece	0.82	Slovenia	0.98
Italy	0.80	Lithuania	0.81
Poland	0.65	Latvia	0.76
Czech Republic	0.60	Poland	0.74
Estonia	0.58	Hungary	0.60
Slovak Republic	0.29	Slovak Republic	0.46
Lithuania	0.24	Greece	0.39
Latvia	0.14	Italy	0.36
Croatia	0.01	Croatia	0.21
Romania	-0.19	Romania	0.02
Bulgaria	-0.23	Brazil	-0.11
Brazil	-0.30	Bulgaria	-0.12
<b>Mexico</b>	<b>-0.45</b>	<b>Mexico</b>	<b>-0.56</b>

Slovenia	0.73	Czech Republic	0.92
Estonia	0.72	Latvia	0.83
Greece	0.65	Lithuania	0.83
Czech Republic	0.62	Slovak Republic	0.83
Poland	0.60	Croatia	0.70
Slovak Republic	0.57	Poland	0.66
Croatia	0.31	Hungary	0.62
Latvia	0.26	Italy	0.41
Mexico	0.23	Mexico	0.32
Lithuania	0.06	Greece	0.31
Brazil	0.05	Bulgaria	0.14
Bulgaria	-0.04	Brazil	-0.12
Romania	-0.43	Romania	-0.31

Source: World Bank

**Table 6 Meetings of Special Committees**

<b>Special Committees created by Decision N° 2/2000 of the Joint Council UE-Mexico</b>	<b>Number of Meetings 2000-2013</b>
Customs Cooperation and Rules of Origin	12
Sanitary and Phytosanitary Measures	8
Intellectual Property Matters	6
Government Procurement	7
Standards and Technical Regulations	11

Source: Interviews at *Secretaría de Economía*

**Table 7 EU-Mexico Trade (EUR billions)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2000-13
Total Trade	21.6	22.3	21.9	20.9	21.6	26.0	29.7	33.1	35.6	26.0	35.1	40.1	47.3	44.9	108%
Trade Balance	8	8.1	8.7	7.8	7.8	7.6	8.6	8.8	7.9	5.8	7.5	6.8	8.5	9.8	23%
Imports	6.8	7.2	6.5	6.5	6.9	9.2	10.5	12.1	14.01	10.1	13.7	17.01	19.4	17.5	157%
Exports	14.8	15.1	15.3	14.3	14.7	16.8	19.1	20.9	21.9	15.9	21.3	23.9	27.9	27.4	85%

Source: European Commission, DG Trade

([http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113418.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113418.pdf))



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