



European Economic and Social Committee

**REX/412
Revision of the EU-Mexico
Association Agreement**

Brussels, 17 September 2015

OPINION

of the
Economic and Social Committee
on
The revision of the EU-Mexico Association Agreement
(own-initiative opinion)

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At its plenary session of July 2014, the European Economic and Social Committee decided, under Rule 29(2) of its Rules of Procedure, to draw up an own-initiative opinion on

The revision of the EU-Mexico Association Agreement.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 16 July 2015.

At its 510th plenary session, held on 16 and 17 September 2015 (meeting of 2 September 2015), the European Economic and Social Committee adopted the following opinion by 92 votes to 0 with 4 abstentions.

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1. Conclusions and recommendations

- 1.1 The Economic and Social Committee (EESC) believes that the revitalisation of relations with Mexico must be carried out from the viewpoint of the European Union's overall relations with Latin America and the Caribbean. In addition to purely economic and trade aspects, this process should value other shared historical and cultural ties. This could counterbalance the growing influence of the Pan-American and Pacific dimension on this continent. Against the backdrop of globalisation, Mexico and the EU have cultural links, shared languages and, primarily, values, that create special ties between the two societies. These should be developed and extended and they should certainly lead to overlapping positions in international forums.
- 1.2 The EESC believes that it would be more efficient to carry out a thorough review that broadens the scope of the existing agreement, factoring in experience gained during the 15 years that the agreement has been in force, than starting from scratch and negotiating a completely new agreement.
- 1.3 The EESC considers it necessary to establish a Joint Consultative Committee (JCC) immediately, comprised of 9 or 12 representatives from the EESC and an equal number from Mexican organised civil society. The JCC should be recognised by the governing bodies of the Agreement – to which civil society's proposals are to be presented. The JCC will have advisory powers over the general content of the agreement without prejudice to establishing other mechanisms of participation for the specific areas of trade and sustainable development. It also requests that the future agreement includes a Committee of this kind.
- 1.4 The new agreement should include a section which requires the parties to ratify and enforce the International Labour Organisation (ILO) conventions and resolutions on fundamental

social rights and principles, which encompass the ILO "decent work" objectives, and particularly, ILO Convention 98 on the application of the principles of the right to organise and collective bargaining.

- 1.5 Moreover in the area of trade and investment, certain aspects of the current agreement relating to non-tariff barriers, **agreements** for mutual promotion and **protection** of **investments**, intellectual property should be improved, and cooperation on taxation enhanced for the purposes of ending fraud and tax evasion.
- 1.6 Priorities in the area of cooperation should also be reconsidered once again, giving precedence to components of the strategic partnership in order to ensure that they are joined up and create a positive synergy. Up to now this has been insufficient in the absence of a proper link between individual projects.
- 1.7 More specifically, the EESC would highlight three areas in particular that it considers priorities for reinforced cooperation: better governance, scientific and technical research and cooperation on sustainable development, climate change and environmental protection.

2. **Relations between the European Union and Mexico in the wider context of relations with Latin America**

- 2.1 The link between Europe, Latin America and the Caribbean has been showing signs of fatigue for more than a decade. The challenge facing current leaders on both sides of the Atlantic is to rekindle this link and infuse it with new energy.
- 2.2 It is clear that Latin America is influenced by the development of the whole American continent, as well as growing economic interdependence with the Pacific countries and in particular, China. However, relations between Europe and Latin America are underpinned by cultural ties, common languages, and values which create deep affinities between their societies. They mean that both regions have the privilege of enjoying shared cultural and historical roots which, against the complex backdrop of globalisation, run deeper than mere commercial values and objectives. In view of this, economic relations should be viewed as just a further part of the whole, not at as their central focus or fundamental theme, in contrast to what may be the case with other regions of the world.
- 2.3 At the same time, it is evident that relations between the European Union and Mexico – despite the latter being a strategic partner – have progressed more slowly than with other countries around the world and it is clear that a certain fatigue has set in, making it more imperative than ever to provide new areas for debate and discussion, in order to provide the relationship with new impetus.

3. Background

- 3.1 Mexico is important to the European Union for the following reasons (among others): Firstly, its high population of 120 million inhabitants, its 2% share of global GDP and a per capita GDP of around EUR 9000, which make it an important global trading partner. Secondly, its membership of the NAFTA Treaty and what that means in economic and diplomatic terms as regards the global transatlantic agreements with North America and the Heiligendamm Process. Thirdly, sharing broad cultural ties means that the European Union could contribute to the Mexican government's efforts to strengthen social structures, and to create a fairer society and more peaceful coexistence.
- 3.2 In 1997, the European Union and Mexico signed an Economic Partnership, Political Coordination and Cooperation Agreement, which entered into force in 2000. This agreement is founded on three main pillars: political dialogue, trade and cooperation.
- 3.3 In October 2008, the European Council endorsed the establishment of a Strategic Partnership between Mexico and the EU and following on from this, approved the Strategic Partnership Joint Executive Plan in May 2010. The plan contains fourteen specific multilateral measures and initiatives, four regional measures and a further fourteen measures in the area of bilateral relations. A wide range of mechanisms for institutionalised dialogue have been set up between Mexico and the EU to implement the partnership, including a biennial Summit (which includes the Civil Society Dialogue Forum), an annual Joint Committee, the Joint Parliamentary Committee and up to nine sectoral dialogues on issues ranging from human rights and climate change to cultural aspects.
- 3.4 Cooperation between Mexico and the European Union is based on four complementary principles: firstly, bilateral cooperation, with social cohesion, the sustainable economy and competition, and education and culture as the priority topics for the 2007-2013 programming period. The second involves sectoral cooperation in areas such as democracy and human rights, non-state actors, the environment and nuclear safety, health, migration and asylum. The third covers Mexico's active involvement in the regional programmes for the whole of Latin America and the Caribbean. And finally the fourth relates to Mexico's direct participation in other Community programmes, such as the Seventh Framework Programme for Research.
- 3.5 On several occasions in the last few years, both Mexico and the EU have expressed the need to step up and expand mutual relations. In connection with trade in particular, there have been calls to extend the Free Trade Agreement – which has been in force since 1997 – and to enhance cooperation both at multilateral level and as part of the EU's relations with all the Latin American and Caribbean countries.

4. Appraisal of the current situation

- 4.1 At the beginning of President Peña Nieto's term of office (December 2012), the main parties signed a "Pact for Mexico" and the government launched a series of reforms designed to modernise the economy and the state, in order to boost the dynamism of the Mexican economy. However, Mexican economic vitality will be put at risk if the ongoing fight to eliminate violence and establish full respect for human rights is not won. Efforts to tackle criminal networks in order to reduce the violence which has worsened in the country in recent years have not produced the desired results, as there are still a considerable number of random mass killings, disappearances, kidnappings etc. It should also be emphasised that a series of measures have been implemented at Federal level (National Human Rights Programme, coordination between local, state and federal governments, restructuring of state police and public prosecutors offices) to end the lack of coordination between the various police services and to prevent cases of police collusion or involvement in crimes.
- 4.2 From a strictly trade perspective, the 1997 agreement can be considered as moderately beneficial for both sides. Mutual trade has increased threefold in the period 2003-2013 and Mexico has increased its share of European Union exports from 1 % to 1.7 %, while the EU has maintained an almost constant trade surplus of between EUR 7 and 10 billion in each of these years. This ranks Mexico as the EU's seventeenth largest trading partner, accounting for 1 % of the EU's total imports and, as indicated above, 1.7 % of the EU's total exports. While these figures are still below Mexico's 2% share of world GDP, the European Union is Mexico's third largest trading partner after the United States and China.
- 4.3 Moreover, there have been substantial direct investments by the European Union in Mexico (EUR 11 138 billion in 2008-2012 alone) and by Mexico in the European Union (particularly in sectors such as cement, telecommunications and foodstuffs). Generally speaking, Mexico has signed bilateral investment protection treaties with all the countries of the European Union, including a bilateral agreement between Mexico and the European Investment Bank to fund activities in Mexico, which has meant that credit facilities amounting to EUR 495 million have been granted since 2000. Nevertheless, enough progress has not been made on tackling tax fraud.
- 4.4 However, these investment figures are heavily influenced by the traditional Mexican policy of restricting access by foreign investors within certain strategic sectors, such as energy, postal services (which is written into the Mexican Constitution), or to telecommunications services and land passenger transport. Many of these rules are being phased out by Mexico's 2013-2018 Development Plan, which has brought significant progress. The committee hopes that this progress continues in the future and that it takes the opinion of the whole of Mexican society into account.
- 4.5 In terms of supporting and strengthening Mexican civil society, a wide range of joint projects have been carried out entailing the establishment of a Social Cohesion Laboratory, numerous projects supported by the European Instrument for Democracy and Human Rights involving

equality issues and protecting minors and fifteen projects concerning non-state actors. Finally, initiatives linked to public health, migration and asylum have been undertaken.

- 4.6 As regards boosting competitiveness and environmental protection, initiatives have been taken forward in the framework of the Competitiveness and Innovation Programme (PROCEI), designed to promote Mexican SMEs, as well as a number of sectoral initiatives in the field of agriculture and climate change, and nuclear safety. Similarly, Mexican researchers, research centres and universities have access to the European Union's Horizon 2020 programme.
- 4.7 A number of interesting projects in the cultural sector have been carried out under the "EU-Mexico Cultural Fund", phases I and II, in which the main Mexican partner involved was CONACULTA.
- 4.8 One aspect which has resulted in differences in interpretation from time to time has been applying the principles of "coherence and conditionality", which the European Union promotes in its external agreements with other countries and regions. More specifically, points relating to conditionality were interpreted by some Mexican representatives as "interference in domestic affairs", particularly with respect to the strengthening of democracy and human rights, and the treatment of indigenous communities. The EESC believes that these points cannot be left out of the future revision of the Agreement.
- 4.9 The Joint Executive Plan for 2010 implemented by the Mexico-European Union Strategic Partnership, stipulates that: "Mexico and the EU undertake to strengthen the areas of political dialogue in the region, encouraging bi-regional dialogue, especially with the Rio Group, at Latin America and Caribbean-European Union (EU-LAC) summits and promoting triangular cooperation via the Mesoamerican Integration and Development Project. Mexico and the EU will also explore possibilities of engaging in triangular cooperation with other regions of the world, such as Africa".
- 4.10 As a country with a sufficiently high level of GDP, there are distinct possibilities that Mexico may no longer continue to receive the aid for bilateral cooperation that the European Commission grants to less developed countries.
- 4.11 An analysis of the minutes of the various institutional meetings that have taken place with both the European Commission and the European Parliament, and between the EESC itself and its Mexican counterparts, does not support the conclusion that this Strategic Partnership is delivering tangible results commensurate with its political importance. The diplomatic language used in these minutes suggests that minor potential differences are not being dealt with in detail, and that there are no precise guidelines to take this Strategic Partnership forward comprehensively.

- 4.12 The negotiation of the Transatlantic Trade and Investment Partnership (TTIP) between the United States and the European Union will inevitably have repercussions for North American relations, both with the EU and in the region as a whole.
- 4.13 As the Trade Commissioner, Karel de Gucht¹, emphasised back in 2012, despite the fact that in 1997 Mexico and the EU were pioneers in establishing a Free Trade Agreement, successive agreements with many other countries in the Americas and the rest of the world have improved and developed the provisions of this agreement, with the result that it may have become obsolete, and this does not help to ensure that Mexico continues to be a major political, trade and strategic partner for the European Union. Since that statement was made, there has been little real progress on improving the agreements in force, even in terms of the purely economic and commercial aspects.

5. Civil society participation

- 5.1 In order to help to drive this process forward, the EESC believes that, as part of the negotiations to modernise the agreement, the authorities of both parties should agree to establish a Joint Consultative Committee under the agreement itself, made up of equal numbers of representatives of the EESC and of Mexican civil society.
- 5.2 The expectations raised by the 'democratic clause' prompted interest from many Mexican and also European organisations in taking part in monitoring the implementation of the Global Agreement. The Joint Committee, composed of the Mexican Government and the European Commission, decided to convene a Mexican and European Union Civil Society Dialogue Forum to provide a channel for these requests.
- 5.3 The first forum took place in Brussels in November 2002, bringing together more than two hundred employers organisations, trade unions, NGOs and various associations. The EESC was also represented. Since then five forums have taken place, alternating between venues in Mexico and Europe. At each of these, requests have been made to the bodies involved in the Global Agreement, which have noted them without – except on a few specific issues – accepting them.

One of the most frequently repeated requests at these Forums has been the need to institutionalise this dialogue between the authorities and civil society on both sides. It has been proposed, among other things, that the Forum be held regularly every two years, and that a Social Observatory and a Joint Consultative Committee be set up.

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Karel de Gucht, Trade Commissioner, 'Open for business: The European Union's relations with México in a changing world', speech to the EU Chambers/ProMEXICO, Mexico City, 12 December 2012.

- 5.4 The Forum has been held fairly regularly, but not at the intervals requested. For example the 6th Forum, which should have been held in Mexico in September 2014, has not yet taken place.
- 5.5 The establishment of a Social Observatory was accepted in principle by the authorities, however it has not yet been launched and its objectives and membership have not yet been set out. Various Mexican civil society organisations consider it to be a purely Mexican resource which enables citizens to evaluate the Global Agreement – i.e. without any European participation.
- 5.6 Mexico does not have a national Economic and Social Council (ESC) which could constitute a natural counterpart to the EESC in the EU (although some of its federal states do have ESCs). Draft legislation the observatory was drawn up some years ago on the request of various social sectors, but to no avail. Several organisations, institutions and some federal state ESCs have again requested that this project be included in the current political reforms.
- 5.7 The EESC has put forward similar proposals in previous opinions, and in its dealing with the authorities, in order to improve civil society's participation in the agreement. The 2006 EESC opinion on **EU-Mexico Relations**² called for the institutionalisation of dialogue with organised civil society and highlighted Article 49 of the agreement which provides the possibility of setting up any other committee or body in relation to the establishment of a Joint Consultative Committee.
- 5.8 As regards the possible setting up of a Mexican Economic and Social Council, the EESC has stated that the creation of a similar body in Mexico would be positive for the joint monitoring of EU-Mexico relations, however it will respect whatever Mexican civil society and the Mexican authorities decide on this matter.

6. Prospects and possible guidelines for the future

- 6.1 The "Brussels Declaration" made at the EU-CELAC Summit on 10 and 11 June 2015 noted the significant progress that has been made towards modernising the EU-Mexico agreement, and therefore towards "launching negotiations as soon as possible." The EESC hopes that a new agreement will be reached by revising and extending the existing agreement. This would involve analysing the strengths and weaknesses of the approach pursued so far between the EU and Mexico and making the most of experience gained from the Partnership Agreements signed in recent years between the European Union and various countries worldwide. It should also serve to revitalise wider relations between the European Union, Latin America and the Caribbean.

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[OJ C 88, 11.4.2006, p. 85](#), rapporteur: José Isaías Rodríguez García-Caro.

- 6.2 The EESC is aware that the Mexican government and the EU institutions have a different vision of the role that civil society should play in this process. However, failure to channel civil society's opinion in an organised manner could lead to the emergence of alternative approaches of a populist nature.
- 6.3 The revised agreement should include a section that requires the parties to ratify and comply with the International Labour Organisation (ILO) conventions and resolutions on fundamental social rights, which encompass the ILO "decent work" objectives.
- 6.4 Mexico has still not ratified ILO Convention 98³ on the application of the principles of the right to organise and collective bargaining. Ratifying this important convention, and making the necessary changes to relevant legislation, would prevent the widespread practice of "protection contracts", which damage dialogue between workers and employers, and would oblige all Mexican or foreign companies to respect international labour standards.
- 6.5 In addition to these points relating to labour issues, in the area of trade and investment aspects linked to non-tariff barriers and the protection of investments and intellectual property should be considered, together with enhanced cooperation on taxation to combat fraud and tax evasion.
- 6.5.1 It would be desirable to have a comprehensive agreement on investment with the EU to replace and consolidate the bilateral agreements previously signed between Mexico and many EU countries, in a context of compatibility with existing provisions in EU Member States.
- 6.5.2 Mexico has made a major legislative effort to improve the protection of intellectual property, however this has not been implemented effectively. Ways to reinforce the effective application of this legislation should be established, particularly with regard to protecting trademarks against counterfeiting.
- 6.5.3 As regards non-tariff barriers, Mexico does not allow foreign owners to register their geographical indications, recognised within the EU. This is allowed for example by the EU's agreement with Colombia and Peru. This is a major difficulty in terms of increasing the trade of numerous EU products.
- 6.6 Mexico has also pointed out that it is necessary to find ways to facilitate access for Mexican agricultural products to the EU markets, thus helping to reduce the current trade gap.
- 6.7 The participation of organised civil society from Mexico and the European Union should be particularly important in ensuring the successful implementation of the cooperation aspects included in the agreements between them. Priorities in this area should be reconsidered once again, along with available funds, in order to ensure that these priorities are joined up and that

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In April 2015 Mexico ratified ILO Convention 138 on the Minimum Age for Admission to Employment.

they generate a positive synergy. Up to now this has been insufficient given the absence of a proper link between individual projects.

- 6.8 More specifically, the EESC would like to highlight three areas in particular that it considers priorities for participation: better governance, scientific and technical research and cooperation on sustainable development and environment.
 - 6.8.1 Governance should undoubtedly be the central element of cooperation policy. Mexico should gradually incorporate the numerous "best practices" in this area, adapting them to reality in the country. This should be done in order to structure civil society's activities, organising and consolidating them efficiently, as an addition to traditional political power and a contributing factor towards better adherence to human rights in Mexico.
 - 6.8.2 With regard to scientific and technical research, Mexican universities and researchers should be encouraged to get involved in EU R&D programmes such as Horizon 2020, focusing on priority sectors in the Strategic Partnership – such as climate change mitigation and adaptation – in order to find common positions on them. In this regard, consideration could be given to reintroducing the EU-Mexico International Cooperation Fund in Science and Technology (FONCICYT), which ran until 2011.
 - 6.8.3 In relation to sustainable development and the environment, projects on specific areas could be set up in addition to those on climate change adaptation, covering areas such as: reducing air pollution, minimising discharge into water and the contamination of groundwater, treatment and recycling of all types of waste.
 - 6.8.4 The EESC believes that sufficient elements exist – both at the level of Mexican government and the EU, and in terms of parliamentary bodies and the representatives of civil society – to implement many of these initiatives without having to wait for the signing of the new Agreement to materialise. The conclusions of the summits between the European Union, Latin America and the Caribbean, and between the European Union and Mexico, in June 2015, as well as the 19th meeting of the EU-Mexico Joint Parliamentary Committee (7-9 July 2015), provide an opportunity to develop such initiatives at regional level, and Mexico should be one of their central pillars.

Brussels, 17 September 2015

The President
of the
European Economic and Social Committee

Henri Malosse