

President Fox on a Mission: Mexican Government's Ill-Conceived Campaign for Free Trade

By Laura Carlsen | December 1, 2005



From the Latin American summit in Mar del Plata, Argentina to the forum of Pacific Rim countries in Busan, South Korea, President Vicente Fox is a man with a mission. His mission: to promote the U.S. model of free trade, as embodied in the North American Free Trade Agreement and the Free Trade Area of the Americas.

In Mar del Plata, Fox's insistence on including a commitment to the Free Trade Area of the Americas (FTAA) in the final declaration at the Fourth Summit of the Americas led to diplomatic frictions with Argentina's President Nestor Kirchner and Venezuela's Hugo Chavez. Even after the attempt failed to gain consensus, Fox bitterly criticized those he claimed "short-sightedly think that the solution is to close themselves off and not enter into market competition," in allusion to the Mercosur countries and Venezuela who opposed the FTAA.

The following week at the APEC meeting in South Korea, Fox joined Canada, the United States, and Peru in a joint commitment to fight for the FTAA and restated what has become a canon of faith within his government: "We are absolutely convinced that everyone will benefit from opening our economies and trading with each other ..."

Undaunted, the Fox administration's free trade mission has recently extended to Geneva, where last-minute negotiations of the World Trade Organization (WTO) seek to produce texts in the run up to the Hong Kong Ministerial December 13. Mexican Ambassador to the WTO, Fernando de Mateo, chair of the Services Negotiations Committee gained the censure of developing country governments and nongovernmental organizations when he delivered a draft that was heavily criticized for not representing majority developing country views. Five Asian countries, the Africa group, Brazil, and several Caribbean nations protested the lack of consensus on key parts of the draft.

A letter to WTO Chair Pascal Lamy signed by scores of civil society organizations from throughout the world called the draft process directed by De Mateo "highly

undemocratic" and "deceptive." According to the letter, Chair De Mateo included elements under debate without indicating where lack of consensus existed; the standard procedure is to bracket such points. The letter demands that the draft text delivered to Ministers in Hong Kong reflect the consensus interests and positions of WTO members and particularly developing countries. It concludes: "Failure to do so only makes a mockery of the 'multilateral,' 'rules-based,' trading system."

De Mateo's move to push what is essentially a European and U.S. agenda is reminiscent of a similar move by Mexican Secretary of Foreign Relations Luis Ernesto Derbez at the Fifth WTO Ministerial in Cancun in September 2003. As host of the Fifth Ministerial, Sec. Derbez produced a final draft text that incorporated nearly all developed country demands while ignoring important demands of poor countries. Talks broke down and the Fifth Ministerial collapsed.

In general, developing countries have little competitive advantage in service provision and much at stake. Access to services for the urban poor is precarious at best and families are vulnerable to even slight rate hikes that can cut them off from essential services. The rural poor depend on extension of distribution systems in areas where rates of return are likely to be low. While private companies reap the rewards of new services markets, developing country governments pay the political costs when privatization hurts marginalized populations. In Bolivia, two presidents have paid with their political careers.

There is a certain irony to the Mexican government's free trade zeal. Free trade in that country has had mixed results at best. Evaluations at the ten-year anniversary of



NAFTA noted an increase in international trade—as anyone would expect under a model that foments precisely that—but poor results in poverty reduction, distribution of wealth, and economic growth. A recent study shows two million small farmers displaced from the rural sector and rising unemployment despite huge growth in the informal sector growth and out-migration.

Mexico plainly did not enter the first world, as then-President Carlos Salinas announced, when NAFTA was signed in 1992. A decade later, the per capita income in Mexico is just over \$6,000 a year compared to \$40,000 in the United States. The figure is Latin America's highest but is heavily toploaded by a small group of super-rich in an increasingly unequal society. At least half the population still lives below the poverty line, many on less than two dollars a day.

Under these conditions, a blind faith in free trade that pits Mexico against the development concerns of poor nations is questionable at best. With the huge social debt owed its own workers and farmers and equitable development a pending challenge, the country has far more in common—economically, politically, and socially—with developing countries throughout the world than with its giant commercial partner to the north.

Laura Carlsen directs the Americas Program of the International Relations Center, online at www.irc-online.org.

Published by the Americas Program of the International Relations Center (IRC, online at www.irc-online.org). ©2005. All rights reserved.

The Americas Program

"A New World of Citizen Action, Analysis, and Policy Options"

Founded in 1979, the IRC is a nonprofit policy studies center whose overarching goal is to help forge a new global affairs agenda for the U.S. government and people—one that makes the United States a more responsible global leader and partner. For more information, visit americas.irc-online.org or email americas@irc-online.org.

Recommended citation:

Laura Carlsen, "Mexican Government's Ill-Conceived Campaign for Free Trade," (Silver City, NM: International Relations Center, December 1, 2005).

Web location:

<http://americas.irc-online.org/am/2966>

Production Information:

Writer: Laura Carlsen

Editor: Laura Carlsen

Production: Chellee Chase-Saiz