

Today, Mexico is the country with the largest network of Free Trade Agreements (FTAs) in the world. Mexico's network of FTAs with 32 countries, on three different continents, represents a unique opportunity for foreign investors, offering preferential access to a potential world market of more than 870 million consumers. Mexico's strategic geographical location, between the Atlantic and the Pacific Oceans, and connecting north and south America, make it an ideal hub for world-wide production and trade. Mexico's strategy is to continue expanding its network of FTAs, to diversify its export markets and to attract Mexican and foreign enterprises to invest and reap the benefits of joint production in a strategic location.



Mexico's network of FTAs include:

› **1992 – Mexico-Chile FTA:** This treaty was Mexico's first FTA. In 1999, the original agreement was complemented with additional topics including trade in services, government procurement, dispute settlement procedures and intellectual property. By 2001, as a result of the FTA, total trade between Mexico and Chile had increased eight-fold since 1991, reaching over US\$1.5 billion.

› **1994 – NAFTA between Mexico, United States and Canada:** Since it came into force in 1994, the North American Free Trade Agreement (NAFTA) has been a key instrument in increasing trilateral trade. Between 1994 and 2001, total trade between the three countries grew by 115.7 percent to reach US\$622 billion. Today, the North American region is one of the most dynamic and integrated economic areas in the world. Since NAFTA began, trilateral trade has grown at an annual average rate of almost 10 percent, while Mexico-United States trade has more than tripled. In 2001, bilateral trade between

Mexico and the US amounted to US\$245 billion, while total trade during the same period between Mexico and Canada amounted to US\$12 billion.

› **1995 – G3 FTA between Mexico, Venezuela and Colombia:** This FTA has helped to build stronger ties between Mexico and South America. Trilateral trade has increased by 51 percent since 1994. Such results have helped Mexico to strengthen its position in those markets, with the result that, today, it is the fifth most important supplier of goods for both Venezuela and Colombia.

› **1995 – Mexico-Costa Rica FTA:** This was Mexico's first FTA with a Central American country. The FTA has yielded significant results. Total trade more than tripled between 1994 and 2001, reaching US\$566 million.

› **1995 – Mexico-Bolivia FTA:** This FTA has helped to increase Mexico's presence in the Andean market. With this agreement, total trade between Mexico and Bolivia increased by 54 percent between 1995 and 2000.

› **1998 – Mexico-Nicaragua FTA:** Immediately upon the entry into force of this agreement, 45 percent of Mexico's total exports to Nicaragua entered duty free, while 77 percent of Nicaragua's exports to Mexico entered duty free, (recognising the differences between the economies of each country). By 2001, total trade between both countries had reached US\$167 million.

› **1999 – Mexico-Uruguay Economic Complementarity Agreement:** This partial-scope trade agreement was signed by Mexico and Uruguay under the Latin American Integration Association (ALADI). It provides for the elimination of tariffs in 90 percent of the common tariff lines and also covers other topics such as market access regulations, rules of origin, customs procedures, technical and phytosanitary norms and dispute settlement.

› **2000 – Mexico-EU FTA:** This treaty created the first free trade area between Europe and the American continent. This FTA is a forward-looking and comprehensive agreement that offers increased opportunities for Mexican and European enterprises to create links, through the establishment of strategic alliances and the promotion of investments. In 2001, total trade between Mexico and the EU amounted to US\$21.5 billion. This FTA gives Mexico the opportunity to increase its trade with a potential market of 370 million people.

› **2001 – Mexico-European Free Trade Association FTA:** The Mexico-EFTA treaty, signed with Norway, Iceland, Switzerland and Lichtenstein was negotiated on the basis of the Mexico-EU FTA. This FTA makes Mexico the only country in Latin America to have concluded free trade agreements with the vast majority of the world's highest income countries. In 2002, total trade between Mexico and EFTA countries reached US\$1.4 billion.

› **2000 – Mexico-Israel FTA:** Israel has concluded free trade agreements with the EU, US and Canada. In order to capitalise on this commonality with Mexico, both countries agreed to a further FTA between themselves. In 2001, total trade between Mexico and Israel reached US\$297 million.

› **2001 – Mexico-Triangulo del Norte FTA between Mexico, El Salvador, Guatemala and Honduras:** This treaty has helped to increase Mexican exports to Central America. Today, Mexico's total exports to these three countries are superior to exports destined for Argentina and Brazil combined.

**Mexico also plays a central role in several important multilateral forums. Mexico's network of FTAs has helped to strengthen its position in these forums and to play an increasingly leadership role.**

› **World Trade Organisation (WTO):** This is the world's leading trade organisation, created with the aim of helping trade flow as freely as possible, achieving further liberalisation gradually through negotiation and setting up impartial means of settling trade disputes. Mexico has played and will continue to play an important role in the Doha Development Round. This includes chairing the trade-related intellectual property rights (TRIPS) committee, and hosting the WTO Ministerial Conference in September 2003.

› **Asia Pacific Economic Cooperation (APEC):** One of APEC's main goals is to contribute to the development of the region, as well as to support a free international trade system. Mexico holds APEC's 2002 chair, and last October hosted APEC's 14th Ministerial Meeting and the 10th APEC Economic Leaders Meeting, both held in Los Cabos, Mexico.

› **Latin American Integration Association (ALADI):** A member of this regional organisation since 1980, Mexico has been active in promoting closer commercial integration within the region, through the negotiation of partial scope trade agreements with other members.

› **Free Trade Agreement of the Americas (FTAA):** This regional forum aims to unite the economies of the Western Hemisphere into a single free trade area. It brings together 34 countries and seeks to create a balanced, comprehensive and fair free trade agreement, based on the rules and principles of the WTO. In addition to hosting the FTAA negotiations from March 2003 to December 2004, Mexico chairs the negotiating group on investment.

› **Organization for Economic Co-operation and Development (OECD):** The OECD provides a forum for analysis and co-operation and was created with the aim of expanding production, increasing jobs and promoting economic and social stability among its members. Its objective is also to contribute to economic harmonisation, with a particular emphasis on helping developing countries. Mexico joined the OECD in 1994.