



TRADE LINKS LAZOS COMERCIALES

The Sixth Joint Council Mexico-EU took place in Prague

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The sixth meeting of the Joint Council between Mexico and the European Union (EU) was held in Prague on May 14th 2009. This bilateral instance, established by the Partnership Agreement between Mexico and the EU, meets regularly at a Ministerial level with the mandate of monitoring the implementation of the Agreement.

In this occasion, the meeting was chaired by the Secretary of Foreign Affairs of Mexico, Ambassador Patricia Espinosa. The EU delegation was led by the Minister of Foreign Affairs of the Czech Republic, Mr. Jan Kohout, as President of the EU Council. The European Commission was represented by the Commissioner of External Affairs and European Neighborhood Policy, Ms. Benita Ferrero-Waldner.

The meeting addressed a number of issues of mutual interest, such as migration, human rights, disarmament, environment and climate change, among others. Likewise, important economic aspects were reviewed within the discussions on Strategic Partnership, cooperation and trade.

Strategic Partnership

Both Parties agreed that the main objective of the Strategic Partnership between Mexico and the EU (see Trade Links of November 2008) is the joint promotion of their common values and principles in the international arena, through closer consultations on global issues of mutual concern within key multilateral and regional fora, as well as providing a renewed thrust to bilateral cooperation in all fields, including economics and trade.

In this context, Mexico and the EU called for a timely implementation of all measures necessary to put into action the Leaders' Global Plan for economic recovery agreed upon at the G20 Summit held in London last April.

Cooperation

Both delegations expressed their satisfaction with the dialogue that they have begun in the framework of the mid-term review of 2007-2013 cooperation.

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tion. Furthermore, they recognized that the overall progress achieved in the first phase of the cooperation programme provides a basis to confirm that “sustainable economy and competitiveness” is one of the sectors identified for the second phase.

In relation to the economic cooperation aspects, the Parties referred to the Facilitation Project of the Free Trade Agreement between Mexico and the EU. They acknowledged the achievements in its implementation and expressed their intention to continue working in new cooperation activities under this project.

Trade

The Mexican and EU delegations analyzed the trade flows since the entry into force of the Mexico-EU Free Trade Agreement (FTA). In 2008, total trade amounted almost 60 billion dollars (more than 40 billion Euros), figure 18% above that reached in 2007 and 222% higher with respect to 1999, the year preceding the entry into force of the FTA.

Additionally, they observed the increasing bilateral direct investment flows, which reveal that the trends are positive. Up to 2008, the European capital accumulated in Mexico reached more than 71 billion dollars, and Mexican investment in the EU surpassed 10 billion Euros up to 2007.

Both delegations welcomed the conclusion, in December 2008, of the adaptations to the Mexico-EU FTA due to the accession to the EU of Bulgaria and Romania through the Decision 3/2008 in the field of services.

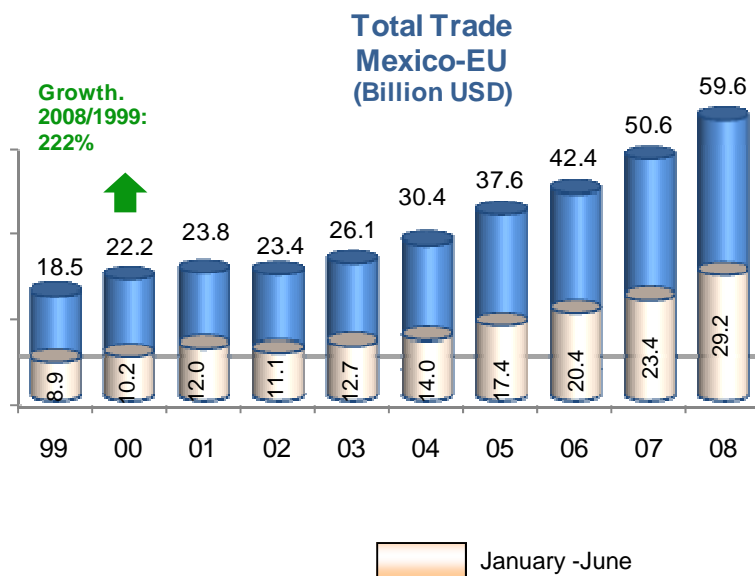
Mexico and the EU reiterated their interest in moving forward in the negotiation under the revision clauses foreseen in their FTA on agriculture, services and investment, with the aim of deepening their bilateral trade relations.

Likewise, it was agreed to examine the possibilities

and conditions to progress towards a cummulation of origin between Mexico, the EU and their common Latin -American trade partners.

Finally, the Parties renewed their commitment to reaching and ambitious, balanced and comprehensive conclusion of the WTO Doha Development Round. They agreed that this conclusion is urgently needed in order to avoid protectionism and boost trade flows. To achieve this, the EU and Mexico will build on the progress already made, including with regard to modalities.

In this context, both Parties will give renewed focus and political commitment to this critical issue in the coming months, and will continue working in all international meetings that are relevant to drive progress towards the successful conclusion of the Doha round negotiations.



Source: Banco de Mexico and Eurostat

Mexico's Total Trade in March (billion US\$)			
	2008	2009	%
Total	49.5	37.3	-24.7
Exports	25.1	18.7	-25.3
Exports (excluding oil)	20.1	16.8	-16.2
Imports	24.4	18.6	-24.0

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
January - March	2008	2009	%
Exports to the EU	4,572.3	2,475.7	-45.9
Imports from the EU	8,666.3	6,363.6	-26.6
Exports to the EFTA	103.1	120.8	17.2
Imports from the EFTA	357.7	287.8	-19.5

Source: Banco de México

Bilateral Investment Treaty Mexico - Slovak Republic

The Bilateral Investment Treaty (BIT) between Mexico and the Slovak Republic entered into force on April 8th 2009, adding up to the wide network of free trade agreements and to the 27 BIT's subscribed by Mexico with different countries from America, Europe¹ and the Pacific Rim.

Mexico has pursued negotiations of this kind of agreements with the purpose of increasing the level of legal certainty for foreign investors, giving them greater incentives to invest in the country.

The BIT's are designed on a reciprocity basis in which the governments committed themselves to grant protection to the investments made in their territory.

Some of the disciplines established on this BIT are the following:

- General criteria for the promotion and admission of investment flows.
- Non-discriminatory treatment regarding the investors and their investments (National Treatment and Most Favored Nation), as well as the obligation of granting a minimum standard of treatment according to international law (fair and equitable treatment).
- Prohibition of expropriation or nationalization of an investment, either directly or indirectly, except for public purposes, on a non-discriminatory basis, in accordance to the law and upon the payment of an indemnity.
- Non-discriminatory treatment in connection with compensations or similar arrangements accorded with the investors that made losses in the territory of one of the Parties, because of armed conflicts or national emergencies.
- Obligation for the Parties to allow that all transfers re-

lated to an investment are done freely and without delay.

- Mechanisms of dispute settlement dealing with disputes between an investor of one of the Parties and the other Party, and disputes between both Parties.

In recent years, the Slovak Republic experimented a great economic growth which together with an ambitious program of structural reforms, have contributed to the creation of optimal conditions for the attraction of foreign investment, most of all in industrial sectors as the automotive, machinery and electric equipment.

On the other hand, given its privileged geographical location and its large network of international instruments orientated to the promotion of trade and investment, Mexico has positioned itself as one of the most attractive emerging economies for foreign investors.

Since the Slovak Republic joined the European Union (EU), it has been noticeable the growing interest between investors from both countries to take advantage of the opportunities offered by their respective economies.

The BIT between Mexico and the Slovak Republic, besides standing as a very important instrument for boosting the flows of investments between both parties, stands as part of the strategic objective of Mexico for the strengthening and consolidation of the bilateral relations with every Member State of the EU, complementing the Free Trade Agreement between Mexico and the EU.

^{1/} BIT's with 16 of the EU Member States: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, the Slovak Republic, Spain, Sweden and the United Kingdom, as well as other 3 European countries: Switzerland, Iceland and Republic of Belarus.

Mexico's Economic Indicators	
Inflation rate:	0.35% (April, 2009); 6.17 % (2009, annual)
Industrial Gross Domestic Product:	-6.7% (Mar. 2009 / Mar. 2008)
Manufacturing:	-9.9%; Construction: -4.6%, Mining: 0.3%
General Index of Economic Activity:	-5.63% (Mar. 2009 / Mar. 2008)
Consumer Confidence Index:	82.1 pts. (April 2009) -16.0 percentage points (April 2009 / April 2008)
Open unemployment rate:	5.30 % (April. 2009)
	<i>Source: INEGI</i>

Mexico's Financial Indicators	
Foreign exchange rate:	13.23 peso/dollar (May 28, 2009)
International reserves:	\$76,185 million dollars (May. 22, 2009)
Mexican stock market index (IPC):	24,659 (May. 28, 2009)
Interest rate treasury bonds CETES 28 days:	5.09 % (May 28, 2009)
	<i>Source: Banco de Mexico</i>

Mexico's Official Gazette Notices

- **01/04/2009** Eleventh modification to the agreement through which the Ministry of Economy has issued the general rules and criteria on foreign trade.
- **02/04/2009** Final resolution regarding the validity of the compensatory duties applicable to imports of net plated or coated with zinc, from the People's Republic of China, regardless of the shipping country. This product is classified under tariff items 7314.19.99, 7314.31.01, 7314.41.01 and 7314.49.99 of the General Imports and Exports Tariff Law.
- **03/04/2009** Decree promulgating the Bilateral Investment Treaty between the United Mexican States and the Slovak Republic, signed in Mexico City, the 26th of October 2007.
- **08/04/2009** Resolution solving the administrative recourse of revocation presented by Tubacero, S.A. de C.V., against the final resolution of the anti-dumping investigation on the imports of tubes and pipes, having circular cross sections, the external diameter of which exceeds 406.4 mm, of iron or steel, product classified under Tariff Item 7305.11.01 of the General Imports and Exports Tariff Law, from Germany, regardless of the shipping country, published on June 8th 2007.
- **21/04/2009** Final resolution of the anti-dumping investigation on the imports of Scent sprayers and similar toilet sprayers, and mounts and heads, from the People's Republic of China, regardless of the shipping country. This product is classified under Tariff Item 9616.10.01 of the General Imports and Exports Tariff Law.
- **28/04/2009** Second Resolution modifying the resolution related to customs of the Free Trade Agreement between the United Mexican States and the member states of the European Free Trade Association, including annexes 1 and 2.

EU Official Journal

- **07/04/2009 C83** Decision taken by Serbia to implement unilaterally the Interim Agreement on trade and trade-related matters between the European Community and the Republic of Serbia.
- **08/04/2009 L94** Council Regulation (EC) No 282/2009 of 6 April 2009 amending Regulation (EC) No 1212/2005 imposing a definitive anti-dumping duty on imports of certain castings originating in the People's Republic of China.
- **08/04/2009 L94** Council Regulation (EC) No 283/2009 of 6 April 2009 amending Regulation (EC) No 1858/2005 imposing a definitive anti-dumping duty on imports of steel ropes and cables originating, inter alia, in India.
- **08/04/2009 L94** Commission Regulation (EC) No 289/2009 of 7 April 2009 imposing a provisional anti-dumping duty on imports of certain seamless pipes and tubes of iron or steel originating in the People's Republic of China.
- **18/04/2009 L100** Commission Regulation (EC) No 317/2009 of 17 April 2009 replacing Annex I to Council Regulation (EC) No 673/2005 establishing additional customs duties on imports of certain products originating in the United States of America.

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