Integration or Diversification
Mexican Foreign Policy Options

Bibiana Gómez Muñoz*

Octavio Nava/AVE

Left to right: Foreign Minister Jorge Castañeda, President Fox and presidential spokeswoman Martha Sahagún.

Vicente Fox's victory in Mexico's recent presidential elections has undoubtedly generated both expectations and conjectures about the new administration's profile. Of undeniable importance for contemporary Mexico, alternating in office has brought with it a myriad of questions about the policies the former opposition will now implement both domestically and abroad.

Several concerns come to the fore about the future of Mexican foreign policy. For example, how will it change given the ascent of a new political-business elite? Will there be a break with regard to the last two administrations? And, what will the Fox administration's priority or priorities be in today's international context?

These questions are obligatory given the horizons of the debate and the thinking about Mexican foreign policy, that is, the choice between integrating our economy with the United States or diversifying relations with other members of the international community.

In this sense, Vicente Fox's first trip abroad after winning the election created great expectations. His tour through Chile and to three countries of the Mercosur (Argentina, Brazil and Uruguay) occasioned a series of conjectures about a possible change in international priorities through the reactivation of the diversification in Mexico's trade and political contacts, as well as the old yearning to concretize Bolívar's ideal of Latin American integration.

From that point of view, it is worthwhile mentioning a few considerations not only about that possible diversification, but also about that strategy's chances in terms of the country's recent history. The diversification of interna-

* Master's candidate in international relations at the UNAM Political Science Department, the Institute for Social Research and CISAN.

tional relations has been a traditional Mexican foreign policy objective, particularly given our marked historical dependence on the United States. The first attempt at diversification took place at the end of the nineteenth century under the Porfirio Díaz regime, as it attempted to create a counterweight to the growing influence of our neighbor to the north through deepening ties with other powers or empires outside the Western Hemisphere, like Japan and certain European countries.

More than a century later, diversification seems to continue to be a Mexican foreign policy priority, still with the aim of creating a counterweight to the excessive economic dependence on the United States. Despite this constant, however, diversification today is set in a very different national and international context than 100 years ago.

In fact, more than a decade ago our foreign policy began to go through significant changes given, on the one hand, the structural changes in the Mexican economy in the early 1980s, and, on the other, the transformations in the world situation after the bipolar Cold War world order ground to a halt. Thus, the new logic of Mexico's foreign policy was based primarily on the predominance of economic questions and Mexico's insertion into the globalized economy.

In this context, the Mexican state substantially modified its relations abroad. The change with the greatest impact both domestically and internationally has been the integration with the United States and Canada in the framework of the North American Free Trade Agreement (NAFTA). However, as an alternative to this integrationist process, diversification was set up as a priority in Mexican foreign policy, although no attempt has been made to substitute it for the privileged relationship with the United States.

The diversification implemented in recent years, then, seeks to establish greater equilibrium in Mexico's foreign relations. As conceived of in the National Development Plan for 1995-2000, diversification is a necessary strategy given the intensity of Mexico's relations with its main trade partners, and aims to broaden out the country's room for manoeuvering and consolidating its international negotiating ability.[1]

> The diversification of international relations has been a Mexican foreign policy objective, given our marked historical dependence on the U.S.

With this goal in mind, Mexico has signed several trade agreements since 1994 in addition to NAFTA: with Bolivia, Costa Rica, Venezuela and Colombia in 1995; with Nicaragua in 1998; with Chile in 1999; and with the European Union, Israel, Honduras, El Salvador, Guatemala, the European Free Trade Association and Singapore in 2000.

The paradoxical thing about this policy is that until now, the concretization of these treaties has not effectively diversified trade. The following figures are illustrative: of Mexico's entire foreign trade for January to August 2000, 83.8 percent was with the United States and Canada (97.4 percent of that was with the United States); while with our second trade partner, the European Union, it was only 5.9 percent.[2]

This disproportionate concentration of trade has several explanations. The first —as has already been mentioned— is undoubtedly the Mexican economy's historical structural dependence vis-à-vis the United States. The second is that diversification has not been planned as a state policy shared by several administrations. The third reason is linked to the different weight that Mexican foreign policy has given to the integration of North America in the last 10 years. The fourth reason, derived from the third, follows from the fact that in a process of economic integration, intra-regional trade increases considerably, as can be seen in both the European Union and NAFTA. In the latter case, Mexico's foreign trade with the United States and Canada has increased 150 percent and 131 percent, respectively, since 1993, the year before NAFTA went into effect.

In this sense, we should remember what Peter H. Smith says about the variables that influenced events in Latin America after the end of the Cold War. Smith says that the international options of the region's countries —including Mexico, of course— were aimed at finding "a viable position in the newly emerging global economy, a niche that could provide a foundation for long-term development and growth [and at forging] a response to changing patterns in the distribution of international power... in particular, the intensification of U.S. hegemony within the Western Hemisphere." [3]

In their attempt to concretize these options, Smith says that Latin American countries have alternated among the following strategies: a) unilaterally undertaking programs of economic liberalization and strengthening commercial and financial ties with major power centers [such as in the Chilean case]; b) finding new ways to join with the North, more specifically with the United States, as Mexico has done; c) achieving regional (or subregional) economic integration mechanisms, such as in the Brazilian case and Mercosur; and d) seeking extrahemispheric partnerships, Brazil's priority, and Mexico's option through its diversification strategy.[4]

Mexico opted mainly for the first and second alternatives. The Mexican government made a priority of integration with the United States and Canada, although it also chose to attempt to create a counterweight by instituting closer ties to countries or regions that represented power similar to that of the United States, such as the European Union. It was no coincidence that the Zedillo administration's diversification strategy priority leaned toward signing a commercial treaty with the European Union in the framework of the Agreement of Economic Association, Political Negotiation and Cooperation in March 2000.

This is the scenario in which Vicente Fox's tour of South America and his subsequent tours of the United States, Canada and some of the European Union countries in August and September should be situated. As a whole, they provided a glimpse of some of the roads that his administration will follow in foreign policy.

We can foresee continued experimentation with this parallel process of integration and diversification, since, seemingly, one of the Fox administration's objectives will be to establish negotiations for the long-term creation of a North American Common Market similar to Europe's through the deepening of relations with the United States and Canada.

On the other hand, the European Union and Latin America will be two poles which can be used as counterweights to lessen Mexico's dependence on the United States and at the same time increase the chances for developing certain sectors of the national economy. This is the reason that the deepening of ties with both regions —through the consolidation of the trade agreement with Europe and a future negotiation with the countries of Mercosur— will be the priority in the diversification strategy.

> The European Union and Latin America will be two poles which can be counterweights to lessen Mexico's historical dependence.

It should be pointed out that Mexico's intentions to diversify will certainly meet with a very positive response since they are backed up by a process of alternating in office and democratization, both cherished European principles and requirements.

In this context, it may well be plausible to suggest the hypothesis that the last 12 years' changes in Mexican foreign policy have begun to ease the tension between diversification and integration that for so long characterized a both active and defensive foreign policy.

Whether that hypothesis is confirmed or not, special attention must be paid to the fact that —as I already mentioned— the attempts to diversify the country's relations have not yet reduced our excessive economic dependence on the United States. Also, we cannot disregard the fact that closer ties to our northern neighbor have not served to settle conflicts on bilateral issues such as trade, drug trafficking and migration. In any case, we must forge closer political, cultural, economic and financial ties with Canada in the framework of NAFTA, which might well even favor a relative diversification within the framework of regional integration itself. VM

NOTES

[1] *Plan Nacional de Desarrollo 1995-2000*. The National Development Plan is the Mexican government's plan of action that sets forth the main thrust of its policies.

[2] For the same period, Mexico's foreign trade came to U.S.$219.77 billion, of which U.S.$182.11 billion and U.S.$4.66 billion was with the United States and Canada, respectively. Trade with the European Union totalled U.S.$12.99 billion. (http://www.secofi-snci.gob.mx)

[3] Peter H. Smith, *Talons of the Eagle. Dynamics of U.S.-Latin American Relations* (New York: Oxford University Press, 2000), p. 319.

[4] Ibid., pp. 325-346.