

# Local Governments’ International Relations In North America since NAFTA

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Rebecca Cook/Reuters

## INTRODUCTION

This article will analyze the impact of the North American Free Trade Agreement (NAFTA) on the international activity of the region’s local governments, focusing particularly on the Mexican case. I will attempt to identify the patterns Mexican state and municipal governments have displayed in their links abroad, beginning with the signing of the treaty.

To do this, I have divided the article in two parts: first, I briefly describe local governments’ links before NAFTA was signed. Secondly, I lay out these actors’ dynamics on the international stage since the treaty came into effect. Lastly, I put forward some perspectives about their behavior in the

medium and short terms, particularly since Donald Trump’s taking office.

## LOCAL GOVERNMENTS BEFORE NAFTA

Traditionally and before the treaty’s signing, local Mexican governments carried out little international activity. Since the country’s foreign policy was practically exclusively the prerogative of the federal executive branch, governors and mayors did not compete with the president on international issues. Only border states, municipalities, and a few tourist destinations implemented on-going, but discrete, international activity.

The Mexican political system itself impeded greater independence on the part of local governments in international matters, given that power was concentrated almost exclu-

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sively in the hands of one person, the president. In addition, a single party controlled the executive branch, Congress, and all the governors' seats, as well as the immense majority of the municipalities. Governors and mayors disciplined themselves to the political boss, given that they aspired to posts within the system in the future. However, beginning with certain political moments toward the end of the twentieth century, local governments began to be more internationally active. In the first place, domestic changes in the country offered greater maneuvering room to these actors on global issues. The Mexican political system began to undergo significant transformations at the end of the 1980s.

In 1988, the official candidate, Carlos Salinas de Gortari, won the presidential election by a small margin and his legitimacy came under question due to accusations of voter fraud. For this reason, the Salinas administration approved reforms to Mexico's electoral system. The political changes made it possible for other parties to win elections for state and municipal governments. In 1989, for the first time in recent history, an opposition party won the governor's seat in the border state of Baja California. Quintessentially, local governments began to be more interested in playing a bigger international role independent of the central executive branch.

At the same time, the country began to experience grave financial crises at the end of the 1970s and the early 1980s. As a result, the Mexican government decided to make significant changes in its economic development model. From a protectionist, nationalist model, economic policy opened up and became neoliberal, emphasizing free trade and attracting foreign investments. With these reforms, local governments had more incentives to participate in external affairs given that they had a very specific interest in finding foreign markets for their local products and attracting investments from abroad to create jobs in their communities.

In the second place, certain changes in the international system allowed Mexican states and municipal governments to create better opportunities for having a presence in global affairs. The Cold War ended in the late 1980s and the early 1990s heralded the arrival of a new global order. Bipolar politics and other matters were a thing of the past, and new

actors began to be more visible on the international agenda. Issues like economic development, technology, the environment, human rights, and migration, among others, began to be more important in international relations. At the same time, non-centralized actors began to have an impact on international politics, particularly local governments, since they had a big stake in the new items on the agenda.

At the end of the twentieth century and the beginning of the twenty-first, the world experienced growing interdependence and an even stronger globalizing trend. These two factors made it possible for non-centralized actors to have greater presence in the global context. The external had more influence on the local, and local governments sought greater presence in the external. In other words, globalization and interdependence were incentives for states and municipalities to compete internationally for greater investments and markets for their local products.

In this domestic and external context, the Mexican government decided to begin negotiations with the United States and Canada with the aim of signing a free trade agreement in the early 1990s. The process was finally successful on January 1, 1994, when NAFTA came into effect. What was the impact this treaty had, then, on Mexican local governments' international activity? I develop the answer to that question in the next section.

#### INTERNATIONAL ACTIVITY OF LOCAL GOVERNMENTS AFTER NAFTA

When NAFTA came into effect in 1994, Mexican local governments began to take more interest in acting internationally. The internal political and economic changes in Mexico at the end of the 1980s and free trade in the North American region were big incentives for this. Starting then, both state and municipal governments began to open offices of international affairs. The first ones opened in the country's capital, Mexico City's Federal District, because of its political and economic importance. Other states, like Nuevo León, Baja California, the State of Mexico, Jalisco, and Chiapas, did the same.<sup>1</sup> Under the system centralized by the Institutional Revolutionary Party (PRI), states had had no interest in opening up this kind of office because in practice, the federal executive had the complete monopoly over foreign policy.

Along these same lines, some state governments also opened up diplomatic missions abroad, especially to promote invest-

ments, foster trade, attract tourists, and protect migrants. Before NAFTA, this was uncommon. That is, the free trade that began in the mid-1980s and surged ahead in 1994 with the treaty's entry into force fostered this activity among local governments. Also, several governors and mayors increased their visits abroad. Before NAFTA, these activities were also limited. The aim of these visits was both economic and political given that these officials sought to strengthen relations between their states and their counterparts abroad. Some of them resulted in the signing of collaboration agreements.<sup>2</sup> Many of these instruments dealt with issues like education, cultural policies, environmental protection, and sports, among others. One old practice was the signing of agreements to be sister cities or states. Before the 1990s, the number of these agreements was limited, but as free trade was implemented, they increased significantly.<sup>3</sup>

Before NAFTA, local Mexican governments and their Canadian counterparts had very limited contact. When the treaty came into effect, the links increased visibly. For example, the province of Alberta and the state of Jalisco signed a very successful collaboration accord covering work visas for Jalisco residents, the donation of ambulances, training in forestry, and other activities. That is, NAFTA made it possible to increase interaction between local Mexican governments and those of Canada.<sup>4</sup>

Despite the fact that NAFTA promoted links among the local governments at the end of the twentieth century, the events of 2001 affected the process. The terrorist attacks in the United States sparked changes in that country's security policies. That is, local interaction in the region was affected by Washington's more restrictive measures.<sup>5</sup> However, the contacts continued thanks to the growing economic interdependence of the region's three countries.

## CONCLUSIONS

In effect, the signing of the North American Free Trade Agreement fostered greater participation of local Mexican governments in foreign affairs. However, Mexico's domestic political and economic changes are also explanatory factors. In other words, NAFTA became a driving force behind local diplomacy in the region. That was the trend that marked the end of the twentieth century. However, the September 11 attacks brought an adjustment in the process due to the United States' new security measures.

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Despite the fact that NAFTA has fostered these contacts, another change is threatening the continuity of the process: Donald Trump's inauguration in January 2017 is a turning point in the trend. In the first place, the new occupant of the White House has expressed his interest in renegotiating NAFTA and building a wall along the entire border to prevent the entry of workers without papers. These measures may affect free trade and be a disincentive to interaction among local governments in North America.

In this context, greater participation is needed by local public and private actors in the three countries to ensure that federal decisions do not affect the links among local actors in the region. Local governments in North America face many complex challenges, but the benefits accruing from this kind of diplomacy are greater than expected. ■■■

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## NOTES

<sup>1</sup> In Chiapas, the Office for International Affairs opened due to the Zapatista Army uprising. Since the movement made the state visible internationally, the government decided to take advantage of the moment.

<sup>2</sup> Signing international treaties is a function reserved to federal bodies. However, with the passing of the 1992 Law on Celebrating Treaties, in the middle of the NAFTA negotiations, local governments were given a legal framework that allowed them to sign "inter-institutional accords" as long as they did not touch on issues reserved exclusively to the federal government.

<sup>3</sup> Detailed research on inter-institutional accords can be found in Jorge A. Schiavon, "Mexico's Sub-State Diplomacy *vis-à-vis* North America," in Rafael Velázquez, Earl H. Fry, and Stéphane Paquin, eds., *The External Relations of Local Governments in North America after NAFTA: Trends and Perspectives* (Mexico City: PIERAN, 2014), pp. 73-100.

<sup>4</sup> See Stéphane Paquin, "NAFTA and the Role of Canadian Provinces," in Rafael Velázquez, Earl H. Fry, and Stéphane Paquin, eds., op. cit., pp. 53-72.

<sup>5</sup> See Earl H. Fry, "The Development of Sub-State Cross-Border Interactions in North America, 1994-2012: The Impact of NAFTA and Post-9/11 Security Policies," in Rafael Velázquez, Earl H. Fry, and Stéphane Paquin, eds., op. cit., pp. 15-51.