

INDO-MEXICAN RELATIONS IN THE 1990s

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SANJEEV KUMAR



**CENTRE FOR AMERICAN & WEST EUROPEAN STUDIES
LATIN AMERICAN STUDIES PROGRAMME
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067
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Dedicated

To

My Nana, Nani & Maa



CENTRE FOR AMERICAN & WEST EUROPEAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067

Latin American Division

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CERTIFICATE

This dissertation entitled "**INDO-MEXICAN RELATIONS IN THE 1990S**" submitted by **Sanjeev Kumar**, Centre for American & West European Studies, Jawaharlal Nehru University, New Delhi, for the award of the degree of Master of Philosophy is an original work and has not been submitted so far in part or in full of any other degree or diploma of any other University.

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Prof. Abdul Nafey
(Chairperson)

Prof. Abdul Nafey
(Supervisor)

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PREFACE

In the era of globalisation and liberalisation, Mexico and India are in the process of cementing meaningful and far-reaching relations in areas of economy and trade, technology and trade and politics and diplomacy. However, it is not a break from earlier relationship. Rather, In fact, there is a strong basis of the present relationship in the past, which is full of similarities in the culture of the two countries, convergence in their goals of nation-building, developmental strategies, foreign policies and perception of their role and status in the international system. These similarities and convergences have in the twentieth century gave rise to numerous occasions and issues when the two countries came together in cooperation with each others. Aside, these similarities and convergences have slowly but soundly strengthened bilateral relations between the two countries in a host of areas, ranging from culture and education to science and technology besides, of course, in the area of trade and commerce. In the post-Cold War context, where economic globalisation and liberalisation are the prime motivating factors, the deepening of interdependence of the two economies has opened up new opportunities for meaningful and long-lasting relationship between the two countries.

The present study is a modest attempt to describe and analyse the relationship between Mexico and India since the decade of the 1990s. In a very modest and general way, it tries to summarise opportunities and challenges faced by Mexico in the decade of the 1990s and, building on that, describes the bilateral exchanges and relations between Mexico and India. The present study is divided into five chapters.

The introductory chapter takes an overview of India-Mexico relations. The chapter, by way of a background, presents a survey of Indo-Mexican relations at the political, cultural, economic and trade levels. Trade relations with Mexico had existed even before India had gained independence. Though exact volume of trade is not known, nor it is clear whether India imported anything from Mexico; what however is well-established is that India used to export some amounts of textile, spices, pearls and precious stones to Mexico. The momentum of these relations however could not be sustained for long or in some systematic manner. It would not be until the 1960s that some meaningful economic and trade exchanges began between the two countries. However, at the political level, relations had warmed up very early with both Mexican president and the Indian prime minister visiting each other in the early 1960s and underscoring their mutual perception for the need of enduring bilateral political and economic relations. The

beginning of the 1980s can be considered a watershed in the relationship with the visits at the highest levels taking place. Also, this is the period when institutional mechanisms such as joint economic commission, an Indo-Mexican chamber of commerce, etc. came to be established. No gainsaying, exchanges at the cultural and scientific levels also intensified with scores of Indian agricultural scientists working in specialised scientific research institutions in Mexico.

The second chapter in the present dissertation examines the entire gamut of political, diplomatic, and cultural relations in the decade of the 1990s. This is the period when Mexico was undergoing deep structural economic changes. This involved liberalisation of the economy and further, opening itself to the requirements of NAFTA. From the late 1980s, Mexico has had new foreign policy priorities of raising levels of trade and investments with its North American partners. It has been of some interest to discuss and delineate the changing parameters of Mexican foreign policy and its perception of India in the critical period leading to the signing of the NAFTA.

The third chapter presents a survey of bilateral trade between the two countries. At some length, data pertaining to imports and exports between the two countries has been examined. Changing profile of annual trade data and products have been present some interesting facets of the profile of bilateral relationship. The chapter also delineates

areas of co-operation including setting up of joint ventures, consultancy services and the areas that have attracted some modest investments. Special focus has been made on the modest but significant presence of Indian business and investments in Mexico and vice versa.

The fourth chapter briefly delineates the position of the two countries and prospects of mutual co-operation in multilateral fora including the G-15 and the UN. Mexican stand on issues such as the reform of the UN Security Council, changing role of the UN including UN peace-keeping activities in the 1990s, the nature and sources of new threats to international and regional peace and security such as terrorism have been examined. A section-length treatment has been given to the prospects of G-15 since both Mexico and India are members of this grouping which consists of leading developing countries from Asia, Africa and Latin America.

The concluding chapter presents the summary of the preceding chapters; besides, it examines the prospects of further developments in Indo-Mexican relationship in the coming years.

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SANJEEV KUMAR

CHAPTER-I

A SURVEY OF INDO- MEXICAN RELATIONS

India, a country of cultural diversities has a long tradition of interacting and maintaining relations with other cultures and countries situated far and wide. These interactions have been mostly peaceful and have covered economic and cultural aspects. Facilitated by gradual developments in communications and commerce, these relations since the twentieth century have had an increasing impetus. Relations with the distant region of Latin America took time to gel; but once begun, have come to acquire an importance of their own in the diplomacy and the people-to-people relations.

The North American country of Mexico has for long fascinated Indian statesmen and scholars for a variety of reasons: commonality of recent historical experiences, cultural similarities between the ancient Indian and Mayan and Aztec civilizations, and contemporary economic and political challenges and achievements. The present introductory chapter takes an overview of Indo-Mexican relations covering the following two distinct phases: (1) Indo-Mexican relations during the colonial era; and (2) Indo-Mexican relations since India's independence

A detailed description and analysis of associated literary evidences of their political, cultural and economic relationships have been dealt with in each of these phases. A viable reason to undertake such a survey is the underlying similarity of both these countries being placed, until recently in the category of the Third World. A large number of linked similarities in their economic structures also thus arise.

1- Indo-Mexican Relations During the Colonial Era

India's early contacts with Mexico date back to the colonial period. At that time, these were not directly but indirectly maintained relations. This is because people in India and also in Mexico, which though had become independent in the early decades of nineteenth century, were undergoing the experiences of domination and exploitation at the hands of the colonial powers of Europe. In the colonial period, contacts between Mexico and India were mainly through the European trade.

During early stages of the Latin American movements for independence, while Spain had been conquered by Napoleon Bonaparte of France, the British apparently had also intended to annex large portions of the Span's overseas territories. However, after an unsuccessful military effort in the Plata River region in 1807 and 1808

and an aborted one in Mexico in 1808, Britain changed its approach. After 1808 and until 1824, Britain covertly assisted the Spanish American patriots in order to prevent France from taking advantage of the situation, correctly assuming that it would be able to economically dominate the new states sufficiently to achieve its purpose without colonising them. In 1825 Britain recognised the independent Latin American republics over though it had favoured some kind of monarchy over the republican form, chosen by most of the Latin American states, and had tried to even influence the Spanish policy in that direction.¹

For the remainder of nineteenth century, Great Britain was the primary external state in Latin America, with its naval and merchant fleets dominating the Atlantic. The British domination of the seas was directed towards economic ends, aided in turn, especially after the advent of steam shipping, by the possession of naval bases in Latin America. Britain would intervene at times to protect its citizens and investments and to collect debts; but on the whole it resorted to little military interference in the Latin American affairs. On occasions, Britain intervened militarily in concert with other European powers such as jointly with France in Argentina in the 1830s and 1840s; and again with France and Spain in Mexico in 1860s.²

¹ N.P.Choudhry. *India's Latin American Relations*(New Delhi: South Asian publishers, 1990) p. 4.

² Ibid pp.4-5.

Most of the European trade during the colonial period particularly with the Latin America was monopolized by Great Britain. Among the Latin American countries the important ones were Argentina, Brazil and Mexico. During this time Britain had also established its power over India too. Most of the British investors and traders concentrated on Latin American countries mainly as markets for British goods and investments and for their abundant raw materials. They purchased raw materials like Indigo, tea, sugar and cotton at meager prices. A significant change in the process was growth and expansion of various export-oriented cash crops. British investments went massively into the railways, transportation and shipping, and communications to facilitate the merchandise-based trade.

Trade relations between India and Latin American countries had existed for quite some time; albeit indirectly as part of the British-dominated global trading system. In the nineteenth century, before the construction of the Panama Canal, ships from the eastern coast of the United State of America and Mexico used to circumnavigate Cape Horn on their way to Bay of Bengal.

Important as these exchanges were, direct contacts begun to be established more or less with the turn of the twentieth century. Of these exchanges, important were the travels undertaken by some distinguished Indian personalities who showed early interest in the

developments taking place in Mexico. Among these distinguished personalities, M.N. Roy was one of the more prominent ones. A distinguished revolutionary fighting for India's freedom, M. N. Roy traveled during the First World War through Burma, Indonesia China, Japan, Philippines and landed in USA. where he was arrested. Not willing to spend time in an American prison, he jumped out of Jail. Historians have suggested that he made an unsuccessful attempt to cross the Atlantic. Having failed, then he had to choose between Canada and Mexico as the only possible country of escape. Avoiding the long arm of the British law, he escaped to Mexico. He did not know a single soul in Mexico. He had not tried to make any Mexican contact before going. But, on arriving there, he did not feel helpless. He came to like the country and its people immensely and felt himself at home³

Mexico was in the throes of Revolution when Roy arrived in Mexico. Massive mass movements were engaged in bitter armed struggles for domination and for the realisation of a variety of objectives ranging from a constitutional government to 'land and liberty'. Practically, the entire spectrum of ideas and ideologies ranging from anarchism to liberalism were present in the political milieu. When Roy arrived in Mexico, there were no major political parties although some incipient efforts were afoot to form political parties. Various powerful leaders and ideologues, keen to organise and mobilise various social classes and groups were frantically engaged in political organisations.

³ Ibid., p.11.

Francisco Madero, who had led the Revolution of 1911, was the only civilian to become the president of the republic, but for a short while only. Most rebels or leaders of revolutionary factions, however, issued programmatic proclamations, appealing to the people to rally under their respective banners. Some solutions of the agrarian problem figured prominently in each proclamation. Distribution of land was common to all of them.

Years of civil war and the practice of rebel leaders, including some major ones, degenerating into sheer banditry, had only underlined the need for a progressive and democratic political party.⁴ Roy's political activities in Mexico culminated in the founding of the Communist Party called the Socialist Party of Mexico in 1919 is the first communist party formed outside the Soviet Union.

The first direct political contract between the Latin American and the Indian leaders may be said to have begun in 1927 at the International Congress against Imperialism held in Brussels. The Congress was attended by some 200 delegates from all parts of the world. The leaders of the oppressed nations discussed their problems of colonial rule and economic underdevelopment. There were not many representatives from Latin America states, but Mexico, which was one of the sponsors of the Congress, had sent a delegation under its minister for education. Many Asian leaders were greatly impressed by

⁴ Ibid., p.12.

the delegations from Latin American countries, and became aware that there were many common problems between Asia and Latin America. In the course of his address, the Mexican delegate described the struggle of Latin American republic against imperialism. He said, "Asia is already full. Imperialist countries seek actual profit for the future. The most important efforts of imperialism are at present directed towards South America"⁵

Jawaharlal Nehru, had attended the Congress as representative of the Indian National Congress. He was greatly, impressed with Mexican representatives. In fact, it was observed that his attitude towards the United States and its policies in South America had been considerably influenced by those early contacts. He became aware, for the first time, of the rise of American imperialism and its alliance with Britain imperialism.⁶

2- Indo-Mexican Relations Since India's Independence

Post Independence, as diplomatic and political relations came to be established between India and Mexico, the two sides began searching for areas of mutual interest and co-operation. At the same time, trade and economic co-operation which, in fact, had existed prior to India's

⁵ Ibid-p.9

⁶ Ibid.p.9

independence with some of these countries also became an area of considerable interest.

Communication—bilateral and multilateral—is the life-blood of the modern international community; and diplomacy is the central pillar of communication between the actors of the modern state system. For, it is on the management of international relations by negotiations, on the diplomatic interchanges of ideas, and on the resulting political, economic and military interactions that peace and prosperity of millions of people depend. The ambassadors and envoys of sovereign states are the principals agents for the effective pursuit of a country's myriad relations with other countries. Jawaharlal Nehru, as independent India's first prime minister, had rightly perceived the relevance of India's efforts for promoting political relations with Latin American countries when he remarked that even though India and Latin America “are far away from each other in geography...,in the geography of minds we are closer to each other”.

(i) Political and Diplomatic Relations: After independence, India felt that it was necessary to strengthen its political and diplomatic relations with the developing countries. In the changing circumstances of the post-World War-II, the world was polarised. When the Cold War began, Jawaharlal Nehru took the steps to maintain good relations with the Third World countries, so that India, as an emerging leader of the Third

World, could articulate the aspirations and demands of these countries in a system dominated by the two super powers. Keeping these circumstances in mind, the diplomatic relations were given due importance. As a result, political and diplomatic relations with Latin American countries were accorded enhanced importance.

India had been maintaining direct diplomatic relations with Mexico. In order to promote and strength the deep rooted sentiments, good will and esteem between the two peoples and to further effective co-operation between the two countries, India and Mexico agreed to establish diplomatic relations in August 1950. India accredited Mrs. Vijayalakshmi Pandit, India's ambassador to the US, concurrently as its ambassador to Mexico.⁷ Though diplomatic relations were established between India and Mexico in 1950, India's ambassador to Washington, D. C. continued to be concurrently accredited to Mexico till 1960. It was as late as in October 1961 that P.L. Bhandari was appointed as the resident ambassador just a month before the visit of prime minister Nehru in November 1961. However, Mexico has been maintaining its embassy in New Delhi right from 1952.⁸

After Dr. Radhakrishnan's visit in October 1954, the next important Indian visitor to Mexico was prime minister Nehru himself.

⁷ The Hindu, 2 August 1950; kessings contemporary Archives, pp.10965.

⁸ Ibid., p.10965

He visited Mexico from 14 to 17 November 1961. President Adolfo Lopez Mateos was himself present at airport to greet Nehru. Welcoming him, president Mateos stated with an intense feeling that the people of Mexico carried Pandit Nehru in their hearts. Some 2000 person present at airport cheered Nehru with the slogan, "Long Live India and Ban the Nuclear Bomb". President Mateos said that the similarities between India and Mexico were numerous and among them were the common efforts of India and Mexico in the fight for peace, disarmament and abolition of nuclear tests that were being carried out by the great powers.⁹

Addressing a joint session of Mexican congress on 16 November 1961, Nehru said that India had many common bonds with Mexico even though the two countries were situated half the world across. He found even in the present much to remind him of India. During the visit, the Mexican president and the Indian prime minister had a free and friendly exchange of views on the current International situation and on questions of mutual interest. Both agreed that despite the difficult and complex nature of the international problems, solutions could be found. The president and the prime minister agreed that the greatest threat to the world peace was posed by the development and stockpiling of armaments, especially weapons for nuclear warfare; and they reiterated

⁹ The Hindu (Madras) 16 November 1961.

their resolve to work to their utmost capacity to bring about an agreement on general and complete disarmament.¹⁰

The two leaders reaffirmed their abhorrence of colonialism and racial discrimination. They agreed that under-developed countries should be assisted in furthering their economic and social advancement with independence and freedom; and that trade relations were to be governed by equitable formulas so as to benefit the people concerned, especially those in greater need.¹¹ In response to the invitation extended to the Mexican president by prime minister Nehru, the former paid a visit to India from 6 to 10 October 1962. The visit of the prime minister of India to Mexico in November 1961 and the president of Mexico to India in October 1962 indicated the growing warmth and understanding between the two countries. In the course of his visit, president Mateos spoke of the philosophical and moral traditions of India and said that both countries were brethren in the same efforts to fight poverty, ignorance and illiteracy.¹² Mateos and Nehru agreed to continue to work for the early realisation of general and complete disarmament under international control; and for a total ban on nuclear tests.¹³ In the joint communiqué issued at the end of 5 day visit of Mexican president, the two leaders desired that relations between their two states should be based on the principles of sovereign equality, co-

¹⁰ The Hindu, 19 November 1961.

¹¹ Ibid.

¹² Statesman, 7 October 1962.

¹³ The Times of India, 17 October 1962.

operation for mutual benefit, respect for territorial integrity and sovereignty and non-interference in the internal affairs of each other.¹⁴

The two leaders urged that, apart from their own utmost efforts for progress, the developing countries should be given assistance by others. At the same time, developing countries should be able to get reasonable prices for the commodities they produced and exported; and should have opportunities for selling their semi-processed and manufactured goods to developed countries. They also agreed that although the era of colonialism was fast coming to an end, it was necessary in the interest of world peace that the existing gulf between the developing and developed countries should be bridged.

The president of Mexico, Luis Echeverria Alvarez paid a three day state visit to India on 21 July 1975 and was received with great warmth and cordiality. This visit was a landmark in Indo-Mexican relations, being the first high level visit between the two countries in the seventies. The talk that the then Indian prime minister, Mrs. Indira Gandhi had with him were described as "very friendly". They revealed a total "similarity of views" on major international developments. India and Mexico, the former being a leading member of the Non-aligned Movement and the latter attending the Non-aligned summits as an observer, had been working in close co-operation at the United Nations and other forums for promoting international understanding and

¹⁴ Ibid.

strengthening world peace. The talks reflected the desire of India and Mexico for establishing closer relations both in bilateral and international contexts.¹⁵

The talks held by the Mexican ministers and officials accompanying president Echeverria with their Indian counterparts climaxed in the signing of two agreements, one on cultural co-operation and the other related to co-operation in the field of science and technology; besides reaching an understanding to liberalise the visa system enabling Indian nationals including the businessmen to get 30 day tourist visa to Mexico without delay from any Mexican embassy or consulate in the world.¹⁶

The visit of president Echeverria to India marked the beginning of a vigorous phase in Indo-Mexican relations. The joint communiqué issued at the end of the visit spelt out their common goals. The president and prime minister called for the creation of a new international economic order (NIEO) based on equality, justice and co-operation among all nations and expressed their concern over the big power military escalation in the Indian Ocean.¹⁷

Though prime minister Indira Gandhi could not visit Mexico for the international women's conference held in 1975; the Indian minister

¹⁵ The Hindu, 23 July 1975.

¹⁶ Hindustan Times, 21 July, 1975

¹⁷ Chaudhary, n.1, p.41.

for external affairs visited that country to preside over a conference of the heads of Indian mission in the Latin American countries. Several proposals for strengthening political, commercial, economic and cultural ties with Latin American and Caribbean countries emerged at the conference. The heads of mission recommended a total effort involving businessmen, media representatives, intelligentsia, economists and political leaders on both sides to build bridges of friendship and understanding.¹⁸

The six-day state visit of Mexican president, Jose Lopez Portillo, to India on 25 January 1981 gave further impetus to the growing co-operation between India and Mexico. Portillo was the chief guest at the Republic Day parade in 26 January 1981.¹⁹ The joint communiqué issued after talks between president Portillo and prime minister Indira Gandhi reflected the common approach of the two countries in respect of the world's major political and economic problems.²⁰

Though Mexico did not consider that joining the Non-aligned group of nations as a full-fledged member was going to advance its own interests or promote world peace; as president Portillo stated that Mexican foreign policy is so independent that it did not wish to become aligned even with the Non-aligned movement. The president Mexico,

¹⁸ Ministry of External Affairs Report, 1975-76, pp.68.

¹⁹ Asian Recorder, 1981, p. 15893.

²⁰ Ibid.

along with prime minister Indira Gandhi, nevertheless expressed deep conviction that the Movement has played a significant role in the consolidation of International peace and security.²¹

Indira Gandhi visited Mexico to attend the Cancun summit from 21 to 24 October 1981. During her stay at Cancun, she was able to meet and renew contacts with many heads of government of the countries of that region.²² Her presence attracted considerable political and media attention, and her contribution to the discussions was greatly appreciated.

Considerable importance was attached to president Zail Singh's 4-day state visit to Mexico from 23 to 26 April 1984; as he was the first Indian president to visit that country. The president was given a warm welcome by his Mexican counterpart. President Zail Singh's state visit to Mexico generated tremendous enthusiasm among the people and media. Almost all the Spanish language dailies and the sole English daily 'Mexican News' had highlighted the visit. The television there telecast a 30 minute programme, entitled 'India, a Great Country'. Besides presenting a biographical sketch of the president, the programme also highlighted the economic and technological progress made by India since independence.²³

²¹ Chaudhry, n.1, p.42.

²² MEAR, 1981-82, p.80.

²³ Hindustan Times, 25 April 1984.

President, Zail Singh on his part reiterated India's wholehearted support to the Contadora peace initiative—a regional initiative to bring about a negotiated settlement of civil wars in Central America; and shared Mexico's concern over the crisis in Central America. The Mexican president pointed out that India was the chairman of the Non-aligned Movement, and his country was heading the 'Group of 77' implying thereby that India and Mexico had special responsibility for using their positions and ending the crisis in Central America and the international tensions in general. The Mexican president reiterated his country's total support to the preservation of the Indian Ocean as a zone of peace. ²⁴

President Miguel de La Madrid' Hurtado visited India from 21 to 31 January 1985 to participate in the six-nation summit on nuclear disarmament. It was an important foreign policy initiative of the government of prime minister Rajiv Gandhi; at the same time, it was significant for Mexico because India was the first country in Asia to be visited by the Mexican president. The visit underscored the traditional bonds of friendship and affinity between India and Mexico as well as the mutual desire to develop those relation further.²⁵ Three agreements were signed during the visit: a memorandum of understanding on industrial cooperation; a protocol on cooperation in

²⁴ Times of India, 25 April 1984.

biotechnology; and a cultural exchange programme for 1985-87.²⁶ Issues concerning disarmament, development and regional problems also figured during Madrid's talks with prime minister Rajiv Gandhi.²⁷ The Mexican president agreed with president Zail Singh that there was an inextricable link between disarmament and development and underlined the paramount need to turn the abundant resources that were presently devoted to menacing build up of destructive arsenals to more productive ends.²⁸

In connection with the summit for nuclear test moratorium, prime minister Rajiv Gandhi visited Mexico from 7 to 9 August 1986 to participate in the six-nations conference relating to nuclear disarmament on 8 August 1986.²⁹ The prime minister's discussions with president Miguel de la Madrid reflected shared perceptions on major international issues and a common concern for peace, disarmament and development. The two leaders also agreed to give greater content to bilateral economic co-operation.³⁰

Carlos Salinas de Gortari, president of Mexico during 1988-94, granted an exclusive audience to K.K. Tewary, the Indian minister of state for external affairs, who handed over a letter from prime minister,

²⁵ Foreign Affairs Record, vol. 21, No.1, January 1985, p.21.

²⁶ Annual Report (MEA), 1985-86, p.34.

²⁷ Times of India, 30 January 1985.

²⁸ Indian Express, 30 January 1985.

²⁹ Times of India, 9 August 1986.

³⁰ Annual Report (MEA), 1986-87, p.44.

Rajiv Gandhi in December 1988 to the Mexican president. In response, president Salinas expressed Mexico's keen desire to promote, intensify and expand relations with India.³¹

(ii) Cultural Relations : Culture plays an important role in diplomacy. It is strongly influencing the states in their bilateral relations. The cultural relations of India and Mexico are also influenced and conditioned by various factors. The similarities between Indian and the Mexican customs have always caught the attention of scholars of both the countries.

Cultural relations between India and Mexico have been of a very long standing. Scholars and researchers have delved into the distant past and drawn parallels between the civilisations of the Maya Indians and those of the ancient India prior to the dawn of Christian era. They have found interesting parallels in the religious practices and dietary habits of peoples of the two countries in ancient times.³² Prime Minister Nehru in course of his visit to Mexico in November 1961 had said that India had many common bonds with Mexico even though the two countries were situated half the world across and he had felt a certain 'kinship of spirit'.³³

³¹ Annual Report (MEA), 1988-88, p.44-45.

³² Chaudhary, n.1, p.116.

³³ The Hindu, 18 November, 1961.

Though there have existed considerable cultural contacts between India and Mexico and there has been greater admiration and respect for India's ancient culture and rich heritage, India has paid little attention to the new developments in Mexico relating to the promotion of cultural contacts and understanding. Very few cultural agreements have so far been signed and even among them very few have been effective.

The talks held by the Mexican ministers and officials accompanying president Echeverria with their Indian counterparts had climaxed in the signing of cultural co-operation agreements on 23 July 1975 which stipulated the establishment of a joint committee to periodically review and formulate programmes for the exchange of scholars and specialists, cultural material and students and teachers for studies. The agreement desired flow of artists, sportsmen and educationalists on a continuing basis.³⁴

A cultural and educational exchange programme was framed at the first meeting of the Indo-Mexican joint commission for cultural co-operation in August 1976. India and Mexico agreed to exchange educationists and artists, hold joint film festivals and organise exhibitions during the next two years. The agreement also provided for exchange of specialists by universities and institutions of higher learning in the two countries and to organise courses and hold

³⁴ Hindustan Times, 24 July 1975. See also Foreign Affairs Records, vol. 21. No.7, July 1975, p.192.

seminars.³⁵ The two countries also agreed to establish equivalence of their diplomas and offer exchange of scholarships for post-graduate study and research.

The two countries signed a cultural exchange agreement for 1979-1980 in New Delhi on 19 May 1979 under which they agreed to exchange academicians to develop collaboration between their institutions of higher education.³⁶ They also agreed to offer each other scholarships for post-graduate or higher study and research. In the field of mass media, the two countries agreed to exchange one journalist, each for three months; and negotiate for exchange of archeologists, musicologist and middle level personnel in archeology.

On the occasion of the Mexican president, Miguel de La Madrid's visit to India in January 1985, another cultural agreement was signed between the two countries on 30 January, which envisaged co-operation in culture, education, youth activities and mass media. The agreement provided for exchange of academicians, scholars, teachers and experts in education, exchange of anthropologists, historians, archeologists and musicologists, dance, music emblems and scholars and writers and other specialists in the field of arts and culture. India agreed to continue to provide two visiting professors for teaching Hindi and Sanskrit Indology at the EL Colegio de Mexico.

³⁵ Patriot, 24 August 1976.

³⁶ Asian Recorder, 1979, p.14962. See also Indian & Foreign Review, vol.16. No.16. 1 June 1979, p.7.

They agreed to participate in each others conferences, book fairs, cultural festivals and film festivals. It was also provided in the agreement to exchange information, books, publications and micro-films in the fields of education, art and culture, exchange of cassettes, music and dance, and exchange of radio and TV programmes and documentaries. The organisation of joint seminars/ symposia, research projects, preparation of Hindi-Spanish and Spanish-Hindi dictionaries and conversation guides were also stipulated.³⁷ The Mexican side agreed to sent to India an exhibition of "Olmec Art". In return India agreed to send an exhibition of Indian culture. The programme covered three-year period of 1985-87.

A cultural and educational exchange programme was signed between India and Mexico on 8 Feb 1988 for the period 1988-1990 that included exchanges in the field of radio, television and sports. The agreements also included exchange between universities and institutions of higher education, study of each other's language, literature, history and scholarships to students of either side. It had a special section on child and family welfare which involved exchanges in the field of family welfare, participation in children's assemblies and exchange of children's paintings.³⁸

³⁷ Chowdhary, n.1, p.124.

³⁸ Ibid.

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Cultural exchange programmes being a major constituent of foreign policy pursuits play a significant role in promoting cultural contacts between countries. Cultural contacts between India and Mexico are maintained through a series of exchange schemes and programmes, i.e., exchange of troupes, cultural delegations and visits, presentation programmes, awards of scholarships, and organisation of exhibition and seminars.³⁹ However, the number of such exchanges have been very few and limited.

At the invitation of the Government of India, David Alfaro Siqueiros, A Mexican artist accompanied by his wife, had visited India in 1956. Dr. Karan Singh, member of Indian parliament had covered Mexico in his study tour of Latin America during May 1983. Octavio Paz, the noted Mexican poet and philosopher of international repute and a former ambassador of Mexico to India, was invited to deliver the Nehru memorial lecture in November 1985⁴⁰.

An Indian exhibition of arts and handicrafts was held in Mexico City from 19 to 31 October 1959 in collaboration with a local commercial concern and the public response to the exhibition was good.⁴¹ India also figured in an exhibition held in the Social Security

³⁹ Choudhary, n.1, p.125.

⁴⁰ MEAR, 1905-06, P.34.

⁴¹ Annual Report (MEA), 1953-54, p.40.

Institute, Mexico from 9 to 19 September 1963⁴². The Indian Embassy provided Indian films, textiles, posters and records; and from all accounts the exhibition was an outstanding success. For exhibition in Mexico City, the Indian mission was supplied with books, photographs, dolls, children, paintings, album pages and postage stamps, posters and tourist folders and wall hangings. The mission also assisted in organising children's day painting competitions on 14 November 1975.⁴³ An exhibition of contemporary Mexican paintings, arts, crafts, books and contemporary films was organised during the visit of the Mexican president's wife to India in October 1977; and an exhibition of Mexican arts was held at the National Museum in New Delhi on 28 June 1978. Replicas of pre-Hispanic objects of arts and books on Mexico were presented to the then Indian minister of education P.C. Chandur by the Mexican ambassador.⁴⁴ An exhibition of Madhubani paintings was also held in Mexico in 1984.⁴⁵

As stated earlier, Octavio Paz was invited to deliver the eighteenth Jawaharlal Nehru Memorial lecture in New Delhi on 13 November 1985. Delivering his lecture on "India and Latin America: A Dialogue of Cultures," he said that through more than three thousand years of history and many great vicissitudes, India has astounded the world not

⁴² Ibid, p.65.

⁴³ Ibid, 1975-76. p.115.

⁴⁴ Indian and foreign Review, Vol. 15 No 19, 15 July 1970, p.29.

⁴⁵ MEAR, 1904-05, p.80.

so much for its change but for its constancy. According to him one of the characteristics of ancient India was creation of civilization but not a state which he said was a unique fact in universal history.⁴⁶ He said that, unlike in India, the struggle for independence in Latin America turned into an open warfare and once independence was achieved there appeared a cast of military men who had political ambitions and who were intent on imposing their ideas by force. The wars of independence in Latin America were breeding grounds for warlords; and with these wars, began that disease endemic to Latin American societies—militarism and its offshoots viz. coups, uprisings and civil wars.⁴⁷

In his brief remarks, prime minister Rajiv Gandhi said that the essence of Indian politics was to build up a modern nation without losing the roots of civilization.⁴⁸

(iii) Trade and Economic Relations: Maintaining economic relations is the major concern for strengthening and continuing relations between any two countries. India started to strengthen its economic relations with Mexico after independence. Both the countries have had similar developmental strategies and challenges in the second half of the twentieth century, and the two have also passed through more or less similar stages of economic growth. Even then, the Mexican

⁴⁶ Chaudhry, n.1, p.134.

⁴⁷ Ibid., P.134

⁴⁸ Times of India. New Delhi, 14 November 1985.

economy and its role in international trade had been of great interest to India. This resulted in a good deal of similar views between the two countries in several fields of trade and economic development. There are some antecedents that give a historical dimension to the trade between India and Mexico. It is important to mention that the trade relations between the two countries are not new. There are evidences about valuable exchanges that started in sixteenth century.

The commercial relations between both the regions date back to the beginning of the above mentioned century when exchanges of goods and personnel were made with a marked frequency through the galleon, which made regular voyages through the Pacific Ocean, touching the port of Cochin in India and continuing with Burma, Philippines, and other countries of the present South East Asia. To give an idea about this, it is sufficient to mention that tapioca, tomato, potato, chico, chilly, avocado, cocoa, maize, etc, are of Mexican origin. Some clothes, customs and dresses were used to be imported from Asia and particularly from India, mainly from the present state of Gujarat. The "Nao of China", as it was called in Mexico, was thus the bridge which linked for more than 250 years both the regions and served in establishing a very fluid trade. The chronicles indicate that this type of trade lasted till the middle of the ninetieth century.⁴⁹ Though the exact

⁴⁹ Chaudhary, n. 1. p.69-70.

figures of these commercial exchanges are not known, it is estimated that they were of great volume and value.

In the decades of 1950s to 1980s, India generally had been having adverse balance of trade with Mexico. The major items exported by India were lac, manganese ores, jute twist and yarn and palm fibre. Except for lac and palm fiber, no item has been exported to Mexico on a long and continuous basis.

Table-1

India's trade with Mexico (Rs. Million) ⁵⁰

Year	Imports	Exports	Balance of Trade
1951-52	9.68	40.88	+ 31.20
1952-53	2.33	6.60	+ 4.27
1953-54	7.22	1.17	+ 6.05
1954-55	0.99	1.08	+ 0.09
1955-56	1.24	1.78	+ 0.54
1956-57	2.35	1.26	+ 1.09
1957-58	0.015	0.85	+ 0.83
1958-59	0.34	0.68	+ 0.34
1959-60	5.47	0.52	- 4.95
1960-61	11.22	0.60	- 10.62
1961-62	11.16	0.72	- 10.44
1962-63	0.79	0.99	+ 0.20

⁵⁰ Chaudhry. n.1, pp.69-70

1963-64	1.49	1.88	+ 0.39
1964-65	4.38	2.45	-1.93
1965-66	4.02	3.22	-0.8
1966-67	19.07	3.64	-16.23
1967-68	39.44	6.80	-32.62
1968-69	15.90	4.42	-11.07
1969-70	4.07	7.85	+3.04
1970-71	7.69	9.81	+3.04
1971-72	1.52	0.87	-2.11
1972-73	0.79	0.67	-0.12
1973-74	4.11	0.44	-3.67
1974-75	124.40	0.87	-123.53
1975-76	119.75	12.47	-107.28
1976-77	15.76	19.42	+3.66
1977-78	280.88	16.32	-264.56
1978-79	95.88	12.87	-83.01
1979-80	204.65	34.85	-169.80
1980-81	407.5	46.61	-361.04
1981-82	200.10	69.80	-130.30
1982-83	129.70	15.40	-114.20
1983-84	66.0	39.60	-26.40
1984-85	109.1	11.4	-97.7
1985-86	216.7	41.3	-175.4
1986-87	287.7	32.3	-255.7
1987-88	444.1	54.8	-383.3

In the 1980s, some significant measures were taken to strengthen this important area of our relations. The first agreement on economic co-operation as well as a financial protocol between Mexico and India were signed on 12 November 1982 in New Delhi. These measures evoked an excellent reaction from the government agencies and also from the Indian business community. The economic relations have shown some positive signs since then, though the overall growth has been slow and limited, but it offered some concrete possibilities of increase.

The commercial exchanges between India and Mexico have been characterised by their small volume, their fluctuating patterns, and their response to specific functions. In fact, according to the figures of the Mexican Institute of Foreign Trade (IMCE), in the 15 years between 1970 and 1985, the global value of trade exchanges between the two countries was only US \$ 247 million. It is suggested that this figure is only a partial view of the real trend of exchange, because commercial relationship is very deeply affected by the pattern of triangular relations. In general terms, the trade balance has been in Mexico's favour; only in 1970, 1980, and 1982, the figures had been positive for India. The general balance of trade during the period favoured Mexico. Nevertheless, and in spite of this erratic conduct, the volume of trade relations has been growing steadily. However, it does not appear to

show that there is a definite tendency in this regard due to the little variety of products exchanged.

The Mexican exports to India have grown from US \$ 657 thousand in 1970 to \$ 10 million in 1984, and it was of \$ 9.560 million during the first semester of 1985. It was a bumper of \$ 57.5 million in 1981, thanks to the export of petroleum and sulphur. The average exports during the 1980s were US \$11 million per year. The structure of Mexican sales to the Indian market conformed basically to products of scarce value. The products of greater significance during 1983 and 1984 were orthophosphoric acid, seamless iron pipes and steel, PVC resin, phenol, heterocyclic compounds and Mexican fiber (finished textile fiber). These products represented some 80 per cent to 65 per cent of what Mexico sold to India in the respective years mentioned above. But Mexico has also provided in past fishing trawlers.⁵¹ The Mexican purchase did increase five-fold during the period, excluding 1970, reaching a peak of US \$ 22.8 million in 1982. The principal products acquire by Mexican during the 1980s were jute yarn, zaragatonal seeds, natural rubber, including gata percha, and shel tac. These products represented 20 per cent and 32 per cent of the total amount purchased in the years mentioned. It should be pointed out

⁵¹ Graciela de La Lama, "Indo-Mexican Trade" in Malcobam S. Adiseshiah, eds., *Role of Foreign Trade in Indian economy* (New Delhi: Lancer International in association with India International Center, 1986), p.167.

that the respective trade between the two countries was only residual for both Mexico and India. In the case of Mexico, it represented only 0.03 per cent of its total exports in 1983 and in the case of India, it was less than 0.05 per cent for the same year.⁵²

The analysis of the evolution of economic relation between Mexico and India shows that it was after the establishment of diplomatic relations in 1951 when the first approach was made. In 1962, President Adolfo Lopez Mateos had visited India. When this visit took place, a very serious effort was made to increase the economic relations in response to the earlier visit to Mexico by Indian Prime Minister Jawaharlal Nehru. The main results of these efforts, as far as trade is concerned, were the signing of letter of intent that tried to channelise in a proper way the bilateral commercial relations to intensify the reciprocal trade.⁵³

In July 1975, an agreement of co-operation between the Government of India and the Mexican Institute of Foreign Trade (IMCE) was signed. This agreement was followed by signing of a cultural agreement and an exchange of letters regarding co-operation in the field of science and technology. The political impulse that was accorded had

⁵² Ibid, p.167

⁵³ Ibid., p.168.

immediate though modest, results in trade: the Mexican purchases of jute from India and the fishing trawlers sales to India increased.⁵⁴

During the mandate of President Lopez Portilio, the interest of Indian government was intensified. In 1977, an agreement of co-operation in the field of science and technology was signed between the national council of science and technology of Mexico (CONACYT) and its counterpart in India. The exchange took a new turn after the signing of these documents and the increase of production of petroleum in Mexico. An agreement was reached in 1980 so that Mexico could provide crude oil to India.⁵⁵

In 1981, the Mexican president, Jose Lopez Portilio, visited India as the guest of honour at the Republic day ceremony. Later, Prime Minister Indira Gandhi visited Mexico to participate in the Cancun conference. Both visits, though the last was not a bilateral one, helped to lay down firm foundations for concrete negotiations.⁵⁶

The first agreement for economic and commercial co-operation between two countries was signed in New Delhi in November 1982. The agreement laid emphasis on the agro-industry and the fertilizer sector, hand tools, capital goods, energy, transport, and tourism. A Financial Protocol was also signed, the objectives of which were to give impulse to

⁵⁴ Ibid. p. 163.

⁵⁵ Ministry of External Affairs Report 1979-80, (New Delhi: Government of India, 1980) p. 107.

⁵⁶ Ibid, 1981. Pp.38.40

financial co-operation for increasing economic exchanges, the extension of relations between state financial and banking institutions of both countries and exchange of economic and financial information.⁵⁷

During the visit of the President of India to Mexico in April 1984, letters were exchanged for the renewal of the bilateral agreement on co-operation in science and Technology.⁵⁸ In September 1984, K.Natwar Singh visited Mexico for the first Indo-Mexican joint commission meeting. The joint commission discussed recent developments and economic prospects in the context of the existing world economic situation, the steps for establishment of international economic order and for increased bilateral trade, and closer co-operation in the areas of industry, energy, finance, transport and tourism.⁵⁹ Prime Minister, Rajiv Gandhi and President Miguel de la Madrid of Mexico agreed to give greater content to bilateral economic co-operation in August 1986.⁶⁰

Conclusion

Indo-Mexican relations date back to colonial period when indirect trade relations between the two countries were in existence. Direct contacts were few and far between with the visit of Indian revolutionary M.N. Roy to Mexico and later with the meeting of

⁵⁷ Ministry of External Affairs Report 1981-82, (New Delhi: The Government of India, 1982), pp.36-38.

⁵⁸ Ibid, 1984-85, pp.35.

⁵⁹ Ibid, 1984-85, pp.36.

⁶⁰ Ibid, 1986-87 pp.44.

Jawaharlal Nehru with the Mexican representatives at the International congress in Brussel.

Independence from British rule brought a new opportunity for India to establish political, economic and cultural relations with a number of countries including Mexico. Leaders of both Mexico and India saw great mutual benefits to have trade and cultural relationship. To have diplomatic relationship embassies were opened in both Mexico and India and to explore political, economic and cultural relation, political leaders visited each other's countries. A number of agreement in political, economic and trade areas have been signed between these two countries, so far. In 1975, the President of Mexico and Prime Minister of India called for the creation of a new International Economic order. Later in 1981, enhancement of Indo-Mexican relation led India to invite Mexican President to become the chief guest at the Republic day parade.

Cultural relations also have deepened with the exchange of researchers, academicians, artists etc over years. Scholars and Researchers have found many cultural similarities between India and Mexico.

Aside from cultural and political relations, economic relation has potential to play a far more important role in strengthening the continuing relation between two countries. However, trade

beginning in 1950, until 1980 was not very encouraging between India and Mexico. During these period, India was hearing adverse balance of trade with Mexico. Decade of 1980s, however witnessed some new developments when two countries showed interest to extend economic relation further.

CHAPTER-II

MEXICAN FOREIGN POLICY IN THE 1990s

The previous Chapter has surveyed the historical linkages between Mexico and India covering the entire gamut of relationship in the areas of diplomacy, trade and economic cooperation, and political linkages. The present Chapter examines the period since the 1980s, when Mexico was in the process of deep structural adjustment and opening itself to the requirements of the North American Free Trade Agreement (NAFTA). From the late 1980s, Mexico has had new foreign policy priorities of raising levels of trade and investments with its North American partners viz., US and Canada. It would be of some interest to discuss and delineate the changing parameters of Mexican foreign policy; and, at the same time, highlight the perception of India in the critical period leading to the signing of the NAFTA.

This present Chapter in dealing with Mexican foreign policy in the 1990s is broadly divided in three sections. In the first section Mexico's economic liberalisation and the changes that took place in the domestic market and foreign trade has been discussed. It also explains the impact of these changes on the Mexican economy and foreign investors' response towards Mexico after NAFTA. The second section details the American and Canadian influence over the Mexican foreign

policy since the inception of the free trade agreement. Third section deals at a broad level with the changing relations of European, Asian and developing countries with Mexico. Simultaneously, it also covers the changes that are taking place in the Mexican national politics.

Economic and Political Context of the 1990s

World War II had an adverse effect on trade among nations. Mexico, and many other less developed countries (LDCs) which were dependent on imports from developed countries, forced to cover their national demands with their own production, stimulating the import substitution industrialisation (ISI). During this period, the Mexican Industry grew at an annual rate of 7 per cent and the GDP grew at a rate of 6 per cent per year. Associated to this economic boom, a growth in employment and productivity was also observed.¹

In the import substitution industrialisation scheme (1940-1985), two main goals were to be accomplished: first to obtain national growth; and secondly to decrease the dependence on imports. The Mexican state began to play a key role, implementing strategies which supported the industrialisation process. This was done through public investment and an industrial protectionist policy. The Mexican government, as an active promoter, justified its investment, which

¹ <http://www.isop.ucla.edu/profmax/volume I/4-fall 96/Art 4 maxback.html>

represented some 40 per cent of the total investment. It concentrated itself in strategic sectors and development of infrastructure, such as oil, electric energy, road and agriculture.²

Between 1959 and 1970, the economic policy was directed to an increase in internal saving. Fixed parity and prices were established. The government resorted to external long-term debt in order to finance infrastructure investment and afford the foreign currency supply. In order to fight its balance of payments deficit, the government increased import tariff and also non-tariff barriers. The state-led strategy of ISI hinged on perpetual deficits and internal and external borrowing. This was necessary more for political reasons as different constituent classes and groups under-girding the rule of the Institutional Revolutionary Party (PRI) had to be kept satisfied. It is important to notice that during this period the Mexican economy relied heavily on the oil exports, it was a period denominated "mono-export". Confident with the high world oil prices, the Mexican government resorted to excessive foreign credits, so when the 1973 world oil crisis occurred the balance of payment was badly affected.³

In 1973 the Mexican government devaluated the national currency 'Peso' by 58 per cent, which caused increase in prices, capital

² Ibid.

³ Ibid.

outflows and decrease in manufacture industry's growth and output. The government had to resort to International Monetary Fund (IMF), which established the domestic policies to be followed by Mexico's elimination of government's subsidies and prices controls, international trade openness, decrement in import tariffs and a reduction of government intervention in the economy.⁴ The discovery of huge hydrocarbon resources in the mid-1970s made the ruling PRI to continue with its development strategy of deficit financing, external borrowing and huge subsidies especially benefiting the urban middle and working classes. The role of the state expanded especially evident in the ownership of several hundred public sector undertakings which were mostly loss-making enterprises but were otherwise politically necessary. The fall in oil receipts in the late 1970s and burgeoning external debt obligations brought the debt crisis in all its severity in August 1982. Mexico was on the verge of defaulting on its external debt servicing. As foreign inflows suddenly dried up, the country had to approach to IMF for fresh inflows. Mexico was in a bind and had no choice but to accept the 'conditionalities' that called for a series of changes in the development strategy and financial and monetary policies of the government including devaluation of peso, elimination of subsidies, cutting down on deficit and fresh taxes across the board on a number of goods including food, transportation and utilities.

⁴ Ibid.

Thus, in the mid-1980s, Mexico began to move toward an economic liberalisation, which was evidenced by the adoption of a strategy of structural change designed to remove the instability which had characterised economic activity during the preceding years. This programme contemplated four fundamental issues: (1) fiscal discipline and austerity measures (2) federal deregulation; (3) privatisation of state-owned enterprises; and (4) trade liberalisation. This would attract foreign investment and alleviate public debt.⁵ The four dimensional process of adjustment was an unavoidable response to the earlier policies of domestic industrialisation via massive expansion of the state sector and import substitution protectionism. In the period between 1970 and 1982, the paraestatales i.e. state-owned sector had grown from 300 to an outrageous 1,555 companies. By the end of 1993, the government had 'disincorporated' a total of 909 entities, which generated more than \$ 21 billion in new income for the state.⁶

The 'disincorporation' process included the sale of large enterprises such as ASEMEX, the largest insurance conglomerate in Latin America, AHMSA and SICARTSA, Mexico's biggest steel holding. Aeromexico, the biggest domestic airlines; and TELMEX, the national

⁵ Ibid.

⁶<http://www.mic.in> ministry of commerce.

telephone company which was ranked as the third most important of its kind in the world.⁷

Salinas Leon mentions that policy of 'disincorporation' was marked with popular discontent due to two main reasons. On one hand, in the majority of post-privatisation cases, the service has remained inefficient and incompatible with the demands for business competitiveness generated by open trade in the world markets and the implementation of NAFTA. On the other hand, this discontent has sparked political speculation of corruption and favouritism in the use of privatisation policies to reward cronies with monopolistic or quasi-monopolistic interests in exchange for political support to the ruling PRI.⁸

As per its 'liberal' attitude towards international trade, in 1986 the country signed its membership to General Agreement of Trade and Tariff (GATT), which brought along a considerable reduction of Mexican protectionism and promised stability and balance in the political and economic system. This trade liberalisation reforms were consistent and even exceeded the policies prescribed by the IMF and the World Bank.⁹ Some years later, after its entrance to GATT, Mexico achieved its acquired compromises. Lowered tariff and non-tariff barriers eliminated

⁷ Ibid.

⁸ <http://www.inegi.gob.mx/Ministry of External Affairs>.

⁹ Ibid.

most of its import and exports licenses, eliminated official prices, lowered fences for foreign capital flows and investments, among others.¹⁰

The economic liberalisation taking place in the country was due to both, international and domestic influences. In the international sphere, the international creditors and financial organisms such as the International Monetary Fund (IMF) acted as inspectors and looked for “letters of intent promising change in economic policy of a generally deflating, disciplinary, pro-market and anti-subsidy nature.” At a national stage, individuals and representatives of large business enterprises that could withstand foreign competition stressed that an open market would be best means for promoting economic development in Mexico.¹¹ With the debt restructuring plan, Mexico was on the move again from the late 1980s. It was regarded by IMF and pro-reform economists as a beacon of hope for other debtor nations. In 1993, Mexico pursued relentlessly its massive campaign to board the NAFTA band-wagon.¹²

In December of 1993, Mexico signed the NAFTA, amidst great fanfare, generating high hopes and expectations for sustained economic and democratic reforms. Then, on January 1, 1994, as NAFTA came in

¹⁰ Ibid.

¹¹ <http://www.shcp.gob.mx/Ministry of Revenue>.

¹² Ibid.

to effect, “hell-broke-out-loose”, as the armed rebel group of indigenous communities in the southern state of Chiapas rose under the banner of Zapatista National Liberation Army (EZIN) protesting against the decade old economic policies of the government which had deprived the indigenous communities of their lands, traditional agricultural practices and now with NAFTA in force threatened their very survival as a cultural group.

It was undoubtedly an ominous beginning for NAFTA. For, as the year moved on, with the political campaigning for the national elections scheduled for August 1994 gathering momentum, Mexico witnessed political assassinations of a kind that the country had not known since the decade of the 1970s. It was in a climate of unusual political violence that Mexico went to the polls in August. Final results showed voter participation of about 70 per cent with a PRI presidential victory of slightly over 50 per cent, indicating a precipitous drop in the ruling party's popularity.¹³

The elections had taken place in the backdrop of the ‘peso crisis’ of 1994. Mexico's economic recovery in the period of 1991-93 was mostly on account of the short-term inflows that had entered the country attracted by the high rates of interest and short-term maturity

¹³ R.Narayanan. “Mexico: From Miracle to Muddle,” *World Focus* (New Delhi). Vol.16, No. 1, January 1995, p.3.

of dollar-linked governmental bonds. The government of Carlos Salinas de Gortari for political and electoral reasons and fearing loss of confidence of foreign investors did not take the corrective steps such as devaluation to stem the declining foreign exchange reserves. Too much of short-term speculative capital had entered the stock market; and fearing that foreign exchange reserves are low and government may not be able to honour its commitment as short-term debts were maturing for payment, the largely speculative capital did what was expected of it. In a matter of few days, several hundred billion dollars worth of capital flew out of the country leaving the economy totally grounded. It was only an emergency rescue package worked out by the US Treasury Department with IMF and private banks that could resuscitate the economy. In return, Mexico had to bow to new 'conditionalities' that included more privatisation including parts of petroleum sector and further deregulation. Crowning these rather disconcerting series of economic and political events was the desperation with the newly installed president Ernesto Zedillo Ponce de Leon. The day after assuming office on December 1, 1994, Zedillo had decided to float freely the Mexican peso. Within hours, the pressure turned in to panic as a full-scale run against the peso surfaced. In these rather uncertain circumstances, Zedillo's then finance minister, Jaime Serra Puche, announced on Christmas eve, as business was peaking, that the

government would permit a one-off devaluation of 13 per cent before reimposing the earlier limits on the peso's daily movement.¹⁴

Doubtless, this precipitous step was taken by the new government after discrete consultations with the representatives of the labour and the business community. Hardly, however, did it produce the desired effect in defending the "floating stone". Instead against the US dollar, peso crashed from 3.35 to 4.67 during the post-Christmas week, and as the new year dawned, it was already down at 5.57 for a US dollar. The following scrambling did trifle little to restore any confidence on the crumbling currency, notwithstanding the familiar sacrifice Zedillo made in dismissing Serra Puche, and appointing Guillermo Ortiz as his new finance minister. Finally, on 3 January 1994, the Mexican government bowed to dictates of the international financial community and announced an emergency economic package on the promise of a \$ 52 billion bail-out credit from the United States.¹⁵

Then there are those who are concerned about the spillover of the Mexican crisis or what is journalistically described as the "tequila effect" on the rest of the countries of the world. Any attempt at analysing the "tequila effect" of the Mexican peso crash has to be prefaced by at least

¹⁴ Ibid.p.3

¹⁵ Ibid. p.4.

a description of the nature and dimension of economic bind in which Mexico was placed. Also, identification of the factors that led to the Mexican predicament offer some insights and lessons to be learnt from the Mexican experience, both in respect of restructuring the economy and the policy-mix with which the country initiated its economic adjustment. In identifying the fault-lines that led to the melt-down of Mexican economy, there are at least two broad viewpoints, some what running counter to one another, which need close scrutiny. Each, in a sense, is right. Yet each mask the complexity of the real depths of the economic crisis of Mexico. The one, that is subscribed to by the government of Zedillo as well as by some others, looked at the crisis as merely a short-term transient currency liquidity problem which the administration had inherited from its predecessor. Pointing to a current-account deficit equal to eight per cent of the GDP, fuelled by a large trade deficit and an overvalued peso, according to this point of view, Mexico was not able to meet its external financial commitments and obligations.¹⁶

In its annual report for 1994, the IMF had drawn attention, though obliquely, to the economy's "vulnerability to a sudden reversal in capital flows" and stressed the "need to lower the external current account deficit." But it stopped short of offering any remedial measures.

¹⁶ Ibid. p.4.

Subsequently, the world economic outlook report of IMF, however, had cautioned indirectly that there was much to be desired in the fiscal policy experiments of Mexico, by stating that it was meeting the “exchange market pressures through flexible management of interest rate and the use of exchange rate margins”. That in a sense appeared to be a correct assessment although it came belatedly.¹⁷

Notwithstanding the major policy initiatives of Salinas to open up the economy through liberalisation and restructuring to the high point of incorporating the Mexican economy into the North American free trade zone, foreign direct investment into the productive sector since 1991 had remained much smaller relative to the portfolio investment. Overall, no more than an estimated \$10 billion of foreign direct investment had gone into the productive sectors during the period of six years from 1989-95. Rest of it all had been by way of portfolio investment of trading stocks and bonds, and largely determined by their speculative potential rather than real dividends or profits of the companies which issued them.¹⁸

At the same time, through a manipulative “switch” mechanism a sizeable portion of the portfolio capital inflows had been used to finance indiscriminately the current account deficit. To facilitate the “switch”

¹⁷ Ibid. p.4.

¹⁸ Ibid. p.4.

mechanism, the Mexican treasury, through the apex Bank of Mexico, had issued two kinds of bonds *cetes* (Peso-denominated short-term certificates) and *tesobonos* (dollar-denominated short-term bonds), thereby transforming itself in effect into the primary creditor of the financial intermediaries. Over time, through deft manipulation of interest rates, it had reduced investment in *cetes* and increased enormously the dollar-denominated *tesobonos*. Given that these papers--both *cetes* and *tesobonos* were short-term maturity bonds (90 and 120 days maturity); they came just one week after the August 1994 general elections.¹⁹

Throughout 1994, more so, during the second half of the year, the government used the receipts of these bond-sales to finance its current-account deficit. In the process, not only could it liberalise massive imports of consumer goods and also reduce considerably the tariffs; it even financed the government's budget deficits with funds borrowed abroad via peso-denominated *tesobonos*. Consequently, the government could even boastfully claim some modicum of success in fighting down inflation, bringing it down to less than 10 per cent largely through liberal imports of essentials. All these were done during the

¹⁹ Ibid. p.5.

closing months of Salinas administration, by rolling over these bonds at competitive interest rates.²⁰

By the turn of December 1993, especially around the time Zedillo assumed office, in December 1994 and in June 1995, nearly \$17 billion of tesobonos were maturing, of which two-third were due immediately. Any rolling over by way of issuance of new tesobonos seemed no more possible, for in January, when the government floated fresh bonds at a wild 12.5 per cent interest, there were only few buyers, especially after the economy became panic-prone. In fact, most tesobono bond holders, following the devaluation decision, were seeking encashment. Failing to find a way out to extend these maturity dates or get creditors to agree to “swap” the matured debt for new long-term, higher yield instruments, the Mexican government had no other option but to seek the \$ 52 billion bail-out credit from the United States.²¹

Be that as it may, the implications of the bail-out package for the domestic side of the Mexican economy, according to critics, were even more harsh. For, it committed the government to generating a large income to meet the ever-increasing external obligation through two principal means – further privatisation at a pace faster than before; and

²⁰ Ibid. p.5.

²¹ Ibid. p.5.

further pruning in terms of cuts in domestic credit and public spending.

The emergency economic plan announced by the government had recommended the sale of four major sea ports – Veracruz, Manzanillo, Puerto Vallarta and Tampico--, rail roads, more toll roads and the entire communication system including the radio spectrum and communication satellites all amounting to what the Washington Post derisively described the “national garage sale”. The emergency plan had also announced privatisation of other public sector companies during 1995 to generate revenue of approximately \$1.5 billion. In the event the sale of these public units still fell short of raising the needed resources. It was feared that Mexico might have to put the only remaining plum, PEMEX, on the auction table which going by the history of oil industry in Mexico, could have serious political repercussions.

In respect of cutting down domestic credit and public spending to raise resources, the emergency economic plan had envisaged hikes in rates charged for public services and goods, including gasoline, and a reduction of wages through seeking no more than seven per cent increase even as inflation was officially projected to be 16 per cent. Already, between 1982 and 1992, real wages had been halved with unemployment reaching nearly 50 per cent. Resulting contraction in the domestic demand, according to observers, had threatened to eliminate

already gutted manufacturing industries, such as textiles, printing, wood, basic metals, non-metallic minerals, plastics, rubber and oil derivatives.²² Zedillo had to implement these economic changes with a heavy political hand amidst all-round social catastrophe.

Developments in The Foreign Policy

Mexico had experienced one of the first social revolutions of the twentieth century. The Mexican Revolution of 1910 had preceded even the 1917 Bolshevik Revolution in Russia, institutionalised a uniquely stable political system, diminished the predatory role of the military in domestic politics and had separated the state from the church. The legacies of the Revolution—somewhat ambivalent and ambiguous—had continued to influence the foreign policy of the country. At least until the 1930s, the country was in the mood of an intransigent foreign policy and supported national liberation movements, anti-fascist movements for instance in Spain, nationalised foreign holdings, and had on occasions stood up to US pressures. Since the 1940s, the foreign policy had been more pragmatic more so in dealing with US; although towards Latin America and Third World in general, the country continued to project itself as pursuing a revolutionary anti-imperialist foreign policy. Such a foreign policy was admittedly in consonance with, on the one hand, with the domestic development strategy and the nature of the ruling political coalition and, on the other hand, with the realities of

²² Ibid. p.6.

dealing with the US with whom Mexico was tied in a complex web of relationships covering trade and investment, migration and immigration—both legal and illegal—and political and security relations. The last aspect is important for Mexico falls in the sphere of influence and more important is a country of strategic importance to US military and economic security.

Mexico, for these reasons, has traditionally followed a somewhat passive foreign policy. Except for the Lazaro Cardenas (1934-40), Mexico has kept its distance from foreign entanglements, declaring its principled defence of national integrity, independence, sovereignty, nationalism, equality and non-intervention. Its anti-imperialism has been more of a rhetorical exercise aimed at reminding its populace that Mexico is a country with the legacy of the Revolution. The 1970s, however, saw a major shift. During the Luis Echeverria Alvarez regime (1970-76), Mexico had begun to play an assertive role in the world affairs; and Echeverria was keen to project Mexico as an effective and persistent leader of the Third World.²³

Luis Maira has put forward an interesting hypothesis in respect of Mexico's international policy. He says that "at the times when Mexico's bargaining power (vis-à-vis the US) is increasing, it tends to guarantee its preferential link with the United States, and one notices a "low

²³ Ash Narain Roy, "The Third World in the Age of globalisation: Requiem or New Agenda? London & New York, 1999, p.54.

profile” policy in its relation with the Latin American nations and with the developing world. On the contrary, in the critical stages, and at the same time as increasing tensions and eventual disagreements in its relations with Washington, the multilaterality of the international commitment and the strengthening of ties with the “third world” are favoured.²⁴

Foreign policy under the Echeverria administration was in essence and in substance a departure from the past because it abandoned the purely defensive and isolationist strategies of its predecessors in favour of a more active and involved relationship with the world. What started as a relatively unpoliticised “commercial diplomacy” of his first few years in office became a “highly politicised activism”. As the years passed by, Echeverria had evolved an activist foreign policy devoted to global changes including for a new international economic order and a new charter stipulating the rights and obligations of sovereign states in the international system. Besides solidarity with Cuba, the Mexican government openly came out in support of the Salvador Allende regime in Chile. Echeverria chose forums and created platforms where the United States was not predominant or where big power interests were only equally weighted.²⁵

²⁴ Ibid. p.55.

²⁵ Ibid. p.55.

Mexico's foreign policy under Lopez Portillo (1976-82) remained oriented towards the Third World, though the rhetoric of the Echeverria period had given way to pragmatism. The discovery of oil had increased its leverage vis-à-vis the US and gave it maneuvering room with some defiance of the northern neighbor. However, it remains a moot point. Oil resources had made Mexico even more vulnerable to the US machinations and intents as the global energy security had become one of the main concerns of the US foreign policy.

Be that as it may, backed by its oil wealth, Mexico was projecting itself for the first time as a regional leader in the context of the deepening crisis and civil wars in Central America. In the later years of the Portillo's presidency, Mexico sought a leadership role in Central American region. Portillo even undertook a six-nations tour of Latin American countries, covering Cuba, Brazil, besides Nicaragua, Panama, Venezuela and Cost Rica. The trip culminated in the formal signing of the agreement by which Mexico and Venezuela undertook to fulfill all the import oil requirements of nine Central American and Caribbean countries on favourable terms.²⁶

It is for its cautious, low-key and largely rhetorical foreign policy that Mexico all along had shied away from Third World for a such as the Non-aligned Movement. It would never like to be seen in alliance with other Third World countries on issues which may be irksome to US.

²⁶ Ibid. p.56.

For that very reason, it has also desisted from joining the Organisation of Petroleum Exporting Countries (OPEC), and had not committed itself to either to the General Agreement on Trade and Tariffs (GATT) until the late 1980s. Rhetoric apart, an indication of its cautious and even conservative foreign policy had been its persistent refusal to even take its turn as a non-permanent member of the UN Security Council.

The economic crisis of the 1980s and the process of economic liberalisation brought in its wake some meaningful and long-term changes in Mexican foreign policy. After its integration with NAFTA, Mexico has to seek a more mature relationship with the US. NAFTA has deeply institutionalised Mexico's foreign policy. There is a mould, out of which the foreign policy cannot expand. Prior to NAFTA, there was the hope that the country would soon join the club of the developed countries; it was evident from its membership in OECD. NAFTA is an unprecedented agreement that binds three very disparate economies. And this has become more transparent and clear as the effects of NAFTA began to be felt. It became more deeply integrated with the US economy but more in the form of an appendage. Be that as it may, in foreign relations, the change is perceptible. Mexico today is interested more in its integration with the multilateral and regional agencies like the WTO, OECD and APEC than NAM and the G-15 etc.

In a sense, there is a price tag for becoming part of NAFTA. Its foreign policy has become more continental and oriented towards the US and Canada. It has shrunk from a globalist, independent and revolutionary—even if rhetorical—premises. With idealism and principles gone, it is today confined more to the everyday nitty-gritty of exporting and importing goods and managing inflows and outflows to its NAFTA partners. At the same time, it cannot be denied that such a reduced foreign policy exposure has had some salutary and beneficial effects. As its foreign secretary put in 1994, “Mexico’s international activity, expressed through its membership in many of the world’s most important fora, was a fundamental reason for the swift international response to the country’s financial crisis in late 1994 and early 1995.” Its geographical proximity with its attendant meanings for the US and its membership of NAFTA had made the US administration of president Bill Clinton provide an immediate rescue package to Mexico in the wake of the 1994 peso crisis—something which the US has refused to provide subsequently to Brazil and Argentina.

Of interest are the new goals that have been identified and some strategies which have been redefined in the process of widening Mexico’s role in the major international decision-making centers, and in defining bilateral priorities with the US. The long-term objective is to implement an integral and co-ordinated foreign policy that may catapult

Mexico as one of the central actor in the international economy. With the United States, Mexico wishes to develop a “new understanding”, within which it will neither blindly follow nor systematically oppose the US policy. But this is easier said than done. Likewise, the existing aim of preventing the contamination of the whole bilateral agenda with controversies on individual issue was endorsed. The immigration phenomenon and the fight against drugs were again highlighted as the most important issues of national interest between the two countries.²⁷

Through a new initiative called the Mexican Nations, the government is seeking to protect its nationals abroad and looks for closer links with Mexican communities in the US. For this purpose, the government of President Vicente Fox (2000-2004) is seeking to provide dual nationality. In the fight against drugs, it has stressed that it must be the subject to mutual co-operation and full respect of national sovereignty as Mexico is facing increasing pressures from US and is finding that its fight against narco-trafficking is getting linked to other items on the bilateral agenda between the two countries.²⁸

Europe and the Pacific continue to be priority areas for an effective political and economic diversification of Mexican foreign economic and trade policy. With Europe, the objective is to strengthen

²⁷ Ibid.

²⁸ Ibid.

and deepen Mexico's links with the EU through an agreement covering trade and political dialogue; with the Asia-Pacific region, the aim is to forge closer bilateral links, mainly with ASEAN countries, to bolster Mexico's participation in APEC.²⁹

In Latin America, the Fox government has identified three guidelines: strengthening political dialogue through regional organisations; widening of free-trade in the form of the proposed Free Trade Area of the Americas (FTAAs); and encouraging co-operation to maintain regional peace and promote development. As for Central America, Mexico's policy is to focus on promoting stability and conditions for development after years of civil wars and economic destruction.³⁰

A by-product of changing foreign policy perception and policy is its agreement to eventually accept the regional seat at the UN Security Council Mexico has a foreign policy that is reduced in its visionary sweep and interests. It is a foreign policy that is based on self-confidence, realism and an aggressive pursuit of the national interest. It accepts and champions economic globalisation and interdependence; and seeks to increase Mexico's influence in international decision making, especially on matters of trade and economy.³¹ It is seeking to

²⁹ Ibid.

³⁰ Ibid.

³¹ <http://www/guide2Mexico.com/contact/Mexrelat.htm>.

also gain corresponding political influence in international affairs but as a junior partner of US. And this is a dilemma. It does not want to be seen at the same time going that extra mile where it would have given up even the pretensions of an independent foreign policy.

Mexico and its Relations with the Developing Countries

To the rest of the Latin American countries, particularly the large ones in South America, present day Mexico is an enigma. On the one hand, it participates enthusiastically in the regional initiatives for political co-ordination and co-operation that have emerged over the last decade or so; on the other, Mexico is undeniably integrating itself with the US and North America in general and is also actively involved in the global trading system. ³²

All of this would seem to make Mexico a very different nation from the one that in the late 1970s was an active member of the group of 77, took bold position on the crisis in Central America, promoted the Charter of the Economic Right and Duties of States, and hosted the North-South dialogue at Cancun in 1982. Mexico of the 1990s has a very different international Image. Its role in Third World organisations has become markedly secondary; as understandably the unified position and role of Third World countries has itself declined in the aftermath of the Cold War. Particularly when it comes to approving

³² Jose Miguel Insulza, "Mexico and Latin America: Prospects for a New Relationship", in Riordan Roett ed., *Mexico's External Relations in the 1990* (London: Lynne Reinner Publishers, 1991), p.155.

resolutions on controversial economic issues, its relations beyond the Americas are for the most part limited to Europe and the Pacific Rim with special emphasis on strictly economic matters.³³

The foregoing discussion does not negate the existence of changes in both priorities and the substance of Mexican policy towards Latin America. It is simply aimed at demonstrating that those changes have derived not necessarily from some preconceived design but from the objective conditions under which the policy is now developed. These objective conditions are adverse to for instance, intra-regional co-operation and integration. But whatever its causes, the fact remains that Mexico has been distanced from the rest of Latin America during the past decade, even though its political presence there is still quite important.³⁴ The question that should be posed at this point is whether there can be a return to the situation that prevailed before 1982; in which relations with the United States were always the most important aspect of Mexico's foreign policy; but where relations with Latin America also played a significant role?³⁵

The answer to the above would largely be in the negative. If one peruses and observes the official statements, then these are in fact Mexico's intentions. During his March 1990 visit to Chile to reinstate

³³ Ibid., p.155.

³⁴ Ibid., p.166.

³⁵ Ibid., p.167

diplomatic relations between the two countries, president Salinas, speaking at the head quarters of the Economic Commission for Latin America and Caribbean (ECLAC) had repeatedly pledged a renewed Mexican commitment to Latin America and to an integrationist policy, which he asserted is Latin America's only possible answer to the unification and regionalisation of world market.³⁶

Nevertheless, within these limits a strengthening of ties between Mexico and the rest of Latin America is possible. Latin America has undertaken a series of political initiatives in the last few years aimed at greater regional co-operation and co-ordination. It is true that some of them have not been crowned with success, as in the case of several sub-regional integration schemes; and the overall worsening economic situation has rather yielded to anti-integrationist tendencies in many countries. But these trends are, at the same time, countered by contrary trends evidenced in the form of the strengthening of the Latin American Economic System (SELA) as a region-wide consultative process; the Contadora Group which has evolved into a permanent and somewhat semi-institutionalised mechanism in the form of the Rio Group; the Andean Pact which has deepened integration of member countries' economies, and above all the Mercosur which has withstood many intra-Mercosur tensions and conflicts among Argentina, Brazil,

³⁶ Ibid. p.167.

Paraguay and Uruguay. All of these and other institutional arrangements point to the existence of a common desire within the region which seems to be only growing in the midst of globalisation and worsening domestic economic conditions in most of the Latin American countries.³⁷

Furthermore, it can be asserted that in both the economic and the political spheres, the objective conditions for accomplishing this strengthening of ties have recently improved over previous years. Several economies of the region have finally begun adjustment processes aimed at doing away with the macro-economic imbalances. Those imbalances and protectionism have been the two greatest obstacles to integration in the past. The fact that the adjustment programmes that are being implemented around similar economic policies should favour co-ordinations among the countries of the region.³⁸

In this sense, Mexico's regional policy is now going beyond strengthening political and diplomatic relations. Mexico has emerged as a model of privatisation and opening to outside world; and its experiences are being studied and emulated by others in the region. The search for affinities between Mexico and other Latin American

³⁷ Ibid., p.167.

³⁸ Ibid., p.167.

countries is thus aimed at the regional objectives of promoting the opening of markets, and build meaning economic relations among open, market-oriented economies. It is in the interest of a rising market oriented Mexican economy to diversify its imports and exports in the light of the potential that the Latin American market holds.³⁹

The prospects for economic integration are complementary in present times of changes that the international system is experiencing. The privileged relationship that Mexico has maintained in this sense with the South American countries particularly through the Rio Group, can be viewed either as an attempt to obscure the fact of its greater accommodation to the United States or as an authentic effort to counterbalance the magnetic pull of its northern neighbour.⁴⁰

Furthermore, Mexico needs this counterbalance for its own economic reasons. At least, Central America holds political and strategic importance for Mexico. For most countries of Central America, it is Mexico, and not the US alone, which is the 'northern colossus'. Among the reasons considered for carrying on an autonomous policy in Central America is the fear that US intervention there, would leave Mexico 'surrounded by the United States' without any connection to

³⁹ Ibid., p.167-168.

⁴⁰ Ibid., p.168.

rest of Latin America. This makes it more imperative, from a strategic point of view, to pursue mutual interests with South America.⁴¹

During the early 1990s, Mexico had withdrawn largely from the initiatives it taken in Central America during the 1980s. President Salinas had downplayed the importance of the region, at least for the time being, for two reasons: not to jeopardize Mexican relations with the United States; and secondly, that it let the Central Americans set the agenda shaping Mexico's diplomatic role in the region as civil wars came to an end and a process peace-building under the UN and US auspices began in the region.⁴²

Mexico's National Development Plan (1989-1994) had noted that Central America's "grave conflicts have important repercussions for Mexico's" security and stability. Foremost, was the problem of refugees and migrants from Central America, estimated at some 400,000.⁴³

At the outset of the 1990s, the public face of Mexico's policy on national security had included a set of new initiatives to improve the conditions of the Central American refugees in Mexico. Most important in this regard was a 1990 amendment to Mexico's law of population that incorporated the term "refugee" into the Mexican legal code. Following the terms of the 1984 Declaration of Cartagena on

⁴¹ Ibid., p.168.

⁴² Chargy L., Eschbach, "Mexico's Relation with Central America: Changing Priorities, Persisting interest," edited by – Riordan Rovett, "Mexico's External Relations in the 1990s." (London, Lunne Runner Publishers, 1991), p.171.

⁴³ Ibid., pp.177-178.

refugees, the legislation considered as refugees those persons who have had to flee their countries "because their life, security, or liberty had been threatened by generalised violence, foreign aggression, internal conflicts, massive violation of human rights, or other circumstances" that have seriously disturbed the public order. Mexican government official asserted that this legislative change could result in the recognition and legalisation of 10 per cent to 15 per cent of Central American population living in Mexico. A second important initiative is the recent upgrading of the immigration status of the 23,000 Guatemala refugees in Chipas, granting them the right to works and to move freely throughout five of Mexico's southern states.⁴⁴

Mexico and Venezuela have also renewed the "energy co-operation programme for Central American and Caribbean countries" every year since its establishment in 1980, albeit with modifications jointly agreed to by the two oil suppliers. The benefits accruing to the recipients have been significant. The two primary benefits have been the secure source of petroleum and the financing on preferential terms of a portion of the petroleum imports of these countries. In addition to the balance-of-payments support, the San Jose Accord (known for the Costa Rican city where it was first signed) provides long-term development loans. In turn, for the supplier countries including Mexico, the accord is an

⁴⁴ Ibid., p.180.

instrument for fostering regional development and, through it, increased levels of economic exchanges with the recipient countries.⁴⁵

Mexico's principal mechanism for long-term development loans to the region has been the 1984 agreement with the Central American Bank for Economic Integration (BCIE), through which Mexico has so far channeled 122 million US dollars in resources recycled from the San Jose Accord's medium-term financing. To be eligible for the Mexican - BCIE funding, a proposed project must be designed to promote regional integration, economic and social development, or complementarity with Mexican economy. In addition, at least 50 per cent of the goods and services used in the project must be Mexican. Because of the developmental nature of projects involved, 80 per cent of the total BCIE endowment from Mexico is designated for public sector use, while the remaining 80 per cent is for private sector projects.⁴⁶

Political and economic conditions in the region have undermined the long-term development planning necessary to take full advantage of the loans Mexico has offered through the BCIE. As a result, although 48 million US dollars of the 122 million dollars that Mexican endowment has been committed to finance eight development projects, so far only 14 million dollars has actually been disbursed and only two

⁴⁵ Ibid., pp.81-182.

⁴⁶ Ibid., p.182.

of the eight projects have been completed. From Mexican viewpoint, nevertheless it is a good economic diplomacy because the project utilizes Mexican goods and services.⁴⁷

Central America's proximity to Mexico and its common cultural heritage make the region a natural area for Mexican trade and investment. Furthermore, in theory at least, Mexico's exports of petroleum and manufactured and consumer goods complement the largely agricultural economies of Central America.

Central America's profound debt and trade problems are a source of deep concern to Mexican officials. Mexico is planning a series of initiatives aimed at fostering economic co-operation in the coming decades by alleviating Central American debt in the near term, boosting the region's exports to Mexico in the short and medium terms, and increasing the complementarity between the two economies in the long-term.⁴⁸

Among the options Mexico plans or has already begun to pursue in order to meet the most immediate objectives of debt restructuring are (i) arrangements for each debtor country to make payments in its own currency; (ii) the exchange of a portion of the debt for Mexican investment; (iii) the exchange of a portion of the debt for expenditure in

⁴⁷ Ibid. p.183.

⁴⁸ Ibid., p.185.

Central America that promotes Mexican culture; and (iv) the purchase of Mexican commercial bank debt paper on the secondary market.⁴⁹

To promote imports from Central America – the second main objective – Mexico created, in the February 1989, the Central American Import Financing Programme. The programme makes use of resources generated through the San Jose Accord to grant special financing to Mexican importers of Central American goods and services. Although nineteen import operations have been financed through the FICE programme to date, the value of the operations however is only about 1 million dollars.⁵⁰

In early 1990s, Mexico also opened a second free trade zone along its southern border. The first, created in 1975 along a twenty-kilometer ring around the Cheapen border city of Tapachula, allows tariff-free trade imports of up to 100 millions US dollars worth of Central American products. The new zone, in Quintana Roo, allows an additional 25 million US dollars worth of products from the region, again completely free of tariffs. To date however, on average only half of the authorised quotas are being used.⁵¹

Another effort to promote regional trade is the study now in progress to identify potential sources of Mexican demand for Central

⁴⁹ Ibid., p.186.

⁵⁰ Ibid., p.186.

⁵¹ Ibid., p.186.

American products. Sponsored by the ministries of the treasury (SHCP) and of commerce and industrial development (SECOFI), in collaboration with the foreign trade bank Banco Nacional de Comercio Exterior (BANCOMEXT) and several private sector organisations, the research is intended to lay the foundation for a subsequent government backed consortium of Mexican industrial and commercial enterprises and Central American trade and investment operations, with a particular focus on Mexico's southern states.⁵²

Mexico's international trade agreements are an integral part of the country's overall modernisation policy. It is essential to develop export capacity and ensure international market access for exports. These agreements, coupled with the government's open market policies, have also prompted increased productive investment flows into Mexico.⁵³ Mexico's trade negotiations during the last few years have resulted in the signing and implementations of five free trade agreements. Treaties are in force with Chile, the US and Canada (NAFTA), Bolivia, Costa Rica, Colombia and Venezuela (G-3), and Nicaragua. Talks are proceeding with El Salvador, Guatemala and Honduras. Mexico has also held preliminary talks with Ecuador, Peru and Panama for some kind of a trading arrangement.⁵⁴

⁵² Ibid., p.187.

⁵³ <http://www/Mexican.embassy.dk/econbi.html>

⁵⁴ Ibid.

In addition, Mexico has taken actions to expand and develop its trade relations with its Latin American Integrations Association (ALADI) partners, and particularly with Mercosur—the southern cone common market that includes Brazil, Argentina, Uruguay and Paraguay. During 1998 had also begun formal trade negotiations with the European Union; and President Fox has even proposed a free trade agreement with Japan.⁵⁵

In terms of multilateral agreements, Mexico is an active member of the World Trade Organisation (WTO), of the OECD since 1994, and also is member of the APEC.⁵⁶ Mexico has also been an active participant in the Summits of the Americas at Miami (1996) and Santiago (1998) and has endorsed the declarations of principles issued at the two summits. It is collaborating actively with its NAFTA partners in order to establish a Free Trade Agreement of the Americas (FTAAs) by the year 2005.⁵⁷ In the spirit of the Summit of the Americas, Mexico, the United States, Canada and Chile have initiated negotiations on Chile's entry into NAFTA.

On January 1, 1994, the North American Free Trade Agreement with the United States of America and Canada had become effective. Today, Mexico is the second largest trading partner of the US; the first

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Ibid.

being Canada. Its trade and political relations with Canada have also grown. This means quotas and duties on non-oil Mexican exports will be fully eliminated within a 15 year term. Beginning 1994, tariffs have been eliminated on 84 per cent of all non-oil and non-agricultural and stockbreeding exports to the United States and 79 per cent of these exports to Canada.⁵⁸

Mexico is seeking similar trade agreements with Latin American countries. The economic complementation agreements signed with Chile contemplates a wide and accelerated tariff exemption and removal of non-tariff barriers. In 1996, tariffs were eliminated from 94 per cent of items traded between the two countries including from automobiles and their parts. In 1998 an additional 2.9 per cent of other products were benefited from these exemptions, so that the elimination of tariffs on all goods and services included in agreement have nearly been completed.⁵⁹

Since 1 January 1995, a free trade agreement with Costa Rica is in force. As a result, some 70 per cent of tariff and duties on Mexican exports to Costa Rica stand eliminated. An additional 15 per cent will be eliminated within 5 years and the remaining 10 per cent in ten years.⁶⁰

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Ibid.

Mexico, Colombia and Venezuela are the regional G-3. Along with Panama these were the Contadora Group of countries that had initiated a regional process of negotiated settlement of conflicts in Central America in the 1980s. Besides, the three countries particularly Mexico and Venezuela have also a long track record of co-operation in meeting the energy needs of the Central American and Caribbean countries. The groundwork of the past has helped the G-3 to continue to co-ordinate their economic and political policies in the region; besides, more importantly, initiate the process of a free trade agreement between them. The free trade agreement entered with Colombia and Venezuela anticipates a gradual ten year tariff elimination schemes for industrial products beginning 1995. The Venezuelan automotive sector will be tariff exempted by January 2007. Only textiles will be temporarily excluded from this programme. The agreement also provides for the immediate elimination of tariffs on 48 per cent of Mexican exports to Colombia and on 7 per cent of its total sales to Venezuela.⁶¹

The free trade agreement between Mexico and Bolivia became effective on 1 January 1995. It contemplates an immediate tax exemption on 97 per cent of all Mexican exports to that country. Taxes on textile and agricultural products are scheduled to be gradually eliminated within the four to fifteen years of implementation. The

⁶¹ Ibid.

automobile industry was required to phase out gradually all tariffs by the year 2002.⁶²

The process and prospects of economic integration with Latin American countries are complemented by greater co-ordination in the political realm, which is fundamental during times of change such as the international system is now experiencing. The privileged relationship that Mexico has maintained in this sense with the South Americans, particularly through the Rio Group, can be viewed either as an attempt to obscure the fact of its greater accommodation to the United States or as an authentic effort to counterbalance the magnetism of its northern neighbour.⁶³

Understandably, Mexico needs this counterbalance to bargain better and retain a degree of autonomy in the conduct of its foreign relations at the regional and international level. For similar reasons and also for the fact of its historical relationship with Cuba, Mexico has remained an ardent supporter of Fidel Castro promoting Cuba's return to the Latin American fold.⁶⁴

With these elements it may become possible to speak of a "new relationship" between Mexico and Latin America; one that is conscious of the economic limitations and is fundamentally centered on

⁶² Ibid.

⁶³ Jose Miguel Insulza, "Mexico and Latin America: Prospects for a New Relationship," in Riordan Rovett, ed., *Mexico's External Relations in the 1990s* (London - Lynne Rienner Publisher, 1991), p.168.

⁶⁴ Ibid., p.168.

strengthening political cooperation. As the economies of the region stabilise and integrate in many ways and open up to international market forces, there are prospects of increased economic exchanges and even stronger flows of investment between Mexico and rest of Latin America. This also entails possibly even co-ordination for dialogue with other regions.⁶⁵

CONCLUSION

Following traditionally, a somewhat passive foreign policies, Mexico has kept its distance from foreign entanglements, declaring its principled defense of national integrity, independence, sovereignty, nationalism and non-intervention. Mexico's state led ISI, huge oil wealth and nationalised economy also helped it is pursuing an isolationist foreign policy. However, since 1970s, it started projecting itself as third world leader thereby making a major shift in its foreign policies of the part. Despite the change in foreign policy, it continued to shy away from the organisation such as NAM OPEC, GATT until late 1980s. Economic crisis of 1980s and the process of economic liberalisation, however, brought a marked change in its foreign policy. Now, it had to abandon its earlier state-led ISS and opened the domestic economy to world market under the pressure of IMF and World Bank. Later in 1994 after integration to NAFTA, Mexican foreign

⁶⁵ Ibid, p.168.

policy becomes more the US oriented. Unlike earlier, today Mexico is more industrial in integration with multi-lateral and regional agencies such as WTO, OECD and APEC etc. It has also accepted the non permanent membership to the UN Security Council. However, its US oriented foreign policy is seen as a matter of concern for Latin America as a whole. But in the recent time, a new relationship between Mexico and Latin America is evolving and as economies of Latin American region stabilise and becomes more open, hopefully there will be stronger economic relations between them and then Mexican foreign policy will be not only be US oriented but Latin Americans oriented too.

CHAPTER- III

INDO- MEXICAN TRADE AND ECONOMIC RELATION IN THE 1990s

The first chapter had given an overview of relations between Mexico and India in areas of diplomacy, political contacts, trade and economic co-operation with a view to find and establish the affinities and commonalties between the two countries. Following that, the second chapter has examined broadly the process of economic liberalisation, pursuit of free trade agreements especially the North American Free Trade Agreement (NAFTA), and the changes that have been witnessed in the foreign policy perception and policy of Mexico in the 1990s.

The present chapter makes a survey of trade between Mexico and India in the 1990s. Changing profile of annual trade data and products are also examined at some length. The chapter also delineates areas of co-operation including setting up of joint ventures, consultancy services and the areas that have attracted some modest investments. Special focus is given to the growing presence of Indian business and investment in Mexico.

How NAFTA has made an impact on Indian trade with Mexico? Specialised opinion in India has diverged from “trade diversion” and ‘trade denial to “trade creation” effects of NAFTA. These aspects have also been discussed. Trade data of the 1990s indicate that economic and trade relations between the two countries did improve with Mexico emerging as largest market for Indian products in Latin America during the 1990s.

Mexico is a fourteenth largest country in the world. It is a major producer and exporter of petroleum, non ferrous metals, automobiles, citrus fruits, agri products, cattle, coffee and marine products. The country has a population of 96.2 million with GDP of US \$ 427 billions (1998). GDP growth rate during 1998 is estimated at 5 per cent inflation during 1998 crossed 19 per cent partially due to the peso’s devaluation.¹

The process of structural changes introduced in 1985 by the Mexican government, as a response to the major macro economic disequilibria experienced in 1982, and translated into a dynamic drive of far-reaching policy reformulations by the administration of erstwhile president Salinas since 1988 has transformed the Mexican economy profoundly. Almost all the sectors of the economy have been privatised,

¹ <http://www.commerce.nic.in/FLac>

except a few sector like petroleum, energy and maritime transportation.²

The radical policies towards modernisation and reform system include (1) divestiture of non-strategic public enterprises and their privatisation with Mexican or foreign capital; (2) liberalisation of foreign trade; (3) modernisation of the financial system; (4) vigorous promotion of foreign investment; (5) Improvement of social services; (6) rescheduling of external debt and reduction of internal debt; (7) extensive tax reforms; (8) strict control of public finances; and (9) conclusion of the North American Free Trade Agreement (NAFTA) with the US and Canada.³

The successful conclusion of NAFTA for creation of a free trade market block incorporating the US, Canada, and Mexico, which formed the cornerstone of president Salinas foreign economic policy has resulted in the establishment of the world's largest common market (360 million people) with a total GDP of over US \$ 6 billion. Side by side, Mexico has also widened its international foreign trade base by signing a free trade agreement with Chile and a framework agreement of co-operation with the European Union. Besides, Mexico has negotiated free trade agreements with Venezuela, Bolivia, Colombia, the six Central

² Ibid.

³ Ibid.

American states and the MERCOSURE. Mexico is the only developing country which has been admitted to OECD.⁴

Mexico has abundant natural resources. It occupies the first place as a producer of silver and fluoride, second in bismuth, graphite and sulphate, third in antimony, arsenic, baryete and sulphur, fourth in mercury, molybdenum zinc and fifth as producer of lead Mexico has the fourth largest oil reserves in the world and a leading petroleum exporters.⁵ Mexico has one of the most advanced manufacturing sectors in the developing world and has grown rapidly with emphasis on steel, automobile, cement and petrochemical industries. Mexico's major exports are oil and its products, agricultural products and manufactured goods dominated by engineering and chemical industries.⁶ Its imports broadly comprise intermediate capital goods and consumer goods. About 75 per cent of Mexico's trade and investment activities are linked with the US alone. One fourth of its trade is linked with EU countries. Its major trading partners are the US, Canada, Spain, Japan, France, Germany, Italy, Netherlands, etc. During 1998, Mexico's foreign trade had registered a deficit of \$ 7.7

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

billion with its total exports of US\$ 117.5 billion and imports of US\$ 125.2 billion.⁷

The above background would be useful for an analysis of trade between Mexico and India. The following table gives an overview of import-export related data between the two countries.

Table-2
Mexico: Trade with India [1990-2001]

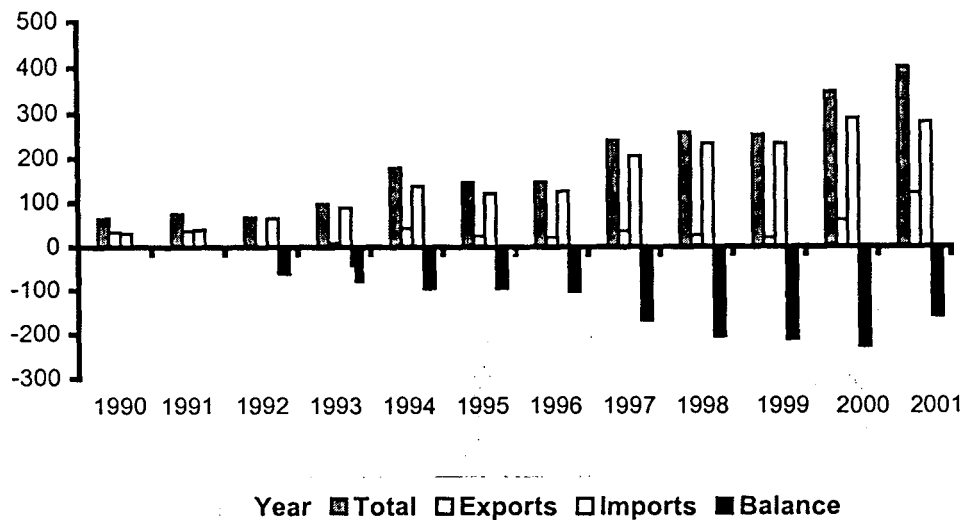
(US\$ Million)

<i>Year</i>	<i>Total</i>	<i>Exports</i>	<i>Imports</i>	<i>Balance</i>
1990	64.49	33.49	31.00	2.49
1991	75.01	35.80	39.21	-3.41
1992	67.11	2.52	64.60	-62.08
1993	98.22	9.62	88.60	-78.98
1994	178.80	41.60	137.20	-95.60
1995	145.74	25.12	120.62	-95.50
1996	145.76	21.22	124.54	-103.31
1997	239.32	35.19	204.13	-168.94
1998	257.06	25.40	231.67	-206.27
1999	251.90	19.70	232.20	-212.50
2000	347.99	59.69	288.30	-228.62
2001 (jan-sep)	400.70	120.70	280.00	-159.30

Source: Mexican Economy, Ministry of Foreign Affair

⁷ Ibid.

Mexico-Trade with India 1990-2001 (US\$ Millions)



Note: yearly figures, except for 2001, which are Jan-Sep figure

Trade Pattern

In 1990, trade balance for Mexico was positive. The negative trade balance started from 1991 where it was \$ 3.41 million; but there was a big decline of 1720 per cent in trade of balance between 1991 and 1992 i.e., export declined from \$ 35.80 million to \$ 2.52 million but imports by Mexico increased from \$ 39.21 million to \$ 69.60 million. Between 1992 and 1993, percentage change in trade balance was 27.22 per cent in which export marginally increased from \$ 2.52 million to \$ 9.62 million; similarly imports increased from \$ 64.60 million to \$ 88.60 million.

The Indo-Mexican trade relations have shown some changes since the implementation of NAFTA in 1994. In 1993-94 export increased

from \$ 9.62 million to 41.60 million US dollars; and imports increased from \$ 88.60 million to \$ 137.20 million. Between 1994-93 percentage change in trade balance was 21.04 per cent.

Further, even after the establishment of NAFTA, one witnesses that trade balance is decreasing steadily except for 1994-95 when condition was static. In 1994-95, export trade declined from \$ 41.60 million to \$ 25.12 million, and again declined to \$ 21.22 million in 1996. Further export trade increased to \$ 35.19 million in 1997; and declined to \$ 25.40 million in 1998 and \$ 19.69 million in 1999. It has increased more than twice in 2000 having \$ 59.69 million as compared to 1998. Ultimately it reached to \$ 120.70 million for January-September 2001 period.

In the case of trade, it is noticeable that there is steady increase in imports. Even, rate of increase in import is more than rate of increase in export. Exceptionally in 1995, one notices that import trade declined to \$ 120.62 million from \$ 137.20 million in 1994. Further more from the schedule, it is noted that import trade in 1996 was \$ 124.54 million, \$ 204.13 million in 1997, \$ 231.64 million in 1998, \$ 232.20 million in 1999, and finally it marginally declined \$ 280.00 million in 2001 (January-September) from \$ 288.30 million in 2000.

Thus after the establishment of NAFTA, there is more fluctuation in export trade and import trade. So, as the Mexico's import is continuously increasing after the establishment of NAFTA; and more up and down condition of export trade shows that India's trade balance is better than Mexico. Although Mexico increased its export trade in 2000-2001 (Jan-Sep) but rate of increase in India's export is more than rate of increase in Mexico's export. Here it is difficult to say whether India's trade balance has really declined, because data what we have are only Jan-Sept. 2001..

Composition of Indo-Mexican Trade

One also needs to understand the composition of trade between the two countries.

Table-3**Composition of Indo-Mexican Trade⁸ (1995-99)**

(US\$ Million)

Indo- Mexican trade	1995-96	1996-97	1997-98	1998-99
India's Exports to Mexico	54.8	78.3	108.8	247.4
Principal commodities				
Drugs, pharmaceuticals and fine chemical	21.1	15.3	16.5	20.6
Cotton RMG ined. Accessories	6.9	12.2	12.9	18.8
RMG Mansonade fibers	2.4	3.9	9.0	9.7
Cotton yarn, fabric and made ups	4.5	6.7	8.8	5.9
Manufactures of metals	1.1	2.9	7.1	7.4
India's imports from Mexico	64.7	43.0	79.2	91.8
Principal commodities				
Iron and Steel	11.4	17.7	24.5	4.4
Manufactured fertilizers	33.7	0	13.6	41.3
Machinery except electric and electronic	0.4	1.3	7.1	1.6
Synthetic and regenerated fibers	1.0	1.2	6.7	1.4
Medicinal and pharmaceutical products	2.3	2.6	4.6	1.7

Note-India's fiscal year runs from April-1 to March-31

Source- DGCI & S

India being a agrobased economy having its 25 per cent contribution in the economy and in Mexico contribution of agriculture is 4 per cent, industry 29 per cent and service sector 67 per cent according to survey 2000. In the composition of trade between India and Mexico also we see that contribution of agricultural goods in

⁸ Latin American countries: A study of India's trade and investment potential, EXIM Bank's occasional paper No. 71 New Delhi, sep.1999,p.14.

Mexico's export. For instance India's export to agricultural goods, like cotton yarn, fabrics, RMG, manmade fibers, cotton RMG and industrial goods are iron and steel manufactures, auto parts, photographic films, drugs, pharmaceuticals and fine chemicals etc.

Similarly if we see the export of Mexico to India: Industrial goods are Iron and steel, fertilizers, medicinal and pharmaceutical products, machinery except electric and electronic, and very less contribution of agricultural goods.

Table-4

Mexico's Trade with India⁹ (1999-2000) (Main Products)

Exports

1999 products	%	2000 products	%
Iron and steel manufactures	30.9	Crude oil	68.6
Auto parts	11.9	Iron & Steel manufacture	10.9
Photographic films	5.3	Memory units	1.55
Leather and leather products	4.3	Motor parts	1.47
Drilling Machines	4.0	Pharmaceutical product	1.27
Centifugals pups	3.8	Auto parts	0.82

⁹ The Mexican economy: Recent Developments and Prospects, Ministry of Foreign affairs, May 2000, p. 14.

Imports

1999 products	%	2000 products	%
1999 products	%	2000 products	%
Colouring materials	5.9	Castings	4.63
Steel structures	3.8	Colouring materials	2.36
Motorcycles and tricycles	2.3	Cotton shirts for men & boys	2.21
Pharmaceutical products	2.0	Petrochemicals	2.05
Shirts for men	1.7	Steel structures	2.2
Alkalodies	1.6	Rotors	1.99

Bilateral Visits Between India and Mexico During the 1990s

India has made sustained efforts to consolidate and strengthen bilateral and multilateral relations with Latin American countries. This is evident in the number of visits at the highest level between the two subcontinents.

In 1990-91, the first meeting of the Indo-Mexico Joint Commission was held at the foreign ministers level in New Delhi in April 1990. Agreements for co-operation in the field of science and technology were also finalized.¹⁰ In 1992-93 a delegation led by former president of the Federation of Indian Export Organisation (FIEO),

¹⁰ Annual Report 1990-91 (New Delhi), MEA, Government of India, 1990-91, p.53

undertook a trade promotion tour of Chile, Colombia, Mexico and Venezuela. The visit was a follow up to the visit of a FIEO delegation which had accompanied the Indian prime minister to Caracas in November 1991 to participate in the parallel meeting of businessmen from the G-15 countries. This visit had closely followed on the heels of a visit by another high level delegation from the Associated Chambers of Commerce (ASSOCHAM) to Argentina, Brazil, Chile and Mexico in May 1992. Both the delegations had the opportunity to study the structural reforms and the new macro-economic policies being followed by these countries in order to learn from their experiences.¹¹ As NAFTA came to be established, Mexico emerged as India's leading trade and economic partner in the region, with promising start in investment in each other's country. From India, ministers of state for steel, social welfare, and external affairs visited Mexico during the year. The fisheries' ministers of Mexico visited India. Another event of significance was the second session of the Indo-Mexican Joint Commission held in New Delhi in November 1993, after a gap of several years. Bharatiya Vidhya Bhawan set up its Mexican branch in September 1993 which is expected to further promote the cultural relations between the two countries. Mexico acquired an importance for India because its membership of the North American Free Trade Agreement with the US and Canada. With this in view, Indian industrialists and businessmen

¹¹ Ibid, Annual Report 1992-93, MEA p.51

and EPCs were encouraged to visit Mexico for greater interaction with their Mexican counterparts.

A three-member delegation led by V.C. Shukla, the then Minister for Parliamentary Affairs visited Mexico to attend the inaugural ceremony of president Ernesto Zedillo. Trade delegations from ISEPC and Chemical and Machine Tools Accessories Manufacturers also visited Mexico during the same year.¹²

In 1995-96, the then chief minister of Maharashtra, Sharad Pawar visited Mexico. Indian Trade Promotion Organization (ITPO) signed a memorandum of understanding in May 1995 with Banco Nacional de Comercio Exterior providing for systematic exchange of information on market, trade conditions, facilitations of private investment, trade missions and cooperation.¹³

The third meeting of the Indo-Mexican Joint Commission was held on 19 and 20 February 1996 in Mexico City. It identified a number of areas for enhanced cooperation especially in the field of trade and commerce, science and technology, and culture and education. A memorandum of understanding on cooperation in telecommunications and yet another memorandum of understanding between CII and its counterpart CONCAMIN was also signed during the meeting.¹⁴

¹² Ibid, Annual Reports, 1994-95, p.88

¹³ Ibid, Annual Reports, 1995-96, p.85

¹⁴ Ibid, Annual Reports, 1995-96, p.86

The fifth International Energy Conference was held in Goa from 6 to 8 December 1996. Among the foreign participants were vice minister for energy policy and development of Mexico Jorge Edurardo Navarrete.¹⁵ A Mexican delegation headed by the chairman of the Mexican Health Commission of the Mexican National Congress visited India from 3-6 June 1997. The delegation was received by India's minister of state for health and family welfare. The delegation also had a meeting with the parliamentary committee on health of Lok Sabha. The delegation visited various health institutes in Delhi including the Ayurvedic research kendras and explored possibilities in the field of Ayurvedic medicines and medicinal plants.¹⁶

An exclusive India products fair was held in Mexico City in March 1997 as part of the trade fair. Around 280 Indian companies participated in the fair. The combined Indian show was a great success with the Mexican business community as well as the general public.¹⁷

Indo-Mexican Bilateral Trade

In spite of constraints, India's trade has grown consistently at a good pace over the years. The Indo-Mexican trade during the last few years has been as under:

¹⁵ Ibid, Annual Reports, 1996-97, p.74-75

¹⁶ Ibid, Annual Reports, 1997-98, p.85

¹⁷ Ibid, Annual Reports, 1997-98, p.86

Table-5**Indo-Mexican Export- Import Statistics Data¹⁸**

(Values in US\$ million)

S N	Year	Export values	Export growth (%)	Import values	Import Growth (%)	Balance of trade
1.	1991-92	28.12		62.83		-34.71
2	1992-93	43.04	53.06	48.59	-22.66	-5.55
3.	1993-94	56.19	30.55	55.96	15.17	+0.23
4.	1994-95	78.26	39.28	40.02	-28.48	+38.24
5.	1995-96	54.82	-29.95	64.69	61.64	-9.87
6.	1996-97	78.29	42.01	43.05	-33.45	+35.24
7.	1997-98	110.96	41.73	79.49	84.65	+31.47
8.	1998-99	247.07	122.67	91.79	15.47	+115.28
9.	1999-2000	140.89	8.21	96.49	4.86	+44.4
10.	2000-2001	206.76	46.76	48.02	-50.24	+158.74
A	April- July 2000-01	55.99	-	14.10	-	41.89
B	April July 2001- 02	73.97	32.11	18.89	33.98	55.08

It may be seen that the total trade between the two countries which was around \$ 91 millions in 1991-92 has grown to \$ 254.78 millions in 2000-2001.

India's Exports to Mexico have risen from \$ 28 millions in 1991-92 to \$ 247 million in 1998-99. During 1998-99, India's exports to

¹⁸ <http://www.comerce.nic.in/Flac>

Mexico have grown by 1235 and the imports from Mexico have grown by 15 per cent. As a consequence of economic crisis in Mexico, import tariffs on import of clothing, foot wear and leather items imported from countries that do not have free trade agreement with Mexico, have been raised from 20 per cent to 35 per cent. Higher import duty on clothing has affected Indian exports to Mexico.¹⁹

[i] Items of Export and Import: Indian exports to Mexico range from bicycles and spares, pharmaceutical products, hand tools, guargum, shellac, silk fabrics, 100 per cent cotton, RMG, scarfs and shawals, handicrafts, modular circuits for electrical appliances, dyes and intermediates etc. Indian imports from Mexico are PVC pipes, chemical products (mainly raw materials and derivatives, fertilizer, iron and steel) etc.²⁰

Details of India's major items of exports to Mexico as well as imports of major items from Mexico are given below:

¹⁹ Ibid

²⁰ Ibid

Table-6**India's Export to Mexico by Principal Commodities**

[Rs. Million]

S.No	Items	April 1995-Dec 1995	April 1996 - Dec 1996
1.	Drugs, Pharmaceuticals and fine chemicals	301.1	351.4
2.	RMG cotton inc. Accessories	159.1	333.2
3.	Primary and semi finished iron and steel	151.9	242.8
4.	Inorganic/ Organic / Agro Chemical	34.1	187.2
5.	Cotton Yarn, Fabrics, made up set	125.6	176.7
6.	Spices	27.4	94.1
7.	Dyes/ Intermediates and coal tar chemical	36.0	77.8
8.	Transport equipment	66.3	83.1
9.	RMG of manmade fibers	52.8	80.3
10.	Machinery and Instruments	4.6	68.3
11.	Cosmetics / Toiletries	40.7	66.1

Source: Foreign Trade Statistics of India, Principal Commodities and Countries - Dec. 1996. Directorate General of Commercial Intelligence and Statistic (DGCI & S), Calcutta.

Table -7**India's Imports from Mexico by Principal Commodities**

[Rs.Million]

S.N.	Items	April 1995 Dec 1995	April 1996 Dec 1996
1	Iron & Steel	302.3	501.4
2	Organic Chemicals	128.6	166.3
3	Medicinal & Pharmaceutical Products project goods	57.7	140.2
4	Machinery except electric and electronic	9.2	45.9
5	Artificial resins, plastic materials etc.	124.5	43.9
6	Vegetable oilsfixed (edible)	-	45.4
7	Synthetic and regenerated fibers	20.1	41.2

Source: *Foreign Trade Statistics of India, Principal Commodities and countries- Dec 1996 Directorate General of Commercial Intelligence and Statistic (DGCI&S), Calcutta.*

[ii] Exports for April-March 2000-2001: April-March 2000-01, India's exports to Mexico were at \$ 206.76 millions registering a growth of 46.76 per cent over the corresponding period of the previous year when the export was \$ 140.89 millions. The share of India's export to Mexico out of India's total export during this period has been recorded

at 0.38 per cent which was 0.41 percent during the corresponding period of the previous year.²¹

The major commodities of exports to Mexico during April-March, 2000-2001 are as below:

Table-8

S.NO.	Export Items	Export	Percentage
1	RMG cotton incl. Accessories	US\$ 38.68 million	17.17
2	Drugs, Pharmaceuticals & Fine chemicals	US \$ 35.39 million	18.71
3	Transport Equipments	US\$ 24.44 million	11.84
4	Machinery and instruments	US\$ 12.97 million	6.27
5	Inorganic /organic/agrochemicals	US\$ 10.54 million	5.10

Source: Ministry of Commerce and Industry, Government of India .

During April- July 2001-02, India's exports to Mexico were at \$ 73.97 millions, and registered a growth of 32.11 per cent over the corresponding period of the previous year when the exports were at \$ 55.99 millions. The share of India's export to Mexico out of India's total export during this period has been recorded at 0.55 per cent, which

²¹ Indo-Mexican Trade and Economic Relations, <http://www.medev.nic.in/foreign/mexico.htm>.

was 0.40 per cent during the corresponding period of the previous year. ²²

The major commodities of exports to Mexico during April-July 2001-02 are as below:

Table-9

S.N.	Export Items	Export	Percentage
1	RMG cotton incl. Accessories	US\$ 12.21 million	19.21
2	Transport Equipments	US\$ 13.09 million	17.70
3	Drugs, Pharmaceuticals & Fine chemicals	US \$ 8.42 million	11.38
4	Inorganic /organic/agrochemicals	US\$ 5.02 million	6.79
5	Machinery and instruments	US\$ 3.51 million	4.75

Source: Ministry of Commerce and Industry, Government of India.

[iii] Imports for April-March 2000-2001: During April-March 2000-2001, India's imports from Mexico has been recorded at US \$ 48.02 millions showing a decrease of 50.24 per cent over the import in corresponding period of the previous year when it was recorded at US \$ 96.49 million. During this period, the share of India's imports from

²² Ibid.

Mexico out of India's total import has been recorded as 0.19 per cent which was 0.10 per cent during the corresponding period of last year.²³

The Major Commodities of imports from Mexico during April-March 2000-2001 are as follows:

Table-10

S.No.	Import Item	Import	Percentage
1.	Fertilizer Manufactured	US \$ 9.18 million	19.12
2.	Electronic Goods	US \$ 8.90 million	18.54
3.	Metaliferous ores & Metal Scrap	US \$ 6.10 million	12.70
4.	Others Commodities	US \$ 5.18 million	12.23
5.	Medicinal & Pharmaceutical product	US \$ 5.65 million	11.76

Source: Ministry of Commerce and Industry, Government of India.

During April-July 2001-02, India's imports from Mexico have been recorded at \$ 18.86 millions showing an increase of 33.98 per cent over the import in corresponding period of the previous year when it was recorded, as of India's total imports, as 0.11 percent which was 0.08 percent during the corresponding period of last year.²⁴

²³ Ibid.

²⁴ Ibid.

The major commodities of Imports from Mexico during April-July 2001-02 are as below:

Table-11

S.No.	Import Item	Import	Percentage
1.	Silver	US \$ 5.64 million	29.86
2.	Pulses	US \$ 4.16 million	22.02
3.	Electronic Goods	US \$ 3.23 million	17.11
4.	Pharmaceutical products and medicinal	US \$ 1.63 million	8.61
5.	Metaliferous ores and Metal scrap	US \$ 1.16 million	6.13

Source: Ministry of Commerce and Industry, Government. Of India

Indian Investment in Mexico

A subject of considerable interest is the presence of Indian investment in a liberalising Mexican economy during the 1990s, indicating thereby that relations have gone beyond trading in some conventional goods. Indo-Mexican trade has increased substantially during the last few years and the important feature of this increase is that Indian and Mexican businessmen have started looking at each other for joint ventures and investments in Mexico. The Indian investment in Mexican economy has started in a small way. The ISPAT

group of companies has purchased a 20 per cent share of an iron ore mine at \$ 5000 millions. Pathak group of companies have set up a small plant at Veracruz for marketing spices and pickles etc in US and Mexican markets.²⁵

Trade and Investment Opportunities in Mexico

On the basis of market surveys carried out by specialised governmental agencies and business chambers, some observations as listed below have been made. At the same time, these surveys have also recommended some new initiative to bolster the cooperation between the two countries.²⁶

1. Items which have a good scope for exports to Mexico are readymade garments including accessories, chilly sauce, chilly powder, taco sauce, soyabeans, mangoes, pineapples, mushroom processing machinery, IQF (individually quick frozen) systems from frozen foods, solvent extraction plant, closed die forging for making hubs, plastic pellets-making machinery, drugs, pharmaceuticals and fine chemicals, primary and semi finished iron and steel, inorganic/organic / agro-chemicals, cotton yarn fabric and made-up

²⁵ India Investment in Mexico, <http://www.commerce.nic.in/FLAC/htmn.7>

²⁶ P.V. Rao & R. Banerjee, "Market Survey on trade and investment opportunities in Mexico" information and computer department, (ITPO) Pragti Bhawan, Pragthi Maidan, New Delhi, Sep. 1997, p.vii.

set computer software, herbal cosmetics, granite, textile dyes, bicycle and parts.²⁷

2. A departmental store promotion programme may be undertaken with Distribudora Liberpool, SA de C.V.—one of the biggest departmental store in Mexico. The range of items that the department would like to display include textiles (specifically readymade garments), shoes, leather items (specially leather jackets) and brass-wares.²⁸
3. Colour Index Mexicana S.A. de C.V.—a large private sector company—is interested in importing textile colours for both cotton as well as leather textiles. It has shown interest in joint ventures with Indian companies for the production of goods and cosmetics colours in Mexico.²⁹
4. Mexican companies registered with BANCOMEXT (National Bank of Foreign Trade) are interested in participating in Indian fairs pertaining to textiles and food processing industry. BANCOMEXT is interested to work out a credit line with Exim Bank of India.³⁰
5. Indian Embassy in Mexico and the Mexican trade and industry feel that an exclusive Indian exhibition should be regularly organised in

²⁷ Ibid, p.vii.

²⁸ Ibid, p.vii.

²⁹ Ibid, p.vii.

³⁰ Ibid, p.viii

Mexico. The authorities of the FIA (International Fair of Americas) are keen on Indian participation in FIA.³¹

6. Joint venture opportunities exist for Indian manufacturers of auto-parts, electronics, textiles, agro-industrial products; bicycle components like freewheels, chain wheels, BB sets, BB parts axle and hubs, tyres and tubes; cookware such as cutlery; and ladies garments. Indian manufacturers of these products have planned for ties-ups with Mexican companies to establish manufacturing plants and in-land facilities in Mexico. The products are also planned to be exported to USA and Canada under NAFTA and to various Central and Latin American countries with which Mexico has free trade agreements.³²
7. Indian computer software companies are planning to tie-up with Mexican companies to establish software developing units in the states of Jalisco and Nuevo Leon in Mexico.³³
8. Opportunities exist for setting up manufacturing bases in India in collaboration with Mexican firms for exporting to neighbouring countries. The items identified are clear float glass, tinted float glass, pyrosol and reflective glass used in automotive.,

³¹ Ibid, p.viii.

³² Ibid, p.viii.

³³ Ibid, p. viii

construction, decorative and furniture industries and stainless steel exhaust system.³⁴

9. Contact Promotion Programme (CPP) may be undertaken for auto-parts, computer software, bicycle components and electronics.³⁵

10. Attempts are also being made to explore direct shipping services between India and Latin American countries which may be economical with the opening of trade links with South Africa, without involving transshipment in Europe or the USA.³⁶

11. Indian exporters need to adhere to strict delivery schedules and maintain quality standards for the products being exported.³⁷

³⁴ Ibid, p.viii.

³⁵ Ibid, p.viii.

³⁶ Ibid, p.ix.

³⁷ Ibid, p.ix.

Joint Ventures and Other Bilateral Services Between Mexico and India:

A description of various joint ventures that have been established by the private and public sector organisations of the two countries indicate the range and depth of interactions, and points out to the future where potential for more dense and complex interaction exists. The following table conveys details of the joint ventures that have been approved by the Government of India. It is followed by a list of business houses and companies from both the countries interested in collaborative efforts and joint ventures with their counterparts.

Table-12**JOINT VENTURES: INDIA AND MEXICO***Foreign Collaboration Proposals Approved by the Government of India and the Reserve Bank of India*

S. No	Name & Address of Indian Party	Name, Address of Foreign Party	Product of Description	Nature of Collaboration	Approval years
1.	Kalyani Kankan Sponge Pvt. Ltd., Pune	Hylsa S.A., DE, C.V. Mexico & Davy Macke Corpn.	Sponge Iron & hot briquetted iron	Financial	02/92
2.	Lupin Chemical Ltd. Bombay	Fermic S.A.	Pifampicin	Technical	03/92
3.	Mr. L.G. Chandra Shekhar Pr. 1275, 32, G. Cross Janaj Nagar, Bangalore, 41	Sepplidores Unidos International SA Cordoba 128 102 Colonia	Surgical Suture	Financial	09/92
4.	Nippon Denro Ispat, First Floor, 71 Park Street, Calcutta	Ispat Mexican S.A. de C.V. Francisco, J. Mujica, IB CD Layaro Cardenars, Mich CP 60950	Hot Rolled Steel in low carbon, medium carbon, HSLA & pipe grade	Financial	07/93
5.	-	Gruna SA DE C.V. A.V. passo De La Reforms N.300 pias 849 Col. Juaney 06680	Manufacture of Chapaties tortillas Chips	Financial	08/93

6.	Ultima Asset & Investment Pvt. Ltd. Suite No. 450 Best Western Suriya, New Friends Colony, Delhi	Maritima Industrial Pesqueres S.A. DE C.V. Hambuzgo 241 PA Col. Juarey C.P. 06600 Mexico DF.	To set up a joint venture for establishment of a large scale deep sea tuna fishing project in the Indian E.P. 2	Financial	10/93
7.	Unichemrtm Laboratories ltd. Unichem Bhavan, S.V. Road, Jogeshwai (W), Bombay	Fermic S.A. DE, C.V. Netzahualcoyott C.P. 56 100, Texcoco	Pharmaceuticals and Drugs	Technicals	12/93
8.	Western Energy Ltd., No. 57 JP Nagar Industrial Area, Phase-III, Bangalore	Mr. Eduardo Zargoz a Fuentes Calle Eband 119 cd Juarez Chihuahua	Butane	Financial	04/95
9.	Horizons T.V. Broadcasting Pvt. Ltd., 33, Nizamuddin East, New Delhi	Lamaco De Mexico S.A. DE C.V. Rio Duero 43, 06500 Mexico DF	Development of Software	Financial	08/94
10.	Agro Bio-Chem (India) Pvt. Ltd. 37/10D Floor, Lekkad House, Cuningham Road, Bangalore	Mr. Fernando Garcia	Marigold Meals & Rellests Merigold Olesresins	Technical	1997

Source; India Investment Centre - New Delhi.

Table-13

MEXICAN COMPANIES

Mexican Companies interested in Collaboration in Areas:

S. No.	Name of Companies	Products Handled	Type of collaboration interested in	Remarks
1.	Liverpool	Textiles, shoes, brass products and leather jackets	Joint venture	A departmental store promotion programme can be attempted with liverpool, for which they have also evinced keen interest
2.	CANACO Mexico city- National chamber of commerce	Interested in Import Indian Textile, agricultural products and chemical	Joint venture/ Technical/ financial	It is a coordinator of services in foreign trade and domestic trade some of its members are importing Indian goods but not directly from India.
3.	Colour Index Mexicana S.A. DE C.V.	Manufacturers food colours, drugs and domestic colours, food additives and textile colours	Joint ventures	They feel that the delivery of the Indian consignment should be factor and well within the delivery schedule.
4.	Mexican Investment Board (MIB)	Textile, electronic and automobile section and computer software, Agro Industries and textile sector	Joint Venture/ Financial	It is provides information on different region of Mexico specifically what theyhave to offer, selling up operations, costs, markets suppliers labour availability and skills, transportation and communications, government incentives and taxation.

5.	Grupo Models S.A. de C.V.	Alcoholic/ Non Alcoholic Beers	Financial	Grupo Modelo is interested to export their brands to India. Importation of Beer in India is allowed by selected hotels chains and duty free stores in very small quantities.
6.	Union Capital	Buying grains, fibers and commodities in general. It also takes part in stock or debt paper sales to major groups of domestic or foreign private sector	Financial	Union capital would like to tie up with EXIM BANK of India. They are interested or preferential credits granted by Indian Banks.
7.	Camara de la Industria Alimenticia de Jalisco	Food and Beverage Sector	Financial	They are interested to participate in Food processing exposition in India like Ahara
8.	Tequila Herradura	Alcoholic beverage	Joint venture	They are interest to tap the Indian market and are looking for business partners in India.
9.	H. Ayuntamientos Constitucionales de Guadalajara (Economic and Tourist promotion office)	Tourism and External Trade	Joint Venture	Provides information on investment, employment, Tourism and External trade for the State of Jalisco.
10.	Secretariat of Economic Development, Government of State of Nuevo Leon	Metal products machinery and equipment, chemical products, rubber and plastics, food beverage, tobacco, wooden furniture and glass, building	Technical/ Financial	There is scope for textile yarn to be imported from India and then produce fabric/ garments which could be consumed in Mexico as well as exported to USA, Canada and LAC.

	Mexico	materials		Indian Software companies can put up software development, there is a fairly good scoop for computer software.
11.	Vitro Planode Mexico (Vitro Vidsis Plano)	Float glass, Tinted flat glass, pyrosoland reflective glass, automotive construction and furniture industries	Technical/ Financial	They are interested in exporting to India
12.	Grupo Industrial C & F SA de. C.V.	Clutch discs, clutch components and clutch facings and others:	Technical	They are investment to find competitive Indian Suppliers of closed die forgings.
13.	Corporacion de Cristal Pwltre Y Plastics S.A. de C.V. (CRIPPEL)	Plastic scrap and recycles. Presently the machinery for the recycling process is being imported from USA and Germany	Technical	They are interested in sourcing granules (Plastic pallets) making machinery from India.
14.	Biclatas Mercurio S.A. de C.V.	Bicycle, Mountain Bikes Static cycles, and different range of bicycles produced	Technical/ Joint venture	They have been importing tyres from India. They fell that they could have a joint venture with and Indian firm for producing tyres and tubes.
15.	Herimex S.A. de C.V. (Harder International Division)	Manufacturers of Agro Product	Joint Venture	They are interested to import mangoes and Pineapples from India.
16.	Vitos de Mexico S.A. de C.V.	Ladies Garments	Joint venture	They are interested to have the ups with Indian garment manufacturers and set up a factory in Mexico for producing ladies garments which in turn could be exported to North America, LAC.

Table-14**INDIAN COMPANIES*****Indian Companies Interested in Collaboration in Areas***

S.No.	Name of Companies	Products Handled	Type of collaboration interested in	Remarks
1.	Guruman Trendsetiers	Textiles (Readymade Garments, Bags, Caps)	Import Fabric and Re-Export	To set up 100% E.O.U for garments and accessories Party should ensure 100% buy back.
2.	Pawan Enterprises	Sales Promotion of Cotton & Rayon Printed Readymade Garments	Financial tie up for sales and distribution	Exporting to Mexico through customers based in Los Angels (U.S.A.) Due to indirect export facing problems regarding quota and prices.
3.	Ajanta Pharma Ltd.	Pharmaceutical Bulk Drugs, New Molecules -Product	Financial Technical	
4.	Nttf Industries Ltd.	Steering Column Mounted Combination Swtich Blade fuses, Washer Motor, Central Locking System for automobiles	Financial Technical	
5.	Basant India Ltd.	Readymade Garments	Technical	
6.	Sawhney Rubber Industries	Bicycle and rickshaw tyres and tubes on Nylon as well as Cotton card, Rubber solution and flaps	Technical Financial	Exporting to Mexico-Facing problem due to imposition of dumping duty on Indian Bicycle Tyres and tubes
7.	Marble emporium	Furniture I.e. Marble sofas and Tables with Inlay Art, interior Decorators for Marble Tiles with Inlay Art	Joint venture / Collaboration	Seeking buyers who could consume their products on a regular basis.
8.	TTK Pharma Ltd.	Woodword's gripe water, pharmaceutical formulation, bulk drugs (anti-biotics)	Technical Financial	Other items include herbal medicines, food supplement, snack pellets and bio-medical diaposables.
9.	Indian Herbs	Herbal Human Health and	Marketing Company	Interested in selling up a joint venture

	Research & Supply Co. Pvt. Ltd.	Animal Health Products		marketing company for their products.
10.	Paras Fab Intl.	Terry Towels & Allied Products	Joint venture/ collaboration	Equity participation for expansion of capacity with/ without buyback arrangements.
11.	Blue Steel Engineers Pvt. Ltd.	Rubber Hardness testing Machines, Metal Hardness Testing Machines, Machines Tool Accessories	Joint Ventures	Interested in a joint venture for the production of their products in Mexico
12.	Goodwill Enterprises	Textile fabrics, Made ups, Yarns and Garment	Joint/venture/ collaboration	
13.	Kanam Latex Industries Pvt. Ltd.	Sterile disposable gloves and non-sterile re-usable gloves		Interested in Marketing agency in Mexico
14.	Mikrotech	Measuring instruments and testing equipment	Joint venture/ collaboration	Interested in a collaboration arrangement involving any product suitable for their infrastructure and having buy-back arrangement.
15.	Gold Seal Engg. Products Pvt. Ltd.	Interested in Exporting our item range to Mexico	Under the name of Gold Avan polymers Pvt. Ltd.	
16.	Jay Bharati Maruti Ltd.	Sheet Metal components, welded sub-assemblies, exhaust systems, catalytic convertor etc.	Joint venture/ collaboration	
17.	Anisa Carpets	Woollen Carpets, Woollen Druggets, Cotton Druggets	Joint Venture/ collaboration	Marketing Agency
18.	Expofab	100% cotton Fabric/ made up as per Catalogue enclosed	Joint venture/ collaboration	Interested in sale of 100% cotton handloom and powerloom furnishings and made ups as per product catalogues on L/C and cad basis.
19.	Kar Mobiles Ltd.	Valves for internal combustion engines		Interested in exporting only
20.	Sanghi Zip Fasteners Pvt. Ltd.	Non-metallic zip fasteners	Joint Venture/ collaboration	Interested in setting up a plant in Mexico

21.	Quality House	Cotton readymade garments	Technical/ Financial	Interested in buy back arrangement and welcomes financial as well as technical investments.
22.	JNR Knitwears	Knitwears including High fashion garments	Joint venture/ collaboration	Interested in buy back arrangement.
23.	Dhanalakshmi Weaving Works	House Hold furnishings/ made up	Joint venture/ collaboration	Interested in manufacturing/ buy back arrangement for tailored goods using cotton fabrics.
24.	S.R. Industries Ltd.	Terry towels, terry bathrobs and terry cover mattresses		Interested to do Trade with the market and cater to the requirement of the upcoming market of Mexico
25.	Vrindavan Carpets	Floor covering curtains, Bed Linen, Table Linen, Kitchen Linen & Other Home furnishings	Financial/ Technical	Specifically interested in the area of floor covering, curtains, bed linen, table linen, kitchen / linen and other home furnishings.
26.	Speed Val Industries	Equity Participation in joint ventures & Technology Transfer if available	Financial/ Technical	Equity participation in joint ventures and technology transfer if available.
27.	Metro Garments Ltd.	Ladies garments, men shirts/ trousers, industrial garments children garments	Joint venture/ collaboration	
28.	Grant Enterprises	Readymade Garments	Joint Venture/ Collaboration	
29.	Vini Export Pvt. Ltd.	Readymade garments	Joint venture/ collaboration	100% buy back arrangement. Exported to Mexico but facing problems for payment.
30.	Casablanca Exports & Imports	Terry Towel, Textile, Agro Commodities Handicraft and Jewellery, Pharmaceuticals & leather	Joint venture/ collaboration	

Source: India Investment Centre, New Delhi

Opportunities in Mexico Since NAFTA

Lack of appropriate policy for the revival of sick units and lower import tariff regime have affected the Mexican textile sector. Cheap imports from various Asian countries have flooded the market. Mexico produces good quantity of cotton but exports most of it rather than using the same for indigenous production. In this context, Indian manufacturers and exporters may consider taking over sick textile units for production and export to NAFTA and the other markets.³⁸

Mexican construction companies are already involved in civil and engineering construction work all over the Latin America. NAFTA opens up a vast market in the US and Canada to these companies. Formation of joint contracting panels, exploration of subcontracting and service contracting, identification of supply contracts etc are areas of interest and future potential.³⁹

As NAFTA is expected to create many new opportunities for Mexico particularly in the Labour intensive textiles, apparel, electronics, computer software and agro-industries particularly in sugarcane industry; and also given Mexican goods and industrial firms' preferential access to the US and Canadian markets, Indian

³⁸ <http://www.Mexico-trade.com/ceu.newes/htm>

³⁹ Ibid.

firms with a substantial long-term interests in these markets, can explore the opportunities for entering into joint ventures in Mexico for the production of these items.⁴⁰

In those areas where Indian firms have already established a strong presence in the US or Canadian market, which NAFTA could erode, consideration could be given to establishment of in-bond plants on the US-Mexican border which provide numerous advantages. Besides the duty free facilities and low wage rates, locational advantage will also greatly help in meeting the competition from other Asian suppliers.⁴¹

With the centrality of its geographic location and its ample natural resources, low wage rates and ample energy resources, Mexico, therefore provides an ideal production and supply base both for entry into US and Canada on the one hand and Central America and the Caribbean on the other.⁴²

Indo-Mexican trade though still comparatively small, is growing. Among the items which show high growth rates and potential are hand-tools, yarn, textiles, garments, silk, textile machinery, software and peripherals, diesel engines, auto parts, machine tools, power generation, railway and mining equipment

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Ibid.

and equipment for small scale and agro-industries, tyres and tubes, pharmaceutical and veterinary preparations, tea, spices including chilies, turmeric and sesame seeds, gems and jewellery, medical and surgical equipment, raw materials for preparation of medicines, cashew nuts etc.⁴³

Possibilities also exist for joint ventures particularly in areas with export potential to NAFTA countries. However, such joint ventures will have to satisfy NAFTA value addition norms. Possibilities also exist for sourcing of Indian requirements for import of metal scraps, sun flower and soya oils, zinc, copper, leather treatment chemicals, hides and skins, seamless pipes, tube and casings, and petrochemicals from Mexico.⁴⁴

Conclusion

There has been a remarkable increase in trade and economic relations between India and Mexico in the 1990's. The policy of globalisation and liberalisation adopted by the major world communities including India and Mexico and subsequent structural reform played a great role in the enhancement of Indo-Mexican economic relations. In 1991 India initiated the policy of liberalization accompanied by the start of economic reform in Mexico by the new government headed by Salinas.

⁴³ Ibid.

⁴⁴ Ibid.

Salinas' policy of liberalisation and privatisation accelerated economic development in Mexico. The most important event in this field was the formation of NAFTA in 1994 which included Mexico-USA and Canada. Formation of NAFTA started free trade regime among these countries which subsequently widened Mexican market. Therefore, market for Indian products in Mexico increased. Enhanced export opportunities to Mexico tilted Indo-Mexican trade in favour of India. Balance of trade which was in favour of Mexico before 1994, became in favour of India in the post 1994 period.

After the formation of NAFTA the composition of trade between India and Mexico has also changed. In 1995, just after the formation of NAFTA India mainly exported drugs, pharmaceuticals and chemicals and imported Iron & Steel and manufactured fertilizers. Whereas, in 2000 crude oil consisted the major part of Indian import from Mexico. On the other hand, India exported castings, colouring materials, cotton textile especially readymade garments for men and women.

It also opened opportunities of investment in Mexico for Indian investors. Indian investors have mainly been attracted to the fields like iron and steel, mining, small plants, spices and pickles. Opportunities of Joint ventures between Indian and

Mexican companies have also increased in the field of autoparts, electronics, textile, agro-industrial products and software.

In the meantime Indo-Mexican relations also improved in non-economic arena. Various governmental and non-governmental delegations visited one another's country resulting into the signing of various treaties, agreements and joint ventures.

CHAPTER-IV

MEXICO AND INDIA IN MULTILATERAL FORA

The post second world war interdependent world has witnessed the emergence of various multilateral organisations for cooperation at global or regional levels. In the interdependent world, especially under the influence of globalisation and liberalisation, economic as well as various socio-political and environmental issues have crossed the frontiers. They are now global issues and needed to be solved by global attempts. However, on various issues there has emerged a sort of conflict between the countries of the North and the South. The reflection of this conflict has been seen within the United Nations. Therefore within and outside the UN, countries of the South need a sort of co-operation so that they could forcefully present their demand before the North. Towards this goal, organisations like G-77, G-15 etc have been created. Their main aim has been South-South co-operation.

India and Mexico are two leading countries of Asia and Latin American respectively. They need to cooperate in various multilateral organisations. The present Chapter is basically concerned with the Indo-Mexican co-operation under the aegis of the United Nations and G-15.

India and Mexico in G-15

G-15, a multilateral forum was created in Kaulalampur in 1989 by the countries of Southern hemisphere for better co-operation among them. In fact, it was the result of a deadlock in the North-South Co-operation. Demand of New International Economic Order by the developing countries was not getting proper response by the North. Although, Non-aligned movement was acting as a collective South forum, it was unable to forcefully present their views against its North due to the lack of internal cohesion. It became almost impossible to reach to any consensus due to large number of countries. Therefore, a smaller and more efficient group was realised to be important. In such a scenario G-15 was created within the shadow of the Non-aligned movement. Thus, it emerged as a new platform for the South-South Co-operation keeping in mind the North-South dialogue. The objectives of G-15, since its inception in 1989, have been:

- a) "To identify new specific and concrete ideas or schemes to foster South-South co-operation, commit their governments to them and mobilise wide support", and
- b) To hold a review of the world economic situation and the state of international relations affecting developing countries with a view to

developing common perceptions on them and suggest common strategies including initiatives to be proposed in North-South fora".

The mandate thus covers both South-South Co-operation and North-South dialogue. It is recognised that increased South-South Co-operation will strengthen domestic progress for national development and economic growth. It was also felt that such co-operation would lend greater cohesion and credibility to developing countries in their efforts to pursue a more positive and productive North-South dialogue.

However, there are some areas of problems in South-South Co-operation within G-15. Following are the major problems:

- 1) Despite the inherent strength of the number countries of the G-15, their political economic and social vulnerability persists and they face considerable uncertainties in the post Cold War world order.
- 2) There is a continuation of dependency relationship with North and the priority given to nurturing those links.
- 3) Existing links especially trans-continental ones amongst G-15 members are relatively weak. Even basic infrastructural facilities

- 4) Their sights and energies are trained more towards forging political and economic links and arrangements at sub regional and regional.
- 5) The member countries of the G-15 even today suffer from a considerable information gap in key areas of possible interaction among themselves.
- 6) The constraints of multilaterlism in terms of the approach adopted, the agendas evolved and as a forum for negotiations are also relevant to some extent in respect of the G-15.
- 7) The continuation of stagnation and recessionary tendencies in the world economy particularly in the North, and North's inward looking response to this situation, the weaknesses and imbalances in the world trading, monetary and financial systems are among several factors.¹

In spite of above mentioned problems there are prospects of co-operation among the countries of the South. Any co-operation among the countries of the South will ultimately strengths the position of the South vis-a-vis North-South dialogue. India and Mexico are two major countries of Asia and Latin America respectively having immense potentiality of co-operation in economic as well as socio-cultural field.

¹ Om Gupta, "Indo-Latin American file is G-15 Potential and Possibilities" (New Delhi: Pan Media Pvt.Ltd.,1993) , p. 8-9

The value of G-15 for India is that it regards G-15 as an opportunity for networking at highest political levels among some key countries of Asia, Africa and Latin America, and at business, technical and professional level too. This is particularly relevant at a time when regionalisation is threatening to weaken South-South linkages on a Trans regional basis. India as an outward-looking economy, needs as many markets and investment openings as possible. It is India's genuine belief that there is far greater complementarity today among G-15 countries than was the case when the G-15 started off, particularly as economic liberalisation has brought out different strengths and brought down intra G-15 trade and investment barriers. The G-15 member countries together account for 30 per cent of world's population, 43 per cent of the GDP of the South, 25 per cent of exports from the South, 22 per cent of imports by the South and 34 per cent of the South's geographical area. Collectively, G-15 countries represent nearly \$ 2 trillion in GDP, \$ 500 billion in trade turn-over and \$ 56 billion in intra-trade. Individually, many of them represent "emerging markets" and "dynamic economics" for example, Argentina, Brazil, India, Indonesia, Malaysia and Mexico. Countries like Egypt, Kenya, Nigeria, Senegal and Zimbabwe have considerable economic potential. India is among the few G-15 countries which have been represented at all the summit represented by its head of government.²

² India and G-15 Recharging South-South Cooperation and global dialogue. Strategies, Digest, No. 28 (2) .feb1998, p.191

Mexico is important not simply because it is the second largest economy in Latin America but more importantly because of its policy changes in the last few years or so and its incorporation into NAFTA. Economic and trade liberalisation combined with tough fiscal discipline has enabled Mexico to make a turn around. The structural adjustment program started in 1983 and accelerated since 1989 has turned Mexico from an inward-looking to a largely open economy driven by private sector initiative. Tariffs have been reduced to 9 per cent and there is near total import liberalisation. Dependence on oil exports has fallen from 67 percent to 32 per cent of total merchandise exports for 59 per cent of exports.³ A diversified export basket is significant since it is a developed country like US which accounts for more than two thirds of imports and exports. Significantly, Mexico is by far the leading exporter and importer in Latin America.

NAFTA makes Mexico even more important as it emerges as an exporter of low cost, labour intensive products to the North American market replacing many of the Asian tigers such as South Korea in textile and other exports to US market.⁴

As compared to other Latin American Countries, India's trade with Mexico has been substantial Indian export to Mexico has increased

³R. Narayan, "India's Economic Relations with Latin American: Needed strategy" in Om Gupta, ed., *Indo Latin American Files: G-15, potential and Possibilities* (New Delhi: Pan Media Publication, 1993), p. 63.

⁴Ibid, p.64.

in the last decade especially after, Mexico's entry into NAFTA. It has opened the opportunities of increasing economic linkages. On the other side, in areas where India has well developed capabilities Mexico may be benefited by co-operation with India. There is a large scope of getting consultancy contracts in areas such as railways. RITES have already executed a contract for workshop maintenance. Counter-trade arrangements have already been considered feasible by the Indo-Mexican Joint Commission.

Potential for co-operation in a number of areas of science and technology exists. Indian firms are in a position to benefit from Mexican expertise in the petroleum sector particularly in drilling in swampy areas, and in oil exploration, Mexican technology is also well-developed in petro-chemical, fertilisers and newsprint industries. Indian firms, on the other hand, could collaborate with their Mexican counterparts in the production of railway equipment, sugar machinery, auto parts and pharmaceuticals.⁵

Beyond these issues of mutual co-operation. There are some issues some issues dismissed in various meetings of G-15 on which India and Mexico have similar approach. These issues are concerned with the interest of the South. Following are the major issues:

⁵ Ibid, p.64.

First, the maintenance of an open, multilateral trading system is essential for the expansion of world trade and development of all countries. G-15 countries are of the opinion that there is a need for multilateral rules based on the principles of non-discrimination and transparency that would facilitate and equitable, secure and predictable international trading system safeguards, promote open markets and fairness and would create better conditions for the effective integration of developing countries into the world economy.⁶ G-15 are learn to enhance the co-operation lives there good within & through.

Secondly, In area of environment and development , G-15 has the opinion that industrialised countries of the North should demonstrate a commitment to accelerated and sustainable development . International co-operation based on the principle of equitable and proportional responsibilities among nations, taking into account existing asymmetries between developed and developing countries, is required to ensure the fulfillment of commitments made at the UNCED held in Rio de Janeiro in June 1992.

Thirdly, even outside G-15 India and Mexico have also co-operated in Disarmament and development issues. The international climate the 1990s characterised by reduced tension at the global level was considered most auspicious for general and complete

⁶ Om Gupta, "Prime Objective of G-15 North-South dialogue", in Om Gupta, ed., *Indo-Latin American file's G-15 Potential and Possibilities* (New Delhi Pan Media Publication, -1993), p.205.

disarmament, particularly the elimination of all weapons of mass destruction. In this regard, the 1992 Dakar Summit conclusion chemical weapons convention and the initiatives being taken to reduce the existing number of nuclear weapons and other weapons of mass destruction as well as to ensure their non-proliferation have also urged as say the two countries.⁷

Fourthly, India and Mexico have together underlined the need for concerted action at the national and international levels to mobilise political and popular commitment and the necessary financial and technical resource to take constructive step towards the formulation and implementation of appropriate demographic policies.⁸

Fifthly, another issue of importance before G-15 is terrorism including narco-terrorism. G-15 believes that eradication of terrorism needs a comprehensive and concerted international action on the basis of shared responsibility and common purpose. It feels that it is essential to reduce the high levels of consumption in all countries and international support is required.

⁷ Ibid, p.208

⁸ Ibid, p.209.

India and Mexico in United Nations

A major dimension of India's relations with Mexico lie in certain global concerns and issues. Which, with the passage of time, India and Mexico have together upheld and championed. Some of these concerns pertain to the general issues of world politics, and some of them have been of regional dimension bearing on world politics. Among the general issues have been liquidation of the vestiges of colonialism and racism, reduction of armament (conventional and nuclear), non-alignment and the new international economic order (NIEO) and among the global issue of regional character have been the Korean crisis (1950-1953), the Arab- Israel wars (1948,1949,1956,1967,1973), the Hungarian crisis (1956), the Congolese crisis (1960), the Kampuchean crisis and the Afghan crisis.

(i) Issues : The question of eradicating colonism has been one of the crucial problems of international social justice confronting contemporary international politics. Although, historically, India on the one hand and the Medico on the other have passed through somewhat different experiences of colonialism, the former gaining emancipation from it a century later than the latter, the two sides have always cooperated a great deal in the UN and elsewhere over eradication of

colonialism. It has been a major concern of the two sides in world politics.⁹

In interaction over the problem of colonialism from 1946-1960, i.e. from the first session of the UN General Assembly until the adoption by it of the declaration on granting of independence to colonial countries and peoples on 14 December 1960 may be viewed as the early phase of interaction between the two sides.¹⁰

It may be recalled that even before India attained independence and established formal diplomatic relation with any of the Latin American countries, Jawaharlal Nehru had participated in the congress of oppressed nationalities at Brussels in February 1927 as a delegate of the Indian National Congress and came into contact with the representatives of Mexico.¹¹ India and Mexico on the whole showed their identity of views on eradication of colonialism by helping the General Assembly in November 1984 to adopt a draft resolution which made it obligatory on the colonial powers "to inform the UN regarding the constitutional position and status of the territory". The draft resolution was adopted unanimously.¹² On the General Assembly resolution 449(V) On December 1950 accepting the court's opinion and establishing a five member adhoc committee, all Latin American

⁹ N.P. Choudhary, "India's Latin American Relations (New Delhi: South Asian Publishers. 1990), p.176.

¹⁰ Ibid, pp.176-177

¹¹ Ibid, p.177

¹² Ibid, p.176-177

countries (including Mexico) voted with India in favour of resolution except with the exception Bolivia and Colombia which abstained.¹³

The anti-colonial campaign attained maturity in the historic fifteenth session of General Assembly where a draft resolution was submitted which proclaimed the necessity of bringing a speedy and unconditional end of colonialism in all its forms and manifestations.

In 1961 the Soviet Union drew the attention of the General Assembly to the implementation of the declaration. Out of three draft resolutions, the 38 power draft resolution was adopted by the Assembly on 27 November 1961 by a roll call vote of 97 too with 4 abstentions. It is significant to note that of the three resolution of which India, together with 37 Afro-Asian countries and Mexico, was the initiator, the adopted resolution showed hundred per cent convergence between India and Latin American countries as all the Latin American countries voted in favour of the resolution.¹⁴

Anti-racism has been one of the major global issue on which India and Mexico have continued to interact for the last more than five decades, the interaction having been some what instrumental in the growth of Indo- Mexican relations. When in November 1946 India submitted a resolution to the joint first and sixth committee hearing on

¹³ Ibid, p.177.

¹⁴ Ibid, p.180.

the South African legislation against the people of Indian origin, Mexico responded to the same with a draft resolution of amendment.¹⁵ That draft resolution of amendment was helpful to India's purpose and was adopted as resolution 44(1) on 8 December 1946. It had received the supporting votes of 10 Latin American countries other than Mexico which had co-sponsored it.¹⁶ Thus, gradually Mexico had to come to share anti racism with India in global policies.

Another major global issue of common concern between India and Mexico which became instrumental to the growth of Indo-Mexican relations was armament with reference to its various aspects or dimensions, e.g., chemical and bacteriological weapons, general and complete disarmament, partial nuclear test ban treaty, nuclear free zones in Gulf of Mexico and the Indian Ocean, and peaceful nuclear explosions.

The efforts to achieve comprehensive ban on chemical and bacteriological weapons received notable consideration since the fourteenth session of General Assembly. At the twenty-third session of the General Assembly the debate on that question had centered around a draft resolution submitted by India and Mexico,¹⁷ later co-

¹⁵ G. Karase Chakanyuka, "The Non-aligned movement and the Namibian Question" *Review of International Affairs*, vol. 38 (889), 20 April 1987, pp. 144-45.

¹⁶ *Ibid*, pp. 145-46.

¹⁷ UNGAOR, Twenty third session, Annexes, agenda item 27, 28, 29, 94 and 96. document A/7441, Paras 5(b) and 8.

sponsored and revised by other countries. By the revised draft resolution the General Assembly was to be requested to prepare, with the assistance of qualified consultant experts, a report in accordance with the recommendations of the EXIDC. It was supported by all the Latin American countries and adopted as resolution 2454 (XXIII) on 20 December 1968.¹⁸

General and complete disarmament has been one of the vital unresolved global issue which was declared to be the basic goal of United Nations by the General Assembly. India and Mexico have consistently supported various General Assembly resolutions during the subsequent years on general and complete disarmament.

In respect of nuclear disarmament, over which India had been becoming active rather from a very early stage, co-operation of Mexico went on becoming available to it. The Eighteen-Nation Disarmament Committee (ENDC) set up under Resolution 1722 (XVI) of 20 December 1961 included Brazil and Mexico besides India.¹⁹ In the committee, Brazil and Mexico concerted with India and other Non-aligned states in appealing to the nuclear powers to persist in their efforts for expanding agreements prohibiting nuclear weapons test for all times.²⁰

¹⁸ The United Nations and Disarmament 1945-70 (New York: United Nations, 1970). p.360-62.

¹⁹ Ibid, p. 89-90.

²⁰ Ibid, p.222-23.

[ii] Regional Issue of Global Concern: The Korean question, arising as a legacy of War time adjustments on military occupation, had assumed a deeply critical global intensity in international politics. It had caused the first military trial of strength by proxy between the two contesting sides of the Cold War and became the main plank of the Cold War.

After North Korea invaded South Korea on 25 June 1950, in the Security Council, India as well as the Latin American member states, Cuba and Ecuador, were like-minded in relation to the resolution that was adopted against North Korea as an aggressor.²¹ The Latin American states generally appreciated the spirit which guided India. However, a vast majority of them were not ready to share the Indian sensibility that the accentuation of Cold War in Asia had to be stopped. Most of them were guided by the American stand. It was Luis Padilla Navarro of Mexico who among the Latin American representatives provided the strongest endorsement to the Indian stand.²²

In the Security Council, Cuba and Ecuador stood solidly with the United States and when the matter was brought to the General Assembly, as a result of the deadlock in the Security Council due to

²¹ Security Council Official Records (SCOR), 5th year, no.15, 473 Mfg. 25 June 1950. p . 7-0, 13-14.

²² Ibid p.6, p.118.

the Soviet veto, Mexico supported the Indian move for conciliation through a subcommittee.²³ But an overwhelming majority of the Latin American states sided with the American stand.

The Arab-Israel tangle has been a chronic problem of the post-War period at which the major contestants of international politics have tried to outbid each other and it has continued to cause global concern and involvement.

Over the first major stage of the Arab-Israel tangle, as it emerged as an issue in the United Nations, the Indian sensibility for a peaceful solution of the Palestine question (1946-1949). India's opposition to the partition of Palestine was a continuation of the stand it had taken long before the Palestine question came for discussion in the United Nation.

Over the Suez crisis, the second phase of the Arab-Israel tangle, as it came to General Assembly of the United Nation in its emergency session from 1 to 10 November 1956, the Latin American states shared the Afro-Asian viewpoint led by India.

During the eleventh session of the General Assembly, the debate on the West Asian question was along lines similar to the earlier

²³ Houston, n.6, p.120-21

debates in the General Assembly's emergency session and the Mexico voted with India to end the crisis.²⁴

In the Arab-Israel crisis of 1967, in the Security Council the two Latin American members, cut across the Indian sensibility that the combatants had to go for a cease-fire by withdrawing to the positions held by them on the commencement of hostility on 4 June 1967.²⁵

The crisis that overtook the Republic of Congo in the wake of its independence on 30 June 1960, had created one of the most complex and controversial issue of the post-War world. Though it was not a direct issue between the two superpowers, it involved their clashes of competitive interests which came at a time when there was a lot of international tension on account of the Cuban crisis, the US incident and the Soviet boycott of the disarmament conference. It was a peculiar colonial case under a NATO power, Belgium.²⁶ India wanted not only the vacation of Congo by foreign and mercenary forces but also an insurance through the UN, and as much as possible free from the influence of foreign forces specially those of any of the great powers. The resolution for the withdrawal of Belgian and other foreign

²⁴ N.P. Chaudhary, "India Latin American Relations", (New Delhi: South Asian Publishers, 1990), p. 203.

²⁵ Ibid, p.283.

²⁶ Ibid, p.208.

military personnel (sponsored by India) was supported by Mexico and other Latin American countries.²⁷

Vietnam's military intervention in Kampuchea (25 December 1978-77 January 1979), which resulted in the overthrow of the Pol Pot regime and replacement of it under Vietnam's patronage by the regime of the People's Revolutionary Council headed by Heng Samrin as its president, came to the United Nations as a world concern. On 31 December 1978, the foreign minister of the overthrown regime, Long Sary, called on the UN to condemn Vietnam.²⁸

A draft resolution was submitted in the Security Council meeting on 15 January 1979 by seven Non-aligned countries. The resolution affirmed that protection of the sovereignty, territorial integrity and political independence of all states was a fundamental principle of the UN Charter; appealed to all foreign forces in Cambodia to observe cease-fire, end hostilities and withdraw from the country; and demanded that the parties concerned strictly observe the principle of non-interference in internal affairs of the other state.²⁹

India was against seating of the Khmer Rouge delegation of the Democratic Kampuchea while the rest of the Latin American countries supported the Khmer Rouge except Mexico, Peru and Venezuela which

²⁷ Ibid, p.208.

²⁸ Ibid, p.208.

²⁹ Ibid, p.214

abstained.³⁰ By voting against that decision, Indian was acting against a clear majority trend in the UN.

On several counts, Six Nation Initiative on Disarmament, 1987 the goals India and Mexico have in the International political system can be summarised in four groups of values: the strengthening of world peace and security and, in that context, reduction of international tension; disarmament and the peaceful settlement of disputes; the strengthening of national independence and the struggle against all forms of dependence; security for adequate economic and social development in the world as a whole; and finally, the struggle for democratization of international relations, and for a new political and economic international order based on the principles of international co-operation among equals.

Conclusion

India and Mexico have enough opportunities of co-operation within the framework of G-15 and the United Nations. To an extent, they have exploited opportunities in various area and have taken similar approach on various North-South issues. G-15 is, undoubtedly, going to be a useful forum in further course of co-operation between the two countries subsequently enhancing the South-South co-operation.

³⁰ Ibid, p. 215

This South-South co-operation will help in maintaining South solidarity in the UN. The United Nations is the best forum to bargain with the North.

CHAPTER V

SUMMARY AND CONCLUSIONS

Deep rooted in the history, Indo-Mexican relations cover a very wide spectrum that has for long evinced scholarly interest. Scholars have found amazing similarities in the cultures, religious beliefs and practices, dress and dietary habits of the peoples of ancient India and the pre-Columbian civilizations of Aztecs and Mayas who were literally continents apart from each other. While anthropologists and historians will continue to debate as to how two cultures could evolve many identical values and practices while never in touch with each other, historians and literatures have observed with equal keenness the evolving patterns of social change, developmental and political processes in the two countries in the twentieth century. Both the countries have a long and glorious history of popular resistance to colonialism, neo-colonial domination and economic-technological dependence. The struggle—whether it is the ideals of the Mexican Revolution of 1910-20 or the principles that underlay the freedom struggle in India—has strongly shaped the national ideals of the two countries in the twentieth century. Independence, non-intervention, peaceful relations, economic development leading to self-reliance, national integration and peaceful relations with neighbours in

particular have been some of the ideals and guiding principles of the foreign policies and nation-building strategies in the two countries in the last century.

The first important direct link at the personal level between the two countries was established by the noted Indian revolutionary M. N. Roy who had arrived in Mexico during the time of the Revolution. M. N. Roy worked, at the behest of the Communist International, to establish in 1918 the socialist party of Mexico—as the Mexican communist party was then called.

A more significant relationship came to be established when representatives of India and Mexico met in Brussels conference which was called upon to raise voice against the imperialism in the form of colonialism. In this conference Mexico was representing the whole Latin America, while Jawaharlal Nehru, representing the Indian National Congress, spoke on behalf of the Indian freedom movement and anti-colonial struggles going on in scores of Asian and African countries.

Post-Independence, Indian foreign policy carried on with the ideals of freedom movement. Non-alignment was a powerful and an articulate expression of the anti-colonial struggle of the peoples of India and other Afro-Asian countries. The ideals were not different from the ideals of Mexican Revolution which had shaped the international

perception and policies of Mexican governments after 1917. In the post-Second World War period, interaction between two countries was shaped by similar foreign policy outlook and goals of the two independent countries. After the independence, main problems before India and other developing countries were the challenges of neo-colonialism, the need to ensure rapid development of the decolonised countries—for which they needed support from the developed countries—and the need to protect their nascent freedoms from the ravages of super power rivalries and arms race. These were also the strong concerns of Mexican foreign policy. The end of Second World War had witnessed the emergence of another war, though, different in nature. This war divided the whole world into two ideological blocks--capitalists and communist headed respectively by the US and the USSR. Both blocks were busy in gathering more and more support from newly emerging countries. Mexico, being the next door neighbour of US, had to protect its independence and sovereignty in such an environment. It had since the Revolution formulated a foreign policy that was premised on independence and neutrality and which advocated peaceful resolution of disputes among countries. The newly emerging Afro-Asian countries on their part had evolved the concept of Non-alignment and launched the Non-aligned Movement. Leading members of the Non-aligned Movement were countries such as India,

Indonesia, Egypt and Yugoslavia. The principles of Non-alignment were in many respects identical to the principles that underlay the foreign policy of Mexico. Under the shadow of a Non-aligned stance India and pursuing a somewhat neutral stand Mexico on its part, had decided to remain in their own different ways away from the block politics and also tried to consolidate and lead other Third World countries. Mexico was particularly active in the Latin American and Caribbean region where its stoutly opposed US policy of interventionism and destabilisation, sided with the revolutionary movements for instance in the case of Cuba, decolonisation process in the Caribbean, and strongly advocated an intra-Latin American movement for economic co-operation and political solidarity. Given the economic and political context of Latin America in the 1950s and 1960s, a major issue was that of economic dependence and under-development. Mexico along with other leading economies was a strong advocate of the Latin American Free Trade Area (LAFTA) and subsequent schemes of regional economic co-operation such as the Latin American Energy Organisation (ALADI) in the 1970s.

Common position on issues of international concerns such as anti-colonialism, de-colonisation, racism and apartheid in UN and other international organisations often saw Mexico and India co-operate with each other. From the 1970s onwards, the issue of North-South divide and the need for South-South co-operation had gained prominence in

the diplomacy and foreign relations of Third World countries. Certainly, it goes to the credit of Latin American countries that they brought the issues and ideas pertaining to under-development and the need to change the existing international economic system to the attention of Afro-Asian developing countries. This is how one can understand the growing membership of Latin American countries in the Non-aligned Movement in the 1970s. Though bigger Latin American economies such as Mexico and Brazil did not join Non-aligned Movement as full members and remained content with their status as observers, they nevertheless expended their energies in forums such as the Group of 77 developing countries. There they advocated and articulated the economic aspirations of the entire developing world by proposing a number of ideas. These pertained to the demand for participation in the exploitation and management of global resources. Being essentially raw material exporting countries, developing countries were faced with not only the persistent conditions of under-development but also found the operations of multinational corporations often prejudicial to their developmental and national goals. Some of the ideas that emerged for consideration and cooperation among developing countries included importantly the need to have common foreign investment laws, right to nationalisation, access of manufactured and semi-manufactured exports to the markets of the developed countries,

better terms of trade, technology transfer, associations of important raw material producing and exporting countries with a view to stabilise the production and prices of exports, an international fund to support the balance of payments difficulties as and when they arose in developing countries, and a 12-mile territorial waters and an exclusive economic zone. Growing frustrations with their continued status as under-developed economies soon gave birth to the suggestions of North-South dialogue and South-South co-operation.

Latin American countries in general and Mexico in particular was at the forefront of many such initiatives. Following the 1973 Non-aligned Summit at Algiers which articulated the demand for a New International Economic Order (NIEO), Mexican president Luis Echeverria proposed at the UN General Assembly in 1974 the Charter of Rights and Duties of States. Especially during the presidency of Echeverria, Mexico was following an activist Third World policy and the Mexican president undertook several tours of Afro-Asian countries including his visit to India in 1975. It was the realisation of a growing economic interdependence and the need on the part of developed countries to export capital and goods to developing countries that finally culminated in the holding of Cancun summit in 1982 which brought important developed and developing countries together in

search of a meaningful and more equitable international economic system.

However, southern countries had also begun taking important initiatives to consolidate cooperation among themselves. Although here too, problems that often arose in the North-South parleys emerged for instance less developed countries often complained against the attitudes and policies of the relatively more developed newly industrialising countries (NICs), nevertheless several NICs often found it prudent and profitable to co-operate with each other. Countries such as Mexico, India, Brazil, Argentina, Nigeria, Indonesia, etc.—all similarly placed developing economies—had, it was found, better prospects of bilateral and multilateral co-operation. Their levels of development including level of industrialisation, development of indigenous and alternative technologies, large public sectors, similar placement in the international economic and political hierarchy, and often their regional / sub-regional preeminence elicited common responses and stance in the UN and other international organisations. It was under such circumstances that relations between Mexico and India deepened in the decades of 1970s and the 1980s.

Not only visits at the highest levels between the countries grew, an attempt was made to give their bilateral relationship a solid and even an institutional shape. This is how the Indo-Mexican Joint Economic

Commission came to be established in the 1980s. In addition, specific areas were identified for bilateral co-operation which ranged from banking and finance to finding and developing alternative sources of energy, agriculture, and human resource development, besides encouraging private sector co-operation. A sign of the deepening relations between the two countries was also their co-operation within UN in this period. They started co-operating within and outside the United Nations on issues of concerns for international peace and security. An issue of common concern which both the countries did strongly raise in international forum was the issue of universal disarmament. In this regard, a key foreign policy initiative of the government of prime minister Rajiv Gandhi was the six-nation initiative on disarmament in 1987. India and Mexico along with four other developing countries decided to take the issue of universal disarmament in various international fora. The decade of the 1980s also witnessed a sizeable, though not very satisfactory, increase in bilateral trade. Trade remained confined mostly to conventional items and did not transcend in any significant manners into areas of joint ventures and flow of investments into each other's economy. Cultural relations however increased markedly. Various cultural groups, scholars and researchers visited each others countries. On political front, there had been a healthy exchange of visit by the leaders of both the countries. President

Jose Lopez Portillo visited India in 1982. Several economic and trade transactions were finalized in 1985 when the Indian Prime Minister Rajiv Gandhi visited Mexico. Subsequently, Mexican president Miguel de la Madrid Hurtado also paid a state visit to India.

From the late 1980s, the two countries have clearly been on the course to contribute to institutionalising co-operation among similarly-placed developing countries. Apart from bilateral co-operation in the areas of economy and trade, culture and education, and international politics and diplomacy, the two countries came forward strongly in the formation of the G-15, that consisted of a select number of developing countries. G-15, as has been discussed earlier, sought to promote co-operation among similarly placed select developing countries in frontier areas of bio-diversity and genome sciences among others.

In the post-Cold War period, international system has changed drastically and dramatically. While the shape of things political are not yet clear, though unilateralism and militarism as part of the behaviour of US—the sole super power—have become manifest, in the economic arena, new developments are noteworthy. After pursuing for decades state-led protectionist economic development strategies of import substitution, developing countries including importantly India and Mexico are on the path of economic liberalisation. As investments, trade, and exchange rates have to varying degrees been liberalized,

these economies at the same time are integrating themselves with global market forces. Mexico is in a sense a pioneer in economic liberalisation. After pursuing for decades the policies of import substitution industrialisation, Mexico made a turn-around in the late 1980s and opened its economy at a fast pace. This was part of the larger process whereunder Mexico had decided to integrate itself with US and Canadian economies in the form of the North American Free Trade Agreement (NAFTA) by 1994.

Equally dramatic and of scholarly interest are the changes in the Mexican foreign policy in the 1990s more particularly since the implementation of NAFTA. Many things that had inspired Mexican foreign policy since the 1910 Revolution have changed; most important being the change in its perception of US. From being seen as a hegemon, US has become a leading partner in the transformation of Mexican economy. North Americanization of national economies is giving birth to new issues that are reinforcing interdependence among NAFTA countries. From its membership within NAFTA, Mexico—economically much stronger and more attractive—is seeking new trade and economic relationship with EU and Japan. More interesting are the changes in its relationships with the countries in the Caribbean and Central and South America. Mexico is in the process of building new partnerships and arrangements based on the principles of free trade;



and this is reflected in the formation of G-3 and scores of bilateral free trade agreements with other Latin American countries. Mexico sees itself and is seen by others as a stepping stone to enter the NAFTA market. This has attracted the attention and investment from across the globe including India. After remaining modest and confined to traditional products, Indo-Mexican economic relations have grown in the 1990s where joint ventures have either been established or are in the process. Some Indian, mainly NRI-owned companies have also taken advantage of privatisation of state-owned enterprises in Mexico. This includes for instance the presence of NRI companies in areas such as steel production in Mexico. Further areas of great potential where joint ventures could be established include petroleum sector where Mexico has considerable advantage in technologies of prospecting, production and refining. Concerned with its energy security, India has shown interest in petroleum sector. Liberalisation of financial sector has also brought in prospects of investments in the stocks and bonds by the private sectors of the two countries.

These economic activities between the two countries have been accompanied by political and cultural exchanges. In the last one decade, heads of government and other high officials have visited one another's countries. Finally, given the uncertain and somewhat uncondusive international political environment, both the countries

have expressed their opposition to growing unillateralism and have insisted on the need to strengthen multilateralism. They have also expressed similar concerns over the global issues like environmental degradation, terrorism, armament etc. As emerging market economies with potential to become great powers in their own right, India and Mexico have much in common that propels them forward together.

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