

Engagement with Mexico and the region

- 2.1 This Chapter reviews the various ways in which Australia's relationship with Mexico and the region is developed and maintained. It looks at the growing number of meetings and forums in which Australia is able to strengthen its relationship with Mexico and the region.

Mexico

Joint Experts Group

- 2.2 In March 2006, Australia and Mexico agreed to establish a Joint Experts Group (JEG) to investigate potential ways of strengthening economic relations, including the possible negotiation of a Free Trade Agreement sometime in the future.
- 2.3 The inaugural meeting of the JEG took place in Adelaide from 17-18 April 2007. Officials from the Department of Foreign Affairs and Trade; the Department of Agriculture, Fisheries and Forestry; and the Department of Industry, Tourism and Resources represented Australia.
- 2.4 The JEG will produce a joint report containing recommendations to be considered by the parliamentary members of both Australia and Mexico.

- 2.5 From an Australian point of view the focus of the JEG “is for an FTA to be the centrepiece of any recommendations . . .”¹ The issues surrounding a possible FTA between Australia and Mexico are dealt with more fully in Chapter Six.

Parliamentary cooperation

- 2.6 Since the commencement of diplomatic relations in 1966, Australia and Mexico have been committed to inter-parliamentary cooperation. In the past four decades, more than 100 high-level visits have nurtured political exchanges. There have been three visits by Australian Prime Ministers to Mexico and one visit by the Mexican President to Australia. The two countries have signed more than 15 agreements and Memoranda of Understanding in different areas.²
- 2.7 Reciprocal ministerial visits have re-enforced Mexico and Australia’s commitment to their shared values and interests, including the promotion of democracy, the respect of human rights and an open system of international trade.³

Asia Pacific Economic Cooperation (APEC)

- 2.8 Australia and Mexico are both member states of APEC and work closely and cooperatively through the annual ministerial, business and academic meetings.
- 2.9 Australian Prime Minister John Howard’s visit to the 2002 APEC Leaders Summit in Mexico City was noted as a high point in bilateral relations. ⁴ Further strengthening of Australia-Mexico relations through APEC can be expected later this year with Sydney to host the 2007 Leaders Forum.
- 2.10 From the Mexican point of view the Australian – Mexican relationship is an important one. In evidence to the Committee the Mexican Ambassador to Australia HE Martha Ortiz de Rosas stated:

Our convergence as members of APEC has been pivotal in expanding our bilateral relations. The year 2002, when Mexico chaired the APEC meetings, saw an important growth

1 Mr John Gerard Owens, Assistant Secretary, Canada and Latin America Branch, Americas Division, Department of Foreign Affairs and Trade, *Evidence*, 7/02/2007, p. 11.
2 Embassy of Mexico, *Submission No. 3, Vol 1*, p. 35.
3 Embassy of Mexico, *Submission No. 3, Vol 1*, p. 35.
4 DFAT, *Submission No 10, Vol 1*, p. 122.

in the number of links between our governments and people. I would dare to say that it was then that Mexico and Australia really started to know more about each other.⁵

- 2.11 This view is shared by the Australian Government who regards Mexico as “an enthusiastic and important member of APEC” that “adds much to the organisation.”⁶

World Trade Organisation (WTO) – Doha Round

- 2.12 Both Mexico and Australia are active and constructive participants in WTO matters. In 2003 Trade Minister Mark Vaile attended the 5th WTO Ministerial Meeting in Cancun, Mexico.
- 2.13 Australia and Mexico’s strong agrarian sectors share specific export challenges such as prohibitive market access barriers and high levels of subsidies. Both Australia and Mexico have rigorously engaged the WTO negotiations process for improved results in these areas.
- 2.14 DFAT told the Committee that in relation to the WTO:
- . . . we do work with Mexico reasonably closely on issues like agriculture reform. But one could add the caveat that over recent years, whilst Mexico has been reasonably active in a WTO context, most of its trade policy focus has been bilateral.⁷
- 2.15 Although both nations have expressed a desire to further discuss the possibility of a free trade agreement, both parties remained committed to participating in the multilateral processes of the WTO.⁸

Scientific and Technological Cooperation

- 2.16 In 1981 Australia and Mexico signed the Basic Agreement on Scientific and Technological Cooperation in order to strengthen bilateral relations in the science and technology field.⁹ The Australian

5 Ambassador Martha Ortiz de Rosas, Ambassador, Embassy of Mexico in Australia, *Evidence*, 28/02/2007, p. 2.

6 Dr Michael Graham Adams, Director, Regional Trade Policy, Trade Development Division, Department of Foreign Affairs and Trade, *Evidence*, 7/02/2007, p. 9.

7 Dr Michael Graham Adams, Director, Regional Trade Policy, Trade Development Division, Department of Foreign Affairs and Trade, *Evidence*, 7/02/2007, p. 9.

8 DAFF, *Submission No.13, Vol 1 p. 192*.

9 Embassy of Mexico, *Submission No. 3, Vol 1, p. 43*.

Department of Education Science and Technology (DEST), manages this treaty-level Agreement.¹⁰

2.17 The primary mechanism for consultation under this agreement is the Joint Australia-Mexico Commission for Scientific and Technological Cooperation. According to the agreement, a Joint Commission shall meet every two years alternatively in each country to discuss the cooperation in science and technology. DEST's Mexican partner agency in the joint commission is the Mexican National Council for Science and Technology (CONACYT)¹¹. The last meeting of the Joint Commission was held in Mexico City in 2000.

2.18 The length of time since the last meeting reflects the obstacles that face scientific and research endeavours between Mexico and Australia. DEST told the Committee that, in relation to the current state of the Basic Agreement on Scientific and Technological Cooperation:

In January 2006 Mr Downer visited Mexico and, when he met with the Mexican foreign minister, they mutually agreed to try to reinvigorate the science and technology relationship. The intention was to have a joint meeting some time later that year. However, an election in Mexico intervened and, naturally enough, created different priorities for the Mexican government, and so that meeting still has not occurred.¹²

2.19 Australia too, has prioritised the pursuit of science and technology relationships with other countries. DEST stated:

What the Australian science community have been saying to us is that they want to focus on two groups: the first group are those who are already the best performers globally in science and technology, and they are essentially the United States and European countries – the EU; the second group are those countries which are building their capacity now, that are investing heavily in science in their human capability and in their infrastructure. Those are countries like India, China and Brazil. Mexico does not fit into either of those categories. While there are niche areas that CSIRO is exploring, we would not see a high level of mutual benefit in gearing up a

10 DEST, *Submission No.2, Vol 1* p. 18.

11 DEST, *Submission No.2, Vol 1* p. 22.

12 Ms Julie Walding, Director, India and the Americas Section, International Science Branch, Science Group, Department of Education, Science and Training, *Evidence*, 22/02/2007, p.9. (proof)

relationship in science and technology collaboration. The value is not there by comparison with the value of putting a lot more resources into other countries.¹³

- 2.20 Both countries have expressed their interest in reactivating the scientific and technological cooperation through the exchange of scientific and technical information, the reciprocal visits of scientists and the participation in seminars and the implementation of joint projects of research.¹⁴

Cooperation and friendship in agriculture and livestock

- 2.21 A Memorandum of Understanding (MoU) was signed in 2003 between the Australian Government and the State of Hidalgo, Mexico, on cooperation and friendship in agriculture and livestock, committing to facilitate and stimulate cooperation in livestock and agriculture among the institutions of both countries in the private, public and social sectors and among their research and senior education institutions. The primary outcome of this MoU has been the resumption of live sheep exports to Mexico in early 2006, following the rapid decline in exports in 2002.¹⁵

The Double Taxation Performance Agreement

- 2.22 This agreement was signed on 9 September 2002 and entered into force from 1 January 2004. It gives impetus to bilateral relations by clarifying the taxation rights of the two countries. The agreement also introduces measures to relieve double taxation, and prevent fiscal evasion.¹⁶
- 2.23 The agreement prevents double taxation by allocating taxing rights between Australia and Mexico regarding all forms of income flows between the two countries.

13 Ms Julie Walding, Director, India and the Americas Section, International Science Branch, Science Group, Department of Education, Science and Training, *Evidence*, 22/02/2007, p.9.

14 Embassy of Mexico, *Submission No. 3, Vol 1*, p. 43.

15 DAFF, *Submission No. 13, Vol 1*, p. 191

16 http://www.dfat.gov.au/geo/mexico/mexico_brief.html 14 June 2007

The Australia Festival in Mexico

- 2.24 The Australian Embassy's annual Australia Festival is Australia's largest promotional event in Mexico reaching 10 million Mexicans and in 2006 generated positive media mentions of Australia valued at A\$6million. In 2006 the festival included 30 seminars, wine tastings and a two day exhibition commemorating the 40 years of diplomatic relations between Australia and Mexico.¹⁷
- 2.25 Building on the goodwill and general interest in Australia that the festivals engender, the Embassy utilises the Festival to promote and conduct Australian cultural activities, education, business migration and to increase and improve business linkages.¹⁸

The Committee's view

- 2.26 The Committee is pleased with the level of engagement between Mexican and Australian officials and notes the very friendly and positive relations between the two countries. Scientific cooperation is an important area of the relationship and clearly needs invigorating.
- 2.27 The Committee recommends that DEST reactivate scientific and technical cooperation with Mexico.

Recommendation 1

- 2.28 **The Committee recommends that the Australian Government, through the Department of Education, Science and Training, reactivate scientific and technological cooperation with Mexico.**

The region

- 2.29 Australia has no diplomatic representation in Central America. Australia's embassy in Mexico City covers Australia's relations with
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17 DFAT, *Submission No 10, Vol 1*, p. 139.

18 DFAT, *Submission No 10, Vol 1*, p. 139.

countries in Central America on a non-resident basis. No Central American country has representation in Australia.¹⁹

- 2.30 Trade and investment ties are nevertheless growing consistently from a very small base. Agribusiness, food commodities and the provision of professional services are areas where expansion potential exists.²⁰

Council on Australia-Latin America Relations (COALAR)

- 2.31 In 2001, the Australian government established COALAR in response to the September 2000 report of the Trade Sub-Committee on Building Australia's Trade and Investment Relationship with South America.²¹

- 2.32 The Council, which has a budget for 2006-7 of A\$500,000, aims to enhance commercial, political and social relations between Australia and Latin America. Since its inception, the Council has been active in promoting Latin America as a market for Australian exporters.²²

- 2.33 Currently the priorities of COALAR are:

- to influence corporate Australia and assist in developing government policies so as to enhance Australia's economic, political and social relations with the region, particularly in the areas of tourism, investment, and agribusiness;
- to support Australia's broader diplomatic and economic objectives in the region through cultural promotion and education; and
- to foster a greater awareness of Australia in Latin America and of Latin America in Australia.²³

- 2.34 Each year the Council produces a business plan which sets out its activities for the coming 12 months. The COALAR business plan for 2006-07 identified the following activities:

- continue to encourage visits to Latin America by Australian Cabinet Ministers, Parliamentary Secretaries and Senior Officials;
- support well-targeted business delegations and other high level visits to the region;

19 DFAT, *Submission No 10, Vol 1*, p. 123.

20 DFAT, *Submission No 10, Vol 1*, p. 123.

21 DFAT, *Submission No 10, Vol 1*, p. 123.

22 DFAT, *Submission No 10, Vol 1*, p. 123.

23 DFAT, *Submission No 10, Vol 1*, p. 124.

- implement a funding program that broadens the reach and profile of COALAR and strengthens the Council's four pillars of activity in tourism, education, culture and business;
- work to highlight effectively significant milestones in Australia - Latin America relations, including: 40 years of diplomatic relations between Australia and Chile (in 2006); 40 years of diplomatic relations between Australia and Mexico (in 2006); 20 years of the Cairns Group (in 2006); and other relevant occasions;
- continue the Council's communications strategy to lift the profile of Latin America in Australia and Australia in Latin America, including by encouraging and facilitating two-way visits of journalists, in particular an Australian journalist to visit Latin America;
- strengthen links with Australian academics engaged in the delivery of Spanish language and Latin American studies; and
- consolidate links established by the COALAR funded sports strategy in 2005-06.²⁴

2.35 The Council has developed as a significant additional asset for Australia in pursuing trade and investment opportunities in the region.²⁵

Forum for East Asia – Latin America Cooperation (FEALAC)

2.36 FEALAC provides another avenue for Australia to expand and strengthen relationships with Mexico and the region. The Forum has 30 member nations including Australia, Costa Rica, El Salvador, Panama, Guatemala, Nicaragua and Mexico.²⁶

2.37 The purpose of the Forum is to promote better understanding, political and economic dialogue and cooperation in all areas so as to achieve more effective and fruitful relations and closer cooperation between the two regions. FEALAC engages both the public and private sectors.

2.38 The first Ministerial Meeting for FEALAC was held in Santiago, Chile in March 2001. This meeting produced a 'Framework Document' to

24 http://www.dfat.gov.au/coalar/coalar_business_plan.html 15 June 2007

25 DFAT, *Submission No 10, Vol 1*, p. 124.

26 DFAT, *Submission No 10, Vol 1*, p. 124.

form the basis for FEALAC activities. The Framework Document outlines the following objectives:

- To increase mutual understanding, trust, political dialogue and friendly cooperation among member states with a view to enriching and sharing experiences and developing new partnerships;
- To tap the potential of multidisciplinary cooperation, inter alia, in economics, trade investment, finance, science and technology, environment protection, culture, sport, and people-to-people exchanges; and
- To expand common ground on important international political and economic issues with a view to working together in different international forums in order to safeguard our common interests²⁷

2.39 FEALAC contains three open-ended Working Groups on: Political/Cultural Cooperation, Economic/Social Cooperation and Education/Science and Technology Cooperation.

2.40 Australia and Costa Rica co-chair the Working Group on Education/Science and Technology Cooperation. The first meeting of this Working Group took place in June 2002 at the Australian Academy of Science in Canberra.

Other global organisations

2.41 WTO – Doha Round – Australia, Costa Rica and Guatemala share the view that the greatest prospects for agricultural trade liberalisation will come from an ambitious outcome from the WTO Doha Round of Negotiations. All three countries place a high importance on the resumption of the currently suspended round²⁸.

2.42 Cairns Group – Composed of developed and developing countries across five continents, the Cairns Group is committed to achieving free and fair trade in agriculture that provides real and sustainable benefits for the developing world²⁹. Australia cooperates with Costa Rica and Guatemala in the Cairns Group, to promote our common commitment to agricultural trade reform.

27 <http://fealac.mofat.go.kr/eng/document/basis.php> 15 June 2007

28 DAFF, *Submission No. 13, Vol 1*, p. 184.

29 <http://www.cairnsgroup.org/introduction.html> 18 June 2007

- 2.43 Commonwealth Organisations – As fellow members of the Commonwealth of Nations, Australia shares friendly ties with Belize and cooperates in various Commonwealth organisations and events³⁰.

The Committee's view

- 2.44 While the Committee believes the level of engagement between Australian officials and officials of Mexico and the region has been reasonable there is considerable potential for upgrading the relationship.
- 2.45 In its submission DFAT suggested FEALAC had “some way to go to fulfil its potential”.³¹ Unfortunately the Committee did not receive any evidence as to how this might be achieved or in what areas FEALAC could be strengthened or better utilised.
- 2.46 The Committee therefore recommends that DFAT review the viability of FEALAC and, if viable, ensure a greater effort is made to fulfil its potential.

Recommendation 2

- 2.47 **The Committee recommends that DFAT review the viability of FEALAC and, if it is determined to be viable, ensure a greater effort is made fulfil its potential.**

30 DFAT, *Submission No 10, Vol 1*, p 123.

31 DFAT, *Submission No 10, Vol 1*, p 108.