



Let Mexico in on Trade Agreement

March 5, 2012

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Since 2007, Mexican President Felipe Calderon has expressed our country's interest in joining negotiations to create what is known as the Trans-Pacific Partnership, a new trade agreement linking nations throughout the Pacific region.

The countries involved in these talks are creating a groundbreaking agreement with the highest of standards. As the United States, and the eight other TPP partners, considers new entrants to this pact, it should do so with the same forward-thinking approach that has governed the talks so far.

For example, the United States must consider the steady growth of its exports to Mexico, which is, dollar for dollar, the most dynamic U.S. export market. It is the second-largest U.S. export destination, consuming nearly \$200 billion in U.S. goods last year — more than China and Japan combined. In addition, last year's \$34 billion increase in U.S. exports to Mexico outpaced the value increase to all the priority export markets for the U.S.'s National Export Initiative.

Even more compelling is the fact that, after 18 years of the North American Free Trade Agreement, the economies of the United States and Mexico are closely integrated and grow ever more intertwined. The United States and Mexico now produce goods jointly for global consumption, demonstrated by the 37 percent U.S. value added in Mexico's global exports. In contrast, U.S. value added in Chinese exports is only 3.7 percent.

Moreover, for every dollar Mexico gains from exports, 50 cents is spent on U.S. goods and put back in U.S. coffers.

So Mexico's inclusion in the TPP would be of real value to Washington — not only because it could provide an immediate boost to U.S. exports but also because increased Mexican sales to TPP markets would translate into more U.S. exports, a virtuous cycle. It would result in more jobs on both sides of the border. Our bilateral trade already supports nearly 6 million jobs in the United States, according to a 2010 U.S. Chamber of Commerce study.

Washington must also take into account the size and value of Mexico's expanding market. Mexico is, by population, the second-largest market among current TPP members. Our gross domestic product grew 5.4 percent in 2010 and almost 4 percent in 2011. Mexico is on pace to become the fifth-largest economy in the world by 2050, according to Goldman Sachs.

In developing U.S. trade policy moving forward, it would be unwise for Washington to exclude the largest Latin American economy in the Pacific region from this comprehensive trade bloc.

Mexico is a top economic partner that should not be ignored — an ally that has worked hard and is well prepared to engage in this next-generation trade pact. It already has an established network of 12 free-trade agreements with more than 40 countries — including three current TPP members. We clearly have the experience and readiness to join the TPP discussions.

Notably, we recently concluded an exercise similar to the TPP, merging three free-trade agreements with Central American countries into a single pact. Mexico has also successfully deepened its free-trade agreements with Colombia and Japan.

Internally, Mexico's interest in joining the TPP takes another step in our drive toward a better future. Mexico has undergone a transformative process in the past two decades, releasing its economy from the chains that prevented development. Our commitment to robust monetary policy and sound public finances has given Mexico a new level of macroeconomic stability. Major investment in our people has led to a flourishing middle class — one that will make up to an estimated 80 percent of the population by 2030, according to The Brookings Institution.

In addition, trade in Mexico has expanded and diversified because of unilateral reduction of tariffs, the initiation of substantial regulatory reforms, and the simplification of import and export permit procedures. Coupled with these measures, we have stepped up efforts to work with the United States on increasing regional cooperation, building a modern and efficient border, boosting innovation and protecting intellectual property rights.

We have also sought to work together to promote exports of small- and medium-sized enterprises because our geographic closeness and assured access provide them with significant opportunities. These efforts find many parallels in the TPP agenda.

Over NAFTA's nearly two decades, Mexico has proved to be a trusted and collaborative partner, one that believes in a rules-based, free-trading system. The TPP presents a new horizon with great opportunities for our trade relationship.

In preparing for the long term, the United States should embrace its ties with Mexico and continue building on our successful decades of bilateral trade experience to further our mutual well-being.

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