

PRESS RELEASE

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TRADE POLICY REVIEW BODY

REVIEW OF MEXICO

TPRB'S EVALUATION

The Trade Policy Review Body of the World Trade Organization (WTO) concluded its third review of Mexico on 15 and 16 of April 2002. The text of the Chairperson's concluding remarks is attached as a summary of the salient points which emerged during the discussion.

The review enables the TPRB to conduct a collective examination of the full range of trade policies and practices of each WTO member countries at regular periodic intervals to monitor significant trends and developments which may have an impact on the global trading system.

The review is based on two reports which are prepared respectively by the WTO Secretariat and the government under review and which cover all aspects of the country's trade policies, including its domestic laws and regulations, the institutional framework, bilateral, regional and other preferential agreements, the wider economic needs and the external environment. A record of the discussion and the Chairperson's summing-up together with these two reports will be published in due course at the complete trade policy review of Mexico and will be available from the WTO Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21.

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Since December 1989, the following reports have been completed: Argentina (1992 and 1999), Australia (1989, 1994 and 1998), Austria (1992), Bahrain (2000) Bangladesh (1992 and 2000), Benin (1997), Bolivia (1993 and 1999), Botswana (1998), Brazil (1992, 1996 and 2000), Brunei Darussalam (2001), Burkina Faso (1998), Cameroon (1995 and 2001), Canada (1990, 1992, 1994, 1996, 1998 and 2000), Chile (1991 and 1997), Colombia (1990 and 1996), Costa Rica (1995 and 2001), Côte d'Ivoire (1995), Cyprus (1997), the Czech Republic (1996 and 2001), the Dominican Republic (1996), Egypt (1992 and 1999), El Salvador (1996), the European Communities (1991, 1993, 1995, 1997 and 2000), Fiji (1997), Finland (1992), Gabon (2001), Ghana (1992 and 2001), Guatemala (2002), Guinea (1999), Hong Kong (1990, 1994 and 1998), Hungary (1991 and 1998), Iceland (1994 and 2000), India (1993 and 1998), Indonesia (1991, 1994 and 1998), Israel (1994 and 1999), Jamaica (1998), Japan (1990, 1992, 1995, 1998 and 2000), Kenya (1993 and 2000), Korea, Rep. of (1992, 1996 and 2000), Lesotho (1998), Macao (1994 and 2001), Madagascar (2001), Malawi (2002), Malaysia (1993, 1997 and 2001), Mali (1998), Mauritius (1995 and 2001), Mexico (1993, 1997 and 2002), Morocco (1989 and 1996), Mozambique (2001), New Zealand (1990 and 1996), Namibia (1998), Nicaragua (1999), Nigeria (1991 and 1998), Norway (1991, 1996 and 2000), OECS (2001), Pakistan (1995 and 2002), Papua New Guinea (1999), Paraguay (1997), Peru (1994 and 2000), the Philippines (1993 and 1999), Poland (1993 and 2000), Romania (1992 and 1999), Senegal (1994), Singapore (1992, 1996 and 2000), Slovak Republic (1995 and 2001), the Solomon Islands (1998), South Africa (1993 and 1998), Sri Lanka (1995), Swaziland (1998), Sweden (1990 and 1994), Switzerland (1991, 1996 and 2000 (jointly with Liechtenstein)), Tanzania (2000), Thailand (1991, 1995 and 1999), Togo (1999), Trinidad and Tobago (1998), Tunisia (1994), Turkey (1994 and 1998), the United States (1989, 1992, 1994, 1996, 1999 and 2001), Uganda (1995 and 2001), Uruguay (1992 and 1998), Venezuela (1996), Zambia (1996) and Zimbabwe (1994).

TRADE POLICY REVIEW BODY
REVIEW OF MEXICO
CONCLUDING REMARKS OF THE CHAIRPERSON

This third Trade Policy Review of Mexico has been very good, a superb introduction to my year in the Chair. The Review has been thorough and comprehensive, and offered plenty of food for thought about trade issues. Our dialogue has provided a better understanding of Mexico's trade-related policies and practices due very much to the full involvement of Vice-Minister Villalobos and his delegation and to the engagement of many Members. This is indeed a felicitous indication of what this Body can accomplish and will do over the coming months.

Members commended Mexico for its economic performance in recent years. Mexico's trade and investment liberalization efforts have been key elements in its economic advancement and prospects, having resulted in substantial increases both in trade and investment flows. In consequence, Mexico's integration in the world economy has deepened, making it an increasingly important economic partner.

Members also praised Mexico for its active participation in the multilateral trading system, commended its strong support for the launching of the Doha Development Agenda, and welcomed its offer to host WTO's fifth Ministerial Conference.

At the same time, Members noted that much of Mexico's recent liberalization has taken place under preferential arrangements. Several Members maintaining preferential agreements with Mexico commented on the positive effects of such agreements on trade and investment with Mexico. But it was also noted that, in general, falling trade barriers under preferential agreements have not been matched by similar improvements for MFN partners. This was a source of concern to a number of Members, who encouraged Mexico to narrow the gap.

Falling applied preferential tariffs contrast sharply with the three percentage-points increase in Mexico's average MFN tariff since its previous Review. Noting that the measure had been announced as temporary, and that preferential partners have not been affected, Members requested particulars on the phasing out of the increase. Other recent tariff increases were also questioned, notably those affecting steel products.

Members commended Mexico's various initiatives to streamline and increase transparency in many administrative areas, but they were also concerned about Mexico's customs procedures and practices. In particular, clarifications were requested on the price reference mechanism introduced to combat under-invoicing, on import licensing procedures as well as on non-preferential rules of origin. Although transparency in the use of technical and SPS regulations has improved, some concerns were raised with respect to measures on certain products.

Some Members noted Mexico's use of anti-dumping measures, which although falling in number were still many, and encouraged Mexico to seek greater transparency in this area by aligning its contingency legislation with multilateral rules. Several Members also encouraged Mexico to accede to WTO's Government Procurement agreement, and noted that domestic procurement rules discriminated in favour of national suppliers, and of several suppliers from preferential partners.

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On sectoral policies, several questions were asked about assistance to the sugar industry, and plans for its further privatization. Members expressed interest in developments in the energy sector, air and maritime transport services and telecommunication services, notably with respect to foreign participation, competition and liberalization. Several Members thought it desirable to further open these activities to private investment, observing Mexico's positive experience with liberalization in other areas.

Members also sought further clarification on a number of specific areas, including:

- bound rates and the gap between these and applied tariffs;
- tariff quotas maintained for agricultural products;
- WTO consistency of special import regimes (including maquila and PITEX);
- local content requirements in the automotive industry; and
- protection of intellectual property rights.

The Mexican delegation gave written and oral replies to questions posed during the Review and undertook to respond in writing to some outstanding technical issues as soon as possible. The replies provided have made a major contribution to this meeting, and were clearly appreciated by Members.

In conclusion, I believe that through this Review we have gained a first-hand appreciation of Mexico's achievements since its previous Review in 1996, and of the challenges that lie ahead. Mexico is now seen by many Members as a prime example of the benefits of trade and investment liberalization, notwithstanding a number of cyclical and structural problems. However, Mexico's liberalization paradigm raises important questions for all WTO Members concerning the relationship between preferential and MFN efforts, questions that no doubt we will have to come to grips with as part of the Doha Development Agenda.

For Mexico itself, an additional challenge is to juggle the growing number of preferential agreements in force and under negotiation, together with the many components of the evolving multilateral agenda. Moreover, it is possible that dealing with issues such as ownership and competition in some critical areas, such as transportation, electricity, hydrocarbons and sugar, would contribute to an improved growth profile. Mexico's first-rate participation in this Review bodes well for its capacity to meet those challenges, to the benefit of its people and its trading partners.

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