CARLOS PEREZ VERDIA
Head of the Private Office of the Minister of Foreign Affairs of Mexico

Dominique Moisi, Special Advisor at Ifri

Now we move to a continent that has been a little overlooked in this sixth Global Governance Conference, which is Latin America. We are very privileged to have with us Carlos Pérez Verdia, who is the chief of the cabinet of the Foreign Affairs Minister of Mexico. He mentioned specifically to me that he wanted to speak of Latin America, and not only Mexico.

Carlos Pérez Verdia, Head of the Private Office of the Minister of Foreign Affairs of Mexico

Before I jump into Latin America, I would like to talk about the main issues happening in North America which will impact how Latin America is seen and progresses in the next few years, and there I will talk mainly about two things. One is trade and the other is energy.

NAFTA, the North American Free Trade Agreement, turns 20 next year. The increase in trade has been stupendous; we crossed the USD1 trillion mark in 2011, an increase of a factor of 4-5; to give you an idea of what this means at a bilateral level, Mexico and the US trade more than USD1 million every minute of every day. It is not just about the volume of trade; it is also about integration. For every dollar the US imports from Mexico, 40c are US-produced manufactures; the comparable figure for China is only 4c, so it is integration in terms of the production chains but also in terms of society. 65% of Mexicans have a favourable impression of the US, and this is really outstanding given that there are not only benefits but also a lot of challenges to our relationship.

The issues on trade that will define how North America goes forward are, first, the transatlantic trade and investment with Europe, with only the US at the table; I think we would all have liked to be there to negotiate as partners; , and, second, we are all of course in the TPP. So what Canada, Mexico and the US have to ensure is that these treaties do not water down the benefits of NAFTA.

The second issue is energy; we talked about Canada during lunch, and the US numbers are just as impressive. It has gone in the last 5-6 years from producing five million barrels per day to eight million per day, and by some estimates it will add one million barrels per day every year over the next 5-6 years, which is impressive. Gas prices in the US are maybe a quarter or a fifth of gas prices in Europe, but they are also half of what they are in Mexico, and this of course is not because oil and gas reserves finish at the border but because Mexico has been relatively inefficient in its investment. However, the good news is that three days ago the Mexican Congress passed a very deep reform which basically opens up the energy sector for investment for the first time since 1938.

We are focusing on North America, which has the potential to be incredibly efficient and competent. There are of course other issues, such as security and migration, but what we need to do is to focus on a multi-thematic relationship. Just in passing, it is interesting that we are not talking about Secretary Kerry’s announcement a couple of weeks ago that the Monroe Doctrine, which defined the relationship between the US and Latin America, was over. Actually, it defined the relationship between Europe and Latin America, so my European friends should be packing their bags and getting ready to come visit us.

What does that mean for Latin America? There are of course many different political models in Latin America, and these are usually the headline-grabbing issues, but we think we need to go for more integration, and that will come through commercial integration. Here we have two poles, or a continuum, where on one side we have Cuba, where we see interesting developments, and the reaffirmation of their economic model, which is something to watch; let us not sit on the edge of our seats, but it is something to watch. We see the private sector leading into Cuba, which is very interesting. We have the Pacific Alliance on the other extreme, which is an initiative composed of Chile, Columbia, Peru and Mexico, 200 million people and probably the eighth largest country if it stood alone. What is impressive is not
just these numbers but the speed at which it has been moving; since the beginning of 2012 we have managed to get rid of most of all our trade barriers, with the remaining 5% ready to go in the following years. The same also goes towards financial integration and labour movement. We have not been discussing this in Latin America before, so we are very excited about that.

Just as in the case of North America, Latin America has a lot of other issues and challenges, and the positive thing there with regard to drugs, security and human rights is that we are discussing these at a regional level, and we are very much betting on the Organisation of American States and on the US General Assembly 2016 discussion on drugs to guide us and tell us where to go.