

The New Global Economic Drive

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There are countless examples of Mexico's great diplomatic tradition, be it Ambassador Gilberto Bosques and the droves of Spanish, French and Jewish exiles that entered the country thanks to his efforts at the height of World War II, or the thousands of Chileans that sought refuge here from the dictatorship that ruled their country with an iron grip in the second half of the 20th century. Likewise, the freeing of Latin America from the threat of nuclear weapons as a result of the negotiations conducted by Alfonso García Robles is yet another source of pride. These examples illustrate how hard our diplomats have striven to uphold the values that define Mexico: mutual respect and the equality of the peoples of the world.

The national project of President Andrés Manuel López Obrador's government places the utmost importance on imprinting these principles on every aspect of its foreign policy, not just because these are enshrined in the Constitution, but because they recoup the spirit of Juárez *vis-à-vis* the self-determination of peoples and the peaceful resolution of disputes among the nations of the world.

Central to Mexico's new foreign policy is the protection and promotion of multilateralism as the only tool nations have at their disposal to address

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global challenges. The project being promoted by the Undersecretary for Multilateral Affairs and Human Rights of the Mexican Ministry of Foreign Affairs (SRE) rests on seven pillars that shore up a vision of fair, progressive modern-day societies; a vision that takes into account the huge inequalities people face today by reason of their gender, religion, sexual preference, social class and skin color. It is in this context that, for example, a feminist foreign policy makes sense in that it bolsters and expands the rights minorities deserve, not just in Mexico but worldwide.

A common denominator in all these issues is the drive the country needs to combat economic inequalities head on, these being a contributing factor to all other causes of inequality. If the members of a given society do not have the same material possibilities to lead dignified lives, any public policies or actions the government takes to combat other inequalities will be mere palliatives that do not attack the root of the problem: the denial of a person's right to live the life they want the way they want.

Essential to reducing this rampant inequality is cooperation between all agencies of the federal public administration in promoting economic development that benefits Mexican society as a whole. This will be the new mission of the Ministry of Foreign Affairs (SRE), which has taken over the task of international economic promotion via its foreign representations, with a view to identifying opportunities for foreign investment in Mexico and for Mexican exports in other countries, in keeping with global trends.

The main features of this new global economic drive strategy is laid out in four sections, the first of which deals with how these new duties will be performed; the second, the ways in which the various agencies of the federal government will coordinate actions to assist in this task; the third, the central role Mexico's foreign representations will play; and the fourth, the comprehensive, albeit austere strategy of this new multilateral foreign policy.

Multilateral Foreign Policy and the Global Economic Drive

As we have already mentioned, the Undersecretary for Multilateral Affairs and Human Rights has drafted a new multilateral foreign policy based on sev-

en main pillars that are in tune with national priorities like the 2030 Agenda for Sustainable Development and that serve as a guideline for future multilateral actions:

1. Prosperous, inclusive and happy cities
2. Sustainable development and the combatting of climate change
3. Sustainable peace
4. Migration and human rights
5. Non-discrimination and gender equality
6. Global economic drive
7. Innovation and social justice

By strengthening the sixth pillar of its foreign policy—global economic drive—, Mexico is sending out a unified message to the world as to how it envisages its future, while reaffirming its values and interests. In our drive to seek out and seize business and investment opportunities, never before has it been so important that international economic promotion activities fall to a prestigious, long-standing institution like the SRE, which boasts a diplomatic corps trained in standards of excellence.

Under the new strategy, the SRE will serve as a bridge between the private initiative and foreign governments, the goal being to create a global investment narrative by discussing key economic challenges at multilateral forums and promote inclusive investments and sustainable economic growth by attracting foreign investment to Mexico, as set forth in Sustainable Development Goal (SDG) No. 8 of the 2030 Agenda.

According to the International Labor Organization (ILO), “Over 600 million new jobs need to be created by 2030, just to keep pace with the growth of the working-age population. That is around 40 million per year. We also need to improve conditions for the 780 million women and men who are working but not earning enough to lift themselves and their families out of US\$2-a-day poverty.” (ILO, “Decent Work and the 2030 Agenda for Sustainable Development”). Reason why it is important the SRE helps promote economic growth that will improve the lot of people who work, but who do not earn enough to support themselves and their families. The ILO goes on to state that “The importance of decent work in sustainable development is highlighted by Goal 8, which aims is to ‘promote sustained, inclu-

sive and sustainable economic growth, full and productive employment and decent work for all.’”

It is believed sustainable investments will foster the transfer of new technologies that are conducive to the country’s development and the creation of new jobs.

The battle against exploitative employers cannot be won by the private initiative alone; only in concert with government, civil society and a global community that has its sights set on comprehensive, sustainable development. In this regard, Mexico has created a great deal more wealth, but its distribution has been anything but equitable, as illustrated by the huge disparities between certain regions and sectors. The stark contrast between Mexico’s more developed northern regions and its underdeveloped southern ones speaks of a historic debt Mexicans owe themselves. Working to close this gap requires rethinking mechanisms for integrating the country’s regional economies in a more balanced fashion.

Inter-institutional Coordination

Every new undertaking implies new responsibilities and one of these will be to coordinate and reconcile the actions of the federal public administration within the framework of a single foreign policy strategy that necessarily includes Mexico’s global economic drive.

More than 280 entities of the federal public administration have global commitments of greater or lesser import that need to be honored as best as possible in complete coordination and in the interests of the country’s economic growth.

According to *How to Resolve the Investment Promotion Puzzle*, a study conducted by the Inter-American Development Bank (IDB) and the Organization for Economic Cooperation and Development (OECD), the majority of Latin America’s investment promotion agencies (IPAS) have undergone major institutional reforms and restructurings in recent years. “On average,” states the study “more than six OECD and LAC IPAS member countries underwent organizational changes every year between 2007 and 2016. This number increased to 8.4 in 2012–2017” (2). The study also notes that IPAS have adapted to the specific economic and socio-political contexts

of their countries, with some opting for greater independence by reducing their percentage of public funding and others choosing to join the ranks of their own governments. The outlook for IPAs is complex and there is no one-fits-all solution.

The investment promotion panorama is a dynamic, rapidly evolving one in which the needs of countries and investors constantly changing, as are the governments with which these agencies interact or, in some cases, report to. As a result, the rules of the game can be somewhat unpredictable.

In January 2019, the SRE entered into a foreign investment and economic promotion cooperation agreement with the Ministry of the Economy (SE) and the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE).

Coordination efforts like these are essential on all levels of government if we are to rise to the challenge President López Obrador has set us. In this complex task, dialogue, teamwork and the sharing of experiences are basic components. By the same token, the capacity of the public and private sectors to share the responsibility of global economic promotion will be critical to strengthening the Mexican economy.

Mexico's Foreign Representations

In light of the above, it is essential we prepare those responsible for carrying out these new economic promotion duties, with the support of the appropriate entities. To this end, the Undersecretary for Multilateral Affairs and Human Rights is working closely with the Instituto Matías Romero (IMR) on a strategy to train new corps of diplomats in the specialized skills they will need to address global economic issues and strengthen Mexico's position on the international arena. Another important task will be to optimize the processes of Mexico's network of foreign representations so they can implement economic projects more effectively. To smooth the way, the SRE has entered into a cooperation agreement with Bancomext to advise and support foreign representations on matters related to the trade missions of federal, state and local governments, and business and industrial organizations that are looking to diversify and that require guidance. All this within its scope of action and in alignment with the industrial and technology

policy drawn up by the SE to further the country's growth and development by creating more and better companies that create more and better jobs, which, in turn is tied in with the promotion of exports.

Each geographical zone has its own areas of opportunity that need to be exploited to the full to ensure investments are channeled into priority projects. These new foreign corps will be trained as experts in economic and international promotion activities and all information will be harmonized so foreign representations have clear, useful intelligence at their disposal. In terms of capacity building, the main topics these corps will be versed in are those of the 2018-2024 strategy for economic, trade and foreign investment promotion.

Foreign Strategy

The global manufacturing market has experienced a downturn recently, due primarily to a reduction in exports as a result of the protectionist policies some countries have implemented, while geopolitical tensions, particularly between the United States and China, have translated into greater uncertainty as regards trade, investment and international cooperation.

Nonetheless, in today's environment, Mexico finds itself at an advantage in terms of foreign trade, especially given the maturity of its production and export platforms. But we need to aspire to more than simply joining global value chains and take steps to gradually lure the ones we already form part of to the country. By the same token, our production and export platforms are strong enough to offer alternatives for new global value chains that could potentially find a home in Mexico.

An analysis of value chains, both in Mexico and in certain strategic regions, would help us identify ways of attracting more foreign companies. According to the Economic Commission for Latin America and the Caribbean (ECLAC), Mexico is better positioned than any other country in the region to attract investments that complement value chains. Additionally, our regulatory framework and respect for intellectual property give us a competitive edge.

Mexico currently enjoys a positive reputation abroad, but the sheer expanse of our network of relations requires close communications be-

tween all sectors so as not to pass over potential business and investment opportunities. In this regard, the SRE will be working closely with the Office of the Presidency and the SE to systematize and facilitate communication with sector leaders, including strategic regional representations.

Attracting companies that belong to global value chains or that are looking to take up residence in Mexico will require more sophisticated banking services, but Mexico's development banks, Bancomext and Nacional Financiera (NAFIN), have experience assisting prospective foreign investors and Mexican companies interested in tapping into international markets.

Nonetheless, the implementation of an ad hoc methodology within inter-institutional working groups would strengthen Mexico's presence abroad, while joint communications campaigns that portray the country as a viable investment alternative would go a long way to boosting the confidence of prospective foreign investors.

We also need to take stock of the country's current situation and the capital injections required to get the flagship projects of the current government administration off the ground, namely the Maya Train and the Isthmus of Tehuantepec Interoceanic Corridor. Attracting foreign investment to these projects would help see them to a successful conclusion and foster the economic development of the region as a whole. In the interests of legitimacy and transparency, it would also be advisable for the various international organizations that form part of the United Nations System to accompany these projects, from their planning and tendering phases right through to their implementation and operation.

By the same token, an improved foreign policy means aligning our goals as a nation with a national agenda for the development of trade that defers to the ideologies and traditions Mexico is founded on. We need to foster continuous dialogue between the various actors involved, with a view to defining a single, consolidated global economic strategy. Likewise, we need to capitalize on Mexico's rich history and iconic elements of Mexican culture in our efforts to consolidate our reputation as a nation open to investment and development.

As the President himself has instructed, the internationalization of Mexican companies, especially small and mid-size ones, will be promoted by providing training in export practices.

Finally, we will be seeking to modernize and inject drive into the positions of the current government administration in a global environment. Thanks to the efforts of the Undersecretary for Multilateral Affairs to get all the different actors involved sitting down at the same table, the task of economic promotion can now be shared by the federal public administration, civil society and the private sector, in keeping with the principles of austerity, transparency and honesty.

In the interests of sustained economic growth, this policy should most definitely be accompanied by a comprehensive, forward-looking strategy that encourages the interaction of actors from all sectors of society. The public and private sectors need to work with civil society organizations to address common problems, for a prosperous nation is a nation that is capable of effectively tackling its structural weaknesses.

Conclusions

In such a complex panorama, we need to approach challenges as opportunities, and while there can be no denying Mexico faces huge obstacles when it comes to reducing the inequality gap and providing all its citizens with quality of life, the current government administration—spearheaded by President López Obrador and Chancellor Marcelo Ebrard—is working assiduously to this end.

This strategy will be complemented by numerous other policies that seek to make Mexico a more prosperous and equitable country for all, where economic growth attracts foreign companies interested in investing in Mexico and encourages Mexican companies to take their products to the farthest-flung corners of the planet. Entire communities stand to benefit from greater investment, new jobs and the improvement of public goods, not least the Mexicans who work tirelessly to provide for their families and their country. In short, the economic affluence Mexico aspires to will indubitably give the country more clout on the international arena and establish us as a standard-bearer for equality and social justice, not just in Latin America, but worldwide.