

Mexico's Participation in the Pacific Economic Cooperation Council and the New Mexican Chapter

La participación de México en el Consejo de Cooperación Económica del Pacífico y el nuevo capítulo mexicano

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Abstract

This document recounts Mexico's entry into the Pacific Economic Cooperation Council (PECC), which represented a key step towards its incorporation into the Asia-Pacific Economic Cooperation (APEC) forum. The PECC is an APEC think tank to develop proposals for integration and economic development in the Asia-Pacific region. The relaunch of the Mexican chapter of the PECC is seen as a way to make its operation more agile, to disseminate information to the public about the region and to develop new proposals for the full incorporation of Mexico into the area. The new Mexican chapter of PECC seeks to serve as a think tank for the country's activities in the Pacific Rim region and beyond.



Resumen

En este artículo se hace un recuento del ingreso de México al Consejo de Cooperación Económica del Pacífico (PECC), que representó un paso clave para su incorporación al Foro de Cooperación Económica de Asia Pacífico (APEC). El PECC es un *think tank* para el APEC, que desarrolla propuestas de integración y desarrollo económico en la región de Asia-Pacífico. El relanzamiento del capítulo mexicano del PECC es visto como una forma de dar mayor agilidad a su funcionamiento, para difundir información para el público sobre la región y desarrollar nuevas propuestas para la incorporación plena de México en la zona. El nuevo capítulo mexicano del PECC busca servir como *think tank* para las actividades del país en la región de la Cuenca del Pacífico y más allá.



Keywords

Pacific Economic Cooperation Council, Asia-Pacific Economic Cooperation, Pacific Rim, Mexico



Palabras clave

Consejo de Cooperación Económica del Pacífico, Foro de Cooperación Económica de Asia Pacífico, Cuenca del Pacífico, México

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Introduction

Mexico is a country with long-standing trans-Pacific connections. As early as the 16th century, the Manila Galleon crossed the Pacific Ocean between the port of Manila, in the Philippines, and the port of Acapulco, in New Spain. In this way, important commercial and cultural links developed between Mexico and Asia in a form of globalization prior to our current era.

The Galleon's regular sea route was inaugurated in 1565 by the friar and sailor Andrés de Urdaneta, taking advantage of the discovery of the north-easterly ocean current known as Kuroshio. The Mexican War of Independence interrupted the route, but the Manila Galleons fulfilled the dream of reaching Asia by sailing west from Europe, crossing the New Spain territory from Acapulco to Veracruz, and trading a vast amount of merchandise that arrived in Europe.

Mexico's efforts to reintegrate itself into flows of Asia-Pacific trade and investment¹ received a strong boost towards the end of the 20th century, when Mexico joined the Pacific Basin Economic Council (PBEC) in 1989, the Pacific Economic Cooperation Council (PECC) in 1991, and the Asia Pacific Economic Cooperation (APEC) Forum in late 1993.

¹ In this text, Asia-Pacific refers to the Pacific Rim.

Of similar importance is the entry into force of the North American Free Trade Agreement (NAFTA)—today the United States-Mexico-Canada Agreement (USMCA)—in 1994, of the Mexico-Japan Economic Association Agreement (AAEMJ) in 2005, of the Pacific Alliance in 2016, and of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in 2018.

It has been a long journey, but without a doubt Mexico's entry into the PECC was the first fundamental step that allowed the country to return to the most dynamic region in the world, home to the largest population as well as the most important significant generation of wealth, trade and products.

The Pacific Economic Cooperation Council

The origin of the PECC dates back to 1980, 8 years before the formation of APEC and 13 years after the establishment of the PBEC.² Its current members are Australia, Brunei Darussalam, Canada, Chile, China, Colombia, Ecuador, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Peru, Philippines, Republic of Korea, Singapore, Taiwan, Thailand, Viet Nam, the United States and the Pacific Islands Forum (PIF).³ Similarly, the PECC has France as an associate member, for its Pacific territories, and the Pacific Conference on Trade and Development (PAFTAD) and the PBEC as institutional members.

The PECC is a tripartite association of people from government, business and academia who in their personal capacity openly discuss significant issues of trade liberalization and facilitation and economic cooperation in the Asia-Pacific region. Every member economy⁴ establishes a tripartite

² Hadi Soesastro, "PECC's Formative Years: Institutionalization of a Process," in PECC, *The Evolution of PECC: The First 25 Years*, Singapore, PECC International Secretariat, 2005, pp. 31-45.

³ "Member Committees," in PECC, in <https://www.pecc.org/about/member-committees> (date of access: February 12, 2024).

⁴ We refer to economies and not to countries, consistent with APEC language, to avoid political connotations.

committee or chapter to discuss and formulate proposals for solving the challenges facing the Asia-Pacific region, supporting in this way the design of policies for sustainable economic development.

PECC's efforts to form a Pacific regional community led to the establishment of the government process known as APEC in 1989. The Council is one of the three formal permanent observers of the APEC process along with the PIF and the Association of Southeast Asian Nations (ASEAN).

We can say that the PECC is the direct forerunner to APEC, it was initially the only non-governmental observer of the latter. The PECC provides information and analytical support to APEC ministerial, senior official and working group meetings, while facilitating private sector participation.

The PECC is oriented towards the formulation of public policy proposals, particularly on trade, investment, finance and economic cooperation in general. The Council has a practical orientation and its work program promotes the coordination of public policies by establishing major objectives of economic liberalization and integration. Likewise, it serves as a regional analysis forum for the promotion of sustainable development and integration of the Asia-Pacific region, through the liberalization of trade and investment supported by economic and technical cooperation.

The joint efforts of businesspeople, governments, academics and other civil society groups in the PECC contribute to the promotion of economic growth, social progress, scientific and technological development, and environmental quality in the region. Economic cooperation has the potential to strengthen the foundations of a prosperous and peaceful region.⁵

Origins of the PECC

The first meeting that gave rise to the PECC was the Pacific Community Seminar, held from September 15 to 17, 1980 in Canberra, Australia,

⁵ "Introduction & History," in PECC, at <https://www.pecc.org/about/pecc-introduction-and-history> (date of access: February 24, 2024).

on the initiative of the prime ministers of Japan, Masayoshi Ohira, and of Australia, Malcolm Fraser. Representatives from eleven economies attended the seminar:⁶ Australia, Canada, Indonesia, Japan, Malaysia, New Zealand, Philippines, Republic of Korea, Singapore and Thailand, and the United States, as well as the island states of Papua New Guinea, Fiji and Tonga. Each delegation was made up of a senior government official, a business leader and an academic member. Representatives from the Asian Development Bank (ADB), PBEC and PAFTAD also participated.⁷

The Seminar sought the establishment of a regional mechanism or forum to promote economic cooperation and integration, based on free and open markets. It would be characterized by its independence from governments, which would allow it to address economic issues without the limitations of intergovernmental policies and relations. It was agreed that business associations and independent academic institutions would participate on the same level as governments, with the purpose of informing the latter without commitments.

Likewise, the Seminar coincided with the beginning of the hyper-globalization of markets. This was promoted by the administration of Ronald Reagan in the United States, although he was not present at the meeting.

However, not all governments agreed to form an independent advisory forum like the one proposed. Several ASEAN governments initially opposed the idea, and shortly afterwards a number of academics in the region formed a study group on ASEAN and the Pacific Community, supported by the Indonesia-based Center for Strategic and International Studies (CSIS). The report of this study group recommended the creation of an ASEAN Pacific Cooperation Committee to promote the idea of a Pacific Community. In this way, the Pacific Community Seminar evolved to become the PECC, with roots firmly established in ASEAN.

⁶ The members of APEC are economies and not countries, in the same way that the members of the General Agreement on Tariffs and Trade (GATT), later the World Trade Organization, are customs territories.

⁷ Andrew Elek, "The Birth of PECC: The Canberra Seminar," in PECC, *op. cit.*, pp. 19 and 26-28.

The second meeting of the PECC, by then called the Pacific Economic Cooperation Conference, took place in Thailand, while the third was held in Indonesia. At the latter, CSIS presented the idea of the PECC to Mexican officials and academics, leading Ambassador Omar Martínez Legorreta, at the time an academic at the Colegio de México, to participate. That year, the PECC also received representatives from Chile and Peru.⁸

The PECC organization

For the PECC, realizing the potential of the Asia-Pacific region depends on greater cooperation based on free and open trade in a spirit of respect, equity and partnership. The member economies, aware of their common interests, promote cooperation between the economies of the region, bringing greater economic and social benefits to their populations and contributing to the stability and prosperity of the region.

Likewise, they recognize the benefits of interdependence. One of the objectives of the PECC is to create a community in the Pacific. The Council brings together people with extensive experience and knowledge in order to build a community in Asia-Pacific through cooperation.

The strengths, not only of companies, governments and academies, but also of parliaments, the media, other intellectual circles and civil society, must be focused on promoting the development and stability of the region. The development of the Pacific must be carried out in tandem with the global economy, while remaining consistent with sustainable global growth supported by open regionalism.

The strength of the PECC lies in the work of its national committees and its networks of experts. The Council is rooted in the activities of its members at the national and international level, and its decision-making process is based on consensus. Its structural components are the national committees or chapters of the member economies, the General Assembly,

⁸ *Ibid.*, p. 38.

the Standing Committee, the Executive Committee, the networks of experts, the working groups and the International Secretariat.⁹

The national committees are the basic units of the organization and each member economy has its committee to participate in the process. The committees include experts in Pacific economic development.

Meanwhile, the General Assembly is the main forum for the development of strategies to promote the community of Pacific economies. The Assembly is held once a year, on a date proposed by the host country and agreed upon by the PECC Standing Committee. The host country of the PECC annual meeting is normally the same as the host country of APEC. The organization of the General Assembly is the responsibility of the host committee and has the support of the PECC International Secretariat.

The Standing Committee is the body responsible for preparing policy proposals. It comprises one representative from each member committee and meets once a year, at the same time as the General Assembly, and conducts the PECC process, developing its work program and setting out its declarations and positions. Likewise, it is responsible for supervising its expenses, including those of its International Secretariat. The Committee is chaired by two people elected by consensus, for a period of three years, renewable for the same period.

The Executive Committee is a subset of the Standing Committee and its function is to oversee the work of the PECC on a day-to-day basis.

For its part, the International Secretariat is the administrative unit of the PECC that reports to the Standing Committee and the Executive Committee. Its functions are: to provide administrative assistance to the Standing Committee and the Executive Committee, facilitate communication between the national committees, organize meetings, maintain historical records and take charge of public relations with other international organizations. Its offices are provided by the Ministry of Foreign Affairs of Singapore.

⁹ "Structure," in PECC, at <https://www.pecc.org/about/structure> (date of access: February 24, 2024).

The contributions of the PECC to APEC

The contributions of the PECC to APEC include the following: participating in the design of an Asia-Pacific investment code known as the non-binding investment principles (NBIP) in 1994; participation in the design of the trade liberalization modality in APEC, known as concerted unilateral liberalization; the development of guiding principles for competition policy; and the development of guiding principles to address the proliferation of preferential trade agreements. These contributions highlight the importance of regional networks of academics and research institutions in developing initiatives that can be adopted by APEC members.¹⁰

In recent times, PECC's main contribution to the APEC process has been the State of the Region Supplement (SOTR), which serves as an input for APEC high-level meetings to understand the expectations of experts from different economies regarding the economic development of the region. The PECC also enables each country to reflect on the regional and global context and develop proposals to achieve regional and global integration.

Mexico's participation in PECC

The Mexican Commission of the Pacific Basin (CMCP) was created in the final year of Miguel de la Madrid's six-year term in office (1988),¹¹ and was of great importance in preparing Mexico's entry into PECC and subsequently into APEC. The central purpose of the CMCP was to develop guidelines and policies for Mexico's insertion in the cooperation forums of the Asia-Pacific region.¹² Furthermore, the Commission was inter-ministe-

¹⁰ H. Soesastro, "PECC's Intellectual Contribution to APEC: Some Case Studies," in PECC, *op. cit.* p. 94.

¹¹ See Itzel Enríquez Martínez, *La Comisión Mexicana de la Cuenca del Pacífico 1988-1994 y sus principales connotaciones*, thesis, Mexico, Universidad Femenina de México, 1995.

¹² Andrés Rozental, "La Comisión Mexicana de la Cuenca del Pacífico," in *Revista Mexicana de Política Exterior*, no. 27, summer 1990, pp. 32-35.

rial in nature, while the state governments that later formed the Pacific Governors Forum also took part. The academic and private sectors also participated.

The main objective of the CMCP, seen from outside, was to secure Mexico's entry into the PECC, which was still known as the Pacific Economic Cooperation Conference at the time. To achieve this, the Commission created working groups based on the themes proposed by the PECC. It was also a question of adopting concrete measures in various areas to boost the country's progress and not fall behind the Asian countries, which were making great strides.

At the end of the 1980s, regional integration with Asia was not an objective being sought by Mexico, as ambassador Andrés Rozental recalls.¹³ However, the Mexican private sector was already participating in the PBEC.

It was a question of Mexico joining a zone where economic openness had shown its superiority over the import substitution model. The country abandoned this model in the 1980s, as the outcome of the worst foreign debt crisis it had ever experienced. In the 1990s, Mexico successfully managed to renegotiate its external debt.

Diversification was an underlying reason for participating in a Pacific economic concertation mechanism. At the same time, preparations for the NAFTA negotiation began and a strong defense of the Mexican market against China was being prepared. The current focus on nearshoring is, in a sense, a recovery of the opportunity for Mexico to have an exclusive trade agreement with its northern neighbor; the largest world market there has ever been.

The country had to participate in regional economic forums without this meaning a real commitment to economic openness with Asian countries at that time. Mexico was preparing for the 21st century with its entry into the PECC, seeking to adapt its infrastructure and legislation and resuming the globalized vision that it had during the colonial period, rooted in the discoveries of the 16th century.

The Asia-Pacific region was projected to be the most dynamic region in the world at the dawn of the 21st century, since it had the "Asian tigers" (Republic

¹³ *Ibid.*

of Korea, Taiwan, Singapore and Hong Kong), countries that had demonstrated that it was possible to boost its development through the adoption of export models. In addition, Mexico was preparing to deal with China, a country that was destined to be one of the largest economies in the world, after the abandonment of its communist model in the late 1970s.

To join PECC it was necessary to establish a national commission in charge of trans-Pacific affairs. In April 1988, President De la Madrid presided over the creation of the CMCP.

In March 1989, following on from the previous six-year term, Foreign Minister Fernando Solana chaired the first working meeting of the CMCP to take the final steps to achieve Mexico's entry into the PECC. With regard to the academic sector, the involvement of the University of Colima was of great importance, along with that of the Colegio de México.

The CMCP sought to promote Mexico's participation in the Pacific region, in a coordinated manner, between the federal government ministries and governors, businesspeople and academics, as well as other civil society groups. The Commission sought, through Mexico's participation in PECC, to contribute to the development of the Pacific community in a manner appropriate to our historical connection.

The Commission was chaired by the President of the Republic, and the Foreign Minister acted as technical secretary of the process. Working groups were created in different sectors, such as finance, trade, port development, fishing cooperation, and human resources training.

In 1989 APEC was created, also at the initiative of Australia and Japan and with the support of the ASEAN countries. In order to join, it was important to have previously been admitted to the PECC.

In that same year, the National Network of Pacific Basin Researchers was created, coordinated by the Matías Romero Institute and the University of Colima. The following year, Mexico was admitted to the PECC and APEC, in November 1993.

Meanwhile, the PBEC was founded in 1967 as the Pacific Rim Business Economic Council. This is the oldest independent business association linking the economies of the Asia-Pacific region, and it provided support to the formation of both PECC and APEC. Its members come from the economies of the Pacific Rim, forming a network of entrepreneurs committed to identifying business opportunities for the other members. The PBEC

has alliances with global organizations and its International Secretariat is located in Hong Kong, while maintaining business centers around the Pacific Rim.

The new Mexican chapter of PECC

As time went by, interest was gradually lost Mexico's involvement in the PECC. The organizational structure of the Mexican chapter of the Council had made it difficult for academics, businesspeople, and government officials to participate in a personal capacity that was committed to the development of the Pacific.

The structure originally created for Mexico's participation in the PECC was not up to date; a flexible organization was required that would facilitate the participation of its members in a spontaneous manner, inviting the flow of new ideas. Virtually all national chapters are chaired by a former diplomat, businessperson or academic who is responsible for their representation, the coordination of activities and the incorporation of new members with the appropriate credentials.

At the end of 2019, a small group of former officials, businesspeople and academics prepared a proposal for the Ministry of Foreign Affairs (SRE), as the government entity responsible for managing the affairs of the PECC, in order to reorganize the Mexican chapter to increase its flexibility. The proposal was well received, and a new chapter was immediately formed.

The new Mexican chapter developed statutes that provide for five vice presidencies in addition to the presidency, an executive director, and a communications director. The five vice presidencies correspond to the Mexican Agency for International Cooperation (AMEXCID), as the entity responsible for monitoring the PECC; the Ministry of Economy; the APEC Business Advisory Council (ABAC); the Asia Pacific Study Centers and Programs and the Vice Presidency for gender equity.¹⁴

¹⁴ The statutes and other relevant information can be found on the PECC Mexico website (<https://pecc-mexico.org/>), in addition to having social networks on Facebook and X (formerly Twitter).

Currently, in 2024, the author of this article is the president of the Mexican chapter of the PECC and Dr. Jason Martínez Jurado is the executive director.

Under the new scheme, businesspeople, ambassadors of Mexico and other diplomats active in the countries of the Asian region and other officials specializing in the region were able to join, in addition to representatives of important Mexican business sectors such as the National Agricultural Council (CNA) and the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE). Likewise, the participation of the SRE, the Ministry of Economy, the Ministry of Agriculture and Rural Development and the ABAC has been of considerable significance.

Furthermore, it was possible to incorporate a large group of academics specialized in Asia-Pacific affairs from different Mexican universities, such as the National Autonomous University of Mexico, the University of Guadalajara, the University of Colima, the Autonomous University of Baja California, the Autonomous University of Baja California Sur, the Colegio de México, the Metropolitan Autonomous University, the University of the Americas Puebla, and the Veracruzana University, among others. The Mexican Consortium of APEC Study Centers was also included.

The statutes of the new Mexican chapter of the PECC establish that, in accordance with the objective of creating a community of open, interconnected and innovative economies that cooperate to provide opportunities, prosperity and a sustainable future to all the peoples of Asia-Pacific, and with a view to Mexico achieving a greater presence and influence in this process, the Mexican chapter is reconstituted.

The members of the new Mexican chapter of the PECC (PECC-Mexico) firmly believe that building the potential of the Pacific region depends on greater cooperation between the economies that comprise it, based on free and open trade and investment, as well as on a spirit of partnership, inclusion, equity and mutual respect. It brings together individuals committed to cooperation, and seeks to serve as a think tank for the country's activities in the Pacific Rim region and beyond.