Articles

Thirty Years of Mexico in the OECD: Three Decades of Transformation

Treinta años de México en la OCDE: tres décadas de transformación

Helena Sybel Galván Gómez

Permanent Representative of Mexico to the OECD hgalvan@sre.gob.mx

Carlos Javier Castillo Pérez

Director General of Planning and Evaluation, AMEXCID ccastillop@sre.gob.mx

Abstract

In this article, the authors outline the transformations experienced by Mexico and the OECD over the last thirty years of cooperation. On the one hand, the OECD has come to play a key role in shaping Mexico's public policies, providing a discussion forum for the exchange of experiences with more developed economies. On the other hand, Mexico has been an essential part of the most important changes in the Organisation, most notably the different cycles of expansion, the adoption of new development paradigms, and its adaptation to changes in the international sphere.

Resumen

En este artículo, los autores exponen las transformaciones experimentadas por México y la OCDE a lo largo de los últimos treinta años de cooperación. Por un lado, la OCDE ha llegado a desempeñar un papel clave en la configuración de políticas públicas de México, proporcionando un foro de discusión para el intercambio de experiencias con las economías más desarrolladas. Por el otro, México, ha formado parte esencial de los cambios más importantes en el organismo, entre los que destacan los diferentes ciclos de ampliación, la adopción de nuevos paradigmas de desarrollo y su adaptación a los cambios internacionales.

Keywords

OECD, economy, development, access, history, transformation, advanced economies, global challenges

Palabras clave

OCDE, economía, desarrollo, acceso, historia, transformación, economías avanzadas, retos globales

Thirty Years of Mexico in the OECD: Three Decades of Transformation¹

Helena Sybel Galván Gómez and Carlos Javier Castillo Pérez

Introduction

2024 marks thirty years since Mexico joined the Organisation for Economic Co-operation and Development (OECD). If there is one word that can describe these thirty years of collaboration, it is "transformation," not only for Mexico but also for the Organisation. Mexico's interest in becoming a member of the OECD was part of a national strategy that sought greater integration into the global economy, in order to be more competitive and open our doors to the outside world. For its part, the OECD, which already included the most advanced economies, understood that to be more relevant it had to get closer to emerging countries and new democracies, and that is how Mexico became the first emerging and Latin American country to join the organization.

The year 1994 began with the entry into force of the North American Free Trade Agreement (NAFTA), which marked the beginning of an unprecedented regional economic integration that years later would become one of the most dynamic regions in the world. Today, Mexico is the United States' top trading partner.

On May 18, 1994, Mexico became the 25th member of the OECD. Since then, our country has played a key role in the organization, being the de facto

¹ The authors would like to thank Juan Carlos Serio for his research work for this article.

bridge between the most advanced economies and middle-income economies. Due to the size of our economy, we are part of the Group of Twenty (G20) and for more than fifteen years we were the only country in the Latin American region that was an OECD member. Mexico has been the spokesperson for the vision of large middle-income economies around a table composed mainly of advanced economies. It is very important to explain and share our structural differences so that they are considered in the design of public policies that aim to address the common challenges we face.

If there is one thing that characterizes the OECD, it is its resilience and ability to adapt public policies to the different global challenges it has faced in the more than sixty years since it was first established. As the then Mexican Foreign Minister, Manuel Tello, put it during his first presentation to the OECD Council: "We are immersed in a time of change and transition on a global scale, in which we must all adapt to the dizzying transformations. [...] Mexico will continue to work actively in the search for answers to one of the most complex questions facing humanity: "How can we achieve a more just and equitable economic and social world order?"²

Mexico's thirty years in the OECD are a story of transformation. Much has been written about the benefits that Mexico has obtained thanks to being a part of the Organisation, and little about what Mexico has contributed to it since joining.

The origin and transformation of the OECD

The OECD was created on December 14, 1960.³ It arose from the transformation of the Organisation for European Economic Cooperation (OEEC) that was created in 1948 to administer the reconstruction funds for Europe (18 countries) of the Marshall Plan. Once this mandate was concluded, it was decided to transform the organization in order to promote interna-

² Manuel Tello, "Palabras del secretario Manuel Tello ante el Consejo de la OCDE," in *Revista Mexicana de Política Exterior*, no. 43, Summer 1994, pp. 165-166.

³ Convention on the Organisation for Economic Co-operation and Development, December 14, 1960, at *https://www.oecd.org/en/about/legal/text-of-the-convention-on-the-organisa-tion-for-economic-co-operation-and-development.html* (date of access: July 30, 2024).

tional markets, economic development and employment while seeking to cooperate with developing economies. In addition to the 18 European countries, the OECD also included the United States and Canada.

In the first fifteen years, the OECD expanded its membership to Japan (1964), Finland (1969), Australia (1971) and New Zealand (1973). During the 1970s and 1980s, the Organisation addressed global problems such as the energy crisis, inflation and unemployment, becoming a platform for global economic dialogue.

In 1989, with the fall of the Berlin Wall and the demise of the Soviet Union in 1991, the Organisation faced a unique challenge: What support can we offer in light of the emerging opportunities of a new economic liberalization? Mexico was a key factor in this process: the entry of our country in 1994 commenced a cycle of expansion of the OECD that saw the Czech Republic join in 1995, the Republic of Korea, Hungary and Poland in 1996, and Slovakia in 2000. With these new members, the OECD was transformed by including at the discussion table a large emerging economy such as Mexico, as well as new democracies that still had fragile states such as the countries that had been part of the orbit of the former Soviet Union.

The changes and transformation of the OECD were also reflected in its leadership. Since its foundation in 1961, the Secretaries General had all been Europeans: Thorkil Kirstensen (1961-1969), Danish; Emiel van Lennep (1969-1984), Dutch, and Jean-Claude Paye (1984-1996), French. All of them had retained a very European approach to generating an internal market and focusing on traditional economic analysis.

At the end of 1994, the United States did not support the renewal of a third term for Secretary-General Paye, so, in agreement with France, it was decided to appoint Canadian Donald Johnston as of June 1996. The latter would be the first non-European Secretary General, and since then the Secretaries General have not been European. Secretary-General Johnston's legacy included the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Ministerial Roundtable on Sustainable Development and in particular the Programme for International Student Assessment (PISA).

In 2005, for the first time, a competitive selection process was launched to appoint the next Secretary-General of the OECD. Six candidates were presented and the Mexican Ángel Gurría was chosen by consensus, assuming the position on June 1, 2006. This event is very important for Mexico, as only twelve years since it became a member a Mexican citizen was chosen to lead the organization. The fifteen years of his three mandates were those of greatest transformation for the OECD.

First, in response to the financial crisis of 2007-2008, the Organisation decided to make a structural shift to differentiate itself from other international organizations such as the International Monetary Fund and the World Bank (known as the Washington Consensus), in order to make room for other types of dialogue and reflection focused on social issues, including inequality and poverty. The New Approaches for Economic Challenges (NAEC) initiative was created, which sought to bring cutting-edge researchers in different areas of public policy to the OECD. This was one of the biggest changes in the organization: the work focused on "inclusive growth."

In 2009, the G20 Summit in London, led by the United Kingdom, was probably one of the most important changes in the global economic architecture. In response to the great uncertainty arising from the financial crisis, it was decided to hold a G20 meeting at the leaders' level for the first time. At this summit, the OECD presented the "black list," which was the result of the Organisation's work against tax havens, thanks to which the OECD earned its place as one of the most important international organizations and became the de facto secretariat of the G20 on many issues.

Another of the transformations of the organization that began in 2007 was a new process of expanding its membership, as well as identifying key emerging economies with which the OECD wanted to have a closer relationship. As a result, four new members joined in 2010: Chile, Slovenia, Estonia and Israel, while strengthening relations with Brazil, India, Indonesia, China and South Africa. This opening transformed the face of the OECD, making it more inclusive towards the developing world. The role of the Development Centre as a link to non-member economies of the Organisation was also strengthened.

In 2011, the vision statement for the OECD's fiftieth anniversary was adopted,⁴ which made clear that its essential mission is to promote stronger,

⁴ OECD, "50th Anniversary Vision Statement, 2011," C/MIN(2011)6, at https://www.mofa.go.jp/ policy/economy/oecd/vision_statement1105.pdf (date of access: July 30, 2024).

cleaner, and fairer economic growth. Concepts and slogans such as "better policies for better lives," a new paradigm for more inclusive and flexible development, and consolidating the role of a global network of public policy makers were also adopted. Little by little the organization gave more importance to social policies, giving rise to the second motto: "leaving no one behind."

A further expansion process was initiated with the incorporation of Latvia (2016), Lithuania (2018), Colombia (2020), and Costa Rica (2021), thus reaching the current 38 members.

In 2020, the OECD's work was affected by the covid-19 crisis, as in the rest of the world. However, in less than fifteen days the Organisation made arrangements to adapt and continue operating remotely. The annual meeting that year chaired by Spain was held virtually, with three thematic panels on economy, employment and the environment, followed by the annual meeting. The participation of ministers was impressive and a very substantive ministerial declaration was achieved, something that had not been achieved in the previous four years.

During 2020 and 2021, the selection of the new general secretary was carried out in a hybrid manner. Ten candidates were nominated and Australian Mathias Cormann was elected by consensus. He took office on 1 June 2021 and will complete his first term on 1 June 2026.

The OECD has understood that its relevance in the global sphere depends largely on its openness and inclusiveness at the dialogue tables. Currently, eight countries are in the process of accession: Argentina, Brazil, Bulgaria, Croatia, Indonesia, Peru, Romania and Thailand.

Mexico in the OECD

Mexico's first contact with the OECD was in 1978, when the Organisation invited the Mexican Government, along with those of Brazil, India and the Republic of Korea, to participate in the work of the Steel Committee. Although none of these countries decided to attend on that occasion, in 1980 Mexico requested to participate as an observer at a symposium on steel, which allowed it to formalize a relationship with the Steel Committee in 1982 and become a full member in 1990. That same year, the rapprochement between Mexico and the OECD intensified at the highest level with a meeting in Davos, Switzerland, between José Córdoba Montoya, Head of the Office of the Presidency, and Jean-Claude Paye, Secretary General. At this meeting, Mexico and the OECD committed to a concerted process of rapprochement that included sending a Mexican mission to learn about its activities and working methods and the country's participation in more committees of the Organisation.

The first Mexican mission to the OECD took place in 1991, during which Foreign Minister Fernando Solana selected the committees in which Mexico would participate. Later, Manuel Tello, Mexican ambassador to France, met with the ambassadors in the Council to fine-tune the details of how Mexico would collaborate with the OECD. This political agreement was reflected in the Council's Ministerial Declaration in 1991,⁵ where economic reforms in Mexico were highlighted and the OECD Secretary General was urged to continue joint work, requesting a report on the results in 1992. This rapprochement materialized in the Council's decision to conduct an initial economic study of Mexico.

On 22 July 1992, President Salinas de Gortari took advantage of his official visit to France to meet with Secretary General Paye and members of the Council. Both the visit of President Salinas and the preparation of the economic study of Mexico promoted rapprochement and strengthened the relationship with a view to Mexico's formal entry into the Organisation.

At the 1993 Ministerial Meeting of the Council, the terms and conditions of Mexico's entry into the OECD began to be examined. During this period, from June 1993 to January 1994, there was extensive collaboration between the Government of Mexico and the OECD to align Mexican legislation with the *Acquis* and the OECD Convention. On March 24, 1994, the Council positively evaluated Mexico's results and set the date of April 14 to formally invite Mexico to join the Convention. The instrument was ratified by the Senate of the Republic on May 10 and deposited on May 18 with the French Government, thus formalizing Mexico's membership in the OECD.⁶

⁵ OECD, "Communiqué," SG/PRESS(91)31, June 5, 1991, at *https://one.oecd.org/document/SG/ PRESS(91)31/en/pdf* (date of access: September 4, 2024).

⁶ Information taken from Foreign Minister Solana's working document, in which he presents important elements of the Mexico-OECD rapprochement.

Let us recall what was happening in Mexico in the mid-1990s: President Salinas wanted to modernize the Mexican economy, attract foreign investment and strengthen the country's integration into the international economic system, which included the signing of NAFTA and joining the OECD.

In this sense, Mexico's accession to the OECD was the result of a complex and detailed process of negotiations and reforms. From the beginning, Mexico showed a strong interest in joining this organization, not only as a way to validate its internal policies of economic openness, but also to gain access to a forum for discussion and cooperation with the most developed countries in the world. The OECD, for its part, as mentioned above, was in the process of adapting to the new global realities of the post-Cold War period and was seeking to expand its membership to include countries that, although not fully developed, showed a clear commitment to economic liberalization and structural reforms.

However, the road to membership was not easy. There was resistance from some European countries that questioned Mexico's ability to meet strict OECD standards. These countries pointed out the persistent economic and social problems that characterized our country, arguing that these might be incompatible with the values and objectives of the organization. Countries such as Germany and Japan preferred the inclusion of Eastern European nations and the Republic of Korea, respectively, which were also undergoing reform but were perceived to be more aligned with OECD standards.⁷

Despite this resistance, Mexico achieved its objective through intense negotiations. The reforms the country had implemented since the 1980s, such as the privatization of State-owned enterprises, opening up to foreign investment and liberalizing trade, played a crucial role in convincing OECD members of the seriousness of its intentions. Furthermore, the support of important allies, such as the United States and Spain, was essential to overcome the reluctance of other members.

Membership provided Mexico with privileged access to a forum for public policy discussion, where it could learn from the experiences

⁷ Andrea Zomosa Signoret, *La participación de México en la OCDE, 1994-2005*, Mexico, El Colegio de Mexico (Jornadas, 147), 2005, pp. 13-24.

of more developed countries and contribute its own perspectives. One of the most significant benefits has been gaining access to a broad database and comparative analysis that allowed the country to assess its performance in a variety of areas. This has facilitated the implementation of evidence-based policies, improving the efficiency and effectiveness of government decisions.

The OECD has played an essential role in shaping key public policies in Mexico. The Organisation's periodic reviews of Mexico's economic policy have provided a framework for assessing and adjusting policies to changing global conditions.

In terms of social development, the OECD has been instrumental in promoting policies that seek to reduce inequality and improve social inclusion. Recommendations in areas such as education, health and social security have been crucial to designing more inclusive and equitable programs.

This has been particularly relevant in the fight against corruption, where collaboration with the OECD has resulted in the adoption of stricter measures and the creation of more robust supervisory mechanisms. Similarly, reforms in key sectors, such as telecommunications, promoted by the OECD, have been fundamental in increasing competitiveness and attracting foreign investment, which has reduced costs for consumers and improved the quality of service, in line with the Organisation's suggestions. Its recommendations on integrated water management in 2013 also resulted in the General Water Law, modernizing the legal and institutional framework that governs the commercial and human use of water resources.

The impact of the OECD in Mexico is not limited to national borders. The creation of the Mexico Centre, an external office of the OECD, has been instrumental in establishing regional contacts and promoting best practices throughout Latin America from Mexico City. The Centre has facilitated the exchange of knowledge and experiences among countries in the region, promoting cooperation in key areas such as economic policy, education, and sustainable development. The OECD Latin America and the Caribbean Regional Programme, largely driven by Mexico, has been a crucial vehicle for regional integration and development. This programme has enabled Latin American countries to benefit from the experience and resources of the OECD, promoting policies that foster sustainable economic growth and social equity.

Conclusions

Today, both the OECD and Mexico continue to be immersed in profound transformation processes. On the one hand, our country decided to change the course of its recent history, opting for a more inclusive development model that generates well-being for all, but especially and as a priority for the poorest. Under these conditions, Mexico presents a humanistic foreign policy to the world, which seeks well-being and justice for all countries.

On the other hand, the OECD is in the process of opening up to a world different from that of its founding and that of thirty years ago. Given the changes in the international system, the transformation of the OECD into an organization that is even more useful to the entire international community is a laborious process that requires processes of reflection that are of vital importance for both advanced and emerging economies. In this sense, it is essential that the OECD contributes to our constructively facing the geopolitical challenges that beset us, and to building a better world that guarantees the well-being of all, in a context of tolerance towards cultural and customary differences that enrich humanity, but also of respect for human rights.

Since 2018, Mexico has promoted a more progressive agenda within the OECD, focused on social policies and the reduction of inequalities. It has also promoted an initiative to include gender issues in economic studies. Currently, at Mexico's initiative, the creation of a position of Assistant Secretary General for Latin America is being considered, which if achieved will be one of the most profound changes in the governance of the Organisation, not only by giving the region a high-level position in the Organisation, but also by altering the direction of the OECD towards a more inclusive and progressive organization.

In short, Mexico's thirty years in the OECD have been a period of learning and transformation. Despite the challenges, cooperation with the OECD has provided Mexico with the necessary tools to face new developments in a more informed and effective way. Interaction with other advanced and emerging economies within the OECD has allowed the country to better position itself on the international stage, promoting more inclusive and equitable policies. Thirty Years of Mexico in the OECD: Three Decades of Transformation

Looking ahead, Mexico has the opportunity to continue leading initiatives within the OECD that benefit not only its own economy, but also the Latin American and Caribbean region. As Foreign Minister Tello mentioned when signing the document confirming Mexico's accession to the organization, the search for a more just and equitable economic and social world order remains an ongoing challenge. It is our responsibility to ensure that the policies and practices adopted today lead to a future of greater inclusion and justice for all. The continuing transformation of the OECD and Mexico's active participation in it are testimony to the fact that, with the right commitment, it is possible to build a better world for future generations.