From the Trans-Pacific to the Indo-Pacific: Two Strategic Approaches for Mexican Foreign Trade Policy

Del transpacífico al Indo-Pacífico: dos aproximaciones estratégicas para la política de comercio exterior mexicana

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Abstract
This text describes the relevance of the Indo-Pacific region for Mexico's foreign trade policy. The author provides some considerations on how negotiations to join the IPEF should be based on the experience of the TPP and the USMCA.

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Resumen
En este texto se describe la relevancia de la región Indo-Paífico para la política de comercio exterior de México. El autor señala algunas consideraciones sobre cómo deberían ser las negociaciones para incorporarse al IPEF a partir de la experiencia del TTP y el T-MEC.

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Keywords
Trade policy, Asia-Pacific, United States, TPP, USMCA, IPEF

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Palabras clave
Política comercial, Asia-Pacífico, Estados Unidos, TTP, T-MEC, IPEF

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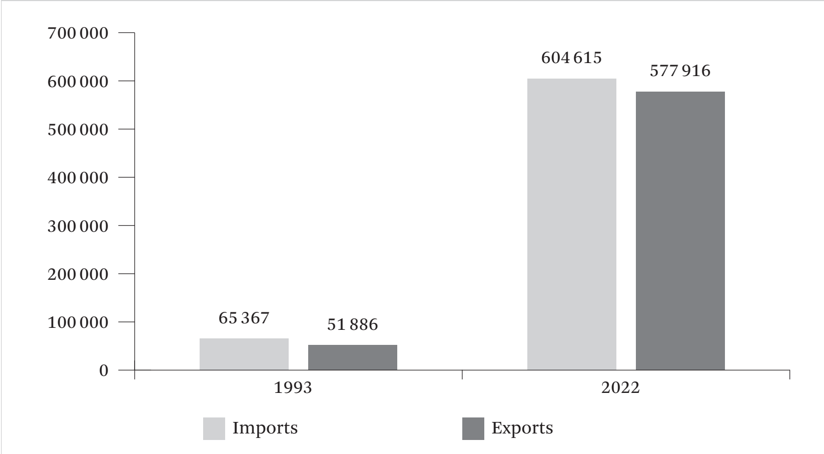
The relevance of trade policy for Mexico

Following its accession to the General Agreement on Tariffs and Trade (GATT) in 1986 and the subsequent implementation of the North American Free Trade Agreement (NAFTA) in 1994, Mexico opted for a strategy of openness based on foreign trade, foreign investment, and the incorporation of our country into the global economy as key pillars for boosting the development of the national economy. Since then, foreign trade and foreign direct investment (FDI) have become the main engine for Mexico's economic development. Our international trade has increased tenfold since 1993 (see Graph 1), and FDI grew from an annual average of USD 2536 million in the period 1980-1993 to USD 24 894 million in the period 1994-2022 (see Graph 2).

The transformation of Mexico's productive profile since trade liberalization has also been qualitative. The composition of exports has changed substantially, from being mainly oil-based in 1985 (55% of the total), prior to entry into GATT, to mainly manufacturing in 2022 (88% of the total) (see Graph 3).

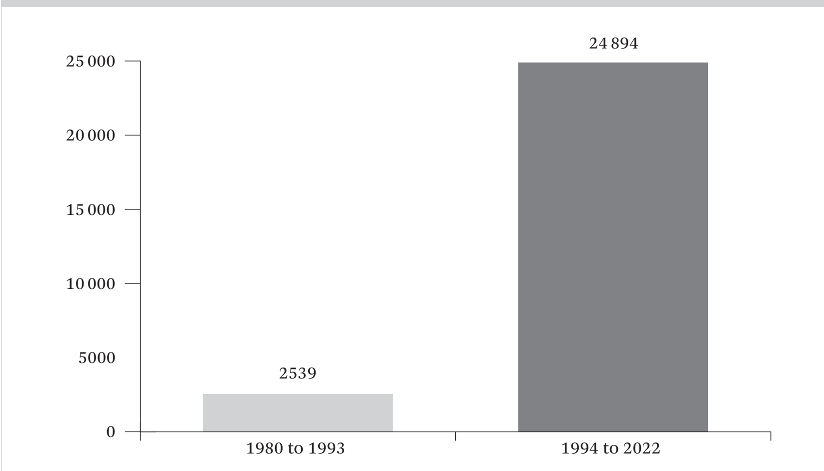
Currently, Mexico's foreign trade amounts to about USD 1.2 trillion (compared to USD 117 billion in 1993), representing approximately four-fifths

Graph 1. Mexico's foreign trade, millions of USD



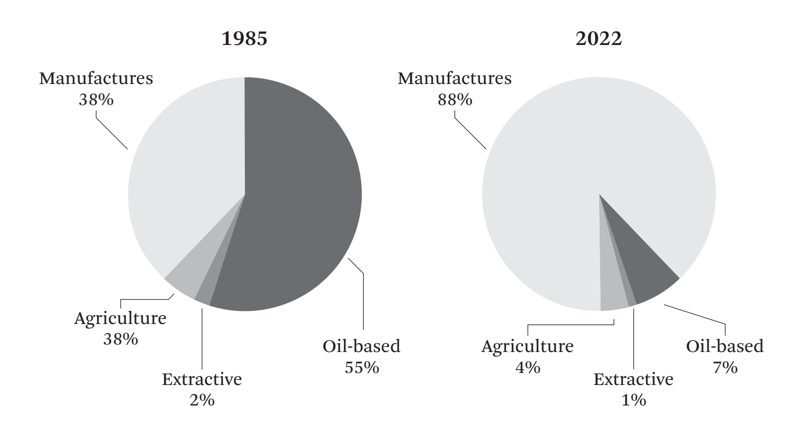
Source: Prepared by the author with information from Banco de México (BANXICO), "Balance of Payments," in Economic Information System, sections "Information Structures, By Country, Exports, Total" and "Information Structures, By Country, Imports, Total," at *https://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?sector=1&accion=consultarDirectorioCuadros&locale=en* (date of access: March 20, 2024).

Graph 2. Foreign direct investment in Mexico, annual average, million USD



Source: Prepared by the author with information from the Ministry of Economy, "Inversión Extranjera Directa," table "Información estadística general de flujos de IED hacia México desde 2006," at *https://www.economia.gob.mx/files/gobmx/ied/flujosportipodeinversion.xlsx* (date of access: March 20, 2024).

Graph 3. Mexican export composition



Source: Prepared by the author with information from BANXICO, "Merchandise Trade Balance of Mexico (Without Breakdown for Maquila)," in Economic Information System, at *https://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?sector=1&accion=consultarCuadro&idCuadro=CE125&locale=es* (date of access: March 20, 2024).

of the country's GDP.[1] The opening, together with the post NAFTA free trade agreements negotiated by Mexico with key players such as the European Union and Japan, have favored Mexico's insertion into both regional (North American, transatlantic and transpacific) and global supply chains. This has made the country a relevant link in world trade flows, and has placed it among the twelve main players in international trade and the first in Latin America (see Table 1).

The economic importance that all this has represented for Mexico, since then, also resulted in the foreign trade dimension becoming a priority, of national interest, in the international affairs of our country. Mexico became an important and well-respected player in the big leagues of international trade, influencing the design of bilateral trade rules as well as regional and multilateral trade architectures.

1 The World Bank, "Trade (% of GDP)-Mexico", in Data, at *https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?name_desc=false&locations=MX* (date of access: March 20, 2024).

It is worth mentioning that Mexico's liberalization process took place in a context of global reordering at the end of the 1980s and the early 1990s. During this period, the generation of consensus around freer and more open trade allowed the post-war liberal order to be institutionally strengthened. The merit for our country consisted in having managed to identify and interpret this circumstance and to have acted, on its own initiative, to position itself within the international trade arena.

Table 1. Foreign trade: 12 main exporters (billions of USD)

		2018	2019	2020	2021	2022
	Global	39.37	38.35	35.53	44.96	50.53
1	China	4.62	4.58	4.66	6.04	6.31
2	Germany	2.84	2.72	2.55	3.06	3.23
3	United States	2.34	2.34	2.06	2.45	2.89
4	Netherlands	1.37	1.34	1.27	1.60	1.86
5	Japan	1.49	1.43	1.28	1.53	1.64
6	France	1.26	1.23	1.07	1.30	1.44
7	South Korea	1.14	1.05	0.98	1.26	1.41
8	Italy	1.05	1.01	0.93	1.18	1.35
9	Hong Kong	1.20	1.11	1.12	1.38	1.28
10	Belgium	0.92	0.88	0.82	1.08	1.25
11	Mexico	0.93	0.93	0.81	1.02	1.20
12	Canada	0.92	0.91	0.81	1.01	1.18

Source: Prepared by the author with data from the World Trade Organization (WTO), "WTO Stats," indicator "International Trade Statistics, Merchandise Trade Values," at *https://stats.wto.org* (date of access: March 20, 2024).

Given the opportunities for the country due to its geographic proximity and the extraordinary preferential access to the largest market in the world, which results in 85% of our exports being sent to our northern neighbors,[2] trade policy also became one of the priority axes in the con-

[2] BANXICO, "Balance of Payments," in Economic Information System, sections "Information Structures, By Country, Exports, Total" and "Information Structures, By Country, Imports,

duct of the relationship with both the United States and Canada. This happened not only at the bilateral or trilateral level, but also in the approach that any of the three countries, but most notably the United States, made towards other regions and forums in trade matters.

Given that the U.S. market is of the greatest importance to Mexico, any action or trade policy approach that the U.S. envisaged, whether with Mexico, third markets, or in international forums, would potentially have implications for Mexico's interests. Similarly, U.S. approaches to third parties generally involved the analysis, to a greater or lesser extent, of the multiplier effect or the impact that this could have on our preferential access to the U.S. market.

The Asia-Pacific region: A space for action for Mexico

With this awareness, Mexico's international actions in other geographic areas, especially in the Asia-Pacific region, became more relevant. Notably, the Asia Pacific Economic Cooperation Forum (APEC) became a functional space for Mexico's commercial diplomacy and for the strengthening of the country's presence in the region.[3]

Mexico's continuous participation in this forum for almost three decades,[4] particularly through the assertive work of its officials and the networks that were formed and cultivated at all levels throughout the Asia-Pacific region, made it possible to generate long-term trade policy lines that contributed to the formation of an extraordinary trade network and the

Total," at *https://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?sector=1&accion=consultarDirectorioCuadros&locale=en* (date of access: March 20, 2024).

[3] Established in 1989, APEC's mission is to promote greater economic integration among participating economies, support trade and investment liberalization, facilitate the business environment and foster technical cooperation. See APEC, "Mission Statement," October 2023, at *https://www.apec.org/about-us/about-apec/mission-statement* (date of access: March 20, 2024).

[4] Mexico joined APEC in November 1993. See APEC, "1993 APEC Ministerial Meeting," no. 37, at *https://www.apec.org/meeting-papers/annual-ministerial-meetings/1993/1993_amm* (date of access: March 20, 2024).

deepening of the Mexican economy's participation in the trans-Pacific supply chain. The APEC framework of action contributed to the development of bilateral actions to project Mexican institutional efforts, such as the Agreement for the Strengthening of the Economic Partnership with Japan (known by its initials in Spanish—AAEMJ, 2002-2005); the study groups to deepen trade relations with Australia and New Zealand (2006-2007), the launching of trade negotiations with the Republic of Korea (2007), the rapprochements with Peru and Chile to advance the initiative then called "Pacific Arc", later becoming the Pacific Alliance (2009-2010), the resolution of trade sensitivities with China (Agreement on Trade Remedy Measures, 2007-2008), as well as to provide greater continuity to the dialogue and management of bilateral agendas with the United States and Canada.

Notably, it is within the framework of APEC that the Trans-Pacific Partnership (TPP) initiative was conceived. The fact that the TPP stemmed from dynamics generated in that forum was no coincidence. In view of the accelerated development of regional supply chains, APEC deliberations had been emphasizing the advantages of promoting greater integration through a regional architecture with convergent trade rules and incubating ideas to that end for several years.[5]

The formal confirmation by the United States of its interest in participating in the TPP initiative at the end of 2009[6] meant that this country would lead the way in promoting a deep trade integration model in the region, with the support of the other participating countries. This model would be built on the basis of a set of legally binding preferential trade rules which, due to their scope and level of ambition, would surely become—as it turned out to be—a reference for subsequent bilateral, regional and multilateral negotiations.

5 Roberto Zapata Barradas, "El Tratado de Asociación Transpacífico," in Fernando de Mateo (coord.), *40 años de Política de Comercio Exterior de México, 1976-2016*, Mexico, Ministry of Economy, 2018, pp. 218-219.

6 Office of the United States Trade Representative, "Trans-Pacific Partership Announcement," press release, December 14, 2009, at *https://ustr.gov/about-us/policy-offices/press-office/press-releases/2009/december/trans-pacific-partnership-announcement* (date of access: March 20, 2024).

By "exporting" its free trade model, the United States would use the TPP as a mechanism to negotiate not only the terms of the opening of important markets for its exports to the region, but also the opening of the U.S. market itself to imports from those countries. And it is here where the strategic implications for Mexico, not initially considered as one of the participants in this initiative, became more evident.

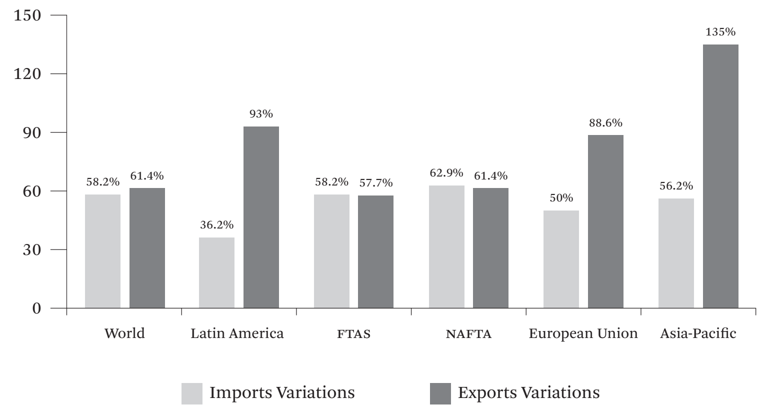
The TPP and the USMCA, reviewing our trade policy

In addition to the fact that its main export market (the U.S.) would be opened to third markets—with or without Mexico's participation—, the TPP offered a model of openness that was familiar to our country and that was promoted by our largest trading partner towards the region with the greatest economic dynamism and which registered the highest growth for our foreign trade at that time (see Graph 4). This provided Mexico with a unique opportunity to broaden the geographic projection of its trade policy, creating synergy with the United States and Canada, in addition to assuming the risk of "modernizing" the then NAFTA, but in a much broader context than the trilateral one, without having to reopen the treaty, but rather through a parallel framework.

Understanding these strategic implications, Mexico took advantage of the APEC platform to lobby the United States and the then eight other participants to ensure its entry into the TPP process. In this sense, the country did not passively wait to be invited, but instead took the initiative, deploying a broad and coordinated diplomatic operation at various levels and opening up spaces to ensure its participation.[7]

[7] Mexico expressed its interest in being part of the TPP negotiation process at the APEC Leaders' Summit in Honolulu, November 2011. Subsequently, TPP participants invited Mexico to join the initiative during the G20 Summit in Los Cabos on June 18, 2012, in the framework of a bilateral meeting between then Presidents Barack Obama and Felipe Calderón. See Ministry of Economy-Directorate-General for Multilateral and Regional Negotiations, *Acuerdo de Asociación Transpacífico (TPP)*, Mexico, Ministry of Economy (Memorias Documentales 2006–2012), 2012, at *https://www.economia.gob.mx/files/transparencia/informe_APF/memorias/14_md_tpp_sce.pdf* (date of access: March 20, 2024).

Graph 4. Mexico's trade growth by region, 2009-2012 variation



Source: Prepared by the author with data from BANXICO, "Balance of Payments".

Mexico's determination to participate in the negotiation of the TPP led our country, in practice, to "reopen" the terms of its trade relationship with the United States after 17 years of NAFTA, but now in an expanded context. This negotiation also required Mexico to carry out the most profound review and update of its trade policy since GATT and NAFTA, forcing it out of its "comfort zone".

Mexico's participation ensured preferential access for its exports to the TPP, particularly to Asian countries within the initiative. Through this platform, Mexico opened new market options in the region for its manufacturing and agricultural production.[8] It also ensured, under strategic considerations, that the supply chain flowing through the Pacific to the North American market would consider Mexico as a key link, as it was part of the preferential scheme negotiated for the region.

[8] Mexico achieved immediate tariff liberalization for 90% of its exports. R. Zapata Barradas, *op cit.*, p. 236.

The TPP, in its original version, was signed in February 2016 among twelve parties.[9] The agreement set a milestone in terms of the degree of ambition of the world's free trade agreements by including very broad coverage for the liberalization of goods and services, as well as a unique set of high-level disciplines, several of which are called "next generation". These include provisions on investment protection, e-commerce, State-owned enterprises, intellectual property, regulatory coherence, transparency and anti-corruption, among others. The strategic value of the TPP is that it was conceived as a platform to guide greater trade integration in the Asia-Pacific region by establishing a high standard of trade rules among its parties that would serve as a basis for outlining the regional economic architecture.

Yet, on January 30, 2017, still incomprehensibly for many, the United States withdrew from the TPP, which already represented a completed and signed negotiation process, largely achieved through U.S. leadership, but pending ratification.[10] One consequence for Mexico was that this decision prevented the TPP from crystallizing an indirect modernization of NAFTA, achieved as part of this plurilateral negotiation. Another effect was that the exercise turned out to be one of great value as it became, circumstantially, a unique opportunity to prepare the country for the challenge that would follow: the renegotiation of NAFTA under the Trump administration in the United States.

The renegotiation of NAFTA involved a complex and turbulent process around the most relevant national interest at that time for our country, that of preserving free trade with our largest trading partner. The challenge

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9 Ministry of Economy, "Mexico Signed the Trans-Pacific Partnership Agreement TPP," February 4, 2016, at *https://www.gob.mx/se/prensa/mexico-signed-the-trans-pacific-partnership-agreement-tpp* (date of access: March 20, 2024). In addition to Mexico, the signatories were Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, the United States and Viet Nam.

10 Office of the United States Trade Representative, "The United States Officially Withdraws from the Trans-Pacific Partnership," press release, January 30, 2017, at *https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/january/US-Withdraws-From-TPP* (date of access: March 20, 2024). Eventually, the agreement would be salvaged by the remaining 11 parties, Mexico included, and implemented in December 2018 in the form of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

was significant because, unlike the common objective that guided the negotiation of NAFTA at the time—for example, a shared vision regarding the benefits of the free flow of goods and services in North America—, on this occasion the United States was questioning the very benefits of free trade under the terms previously agreed upon by that country, including those contained in the trade association with Mexico.[11]

With this dissonance, the art of negotiating the successor agreement to NAFTA, the Agreement between the United States of America, Mexico and Canada (USMCA), was to use as a basis much of what was previously negotiated in the TPP in the areas of goods and services, trade facilitation, sanitary and phytosanitary measures, technical barriers to trade, e-commerce, State-owned enterprises and intellectual property protection, to name a few. But notably, the USMCA also relies on substantial changes of its own, reflecting stricter standards in relation to any previously negotiated free trade agreement. These include commitments regarding the observance of labor rights, restrictive origin requirements for the automotive sector, a recurring review process for the operation of the agreement and a clause on a procedure to re-evaluate the terms agreed between the three parties, should any of them decide to negotiate a free trade agreement with a third party that, in the opinion of one of the parties to the USMCA, does not have a market economy behavior (*i.e.* China).[12]

Perhaps more importantly, the USMCA "package" is now an obligatory reference for the United States in terms of trade policy for the coming years, given that its standard is at the center of the political consensus in that country. Any future U.S. trade initiative, however limited in scope, will start from that point. In this sense, Mexico's trade policy was once again able to maintain an advantageous position by preserving its preferential access to the world's most important market through a new standard

[11] See, for example, Office of the United States Trade Representative, "2017 Trade Policy Agenda and 2016 Annual Report," March 1, 2017, at *https://ustr.gov/about-us/policy-offices/press-office/reports-and-publications/2017/2017-trade-policy-agenda-and-2016* (date of access: March 20, 2024).

[12] Agreement between the United States of America, Mexico and Canada, article 32.10, Non-Market Country FTA.

of disciplines that enjoy U.S. consensus and which, to date, no one else has agreed to with our largest trading partner.

The Indo-Pacific and Mexico

The United States found itself under pressure, both internally and from some of its allies, to have a clearer and more structured leadership in the Asia-Pacific, following the vacuum generated by its withdrawal from the TPP and the growing presence of China in the region and globally. In this regard, in May 2022, the United States announced, together with twelve other countries, an initiative to negotiate an Indo-Pacific Economic Framework for Prosperity (IPEF).[13] This new approach is adjusted in its geographic focus to have broader regional coverage by including other major markets such as the Republic of Korea, Indonesia, and Thailand, countries not originally envisaged in the TPP. In addition, IPEF includes India, the country boasting the world's largest population.[14] This change in regional focus means that it now has an "Indo-Pacific" scope.

Since its launch, the countries participating in the IPEF have clarified their objectives and advanced in a new regional negotiation process under 4 pillars: (Pillar I) Trade; (Pillar II) Supply Chains; (Pillar III) Clean Economy; and (Pillar IV) Fair Economy.[15] In this sense, the negotiations under this mechanism seek to create an environment of certainty to advance in the

[13] The countries participating in the IPEF iniciative are Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Malaysia, New Zeland, the Philippines, Republic of Korea, Singapore, Thailand and Viet Nam. The White House, "Fact Sheet: In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity," May 23, 2022, at *https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/23/fact-sheet-in-asia-president-biden-and-a-dozen-indo-pacific-partners-launch-the-indo-pacific-economic-framework-for-prosperity/* (date of access: March 20, 2024).

[14] U.N.-Department of Economic and Social Affairs, "India to Overtake China as World's most Populous Country in April 2023," Abril 24, 2023, at *https://www.un.org/en/desa/india-overtake-china-world-most-populous-country-april-2023-united-nations-projects* (date of access: March 20, 2024).

[15] Office of the United States Trade Representative, "United States and Indo-Pacific Economic Framework Partners Announce Negotiation Objectives," press release, September 9, 2022, at *https://ustr.gov/about-us/policy-offices/press-office/press-releases/2022/september/*

connectivity and integration of trade and the digital economy at the regional level, without interruptions and strengthening productive capacities in strategic areas, in order to reduce vulnerabilities in supply chains.

However, contrary to the attractiveness of a free trade agreement, IPEF does not envision negotiating market opening on the basis of mutual tariff concessions, given the lack of political consensus in the United States to offer such benefits. IPEF will seek to remedy this through "new and creative" approaches to trade and technology cooperation. What this means still remains to be seen.

While this is a major constraint on the ambitious component of IPEF, it does not make it devoid of geopolitical considerations. The objective of having a set of rules for the regional supply chain, updated to the prevailing geopolitical reality, is in itself valuable. Factors that were not present more than 10 years ago, when the TPP negotiations began, such as the trade war and the escalation in the technological rivalry between the United States and China, the effects of the COVID-19 pandemic on the world economy, the commercial impact of the Russia-Ukraine conflict and the consequent disruption in supply chains, are considerations that will guide the IPEF discussions. This is no small matter, as such issues require rapid responses to unforeseen events, uninterrupted access to key inputs and, as such, greater coordination.

Thus, the four pillars of the IPEF acquire a strategic dimension that takes as a starting point what the United States has achieved in its recent negotiations, but will go deeper in the direction set by long-term domestic policies that will be decisive in the industrial strengthening objectives (such as the CHIPS and Science Act and the Inflation Reduction Act) of that country. The above seeks to establish lines of action in areas related to the digital economy and data mobility as an input for the production of artificial intelligence, the fulfillment of commitments in labor and environmental matters, the protection of intellectual property, the transition to electromobility, semiconductor manufacturing, the safe production and supply of strategic minerals, the production and use of clean energy, and to align

united-states-and-indo-pacific-economic-framework-partners-announce-negotiation-objectives (date of access: March 20, 2024).

its standards in the search for supremacy in industrial and technological development.

Thus, for the United States, the IPEF includes a two-fold nuance: on the one hand, how to articulate a scheme in the Indo-Pacific region to advance the objectives of strengthening its industrial plant in the face of its growing competition and rivalry with China and, on the other hand, how to advance in shaping the economic and trade environment around China. In this sense, this framework could become a novel approach to create consensus on certain standards that, even without the ambition of treaties such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or the USMCA, could serve as a reference in the design of future trade rules. If substantial progress is made, it cannot be ruled out that the IPEF could even become, in the medium term, a platform for the United States to return to new commitments that favor the negotiation of trade preferences with the region, based on binding disciplines. Of course, this is subject to the building of the necessary political consensus in the United States.

The IPEF does not include Mexico, one of the two largest preferential partners of the United States, even though Mexico's trade openness, with the United States as its anchor market, transformed it into a relevant player in global value chains. It is therefore difficult for Mexico's foreign trade policy makers and stakeholders to envisage a fluid, secure and integrated supply chain in the Indo-Pacific region if our country is not aligned with this or any other scheme that contributes to this effect.

There may well have been reasons for not having considered Mexico as part of the IPEF in the first instance. But if our main trading partner is once again proposing a trade agenda for that region and Mexico is not part of it, this prompts reflection on the policy actions that our country should articulate on its own initiative going forward, understanding that inaction represents an opportunity cost. For example, Mexico will not have a robust policy to take full advantage of the expectation of nearshoring of investments to our country if there is not an equally robust trade policy that considers the advanced approaches to the supply chain that the United States will be proposing in the Indo-Pacific framework. In that sense, the most direct way to take those approaches into account would be through participation in the IPEF discussions.

Likewise, if Mexico wants to maintain its position as a key link in the supply chain going forward, both in the Indo-Pacific region and globally, it will have to implement an active trade policy, with a strategy not only defined towards the region, but also clearly coordinated at the level of the Federal Executive. In the absence of a broad vision in that sense, our trade policy will be limited to a few random actions, without further articulation, which will run the risk of merely being seen as gestures of goodwill.

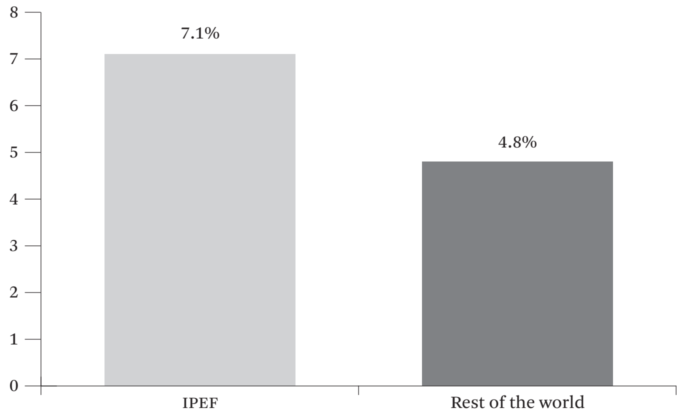
On the other hand, it should be kept in mind that part of the work on the "hard" commitments that the United States will seek to agree to in the IPEF has already been done by Mexico under the TPP and, especially, under the USMCA. This is the case, for example, with compliance with high labor and environmental standards, or the digital economy. It is also important to consider that the fact that the negotiation of the IPEF does not initially foresee commitments to openness based on tariff preferences avoids Mexico's internal wear and tear with productive sectors that are traditionally sensitive to it. All this should facilitate a more assertive approach to the region on the part of our country.

The responsibility to resume a robust approach to the region and take advantage of the opportunities it offers begins with a clear decision by the public sector, based on the notion that foreign trade with the region, being one of the most dynamic (see Graph 5), contributes to the country's economic development. Our other North American trading partner, Canada, understood this and not only announced its own initiative, largely aligned with IPEF's objectives, but is already lobbying the United States for its full incorporation into the forum.[16]

However, the responsibility to move forward in a next stage of Mexico's rapprochement with the region is not limited to the public sector.

[16] Global Affairs Canada, "Canada Launches Indo-Pacific Strategy to Support Long-term Growth, Prosperity, and Security for Canadians," press release, November 27, 2022, at *https://www.canada.ca/en/global-affairs/news/2022/11/canada-launches-indo-pacific-strategy-to-support-long-term-growth-prosperity-and-security-for-canadians.html* (date of access: March 20, 2024); and Global Affairs Canada, "Minister Ng Meets United States Trade Representative Katherine Tai," May 2, 2023, at *https://www.canada.ca/en/global-affairs/news/2023/05/la-ministre-ng-rencontre-la-representante-au-commerce-des-etats-unis-katherine-tai.html* (date of access: March 20, 2024).

Graph 5. Average annual foreign trade growth rate of IPEF and the rest of the world, 2013-2022



Source: Prepared by the author with data from BANXICO, "Balance of Payments".

The Mexican private sector learned a lesson from recent trade negotiations (TPP and USMCA): the optimal strategy is to seize the initiative and take action. Therefore, the private sector should take a proactive role to maximize the benefits derived from international trade and promote a clear agenda going forward, given that supply chains converge in our territory.

Final considerations

As happened in the late 1980s and early 1990s, we are witnessing a reordering of international relations, and foreign trade is an integral part of it. Such a reordering opens windows of opportunity. The United States is a central part of this restructuring and Mexico, as one of its main trading partners, will by definition play a part in this moment of change.

The current approach taken by U.S. economic and trade policy, which seeks to decouple the North America from strategic sectors outside China, or at least reduce the risk in the supply chains that operate them, and which emphasizes domestic policies for industrial strengthening, means that the conduct of international trade has a markedly geopolitical emphasis that could open up scenarios of trade fragmentation. In this sense, the current situation demands a new strategic approach to reposition the country on the world trade chessboard for the next 20 years, and the dilemma facing Mexico is whether or not it wants to return to play in the major trade leagues.

Trade policy, like other dimensions of public policy, takes a lot of dedication and years to build, and the long term begins today. If we want our trade and investment relationship with the United States and the rest of the world to continue to be strategic in its practice and operation, while leveraging our country's foreign trade activity to drive development, trade initiatives become imperative.

The Indo-Pacific will be one of the regions where the rules of international trade will be reviewed and updated in the coming decades. If Mexico wants to position itself advantageously in the sights of manufacturing and service producers—as a strategic ally for production—and to take full advantage of the nearshoring of investments, the right signals must be sent. IPEF could be a very useful promotional tool for this purpose.

Of course, it is important to keep in mind that the challenges of maximizing the opportunities that the world presents to Mexico start at the local level and include multiple areas that make up the country's competitiveness, such as the ability to guarantee and scale the supply of energy to the manufacturing plant, the facilitation of logistics and infrastructure for the agile movement of goods, and the robust application of the rule of law, to mention just a few aspects. Even so, Mexico remains in the sights of investors, thanks to an increasingly geopolitical global environment that far exceeds the Mexican reality. If Mexico is not able to take full advantage of this window of opportunity, it will miss a unique opportunity to take control of decisions and position itself favorably in the face of an increasingly evident global reordering, of which other countries will seek to take advantage.