


Chapter 71

Strategic–Spatial Analysis of the Implementation of Business Opening Politics of Mexico

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ABSTRACT

The aim of this present chapter is to analyze the Mexican implementation strategy of trade policy openness due to the globalization trend, urging the country to create a series of trade agreements and treaties on free movement of goods and regional integration, becoming the country with the network of the world's largest trade agreements, increasing its presence and Mexican companies in international markets. Similarly, a spatial analysis of the last five governmental periods, comprising 26 years of foreign trade policies and its impact on foreign investments, foreign trade and main multinationals in Mexico, are done forcing them to centering in competitive productive processes and improving their internal organization, innovation and development.

INTRODUCTION

Deriving from globalization of foreign trade has created a series of trade agreements and treaties on free movement of goods, regional integration and economic integration processes between countries. This phenomenon has increased in most countries and Mexico is no exception. Mexico has experienced a steady increase in the internationalization of Mexican companies. This increase is largely due to the openness of trade policy adopted by the country. Following the entry of Mexico to the General Agreement on Tariffs Trade (GATT) in 1986, the country adopted business trends on multilateralism and regionalism, which has led to an increase in the internationalization of Mexican companies.

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In light of the foregoing, from the late 1990's, Mexico has experienced an increase in investment abroad from large Mexican companies which have managed to cope with changes in international markets and structural adjustment policies (Vargas-Hernandez, 2011), so it follows that the support of the Mexican government to Mexican companies, as well as the impact of trade globalization, results in a sustained internationalization of Mexican companies increase.

ADOPTION OF OPENNESS TRADE POLICIES

In the eighties, it was created the economic and political framework for the US and international organizations like the World Bank actively promote implementation of neoliberal policies in developing countries, among them, Mexico (Ruiz-Nápoles, 2004). Undoubtedly one of the most important neoliberal policies of that time was the adoption by Mexico to the GATT in 1986, -today World Trade Organization (WTO) - which resulted in the adoption of trade openness policy. Among the main commitments assumed by Mexico, was the gradual reduction of tariffs on trade as well as the adoption of trade policies of non-discrimination, within which include national treatment and most-favored-nation generating with this, greater trade openness in Mexico.

Derived from the developments described above, the Mexican government, in compliance with the economic policy of former president Carlos Salinas de Gortari (1988-1994), conducted a series of privatizations of state enterprises and subsequently opened a new concept of national economic growth that oriented production outward to export. In the context of trade liberalization and large-scale tariff dismantling, Mexico opted for the free trade area with Canada and the United States, leading to the signing of the Free Trade Agreement with North America (NAFTA, or NAFTA for its acronym in English) by Salinas de Gortari, the December 17, 1992,

A. Agreements and Treaties Signed by Mexico

The Mexican government has a number of international positions and legal figures to give special treatment to foreign direct investment in the country. These provide security to investors and promote investment flows. The legal framework that helps the country to promote foreign investment is mainly based on free trade agreements, mechanisms of protection of foreign investment, bilateral investment promotion and finally the federal law and the laws and regulations of each state. Mexico has a network of 10 free trade agreements (FTAs) with 45 countries (FTAs), 30 Agreements for the Promotion and Reciprocal Protection of Investments (BITs) and 9 limited arrangements (Economic Complementation Agreement and partial scope agreements) under the Latin American Integration Association (LAIA).

In addition, Mexico actively participates in multilateral and regional organizations and forums such as the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) Mechanism, the Organization for Economic Cooperation and Development (OECD), the Latin American Association integration (ALADI), Alliance Pacific, Latin American Pacific Arch (Arco Forum), Project Mesoamerica integration and Development (Mesoamerica Project), the Trans-Pacific Strategic Partnership (TTP), among others.

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