Latin America's pivot to Asia now includes growing political and economic relations not only with China but also with India.

In the years since China adopted a "going global" strategy to promote its overseas investment, expand export markets, and gain much-needed access to natural resources, Sino–Latin American relations have both deepened and broadened at an unexpectedly rapid pace. This was initially and primarily driven by mutually advantageous exchanges: Latin America's resource-rich countries send their natural wealth to the Asian giant's growing market, while China sends back manufactured goods. In recent years, relations have matured considerably, becoming far more nuanced and multifaceted than ever before.

India is a relatively new player, but has slowly strengthened its ties with Latin America. As one of Asia's largest markets, it offers parallels to the Chinese case. Will Indo–Latin American ties follow a similar path? The main areas of growth include trade and investment, mining, energy, information technology, motor vehicle production, and pharmaceuticals. To what extent these changing dynamics will redefine Latin America's relations with India is a question of increasing relevance for policymakers.

This volume assesses critical policy areas driving the relationship between these two Asian giants and Latin America. Selected country case studies—Argentina, Brazil, Chile, and Mexico—provide a more in-depth analysis of the implications of China's and India's evolving interaction with the region.

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LATIN AMERICA AND THE ASIAN GIANTS

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Evolving Ties with China and India

RIORDAN ROETT
GUADALUPE PAZ
Editors

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37. Alicia Frohmann, "Regionalismo en Asia: Oportunidades para Chile," Universidad de Chile, *Revista de Estudios Internacionales* 167 (December 2010).

CHAPTER 11

Mexico's Relationship with China and India

Recent Developments

Enrique Dussel Peters

The Latin America and Caribbean (LAC) region's relationship with China and the broader Asian region could be understood in several stages over the last centuries, starting as early as the sixteenth century with maritime trade and most recently at the end of the twentieth century and the beginning of the twenty-first century, when we have witnessed a qualitative change and significant growth in the economic relationship between the regions. Mexico, an active member of the Trans-Pacific Partnership (TPP), the Asia-Pacific Economic Cooperation forum (APEC), and the Pacific Alliance, among other regional economic schemes related to Asia, has a critical role to play in the future of LAC's relationship with China and India.

This chapter examines Mexico's current relationship with China and India, both in terms of available analysis on the subject and in terms of recent developments in the bilateral relationships. The first section offers an overview of the main issues highlighted in contemporary analyses. The second section offers a brief summary of the issues driving Mexico's relations with the two Asian giants, including recent institutional, commercial, and financial trends in the 2000–13 period. The third and final section presents a set of policy issues that are most pressing from a Mexican perspective.

RECENT ANALYSES OF MEXICO'S RELATIONS WITH THE ASIAN GIANTS

At least three types of analyses can be highlighted regarding Mexico's relationship with China and India during the 2000–13 period. First are the LAC regional perspectives. The Economic Commission for Latin America and the Caribbean (ECLAC), along with the Inter-American Development Bank (IDB) and the Organization for Economic Cooperation and Development (OECD), led the way with a group of publications in the first part of the twenty-first century. In general, the studies conducted by these institutions highlighted the increasing relevance of both regions in terms of trade, investment, and finance—the "seismic changes" experienced in recent years were the result not only of market forces but also of the active policies of the respective governments.[1]

Indeed, LAC's relationship with Asia and the Pacific—and particularly with China and India—proved to be one of the most dynamic and relevant in terms of trade, with an average annual growth rate of 20.5 percent. Trade between the two regions accounted for more than 20 percent of LAC's total trade since 2011. The costs of trade, including tariffs, transportation, and overall transaction costs, were highlighted as important agenda items between the two regions.[2] The new Asia-focused trade diversification trends also posed massive opportunities and challenges for LAC in this new "south-south" relationship, specifically in terms of trade and investment cooperation, infrastructure, competitiveness and innovation, climate change, and policy dialogue on cooperation, among other areas.[3]

A number of studies have deepened the analysis of the Sino-LAC relationship, covering a broad range of economics topics, strategic and political relationships, and key issues such as energy and manufacturing.[4] Particularly relevant for the case of China—as also for India, and for Asia in general—is that LAC's trade deficit with the region is significant in terms of its content: LAC's exports to Asia and China include mostly raw materials, with little value-added or technological content, while LAC's imports from the region are manufactured goods with increasing value-added content and products of medium- and high-level technological content. These topics have been discussed in detail for most of LAC in its relationship with Asia, and particularly with China.[5] These findings have been updated periodically by institutions such as ECLAC, the IDB, and the Red Académica de América Latina y el Caribe sobre China (RED ALC-CHINA), among others.

There has also been increased analysis of the Mexico-China relationship—and to a lesser extent of the Mexico-India relationship—from a general or macroeconomic perspective, discussing trade and

business experiences, and whether China's involvement in the region poses an opportunity or a threat, but also in terms of cooperation, cultural and educational exchanges, and history. Up until the present, the Mexican government has continued, with few exceptions, a consistent liberalization strategy that started at the end of the 1980s, and only very recently has it begun to seriously consider Asia an important strategic partner in the context of globalization and beyond the North American Free Trade Agreement (NAFTA), particularly in terms of the diversification of its economic ties.[6]

Earlier analysis on Mexico tended not to explicitly include Asia, as it remained difficult for policymakers to incorporate the region into their strategic thinking.[7] While Mexico has maintained important political relations with China and India in several multilateral groups, such as the G-20 and the UN system, and has long been a participant in Asian forums, among them APEC, the Association of Southeast Asian Nations (ASEAN), the Forum for East Asia–Latin America Cooperation (FEALAC), and the Pacific Economic Cooperation Council (PECC), it is only since 2013 that the government's strategic plan, the Plan Nacional de Desarrollo, or PND (2013–2018), has presented a set of "lines of action" with specific goals and strategic objectives for interactions with Asia (though there is not a single direct reference to India in the PND).[8] The TPP and the Pacific Alliance have also played a role in bringing Asia into focus in terms of Mexico's policy reform path.[9]

Analysis regarding Mexico-China relations indicates that public, private, and academic institutions are weak in terms of their capacity to devise proposals and provide funding for particular projects of relevance to bilateral ties.[10] Since 2004, China and Mexico have set up a number of bilateral institutions, including the Mexico-China Binational Commission and the High-Level Group, which have focused on most of the relevant bilateral issues. However, there is still a long way to go in addressing these issues, which range from statistics to education, tourism, immigration, trade, and investment. New qualitative improvements in the bilateral relationship since 2013, the result of several presidential meetings between Enrique Peña Nieto and Xi Jinping, have raised expectations that important results in the Mexico-China agenda are imminent.

China has consolidated its position as Mexico's second-largest trading partner, but it also accounts for a significant trade deficit and an increasing "primarization" of Mexico's trade with the Asian giant—increasing exports in raw materials (oil and copper)—while more than 60 percent of Mexico's imports from China have a medium- and high-level technological content. Until 2013, Foreign direct investment (FDI) from China accounted for less than $260 million (less than 0.1 percent) of Mexico's total FDI (in firms such as Hutchinson Ports, Sinatex, Golden Dragon, and Huawei), manifesting an important gap with overall economic and trade intensification.[11] Several Mexican "multilatinas" have also been actively investing in China, reaching around $320 million in investments by 2011. They include Bimbo, Nemak, Katcon, Gruma, Softek, Cemex, Interceramics, and Grupo Kuo, among others.[12]

The administrations of Enrique Peña Nieto and Xi Jinping have placed emphasis on Chinese investment in Mexico.[13] The Mexican Finance Ministry has overseen these investment initiatives as part of the stated goal to become "integral strategic partners." Thus, one of the most important challenges in the Mexico-China relationship is the implementation of concrete projects in the prioritized agenda regarding Chinese investment. Formal agreements in the areas of tourism, education, culture, and scientific cooperation, among others, have been reached, in addition to the Agreement for the Promotion and Reciprocal Protection of Investments (APPRI) in 2008. Finally, on the cultural front, China has made important inroads in Mexico through five Confucius Institutes, among the highest number of centers in any country worldwide.

On Mexico's relations with India, research has been much more scarce.[14] Mexico's diplomatic relationship with India started in 1950, much earlier than with China (1972). Beginning in 2007, the Mexico-India relationship was elevated to a "privileged association," and several bilateral institutions have been established—in particular, the Mexico-India Binational Commission. As well, cooperation agreements in education, culture, and science and technology have been updated since the 1970s, though they have remained relatively low profile.[15] In terms of trade and investment, both countries signed an APPRI in 2007. Rather surprisingly, India has so far developed a more significant relationship in investment than in trade: though India is not among Mexico's top ten trading partners, investment since the 1990s has been noteworthy, particularly in steel, other manufacturing, and software (see Jorge Heine and Hari Seshasayee's discussion of Indian investments in chapter 3).[16] Both countries have also increased efforts in the cultural, agricultural, and educational fields (in 2010, the Professorship Octavio Paz on Indian Studies was established in Mexico).

The number of microlevel studies on China's FDI in Mexico is also increasing.[17] These case studies generally highlight that Chinese FDI in Mexico is still very low as a result of a lack of coordinated promotion from the Mexican side and the complexity of Mexico norms and rules of origin. Certain benefits to investing in Mexico are clear, such as its membership in NAFTA and other free trade agreements (FTAs), which allows access to some forty-four partner countries. Chinese firms have been slow to learn and adapt to the Mexican system, for example in relation to public contract bidding.[18] As a result, both countries must invest significant time to prepare in detail. Mexico in particular must adjust to the specific requirements of Chinese firms, which are substantially different from those of other foreign firms that have already established investment relationships with Mexico and have a rather in-depth knowledge of supplier systems and particular products and processes, relationships with other firms and the public sector, logistics, and access to specialized labor and training.

OVERVIEW OF INSTITUTIONAL RESOURCES AND TRADE AND INVESTMENT TRENDS

Mexico's Foreign Ministry has the highest-ranked unit specializing in Asia, the General Directorate for Asia-Pacific, which is part of the portfolio of the deputy secretary of foreign relations and covers both China and India.[19] Other government institutions in Mexico, such as the Economics Ministry, do not have specific dependencies dedicated to Asia.[20] Under the Peña Nieto administration, however, the Finance Ministry has increased its focus on Mexico's relationship with China. Mexico's public sector has also substantially pushed for an active strategy in the TPP, categorizing it as "the most important and ambitious trade negotiation worldwide."[21] The Pacific Alliance is a more recent Latin American initiative, led by four countries (Chile, Colombia, Mexico, and Peru), to allow for the free exchange of goods, services, capital, and people. The four countries account for 34 percent of Latin America's GDP and 50 percent of trade in the region.[22]

A number of business organizations in Mexico work on Asia, but they tend to focus on specific countries and not to look more broadly at the region. The following organizations are the most significant in Mexico today: the Mexican Business Council for Foreign Trade, Investment, and Technology (COMCE), which organizes events and presents analysis on both China and India; a small but growing group of business organizations specializing in China issues, such as the Mexican Chamber of Commerce in China and the Mexico-China Chamber of Commerce and Technology; and the Confederation of Chinese Associations in Mexico. In the case of India, the India-Mexico Business Chamber (IMBC) was created in 2006.

Academic institutions specializing in China and India are rather new in Mexico, with the important exception of El Colegio de México. The Center for Asian and African Studies at El Colegio has the oldest tradition in Mexico and Latin America of studying Asia.[23] The National

TABLE 11-1

Mexico: Main Trade Structures, 1993–2013

Exports

	Year	Total	United States	European Union	Asia	China	India	Other
$US (MILLION)	1993	51,886	42,912	2,704	1,348	45	10	4,923
	1996	96,000	80,570	3,570	2,601	38	21	9,258
	2000	166,121	147,400	5,743	2,158	204	60	10,820
	2005	214,233	183,563	9,144	4,779	1,136	561	16,748
	2010	298,473	238,684	14,432	10,703	4,183	1,015	34,654
	2013	380,027	299,439	19,710	18,499	6,470	3,795	42,378
GROWTH RATE	1993–2000	18.1	19.3	11.4	7.0	24.2	29.8	11.9
	2000–2013	6.6	5.6	10.0	18.0	30.5	37.6	11.1
SHARE OVER TOTAL (PERCENTAGE)	1993	100.00	82.70	5.21	2.60	0.09	0.02	9.49
	1996	100.00	83.93	3.72	2.71	0.04	0.02	9.64
	2000	100.00	88.73	3.46	1.30	0.12	0.04	6.51
	2005	100.00	85.68	4.27	2.23	0.53	0.26	7.82
	2010	100.00	79.97	4.84	3.59	1.40	0.34	11.61
	2013	100.00	78.79	5.19	4.87	1.70	1.00	11.15
TRADE BALANCE	1993	−13,481	−2,383	−5,204	−6,025	−342	−79	132
	1996	6,531	13,034	−4,303	−6,397	−721	−103	4,197
	2000	−8,337	19,866	−9,586	−18,113	−2,676	−229	−504
	2005	−7,587	65,016	−16,838	−48,875	−16,561	−398	−6,889
	2010	−3,009	93,677	−18,065	−85,215	−41,425	−782	6,594
	2013	−1,184	112,178	−23,062	−100,937	−54,851	927	10,638

Source: Author's own elaboration based on Banco de México data ("Balanza comercial de mercancías de México") for 1993–2013 (www.banxico.org.mx, 2014).

Autonomous University of Mexico also offers various academic options for studying Asia, both through the School of Philosophy and through the School of Economics, in addition to foreign languages. The Center for Chinese-Mexican Studies (CECHIMEX), part of the School of Economics, has offered in-depth studies in the last decade on trade and investment, and has conducted detailed research on value-added chains, urbanization, agriculture, the environment, and the increasing exchange with Chinese counterparts.[24] In several cases, academic institutions co-

Imports

	Year	Total	United States	European Union	Asia	China	India	Other
$US (MILLION)	1993	65,367	45,295	7,908	7,373	386	89	4,791
	1996	89,469	67,536	7,873	8,998	760	125	5,061
	2000	174,458	127,534	15,328	20,271	2,880	288	11,324
	2005	221,820	118,547	25,981	53,654	17,696	959	23,637
	2010	301,482	145,007	32,497	95,918	45,608	1,797	28,060
	2013	381,210	187,262	42,772	119,436	61,321	2,868	31,740
GROWTH RATE	1993–2000	15.1	15.9	9.9	15.5	33.2	18.4	13.1
	2000–2013	6.2	3.0	8.2	14.6	26.5	19.3	8.3
SHARE OVER TOTAL (PERCENTAGE)	1993	100.00	69.29	12.10	11.28	0.59	0.14	7.33
	1996	100.00	75.49	8.80	10.06	0.85	0.14	5.66
	2000	100.00	73.10	8.79	11.62	1.65	0.17	6.49
	2005	100.00	53.44	11.71	24.19	7.98	0.43	10.66
	2010	100.00	48.10	10.78	31.82	15.13	0.60	9.31
	2013	100.00	49.12	11.22	31.33	16.09	0.75	8.33
SHARE OVER TOTAL TRADE	1993	100.00	75.23	9.05	7.44	0.37	0.08	8.28
	1996	100.00	79.86	6.17	6.25	0.43	0.08	7.72
	2000	100.00	80.73	6.19	6.59	0.91	0.10	6.50
	2005	100.00	69.28	8.06	13.40	4.32	0.35	9.26
	2010	100.00	63.95	7.82	17.77	8.30	0.47	10.45
	2013	100.00	63.94	8.21	18.12	8.91	0.88	9.74

operate with business organizations to formulate policy-oriented agendas.[25] A number of institutions offer courses on Asia (Universidad de Guadalajara, Instituto Tecnológico de Monterrey, Universidad de Colima), but with little specialization in China and India.[26] In general, it is clear that Mexican institutions, whether in the public, private, or academic sector, are ill prepared for the qualitatively new relationship with China and India and for generating conditions of extensive and in-depth knowledge of both countries.

TABLE 11-2

Mexico: Trade with Asian Countries by Medium and High-Technology Levels[a] (share over respective total)

	1995	2000	2005	2010	2013
Mexico, Total					
Exports	54.34	62.01	56.89	59.19	59.28
Imports	45.91	53.84	51.44	50.84	50.75
United States					
Exports	58.56	65.03	59.68	62.01	63.60
Imports	45.07	53.67	43.29	38.54	38.40
China					
Exports	3.62	89.20	34.39	27.92	40.39
Imports	38.39	51.15	70.36	77.46	74.67
India					
Exports	12.66	6.17	2.76	20.92	9.52
Imports	8.81	14.69	27.22	29.11	37.14

Source: Author's own elaboration based on World Trade Atlas data (available through IHS Maritime & Trade, www.ihs.com, 2014).

[a] Refers to chapters 84–90 of the Harmonized Tariff System.

In terms of Mexico's current trade and investment trends with respect to China and India, table 11-1 highlights that the share of exports to the United States, but particularly of imports from that country, have fallen substantially—the share of imports fell from 75 percent to less than 50 percent, and the share of total trade fell from 81 percent in 1999 to below 63 percent since 2010. In contrast, the share of total trade between Mexico and Asia almost tripled during the 2000–13 period, and increased almost tenfold for both China and India. Table 11-1 also shows that Mexico has a large trade deficit with China (a 10:1 import-export relationship in 2013). In 2013, India was Mexico's ninth-largest trading partner, ranking above such historical trading partners as the United Kingdom, France, and Colombia. In addition, since 2011, Mexico has had a small but increasing trade surplus with India.

As table 11-2 illustrates, while Mexico has substantially improved the technological level of its exports since the 1980s, particularly with its main trading partner, the United States, this structural change is not witnessed in Mexico's trade with Asia, and especially not with China. In 2013, for example, 40 percent of Mexico's exports to China

TABLE 11-3

Mexico's Trade with China and India (at the chapter level of the Harmonized Tariff System, 1995–2013) (main ten chapters of the HTS, according to 2013)

		1995	2000	2005	2010	2013
	Imports from China	521	2,880	17,696	45,608	61,321
85	Electrical machinery	140	904	7,110	21,755	26,687
84	Auto parts	38	415	4,567	10,658	14,422
90	Optical instruments	20	114	414	2,066	3,032
87	Automobiles	2	39	336	824	1,591
98	Special classification	9	123	424	925	1,497
39	Plastics	26	101	511	1,023	1,435
95	Toys, games	68	204	625	1,353	1,390
73	Articles of iron and steel	10	54	316	707	1,147
72	Iron and steel	8	69	194	125	257
27	Oil	40	92	129	134	129
	Exports to China	37	204	1,136	4,198	6,465
87	Automobiles	0	5	52	641	1,615
27	Oil	0	0	0	724	717
85	Electrical machinery	0	19	39	301	670
84	Auto parts	1	157	296	198	252
39	Plastics	0	3	35	103	160
90	Optical instruments	0	1	5	32	74
73	Articles of iron and steel	21	0	15	7	18
72	Iron and steel	0	4	102	15	8
95	Toys, games	0	0	1	0	2
98	Special classification	0	0	0	1	2
	Imports from India	121	288	959	1,797	2,868
87	Automobiles	8	19	133	168	521
85	Electrical machinery	1	13	65	222	279
84	Auto parts	1	7	48	118	227
27	Oil	0	0	26	156	181
73	Articles of iron and steel	2	6	17	84	117
98	Special classification	0	4	22	61	92
39	Plastics	1	3	14	39	64
90	Optical instruments	1	4	15	15	37
72	Iron and steel	18	20	23	24	35
95	Toys, games	0	1	3	3	2

(continued)

TABLE 11-3
(continued)

		1995	2000	2005	2010	2013
	Exports to India	25	60	561	1,009	3,525
27	Oil	0	41	487	591	3,001
85	Electrical machinery	0	0	2	107	179
84	Auto parts	3	3	12	38	122
72	Iron and steel	0	0	8	47	39
87	Automobiles	0	0	0	49	29
39	Plastics	0	0	6	25	23
90	Optical instruments	0	0	1	1	3
73	Articles of iron and steel	1	7	2	5	2
95	Toys, games	0	0	0	0	0
98	Special classification	0	0	0	0	0

Source: Author's own elaboration based on World Trade Atlas data (available through IHS Maritime & Trade, www.ihs.com, 2014).

and 75 percent of its imports consisted of medium- or high-tech items, and throughout the 2000–13 period the technological gap in trade increased steadily. To a different degree, this technological gap is also relevant for Mexico's trade with India.

As shown in table 11-3, electrical machinery, auto parts, and optical instruments accounted for 72 percent of Mexican imports from China in 2013, while the three main import categories originating from India—automobiles, electrical machinery, and auto parts—accounted for 36 percent. Though Mexico's exports to China also included automobiles, auto parts, and electrical machinery, the categories related to raw materials—oil, plastics, and minerals—accounted for more than 50 percent; in the case of India, Mexican oil exports alone accounted for 85 percent of total exports in 2013.

Despite difficulties in tracking FDI, several general trends in Mexico's FDI inflows stand out.[27] First, in the 1999–2013 period, almost 111,000 firms invested in Mexico. In the case of China and India, it was 968 and 195, or 0.9 percent and 0.2 percent, respectively. Second, Chinese and Indian FDI in Mexico accounted for 0.08 percent and 0.02 percent of Mexico's accumulated FDI for the period, and those figures have remained steady (table 11.4). And third, from a sectoral perspective, Chinese FDI in Mexico has concentrated in mining, commerce, and manufacturing (accounting for 79 percent of total Chinese FDI during the stated period), while India's FDI in Mexico has been primarily in manu-

TABLE 11-4
Mexico: FDI Flows by Country of Origin, 1999–2013
(according to 2012)

		1999	2000	2005	2010	2011	2012	2013	1999–2013
$US (MILLION)	Total FDI to Mexico	13,940	18,302	24,741	23,491	23,720	17,810	39,172	305,676
	China	5	11	15	14	22	83	19	259
	India	0	28	2	6	8	2	0	64
SHARE (PERCENTAGE OVER TOTAL)	Total FDI to Mexico	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Top 5	73.1	103.6	79.3	87.2	79.6	64.8	47.4	94.4
	United States	54.2	72.0	48.0	28.4	50.9	49.3	33.5	56.3
	Spain	7.5	11.6	6.9	8.7	15.4	−5.2	−2.1	13.7
	Holland	7.8	14.7	16.2	39.3	11.8	8.2	9.2	15.5
	Canada	5.0	3.7	2.8	7.9	5.9	9.9	3.5	5.9
	United Kingdom	−1.3	1.6	5.5	3.0	−4.4	2.5	3.2	3.0
	Asia (selected)	10.0	3.3	1.4	3.1	5.5	12.2	5.8	3.1
	Japan	8.9	2.4	0.7	2.3	3.9	10.2	4.1	1.9
	China	0.04	0.06	0.06	0.06	0.09	0.47	0.05	0.08
	India	0.00	0.15	0.01	0.03	0.03	0.01	0.00	0.02

Source: Author's own elaboration based on data from the Dirección General de Inversión Extranjera, Secretaría de Economía, 2014 (www.gob.mx/se/).

facturing and mass media storage, accounting for 91 percent of total FDI for the same period.

CONCLUSIONS AND POLICY PROPOSALS

There is no doubt that Mexico will continue to improve its political and economic relationship with China and India in the future, particularly in terms of the increasing global presence of these countries in multilateral institutions, in LAC, and specifically in Mexico's trade and FDI. But how well prepared is Mexico for such a qualitatively different relationship?

Mexico needs to improve and invest substantially in institutions to enhance its dialogue with China and India. As analyzed, so far the public, private, and academic sectors do not account for the increasing presence of the Asian giants in Mexico—in fact, there is an increasing gap between the growing economic ties and the institutional capacity to address this new reality. The current Mexican administration has recognized the strategic importance of Asia for Mexico after several decades of focusing almost exclusively on NAFTA.

Interestingly, neither China nor India is currently participating in the TPP or the Pacific Alliance, and China so far has explicitly rejected the possibility of adhering to these groups.[28] In addition, neither the Pacific Alliance nor the TPP is particularly relevant for Mexico from a trade or FDI perspective.[29] While it is true that Mexico's trade with TPP countries accounted for 71.50 percent of Mexico's total trade in 2013, it is also true that if we exclude all the countries with which Mexico already has FTAs—Canada, Chile, Japan, Peru, and United States—the share of Mexico's total trade was 1.47 percent in 2013. The three countries of the Pacific Alliance, all of whom have FTAs with Mexico, accounted for 1.51 percent of Mexico's total trade. In addition, Mexico's trade with the TPP and the Pacific Alliance countries is much less dynamic than with other countries, particularly China and India, and the TPP's and Pacific Alliance's share of Mexico's FDI is even smaller. Hence, while there might be important arguments to participate actively in the TPP and the Pacific Alliance, it seems to be much more relevant to update, modernize, and reform already existing FTAs, which so far has not been set as a priority by the Mexican government. From a strategic perspective, and to effectively allow for a broader and deeper relationship with both China and India, Mexico must strengthen its bilateral institutions and devise more robust bilateral agendas, as regional or multilateral options will not be sufficient in either case.

In its relationship with China, Mexico needs to integrate the existing sectors that work effectively, including the public, legislative, business, and academic sectors, to develop a detailed agenda.[30] A dedicated task force or working group should prioritize items in the short, medium, and long term, from statistics to immigration and visas, tourism, infrastructure (particularly regarding ports and direct flights), financing of trade activities, and trade and investment opportunities in specific segments of value-added chains (from telecommunications and auto parts/automobiles to electronics and yarn-textile garments). Mexico and China have already established an important group of bilateral institutions such as the Binational Commission and the High-Level Group; however, the public and legislative sectors have thus far been unable to integrate additional sectors into these institutions and address new issues as they emerge.

In the Indian case, systematic knowledge building and proposals for a strengthened Indo-Mexico bilateral agenda in the short, medium, and long term have not taken place to the degree necessary, although the Mexico-India Binational Commission has done important work in this regard. Unlike China's significant trade presence—as well as the accompanying social and political expectations to solve related issues—the Mexico-India relationship has not gained prominence on the policy agenda, but it has great potential in the short and medium term. Improved research on investment flows between India and Mexico are a step in the right direction.

In sum, in the case of both China and India, Mexico needs to make important investments in existing and new institutions. Clearly, a NAFTA-only strategy is insufficient to meet Mexico's needs in a changing global environment. In approaching the growing opportunities with China and India, Mexico will have to devise specific bilateral strategies rather than rely on multilateral forums such as the TPP and the Pacific Alliance.

NOTES

1. Economic Commission for Latin America and the Caribbean (ECLAC), *India and Latin America and the Caribbean: Opportunities and Challenges in Trade and Investment Relations* (Santiago, Chile: ECLAC, 2011); Osvaldo Rosales and Mikio Kuwayama, "América Latina al encuentro de China e India: Perspectivas y desafíos en comercio e inversión," *Revista de la CEPAL* 93 (2007), pp. 85–108; Inter-American Development Bank (IDB), *Shaping the Future of the Asia–Latin American and the Caribbean*

Relationship (Washington, DC: IDB, 2012); Javier Santiso, "¿Realismo mágico? China e India en América Latina y África," *Economía Exterior* 38 (2006), pp. 59–69.

2. IAB, *Shaping the Future of the Asia–Latin American and the Caribbean Relationship;* Santiso, "¿Realismo mágico?"

3. ECLAC *India and Latin America and the Caribbean.*

4. Cynthia Arnson, Jorge Heine, and Christine Zaino, eds., *Reaching across the Pacific: Latin America and Asia in the New Century* (Washington, DC: Woodrow Wilson Center, 2014); Riordan Roett and Guadalupe Paz, eds., *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States* (Brookings, 2008); Enrique Dussel Peters, "The Implications of China's Entry into the WTO for Mexico," Global Issue Paper 24 (Berlin: Heinrich Böll Stiftung, 2005), pp. 1–38.

5. Arnson, Heine, and Zaino, eds., *Reaching across the Pacific.* For a detailed analysis and discussion of LAC's relationship with China, see several studies, statistics, and books of the Red Académica de América Latina y el Caribe sobre China (RED ALC-CHINA) (http://www.redalc-china.org/).

6. Plan Nacional de Desarrollo 2013–2018 (PND) (Mexico City: Government of Mexico, 2013), p. 148; Enrique Dussel Peters, "Mexico and the Asian Challenge, 2000–2012," in *Reaching across the Pacific*, edited by Amson, Heine, and Zaino, pp. 187–252; Rafael Fernández de Castro and Laura Rubio Díaz Leal, "Falsa ilusión: China, el contrapeso de Estados Unidos en el Hemisferio Occidental," in *China y México: Implicaciones de una nueva relación,* edited by Enrique Dussel Peters and Yolanda Trápaga Delfín (Mexico City: National Autonomous University of Mexico [UNAM]/ Center for Chinese-Mexican Studies [CECHIMEX], ITESM, and *La Jornada*, 2007), pp. 105–17.

7. Marcelo M. Giugale, Olivier Lafourcade, and Vinh H. Nguyen, eds., *Mexico: A Comprehensive Development Agenda for the New Era* (Washington, DC: World Bank, 2001); José Luis León, "México y el mundo del futuro: Cinco posibles escenarios," in *La política exterior de México*, edited by El Colegio de Mexico/Instituto Matias Romero (Mexico City: El Colegio de Mexico/Instituto Matias Romero, 1997), pp. 167–85.

8. Dussel Peters, "Mexico and the Asian Challenge"; PND 2013–2018, p. 148.

9. Francisco Rosenzweig, "El Acuerdo de Asociación Transpacífica: un impulso a América del Norte," in *Reflexiones sobre la política comercial internacional de México (2006–2012),* edited by Beatriz Leycegui Gardoqui (Mexico City: ITAM and Secretaría de Economía, 2012), pp. 434–45.

10. For a full discussion, see various studies, statistics, conferences, and books published by the Centro de Estudios China-México (CECHIMEX) (http://www.economia.unam.mx/cechimex/index.php/es/); Dussel Peters, "Mexico and the Asian Challenge"; and Enrique Dussel Peters, "La inversión extranjera directa de China en América Latina: 10 estudios de caso" (Mexico City: RED ALC-CHINA, UNAM/CECHIMEX, and UDUAL, 2014.

11. All currency figures are in U.S. dollars unless otherwise noted.

12. Enrique Dussel Peters, ed., *América Latina y el Caribe-China: Economía, comercio e inversiones* (Mexico City: RED ALC-CHINA, UDUAL, UNAM/CECHIMEX, 2013).

13. Dussel Peters, "La Inversión extranjera directa"; Qiu, Xiaoqi, "China: Profundización integral de la reforma y sus relaciones con México," *Cuadernos de Trabajo del Cechimex* 3 (2014), pp. 1–8.

14. Some studies on the Mexico-India relationship include Shri Sujan R. Chinoy, "The India-China Relationship," presented at a conference at the Center for Chinese-Mexican Studies (Cechimex) at the National Autonomous University of Mexico, April 9, 2014 (http://www.economia.unam.mx/cechimex/index.php/es/pagina-inicio/2-uncategorised/156-2014-2); ECLAC, "India and Latin America and the Caribbean"; Francisco E. González, "El ciclo de dominación de un solo partido: México, India y Japón en perspectiva comparativa," *Foro Internacional* 49 (1) (2009), pp. 47–68; Julio Millán Bojalil, "México e India: Intensificar las relaciones comerciales" (Mexico City: Consultores Internacionales, 2011); Benjamín Preciado Solís, "Las Relaciones entre México y la India, 1995–2000," *Foro Internacional* 41 (4) (2001), pp. 891–900; Benjamín Preciado Solís, "Las Relaciones entre México e India, 2000–2006," *Foro Internacional* 48 (1–2) (2008), pp. 487–93.

15. Secretaría de Relaciones Exteriores (SRE), "Nuevos espacios para México en Asia-Pacífico," SRE, Mexico, 2012.

16. Since 1992, Indian ISPAN has acquired the former state-owned Lázaro Cárdenas-Las Truchas for $250 million, in addition to a concession for the terminal at the Lázaro Cárdenas port. More recently, Indian firms in informatics and software, such as TCS, Infosys, Wipro Technologies, and Patni Computers Systems, and in pharmaceuticals (including Claris Lifesciences and Dr. Reddy's Laboratories), have invested in Mexico (Indian Embassy 2014). Mexican investments in India are smaller but also present (Homex and Cinépolis).

17. Dussel Peters, "La inversión extranjera directa."

18. The issue arose in November 2014 when, first, Mexico's secretary of communication and transportation selected the Chinese firm China Railway Construction as the winner of the Mexico City–Querétaro high-speed railway construction but only a few days later canceled the bid as a result of irregularities. Public opinion and the public sectors in China, as well as the CRC, were upset, and the action affected the Mexico-China relationship.

19. The lack of institutional relevance of Asia in Mexico's public sector contrasts, for example, with the existence of an undersecretary for North America and another on Latin America and the Caribbean in the case of Mexico's Foreign Ministry.

20. However, in June 2013 the Secretariat of the Economy noted that it would create a unit on China.

21. PND 2013–2-18, p. 95.

22. Ibid.

23. For more details, see the website http://ceaa.colmex.mx/.

24. For more details, see the website http://www.economia.unam.mx/cechimex.

25. Particularly interesting, for example, is the agenda that Agendasia established for the case of China, with 100 proposals on specific topics (including trade, investments, political links, culture, and education and tourism). Agendasia, "Agenda estratégica México-China. Dirigido al C. Presidente Electo Enrique Peña Nieto" (Mexico City: Agendasia, 2012).

26. Dussel Peters, "Mexico and the Asian Challenge."

27. Enrique Dussel Peters and others, eds., *Inversión extranjera directa en México: Desempeño y potencial. Una perspectiva macro, meso, micro y territorial* (Mexico City: Siglo XXI, Secretaría de Economía, and UNAM/CECHIMEX, 2008).

28. In November 2014, as the host of the APEC meeting, China seemed to strategically support APEC and an APEC FTA, although there is the possibility of China either negotiating directly with the United States or participating in a later stage in TPP.

29. The official argument highlights the relevance of the Pacific in general—not considering Mexico's already existing trade and FDI agreements—and the possibility of "conserving benefits obtained through NAFTA [and] NAFTA as an export platform for the Asia-Pacific." See Secretaría de Economía (SE), "Tratado de Asociación Transpacífico (TPP)," H. Senado de la República, Sesión de trabajo, 4 de noviembre de 2015 (Mexico City, 2015) p. 6.

30. Agendasia, "Agenda estratégica México-China"; Dussel Peters, "La inversión extranjera directa."

CHAPTER 12

Argentina and Brazil

Toward an Atlantic Strategy?

Henrique Altemani de Oliveira

The establishment of diplomatic relations with the People's Republic of China (PRC) during the military dictatorships in Argentina (1972) and Brazil (1974) shows that the foreign policies of these two countries were not determined essentially by ideological concerns but pragmatically by their national interests, encompassing both economic and political considerations. In addition, in the late 1970s, Argentina and Brazil began to pursue a process of rapprochement with the objective of removing the strategic military constraints and obstacles to integration so as to bring about conditions more propitious for development.

In this context, Mercosur, the Common Market of the South, was created in the early 1990s, with Argentina and Brazil at its core. From that moment on, there was an expectation of South American integration, which was seen as a way of leveraging the two countries' possible insertion into the international system. Despite Argentina's efforts to implement a special alliance with the United States, Argentina and Brazil, as well as Latin America and the Caribbean (LAC), also came to see East Asia as strategic in their process of international insertion. It is thought that beyond commercial interests, political interests were also present on the Mercosur agenda, the result of member countries' efforts to craft a regional identity and retake a place of their own in the international system, relatively disconnected from inter-American arrangements.