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## Building bridges of understanding

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MEXICO celebrates today 189 years of Independence. It has been a long road in the forging of the nation, and one not exempted of many casualties and martyrs. But apart from the mood for celebration, these days invite us to reflect on the value of freedom and sovereignty, so deeply entrenched in the hearts of the peoples of Mexico and Malaysia.

In today's globalised society - with all its opportunities and shortcomings - sovereignty entails a new meaning, that mainly has to do with good governance, democracy and social justice. During the four years in which I have had the honour to serve as Ambassador of Mexico to Malaysia I have been impressed with the country's achievements in the economic and educational fields, as well as with the creation of a modern infrastructure. However, the feature that strikes me more is the way this country has managed to conduct poverty alleviation, moving from over 35 per cent in the seventies to less than 5 per cent recently. This remarkable improvement strengthens the society and puts Malaysia in the right path towards development.

One of the main tasks of an Ambassador, apart from serving the noble purpose of peace, is to help build bridges of understanding and - in trying to undertake the task - I feel honoured to have participated in this new stage of relations between Mexico and Malaysia.

Mexico is aware of the challenges imposed by the globalised world of the 21st Century and it is looking forward to a stronger cooperation with all of the friendly countries of the Asia-Pacific region.

We share the concern of many developing countries of trying to access new markets in fair conditions, therefore allowing for the development and stability of our societies. At the same time, we understand that stability and growth are not attained by sheer chance, but as the result of long term planning and strong discipline.

As in the case of most of Latin-American countries, Mexico experienced in the eighties a severe phase of crisis, after having enjoyed decades of political stability and high economic growth, within a closed economy. The lost decade, as it was rightly called, forced a new generation of leaders to redesign the strategies and apply new methods. In doing that, they were always guided by the highest national interests imposed by development and justice.

It was under those circumstances that we opened the doors to regional and global integration, partly as a way to finance development with foreign resources and also to maintain acceptable growth levels. From that moment onwards, Mexico has moved into new paradigms: a great number of state owned companies were corporatized; many oligopolies have been dismantled; exports have multiplied and the privatization process has created a new breed of young businessmen. Mexico today is a very different society from what used to be 15 years ago, with a very intense political life.

As a result of the above, we can now witness some very positive signs of recovery. Current economic indicators reflect that Mexico is now the 11th economy in the world in terms of gross national product (GNP), with a per capita income in the vicinity of RM 18,000. GNP at constant prices stands at RM1.725 trillion. Total foreign trade reached RM922 billion in 1998 (446 of exports and 475 of imports).

The financial crisis that hit Mexico in 1994 was the worst in our

history, and forced the administration of President Ernesto Zedillo to undertake a very painful process of reform that nevertheless resulted in an improved economic environment. Numbers are positive nowadays and GNP is expected to grow 3 per cent in 1999. Some of the policy tenets have been:

- \* More efficient and reduced role of the state in the economic process.
- \* Decreasing costs of doing business by reducing regulatory framework.
- \* Privatization of non-essential sectors and services.
- \* Increase in domestic rate of savings via larger pension contributions.

Foreign policy plays an important role to supplement both internal politics and economics. In that respect, our international relations have also been positively shaped as a result of the economic reforms and the decision to join the North American Free Trade Agreement (Nafta) and the Organisation of Economic Cooperation and Development (OECD).

Other FTA`s have been signed with several Latin-American countries, and a third generation agreement is currently being negotiated with the European Union. Mexico is also active in the World Trade Organisation, Asia Pacific Economic Cooperation and other international organisations dealing with trade and investment issues at multilateral level.

For countries physically so far away from each other like Mexico and Malaysia, a great deal of work was needed to activate bilateral relations and provide a suitable framework for its development.

Both countries opened resident embassies in 1991 and Prime Minister Datuk Seri Dr Mahathir Mohamad visited Mexico the same year. Since then, several high profile visits have taken place: President Zedillo came to Malaysia last year for the VI Apec Summit. The Mexican Minister of Agriculture and Rural Development came in 1996 to promote palm oil business; our Foreign Minister has been here twice. Several deputy ministers, Members of Congress, high-level business leaders and academicians have joined the trail too.

Despite all of this and the potential offered by complementarities on economic and political matters, bilateral relations can reach higher levels. Both countries need to persist in reaching out to each other in a more objective way. In spite of the fact that the recent economic turmoil has put some projects on hold, I believe there are three potential areas of common benefit: agriculture, industry and services. The strategy could include trade and direct investment, coming in different formats from both sides.

Malaysia has a comparative advantage in modern tropical agriculture and agro industries. Some Mexican governmental agencies and business have acknowledged these advantages and are already conducting business. In terms of industrial cooperation, it is important to realise the importance of the 95 million people that form the Mexican market. Up to now the chief beneficiaries of Malaysia-Mexico trade have been international corporations, which represent about 75 per cent of our total trade. It is time for Mexican and Malaysian companies to look at solid markets within themselves to diversify the portfolio of imports.

Mexico has become one of the most important producers of cars and car parts, for example; local manufacturers should look carefully for Mexican parts, as do Mexican companies with some suppliers here. Other segments are specialty steels, tourism management, industrial parks, cement, glass, chemicals, and petrochemicals. We are also encouraging business to move to Mexico parts of their production facilities in order to supply Nafta companies with key components in products whose production and distribution span the three member countries.

There is also potential in services. On the Malaysian side there is rich experience in industrial development, infrastructure and low cost housing, as well as long term planning. On the side of Mexico there is a rich