

3 CHAPTER

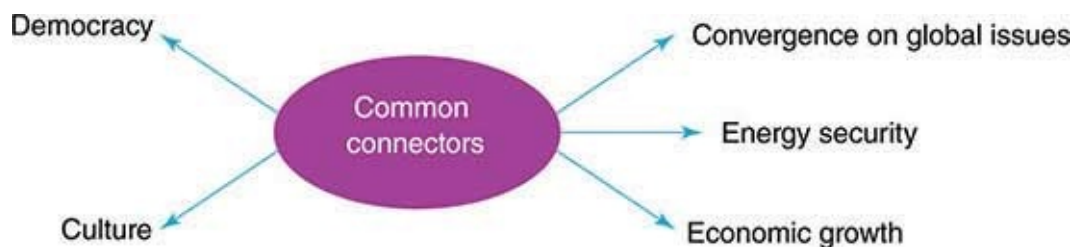
India and Mexico Relations

After reading the chapter, the reader will be able to develop an analytical understanding on the following:

- Basic background
- Commercial diplomacy
- Analysis of bilateral visits in 2016
- Future areas of cooperation

BASIC BACKGROUND

The relations between India and Mexico are unique and similar in many ways; for example, sun worship is something which is common to both countries. The relations at present have evolved based upon their existing historical and civilization links. In the post-independence period, Mexico aided Green Revolution in India. There have been bilateral visits between India and Mexico. Mexico provides India with oil, minerals, chemicals and India provides Mexico with pharmacy products, auto parts and vehicles in terms of trade. The last PM visit to Mexico before the latest one in June 2016 was in 1986.



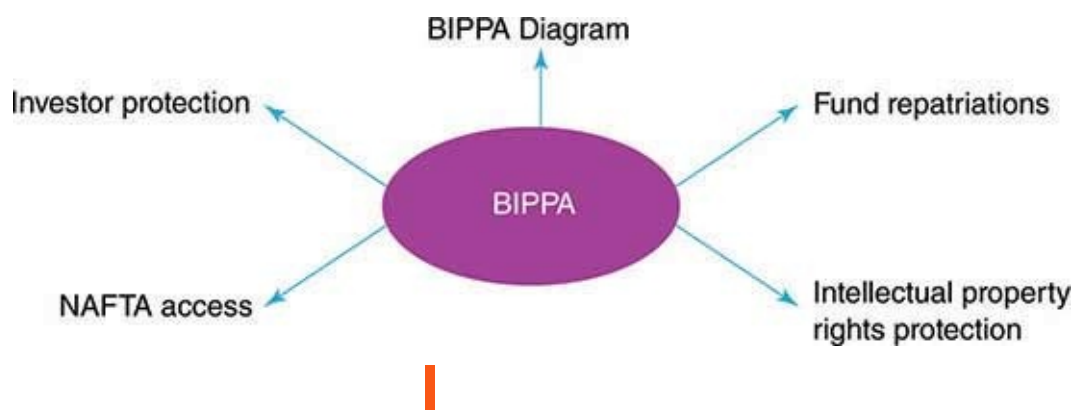
COMMERCIAL DIPLOMACY

Mexico follows a very unique foreign policy. It is based on attracting foreign investments in Mexico and using the money to propel domestic growth to take Mexico to the world. This initiative of foreign investment not only makes Mexico a capable player to compete at the global level but also results in job creation. Mexico is also a haven for investors because it has around forty-four trade pacts with different countries in the world, making it a launch pad for investors not only to undertake bilateral trade with Mexico but also countries with which it has trade pacts.

The bilateral trade between India and Mexico is approximately worth 6.5 billion dollars. India exports chemicals, electronic machinery and equipment and pharmaceuticals while it imports oil, fertilizers, iron and steel. To promote bilateral trade, there is an institutional mechanism called the India–Mexico Chamber of Commerce. In 2007, a high level group on trade, investment and economic cooperation was formed. The high level groups, over several meetings and deliberation, have identified the need to ease visa norms between the two to promote trade. Easing of visa norms shall facilitate movement of

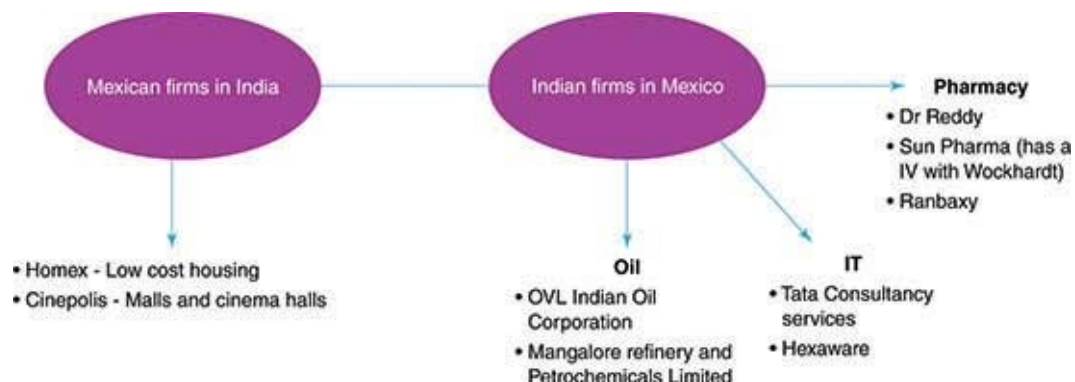
people from one country to the other, thereby leading to more business flow. Mexico is also rich in metals like silver and gold, which are both in high demand in India. There is increased Indian investment in Mexico in IT, pharmacy and oil sector.

In 2007, India and Mexico signed a Bilateral Investment Promotion and Protection Agreement (BIPPA). Under the BIPPA, both nations have extended the most favoured nation status to each other. The BIPPA has been signed for an initial ten-year period and has seen increased bilateral trade even as the investment has reached 10 billion dollars in 2015. Due to this BIPPA, India will now be able to have access to American and Canadian markets under the NAFTA.



The Role of the Pharmacy Sector in India–Mexico Relations

The biggest contribution of the Indian private sector in Mexico is to that of the pharmacy industry. A lot of Indian firms and medicine want enter the Mexican markets. There is a reason. The Mexican standards of pharmacy and medicine are highly regulated and the standards are extremely tough to meet. The reason is that the Mexican government, under its healthcare programme, procures around 80% of pharmaceutical products. Mexican standards are similar to standards of Europe and USA. Thus, if any pharmacy player is able to meet the regulatory approvals from Mexico, it can use this approval and directly trade with European and American markets from Mexico. Many Indian firms who applied for trade of pharmaceuticals in Mexico have got the necessary approvals. Prominent Indian pharmacy players in Mexico include Ranbaxy, Solara Farmaceutica, Sun Pharma and so on.



The Indian–Mexico Chamber of Commerce organises regular interactions to showcase business opportunities. The chamber plays an important role in facilitating business by providing information and support systems to boost trade. The two nations also have technology-based cooperation since 1975 in many sectors.



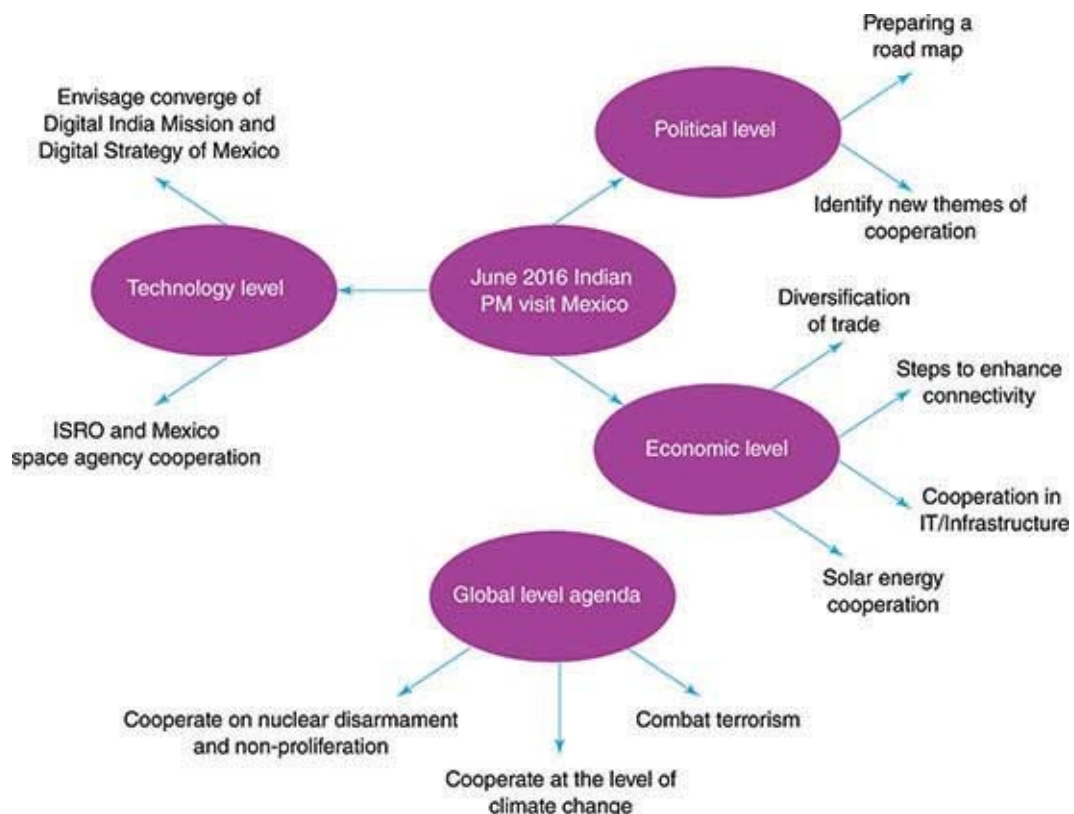
India–Mexico Energy Cooperation

Considering the ongoing global debate on climate change and the use of environment friendly technologies, both nations have synergised on energy cooperation. Mexico has recently undertaken domestic level reforms in its energy sector and has invited foreign investment. It has also opened up its electricity generation market for private players. In July, 2016, an Indian firm, Vega Solar Energy, participated in an energy bid in Mexico. It was selected to supply 740 GWH energy to Mexico. This is the first long-term energy contract bagged by an Indian firm in Mexico. Vega solar will begin operations from 2018.

ANALYSIS OF BILATERAL VISITS IN 2016

In March, 2016, the Mexican Foreign Minister, Claudia Ruiz Massieu, visited India. A decision was taken to review all bilateral ties between India and Mexico in areas of trade, technology and finance. Claudia also inaugurated “MEXICO IS”—a photo exhibition about Mexico—at the Rajiv Chowk metro station.

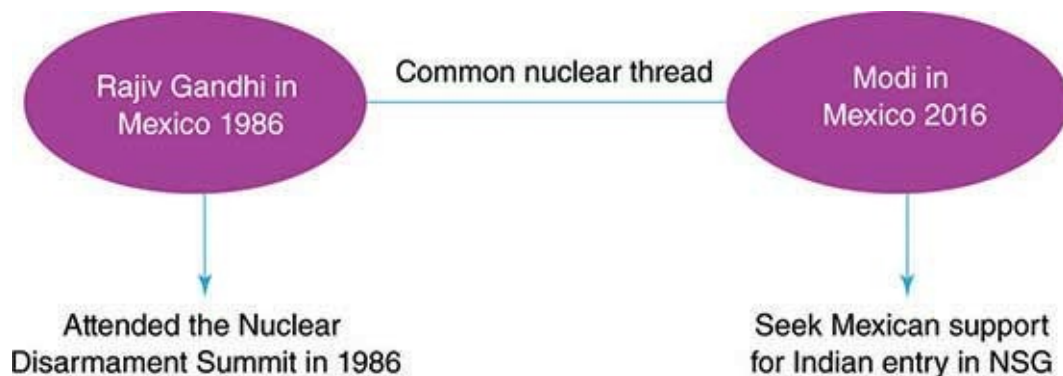
In 2016, the Indian PM also visited Mexico in the month of June. It was a working visit on the invitation of Mexican President Enrique Nieto. The two leaders have instructed their foreign ministers to prepare for the conclusion of Privileged Partnership for 21st century as a feature roadmap to guide future India–Mexico relations.



Make in India and Mexico

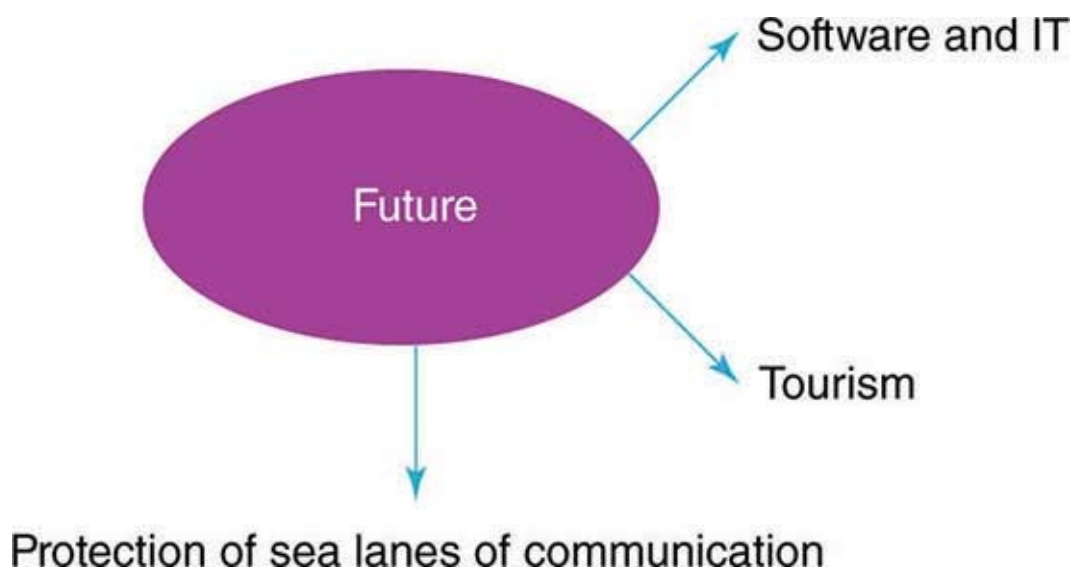
Mexico can be of great help to India in its Make in India project. Way back in 1970s, Mexico became ambitious about emerging as a power player in manufacturing. Subsequently, Mexico launched the “Made in Mexico” campaign. Largely due to the success it achieved in its programme, in the 21st century, Mexico has emerged as an advanced manufacturing country in Latin America. Now, Mexico has a “Moving Mexico Programme”. The Indian PM, while in Mexico in June 2016, made a strong pitch in Mexico for capacity sharing for Make in India.

The Indian PM was taken to a vegetarian Mexican restaurant by Nieto in his own car. The two leaders discussed issues over a meal at Quintail restaurant. The visit of the Narendra Modi in 2016 and visit of Rajiv Gandhi in 1986 to Mexico coincidentally were driven by a nuclear context.



FUTURE AREAS OF COOPERATION

There are a lot of Mexicans today in the USA, and as the debates about Mexican migration rages, a lot of Mexicans are unable to communicate their demand to the administration. The Mexican leadership can learn from India and establish a good connect with their diaspora abroad. India and Mexico can also cooperate in the following areas.



India can learn effective techniques of border management from Mexico, which has, to a large extent, curbed illegal immigration. India can learn Mexican practices which our forces can implement at Bangladesh, Nepal and Myanmar borders.