

**Lecture by Ambassador Patricia Espinosa at
London School of Economics and Political Science.**

Junio 16, 2008.

Ladies and gentlemen,

Introduction

It is an honour to be here this afternoon. I am truly grateful to the London School of Economics and Political Science for the invitation that has brought me here today to talk about Mexico's growing role on the international stage. Thanks, in particular, to Pro-Director Janet Hartley and to Professor George Philip for the warm reception I have been given and for those generous words of introduction.

I especially want to thank you, the students of LSE, for coming here this afternoon. I reckon Summer Term is drawing to a close. Many of you are probably working on essays that must be handed in soon and final exams are either looming or already upon you. I certainly appreciate your time, a most valuable asset around here these days.

Indeed, many talented Mexican students have had the opportunity and the privilege of coming here to study. Since the school was created, hundreds of Mexican graduates have earned their Master and PhD degrees here at LSE. Believe me, Mexico has benefited enormously from this and we certainly want this trend to continue.

Visit to the UK

I am all the more grateful for the opportunity you have given me of speaking here today because it allows me to share with you my enthusiasm over the close relationship that unites Mexico and the UK, and over the possibilities that this entails for our two countries.

I come to Europe, and to Great Britain in particular, convinced that we share fundamental values and interests, and that cooperation and dialogue between our governments and peoples can be a source of strength for both countries. I believe that this close affinity is the result not only of long standing trends, but most particularly of a gradual convergence over the past few decades.

My visit to the UK takes place during a period of favourable change. This positive trend that is bringing our countries closer together is the result of two key factors. Firstly, the ongoing openness of Mexico's economic and political life; and secondly, the process of globalization itself. On both counts, Mexico and the UK share key convictions and positions.

I am happy to say, for example, that I had a very productive meeting earlier today with Mr Hilary Ben, the UK's Secretary of State for the Environment. I was able to confirm the strong affinities and commitments that Mexico and the UK share with regard to issues such as climate change and the protection of the environment. And I look forward to meeting with Foreign Minister Miliband tomorrow, one that will allow us to review in great detail the main elements of our relationship.

The world has changed; so has Mexico

No longer do we live in a world in which 'foreign' refers to everything but ourselves. Our everyday lives are effectively and constantly influenced by ideas and actions, trends and values originating beyond our borders. They become so rapidly familiar that it would now be odd to call them foreign.

As the world has changed, so has my country. Many students and faculty members of LSE, such as Professor Philips, who have studied and followed events in Mexico for the past few decades, have themselves witnessed the magnitude of this transformation.

Knowing that global markets would become the centrepiece of international trade and investment flows, and inspired by their potential to improve the living standards of millions of Mexicans, Mexico launched profound reforms to open up our borders to trade in goods and services.

As you all know, in 1992 we began negotiations of a major trade agreement with Canada and the United States. This was only the beginning of a process that has led on to the creation of a network of trade partnerships involving 44 countries of all regions of the world. Let me single out the European Union in this respect, with which we have a fifth generation accord on trade, cooperation and political dialogue.

Mexico's engagement with the world

Mexico's global trade now reaches 500 billion dollars annually. We trade heavily with North America, but also increasingly with Europe, Latin America, and Asia. Mexico stands today as one of the most important FDI recipients of the world, with more than 23 billion each year, and we are also the source of increasing numbers of investments abroad.

Mexican companies rank prominently in international business. Firms such as Cemex, Vitro, Bimbo, America Móvil, Modelo, and FEMSA are well known the world over, as they continue to expand and penetrate new markets. Progress, however, has not been easy. Global financial and economic turmoil has in the past inflicted heavy losses in our economy, and we learned important lessons on macroeconomic management as we overcame previous crises.

Mexico has gained in strength and wisdom. We are on the path to economic growth and greater equality. Gradually we have been cementing a solid base for future prosperity. The economic resilience shown by Mexico as we all face a credit crunch in developed markets and a prospect of decreased growth is an encouraging sign.

Last year, Goldman Sachs predicted that our current growth and investment trends would place Mexico as the world's fifth largest economy by 2050. We are determined to ensure that, for a change, this is an economic forecast that turns out to be accurate.

Mexico's growing international role

And as Mexico changes, our involvement in world affairs also changes, becoming increasingly deeper and more active. Mexico's presence and voice in multilateral fora and integration schemes is stronger than ever. We are seeking to exercise an increased collaborative influence in the world. Mexico is thus securing a position of leadership that matches its real weight and stature.

I do not wish to focus this afternoon on the various national and regional priorities that guide our actions at the Mexican Foreign Ministry. From North America to Asia, From Latin America to Africa, we are working to enhance our bilateral relationships with other nations. Inevitably, some are more momentous than others. Our links with the US, for instance, are unique in their complexity, their depth and their impact on the lives of Mexicans. But our engagement with the world also affects the lives of our citizens and that is why we are increasing our role as active and responsible players in the global stage. This is what I would like to focus on today.

As students of international relations and political science, many of you know that a country such as Mexico, devoid of the traditional means of power, namely military and economic might, needs to resort to other ways of influence in world affairs.

Just last month Professor Joseph Nye delivered a lecture here at LSE on leadership and political change. He based his remarks on his seminal work on 'soft power', the ability of national governments to persuade other international actors using less tangible, though not less effective, means, like moral standing, cultural traditions, language, and ideas.

These are the main sources of our diplomacy's vigour. The strength of our foreign policy stems in large part not so much from our economic weight, which of course is by no means negligible, but from the richness and intensity of our culture, from the universal values that it reflects, and from the appeal that this has on other like-minded countries.

Having a rich and prominent culture not only means attracting other countries and peoples, but exerting a positive influence in the international arena, in areas such as peace and security, justice, disarmament, and sustainable development, to name only a few.

This is, I believe, the true sense in which Mexico can be said to be an emerging power in the international arena. Not only is the country poised to advance in economic terms; it is also called to exercise a positive and constructive role in global affairs.

Towards a new international architecture

Living in an interdependent world, all countries strive to fashion their foreign policy and to give it content according to their own views and priorities. But no country can succeed alone, and this is especially true in these changing times. So more and more, our foreign policies must adapt to these evolving conditions, they must conform to an international environment that is no longer based on old certainties and old political loyalties. The emerging international order limits our room for manoeuvre as it forces us to be creative.

For nearly every nation on earth, the end of the Cold War meant a difficult beginning. With the Berlin Wall fell many certainties and many dogmas of the past. Both risks and opportunities needed to be reassessed and updated, and a new set of rules and institutions devised as the new century was approaching.

Add to that the terrorist attacks of 9/11, the security concerns of many nations, and the legitimate fears of many more that human rights might be placed aside should a new crisis emerge, and you will agree with me on the sheer urgency of finding new solid and common ground on which to stand. Allies and friends had become the target of vicious forces alien to our institutionalized international system, forces that call into question that very system.

The world felt compelled to review its priorities and shake off old dogmas. Threats to our security called for increased cooperation and the promotion of a more advanced international legal framework. For all of us, at the same time, the protection of human rights and the creation of new governance schemes became paramount.

Along this process, the voice of Mexico has never gone silent. It has been heard at every turn, forcefully and consistently. Cementing a new global order may seem a daunting task, but Mexico has proved determined and fit to be engaged in this collective assignment.

We are fully aware of the implications that this has not only for our diplomatic priorities, but for our domestic efforts as well. For instance, we left behind an era during which human rights violations were tolerated. We have opened up to world scrutiny, and recently played a leading role in creating the new United Nations Human Rights Council. Mexico is and will remain deeply committed to the cause of human rights, both at home and abroad.

Mexico actively participates in more than 130 international organizations. Mexico also stands out as the 10th contributor in the world to the ordinary budget of the United Nations, and the 1st among Latin American countries. In fact, close to 52 per cent of the region's payments come from Mexico.

Mexico has thus embraced globalization. The country can only be described today as an open economy and an open polity, as a country that is a committed and responsible actor in the global stage and abides by its rules.

Trade and investment promotion

An essential aspect of our international engagement has to do with our economic priorities. We believe that, adequately regulated, the increasing integration of markets is a way to improve the living standards of the peoples of the world.

Given the structure of our economy, roughly 60 per cent of our economic growth today ultimately depends on our international relations. Consequently, our foreign policy is bound to complement our national efforts in order to foster adequate conditions for economic expansion and job creation. Diplomacy thus becomes an essential tool for economic development, by promoting a stable international environment that allows trade and investment to flourish.

On the domestic front, Mexico has put its house in order. As you recall, fiscal discipline, a sound monetary policy and international cooperation helped the economy get back on its feet fairly rapidly after the 1995 crisis. It took only six months for Mexico to return to international capital markets. Our economy has been growing stronger ever since, showing resilience in the midst of waves of financial turbulence. Most recently, it has endured the current US credit crunch and economic slowdown.

Having achieved macroeconomic stability and solid fundamentals, our next assignment has been to increase growth and to strengthen our trade relations, especially with our European, Asian and Latin American partners. Today we are launching a global offensive to promote our trade relations and attract investment. We do not ignore the magnitude of this task. The world is more competitive and the fight for fresh capital is fierce.

Having embraced globalization, we are doing our utmost to ensure that the country's openness and engagement with the world ultimately benefits the average Mexican. There can be no better justification for such a policy than its ultimate impact on the welfare of ordinary people. That is why we are devoting such strenuous efforts both to promote investment and trade, but also to carry on with the necessary reforms that will increase Mexico's economic performance and allow us to take full advantage of the opportunities that globalization affords us.

Naturally, our international strategy has implications at home. We have begun working at the domestic level, increasing our competitiveness, removing excessive or unnecessary regulations and streamlining industries and sectors to enhance even further a business-friendly environment. Simultaneously, this Administration is pushing for structural reforms that are critical for our development.

You have perhaps heard or read that political debate is currently loud and strong in Mexico, and that momentous issues are being vehemently discussed, including energy and labour reforms. We welcome and value this debate among all political and social actors. It is a precondition of progress and an indication of the vitality of our democratic process. We are

confident that we will ultimately arrive at solutions that address the core problems such reforms are trying to resolve.

Mexico is embarking in an unprecedented effort of commercial diplomacy, furnishing every consulate and every embassy with better tools to promote trade and investment. Rather than export our labour force to the economic hubs of North America, Mexico is working hard to bring capital to the places where the work force is located. We want our citizens to remain and to produce in Mexico, and we hope that eventually migration will be seen as a matter of choice for the few, as it is in many other countries, rather than one of necessity for the many.

Economic openness has implications for diplomacy

We should bear in mind that there is a very important link between our promotion efforts and our commitment to an international order in which openness is maintained and free markets are preserved. We often hear that globalization is an inevitable feature of today's world economy. New technologies, increased productivity, and telecommunications have made the integration of markets possible, and allowed the impressive growth of capital flows and trade in goods and services. Every country, as well as every firm, must adapt to this reality if they want to succeed. This is true, of course, but forces contrary to globalization are more visible now than ever.

Regionalism, protectionism, managed trade and other practices appear to be gaining credibility, as economic growth dwindles, commodity prices escalate, and more and more people face the prospect of poverty. The food crisis currently underway around the world should alert us as to the dangers of protectionism. Banning or cutting cereals exports, as some have suggested, is likely to make things worse, not better.

The policy of promoting trade and investment that we have embraced only makes sense if our shared economic framework is maintained and strengthened. Along with it, Mexico is actively involved in revitalizing the WTO Doha Round negotiations. The urgent reduction of trade barriers in agricultural products and other goods and services is crucial for improving the opportunities for the developing world.

As a member of the G-20, Mexico favours substantial reductions in export subsidies and other protectionist measures in place in developed countries, while supporting preferential treatment for developing countries. It is crucial to save decades of collective efforts to expand

free trade and undistorted competition. To avoid falling into a protectionist spiral, we must save the multilateral trading system from collapsing.

We also believe that international economic institutions must be reformed on the basis of democratic and equitable principles. Globalization is indeed a powerful process that we have embraced, but it is one that requires new rules and regulations that foster improved governance in the international system.

United Nations Reform

Let me be very clear on this point: globalization requires strong and stable political foundations to support the institutions and rules that govern the international system. Only through cooperation and diplomacy can we forge the rules that we need and establish the supportive policies required to preserve an open world economy.

A key element in Mexico's strategy to improve the rules and institutions that govern international relations is the reform of the United Nations. Mexico is actively engaged in this multilateral process in order to strengthen UN capabilities and attain an improved balance between the security and development agendas.

Our view is that international law should be observed at all stages in the process and countries should strive to achieve a consensus whenever possible. In particular, Mexico is convinced of the need to reform the Security Council, in order to achieve a more representative, effective, democratic and transparent body.

G8-G5. Heiligendamm Process.

The marginalization of a large number of developing countries calls for intensified international cooperation and policy coherence and coordination. Mexico sees the Group of Five mechanism, involving Brazil, China, India, Mexico and South Africa, as an opportunity to bring the interests and needs of developing countries to the table of the Group of Eight industrialized nations.

Above all, we want to ensure that the benefits of global growth are equitably distributed. Coupled with other collective efforts, the G5-G8 cooperation can indeed make a difference in finding solutions to global issues such as poverty eradication.

Mexico currently chairs the G5 and the Heiligendamm Process of cooperation between the five nations and the G-8. This fact gives us the opportunity to contribute to ensuring that the next G8-G5 summit in Hokkaido next July is most receptive to our concerns and proposals.

Cross-border criminal activities

Permanent international dialogue and engagement have revealed to us that many human values and objectives are indeed shared by a great number of countries. More often than not, we find ourselves joining collective cooperation schemes, voting the same way in international organizations, and agreeing to resolutions that address the main problems of development, security and justice. Far from being a zero sum game, cooperation and convergence are a positive sum achievement.

The best example of this is our collective fight against cross-border organized crime, which can rightly be called a multi-billion dollar industry. Mexico has suffered from the ills associated with narcotics trafficking for many years now. At the same time, Mexico has made notable efforts, both domestically and internationally, to curb organized crime. Our police and armed forces have also paid dearly for that, as they have suffered heavy casualties in the fight against organized crime.

We are determined to fight crime to the end, and we will continue joining multilateral initiatives to eradicate drug trafficking, to curb drug consumption, and to put an end to money laundering, and corruption. President Felipe Calderon is mounting an all out offensive against drugs and against the criminal activities, sometimes terrifying, of the drug cartels. We are determined to face the problem, not to delude ourselves as to its seriousness and complexity, and to confront it squarely.

In tackling this complex issue, Mexico has consistently urged its partners to recognize that only by sharing our responsibilities in this matter can we expect to have any success. We look forward very much to continue working with our partners in every region as well as in multilateral fora in order to forge alliances against organized crime. Mexico will also step up its participation in the existing institutional mechanisms that offer ways to combat the illegal drug trade.

We of course look forward to ever increasing levels of cooperation with the United States, with whom we share many of the problems and difficulties that arise from this dramatic phenomenon, and also many of the solutions.

Climate change

Climate change is one of the most serious threats the human race faces today. We know that world development led, in many ways, to the current situation of rising greenhouse gases and unsustainable growth. Now the fruits of development and our ingenuity must open the way to find lasting solutions, in a concerted manner. There is no time to lose to achieve a clean, sustainable and equitable world economy.

Behaving responsibly, Mexico promptly adopted a national strategy for climate change, in accordance with the UN Framework Agreement, with clear targets and objectives, which are both realistic and ambitious, based on scientific evidence and wholly attainable.

In fact, since ratifying the Agreement's Protocol of Kyoto in 2000, Mexico embarked in a comprehensive strategy to ensure that every single public policy adopted by the federal government is consistent with our commitment to sustainable development and the preservation of nature.

Furthermore, we embraced Kyoto's Clean Development Mechanism and I am happy to say that Mexico currently ranks fourth among the countries taking part in the mechanism for the number of registered carbon reduction projects, fifth for annual estimated reductions, and sixth for the emission reduction certificates obtained.

Adopting this mechanism was a landmark achievement among signatories of the Agreement, but we need to travel much further and enhance world cooperation if we are to succeed in combating climate change effectively. Especially important at this point is the fact that the world will not be able to meet the challenge unless we admit that decarbonizing our economies will not be cheap. Far from it.

Particularly striking was the recent statement by the International Energy Agency warning that if governments around the world continue with the policies in place to date, CO₂ emissions will rise by 130 per cent and demand for oil will climb 70 per cent by the year 2050.

Meeting the 50 per cent reduction target would certainly entail changing the way the world economy functions today. Can we persuade all countries to unite around this goal?

This is a tough question, one that will be addressed soon enough. For the time being we should expect every country to do its part within the current set of rules and to help build the consensus required to complement Kyoto with new post-2012 agreements. Mexico is fully aware of this fact, especially of the great need for fresh capital to fund current and new initiatives to reduce emissions.

Once we have agreed that reaching a solution to climate change is viable both economically and technologically, it is time to think creatively of new strategies, bring new countries on board, and strengthen the programs already adopted by many governments. We can start contributing to this objective by increasing the pool of resources needed to finance the reduction of greenhouse gases and consolidate low carbon economies.

Mexico has proposed to the United Nations the establishment of a World Fund Against Climate Change – or the Green Fund, as we like to call it – compatible with the Bali Action Plan, based in clear and inclusive formulas for determining contributions by individual countries.

We also just made a formal presentation of the Fund to our partners in the G5 group of countries at a meeting in Paris, in preparation of the G8-G5 extended dialogue that will take place at the Hokkaido Summit in July.

This Fund would not be a substitute for the financial schemes developed under Kyoto and the Framework Agreement. Rather, it would complement our existing financial efforts. Eligible projects would be set up by each member country, based on need and particular circumstances. As mandated by the Bali Action Plan, they would be required to produce results that are measurable and verifiable.

Dear friends:

Mexico is emerging as a newly influential force in international politics. We are determined to play an active, constructive, and responsible role in global affairs. As we do so, the world faces formidable challenges. Individual countries and groups of countries struggle to find the urgent remedies we all need.

Commitment, co-operation and political will are terms we often hear in today's multilateral discussions. Now is the time to make sure these valued terms acquire their full meaning as signs of mutual trust among countries. Cooperation, I am certain, is the preferred playing field for a country such as Mexico, experienced, respected, and resolved.

As an emerging force for change in global politics, what we value most is the power to persuade and motivate international actors to join forces for the common good, to serve as a factor of unity, not discord; of reason, not force.

Final remarks

I want to thank you all for your patience. I value greatly this opportunity to address such a lively and, I am sure, critical audience.

We all know that politics is the art of the possible. Even more so is international politics. I am optimistic that our national efforts in this field may one day bring about a better world. One that could be rightly described as: "Remoulded nearer to the heart's desire".

Thank you very much.