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Mexico and Brazil's Approach Towards the GCC Countries: An Assessment of Economic Diplomacy

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Introduction

Although geographically distant, Latin America and the Gulf countries have in the past 15 years experienced a remarkable increase in commercial exchange, with a growth rate of 3.26% between 1995-1999 rising to 13.21% between 2000 and 2015¹. If we take the GCC countries and Latin America alone, then we can see an enhanced pattern of increase from the 1990s jumping from 6.32% to 15.46% between 2000 and 2015. After the financial crisis of 2008-2009 and the fall of prices in oil and commodities, the growth rate over the last five years has stood at 7.9%, compared to the 2000-2008 period which was almost at 24%.

The new international context that emerged after the 9/11 attacks, and after that the 2008-9 financial crisis, provided the setting by which the actors started to look beyond traditional partners and allies, unfolding a renewed interest between the two regions. The first meeting between the Arab League States and South America (ASPA) in 2005 provided the needed boost to enhance this new impetus for closer relations. In the last five years, for instance, the exchange of embassies has included, among others, the opening of the United Arab Emirates' embassy in the Dominican Republic in 2016 and in Cuba in 2015, the mutual opening of embassies in Qatar and Mexico in 2015, and the opening of Saudi Arabia's embassy in Peru in 2014.

Focusing on Mexico and Brazil, the two biggest economies in the region, this study examines the type of interests redrawing the links between these two regions. Through the prism of economic diplomacy, it examines whether these governments are fulfilling their economic and/or political objectives. Author Maïke Okano-Heijmans describes economic diplomacy as "the use of political means as leverage in international negotiations, with the aim of enhancing national economic prosperity and the use of economic leverage to increase the political stability of the nation"². Economic diplomacy encompasses commercial trade and financial types of diplomacy, all of which are interlinked. Furthermore, "its aim is to influence decisions on cross-border economic

¹ Based on United Nations Conference on Trade and Development (UNCTAD) statistics.

² Okano-Heijmans, Maïke, *Economic Diplomacy: Japan and the Balance of National Interests*, (Leiden: Martinus Nijhoff Publishers, 2013) 29-30.

activities pursued by governments and non-state actors (such as multinational enterprises and NGOs) and therefore involves activities of governments and their networks”³.

Okano-Heijmans distinguishes four key elements of economic diplomacy: the first element, the context, refers to when the tools are the instruments used; the theatres are where economic diplomacy is taking place; and the process implies the strategies to certain ends (which instruments are used and if they attain the desired effect) and the actors’ interest in performing this type of diplomacy. These frameworks help us understand why and how economic diplomacy is pursued by the states and other actors to obtain economic and/or political gains.

In Latin America’s case, an inquiry into how Brazil and Mexico display economic diplomacy with the GCC countries helps us grasp the trade-offs of balancing both their national interest and their foreign policy strategy⁴. In other words, if this type of diplomacy fulfills their political and/or economical interest. The paper will show how Brazil, with its use of economic diplomacy facilitated the attainment of both political and economic gains, which also helped enhance its global role, particularly during Lula da Silva’s presidency (2003-2010). Mexico, on the other hand, appears more oriented towards economic gains, and from 2000 onwards has lacked a strategy on how to be an active actor in the international arena. In terms of the tools used by both governments, the structural arrangements of both political projects impinge in the display of an assertive economic diplomacy.

In examining the nature of their relations, this study will adopt a comparative perspective. The first part of this study will work at the systemic level, in which the context is framed by international and regional dynamics and the features of the domestic political and economic arrangements that characterized each regime, propelling certain policies and interlinking reactions at both domestic and international levels. This section will refer briefly to the historical construction of the relations and the objectives pursued by Brazil and Mexico towards the Gulf region. Attention will be given to the features of their political projects and their viability to provide the aims at a political and economic level. Through a comparative analysis, I will look at bilateral exchanges and the policies carried out at

³ Van Bergeijk, Peter, ‘Economic diplomacy and South-South Trade: A New Issue in Development’, *Great Insights* 3, no. 3 (2014): 2.

⁴ Okano-Heijmans, Maaïke, ‘Conceptualizing Economic Diplomacy: The Crossroads of International Relations, Economics, IPE and Diplomatic studies’, *The Hague Journal of Diplomacy* 6, no.1-2(2011): 20.

the multilateral level that affect both regions. The second part will assess the recent exchanges in terms of how economic diplomacy is displayed (primarily through trade flow) and which factors boost the exchange between the Gulf and Brazil and Mexico.

A Brief History of Ties

In the seventies and early eighties, Brazil and Mexico exhibited closer ties with the Gulf countries. Brazil's chief interest was oil supply, since 80% of its oil supply came from abroad. The first country approached was Iraq, followed by Saudi Arabia in the seventies. Later, the Brazilian government exchanged embassies with Kuwait and Iran. Aside from the oil, Brazil also benefitted from the sale of its products, including arms, in the Middle East, in addition to the participation of Petrobras in the exploration of oil fields in Iraq, Iran, Kuwait and Saudi Arabia; in exchange, it received oil at preferential prices⁵. Although Mexico also established formal relations with most of the countries in the Gulf, its approach was primarily aimed to fortify its position globally, predominantly through the support of government projects at the United Nations, namely the economic letter of rights and obligations by President Luis Echeverría (1970-1976) and the policy of energy by President José López Portillo (1977-1982).

In the same period, Latin American countries were supportive of all the resolutions issued by the United Nations on the Arab-Israeli conflict. Most Latin American governments recognized the Palestinian Liberation Organization (PLO) as the representative of the Palestinian people. Also, these countries supported, in 1975, Resolution 3379 condemning Zionism as a form of racism which was presented at the United Nation General Assembly (UNGA). Brazil and Mexico were two countries that experienced the ramifications of such support. Brazil saw its relations with the United States dwindle as its stance also signaled the abandonment of the principle of "equidistance" that until then had shaped the Brazilian approach towards Israel and Palestine⁶; meanwhile Mexico suffered from the US

⁵ Ribeiro Santana, Carlos, 'O Profundamento das Relações do Brasil com os Países do Oriente Medio durante os dois choques do petróleo da década de 1970: um exemplo de ação pragmática', *Revista Brasileira de Política Internacional* 49, no.2 (2006): 169.

⁶ Brun, Élodie, 'Relations between Brazil and the Arab Countries of the Gulf: Renewed Context, Persistent Objectives', in Galindo, Alejandra, ed., *The Gulf and Latin America: Expectations and Challenges*, (Cambridge: The Gulf Research Center) 146.

and Canadian Jewish communities' boycott⁷. Resolution 342 was recognized by Latin American countries to be the basis for any resolution to the conflict. Brazil and Argentina thus participated in a draft that was the basis for the elaboration of this resolution⁸.

During the eighties and nineties, both regions were busy with trouble in their own backyard. Latin America's economic crisis and political transformations and, in the Gulf, the war between Iraq and Iran, led to a dwindling in relations. It was not until the decade of the new millennium that new impetus in the relations between the two regions was observed. This new stage of relations was dominated by the after-effects of the 9/11 attacks and the invasions of Afghanistan (2001) and Iraq (2003). The unilateralism of the administration of George Bush destabilized these countries and the entire region. Once again the Gulf region, and the Middle East more broadly, was trapped in a global predicament. For Latin American countries, the US war on terror led to the securitization of the Latin America agenda.

The geographic proximity of the United States to Mexico brought closer cooperation between the two in the field of security. Mexico is more attached to US policies because of the economic interdependence enhanced by the North America Foreign Trade Agreement (NAFTA). Brazil in the Southern cone – like other countries in Latin America - has more maneuvering room to develop an autonomous policy from the United States. The US administration kept cooperation with Brazil open largely owing to fears that the latter could unite South America in a single block curtailing its influence in the region. In broad terms, Brazil and the United States hold "a prudent coexistence, collaboration on specifics, and minimal collision", although as Brazil became more active differences persisted in trade and security issues⁹.

⁷ Ojeda, Mario, *Alcances y Límites de la Política Exterior de México*, (México City: Secretaría de Educación Pública) 83-84.

⁸ Breda dos Santos, Norma, 'As Posições Brasileiras nas Nações Unidas com Relação ao Oriente Médio (1945-2002): eqüidistância, pragmatismo e realismo', *Cena Internacional* 5, no. 2 (2003): 8.

⁹ Lima, Maria and Hirst, Monica, 'Brazil as Intermediate State and Regional Power: Action, Choice and Responsibilities', *International Affairs* 82, no.1 (2003): 33-34.

Balancing between Domestic and Foreign Policies

In these new contexts, the Brazilian and Mexican governments have announced a more active diplomacy and diversification of their external relations to get closer to the Gulf countries, as well as to increase trade and attract investment. However, what actually determined their approach was the structural features of their projects and the links with economic and trade sectors in the respective countries.

During Lula's period, Brazil's debut in the international scene was based on four axes: a united South America, an emphasis on multilateralism in the process of peace development, an affirmative commercial agenda, and diversified partnerships with developed and developing countries¹⁰. Lula's foreign policy promoted leadership in the South to form a block of South countries looking to democratize international relations and to achieve more autonomy from the major powers, which was termed "autonomy through diversification"¹¹. A major goal behind this South orientation was to be a permanent member of the United Nations Security Council (UNSC).

Domestically, Lula's strategy of diversification with autonomy was accompanied by the autonomist current within *Itamaraty* and the orientation of the worker's party. Furthermore, the policy of trade diversification was supported by the leading business organizations, the Confederação Nacional da Indústria (CNI) and Federation of Industries of the State of São Paulo (Fiesp), since they shared with the government "the need to increase its exports substantially to stabilize the economy and create conditions for renewed economic growth"¹². Also, the role of Banco Nacional de Desenvolvimento Econômico e Social (National Bank of Economic and Social Development-BNDES) was crucial to Brazil's foreign policy, since it contributed by either giving credit and/or becoming a subsidiary shareholder in some transnational companies such as Embraer, JBS Friboi, Marfrig, Vale, (which are in the Gulf countries) and Petrobras among many

¹⁰ Visentini, Paulo G., Silva, André, 'Brazil and the Political, Economic and Environmental Multilateralism', *Revista Brasileira de Política Internacional* vol.35, (2010): 57.

¹¹ Vigevani, Tullo, Cepaluni, Gabriel, 'Lula's Foreign Policy and the Quest for Autonomy through Diversification', *Third World Quarterly* 28, no.7 (2007): 1313.

¹² Fryba, Steen, 'Brazil's Foreign Policy Priorities', *Third World Quarterly* 34, no. 2 (2013): 273.

others¹³. The bank started little by little to incorporate the presidential orientations of Brazilian foreign policy. Importantly, it presented two changes that were more closely aligned to Brazil's foreign goals: first a decree by which the bank could finance the acquisition of assets and investment by national companies abroad; secondly, a modification on the regulations to allow the bank to have its own representations abroad in 2008. More importantly, from that year onwards the bank must have in its main deliberative body a representative from the Ministry of Foreign Affairs. In this regard, the bank became an important tool for the government in its economic diplomacy¹⁴.

In Mexico, during the presidencies of Vicente Fox (2000-2006) and Felipe Calderón (2006-2012), both from the liberal National Action Party (PAN), Mexico tried to develop an active presence on the international stage¹⁵. For instance, Mexico participated in the UNSC and together with Chile opposed the US policy to invade Iraq, among other UN agencies. During the second PAN administration, under President Felipe Calderón (2006-2012), the scope of actions and scenarios became more selective. Nevertheless, for the first time, one of the main objectives of Mexico's trade and investment diversification considered the importance of the Gulf¹⁶.

Yet, in contrast to Brazil, despite Mexico's business organizations being supportive of Fox's reforms, the absence of an official party majority in the legislative council meant that the economic reforms proposed by the government on employment, fiscal and energy affairs were postponed¹⁷. According to de la Mora, later in Calderón's

¹³ Bugiato, Caio; Berringer, Tatiana. 'Um debate sobre o Estado logístico, subimperialismo e imperialismo brasileiro' in *Debate*, no. 7 (2012): 2-3.

¹⁴ De Siquiera, Renata and Pesavanto, Fabio, 'A Política Externa Brasileira e o BNDES: uma análise da atuação internacional do BNDES durante o Governo Lula (2003-2010)', II Seminário de Iniciação Científica da ESPM (São Paulo, 30 and 31 of October 2013). 5-8.
http://www2.espm.br/sites/default/files/pagina/renata_de_siqueira_campielo_-_sul_-_ii_semic_2013_0.pdf

¹⁵ González, Guadalupe, 'Las Bases Internas de la Política Exterior: Realidades y Retos de la Apertura Económica y de la Democracia', in Herrera Lasso, Luis ed., *México ante el Mundo: Tiempo de Definiciones* (México City: Fondo de Cultura Económica, 2006). 160-161.

¹⁶Presidencia de la República de México, *Plan Nacional de Desarrollo 2007-2012* (México City: Presidencia de la República de México, 2008).

¹⁷ Alba, Carlos, 'Los empresarios y la democracia en México', *Foro Internacional* 46, no. 1 (2006): 144.

administration, trade policy suffered from "fatigue of commercial negotiations", since the main business associations, especially those oriented towards exports, questioned the policy of signing commercial agreements and lobbied for a legislation to stop the senate ratifying those agreements. Mexico suffered from a lack of governmental support for industry and exports infrastructure, a predicament it inherited from the previous administration, in addition to the unilateral decision to lower commercial duties which angered some sectors, especially agribusiness. To sum up, the government could not capitalize on ripe conditions to access emerging economies and improve Mexico's performance in exports¹⁸.

In the current administration, president Peña Nieto (2012-) had initially counted on private sector support, especially after the success of major reforms that had been envisioned since the Fox presidency. The stimulation for exports and the support offered by Mexico's Development Bank to promote trade (Bancomext) has produced a significant increase in manufactured products. In an independent report on the performance of Bancomext, the authors' findings show an improvement in the role of this bank compared to the past administration, noticing the increase in support for tourism, maquiladoras and, to a lesser extent, the car sector. Although progress is being made, Bancomext needs to reach out to more businesses to foster exports, since the scope remains limited and the amount for promotion to small and medium business is only 30% of its budget¹⁹.

The above shows how the nature of the political projects of both governments was different as was the amount of support from business sectors, role of the banks and public policies. In the case of Brazil, all domestic factors acted in tandem with the government's aspirations to attain a wider global role. Mexico, despite its attempts to become active, failed to benefit from its new form of activism, since multilateral policies and bilateral policies were not articulated to work towards the same goals²⁰. Moreover,

¹⁸ De la Mora, María de la Luz, 'La política comercial de México', *Foro Internacional* 53, no. 3-4 (2013): 794-795.

¹⁹ Hernández, Fausto and Villagómez, Alejandro, *Estudio de Evaluación del Banco Nacional de Comercio Exterior, Sociedad Nacional de Crédito, Institución de Banco de desarrollo (Bancomext)*, (México City: Centro de Investigación y Docencia Económica, 2014). 127-128.

²⁰ Galindo, Alejandra (2011), 'Mexico's Elusive Foreign Policy towards the Middle East: between Indifference and Engagement', *Contemporary Arab Affairs* 4, no. 3 (2011) : 354.

the gap between business organizations and trade structural factors proved detrimental in achieving the stated economic aspirations.

Political Exchanges

This section outlines the political activity and exchange between the two countries with the Gulf region exemplifying the will of both governments to promote relations, both at bilateral and multilateral levels. Observations made so far indicate that the global aspiration of the Brazilian government was reflected in the activism towards the region, but its intensity declined under President Dilma Rousseff (2011-2016). In contrast, Mexico under the administration of Calderon began targeting the Gulf region as a key area for cooperative relations, an approach which is being followed more closely in the current presidential period.

Lula's initiative to convene the ASPA summit in 2005, contributed further to increase the contact between the two regions and to enhance Brazil's relations with the Middle East and the Gulf particularly, through forging new partnerships thus enhancing its global role. Although Brazil had some official visits and exchange of embassies (the United Arab Emirates and Qatar) back in the 1990s, it was not until 2000 that a more systematic rapprochement between the countries started. For instance, in 2002 the Brazilian government launched a commercial office in Dubai, after an agreement on economic, commercial, industrial, technological and financial areas was reached²¹.

The activism of Brazil in the region and its importance is reflected by the number of visits by the president and the Minister of Foreign Affairs, Celso Amorim. President Lula visited the Gulf countries several times, including the United Arab Emirates (2003), Saudi Arabia and Qatar in 2005, then in 2010 Qatar again and for the first-time Iran²². Furthermore,

²¹ Ministério das Relações Exteriores do Brasil, "Emirados Árabes Unidos", (Brasília: Ministério das Relações Exteriores do Brasil, 2016).

²² Ministério das Relações Exteriores do Brasil, " *Visitas internacionais do Presidente Lula e visitas ao Brasil de Chefes de Estado e de Chefes de Governo 2003-2010*", Balanço do de política externa 2003/2010, (Brasília: Ministério das Relações Exteriores do Brasil, 2010).

the Minister of Foreign Relations also conducted numerous trips to the Middle East²³. The preparation to hold the ASPA summit in Brazil in 2005 contributed to increase the visits between officials in the regions. From that time, three summits have been convened: Doha (2009), Lima (2012) and Riyadh (2015). These encounters have opened avenues of cooperation between Brazil and the region in terms of politics, technology, culture, trade, among other aspects.

Mexico's dependence on the United States, which since 2006 securitized the agenda between the countries, in addition to a spike in violence and organized crime in Mexico, has hindered Mexico's role. Yet, despite the above, the Calderon administration boosted Mexico's presence and relations with the Gulf. In 2009, Mexico opened a commercial office in Dubai, a project that had been delayed since the 1990s following Mexico's flawed decisions after the events of 9/11²⁴. The following year, for the first time in the history of Mexican diplomatic relations with the United Arab Emirates and Qatar, an officer from the Ministry of Foreign Affairs, under-Secretary Lourdes Aranda, visited both countries²⁵. In 2011, also for the first time, a Mexican Minister of Foreign Affairs visited Kuwait²⁶. A year earlier, in the context of preparation for the international forum COP16 in Cancun at the end of the year, the Minister of Foreign Affairs visited Saudi Arabia, the United Arab Emirates and Qatar for consultations on the issues of climatic change and energy.

All these visits were followed by the exchange of embassies: The United Arab Emirates opened an embassy in Mexico in 2010, while Mexico updated its commercial office (2008) to embassy at the beginning of 2012; Mexico opened an embassy in Kuwait in 2011 and

²³ Ministério das Relações Exteriores do Brasil, "*Visitas Internacionais e nacionais do Ministro Celso Amorim e Visitas de Ministro de Negócios Estrangeiros ao Brasil*", Balanço do de política externa 2003/2010. Brasília: Ministério das Relações Exteriores do Brasil, 2010.

²⁴ Mexico closed its embassy in Saudi Arabia after 9/11, the role of this embassy towards the end of the nineties was particularly active and it advised the ministry and government of the necessity to open, a commercial office and/or embassy in UAE. This embassy was reopened three years later.

²⁵ Secretaría de Relaciones Exteriores (2009), *Tercer Informe de Labores*, (Mexico City: Secretaría de Relaciones Exteriores). 59.

²⁶ Secretaría de Relaciones Exteriores (2011), *Quinto Informe de Labores*, (Mexico City: Secretaría de Relaciones Exteriores 83-84.

in parallel with Qatar, Mexico opened its embassy in 2015, while Qatar opened its embassy in Mexico a year earlier.

In terms of multilateral policies, one important regional issue was the Iranian nuclear program. In 2010, Brazil, joined by Turkey, affirmed its status as a global player. Together they achieved a public agreement by Iran (Tehran Declaration) to send its uranium abroad in return for international recognition of its right to civil nuclear energy by the UNSC. Despite this achievement, Resolution 1929 on the reinforcement of sanctions on Iran was passed by the UNSC. Brazil voted against sanctions. In contrast, Mexico favored the resolution on widening sanctions against Iran, arguing that despite this resolution, negotiations could be reached. The justification provided for its stance was that the sanctions were directed toward individuals and specific entities related to nuclear proliferation activities and not towards the Iranian population and that these measures could be halted if the Iranian government complied with the Security Council's demands²⁷.

On the Arab-Israeli conflict, many Latin American countries have held similar stances which in general have been sympathetic to the Palestinian cause, including Brazil. But Mexico presented a contradictory path of support and abstention. First, it abstained from voting in favor of the Goldstone report, at both the UN Human Rights Council and the General Assembly. Secondly, on the issue of Palestinian statehood in 2010-2011, while most of the Latin American countries acknowledged it, Mexico abstained. Furthermore, Mexico did not recognize the admission of Palestine as a member of the United Nations Organization for Education and Culture (UNESCO). Once more, the Mexican authorities resorted to the justification that this move would do nothing to solve the Arab-Israeli conflict and could damage the process of negotiations under way²⁸. Also, one must consider that those years were the height of organized crime violence in Mexico and an impending US package of aid²⁹. Incidentally, when the status of Palestine as a non-

²⁷ Heller, Claude, "Discurso que pronunció el Representante Permanente de México ante las Naciones Unidas y Presidente en turno del Consejo de Seguridad", June 9, 2010.

²⁸ Secretaría de Relaciones Exteriores, Comunicado de Prensa 398, October 31, 2011.

²⁹ This package of aid was known as a Plan Merida. It was established in 2008 but it was not until 2009 that the first amount of money was delivered to Mexican government to modernize its security and intelligence infrastructure. See Chabat, Jorge, *La Iniciativa Mérida y la Relación México Estados Unidos: en Busca de la Confianza Perdida*, Cuaderno de trabajo 195, (México City: Centro de Investigación y Docencia Económicas, 2010).

member observer state of the UNGA was voted in November 2012, Mexico supported the initiative, shifting from its previous stances. This change could be explained by the fact that it was one of the last decisions of Felipe Calderon as president, so his administration was not going to face the consequences.

In contrast with Peña Nieto (2012-) and Dilma Rousseff (2011-2016) administrations, approaches on foreign policy have changed. Rousseff's foreign policy became more detached from Lula's position on the Middle East, favoring the reduction of its global profile due to domestic challenges. By contrast, Mexican foreign policy, amid a flurry of national reforms on its foreign policy, tried to become a tool to expand economic ties. For the first time, the National Development plan envisioned concrete actions to become closer to the region, such as, taking advantage of the closer links between the regions to improve the knowledge of Mexico in the Arab world, the promotion of cooperation for development on the issues of energy and food security, and attracting investments from the Gulf to Mexico in projects of mutual interest³⁰.

During the last years, an exchange of official visits between Mexico and the Gulf countries has reflected the steps taken by previous administrations. The tour to the Gulf countries by the former Foreign Secretary Antonio Meade in the second year of the new government produced the memorandum of understanding between Mexico and the Gulf Cooperation Council³¹. Two years later, a first official tour of a Mexican president in the region occurred after more than thirty years. President Peña Nieto visited Saudi Arabia, Kuwait, the United Arab Emirates and Qatar, signing numerous agreements; those related to the promotion of trade, investment and cooperation in energy are particularly noteworthy³².

In brief, Brazil has displayed an active foreign policy in the region, playing a leading role in the promotion of South-South cooperation through ASPA gatherings that helped strengthen its role globally, not unlike the policy of Mexico in the seventies. One notorious

³⁰ Presidencia de la República de México, *Plan Nacional de Desarrollo 2013-2018* (México City: Presidencia de la República, 2014).

³¹ Secretaría de Relaciones Exteriores, Comunicado de Prensa 79, March 5, 2014, <http://www.gob.mx/sre/prensa/refuerza-mexico-vinculos-con-paises-de-la-peninsula-arabiga>

³² Urrego, Lisa, Peña Nieto Concluye su Gira por el Golfo Pérsico para Atraer Inversiones, *Agencia EFE*, January 21, 2016, <http://www.efe.com>.

difference with the past is the fact that Brazil is no longer dependent on oil supply from the region and it is autonomous from the US. Mexico, despite coherence in discourse and deeds on getting closer ties with the Gulf Cooperation Council members, remains trapped in the triangulation of relations towards this region vis-à-vis the United States and/or the perception by the political elite of this structural factor. Still, in the current administration the exchange of visits and the agreements signed with some of the Gulf countries (Saudi Arabia, Kuwait, the United Arab Emirates and Qatar) are a considerable step closer to this region in terms of trade and investment.

Commercial Exchanges

Despite the limitation with connectivity³³, but thanks to recent formal exchanges between the regions, trade is thriving. For the Gulf countries, their main importers from Latin America are Brazil, Mexico, Chile and Argentina (which in 2015 was at second place, and Mexico third) and during the last two years (2014-15) Ecuador has been at fourth place. Below, the growth of trade and some of the tools used to increase trade by Brazil and Mexico is examined.

³³ South America has direct flights and cargo via emirates and Qatar airways, meanwhile Mexico just recently started cargo flights with Qatar and Emirate, although negotiations for direct flights are taking place. This is a major factor that determined the competitiveness of Latin American products in the region.

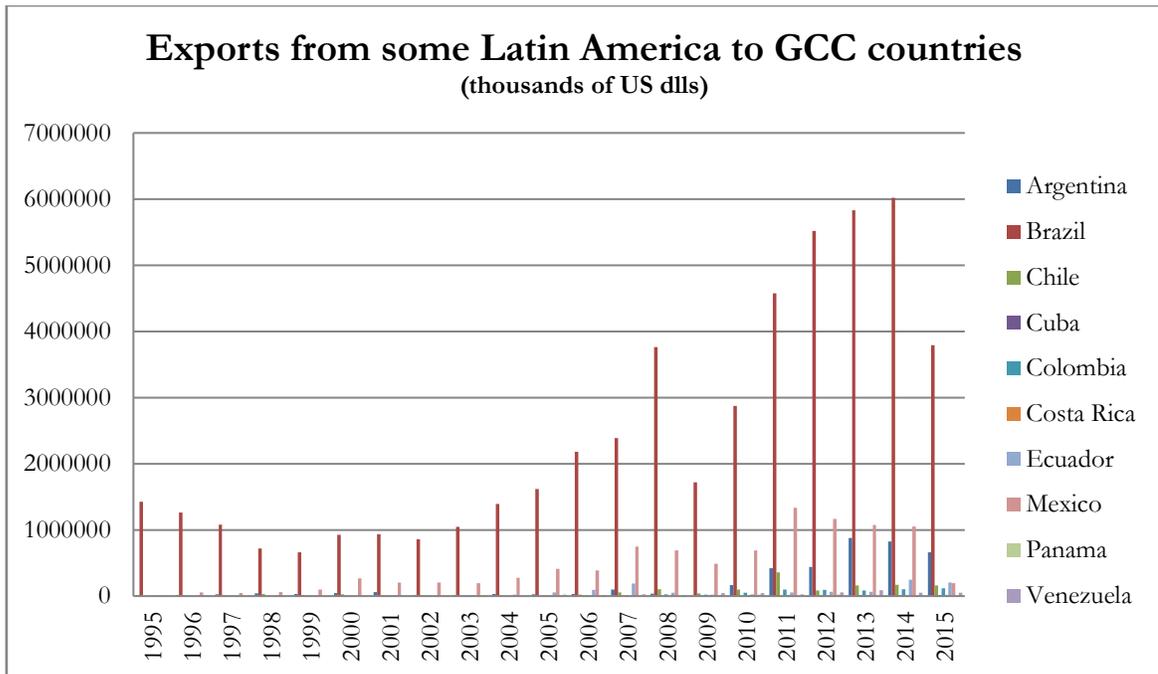
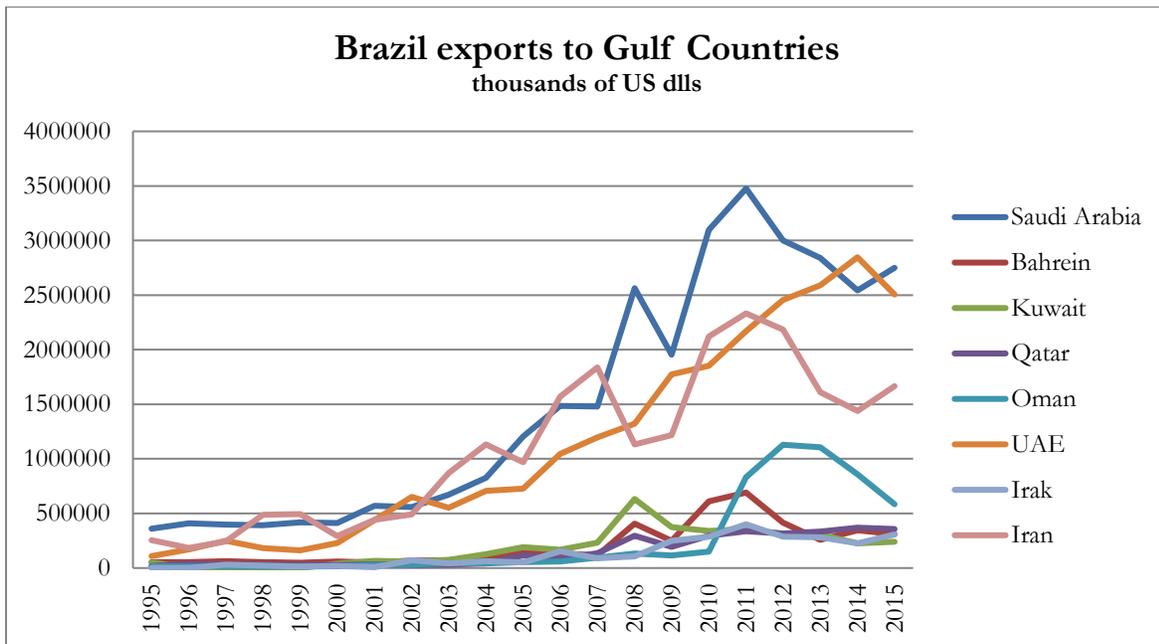


Fig. 1

Source: UNCTAD trade statistics

Fig 2



Source: UNCTAD trade statistics

As is clear from the figures above, Brazil's average growth rate is high, especially with its main trade partners Saudi Arabia, the United Arab Emirates and Qatar. In general terms its growth rate from the 1990s was 8.23%, increasing to 14.79% between 2000 and 2015, presenting a higher average growth rate of 22% between 2000 and 2008 and 7.5% from 2010 until 2015. Brazil's main exports are: food (chicken and beef) and sugar. For some Gulf countries Brazil is one of the top five providers of those products.

Brazil opened its governmental office, Brazilian Agency for the Promotion of Exports and Investment (APEX) in 2000. This office selects companies and organizes Brazilian participation in international fairs, as well as providing support with trade missions and following up the contacts between Brazilian companies and its counterparts in the area. Its main role is to carefully plan and market Brazilian companies and coaching them in successfully doing business in the region³⁴. Also, since the APEX opening, Brazil has kept its presence in the region's international fairs; for example, in the 2016 Gulf Food Fair 86 firms participated³⁵. The role of APEX was enhanced in 2016 when it passed directly to the Ministry of Foreign Affairs, aiming to facilitate the coordination and planning of the promotion of exports and investments. To date, the embassies have had their own promotional section and now this agency will be restructured under the ministry³⁶.

It was not until 2007 that Mexico created a governmental agency for the promotion of exports and investments, ProMexico, under the Ministry of Economy. The following year ProMexico opened an office in Dubai, thanks to the support of the city's chamber of commerce³⁷. The office facilitated the opening of a consulate and later an embassy in the Emirates, but it closed due to differences between the scope of the office and the budgetary issues with the opening of the Mexican embassy in Abu Dhabi. The office of ProMexico was opened again in 2016 and in the previous year another office was set up

³⁴ Ely Michel Dauly, Director Apex-Dubai, personal interview, March 16, 2016.

³⁵ Mena Herald, 'Brazil showcases its leading global position across the Food & Beverage sector with \$728 million of deals' at Gulfood, *Mena Herald*, February 28, 2016, <https://menaherald.com/en/countries/uae/brazil-showcases-its-leading-global-position-across-the-food-beverage-sector-with-728-million-of-deals-at-gulfood/>.

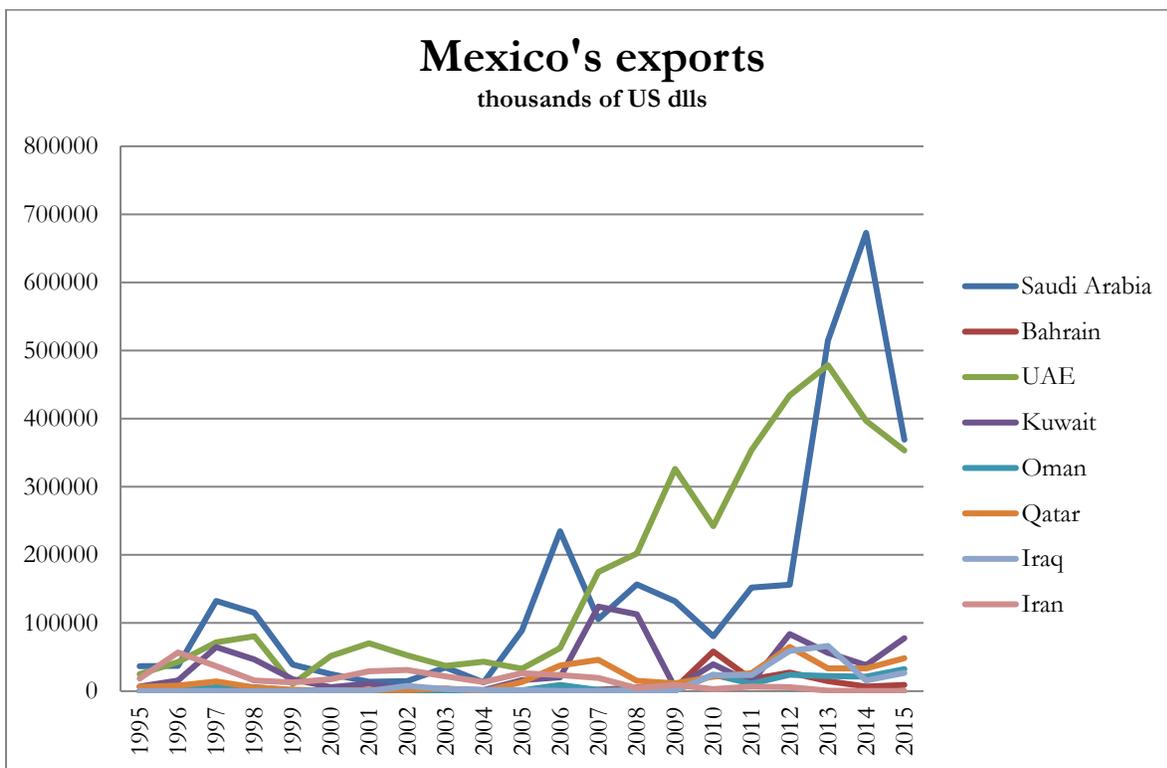
³⁶ Sawaya, Marco, 'Itamaraty, Apex e Comércio Exterior', Agrolink, June 26, 2016, http://www.agrolink.com.br/noticias/itamaraty--apex-e-comercio-exterior---por-marcos-sawaya-jank_351013.html

³⁷ Roberto Galán, United Arab Emirates Embassy at México City, personal interview, March 19, 2015.

in Doha. Mexico thus participated in the Gulf Food Fair for the first time in 2016, with the participation of 12 companies.

Mexican exports to the Gulf follow a very fluctuating pattern. Mexico's average growth rate of trade towards the Gulf countries happened since the second half of the 1990s. The general growth rate of trade from 2000 to 2015 is around 22%. But if we divided the average among the three presidential periods, the rate during Fox's period (2000-2006) was 37%, meanwhile during Calderón's administration it fell to 15%. Under the current administration, the average growth rate is 5.3% (2013-2015). As in the case of Brazil, Mexico has the same main trade partners. The main exports are manufactured products such as electronics parts, tubes ("casting"), refrigerators, among others.

Fig.3



Source: UNCTAD statistics

As analyzed above, the active foreign policy pursued by Lula helped to increase exchange with the Gulf countries. Another important tool and theatre that promoted trade was the initiative of Brazilian Arab chamber of commerce to organize a bi-regional trade fair while the first meeting of ASPA heads of state was taking place. Thanks to this action, during

the second meeting of ASPA in Doha, this trade fair became an ASPA business forum which consistently surpassed expectations of attendance³⁸. In the case of Mexico, an increase in ties was noted during the period of Fox and not Calderon's, despite the exchange of visits and embassies. But in the period of Fox it should be highlighted that the tendency to increase trade with GCC countries was inherited from the previous period, in the same way one could also conclude that thanks to the changes and the links unfolded towards the Gulf countries initiated mainly by Calderón, we can observe an increase of contacts and trade in the last years.

Conclusions

Overall, if in the seventies and early eighties the Mexican government approached the region to enhance its position at the global level, in the 2000's Lula's government considerably worked towards forging strong ties with the Gulf. Economic diplomacy accompanied the broader objective of obtaining a greater role for Brazil in international politics, attaining both economic and political gains; while under Dilma it focused exclusively on economic gains rather than the continuation of Brazil's global role.

If with the political alternation in Mexico, Mexico wanted to become an active actor and to bring the world to Mexico, its economic diplomacy failed, since it lacked orientation, support and suffered from adverse circumstances including the 9/11 attacks and the wave of violence spurred by organized crime. I have argued that with the current administration there is however a more focused economic diplomacy and greater orientation towards enhancing links with the Gulf countries. Brazil, however has by contrast shown a successful rate of increase in trade with the Gulf countries, in some cases being the number one importer for agricultural products in the region such as poultry, sugar cane, beef, and soya among others. Meanwhile, Mexican exports are more oriented towards cars, electronics, tubes and to a lesser extent, agricultural products. Mexico's export variation over the course of the years shows the lack of focus on this region and the discontinuities regarding relations with the Gulf countries.

When it comes to the effectiveness of their economic diplomacy, the main difference between Brazil and Mexico lies in their tools, especially those dealing with decision making

³⁸ Baeza, Cecilia, 'The Role of Interregional Forums in Fostering Gulf-Latin America Business Links' in Galindo, Alejandra, ed., *The Gulf and Latin America: Exploring New Avenues of Exchange*, (Cambridge, Gulf Research Center, 2016).

and policy orientation. From a structural point of view, there are key factors at play: the implementation of a commercial office in the region by Brazil and its exchanges of embassies occurred much earlier than in the case of Mexico. Also, the Brazilian Ministry of External Relations, or *Itamaraty*, has strong input in the trade policies of the government, along with the Brazilian National Bank of Development (BNDES) and Apex. In stark contrast, in Mexico coordination is split between the Ministry of Foreign Affairs (SRE) and the institutions in charge of trade promotion. Trade falls under the Ministry of Economy. For instance, the promotion of commerce and industrial policies operates through different institutions such as the National Bank of Foreign Trade (Bancomext); ProMexico, which focuses mainly on the promotion of Mexican exports. The Ministry of Foreign Affairs is left out of these institutions, although in daily practice the offices of ProMexico in the Gulf are in the same building as the Mexican embassies. However, the lack of participation in policies and decision making regarding the external sector has been present since the signing of the North America Free Trade Agreement (NAFTA) in 1994. There is thus the need for a Ministry that actively participates in the decisions on Mexico's ties with the rest of the world³⁹.

Another difference can be seen in the mid- and long-term efficacy of the type of exports from Mexico and Brazil to the Gulf states. Until now Brazil's main exports have been commodities, although we are currently witnessing a fall in the price of commodities, a factor that needs to be considered if Brazil is to continue to trade on those terms with the GCC. On the other hand, the Mexican government is currently urging for a renewal of links and for the promotion of business, stirring up the ministries and agencies to look towards these markets coordinated from the presidency, supported by the national structural reforms. To support that aim, at the beginning of 2016, the government announced a national program to enter into the halal Global Market 2016-2018, under the direction of the Secretary of Economy, Foreign Ministry and other agencies of the

³⁹ Garza Elizondo, Humberto, "Crisis de la política exterior mexicana", *Foro Internacional* 38, no. 2-3(1998): 200; González, Guadalupe, Pellicer, Olga y Saltalamacchia, Natalia, "Introducción, Rasgos y contribuciones de la política multilateral de México en el Siglo XXI" in González, Guadalupe, Pellicer, Olga y Saltalamacchia, Natalia, eds, *México y el Multilateralismo en el siglo XXI*, (México: Siglo XXI and ITAM, 2015), 11-45.

government⁴⁰. Although Mexico is known worldwide for being among the most important producers of agricultural products and has launched other programs to promote exports in this sector, it is still lacking investment to enhance the potential of this market⁴¹.

In conclusion, it seems that both countries can draw experiences from each other, but most importantly it would appear that trade between the two regions is increasing at least in the mid- term, and that economic diplomacy will increasingly be the main strategy to close the distance between the regions for two countries with very different political contexts.

⁴⁰ Secretaría de Economía, Comunicado 001, January 14, 2016, (México City: Secretaría de Economía, <http://www.gob.mx/se/prensa/el-gobierno-de-la-republica-presenta-estrategia-nacional-para-la-promocion-de-las-exportaciones-mexicanas-hacia-el-mercado-halal>).

⁴¹ Escandón, Jorge y Pineda, Daniel, `El comercio exterior agroindustrial mexicano y sus estrategias de exportación´ in Observatorio de la Economía Latinoamericana, Nº 200, 2014, <http://www.eumed.net/cursecon/ecolat/mx/2014/agroindustria.html>.

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