

SUMMARY

EC/Mexico Cooperation 2007-2013

Country Strategy Paper

Mid-Term Review

Short version for translation

1. Main Developments

The Calderón administration, which took power in December 2006 after highly contested Presidential elections, suffered a defeat in the mid-term elections in July 2009. So far, the government has made progress in the implementation of reforms in the areas of social security, fiscal and electoral matters as well as justice and energy. Overall, the government has placed special emphasis on dismantling bureaucratic barriers to external trade. Mexico has been severely affected by the global financial crisis: particularly the manufacturing industries have been badly hit and the economy is experiencing a reduction of net capital inflows as well as a sharp decline in energy prices. This is further compounded by the recent outbreak of influenza A H1N1, which has taken its toll on tourism. In combination, these trends have negative repercussions on both poverty and employment levels. Furthermore, security remains an important political concern, given the sharp increase in drug-related violence and insecurity.

In general, EU-Mexico relations have undergone an important qualitative change and a process of consolidation. The last four years were characterised by an intensification of higher level contacts and a growing mutual interest in engaging in policy dialogues as well as exchanges and information-sharing on technical matters. Additionally, the Strategic Partnership, approved by the European Council and Parliament, will enhance EU-Mexico relations by opening the door to greater EU-Mexico coordination on global issues, in particular in the context of multilateral fora, in a number of areas covering political and security issues as well as environmental and socio-economic matters. Furthermore, a high-level dialogue on environment and climate change has been established and the EC has committed funds for an anti-narcotic trans-regional project to be implemented by the UNODC.

The current 2007-2013 bilateral cooperation (€55M) focuses on supporting policy dialogue in three priority areas:

- **Social cohesion** and dialogue in related policy areas. The specific policy dialogues envisaged involve pilot projects aimed at fostering legislative and administrative change as well as institutional strengthening, including in the area of security;
- **Economy and competitiveness**, aimed at promoting trade and investment fostering alliances between European and Mexican economic actors, with a particular focus on the development of SMEs.
- **Education and culture**: the main areas of cooperation include higher education and activities aimed at improving mutual knowledge, cultural exchanges and visibility. For the

period 2011-2013, the review suggests to continue to focus on university cooperation, in particular in the field of science and technology.

This review concludes that no change in the funding allocation between the focal sectors is necessary. However the first focal sectors should include the issue of cooperation in the area of security, while the second should remain as originally proposed. The third focal sector be broadened to include science and technology. Thus, the report concludes that no new Memorandum of Understanding is necessary.

2. Results, Performances, and Lessons Learnt

The predominant use of centralised management for 2007 programmes has facilitated an **early launching of cooperation** under the 2007-2013 period; thereby allowing both sides to implement their financial contributions in accordance with respective norms with the aim of avoiding additional bureaucracy.

Since 2004, the EC has been jointly working with the Ministry of Economy in two economic cooperation programmes. An Addendum to the PROTLCUEM project signed in September 2009 included several new institutions formerly not part of the first design. It is furthermore planned to continue working with the customs authority and to establish an efficient internet based communication instrument.

In the field of **social cohesion**, a pilot project of policy dialogues on access to basic health, social security and fiscal matters is advancing smoothly. An Integrated Social Cohesion Programme of €10M is to be approved within the 2009 Annual Action Plan. Its objective is to contribute to the strengthening of social cohesion in Mexico, by supporting efforts to capacitate public institutions in Mexico in their formulation and implementation of policies aimed at fostering social cohesion. In response to a request by the Mexican government in view of current developments, a human rights programme was added to the social cohesion focal sector.

Under the 2007 **Erasmus Mundus** (EMECW) students from the 10 poorest Mexican states have been sent to European universities for one year programmes.

The **Cultural Fund** (indicative EC contribution of €1 million), which was approved in the course of 2007 and 2008, consolidates EC action in the field.

Excellent progress is being made under the **Science and Technology Fund** (FONCICYT, indicative budget of €15.5 million).

3. Conclusions and Recommendations

The EC considers that it is not necessary to change the funding allocations between the focal sectors or to modify the scope of the first two sectors. The proposed amendment to the third sector constitutes a broadening of the thematic coverage of this sector. The priorities defined in 2007 are therefore maintained and the Country Strategy Paper is not revised. The objectives of the 2007-2010 National Indicative Programme have been reached.

4. NATIONAL INDICATIVE PROGRAMME 2011-2013

Focal Sector 1: Social cohesion and support to related policy dialogues

This focal sector remains highly relevant given the persistent structural poverty in Mexico and the negative impact of the international economic crisis. The focal sector encompasses issues which will be covered by the policy dialogue which is likely to be launched within the context of the new Strategic Partnership, including issues such as social policies, access to essential services, human rights, migration and security as well as cross-cutting issues such as gender and environment. No change is proposed; even though there is a strong interest by the EU and Mexico to reinforce the cooperation in the area of security.

Focal Sector 2: Sustainable Economy and Competitiveness

This focal sector remains relevant and its objectives are consistent with Mexico's policy agenda. Competitiveness is a major issue for the country. As such, the EC cooperation projects should be aimed at supporting Mexico in its efforts towards enhanced competitiveness and its further integration into the world economy. Particular attention should be given to SMEs, notably in areas such as innovation, technology transfer, building a sustainable environment (i.e. the promotion of "clean technologies"), the adoption of environmental standards, the development of export capacity and the facilitation of trade. No overall change is proposed.

Focal Sector 3: Education and culture

Key needs in the field of higher education and culture have been addressed under the programmes approved in 2007-2008. The Erasmus Mundus programme for Latin America is considered to be adequately designed for Mexico's needs in the field of higher education and is expected to encourage a wider Mesoamerican approach. Mexican participation in the global Erasmus Mundus programme has been growing considerably over the last few years. Accordingly, the focal sector should continue to focus on university cooperation in the period of 2011-2013, with particular attention given to the area of science and technology. In addition, the new policy dialogue on education and culture could further enhance cooperation in these fields.

Summary table of focal areas and financial breakdown

	NIP 1: 2007-2010	2007	2008	2009	2010	2007-2010	NIP 2: 2011-2013
Sectors	Forecasts	Commitments					Forecasts
Social cohesion (and support to other sectoral policy dialogues)	11,000,000	900,000		10,000,000		10,900,000	11,000,000
Economy and competitiveness	11,000,000		1,500,000		9,000,000	10,500,000	8,250,000
Education and	8,800,000	5,000,000	3,400,000			8,400,000	4,950,000

Culture							
Total Mexico	30,800,000	6,250,000	4,900,000	10,000,000	9,000,000	30,150,000	24,200,000