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Mexico and Peru signed a Free Trade Agreement

Mexico and Peru concluded the negotiation of a Free Trade Agreement (FTA), which was signed on April 6 by the Minister of the Economy of Mexico, Bruno Ferrari, and the Minister of Foreign Trade and Tourism of Peru, Eduardo Ferreyros.

This Agreement, denominated "Economic Integration Agreement", enlarges and deepens the Economic Complementation Agreement N° 8 signed in 1987 in the framework of the Latin American Integration Association (ALADI).

The aim of this FTA is to increase the bilateral trade and investment flows, taking advantage of the economic dynamism of both countries and favoring the development of their economies in the population's benefit.

This Agreement establishes commitments and disciplines in four items:

- 1) Trade in goods: tariffs; rules of origin; customs procedures; mutual recognition of designation of origin; safeguards; sanitary and phytosanitary measures; technical barriers to trade; and unfair trade practices.
- 2) Trade in services: cross-border services; financial services; temporary presence of natural persons; and mutual recognition of certificates.
- 3) Investment: guarantees to investors and international mediation mechanism.
- 4) Institutional provisions and dispute settlement mechanism.

It is worth to highlight that, regarding market access issues, Mexico and Peru committed to eliminate the tariffs for all products, with some exceptions, in a maximum period of 10 years.

Another benefit of this Agreement is that will have indefinite validity, which will grant legal security to economic operators.

On the other hand, the parties agreed to deepen the Agreement in the future through the negotiation of new commitments on public procurement, trade facilitation and customs cooperation.

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Mexico and Peru signed a Free Trade Agreement

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During the negotiation, the governments of both countries held close consultations with their respective productive sectors, which contributed in the decision making to achieve this Agreement.

Additionally, the subscription of the FTA established the foundations to advance in other regional initiatives and in the integration level that both countries wish to reach in the years to come.

Between 2000 and 2010, bilateral trade between both countries grew to an annual average rate of 13 percent, increasing from 414 million to 1.4 billion dollars (bd). Now, with the entry into force of this agreement it is expected that bilateral trade will double within five years.

As for the investment flows, conservative figures indicate an investment of 3.5 bd from Mexican companies in Peru, and now with the FTA these investments could triple in the next five years, as estimated by Beatriz Leycegui, Mexico's Undersecretary of Foreign Trade.



The Minister of the Economy of Mexico, Bruno Ferrari, and the Minister of Foreign Trade and Tourism of Peru, Eduardo Ferrer, in the signature ceremony of the Free Trade Agreement, with the presence of the President of Peru, Alan García.

Deepening the Mexico-Colombia Free Trade Agreement

The Free Trade Agreement (FTA) between Mexico and Colombia will be extended incorporating new products, through an Amending Protocol approved recently by the Mexican Senate, expecting soon its entry into force.

The Mexico - Colombia FTA entered into force since 1995, allowing a bilateral trade growth of roughly 1000 per cent, reaching more than 4.5 billion dollars (bd) in 2010.

In consequence, Colombia has become second-largest Mexico trade partner in Latin America and also the second destination of Mexican investment in the region (about 5.5 bd of Mexican capital in Colombia).

This FTA has been especially important for Mexico as its exports to Colombia have been multiplied by ten, creating approximately 94,000 employments, particularly on sectors such as cosmetic, automotive and auto-parts industries.

Considering this FTA extension it is expected that Mexican exports to the Colombian market will increase to 9 bd, due to the inclusion of new industrial and agricultural products such as tractors, trailers, expandable polystyrene, vegetable oils, orange juice, durum wheat, tomatoes, *chilorio* and *cochinilla pibil*, among others.

According to Bruno Ferrari, Mexican Minister of the Economy, this deepening of the FTA with Colombia is a step forward to open the access to additional products, trade facilitation for the most competitive Mexican goods, as well as to strengthen the export market and diversify the supply chain, consolidating the Mexican presence in the Latin American region.

Mexico's Total Trade in February (billion US\$)			
	2010	2011	%
Total	42.2	51.2	21.4
Exports	21.3	25.7	20.9
Exports (excluding oil)	18.4	22.2	20.7
Imports	20.9	25.5	22.0

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
	2010	2011	%
January - February			
Exports to the EU	2,015.7	2,565.0	27.3
Imports from the EU	4,499.9	5,062.0	12.5
Exports to the EFTA	175.3	260.4	48.5
Imports from the EFTA	252.6	249.3	-1.3

Source: Banco de México

Visit to Mexico of a business delegation headed by Nick Clegg, Deputy Prime Minister of the UK

The Deputy Prime Minister of the United Kingdom, Nick Clegg, visited Mexico accompanied by a delegation of business leaders representing a wide range of sectors including financial services, energy, construction, education, consultancy, consumer goods and health care.

During this visit, that took place from 28th to 30th of March, Deputy Prime Minister Clegg held a working meeting with Mexican President, Felipe Calderón, in which he emphasized the leadership of Mexico in Latin America and the strength of the Mexican economy, describing it as the most open in the region. He also congratulated Mexico for its banking system and for the way it has faced the economic problems, compared with other countries in the world.

Additionally, during the meeting it was underlined the need to increase the existing cooperation in the fields of trade, investment, science, technology and education. It was also recognized the links between economic stability, development and investment, as well as the convenience for continued economic reforms to achieve a sustained development.

President Calderón and Deputy Prime Minister Clegg welcomed the 30 per cent increase in bilateral trade in goods between 2009 and 2010, as well as the strengthened contacts among business leaders from both countries. They also agreed to work towards doubling bilateral trade by 2015.

The British Deputy Prime Minister welcomed Mexico's Presidency of the G-20 next year and both Parties committed to work closely together towards achieving G-20 goal of reaching strong, sustainable and balanced global growth, and the reform of the global financial and economic system.

In this framework, they agreed to continue working on green growth initiatives and towards a successful conclu-

sion of the Doha round negotiations in 2011, which both countries believe is more important than ever.

In another event, President Calderón and Deputy Prime Minister Clegg chaired a business round table to discuss bilateral trade relations, in which some important facts were highlighted:

- The United Kingdom is the fifth largest investor in Mexico over the past ten years, with nearly 7.4 billion dollars.
- Around 350 British companies and 900 firms with British capital are operating in Mexico.
- Mexico is the United Kingdom's second largest trading partner in Latin America, after Brazil.
- In 2010, bilateral trade in goods between Mexico and the United Kingdom reached £1.9 billion pounds.

Finally, President Calderón and Deputy Prime Minister Clegg agreed to set up a new Mexico-UK Business Forum, as well as to establish a Mexican Chamber of Commerce in London, in order to increase trade and investment flows.



President Felipe Calderón and the Deputy Prime Minister Nick Clegg, in the press conference.

Mexico's Economic Indicators

Inflation rate: 0.38% (March 2011);
3.5 % (annual March 2011/March 2010)
Industrial Production: 5.2% (Feb. 2011 / Feb. 2010)
Manufacturing: 7.3%; **Construction:** 4.5%, **Mining:** -2.4%
Global Index of Economic Activity: 4.7% (Feb. 2011 / Feb. 2010)
Consumer Confidence Index: 91.7 pts. (March 2011)
9.9 percentage points (March 2011 - March 2010)
Open unemployment rate: 4.6% (March 2011) *Source: INEGI*

Mexico's Financial Indicators

Foreign exchange rate: 11.58 peso/dollar (April 26, 2011)
International reserves: \$125,305 million dollars (April 20, 2011)
Mexican stock market index (IPC): 36,892 (April 26, 2011)
Interest rate treasury bonds CETES 28 days:
4.24 % (April 28, 2011)

Source: Banco de Mexico

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- **11/03/2011** Resolution that accepts the request of the interested party and declares the initiation of the anti-dumping investigation on imports of ethylene glycol monobutyl ether originating from the USA regardless of the shipping country. This merchandise is classified, according to the Mexican Custom Tariff Schedule, under item 2909.43.01.
- **14/03/2011** Agreement announcing a quota to import duty free roasted ground coffee in individual containers of 40 grams or less, classified under items 0901.21.01 and 0901.90.99.
- **18/03/2011** Agreement that publicizes the Decision No. 63 of the Joint Committee of the FTA between México, Colombia and Venezuela regarding temporary use of non-originating materials to manufacture certain textile and apparel goods and exporting them under the FTA's preferential treatment, adopted on February 3, 2011.
- **18/03/2011** Twentieth-fourth amendment of the Agreement through which the Ministry of the Economy issues General Rules and Criteria for Foreign Trade.
- **23/03/2011** Twentieth-fifth amendment of the Agreement through which the Ministry of the Economy issues General Rules and Criteria for Foreign Trade.
- **25/03/2011** Agreement that publicizes the quota and its allocation mechanism to import used vehicles.

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- **10/03/2011 L063** Commission Decision of 9 March 2011 terminating the anti-dumping proceeding concerning imports of certain stainless steel bars originating in India
- **15/03/2011 L067** Council Implementing Regulation (EU) No 248/2011 of 9 March 2011 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain continuous filament glass fibre products originating in the People's Republic of China
- **17/03/2011 L070** Commission Regulation (EU) No 257/2011 of 16 March 2011 amending Regulation (EC) No 616/2007 opening and providing for the administration of Community tariff quotas in the sector of poultrymeat originating in Brazil, Thailand and other third countries
- **26/03/2011 L080** Commission Implementing Regulation (EU) No 297/2011 of 25 March 2011 imposing special conditions governing the import of feed and food originating in or consigned from Japan following the accident at the Fukushima nuclear power station
- **29/03/2011 L081** Commission Implementing Regulation (EU) No 302/2011 of 28 March 2011 opening an exceptional import tariff quota for certain quantities of sugar in the 2010/11 marketing year

Mexico-EU Trade Links is a monthly informational newsletter published by the Mexican Mission to the EU, Representative office of the Ministry of the Economy. Av. Franklin Roosevelt 94, 1050, Brussels, Belgium.

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