



Mexico-EU trade in services : a beneficial relationship

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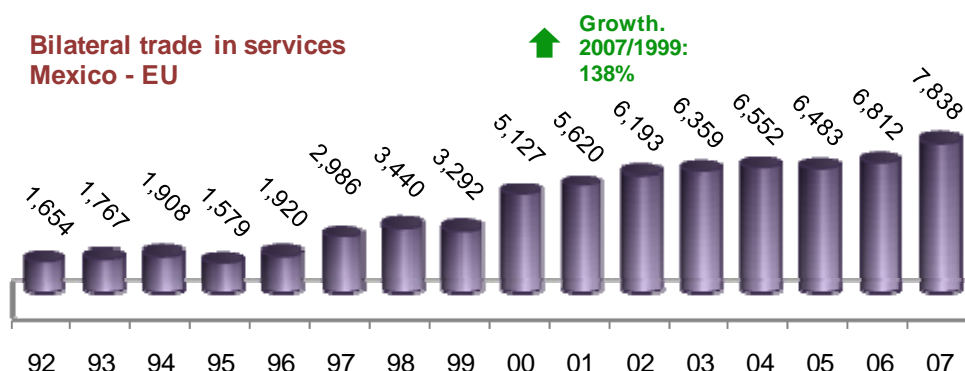
The Mexico-European Union Free Trade Agreement (MEUFTA), in force since 2000, has not only enabled a substantial increase on trade in goods and investments' flows, but also on the trade in services.

Bilateral trade*

From 1999, MEUFTA's implementation previous year, total trade in services between Mexico and the European Union (EU) grew 138%, reaching a record level of almost 8 billion euros in 2007 (latest information available from Eurostat). In comparison, EU's trade with the rest of the world increased 86% in the same period.

Among Latin American countries, Mexico is the second trade partner in services for the EU. On the other hand, the EU is the second trade partner for Mexico in services, with bilateral flows that are equal to 27% of the trade between Mexico and the United States.

**Bilateral trade in services
Mexico - EU**



Mexican exports of services

Between 1999 and 2007, Mexican services exports to the EU rose 104%, reaching 3.3 billion euros in 2007. In contrast, the EU's imports of services from the rest of the world grew 56% in the same interval.

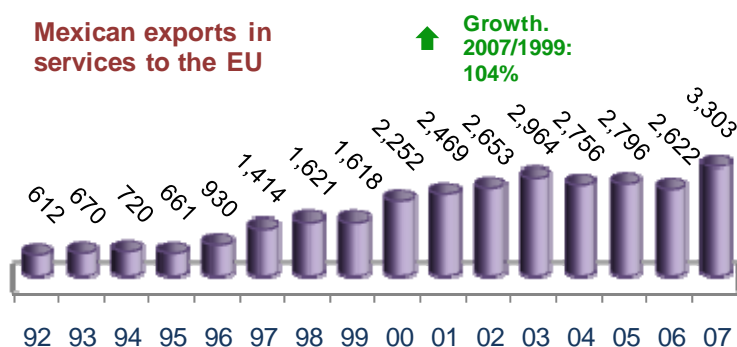


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In 2007, the largest components within the Mexican exports of services to the EU, that contribute with 75% of the total, are travel (54%) and transportation (21%). Meanwhile the transportation component is balanced between air and maritime, the travel is concentrated on personal trips of Europeans, which contributes with 46% of all Mexican exports of services to the EU.

Mexican exports in services to the EU



77% of the Mexican services exports to the EU are directed to four countries: Germany (22%), Spain (21%), France (18%) and the United Kingdom (16%).

For the EU, Mexico is the second service provider among Latin American countries. Likewise, for Mexico the EU is the second destination of its exports in services, which are equal to 29% of the amount exported to the United States.

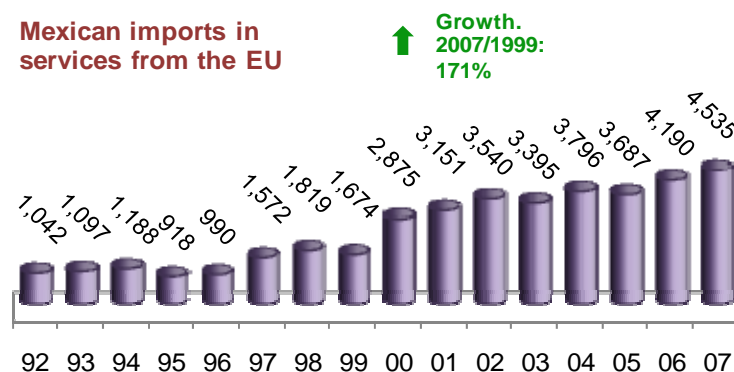
Mexican Imports

Since MEUFTA entry into force, the Mexican imports of services from the EU grew 171%, reaching 4.5 billion euros. This growth is compared favorably with 86% of the services exports from the EU to the rest of the world.

60% of the Mexican services imports from the EU are concentrated on transportation (23%), travel (22%) and professional and technical services (15%). Among these components, transport is lightly concentrated in maritime; for travel the personal trips prevail; and the professional

services are distributed among architectural-engineering, services between affiliated enterprises, and research and development.

Mexican imports in services from the EU



Four countries are the origin of 73% of the Mexican imports of services from the EU: Spain (24%), Germany (20%), France (19%) and the United Kingdom (11%).

Mexico is the second destination in Latin America for the EU's services exports. In the same way, the EU is the second service provider for Mexico and it represents 26% of the Mexican imports from the United States.

Final remarks

MEUFTA has allowed to enjoy preferential treatment and clear rules in the trade between Mexico and the EU, which has been a fundamental element to detonate the extraordinary growth in our trade in services, jointly with the success observed in the bilateral trade of goods and the flows of productive investment.

However, the bilateral trade in services have not reach the level of the potential and complementarity of our respective economies, thus the Mexican and European entrepreneurs still have a vast horizon of business, both to satisfy our respective domestic markets, and to consolidate a strategic position to be better integrated into the regional and world productive chains.

Mexico's Total Trade in June (billion US\$)			
	2008	2009	%
Total	52.5	38.9	-25.9
Exports	26.4	19.4	-26.7
Exports (excluding oil)	20.8	16.5	-20.5
Imports	26.1	19.6	-25.1

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
	2008	2009	%
January - June			
Exports to the EU	9,767.9	5,159.2	-47.2
Imports from the EU	18,816.8	12,555.1	-33.3
Exports to the EFTA	355.0	227.1	-36.0
Imports from the EFTA	815.6	642.0	-21.3

Source: Banco de México

More investments in Mexico

Volkswagen enhances its production in Mexico

Volkswagen de Mexico reported an investment of 50 billion dollars in Mexico to enhance its production plant in the State of Puebla, as well as the start of the production of a new vehicle. Through this initiative, 2,000 new jobs will be created.

This decision of Volkswagen reaffirms the confidence in the potential of the Mexican automotive industry, which has become one of the most important in the world, especially, due its ample integration of productive chains among the auto-part national producers and the vehicle producers in Mexico.

Grupo Financiero Santander invest in IT in Mexico

Grupo Financiero Santander opened its call center, which will give service to all the American Continent. The facilities, inaugurated in presence of the Mexican President, Felipe Calderón Hinojosa, represent an investment of more than 160 million dollars, which will generate 10,000 new jobs.

In fact, the Information Technology (IT) sector is one of the industries with more potential in Mexico, having a total of 23 clusters that brings together more than 2,000 companies specialized in this sector. In 2008, the IT sector reported exports of almost 3.2 billion dollars, 26% more than in 2007.

Nestlé consolidates its operations in Mexico

With an investment of more than 500 million dollars, Grupo Nestlé opened an Innovation Center in Mexico, as well as a two new production plants: one for flexible manufactures and another one for liquid products. Through this decision, Nestle consolidates its presence in Mexico and strengthens its operations in the entire American Continent.

Trade Fairs and exhibits in Mexico

EXPO CAFE

September 3 - 5, 2009

World Trade Center, Mexico, City

Coffee trade show

Event Management:

Tradex International Expositions

Phone: (52) 55 5604-4900 ext. 122 y 124

E-mail:

anacorral@tradex.com.mx

Website:

www.tradex.com.mx/Café-09/inicio.html

EXPO SYSCOM 2009

September 2 - 4 , 2009

World Trade Center, Mexico, City

Emergency systems

Event Management:

EXPOSYSYCOM.

Phone: (52) 55 9000-9000

Fax: (52) 55 5661-2391

E-mail: contacto@exposwtc.com

Website: www.exposyscom.com.mx

EL SALON DE LA FRANQUICIA

September 24 - 26, 2009

Centro Banamex, Mexico City

Franchise expo

Event Management:

FRANCORP

Phone: (52) 55 5557-0300

Fax (52) 01 800 8321 001

E-mail:

info@elsalondelafranquicia.com

Website:

www.elsalondelafranquicia.com/mexico.html

Mexico's Economic Indicators

Inflation rate: 0.27% (July, 2009);
5.44 % (2009, annual)

Industrial Gross Domestic Product: -11.5% (May 2009 / May 2008)

Manufacturing: -16.6%; **Construction:** -9.4%, **Mining:** 1.3%

General Index of Economic Activity: -11.1% (May 2009 /May 2008)

Consumer Confidence Index: 85.4 pts. (July 2009)

-3.3 percentage points (July 2009 / July 2008)

Open unemployment rate: 5.2 % (June 2009)

Source: INEGI

Mexico's Financial Indicators

Foreign exchange rate: 12.99 peso/dollar (August 12, 2009)

International reserves: \$72,598 million dollars (August 7, 2009)

Mexican stock market index (IPC): 28,096 (August 12, 2009)

Interest rate treasury bonds CETES 28 days:

4.49 % (August 13, 2009)

Source: Banco de Mexico

Mexico's Official Gazette Notices

- **02/07/2009** Resolution declaring *ex officio* the beginning of the validity exam for the countervailing duty imposed to flat-rolled products of iron or non alloy steel (cold-rolled) originating in the Russian Federation, the Republic of Kazajstan and the Republic of Bulgaria, regardless of the shipping country. This product is classified under tariff items 7209.16.01 and 7209.17.01 of the General Imports and Exports Tariff Law.
- **9/07/2009** Decree approving the Agreement between the Government of the United Mexican States and the International Trade Centre concerning the establishment of an office in Mexico, signed in Mexico City and Geneva on October 14th 2008, and the interpretative Notes exchanged on the same date.
- **14/07/2009** Resolution publishing the names of the holders and the numbers of the programs for the manufacturing, "maquiladora" and export services industries that are being suspended.
- **15/07/2009** Fourteenth Modification of the Agreement through which the Ministry of the Economy has issued general rules and practices on foreign trade.

EU Official Journal

- **10/07/2009 L179** Council Regulation (EC) No 598/2009 of 7 July 2009 imposing a definitive countervailing duty and collecting definitively the provisional duty imposed on imports of biodiesel originating in the United States of America.
- **10/07/2009 L179** Council Regulation (EC) No 599/2009 of 7 July 2009 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of biodiesel originating in the United States of America
- **11/07/2009 L180** Commission Regulation (EC) No 610/2009 of 10 July 2009 laying down detailed rules for the application of the tariff quota for beef and veal originating in Chile (Codified version).
- **17/07/2009 L185** Council Regulation (EC) No 626/2009 of 13 July 2009 concluding the partial interim review pursuant to Article 11(3) of Regulation (EC) No 384/96 of the anti-dumping duty on imports of certain graphite electrode systems originating in India.
- **24/07/2009 L193** Commission Regulation (EC) No 606/2009 of 10 July 2009 laying down certain detailed rules for implementing Council Regulation (EC) No 479/2008 as regards the categories of grapevine products, oenological practices and the applicable restrictions.
- **24/07/2009 L193** Commission regulation (EC) No 607/2009 of 14 July 2009 laying down certain detailed rules for the implementation of Council Regulation (EC) No 479/2008 as regards protected designations of origin and geographical indications, traditional terms, labelling and presentation of certain wine sector products.
- **29/07/2009 L197** Council Regulation (EC) No 682/2009 of 27 July 2009 terminating the partial interim review of the anti-dumping measures applicable to imports of certain plastic sacks and bags originating in the People's Republic of China.

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