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## New record in the 11<sup>th</sup> anniversary of the FTA between Mexico and EFTA

**M**exico and the countries of the European Free Trade Association (EFTA)\* have a Free Trade Agreement (FTA) in force since July 2001, which has allowed them to develop greater levels of bilateral trade and investment.

As foreseen in the FTA, tariffs have been eliminated for all industrial goods. Meanwhile agricultural trade has been subject to a gradual and longer liberalization process, in which the last phase out was carried out on July 1<sup>st</sup> 2011. A segment of agricultural products remains bound to future negotiations.

### **Bilateral Trade \*\***

After the decline experienced in 2009 due to the world economic recession, trade between Mexico and EFTA started an extraordinary recovery since 2010. Thus, in 2011 bilateral trade surpassed 2.5 billion dollars (bd), representing an increase of 5.4% compared to 2010, and a new record above the historical levels reached before the crisis. In fact, trade between Mexico and EFTA has grown 142% compared with 2000 (year before the entry into force of the FTA).

It is worth to point out that Switzerland and Norway respectively contributed with 85% and 13% of the bilateral trade.

### **Mexican Exports to EFTA\*\***

In the past five years Mexican exports to EFTA have experienced a constant annual increase despite the global recession that severely affected world trade. In 2011 alone, Mexican sales to EFTA reached a new historical record of 803 md which represents an expansion of 22% from the previous year, and of 336% since the entry into force of the FTA eleven years ago. This rate is more than three times the growth of Mexico's total exports in that same period (110%). Amongst Mexican sales to EFTA, Switzerland received 77% and Norway 22%.

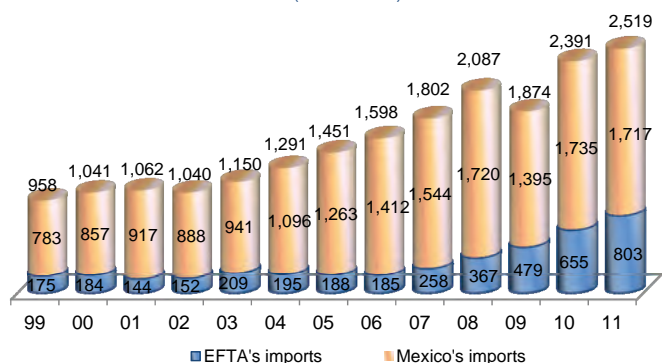
In 2011, the sectors in which Mexican products obtained the greatest shares in the exports to EFTA were chemicals (49%) and machinery and transportation equipment (32%).

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# New record in the 11<sup>th</sup> anniversary of the FTA between Mexico and EFTA

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**Bilateral Trade México-EFTA**  
(Billion USD)



Source: Ministry of the Economy of Mexico with data from Banxico and Eurostat

The sectors accounting for the largest increase in the terms of value of Mexico's exports to EFTA, in the period 2000-2011, include chemicals (344 md additional value), machinery and transportation equipment (168 md), as well as other manufacturing products (68 md); their market share in the value increase were 54%, 27% and 11% respectively.

## Mexican Imports from EFTA

Mexican imports from EFTA recovered from the fall of 2009 as they reached a new historical level in 2010, but in 2011 suffered a marginal reduction of 1.1% adding up to 1,717 md, accounting for an accumulated growth of 100% since the entry into force of the FTA. Switzerland's and Norway's shares in Mexico's total imports from EFTA represented 89% and 8% respectively.

Regarding Mexico's imports from EFTA, 47% are inputs and 21% capital goods, supporting thus the competitiveness of companies operating in the country, both to supply the internal market and to compete worldwide. Moreover, Mexican consumers benefit from a wider access to high-quality products at competitive prices.

Sectors accounting for the largest increase in terms of value of Mexican purchases from EFTA, in the period 2000-2011, include chemicals (321 md additional value), as well as photographic equipment, clocks and optical

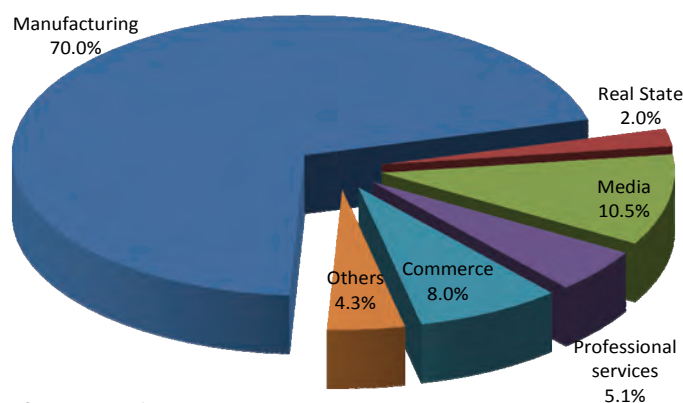
goods (277 md); their market share in the value increase were 37% and 32% respectively.

## Investments

EFTA's Foreign Direct Investment (FDI) accumulated in Mexico between 2001 and 2011, reached 7,354 md, 98% of which came from Switzerland.

Currently 869 companies with capital from EFTA countries are operating in Mexico, in sectors such as dairy products, cement, wholesale commerce, chemicals, chocolate and computers, which concentrate 79% of EFTA's investment in Mexico.

**EFTA's FDI in Mexico**  
(Stock 2000-2011)



Source: Ministry of the Economy

Mexico has Bilateral Investment Treaties (BIT) with Switzerland (1996) and Iceland (2006).

## Final remarks

Thanks to the FTA between Mexico and EFTA our bilateral trade and investment flows have recovered from the 2009 fall caused by the global economic crisis and now have reached new historical levels.

Therefore, Mexican and European entrepreneurs can exploit even more the comparative advantages of our productive sectors, and consequently embrace business opportunities that are taking place in the current reconfiguration of global markets.

Mexico's Total Trade in May (billion US\$)			
	2011	2012	%
<b>Total</b>	61.6	66.0	7.1
<b>Exports</b>	31.1	33.2	6.7
<b>Exports (excluding oil)</b>	26.0	28.8	10.6
<b>Imports</b>	30.5	32.8	7.4

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
January - May	2011	2012	%
<b>Exports to the EU</b>	7,654.9	9,322.7	21.8
<b>Imports from the EU</b>	14,466.0	16,471.5	13.9
<b>Exports to the EFTA</b>	632.6	476.2	-24.7
<b>Imports from the EFTA</b>	692.3	741.8	7.1

Source: Banco de México

## VI Summit between Mexico and the European Union

The sixth summit between Mexico and the European Union (EU) was held on June 17th in Los Cabos, Baja California. It was presided by the President of Mexico, Felipe Calderon Hinojosa, along with the European Council President, Herman Van Rompuy and European Commission President, Jose Manuel Durão Barroso.

This Summit is one of the most important bilateral institutional dialogue mechanisms and it represents a privileged space to promote and strengthen, at the highest level, political cooperation, economic exchanges and cooperation between both parties.

Mexico and the EU reiterated its commitment to find measures to improve the international financial architecture and generate sustained economic growth worldwide. In this sense, President Calderón expressed his confidence that the European economy will regain its strength, and endorsed the Mexican government's commitment to take steps, within the framework of its G20 Presidency and beyond, for Europe to overcome the problems cur-

rently being experienced and to prevent recurrence of similar episodes.

In political matter, the Presidents reviewed the implementation of the Joint Executive Plan of the EU-Mexico's Strategic Partnership and recognized that it has provided a constant and specialized exchange in different subjects, so they agreed to renew it.

In economic issues, they agreed that the Global Agreement within Mexico-EU Free Trade Agreement (FTA) is the basis for strengthening economic and trade relations, and they decided to continue the joint efforts to take full advantage of the opportunities that it offers.

As for the multilateral agenda, once again it was evident the consistency of Mexican and European positions on issues like climate change and human rights, as well as the exchange of concerns and proposals for further strengthening and deepening the bonds of understanding and cooperation between Mexico and the EU. On the other hand, it became clear the strategic nature of the relationship, noting the excellent condition of it.



Herman Van Rompuy, President of the European Council; Felipe Calderón Hinojosa, President of Mexico; and José Manuel Durão Barroso, President of the European Commission.



Felipe Calderón Hinojosa, President of Mexico, presided the sixth summit between Mexico and the European Union.

### Mexico's Economic Indicators

<b>Inflation rate:</b> 0.46% (June, 2012); 4.34 % (2012, annual)
<b>Industrial Production:</b> 3.1% (May 2012 / May 2011) <b>Manufacturing:</b> 3.7%; <b>Construction:</b> 4.5%, <b>Mining:</b> -0.1%
<b>General Index of Economic Activity:</b> 4.1% (May 2012 / May 2011)
<b>Consumer Confidence Index:</b> 98.8 pts. (July 2012) 3.4 percentage points (July 2012 / July 2011)
<b>Open unemployment rate:</b> 4.81 % (June 2012) <span style="float: right;">Source: INEGI</span>

### Mexico's Financial Indicators

<b>Foreign exchange rate:</b> 13.28 peso/dollar (July 31, 2012)
<b>International reserves:</b> \$158,918 million dollars (July 27, 2012)
<b>Mexican stock market index (IPC):</b> 40,704 (July 31, 2012)
<b>Interest rate treasury bonds CETES 28 days:</b> 4.13% (July 26, 2012)

Source: Banco de Mexico

## Mexico hosted the VII G20 Leader`s Summit in Los Cabos

On June 18th and 19th, 2012, the Seventh G20<sup>1</sup> Leader`s Summit was held in Los Cabos, Mexico under the leadership of the President of Mexico, Felipe Calderon Hinojosa, who highlighted the fact that this summit was characterized for being open and inclusive, with the participation of diverse social sectors and international organizations, including academics, businesspeople, trade unions and young people who worked for months in multiple parallel forums (as the L20, Y20 and B20), to submit recommendations and to achieve commitments between the G20 participants.

Among the major issues discussed at this Summit, it's worth to highlight several agreements reached in economic issues, such as: the subscription of the Los Cabos Action Plan for Growth and Employment (which includes an innovative Accountability Mechanism for G20 Objectives); the increase of financial resources for the IMF (in more than 450 billion dollars); and the improvement of the regulatory framework so as to strengthen financial systems (including the institutional framework of the Financial Stability Council and the Global Alliance for Financial Inclusion).

In the trade area, commitments were established to support free trade, measures were adopted for trade facilitation and rejection of protectionism, since it's in the interest of all G20 members to prevent the escalation of protec-

tionist measures that could lead to a new recession. In this context, the main agreement was to extend the "Stand Still" clause until 2014, which involves abstaining from implementing protectionist measures and guarantee certainty for international markets. It is pertinent to point out that these commitments and agreements in trade issues are the outcome of an important work initiated in the G20 Trade Ministerial Conference that took place on April 19th and 20th, 2012, in Puerto Vallarta, Mexico.

In this Summit the environmental issue was established for the first time as a G20 priority, emphasizing the launch of the Dialogue Platform on Inclusive Green Investments, which brings together several sectors in order to identify investment opportunities in green projects that will create growth and employment and at the same time, help preserve the environment. Also, other topics of great importance were discussed, such as food security.

In this context, the second half of the Mexican G20 presidency will be characterized by fulfilling the commitments signed at the Summit in Los Cabos, in order to deliver a solid agenda to Russia, which will assume the G20 presidency next December.

For more information, please visit:

<http://www.g20.org/en>

<sup>1</sup> The Group of Twenty, or G20, is the premier forum for international cooperation on the most important aspects of the international economic and financial agenda. It brings together the world's major advanced and emerging economies. The G20 includes 19 country members and the European Union, which together represent around 90% of global GDP, 80% of global trade and two-thirds of the world's population.



*Felipe Calderón Hinojosa, President of Mexico, with the G20 Leaders in Los Cabos Summit*

## Mexico's Official Gazette Notices

- **02/07/2012** Agreement that discloses the rate-quota for import to the EU, in the period of July 1 of a year to June 30 of the following year, fertile bird's eggs free of pathogens, roses, carnations, orchids, gladiolus, chrysanthemum, lilies and other flowers, originating from Mexico.
- **02/07/2012** Agreement that publicizes the rate-quota for import to the EU, in the period of July 1 of a year to June 30 of the following year, natural honey; fresh or chilled asparagus; other melons, processed tuna, except loins; peppers; orange juice, except frozen concentrated and pineapple juice unfermented and not containing added spirit with a degree of concentration higher to 20° brix, originating from Mexico.
- **03/07/2012** Agreement that publicizes the rate-quota for import to the EU, in the period of July 1 of a year to June 30 of the following year, frozen pea (pisum sativum); other frozen strawberries non added sugar or other sweetener; sugar cane molasses; prepared or preserved asparagus, except in vinegar or acetic acid; mix of certain prepared or preserved fruits, including with added sugar or other sweetener, originating from Mexico.
- **05/07/2012** Project of the Official Mexican Standard PROY-NOM-186-SCFI-2012, Alcoholic- beverages elaborated of agave-specificities, approved method and commercial information.
- **27/07/2012** Preliminary determination of the antidumping investigation on imports of bicycles for children, tracks 12, 14, 16 y 20 inches, of all kinds, originating from China, regardless of the shipping country (Mexican tariff items 8712.00.02 and 8712.00.04).

## EU Official Journal

- **4/07/2012 L174** Council Implementing Regulation (EU) No 585/2012 of 26 June 2012 imposing a definitive anti-dumping duty on imports of certain seamless pipes and tubes, of iron or steel, originating in Russia and Ukraine, following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009, and terminating the expiry review proceeding concerning imports of certain seamless pipes and tubes, of iron or steel, originating in Croatia
- **20/07/2012 L192** Council Decision of 16 July 2012 establishing the position to be taken by the European Union within the General Council of the World Trade Organisation on the Philippines' request for a WTO waiver to extend the special treatment for rice
- **26/07/2012 L199** Council Decision of 24 July 2012 on the conclusion of the Agreement between the European Union and the Government of the Russian Federation on trade in parts and components of motor vehicles between the European Union and the Russian Federation
- **27/07/2012 L200** Council Decision of 24 July 2012 on the conclusion of the Agreement in the form of an Exchange of Letters between the European Union and the Government of the Russian Federation relating to the preservation of commitments on trade in services contained in the current EU-Russia Partnership and Cooperation Agreement
- **27/07/2012 L200** Council Decision of 24 July 2012 on the conclusion of the Agreement in the form of an Exchange of Letters between the European Union and the Russian Federation relating to the introduction or increase of export duties on raw materials

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