Mexico’s foreign trade grew in 2008

In 2008, despite the global economic crisis, the Mexican foreign trade and investment activities had shown a very positive performance.

Exports

In 2008, total exports reached a historical level of US$291.8 billion, which represents an expansion of 7.3% in comparison to the previous year.

In fact, the export sector in Mexico has become one of the most dynamic engines of the country’s economy. 30% of Mexico’s Gross Domestic Product (GDP) is generated through exports. In terms of employment, this means that one in six jobs is linked to export activities.

Before its accession to the GATT in 1986, Mexico was a commodity exporter, in which oil exports represented more than two thirds of total exports. Today, the export share of agricultural products decreased to 2.9% and oil products has fallen to 17.3%, while manufacturing goods rose to 79.1%. Diversification and higher value added of Mexico’s exports has been one of the major accomplishments resulting from trade liberalization.

(Continues on page 2)
Mexico’s foreign trade grew in 2008

(Continues from page 1)

In 2008, the most dynamic export sectors were agricultural goods (12.8%) and mining (11.2%). Meanwhile, sales flows on the manufacturing segment rose 5.1%, but there are some vigorous industries whose exports grew at two digit level such as chemicals, iron and steel, mining and metallurgy, electric and electronic equipment and major household appliances (mainly refrigerators).

Although Mexico’s total exports grew 7.3% in 2008, Mexican sales to the European Union (EU) rose 19.7%, accounting for 5.9% of the country’s total exports. In fact, since the entry into force in 2000, of the Mexico - EU Free Trade Agreement, Mexico’s exports to the EU have increased by an outstanding 215.4%, while Mexican sales to the world grew 114% in the same period.

Mexico’s Exports - 2008

![Pie chart showing Mexico’s exports distribution]

Among the 10 leading markets for Mexican exports, U.S. and the EU are first and second destination, respectively. However, considering EU Member States individually, there are three European countries in the top 10: Germany and Spain which have maintained their third and fourth places, and the Netherlands advanced two positions (from 10th to 8th).

Last year, imports of products rose 9.5%, reaching $308.6 billion. Increases took place in capital goods (16.4%), consumer goods (11.4%), and industrial supplies and materials (7.9%).

Imports

Nowadays, imports of industrial supplies and materials account for almost three quarters of Mexico’s total imports, mainly because of the Mexican industry demand of components in order to integrate them in products for export destination (high value added). Capital goods constitute 13% of the total imports.

In 2008, purchases from the U.S. accounted for half of the Mexico’s imports, and the EU reached a market share of 12.7%, the highest ever since the entry into force of the Mexico-EU Free Trade Agreement.

There were some relevant changes in the Mexico’s imports rank in 2008. Among the 10 leading goods suppliers to Mexico, Italy replaced Brazil as the eighth largest provider, while Germany kept its fifth place. Five out of the 10 top Mexico’s suppliers were Asian economies.

(Continues on page 3)
Mexico’s foreign trade grew in 2008

Mexico’s Imports - 2008

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>52.0%</td>
</tr>
<tr>
<td>U.S.</td>
<td>49.0%</td>
</tr>
<tr>
<td>Canada</td>
<td>3.1%</td>
</tr>
<tr>
<td>Europe</td>
<td>12.7%</td>
</tr>
<tr>
<td>South America</td>
<td>3.9%</td>
</tr>
<tr>
<td>China</td>
<td>11.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>5.3%</td>
</tr>
<tr>
<td>Korea</td>
<td>4.4%</td>
</tr>
<tr>
<td>Others</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>308.6 billion dollars</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of the Economy with data from Banco de México

(Continues from page 2)

As a result, in 2008, Mexico’s trade deficit totaled US$16.8 billion, which represented 1.4% of Mexico’s GDP.

Foreign Direct Investment (FDI)

In 2008, Mexico received US$18.6 billion of FDI, consolidating Mexico as one of the top recipients of FDI among emerging economies in the world.

Between 1999 and 2008, the FDI in Mexico had registered an accumulated amount of US$212.1 billion, of which the U.S. accounted for 54.9%, and 33.7% were originated from the EU.

Sectorally, the bulk of FDI in Mexico has been oriented to manufacturing activities (44.2%) and financial services (25.7%).

Conclusions

The current foreign trade and investment activity underscores the importance of Mexico as a key manufacturer hub, even though the actual economic turmoil.

In fact, Mexico is improving its competitive stance by attracting the most sophisticated technology and the world’s leading manufacturers. Mexico also offers an expanding infrastructure, as well as a pool of skilled and talented people that create the ideal environment to establish new businesses and consolidate the growth of Mexico’s industry. Furthermore, Mexico is helping itself to become more attractive to investors by devising different kind of incentives.

Mexico’s gains in the world market are the result of its longstanding manufacturing efficiencies, qualified labor, and renowned production quality. All these are prompting a new wave of investors to choose Mexico as their premier manufacturing location.

Trade fairs and exhibits in Mexico

EXPO DESARROLLO INMOBILIARIO 2009
March 24 - 25
Centro Banamex, Mexico City
Construction and building development

Event Management:
Asociacion de desarrollo inmobiliario
Phone: (52) 55 5340.3196
Fax: (52) 55 5540.3046
E-mail: sjuarez@prodigy.net.mx
Website: http://www.adi.org.mx

EXPO ANTAD 2009
March 11 - 13
Expo Guadalajara
Food, beverages and services.

Event Management:
ANTAD
Phone: (52) 33 3121.4577
Fax: (52) 33 3121.5437
E-mail: antad.gdl@nonotza.com.mx
Website: http://www.antad.org.mx

Mexico’s Economic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation rate</td>
<td>0.23% (Jan.)</td>
</tr>
<tr>
<td></td>
<td>6.28% (2009, annual)</td>
</tr>
<tr>
<td>Industrial Gross Domestic Product</td>
<td>-6.7% (Dec. 2008 / Dec. 2007)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-6.6%</td>
</tr>
<tr>
<td>Construction</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Mining</td>
<td>-6.7%</td>
</tr>
<tr>
<td>General Index of Economic Activity</td>
<td>-2.65% (Nov. 2008 / Nov. 2007)</td>
</tr>
<tr>
<td>Consumer Confidence Index</td>
<td>81.9 pts. (Jan. 2009)</td>
</tr>
<tr>
<td>Open unemployment rate</td>
<td>4.32% (Dec. 2008)</td>
</tr>
</tbody>
</table>

Source: INEGI

Mexico’s Financial Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange rate</td>
<td>14.81 peso/dollar (Feb. 20, 2009)</td>
</tr>
<tr>
<td>International reserves</td>
<td>$80,933 million dollars (Feb. 20, 2009)</td>
</tr>
<tr>
<td>Mexican stock market index (IPC)</td>
<td>18,324 (Feb. 20, 2009)</td>
</tr>
<tr>
<td>Interest rate treasury bonds CETES 28 days</td>
<td>7.0% (Feb. 17, 2009)</td>
</tr>
</tbody>
</table>

Source: Banco de Mexico
Mexico’s Official Gazette Notices


- **07/01/2009** Decree approving the Economic Cooperation Agreement between de Government of the United Mexican States and the Government of the Republic of Hungary, signed in Mexico City on October 26 2007.

- **07/01/2009** Decree approving the Investment Promotion and Protection Agreement between the United Mexican States and the Republic of Slovakia, signed in Mexico City on October 26 2007.

- **22/01/2009** Agreement banning the exports and imports of different goods to the countries, entities and persons indicated.

- **23/01/2009** Agreement modifying the one establishing the classification and codification of goods and products whose import, export, entry or exit is under sanitary regulation by the Ministry of Health.

- **27/01/2009** Decree reforming the internal regulation of the Ministry of Economy (Secretaría de Economía).

EU Official Journal


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For more detailed information or questions regarding this issue please contact us: e-mail info@economia-bruselas.be, fax: 32 (02) 644 04 45, or visit our website at: http://www.economia-bruselas.gob.mx