

Mexico's foreign trade recovers in 2010

In 2010, Mexico's external trade had shown a very positive performance, not only by recovering from the effects of the world economic crisis, but also by reaching historical new levels in several indicators.

Exports

The export of products reached 298.4 billion dollars in 2010, representing an expansion of 29.8% in comparison to the previous year and reaching the highest figure ever.

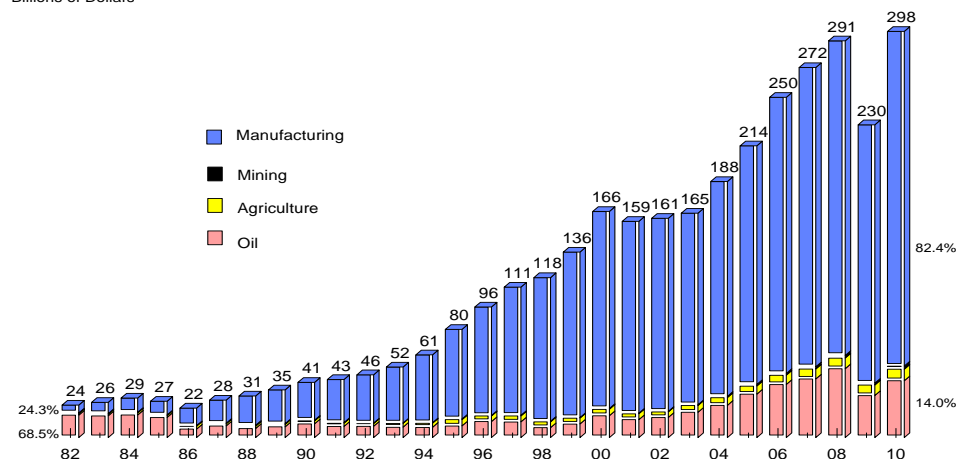
In fact, the export sector was one of the engines that boosted the impressive recovery of the Mexican economy, which in 2010 grew at a pace of 5.5%, the highest in a decade. 28% of Mexico's Gross Domestic Product (GDP) is generated through exports. In terms of employment, this means that one in six jobs is linked to export activities in Mexico.

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 share of those products has fallen to 14%. On the other hand, manufacturing share rose from 24.3% to 82.4%. Diversification and higher value added of Mexican exports has been one of the major accomplishments of trade liberalization.

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Mexico's Exports

Billions of Dollars



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

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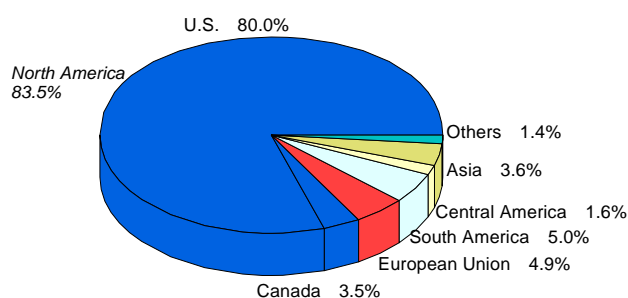
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In 2010, manufacturing exports rose 29.5%, highlighting some vigorous industries like automotive (53.3) and the mining-metallurgy (58.3%), meanwhile, mining and oil grew 67.4% and 34.9% respectively. Not less important, the external sales of agricultural products established a historical record of 8.5 billion dollars in 2010.

On the other hand, Mexican sales to the European Union (EU) rose 23.9%, accounting for 4.9% of the country's total exports. In fact, since the entry into force, in 2000, of the Mexico - EU Free Trade Agreement, Mexican exports to the EU have increased by an outstanding 164%, while Mexican sales to the rest of the world grew 117% in the same period.

Among the leading markets for Mexican exports, U.S. and the EU are first and second, respectively. However, considering EU Member States individually, there are three European countries in the top ten destinations: Spain ascended from fourth to third place, Germany descended from third to seventh place, and the Netherlands moved from eighth to tenth position. On the other hand, Brazil consolidates its fifth place and now Colombia and Chile entered to this group in sixth and ninth position respectively. As a result, the South American region surpassed the EU as destination for Mexican exports.

Mexico's Exports - 2010



298.4 billion dollars

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

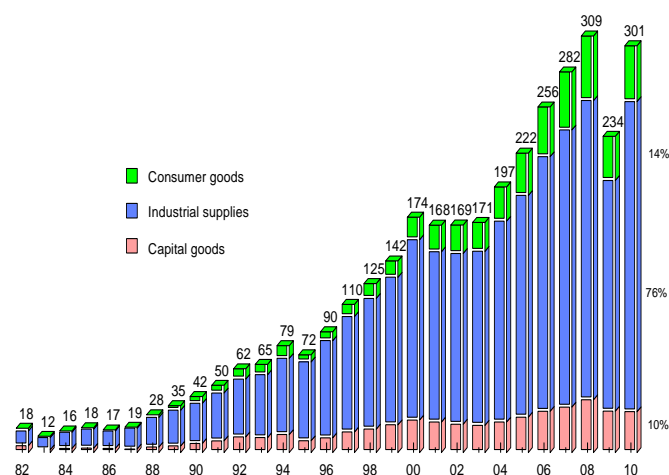
In this context, Mexico increased its presence in the U.S. market, reaching a historical participation of 12% and reaffirming its third place among the main suppliers, just behind China and Canada. It is worth to highlight that the Mexican automotive industry consolidates as the first supplier in the U.S. Additionally, the Mexican exports to the U.S. of products related to the advanced technology sectors grew 22.6%, consolidating the country as the second supplier of this market, just behind China.

Imports

Last year, imports of products rose 28.6%, reaching 301.5 billion. While industrial supplies grew 34.5% and consumer goods increased 26.2%, capital goods registered a fall of 1.3%.

Mexico's Imports

Billions of Dollars



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

Among Mexico's total imports, capital goods and industrial supplies account for 10% and 76% respectively, mainly because they are highly demanded by the Mexican industry in order to integrate them in high value added products to be exported

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Mexico's Total Trade in December (billion US\$)			
	2009	2010	%
Total	46.3	54.0	16.7
Exports	23.1	26.9	16.4
Exports (excluding oil)	19.7	22.6	14.9
Imports	23.2	27.1	17.0

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
January - December	2009	2010	%
Exports to the EU	11,683.7	14,472.5	23.9
Imports from the EU	27,321.5	32,622.8	19.4
Exports to the EFTA	478.7	908.6	89.8
Imports from the EFTA	1,395.1	1,735.5	24.4

Source: Banco de México

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In 2010, purchases from the U.S. accounted for half of the Mexico's imports, while the EU reached a market share of 10.8%.

Among Mexico's main suppliers, Germany maintained fifth place and Italy tenth. Five out of the top ten suppliers were from Asia.

As a result, in 2010, Mexico's trade deficit totaled 3.1 billion dollars (the lowest for the last 13 years), which represented 0.3% of Mexico's GDP.

Final remarks

The recovery of Mexico's external trade underscores its growing importance as one of the main platforms for world-scale production, particularly in the context of the actual global economic crisis.

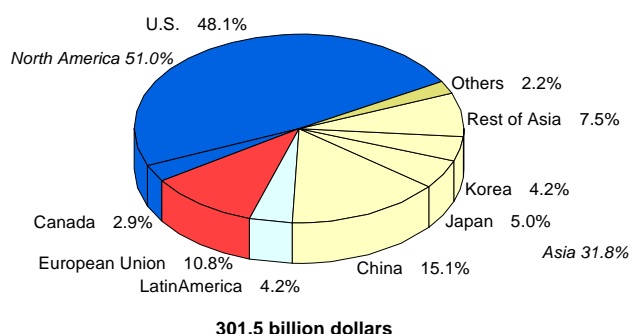
In fact, Mexico continues improving its competitive advantage by attracting more world leaders companies with the most sophisticated technology.

Among other aspects, Mexico possesses an expanding infrastructure, as well as a pool of skilled and talented people that create the ideal environment for the development of companies established in the country. Moreover, Mexico offers different kind of incentives in favor of investment and export activities.

The consolidation of Mexico as one of the main actors in the world markets is the result of its longstanding manufacturing efficiencies, qualified labor and renowned production quality.

All these factors are contributing to attract a new wave of investors that consider Mexico as the best manufacturing location inserting themselves into the world production processes.

Mexico's Imports - 2010



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

External Trade in 2010

Billions of dollars

Exports			Imports		
Region	\$	%	Region	\$	%
North America	249.2	83.5	North America	153.6	51.0
South America	14.8	5.0	Asia	95.9	31.8
European Union	14.5	4.9	European Union	32.6	10.8
Asia	10.7	3.6	South America	9.6	3.2
Central America	4.6	1.6	Central America	2.9	1.0
Rest	4.5	1.5	Rest	6.8	2.2

Country	\$	%	Country	\$	%
United States	238.6	80.0	United States	145.0	48.1
Canada	10.7	3.6	China	45.6	15.1
China	4.2	1.4	Japan	15.0	5.0
Spain	3.8	1.3	South Korea	12.8	4.2
Brazil	3.8	1.3	Germany	11.1	3.7
Colombia	3.8	1.3	Canada	8.6	2.9
Germany	3.6	1.2	Taipei	5.6	1.9
Japan	1.9	0.6	Malaysia	5.3	1.8
Chile	1.9	0.6	Brazil	4.3	1.4
the Netherlands	1.8	0.6	Italy	4.0	1.3
Others	24.4	8.2	Others	44.2	14.7
TOTAL	298	100	TOTAL	301	100

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

Mexico's Economic Indicators

Inflation rate: 0.49% (January, 2011); 3.78 % (annual)
Industrial Production: 4.9% (Dec. 2010 / Dec. 2009)
 Manufacturing: 6.0%; **Construction:** 4.2%, **Mining:** 1.9%
Global Index of Economic Activity: 4.12% (Dec. 2010 / Dec. 2009)
Consumer Confidence Index: 92.3 pts. (January 2011)
 10.2 percentage points (January 2011 / January 2010)
Open unemployment rate: 4.94% (Dec. 2010) Source: INEGI

Mexico's Financial Indicators

Foreign exchange rate: 12.19 peso/dollar (February 23, 2011)
International reserves: \$119,485 million dollars (Feb. 18, 2011)
Mexican stock market index (IPC): 36,464 (Feb. 23, 2011)
Interest rate treasury bonds CETES 28 days:
 4.14% (February 24, 2011)

Source: Banco de Mexico

Mexico Official Journal

- **11/01/2011** Agreement that publicizes the Second Additional Protocol to the Appendix IV on trade in the automotive sector between Uruguay and Mexico.
- **14/01/2011** Decree that establishes the Mexican foreign trade digital window (one-stop shop).
- **17/01/2011** Resolution declaring the beginning of the sunset review and revision of countervailing duty order on paper bags of cement and limestone imports, originating from Brazil regardless of the shipping country. This merchandise is classified, according to the Mexican Custom Tariff Schedule, under item 4819.30.01.
- **20/01/2011** Resolution concluding the sunset review and ex officio revision of the countervailing duty order on denim fabric imports, originating from Hong Kong regardless of the shipping country. This merchandise is classified, according to the Mexican Custom Tariff Schedule, under item 5209.42.01.
- **24/01/2011** Resolution modifying some provisions set out in the NOM-086-SCFI-2010, Rubber industry – new radial tire construction for use in any vehicle with a gross weight less than or equal to 4,536 Kg. (10,000 lb) – safety specifications and test methods, published in August, 12, 2010.
- **26/01/2011** Decree amending the third paragraph of article 25, and adding the article 196 Bis of the Regulation for Sanitary Control of Products and Services.
- **27/01/2011** Decree amending some provisions to the Mexican Trade Code.

EU Official Journal

- **06/01/2011 L003** Commission Decision of 5 January 2011 terminating the examination procedure concerning the measures imposed by Brazil affecting the import of textile products
- **18/01/2011 L013** Notice concerning the provisional application of the Agreement amending for the second time the Partnership Agreement between the African, Caribbean and Pacific States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 as first amended in Luxembourg on 25 June 2005
- **20/01/2011 L015** Council Implementing Regulation (EU) No 38/2011 of 18 January 2011 amending Regulation (EC) No 1292/2007 imposing a definitive anti-dumping duty on imports of polyethylene terephthalate (PET) film originating in India
- **20/01/2011 L015** Commission Decision of 19 January 2011 terminating the anti-dumping proceeding concerning imports of purified terephthalic acid and its salts originating in Thailand
- **28/01/2011 L025** Council Decision of 18 January 2011 on the signing of the Agreement between the European Union and the Swiss Confederation on the protection of designations of origin and geographical indications for agricultural products and foodstuffs, amending the Agreement between the European Community and the Swiss Confederation on trade in agricultural products

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