



Mexico's foreign trade strengthens even in the world crisis

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In 2011, Mexico's external trade had shown a very positive performance, not only by consolidating its recovery from the effects of the world economic crisis, but also by reaching new historical levels.

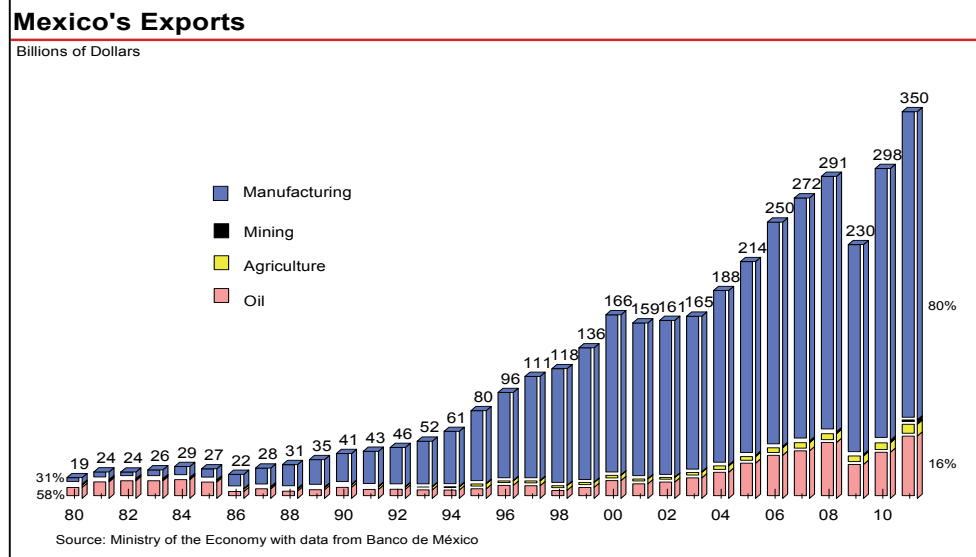
Exports

The export of products reached almost 350 billion dollars in 2011, representing an expansion of 17.2% 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 growth of the Mexican economy, which in 2011 grew at a pace of 3.9%. Around 34% of Mexico's Gross Domestic Product (GDP) is generated through exports. In terms of employment, this means that one in five 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 its total exports. Today, the share of the oil sector has fallen to 16%. On the other hand, manufacturing share rose from 24.3% to 80%. Diversification and higher value added of Mexican exports has been one of the major accomplishments of trade liberalization.

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In 2011, manufacturing exports rose 13.4%, highlighting some vigorous industries like automotive (22%) and the mining-metallurgy (41%), meanwhile, mining and oil grew 68% and 35% respectively. Not less important, the external sales of agricultural products established a new historical record of 10.6 billion dollars in 2011.

In particular, Mexican sales to the European Union (EU) rose 32%, accounting for 5.5% 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 250%, while Mexican sales to the rest of the world grew 152% in the same period.

Among the leading markets for Mexican exports, U.S. and the EU are first and second, respectively, followed by Canada and China in the third and fourth place.

However, considering EU Member States individually, there are four European countries in the top ten destinations: Spain descended to fifth place, Germany and the Netherlands stayed in the seventh and tenth place respectively, and the United Kingdom rose to the ninth position.

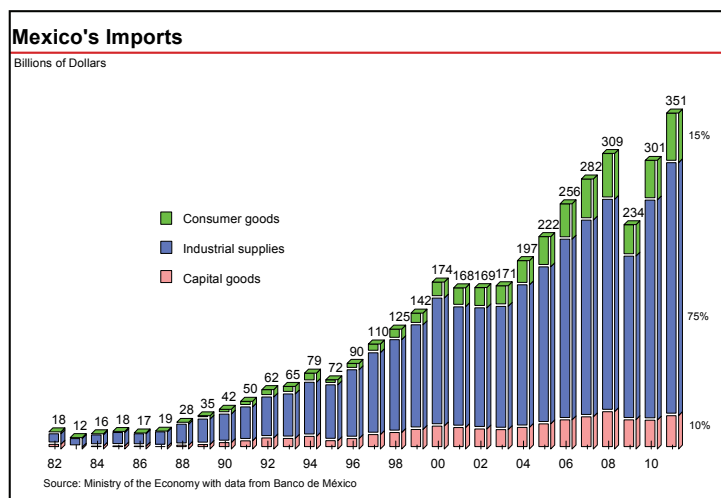
On the other hand, Colombia reached the fourth place and Brazil dropped to the sixth position, meanwhile Chile passed from ninth to eleventh place.

In this context, Mexico increased its presence in the U.S. market, consolidating its 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 of the U.S.

Imports

Last year, imports of products rose 16%, reaching almost 351 billion. While capital goods grew 15%, industrial supplies 15% and consumer goods increased 25%.

Among Mexico's total imports, capital goods and industrial supplies account for 10% and 75% respectively, mainly because they are highly demanded by the Mexican industry in order to integrate them in high value added products to be exported.



In 2011, purchases from the U.S. accounted for roughly half of the Mexico's imports, while the EU maintained a market share of 10.8%.

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

As a result, in 2011, Mexico's trade deficit totaled 1.2 billion dollars (the lowest for the last 14 years), which represented 0.1% of Mexico's GDP.

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Mexico's Total Trade in December (billion US\$)			
	2010	2011	%
Total	54.1	58.3	7.8
Exports	26.9	29.1	8.2
Exports (excluding oil)	22.7	24.3	7.4
Imports	27.1	29.1	7.4

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
January - December	2010	2011	%
Exports to the EU	14,479.8	19,167.2	32.4
Imports from the EU	32,622.8	37,773.9	15.8
Exports to the EFTA	908.6	1,253.1	37.9
Imports from the EFTA	1,735.5	1,716.6	-1.1

Source: Banco de México

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Final remarks

The recovery of Mexico's external trade underscores its growing importance as one of the main platforms for world-scale production, thanks to its longstanding manufacturing efficiency, expanding infrastructure, qualified labor force and renowned production quality.

Moreover, Mexico offers different kind of incentives in favor of investment and export activities, creating the ideal environment for companies established in the country, which take advantage of the wide network of free trade agreement, that provides preferential access to the main markets, such as North America, Europe and Japan, besides the dynamic economies of Latin America.

With all these factors and yet in the context of the current global economic crisis, Mexico continues improving its competitive advantage by attracting more leading companies in sectors with high technology, that acknowledge Mexico as the best manufacturing location to integrate themselves into the global production

External Trade in 2011

Billions of dollars

Exports

Region	\$	%
North America	285.4	81.6
European Union	19.2	5.5
South America	18.9	5.4
Asia	14.6	4.2
Central America	5.5	1.6
Rest	6.2	1.8

Imports

Region	\$	%
North America	184.0	52.4
Asia	107.1	30.5
European Union	37.8	10.8
South America	10.1	2.9
Central America	3.9	1.1
Rest	8.0	2.3

Country	\$	%
United States	274.7	78.6
Canada	10.7	3.1
China	6.0	1.7
Colombia	5.6	1.6
Spain	4.9	1.4
Brazil	4.9	1.4
Germany	4.3	1.2
Japan	2.3	0.6
United Kingdom	2.2	0.6
the Netherlands	2.1	0.6
Others	32.1	9.2
TOTAL	350	100

Country	\$	%
United States	174.4	49.7
China	52.2	14.9
Japan	16.5	4.7
South Korea	13.7	3.9
Germany	12.9	3.7
Canada	9.6	2.7
Taipei	5.8	1.6
Malaysia	5.6	1.6
Italy	5.0	1.4
Brazil	4.6	1.3
Others	50.6	14.4
TOTAL	351	100

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

The Seventh Joint Council Mexico-EU took place in Mexico

The seventh meeting of the Mexico-EU Joint Council was held in Mexico City, on 9 February 2012, and was headed by the Mexican Minister of Foreign Affairs, Amb. Patricia Espinosa Cantellano, and by the High Representative of the EU and Vice-President of the European Commission, Ms. Catherine Ashton.

Among many other topics, both delegations highlighted the positive evolution of trade and investment flows between the Parties, as well as the highly satisfactory and smooth functioning of the Mexico-EU Free Trade Agreement (FTA). They also noted the state of play of the negotiations in accordance with the review clauses in the FTA, and reaffirmed their interest to consider all other options to deepen bilateral trade relations.

They also analyzed the perspectives of the WTO Doha Development Round negotiations, and reiterated their steadfast support for a strong, rule-based multilateral trading system, which is instrumental to ensure a healthy and fair global trading system.

As regards economic cooperation, the Parties highlighted the relevance of projects focused on strengthening the competitiveness of SMEs, such as the Competitiveness and Innovation Project Mexico-EU (PROCEI) and expressed their satisfaction regarding the successful closure in June 2011 of the Trade Facilitation Project PROTLCEUM.

For more information, please visit: http://ec.europa.eu/mexico/index_en.htm

Mexico's Economic Indicators

Inflation rate: 0.71% (January, 2012); 4.05 % (annual)
Industrial Production: 2.8% (Dec. 2011 / Dec. 2010)
Manufacturing: 3.7%; **Construction:** 3.6%, **Mining:** -1.3%
Global Index of Economic Activity: 3.51% (Dec. 2011 / Dec. 2010)
Consumer Confidence Index: 95.4 pts. (January 2012)
 3.1 percentage points (January 2012 / January 2011)
Open unemployment rate: 4.51% (Dec. 2011)

Source: INEGI

Mexico's Financial Indicators

Foreign exchange rate: 12.83 peso/dollar (February 22, 2012)
International reserves: \$147,835 million dollars (Feb. 17, 2012)
Mexican stock market index (IPC): 37,913 (Feb. 22, 2012)
Interest rate treasury bonds CETES 28 days:
 4.35% (February 23, 2012)

Source: Banco de Mexico

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- **06/01/2012** Agreement that publicizes the Third and Four Additional Protocol to the Economic Complementa- tion Agreement No 55 between Mercosur and Mexico.
- **09/01/2012** Decree approving the Agreement of Trade Integration between Mexico and Peru, signed in Lima City, Peru on April 6, 2011.
- **09/01/2012** Decree approving the Free Trade Agreement between Mexico and Costa Rica, El Salvador, Gua- temala, Honduras y Nicaragua, signed in San Salvador, El Salvador, on November 22, 2011.
- **09/01/2012** Final determination of the ex officio review on the countervailing duty order on imports of expox- idized soybean oil originating from the USA, regardless of shipping country (Mexican tariff item 1518.00.02).
- **12/01/2012** Final determination of the ex officio review on the countervailing duty order on imports of hot- extruded bars, from Brazil, regardless of shipping country (Mexican tariff item 7214.20.01).
- **17/01/2012** Extract of the Extension to the Mutual Recognition Agreements celebrated between the Asociación de Normalización y Certificación, A.C. (ANCE) located in Mexico and DEKRA Certification B.V., located in Holland for the acceptance of laboratory test outcomes for electric products and appliances.
- **27/01/2012** Decree enacting the Agreement between Mexico and Italy for the avoidance of double taxation in terms of income taxes and prevent of fiscal evasion, signed in Rome on July 8, 1991, done in Mexico City on June 23, 2011.

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- **7/01/2012 L004** Council Decision of 14 December 2011 establishing the position to be taken by the Euro- pean Union within the Ministerial Conference of the World Trade Organisation as regards a request for granting a waiver in order to give preferential treatment to services and service suppliers of least- developed countries
- **7/01/2012 L005** Council Implementing Regulation (EU) No 2/2012 of 4 January 2012 imposing a definitive anti-dumping duty on imports of certain stainless steel fasteners and parts thereof originating in the Peo- ple's Republic of China and Taiwan following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009
- **10/01/2012 L006** Council Decision of 14 December 2011 establishing the position to be taken by the Eu- ropean Union within the relevant instances of the World Trade Organization on the accession of the Russian Federation to the WTO
- **12/01/2012 L008** Commission Decision of 11 January 2012 terminating the anti-dumping proceeding con- cerning imports of vinyl acetate originating in the United States of America and releasing the amounts secured by way of the provisional duties imposed

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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>