



TRADE LINKS LAZOS COMERCIALES

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Mexico-EFTA FTA: eight years boosting the economic relationship

Mexico and the countries of the European Free Trade Association (EFTA) have a Free Trade Agreement (FTA) in force since July 2001, which has fostered bilateral investment and trade.

Since the entry into force of the FTA, Mexican industrial exports to EFTA countries are free of duty; on the other hand, Mexico has gradually reduced the tariff applied on EFTA's industrial goods to stand at zero in 2008.

Bilateral Trade **

Since 2000, Mexico's trade in goods with EFTA had grown 100%, reaching a record level of more than 2 billion dollars in 2008. Switzerland accounted for 78% of the total trade between Mexico and EFTA and Norway contributed with 20%.



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

Mexican Exports to EFTA**

In 2008, Mexico exported 360 million dollars (md) to EFTA, an increase of 96% from 2000. Switzerland received 60% of the Mexican sales to EFTA and Norway 39%. Comparing with 2007, Mexico's sales to Switzerland and Norway have experienced significant increases of 54% and 28% respectively.



* Iceland, Liechtenstein, Norway and Switzerland
** With information of imports for each partner

Mexico-EFTA FTA: eight years boosting the economic relationship

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Mexican sectors with greatest shares of EFTA's imports in 2008 were machinery and transportation equipment (53%), chemicals (21%) and food products (12%).

The sectors accounting for the largest increases in value terms of Mexico's exports to EFTA, in the period 2000-2008, include machinery and transportation equipment (106 md additional value), food products (20 md) and chemicals (11 md), and their market share in the value increase were 60%, 11% and 6% respectively.

Bilateral Trade in 2008

Millions of dollars

	Total	Switzerland	Norway	Iceland	Liechtenstein
Mexico's Exports	360.1	217.2	140.6	2.0	0.2
Growth 2000-2008	95.7%	92.3%	106.5%	-24.5%	2.2%
Mexico's Imports	1,721.0	1,413.7	274.2	5.4	27.7
Growth 2000-2008	100.9%	87.8%	179.8%	1299.8%	387.5%
Bilateral Trade	2,081.0	1,630.9	414.8	7.4	27.9
Growth 2000-2008	100.0%	88.4%	149.7%	141.4%	372.1%

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

Mexican Imports from EFTA

Mexican imports from the EFTA have grown 101% since 2000, reaching more than 1,700 md in 2008. Switzerland and Norway's shares in total Mexican imports from EFTA reached 82% and 16% respectively.

Within Mexico's imports from EFTA, 48% are inputs and 32% are machinery and equipment, which allows to support the competitiveness of companies established in the country, both to supply the internal market and to position them in the international markets. Furthermore, the Mexican consumers benefit from a greater access to high-quality products at competitive prices.

Sectors accounting for the largest increases in value terms of Mexican purchases from EFTA in the period 2000-2008, include chemicals (333 md), computers and

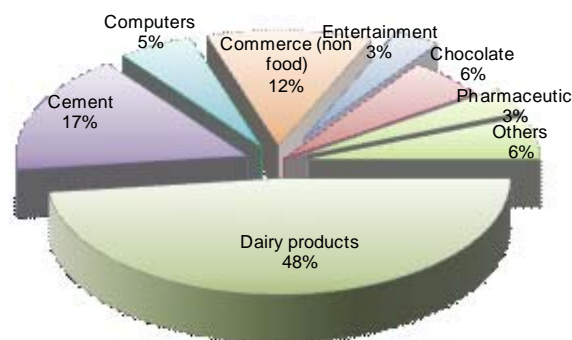
electronic equipment (231 md) and gas and oil products (67 md) and their market share in the value increase were 38%, 27% and 8% respectively.

Investments

EFTA's Foreign Direct Investment (FDI) in Mexico has surpassed 3,600 md, accumulated between 2001 and 2008, most of which came from Switzerland (98%).

There are 539 companies with capital from EFTA countries operating in Mexico, in sectors such as dairy products, cement, wholesale commerce and computers, which concentrated 82% of the FDI from EFTA accumulated in the period 2001-2008.

EFTA: Foreign Direct Investment in Mexico (2001-2008)



Source: Ministry of the Economy

Mexico has Bilateral Investment Treaties (BIT) with Switzerland (1996) and Iceland (2007).

Conclusion

The FTA between Mexico and EFTA has propelled our trade and investment bilateral flows. However, the current business activity does not correspond to the great potential of our respective economies. In fact, there still is a wide margin for Mexican and Europeans entrepreneurs to take even more advantage of our trade agreement, and rip more benefits of the comparative advantages that our productive and service sectors offer.

Mexico's Total Trade in May (billion US\$)

	2008	2009	%
Total	52.0	34.3	-34.1
Exports	26.0	17.5	-32.7
Exports (excluding oil)	21.0	15.1	-28.3
Imports	26.0	16.8	-35.5

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)

	2008	2009	%
January - May			
Exports to the EU	8,062.5	4,176.4	-48.2
Imports from the EU	15,635.5	10,329.9	-33.9
Exports to the EFTA	269.6	193.3	-28.3
Imports from the EFTA	670.0	520.8	-22.3

Source: Banco de México

Mexico participates in the G8 + G5 Summits

The President of Mexico, Felipe Calderón, attended the Summits of the Group of 8 (G8) + Group of 5 (G5), which were held in the city of L'Aquila, Italy, on 8 and 9 of July.

The G5, conformed by Brazil, China, India, Mexico and South Africa, aims at promoting dialogue and understanding between developing and developed countries in order to find common solutions to global challenges.

At present, the G5 has become a valuable independent dialogue platform, which aims to make positive contributions to ongoing discussions in multilateral fora regarding the most pressing issues in the global agenda.

On July 8th, President Felipe Calderón chaired the G-5 leaders meeting, with the participation of Luiz Inácio Lula da Silva, President of Brazil; Manmohan Singh, Prime Minister of India; Jacob Zuma, President of South Africa; and Dai Bingguo, State Councilor of China (on behalf of President Hu Jintao).

The agenda of the meeting included the most relevant issues of the global agenda, such as the financial and economic crisis, climate change, development, global governance architecture and food safety.



Mexican President Felipe Calderon chaired the G5 Summit in Italy.

At the end of the meeting, G5 leaders issued a Political Declaration and a Declaration on Trade. The latter (to which Egypt associated itself after consultations) contains four main elements, highlighting the following:

- The successful conclusion of the World Trade Organization (WTO) Doha Development Round will provide a major stimulus to the restoration of confidence in world markets and inhibit emerging protectionist trends.
- The Doha Development Round must deliver real and improved market access to developing country products and services, and also ensure the elimination of export subsidies and bringing down the massive trade-distorting subsidies in developed countries.
- The conclusion of the modalities in agriculture and non-agricultural market access continues to be a necessary step in the negotiations.
- The contribution that developing countries are making in this Round is unprecedented and all Members must be prepared to do the same, especially the developed ones.

Furthermore, President Calderón participated in the Summit held among the G8 + G5 leaders on July 9th. A joint Declaration was issued, to which Sweden (as President of the EU Council) and Egypt associated. It can be stressed the following points from the trade part of the Declaration:

- Leaders reaffirmed its commitment to maintain and promote open markets and reject all protectionist measures in trade and investment.
- Together with the leaders of Australia, Indonesia and Republic of Korea, and in presence of the WTO Director General, the leaders of G8 + G5 are committed to seek and ambitious and balanced conclusion of the Doha Development Round in 2010.

In addition to the Summits, President Felipe Calderón also held bilateral meetings with his counterparts of United States, France, Sweden, Egypt and South Africa.

For more information, please visit: www.groupoffive.org

Mexico's Economic Indicators	
Inflation rate: 0.18% (June, 2009); 5.74 % (2009, annual)	
Industrial Gross Domestic Product: -13.2% (Apr. 2009 / Apr. 2008)	
Manufacturing: -18.%; Construction: -11.3%, Mining: -0.4%	
General Index of Economic Activity: -12.2% (Apr. 2009 /Apr. 2008)	
Consumer Confidence Index: 81.0 pts. (June 2009)	
-10.6 percentage points (June 2009 / June 2008)	
Open unemployment rate: 3.2 % (May. 2009)	Source: INEGI

Mexico's Financial Indicators
Foreign exchange rate: 13.70 peso/dollar (July 10, 2009)
International reserves: \$73,699 million dollars (July 10, 2009)
Mexican stock market index (IPC): 24,341 (July 14, 2009)
Interest rate treasury bonds CETES 28 days: 4.65 % (July 9, 2009)
Source: Banco de Mexico

Mexico's Official Gazette Notices

- **04/06/2009** Resolution declaring *ex officio* the beginning of the validity exam for the countervailing duty imposed to frozen bovine meat imports originating in the European Community (European Union), regardless of the shipping country. This product is classified under tariff items 0202.10.01, 0202.20.99 and 0202.30.01 of the General Imports and Exports Tariff Law.
- **05/06/2009** Decree promulgating the Bilateral Investment Treaty between the United Mexican States and the People's Republic of China, signed in Beijing on July 11th 2008.
- **15/06/2009** Decree stating that the Agreement creating the International Organization of Vine and Wine, subscribed in Paris, France, on April 3rd 2001, is no longer in force in Mexico, from June 30th 2009.
- **15/06/2009** Final resolution of the review procedure of countervailing duties imposed to the mushrooms of the genus *agaricus* originating in the People's Republic of China, coming from Calkins & Burke Limited, regardless of the shipping country. This product is classified under tariff items 2003.10.01 of the General Imports and Exports Tariff Law.
- **17/06/2009** Decree approving the Protocol modifying the Agreement between the United Mexican States and the Netherland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, subscribed in Mexico City on December 11th 2008.
- **17/06/2009** Decree approving the Bilateral Investment Treaty between the Government of United Mexican States and the Government of the Republic of Belarus, signed in Minsk on September 4th 2008.

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- **03/06/2009 L137** Decision No 3/2008 of the EU-Mexico Joint Council of 15 December 2008 amending Joint Council Decision No 2/2001, as amended by Decision No 4/2004.
- **12/06/2009 L149** Commission Decision of 11 June 2009 terminating the anti-subsidy proceeding concerning imports of sodium metal originating in the United States of America.
- **12/06/2009 L149** Commission Decision of 11 June 2009 terminating the anti-dumping proceeding concerning on imports of sodium metal originating in the United States of America.
- **16/06/2009 L151** Council Regulation (EC) No 499/2009 of 11 June 2009 extending the definitive anti-dumping duty imposed by Regulation (EC) No 1174/2005 on imports of hand pallet trucks and their essential parts originating in the People's Republic of China to imports of the same product consigned from Thailand, whether declared as originating in Thailand or not.
- **16/06/2009 L151** Council Regulation (EC) No 500/2009 of 11 June 2009 amending Regulation (EC) No 1212/2005 imposing a definitive anti-dumping duty on imports of certain castings originating in the People's Republic of China.

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