



TABLE OF CONTENTS

Mexico-European Union: Seven Years of a Successful Trade Relationship

Mexico - European Union: Seven Years of a Successful Trade Relationship

MEXICO

Trade Balance

Financial and Economic Indicators

BUSINESS

Trade fairs and exhibits in Mexico

Mexico's Official Gazette Notices

EU Official Journal



Since July 2000, with its entry into force, the Mexico-European Union Free Trade Agreement (MEUFTA) has produced tremendous growth in bilateral trade and investment. MEUFTA is part of the Economic Partnership, Political Co-ordination and Co-operation Agreement between Mexico and the European Union (EU) which not only liberalizes trade, but also promotes political dialogue and intensifies co-operation between both partners.

MEUFTA, together with the 14 Bilateral Investment Treaties (BIT) negotiated with 15 EU Member States*, has boosted bilateral trade and investment by leveling the playing field between the parties to the Agreement. It has lowered tariff and non-tariff barriers and, by doing so, has contributed to the increase of Mexico's competitiveness and economic growth.

Trade

As a result of MEUFTA, EU-Mexico trade stands at record levels. Since 1999, the year previous to its implementation, bilateral trade has grown by 132.6 percent, reaching 42.3 billion dollars in 2006. By comparison, merchandise trade between the EU and the rest of the world grew by only 93.3 percent over the same period.

Since January 2007, MEUFTA eliminated completely import duties for industrial products in bilateral trade. The EU liberated them since January 2003. By 2010, bilateral trade in most agricultural products will be also duty-free.

Mexican exports have grown to meet EU demand

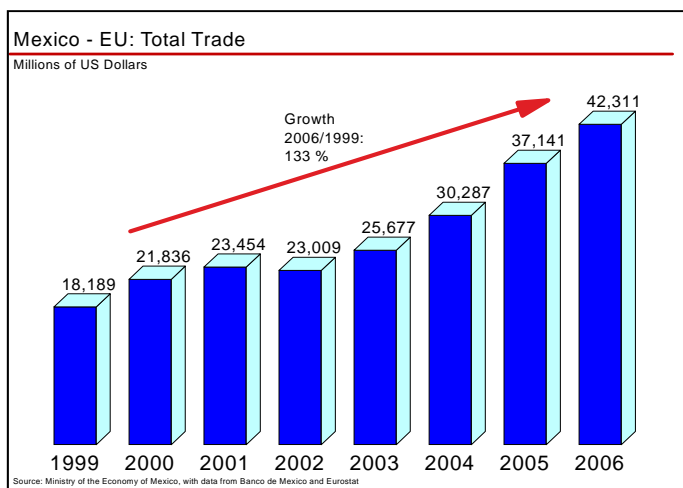
The EU market remained the second destination for Mexican merchandise exports in 2006, which reached 13.3 billion dollars. Mexico sent 5.4 percent of its exports to the EU that year, from 3.9 percent in 1999.

Mexican exports to the EU have grown almost twice as fast as those to the

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rest of the world: 165.5 percent and 80.9 percent, respectively, between 1999 and 2006. In 2006, Mexico was the twenty-eighth largest source of EU imports. In the period 1999-2006, sectors accounting for the largest increases in absolute terms of Mexican exports

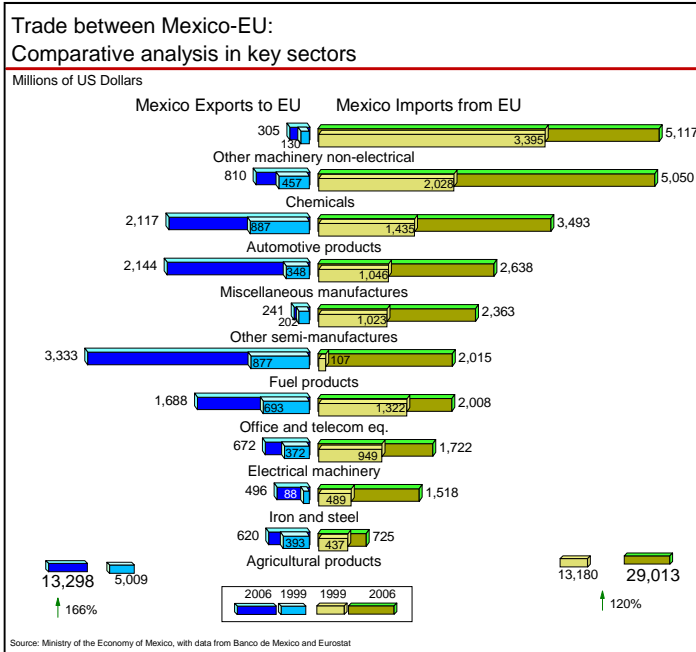


to the EU include other manufacturing consumer goods, (21.4 percent) automotive (14.9 percent) and office equipment (12.0 percent).

Imports from the EU are opening market in Mexico

In 2006, the EU was the second source of imports into Mexico, reaching 29.0 billion dollars. In that year, the share of the EU in Mexico's total imports was 11.3 percent, from 9.3 percent in 1999. Since MEUFTA went into effect, Mexican imports from the EU surged 120.1 percent, in contrast with the growth of 76.1 percent of those from the rest of the world.

The Mexican import sectors which have contributed with the greatest share of the growth in business with the EU in absolute terms in the period 1999-2006, include chemical (19.1 percent), automotive (13.0 percent), and non-electrical machinery (10.9 percent). As most of Mexican imports from the EU are duty-free inputs and machinery used to produce manufactured



goods, MEUFTA lowers manufacturers' costs and improves the competitiveness of all the firms established in Mexico. And to the extent that these products are consumer goods, Mexican families benefit from lower prices no longer burdened by trade barriers.

EU companies also benefit from duty-free trade. EU companies are better able to compete internationally by lowering costs through the consolidation of production in Mexico, combining European production expertise with the Mexico's preferential access to 44 countries including North America, Europe, Latin America and Japan.

Enhanced investment flows

The easing of trade and investment restrictions by MEUFTA and the BITs with EU Member States have resulted in higher cross-border capital flows.

In addition to guaranteeing the free flow of investment between the countries, these instruments ensure pro-

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Mexico's Total Trade in April (billion US\$)			
	2006	2007	%
Total	39.2	43.0	9.6
Exports	19.8	21.1	6.7
Exports (excluding oil)	16.3	18.0	10.6
Imports	19.4	21.9	12.6

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
	2006	2007	%
January - January			
Exports to the EU	755.48	823.24	9.0
Imports from the EU	2,199.78	2,599.46	18.2
Exports to the EFTA	5.27	14.61	177.5
Imports from the EFTA	114.97	143.49	24.8

Source: Banco de México

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tection for investors and provide a dispute resolution mechanism.

Mexico has received 52.5 billion dollars of Foreign Direct Investment (FDI) from the EU in the period 1994-2006.

The share of EU investment in Mexico has been increasing. In 2006, the EU accounted for 26 percent of Mexico's total FDI.

During 2006, there were 7,738 European companies operating in Mexico.

Mexico's strategy of liberalizing trade and investment has been successful in terms of attracting FDI. Mexico received almost twice as much FDI from the EU in the six years following the advent of the North America Free Trade Agreement (NAFTA) than in the previous 14 years (1980-1993).

What is more, after MEUFTA's implementation, in the period 2000-2006, FDI from the EU grew three times faster than in the period 1994-1999. This is a clear illustration of the positive impact of MEUFTA. The top three investor within the EU Member States, concentrated 86 percent of FDI stock during the period

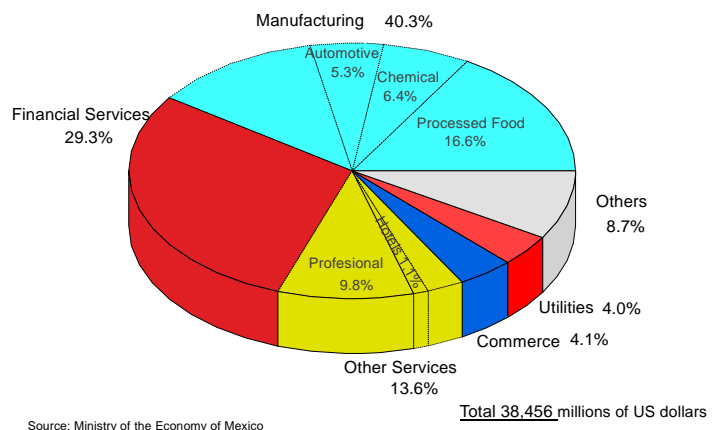
of 2000 to 2006. Spain accounted for 38.2 percent, Netherlands 36.5 percent and United Kingdom 11.8 percent. These countries were, respectively the second, third and fourth investors in Mexico only behind the United States.

Sectorally, the bulk of FDI from EU has been in manufacturing activities (40.3 percent), notably in processed food, chemical and automotive. However, significant FDI has also been reported in financial services (29.3 percent).

MEUFTA has also increased Mexico's investment in the EU. Mexican companies invested 4.6 billion euros in the

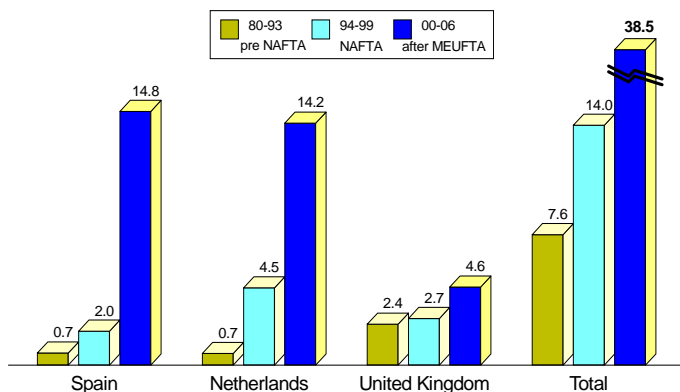
EU: Foreign Direct Investment in Mexico

From 2000 to 2006



EU: Foreign Direct Investment in Mexico

Billions of US Dollars



EU between 1995 and 2005; most of this investment, 3.9 billion euros, took place between 2000 and 2005.

MEUFTA fosters competitiveness

MEUFTA, by leveling the playing field between Mexico and the EU, has increased bilateral trade and investment, and by doing so, it has promoted the competitiveness of both parties' firms. By any measure MEUFTA has been a success story. The challenge continues to be to take even more advantage of the MEUFTA and to deepen the Agreement.

Mexico's Economic Indicators

Inflation rate: -0.49% (May 2007);
0.46% (January-May 2007)

Industrial Gross Domestic Product: 0.2% (Mar 2007 / Mar 2006)
Manufacturing: -0.05%; **Construction:** 1.0%; **Mining:** 1.5%

General Index of Economic Activity: 1.96% (Mar 2007 / Mar 2006)

Consumer Confidence Index: 106.3 pts. (April 2007)
-2.9 percentage points (Apr 2007 / Apr 2006)

Open unemployment rate: 3.6% (April 2007)

Source: INEGI

Mexico's Financial Indicators

Foreign exchange rate: 10.97 peso/dollar (08-Jun-2007)

Internacional reserves: \$69,556 million dollars (08-Jun-2007)

Mexican stock market index (IPC): 31,466 (08-Jun-2007)

Interest rate treasury bonds CETES 28 days: 7.21%
(07-Jun-2007)

Source: Banco de México

Trade fairs and exhibits in Mexico

SERIGRAFIKA & WIDE FORMAT 2007

June 21- 23, 2007

Cintermex, Monterrey City
Trade show focused in the Screen Printing,
Embroidery & Wide Format Printing

Phone: (52) 818 369 6660

Fax : (52) 818 369 6732

E-mail: info@serigrafika.com.mx

Website:

<http://www.serigrafika.com.mx>

51 AMFAR EXPO DECORACION Y REGALO

July 30- August 3, 2007

World Trade Center, Mexico City.
Exhibition of the best products for gifts
and decoration

Event Management:

AMFAR, A.C.

Phone : (52) 555 564 4564

Fax : (52) 555 574 9709

E-mail: amfar@amfar.com

Website:

<http://www.amfar.com>

EXPO DEL JARDIN

July 20- 22, 2007

Cintermex, Monterrey City
Exhibition of the best garden products

Event Management:

Expo del Jardin

Phone : (52) 818 400 6513

Fax : (52) 818 400 6519

E-mail:

adrianzg@expodeljardin.com

Mexico's Official Gazette Notices

- 02/05/07 Decree creating the Mexican Commission for the Micro, Small and Medium Enterprises, (COMPYME), as a permanent interdepartmental commission
- 03/05/07 Annexes 4, 6, 7 and 9 of the Fiscal Resolution for 2007 published on 25/04/07
- 04/05/07 Annexes 25 and 26 of the Fiscal Resolution for 2007 published on 25/04/07
- 07/05/07 Annex 1 of the Fiscal Resolution for 2007 published on 25/04/07
- 08/05/07 Decree modifying the existing one establishing the applicable duties for 2003, of the General Import Tax for goods originally from North America
- 09/05/07 Annexes 2 to 16 of the General Rules on Foreign Trade for 2007, published on 27/04/07
- 09/05/07 Decree reforming article 164 of the General Health Law
- 11/05/07 Agreement which modifies several tariff-quotas, for the importation of powder milk for 2007
- 11/05/07 Notice of suspension of the review by the panel to the final determination on the countervailing investigation of Red and Golden Delicious apples imports, classified under Tariff Item 0808.10.01 of the General Imports and Exports Tariff Law (GIETL), originating from the United States of America, regardless of shipping country, published on 21/10/03 with file number MEX-USA-2003-1904-02
- 11/05/07 Notice of conclusion of the suspension of the review by the Binational panel to the final determination on the countervailing investigation of pork legs imports, classified under Tariff Item 0203.12.01 and 0203.22.01 of the GIETL, originating from the U.S.A.
- 14/05/07 Annexes 17 to 29 of the General Rules on Foreign Trade for 2007, published on 27/04/07
- 16/05/07 Annex 1 of the General Rules on Foreign Trade for 2007, published on 27/04/07
- 21/05/07 Normalization National Program

EU Official Journal

- 9/05/07 L119 Council Regulation (EC) No 501/2007 of 7 May 2007 amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff
- 9/05/07 L119 Commission Regulation (EC) No 506/2007 of 8 May 2007 imposing testing and information requirements on the importers or manufacturers of certain priority substances in accordance with Council Regulation (EEC) No 793/93 on the evaluation and control of the risks of existing substances
- 12/05/07 L123 Commission Regulation (EC) No 526/2007 of 11 May 2007 on the issue of import licences for high-quality fresh, chilled or frozen beef and veal
- 24/05/07 L132 Commission Regulation (EC) No 556/2007 of 23 May 2007 amending Regulation (EC) No 1622/2000 laying down certain detailed rules for implementing Council Regulation (EC) No 1493/1999 on the common organisation of the market in wine and establishing a Community code of oenological practices and processes

Mexico-EU Trade Links is a monthly informational newsletter published by the Mexican Mission to the EU, Representative office of the Ministry of the Economy. Av. Franklin Roosevelt 94, 1050, Brussels, Belgium.

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