



Integración comercial y productiva para el bienestar

Mexico: a trusted economic partner and ally in USMCA

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ECONOMÍA

SECRETARÍA DE ECONOMÍA

1. | From NAFTA to USMCA

USMCA

- ✓ Certainty.
- ✓ Clear Rules.
- ✓ Maintains Free Trade.
- ✓ Preserves North American Integration.

1. Initial Provisions and General Definitions	12. Sectoral Annexes	23. Labor
2. National Treatment and Market Access for Goods	13. Government Procurement	24. Environment
3. Agriculture	14. Investment	25. Small and Medium-sized Enterprises
4. Rules of Origin	15. Cross-Border Trade in Services	26. Competitiveness
5. Origin Procedures	16. Temporary Entry	27. Anticorruption
6. Textiles and Apparel	17. Financial Services	28. Good Regulatory Practices
7. Customs and Trade Facilitation	18. Telecommunications	29. Publication and Administration
8. Energy	19. Digital Trade	30. Administrative and Institutional Provisions
9. Sanitary and Phytosanitary Measures	20. Intellectual Property	31. Dispute Settlement
10. Trade Remedies	21. Competition Policy	32. Exceptions and General Provisions
11. Technical Barriers to Trade	22. State-Owned Enterprises	33. Macroeconomic Policies
		34. Final Provisions



10 New Chapters



24 Modernized Chapters

USMCA:

Main achievements



Regional Competitiveness

Preferential access

Regulatory coherence

Investment

Temporary Entry

SPS

TBT



Inclusive and Responsible Trade

SMEs

Gender

Labor Rights

Anticorruption

Environment



Certainty in Trade and Investments

Dispute Settlement Mechanisms

State-to-State
Investor-State

Remedy Laws



Opportunities of the 21st Century

Intellectual Property

Digital Trade

Financial Services

2. | Why North America?

NAFTA created a competitive North American region



**N
A
F
T
A**

Population

493

Million people

6.5 % of
world
population

GDP

\$26

Trillion dollars

18.3% of world GDP |
2nd global economy
(2019)

FDI

\$323

Billion dollars

23.1% of world FDI
(2018)
1st recipient in the world

Trade

\$6

Trillion dollars

15.9%
of global trade
2nd global
exporter (2019)

Trade (Intra)

\$1.2

Trillion dollars

20% of the
región's total
trade (2019)

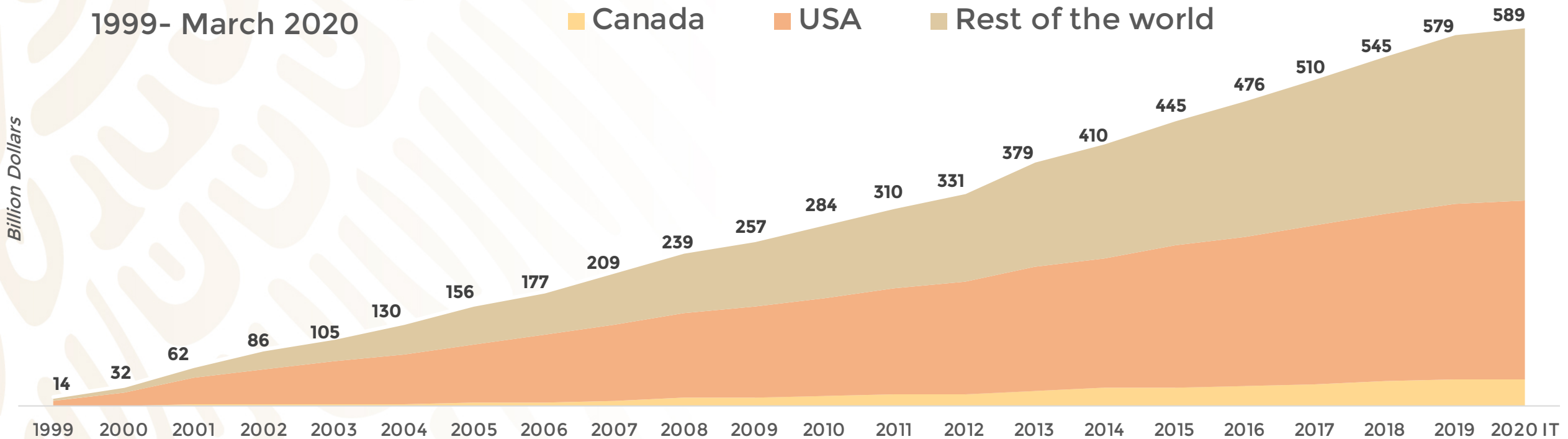
Source: IMF, Banco de México, WTO and TradeMap.

Foreign Direct Investment under NAFTA

- USA and Canada account for more than half of total FDI received by Mexico between 1999- March 2020.



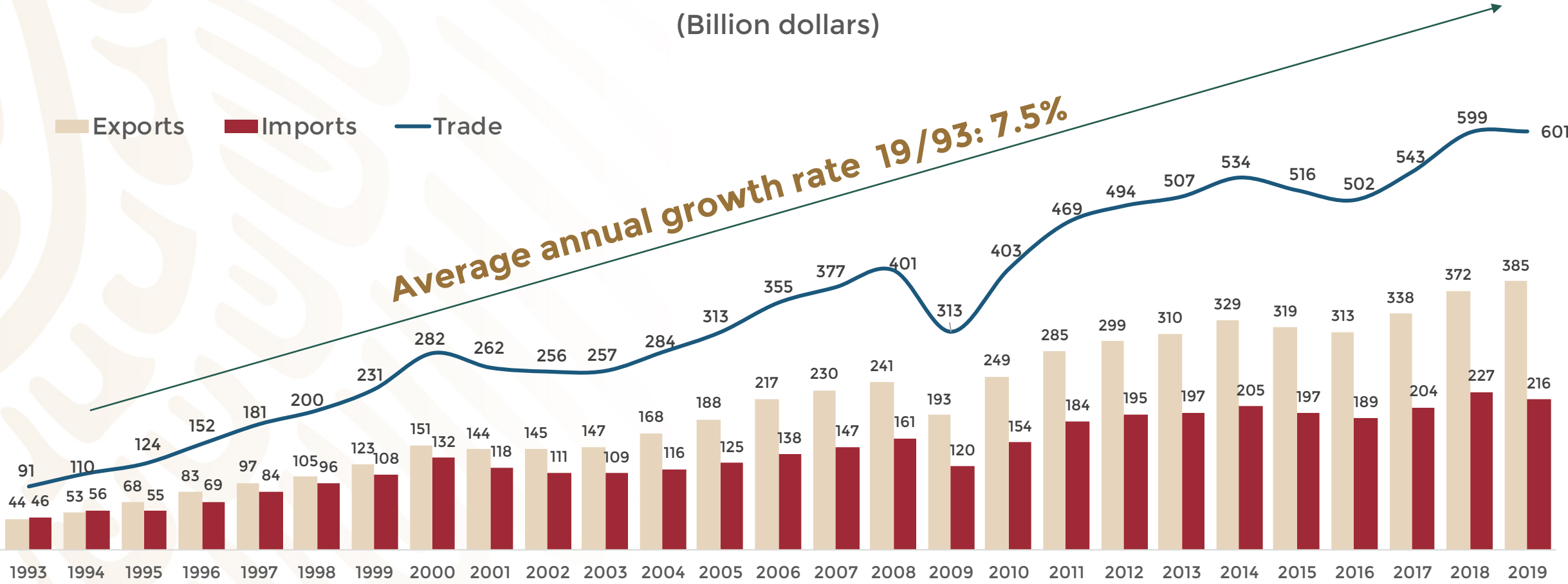
NAFTA FDI to Mexico
1999- March 2020



Source: SE/DGIE

NAFTA trade

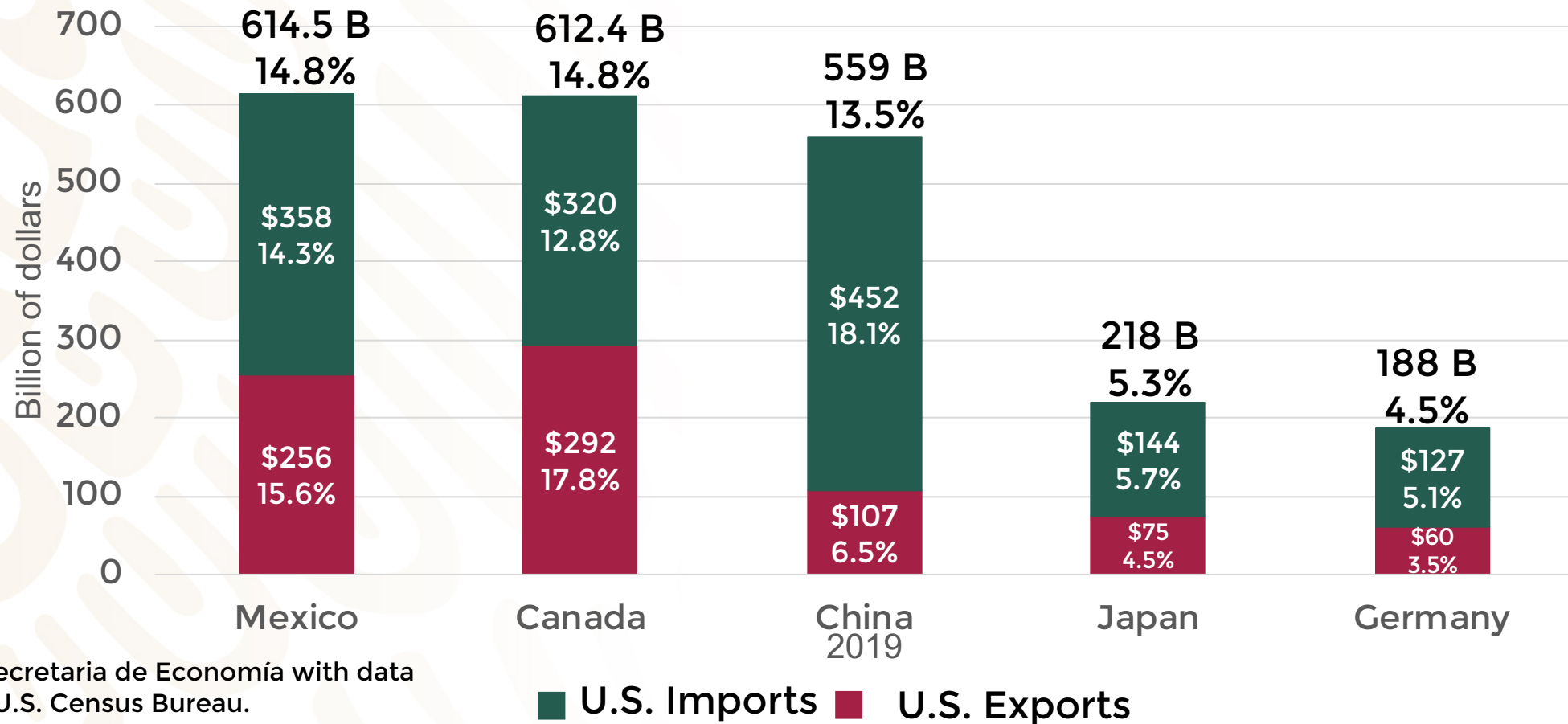
Mexico- NAFTA Trade
(Billion dollars)



Source: Banco de México.

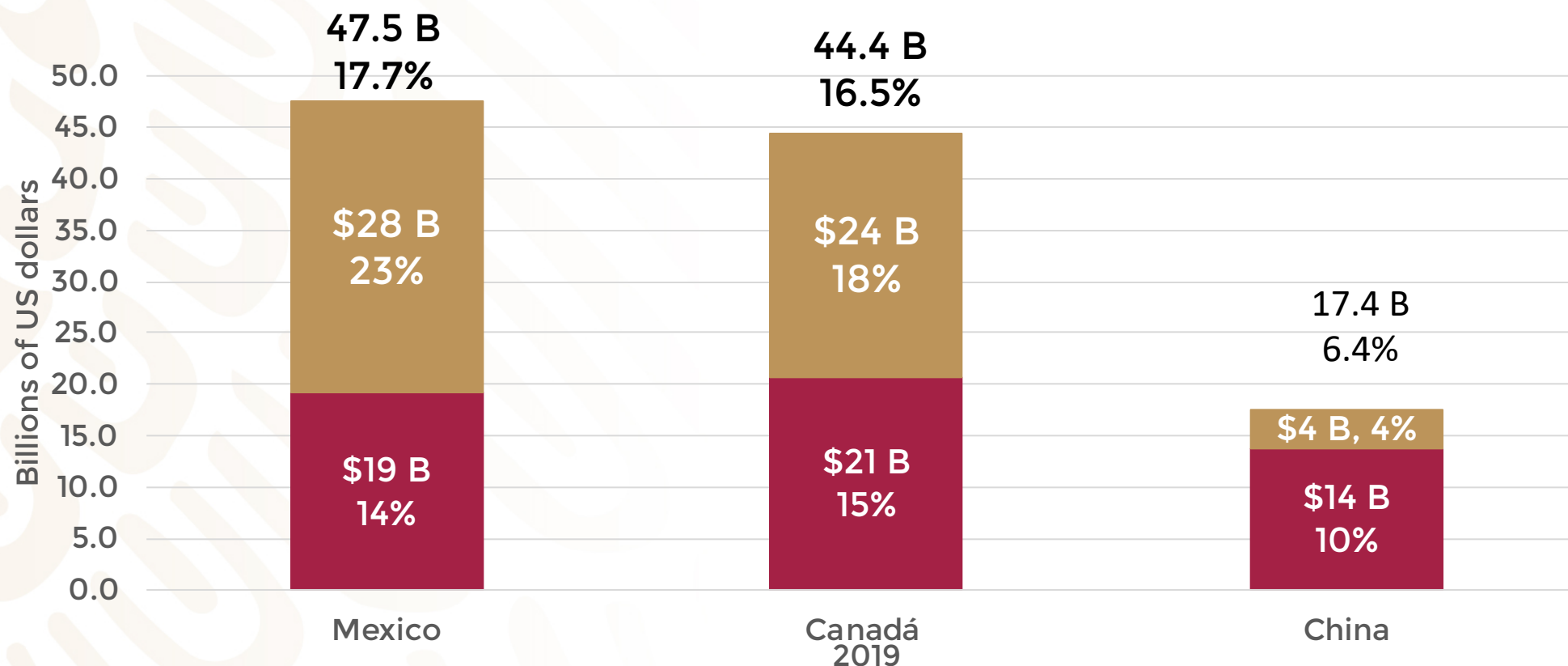
Mexico today is the U.S. Top Trading Partner

In 2019 Mexico and the U.S. traded 614.5 billion in goods, surpassing Canada and China.



Mexico became the US Top Trading Partner in agricultural products

In 2019 the U.S. and Mexico traded over **47.5 billion** dollars in agricultural goods.



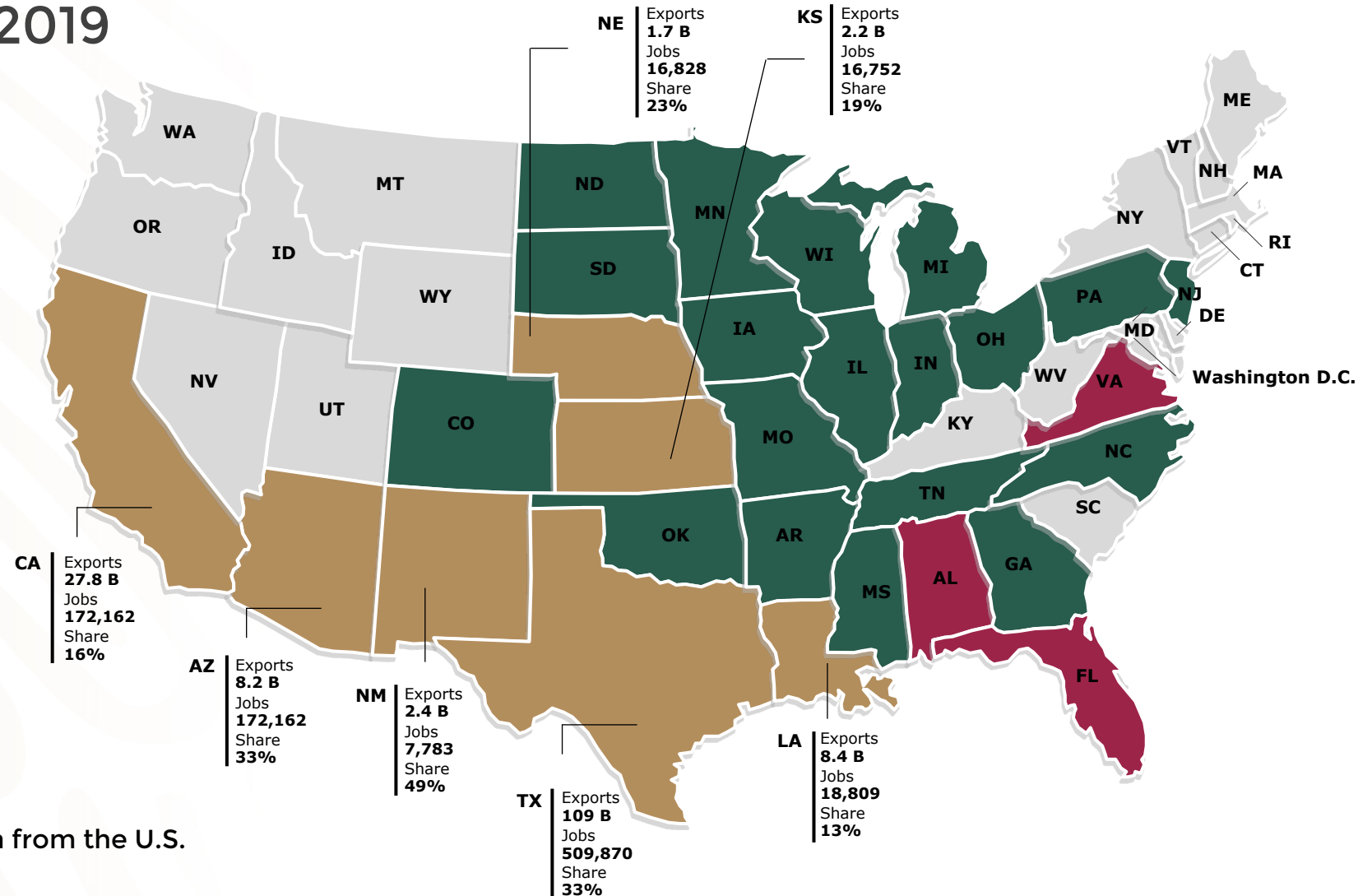
Source: Secretaria de Economía with data from the Foreign Agricultural Service, USDA.

■ U.S. Imports ■ U.S. Exports

Mexico is a key market for U.S. states' exports

U.S. exports by State, 2019

-  Mexico is the largest export market for 7 U.S. states
-  Mexico is the second largest export market for 19 U.S. states
-  Mexico is the third largest export market for 3 U.S. states.



Source: Secretaria de Economía with data from the U.S. Census Bureau .

Mexico and Illinois: a strong partnership

Mexico is the second export market for Illinois



198,000 Jobs supported by trade with Mexico

9.3 B Exports to Mexico, 15.5% of its total exports

12.8 B Imports from Mexico, 7.8% of its total imports

The U.S. and Mexico are Deeply Integrated

U.S. trade with Mexico accounts for **U.S. \$614.5 billion** and is part of global supply chains specialized in the electronics and industrial machinery sectors, as well as the automotive.

Exports,
2019 **256.4 B**

Top US exports to Mexico, 2019			
Prod.		Amount	Share
1	Gasoline	27.9 B	10.50%
2	Autoparts	17.0 B	6.40%
3	Acc/computers	11.7 B	4.40%
4	Low cost shipments	7.4 B	2.80%
5	Integrated circuits	6.9 B	2.60%
6	Gas	5.4 B	2.00%
7	Computers	5.1 B	1.90%
8	Diesel motors	4.5 B	1.70%
9	Electric switches	4.4 B	1.70%
10	Tlephones and cellphones	4.4 B	1.60%

Imports,
2019 **358.1 B**

Top US imports from Mexico, 2019			
Prod.		Amount	Share
1	Automobiles	35.0 B	10.1%
2	Computers	26.4 B	7.6%
3	Autoparts	24.7 B	7.1%
4	Veh/transp/goods	22.8 B	6.6%
5	Crude oil	14.2 B	4.1%
6	Insulated wire	11.4 B	3.3%
7	Phones/cellphones	10.5 B	3.0%
8	Televisions	9.0 B	2.6%
9	Tractors	8.6 B	2.5%
10	Seats	7.0 B	2.0%

Mexico and Illinois are deeply Integrated

Illinois trade with Mexico accounts for **U.S. \$22.1 billion** and is part of global supply chains specialized in the electronics and industrial machinery sectors, as well as the automotive.

Imports, 2019: **12.8 B**

Illinois top imports from Mexico, 2019			
Imports		Amount	Share
1	Beer	3,445	27%
2	Televisions	648	5%
3	Electric Panels	602	5%
4	Autoparts	564	4%
5	Electric switchces	338	3%
6	Insulated wire	282	2%
7	Refrigerators	266	2%
8	Telephones	252	2%
9	Ethyl Alcohol	227	2%
10	Oil	209	2%

Exports, 2019: **9.3 B**

Illinois top exports to Mexico, 2019			
Imports		Amount	Share
1	Autoparts	770	8%
2	Corn	685	7%
3	Electric switches	261	3%
4	Medical instruments	234	3%
5	Locomotive parts	186	2%
6	Parts for engines	149	2%
7	Valves for pipes	141	2%
8	Screws, bolts and nuts	140	2%
9	Articles of plastic	138	1%
10	Articles of iron & steel	138	1%

Source: Secretaria de Economía with data from the U.S. Census Bureau.

3. | Why Mexico?

5 reasons to do business in Mexico

- 1 Mexico ranks among the world's top emerging markets, with a stable and open economy.
- 2 Mexico has a network of 13 free trade agreements with 50 countries that offers preferential access to more than 1.3 billion potential consumer markets in economies that represent more than 60% of the world's GDP
- 3 Mexico has a strong, innovative and diversified industrial platform in a wide range of industries.
- 4 Mexico boasts a human resource pool with young workers and a highly trained workforce, a young population (27 years) and a market close to 130 million potential consumers.
- 5 High productivity and competitiveness combined makes Mexico an open and ideal trading partner and an attractive place to invest.

Mexico has a strong and innovative industrial platform



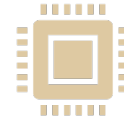
19th

Most complex country according to the Atlas of Economic Complexity



6.2%

of the world's total automotive exports are exported by Mexico



3.8%

of the world's total electronics exports are exported by Mexico

Mexico before and after NAFTA		
	1993	2018
Trade	117 B	915 B
Exported products	4,151	4,235
Trade partners	142	223

Source: Secretaría de Economía with data from the World Bank Group and the Atlas of Economic Complexity.

Mexico leads in manufacturing production

Mexico became the **6th largest world producer of vehicles (2019)**¹ and is ranked the **4th exporter worldwide (2018)**².

6th largest supplier of aircraft parts to the USA (2019)³.

6th largest exporter of information technology products and services (2018)⁴.

7th largest exporter (2018), if excluded trade within the European Union².

13th recipient of foreign direct investment worldwide and 2nd in Latin America (2018)⁵.

8th largest exporter of food products (2018)⁶.

1 Source: <http://www.oica.net/category/production-statistics/2018-statistics/>

2 Source: https://www.wto.org/spanish/res_s/statistics/wts2019_s/wts2019_s.pdf

3 Source: <https://legacy.trade.gov/td/otm/assets/aero/AeroTop20SuppliersAnnual.pdf>

4 Source CANIETI <https://esemanal.mx/2019/10/desciende-mexico-a-la-sexta-posicion-como-exportador-de-servicios-de-ti/>

5 Source: https://unctad.org/en/PublicationChapters/tdstat44_FS09_en.pdf

6 Source:

Mexico has solid infrastructure and logistics network

According to the WEF, Mexico ranks among the top 30% countries with best transport infrastructure.



172,000 km of roads, where 62.4% of México's total exports move.



27,000 km of railway tracks, moving 13% of Mexico's total exports



117 Ports move 19.7% of Mexico's total exports



76 Airports (64 int. + 12 nat.) moving 4.3% of Mexico's total exports

Mexico offers competitive costs

**Low shipping costs: Mexico US\$9/ m3 compared to China
US\$140/m3**

**Competitive Labor costs: Mexico US\$4.8/hour compared to China
US\$6.5/hour**

**Mexico offers an IMMEX program (maquiladora) that
Offers tax benefits**

USMCA opportunities

✓ Stricter Rules of Origin for the automotive sector

- *It will allow the steel industry to integrate its production chain*
- *Promote more local sourcing*



✓ More inclusive trade

*SMEs, Labor,
Environment,
Anticorruption,
Competitiveness
Digital Economy and e-commerce*



USMCA opportunities



USMCA **will be a key factor in the** economic recovery **of the three countries as it will contribute to:**

- **strengthen the productive integration of North America,**
- **incorporate more value-added in the region,**
- **boost new regional value chains in North America to replace imports from outside the region (nearshoring, decoupling).**

Actions to face COVID-19

USMCA governments work coordinately to:



- ✓ Close the border for non-essential travel.
- ✓ Define protocols and conditions that must be met to allow transition towards reopening productive activities.
- ✓ Increase use of digital services
 - ✓ Implement USMCA

Thank you

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for Global Success



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