

# **Mexico: a trusted economic partner and ally in USMCA**

## **Webinar: Miami, FL**

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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

# From NAFTA to USMCA: Deeper integration among 3 partners



## 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 21<sup>st</sup> 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 |  
2<sup>nd</sup> 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  
2<sup>nd</sup> global  
exporter (2019)

## Trade (Intra)

**\$1.2**

*Trillion dollars*

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

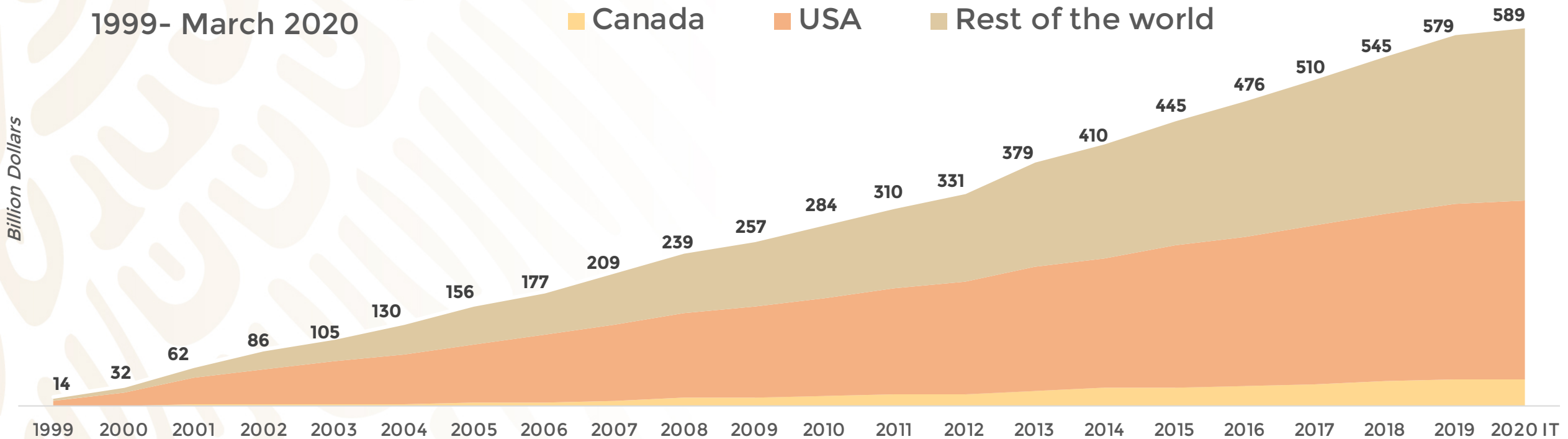
Source: IMF, Banco de México, WTO and TradeMap.

# Foreign Direct Investment under NAFTA

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



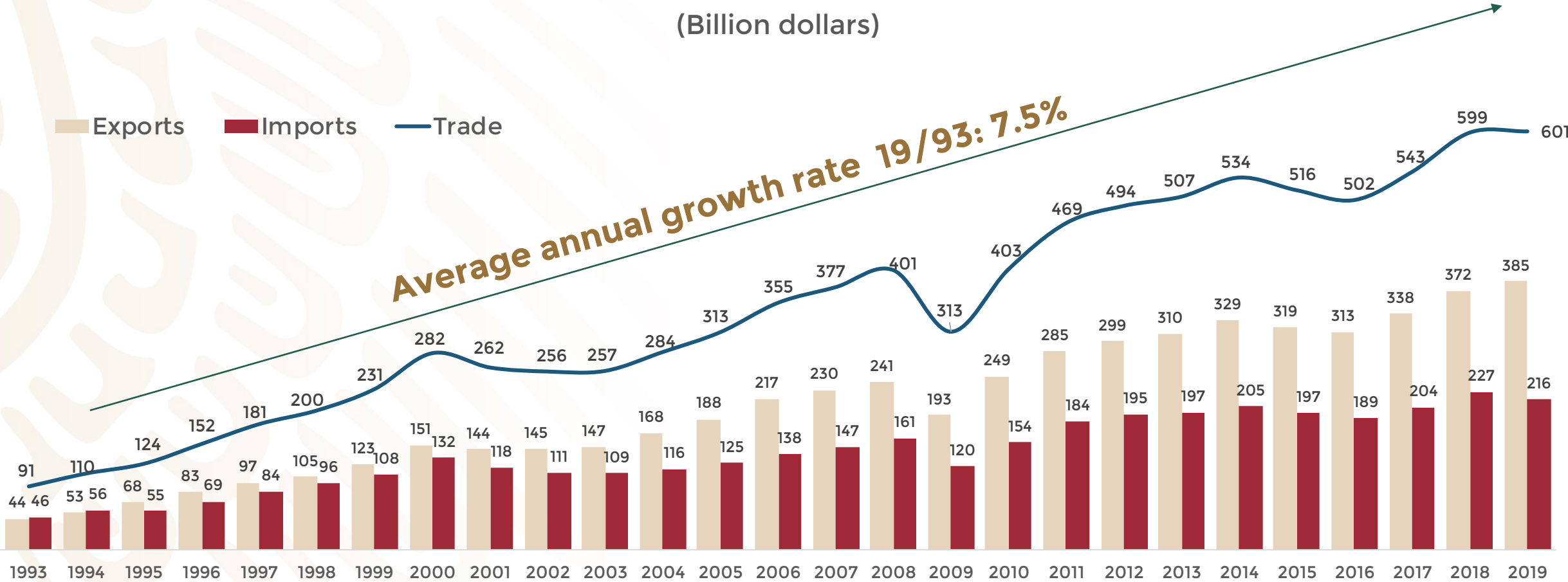
NAFTA FDI to Mexico  
1999- March 2020



Source: SE/DGIE

# NAFTA trade

Mexico- NAFTA Trade  
(Billion dollars)

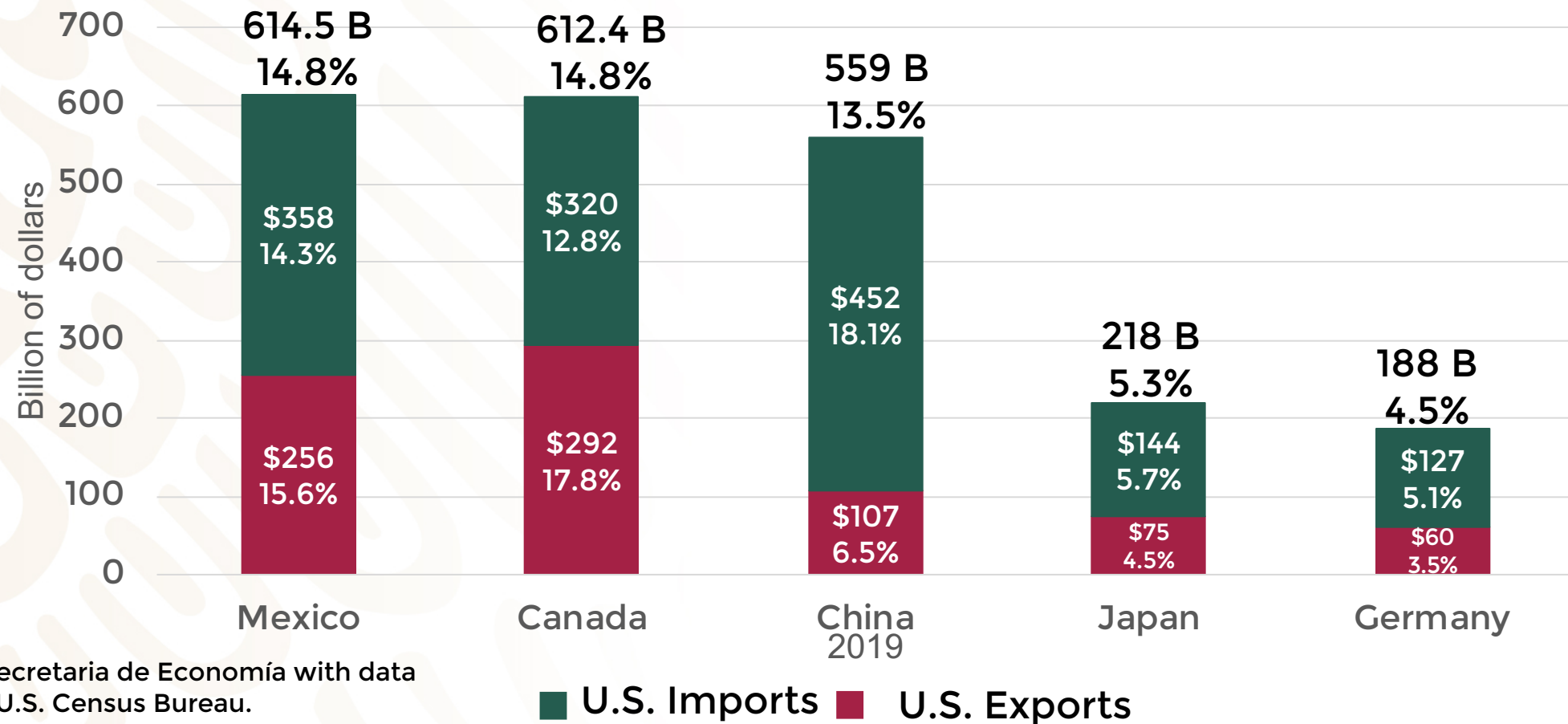


Source: Banco de México.



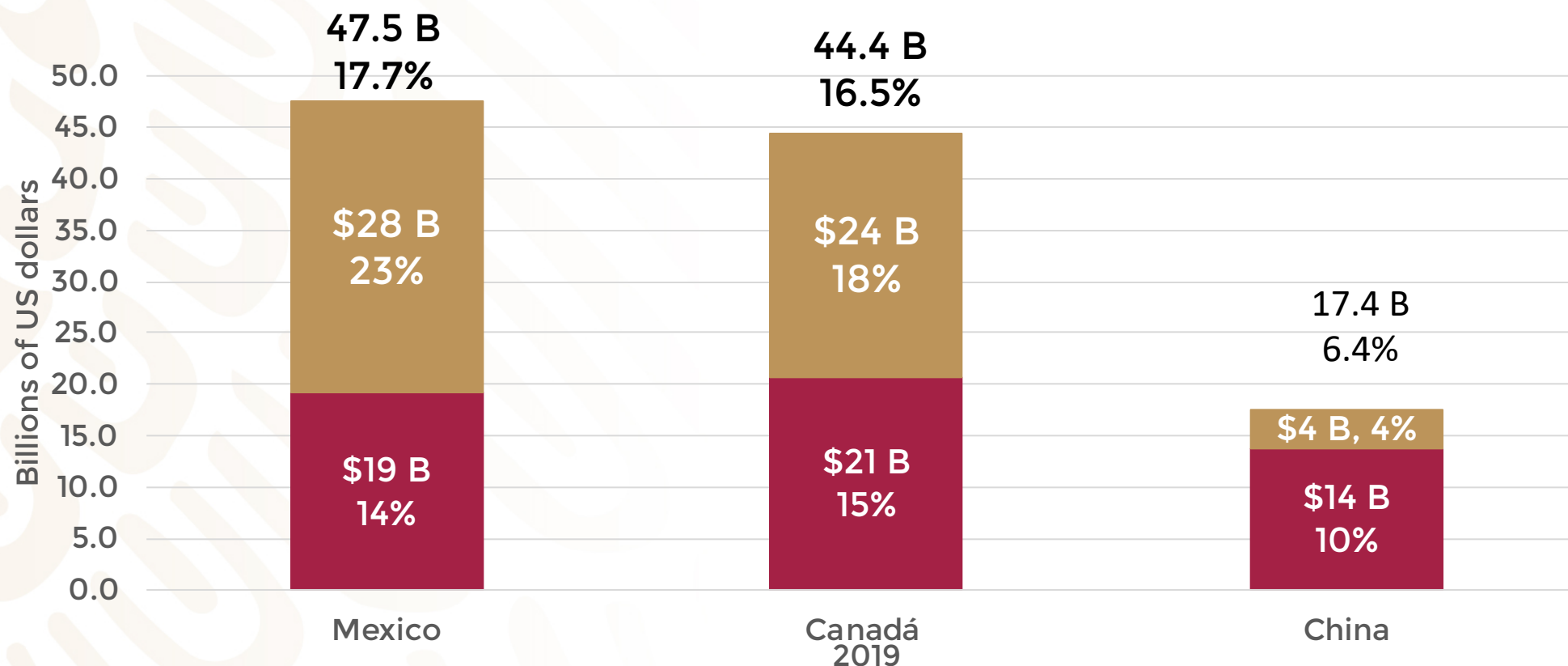
# In 2019, Mexico was the U.S. Top Trading Partner

(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.

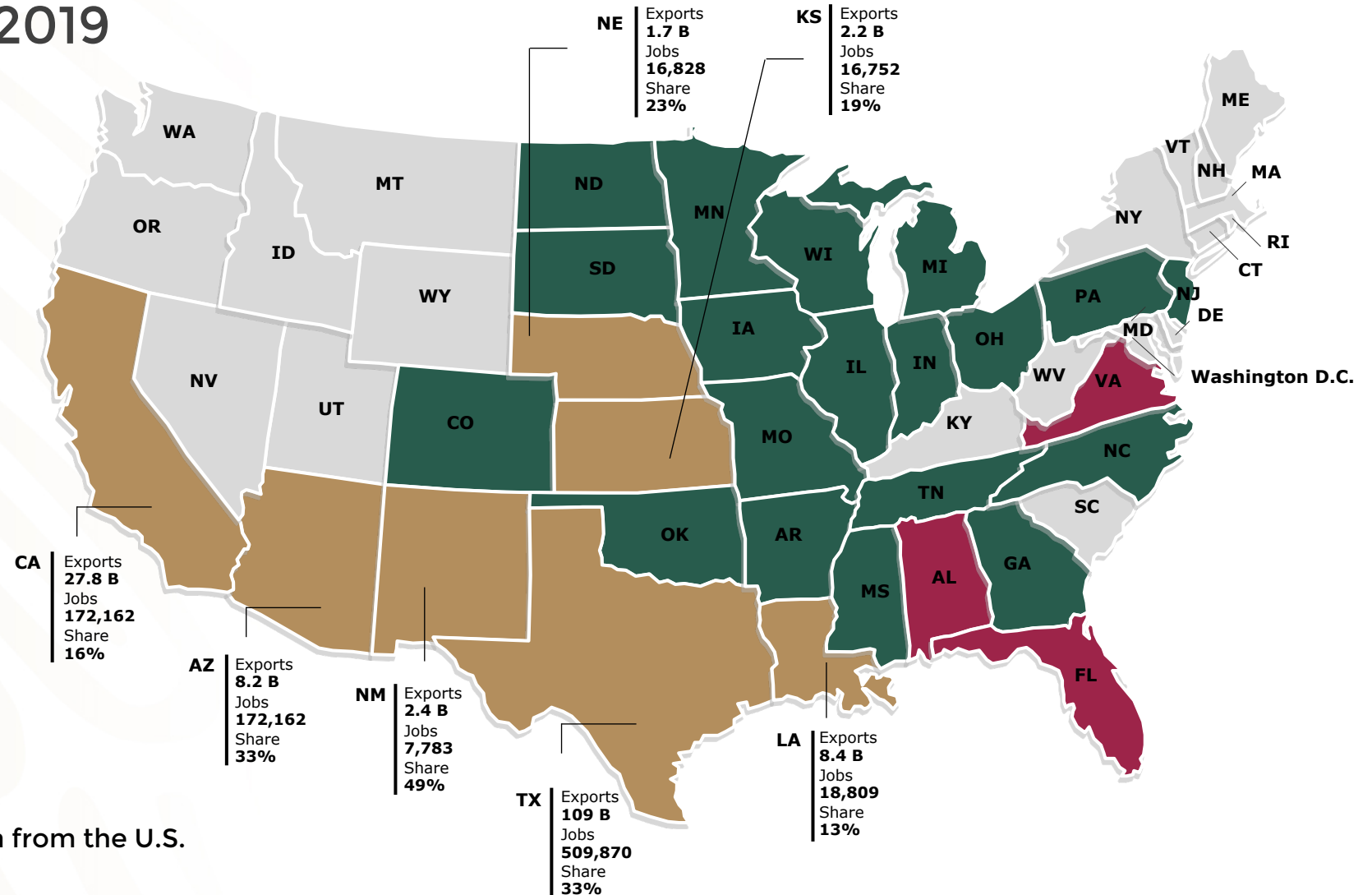


Source: Secretaria de Economía with data from the Foreign Agricultural Service, USDA.

■ U.S. Imports ■ U.S. Exports

## 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 Florida: a strong partnership

## Mexico – Florida Trade Outlook, 2019



**304,100**

Jobs supported by trade with Mexico (2017)

**3.3 B**

Exports to Mexico accounting for **5.9%** of its total exports

**6.9 B**

Imports from Mexico, **8.5%** of its total imports

Source: Secretaría de Economía with data from the U.S. Census Bureau and The Trade Partnership.

# The U.S. and Mexico share production to increase competitiveness

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%

**Florida's trade with Mexico account for U.S. \$10.2 billion and reflects trade in global supply chains in industrial machinery, autos, aerospace and ag.**

### Imports, 2019 **6.9 B**

Florida's top imports from Mexico			
Imports		Amount	Share
1	Cars	1,563	23%
2	Tractors	812	12%
3	Returned exports	398	6%
4	Refrigerators	320	5%
5	Gas, liquid and electricity meters	253	4%
6	Fruit juice	235	3%
7	Trucks	235	3%
8	Televisions	191	3%
9	Fresh fruit	171	2%
10	Insulated wire	170	2%

### Exports, 2019 **3.3 B**

Florida's top exports to Mexico			
Exports		Amount	Share
1	Aircraft engines and parts	320	10%
2	Yachts and other vessels	182	5%
3	Gas turbines	166	5%
4	Video game consoles	124	4%
5	Milk and cream	113	3%
6	Fertilizers	108	3%
7	Telephones	91	3%
8	Electric switches	68	2%
9	Valves	65	2%
10	Automatic regulating instruments	61	2%

Millions of dollars

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



# Trade with Mexico creates business opportunities for the Miami Metro Area



**2.2 Billion** Miami's Metropolitan Area exports to Mexico in 2018

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**1.4 Billion** Miami's trade with Mexico by air

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**50,883** autos traded with Mexico through Port Everglades in 2019

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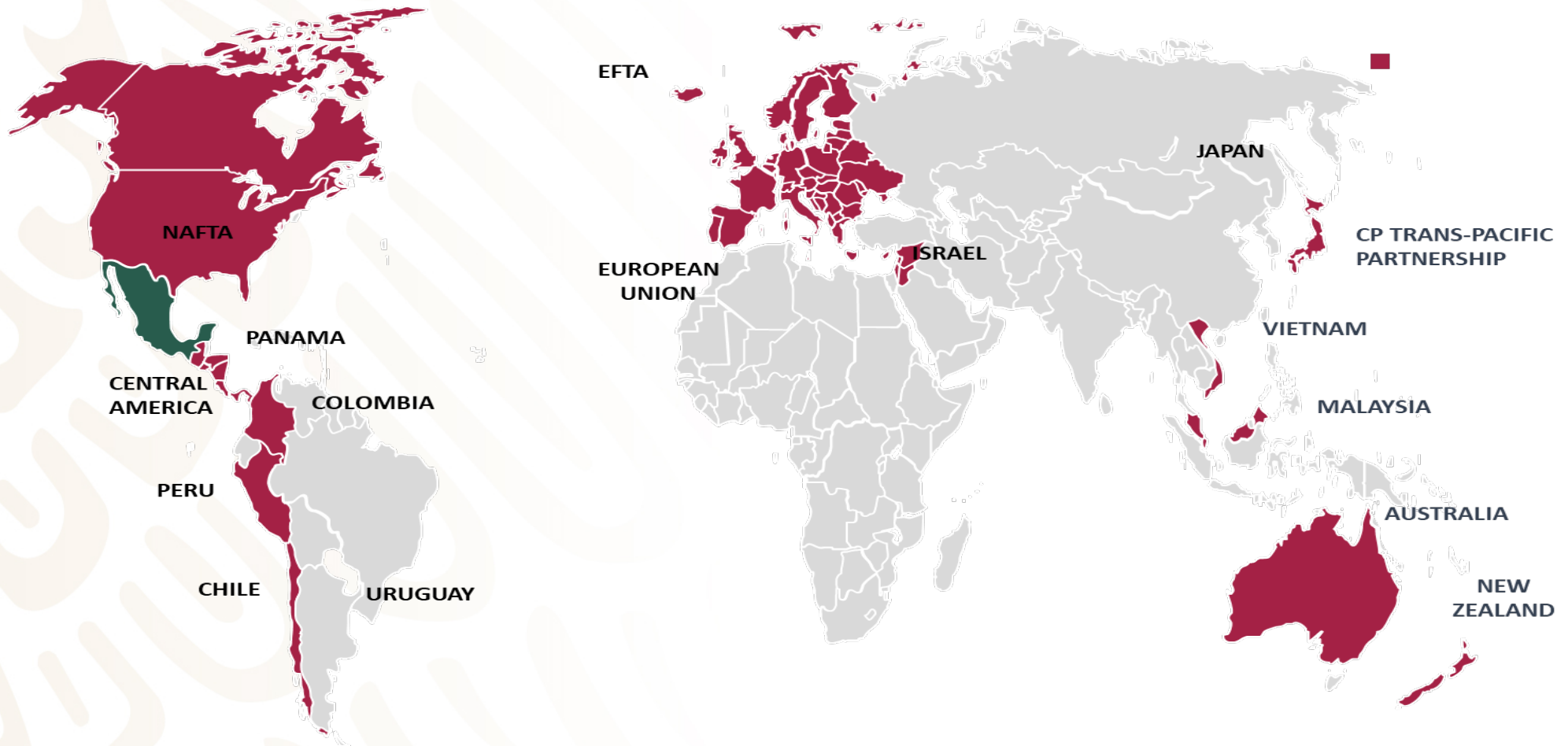
Source: Secretaría de Economía with data from the U.S. International Trade Administration, the *Port Everglades Finance Department Revenue Report Book* and *MIA data*.

# 3. | Why Mexico?



# Mexico: 7<sup>th</sup> largest exporter in the world and 1<sup>st</sup> in Latin America

USMCA and other 12 FTAs with 48 countries connect the Mexican economy to more than 1.3 billion consumers (60% of the world's GDP)



# Mexico offers a solid infrastructure and logistics network

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



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

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**27,000 km** railway tracks, move 13% of Mexico´s total exports

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**117 Ports** move 19.7% of Mexico´s total exports

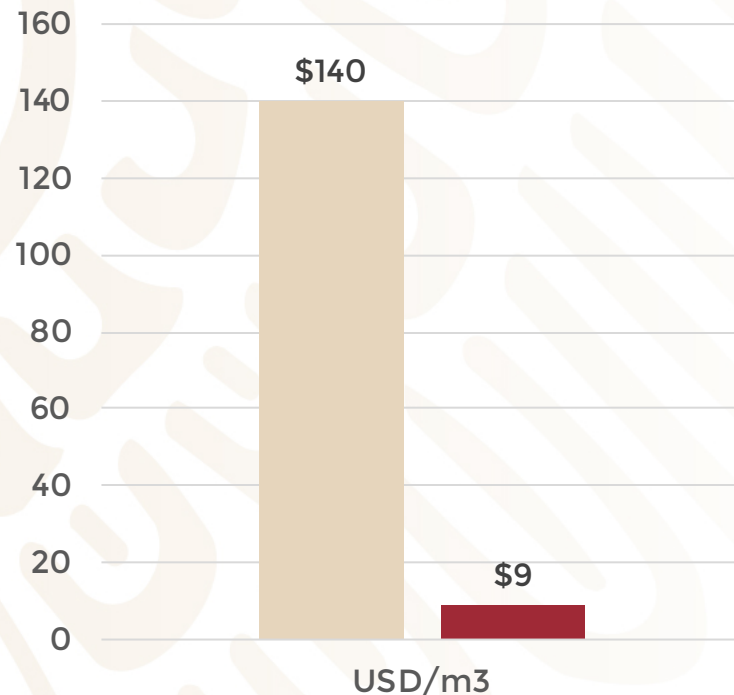
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**76 Airports** (64 int. + 12 nat.) move 4.3% of Mexico´s total exports

# Strategic location and competitive logistic costs

## Low shipping costs



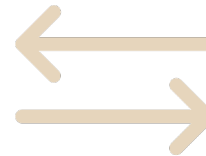
Source: GBM. Global Value Chains Disruptions

■ China to U.S. ■ Mexico to U.S.

## Maritime days to selected destinations

Destination	Mexico	China	India	Brasil	South Korea
New York	5	32	25	15	21
Los Angeles	4	18	31	23	17
Rotterdam	16	32	20	17	33
Yokohama	19	4	17	35	3

Source: The Boston Consulting Group in De la Madrid (2014)

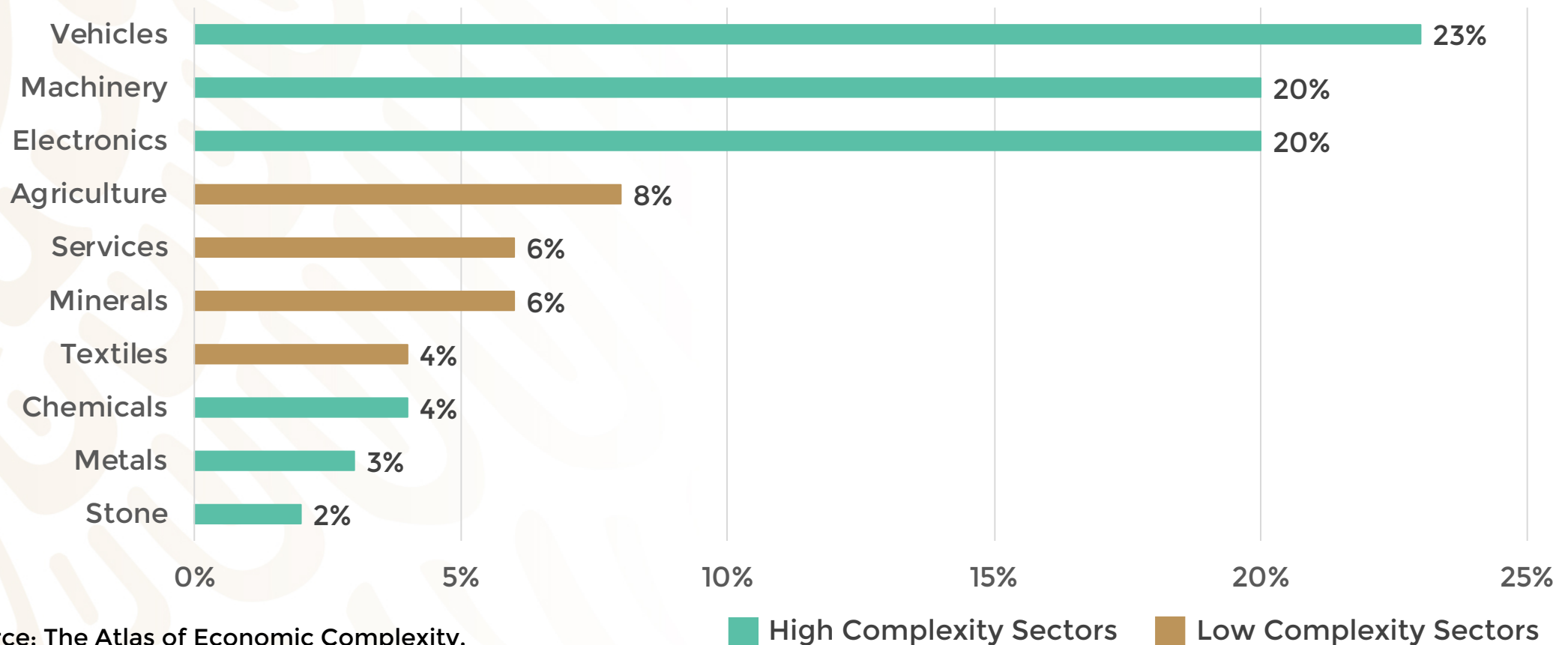


**More than 50 ports of entry  
between the U.S. and Mexico**

# Mexico has a diverse and innovative industrial platform

With more than 2/3 of its exports in **high complexity sectors**, Mexico ranks as the **19<sup>th</sup> most complex economy**

Industry share of Mexican exports by economic complexity, 2018



Source: The Atlas of Economic Complexity.

# Mexico leads in manufacturing production

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

**6th largest supplier of aircraft parts to the USA (2019)**<sup>3</sup>.

**6th largest exporter of information technology products and services (2018)**<sup>4</sup>.

**7th largest exporter (2018)**, if excluded trade within the European Union<sup>2</sup>.

**13<sup>th</sup> recipient of foreign direct investment worldwide and 2nd in Latin America (2018)**<sup>5</sup>.

**8<sup>th</sup> largest exporter of food products (2018)**<sup>6</sup>.

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](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>

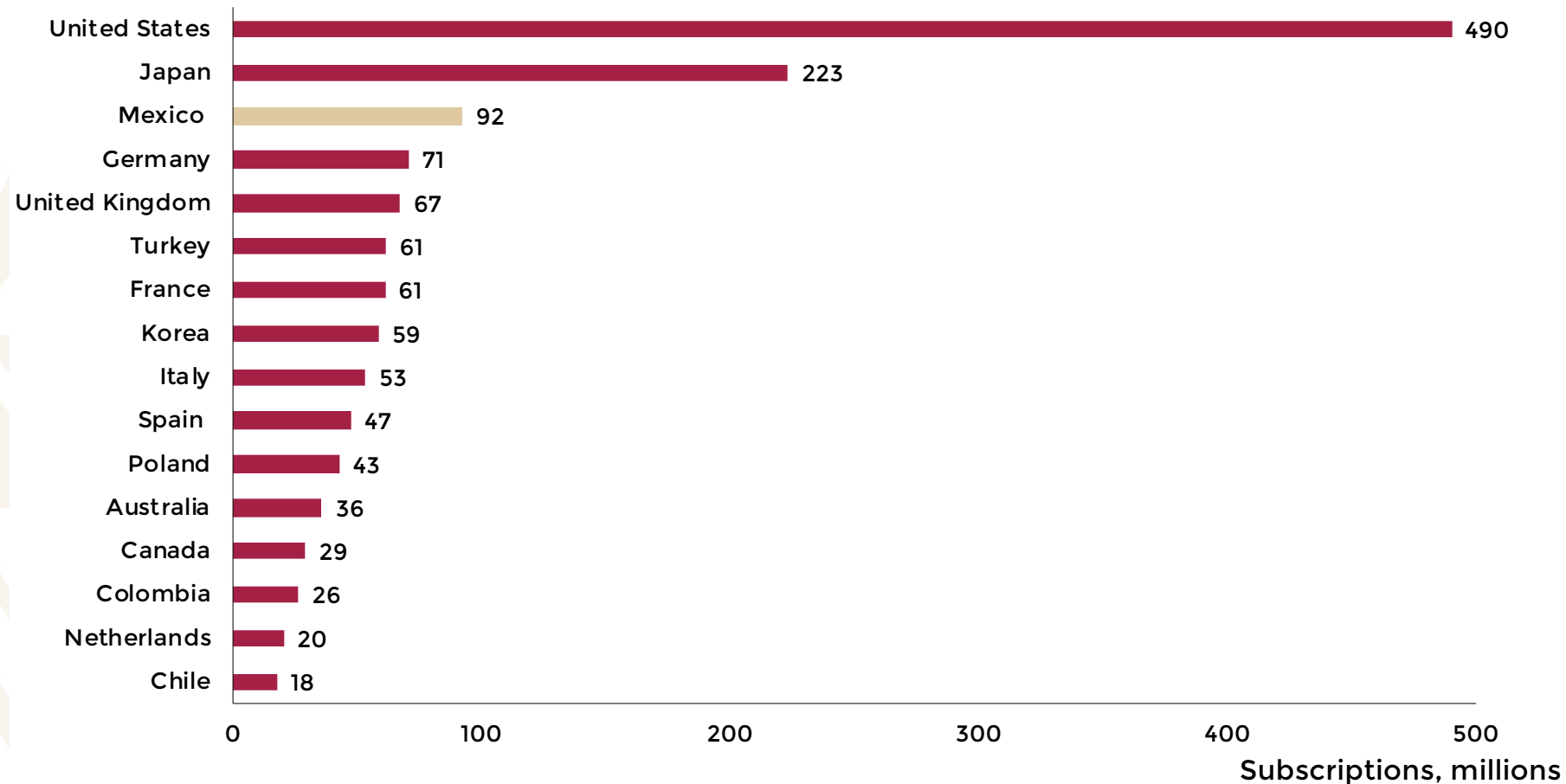
4 Source CANIETI <https://esemanal.mx/2019/10/desciende-mexico-a-la-sexta-posicion-como-exportador-de-servicios-de-ti/>

5 Source: [https://unctad.org/en/PublicationChapters/tdstat44\\_FS09\\_en.pdf](https://unctad.org/en/PublicationChapters/tdstat44_FS09_en.pdf)

6 Source: [https://www.wto.org/spanish/res\\_s/statistics/wts2019\\_s/wts2019\\_s.pdf](https://www.wto.org/spanish/res_s/statistics/wts2019_s/wts2019_s.pdf)

# Fast growing internet connectivity and broadband access

Mexico is third in mobile broadband subscriptions within OECD



**74%**

mobile  
penetration rate

**17%**

annual growth  
in past 5 years

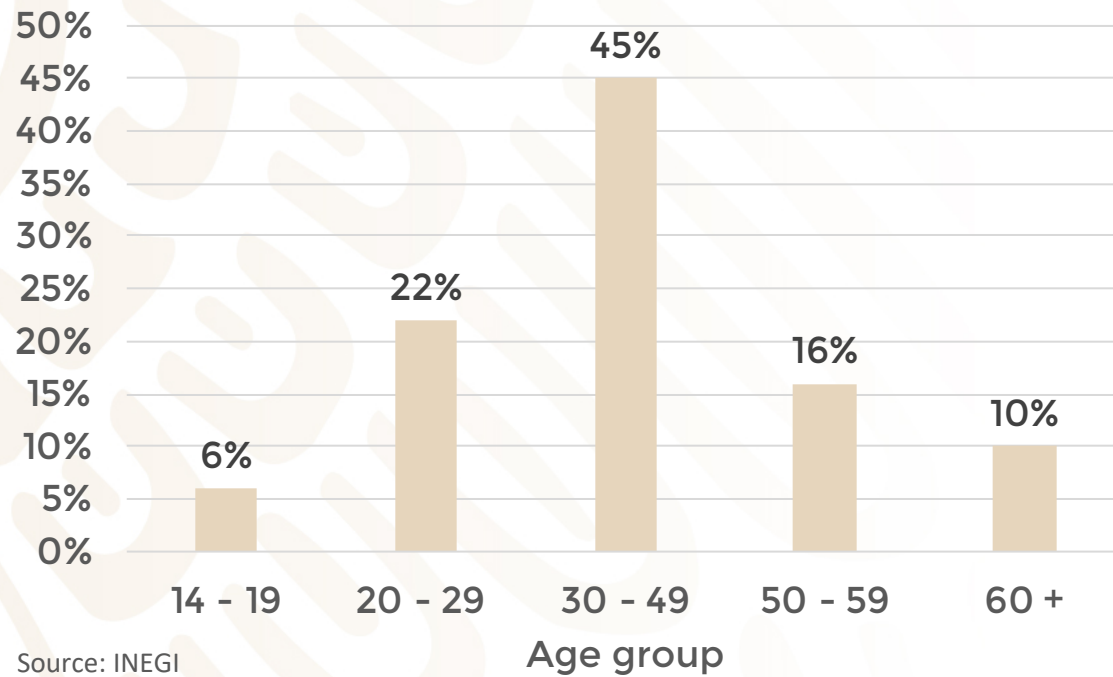


**92M**

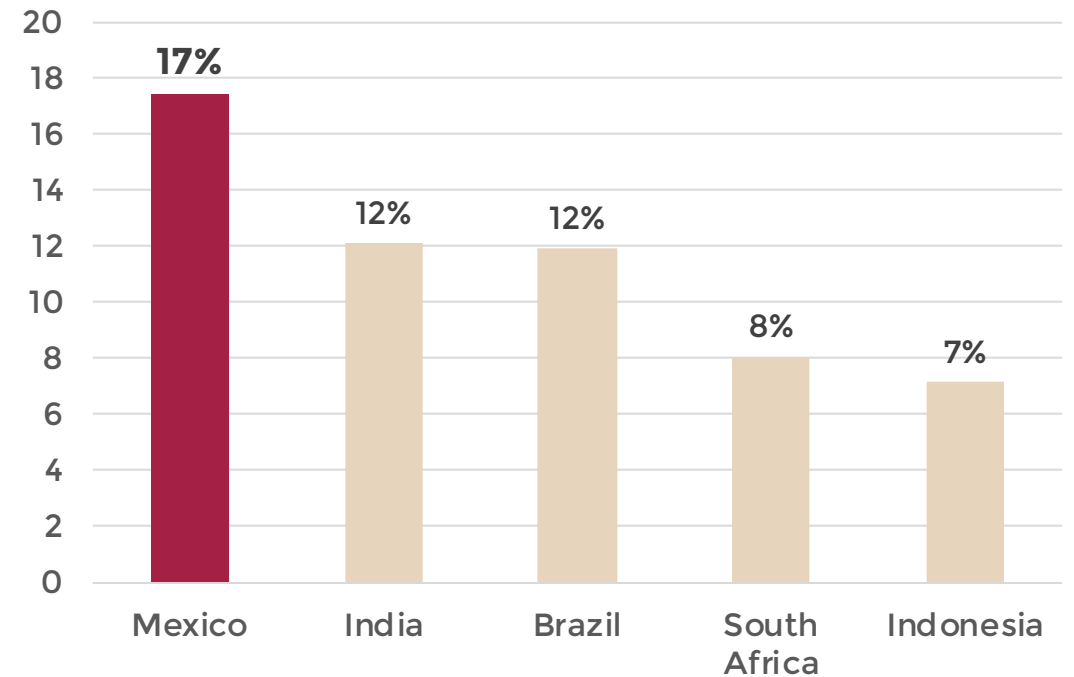
mobile broadband  
subsriptors

# Young, competitive and skilled workforce

Economically active population in Mexico by age, Q1 2020



Share of graduates come from engineering programs





# USMCA opportunities

- ✓ **Stricter Rules of Origin for the automotive sector**
- ✓ **Digital Economy**
  - ✓ **e-commerce**



- ✓ **More inclusive trade**  
*SMEs,  
Labor,  
Environment,  
Anticorruption*





# 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

# USMCA opportunitites



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

# Thank you

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