

Mexico City  
July 27, 2020

# Mexico

**The entry into force of  
USMCA and the agri-  
food sector.**



Integración comercial y productiva para el bienestar



**ECONOMÍA**  
SECRETARÍA DE ECONOMÍA

**Lydia Antonio**  
**Director General of Trade**  
**Agreements' Monitoring,**  
**Administration and Compliance**  
**Oversight**

# **CONTENTS**

- I. FROM NAFTA TO USMCA**
- II. USMCA AGRICULTURE CHAPTER**
- III. USMCA CHAPTER ON SANITARY AND PHYTOSANITARY MEASURES**
- IV. MEXICO – US AND MEXICO – CANADA AGRICULTURAL MARKET**
- V. WHY CHOOSE MEXICO?**
- VI. OUTREACH STRATEGY**

# I. FROM NAFTA TO USMCA

---

# NAFTA created one of the most competitive and dynamic regions in the world



<b>N A F T A</b>	<b>Population</b>	<b>GDP</b>	<b>FDI</b>	<b>Trade</b>	<b>Trade (Intra)</b>
	<b>493</b> <i>Million people</i>	<b>\$26</b> <i>Trillion dollars</i>	<b>\$323</b> <i>Billion dollars</i>	<b>\$6</b> <i>Trillion dollars</i>	<b>\$1.2</b> <i>Trillion dollars</i>
	6.5 % of world population	18.3% of world GDP   2 <sup>nd</sup> global economy (2019)	23.1% of world FDI (2018) 1st recipient in the world	15.9% of global trade 2nd global exporter (2019)	20% of the region's total trade (2019)

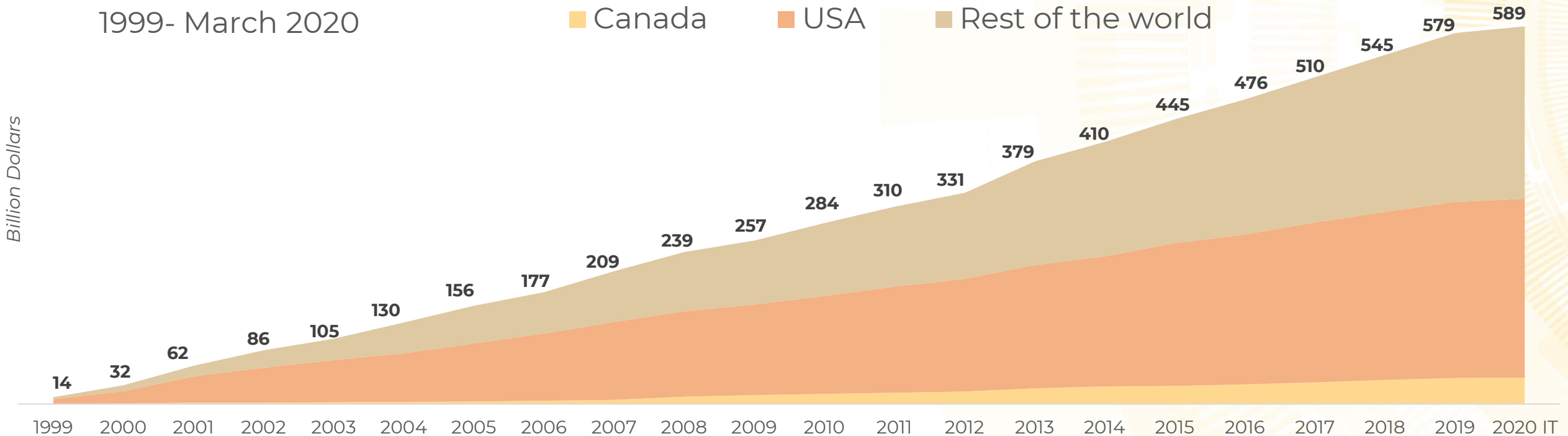
Source: IMF, Banco de México, WTO and TradeMap.

# 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

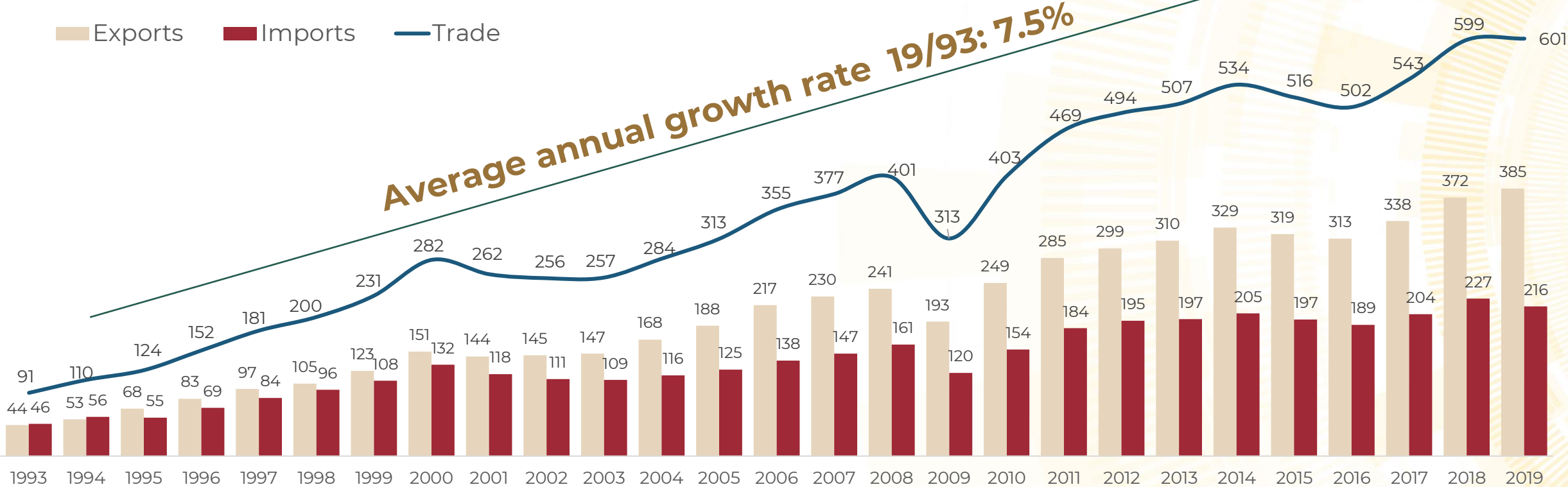


Source: SE/DGIE



# NAFTA trade

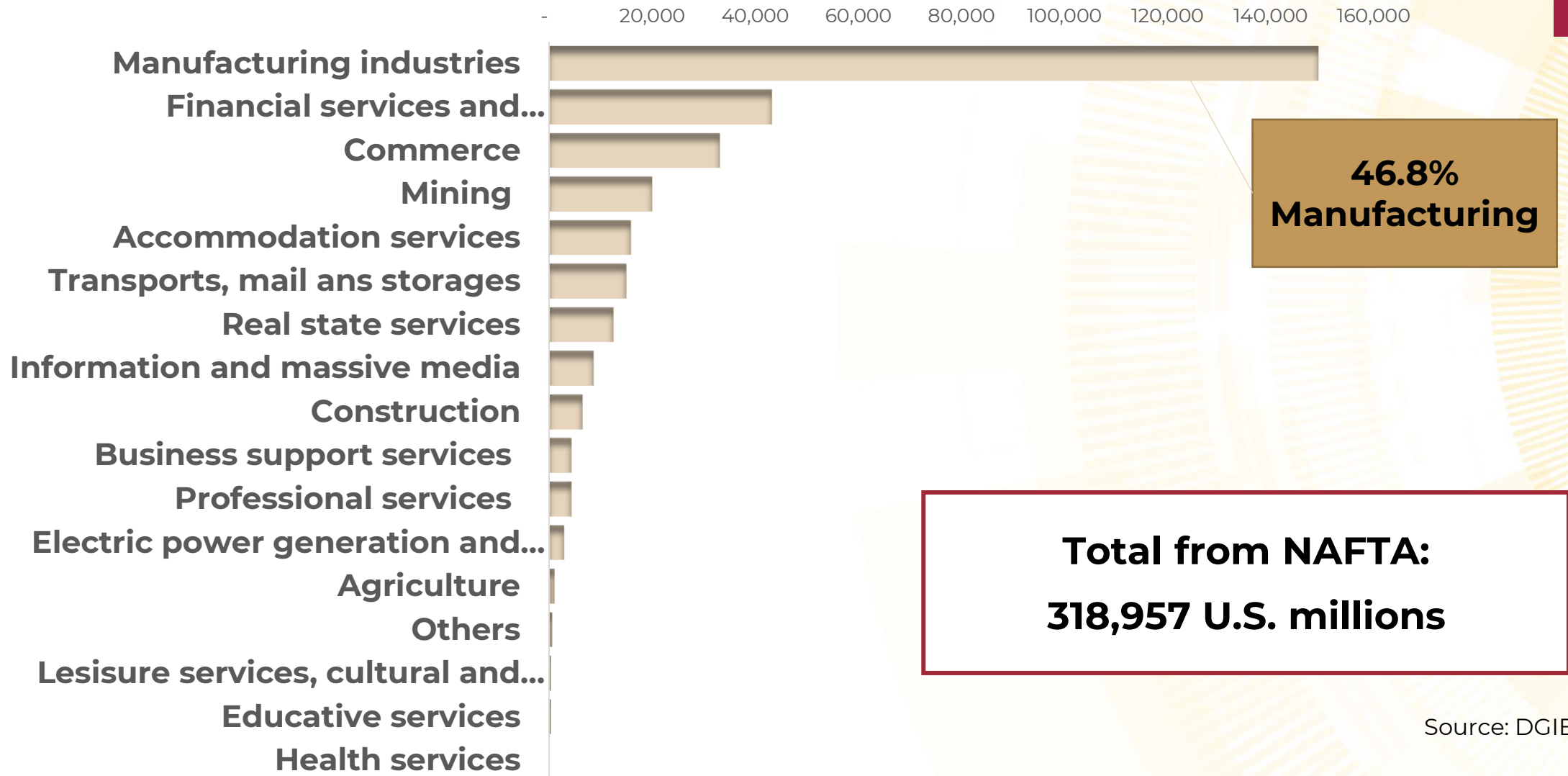
## Mexico- NAFTA Trade (Billion dollars)



Source: Banco de México.

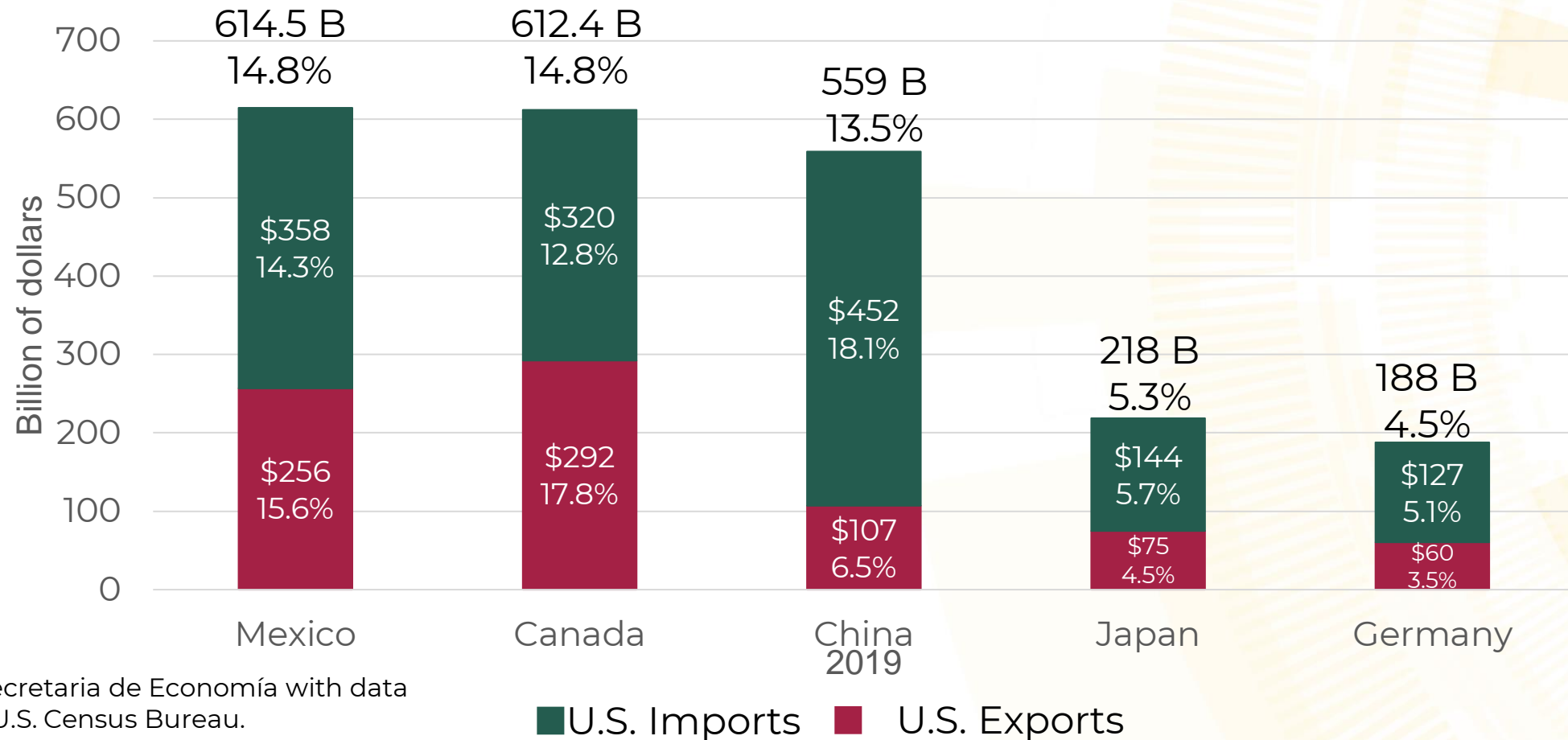
# FDI received from NAFTA region by sector

FDI Accumulated 1999-March 2020, Canada and USA (U.S. millions)



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

(614.5 billion in goods, surpassing Canada and China)



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



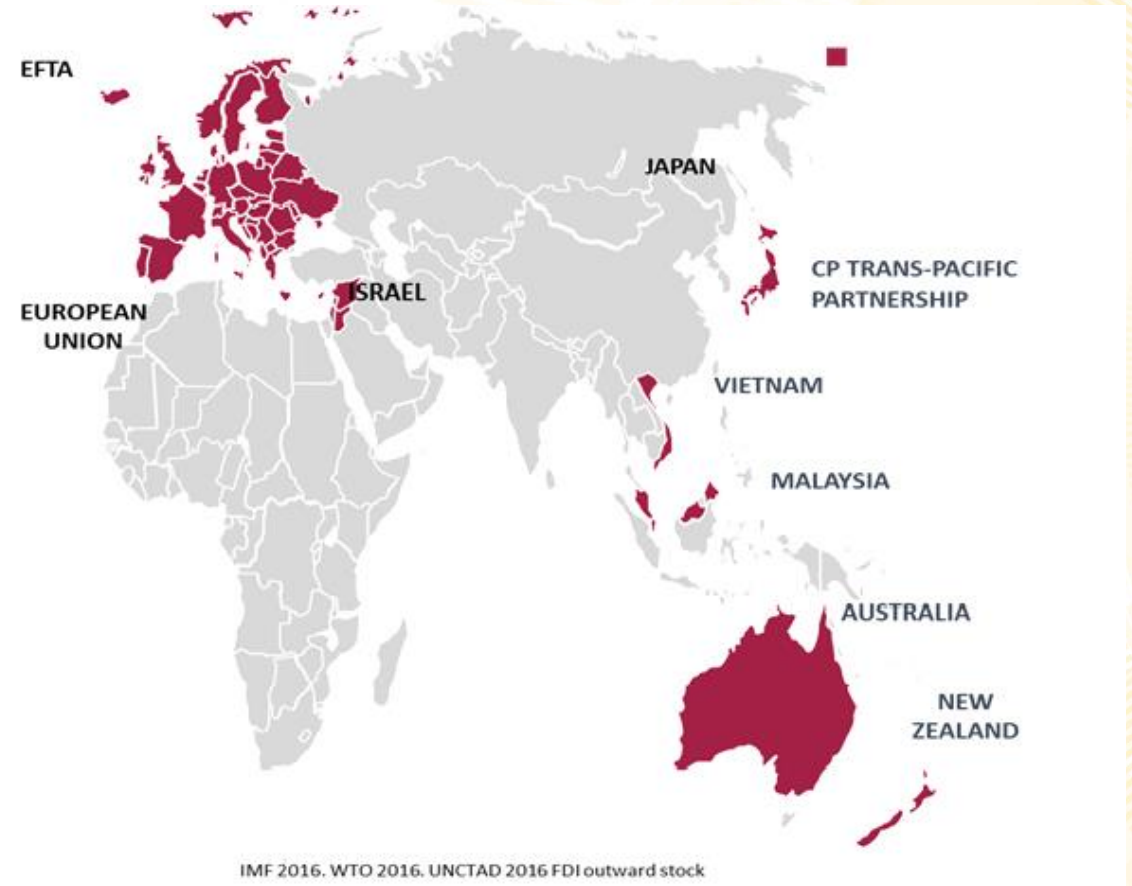
# Mexico is a Relevant Actor in International Trade

Mexico has 13 FTAs with 50 countries which account for two thirds of world GDP, and a billion consumers.

North America  
platform

Investment  
promotion and  
protection

Diversification  
/billion  
consumers

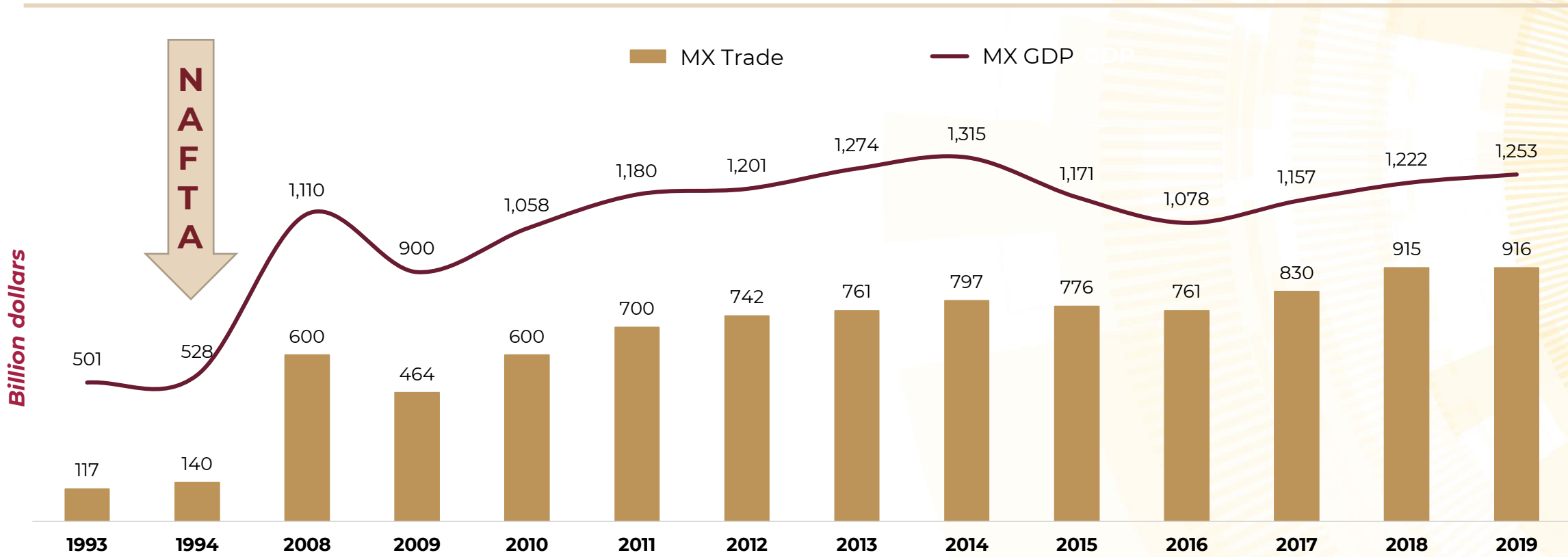


IMF 2016. WTO 2016. UNCTAD 2016 FDI outward stock

13 FTAs | 46 countries | 32 BITs |

To support foreign investor rights Mexico has a network for FTA and 29 BITs with 30 countries

# Foreign Trade: Engine of Mexico's Economic Growth



Sources: IMF, INEGI and WTO.

# USMCA

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

# For the Mexican Government, USMCA represents:

- ✓ Certainty for North American trade and investment, while favoring regional value chains' integration.
- ✓ Its commitment to maintaining free trade in a global context of rising protectionism.
- ✓ A source of economic growth and high quality jobs.
- ✓ An opportunity to develop a more competitive export platform, through the use of tools and technologies associated to the digital economy.



# USMCA opportunities

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



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





# 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.

# Customs Administration and Trade Facilitation

## Objective:

To facilitate and streamline goods' clearance at customs and to make administrative processes transparent

USMCA CHAPTER 7

New USMCA chapter

Costs reduction from customs operations

**Section A:** Trade facilitation measures

**Section B:** Cooperation and Enforcement



# Technical Barriers to Trade

USCMA CHAPTER 11

NAFTA CHAPTER IX

## Objective:



The Chapter seeks to ease trade of goods among parties by preventing, avoiding and eliminating technical barriers to international trade that are unnecessary or have no justification

## Main Provisions

- Foresees that North American countries will **increase cooperation and transparency** regarding **norms, technical guidelines and conformity assesment procedures** adopted in their territories.
- Establishes commitments so that parties ensure that their **technical guidelines regarding labeling do not create unnecessary barriers** to regional trade.

# Environment

USMCA CHAPTER 24

New USMCA  
chapter



**ENVIRONMENT COOPERATION AND CUSTOMS VERIFICATION AGREEMENT** to guarantee legality of flora and fauna products between Mexico and the U.S.

- Commitment to effectively enforce seven multilateral environment agreements
- Protection against **harmful substances** for the ozone layer, keeping air quality and address **ship pollution**
- Commitments to prevent **illicit flora and fauna trade** and marine litter.
- **Sustainable use** of biodiversity, fisheries and forest management
- **Incentives to adopt and implement best voluntary practices of corporative social responsibility**

# Small and Medium Enterprises



**The chapter recognizes the fundamental roles SMEs play in keeping trade dynamism and competitiveness for the parties**

USMCA CHAPTER 25

New USMCA  
Chapter

## Main Provisions

- Promotes **cooperation** to create spaces and ease **SME's development**

---

- Seeks to **increase SMEs participation** in regional trade and investment flows

---

- Creates incentives for their **incorporation to GVCs**



# Competitiveness

USMCA CHAPTER 26

USMCA New  
Chapter

- The chapter expressly acknowledges the North American region, in order to increase production and competitiveness of the region's countries



## Main provisions:

---

- Establishes a **Competitiveness Committee** composed of each party's government representatives which will become a forum to discuss and develop cooperation activities to support a solid economic environment, to foster production, investments and to facilitate trade in North America, based on a work plan.
  - The Committee will make recommendations to the Free Trade Commission on how to improve competitiveness in North America, including SME's participation

# II. USMCA AGRICULTURE CHAPTER

---



# The USMCA Agriculture Chapter (3) expands and improves market access for Mexican agricultural products



**Preserves** tariff-free market access to agricultural products



**Reaffirms** commitment to eliminate export subsidies



**Ensures** non-discriminatory treatment for seasonal products



**Improves** food safety **standard**



**Includes rules to address all biotechnologies**, including new technologies such as gene editing, to support 21st century innovations in agriculture.





# The USMCA Agricultural Chapter (3).....



**Article 3.3: International Cooperation.** The Parties shall work together at the WTO to promote increased transparency and to improve and further develop multilateral disciplines on market access, domestic support, and export competition.



**Committee on Agricultural Trade** address trade issues or barriers/improve market access, exchange of information, promote cooperation for rural development, technology, R&D and capacity building



**Annex 3-A applies to trade in agricultural goods Canada - United States.**



**Annex 3-B applies to trade in agricultural goods Mexico - United States.**



**Annex 3-C applies to trade in distilled spirits, wine, beer, and other alcohol beverages.**



**Annex 3-D applies to proprietary formulas for prepackaged foods and food additives.**



# **III. USMCA CHAPTER ON SANITARY AND PHYTOSANITARY MEASURES**

---



# Modernized Chapter on Sanitary and Phytosanitary (SPS) Measures (Chapter 9)

**Objective:**  
to protect human, animal, or plant life or health in the territories of the Parties while facilitating trade between them

Ensure that sanitary or phytosanitary measures implemented by a Party do not create unnecessary barriers to trade

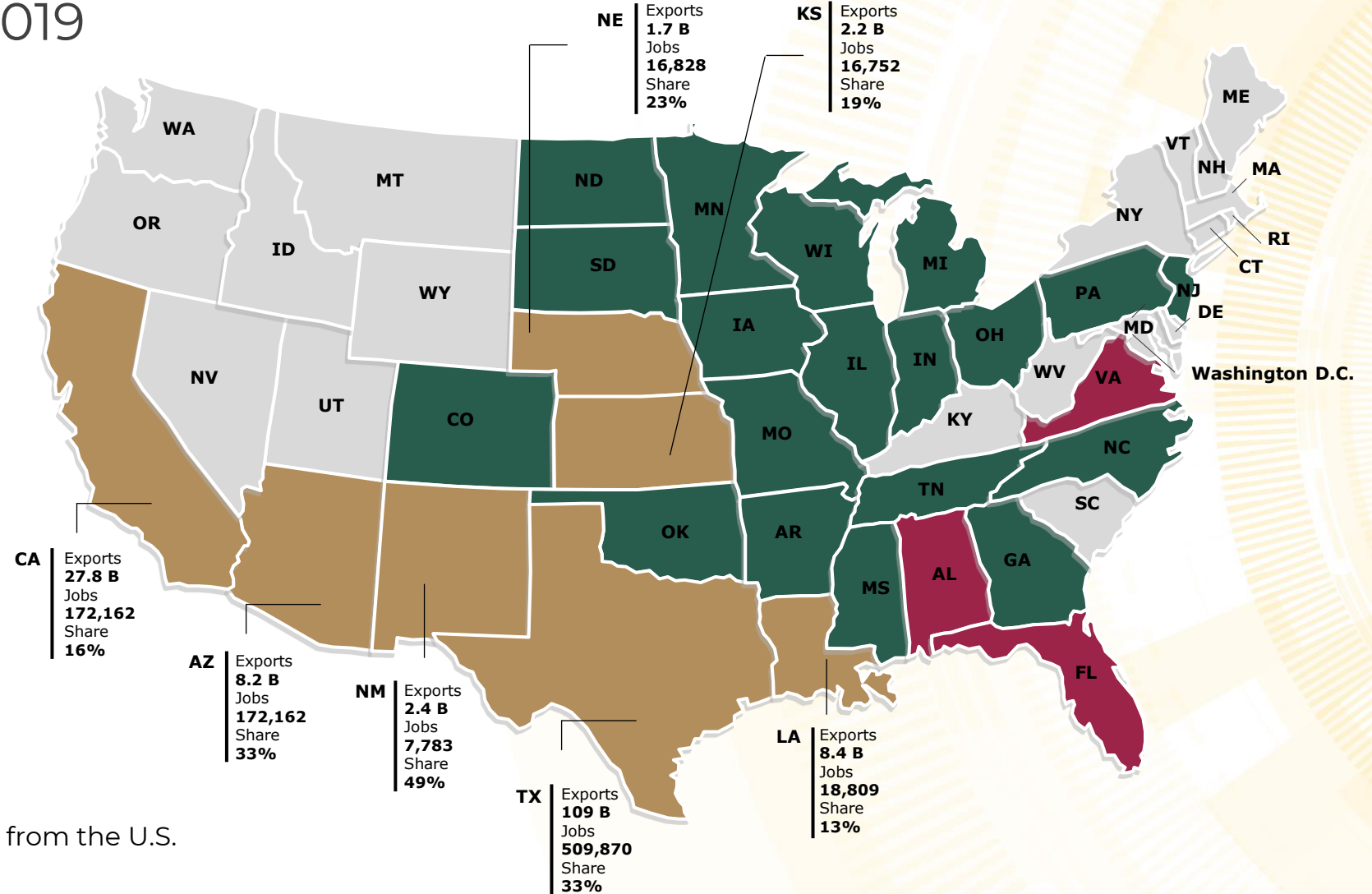
Encourage the development and adoption of science-based international standards, guidelines, and recommendations, and promote their implementation by the Parties.

The Parties recognize the importance of ensuring that their respective sanitary and phytosanitary measures are based on scientific principles.

# 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 .

# We produce together to compete globally

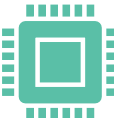
**38% U.S. content**

in Mexican auto exports to the U.S.

## Mexico exports to the U.S.










Product HS4	Amount	Share
 Cars	35.0 B	10.1%
 Computers	26.4 B	7.6%
 Autoparts	24.7 B	7.1%
 Trucks	22.8 B	6.6%
 Crude oil	14.2 B	4.1%
 Insulated wire	11.4 B	3.3%
 Phones/cellphones	10.5 B	3.0%
 Televisions	9.0 B	2.6%
 Tractors	8.6 B	2.5%
 Seats	7.0 B	2.0%

  
Automotive

  
Electronics

  
Energy

## The U.S. exports to Mexico

Product HS4	Amount	Share
 Gasoline	27.9 B	10.5%
 Autoparts	17.0 B	6.4%
 Accesories/computers	11.7 B	4.4%
X Low cost shipments	7.4 B	2.8%
 Integrated circuits	6.9 B	2.6%
 Gas	5.4 B	2.0%
 Computers	5.1 B	1.9%
 Diesel motors	4.5 B	1.7%
 Electric switches	4.4 B	1.7%
 Phones/cellphones	4.4 B	1.6%

### Millions of U.S. Dollars

Source: Secretaria de Economía with data from the U.S. Census Bureau. (2019 data) and De Gortari, A. (2017) . Disentangling Global Value Chains.

# **IV. MEXICO-U.S AGRICULTURAL MARKET**

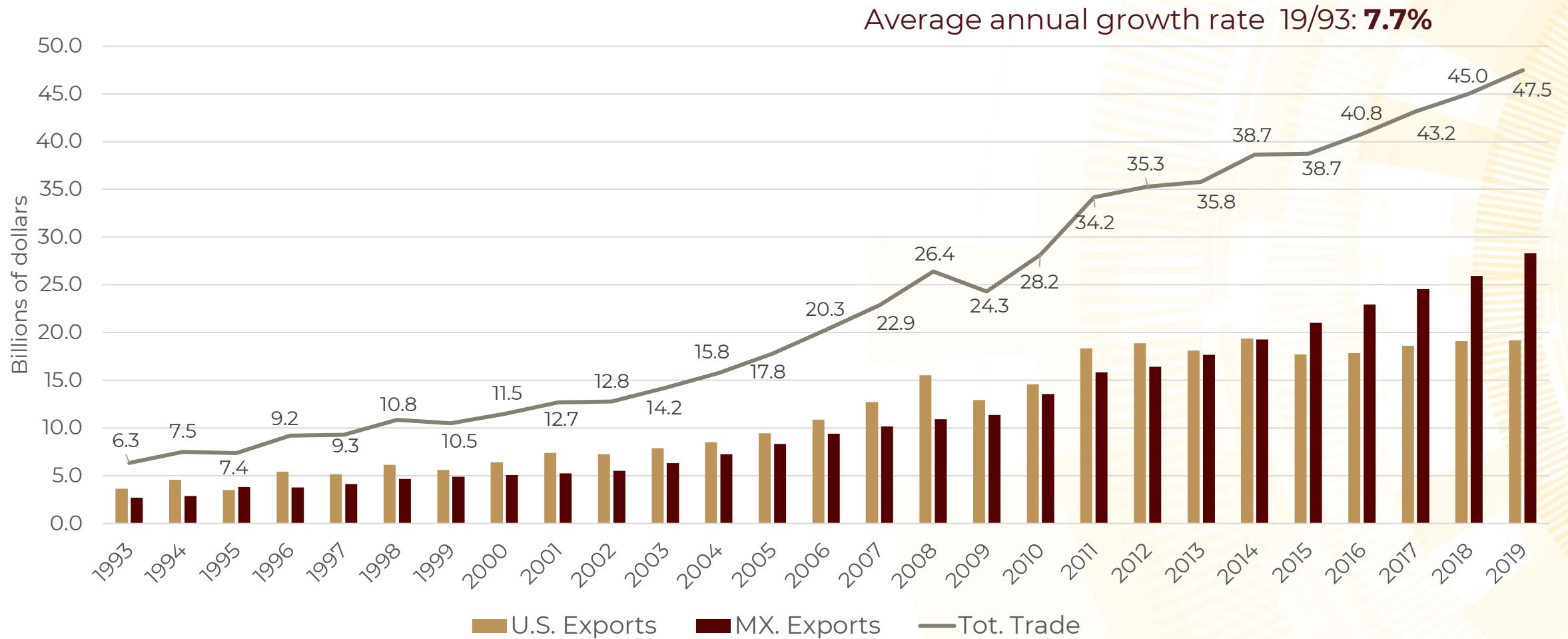
---







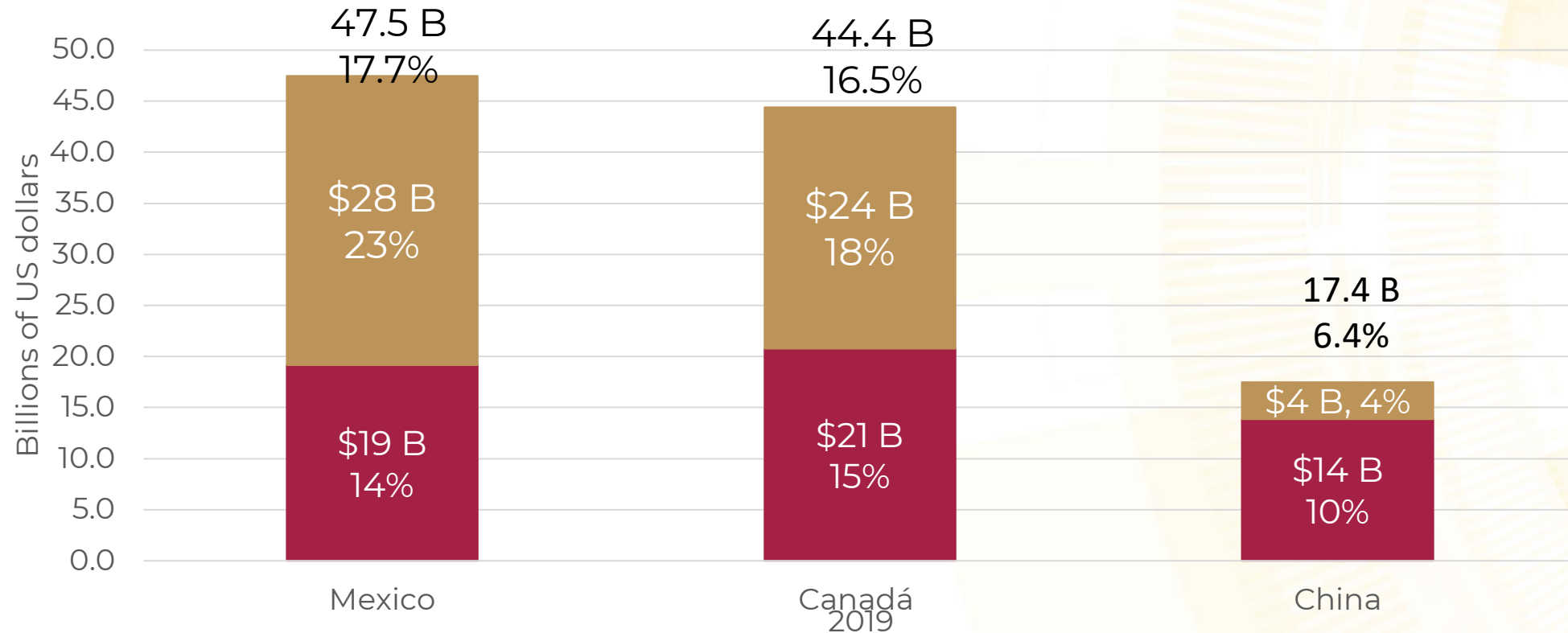
# Mexico – U.S. agricultural trade



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

# Mexico became the U.S. 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 - US agricultural trade is complementary











While the U.S. exports to Mexico meat, dairy and cereals, Mexico provides fresh fruit and vegetable products to the U.S.

## Mexico exports to the U.S.

Product	Amount*	Share
 Fresh fruit	6,933	24%
 Fresh vegetables	6,288	21%
 Wine & Beer	3,953	13%
 Snack foods	2,346	8%
 Procesed fruit & vegetables	1,842	6%
 Red meats	1,373	5%
 Other consumer oriented products	1,252	4%
 Live animals	886	3%
 Tree nuts	730	2%
 Fruit & vegetable juices	419	1%



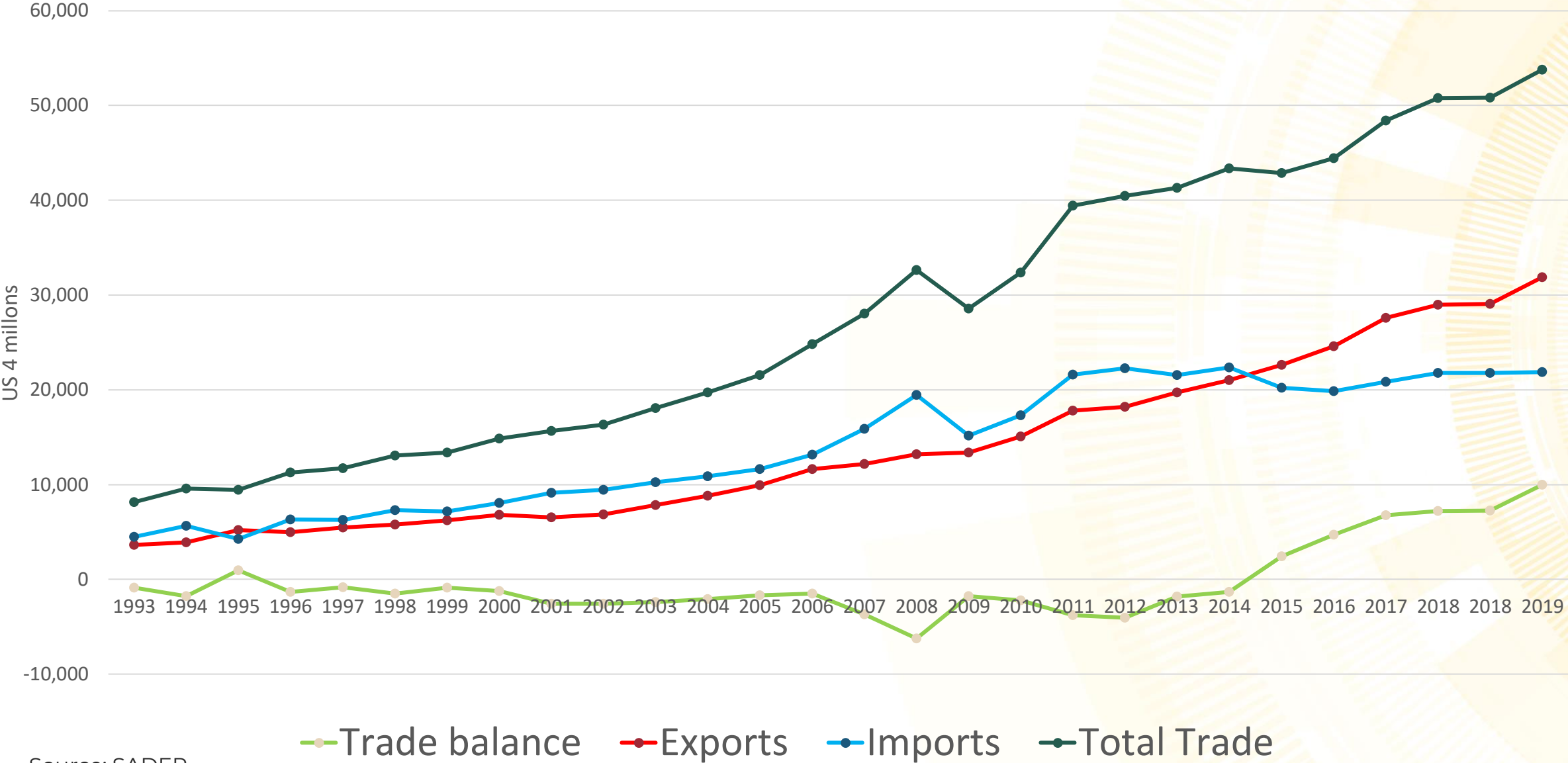
## The U.S. exports to Mexico

Product	Amount*	Share
 Corn	2,730	14%
 Soybeans	1,878	9%
 Dairy products	1,546	8%
 Pork	1,278	6%
 Beef	1,107	6%
 Poultry	1,077	5%
 Other intermediate products	941	5%
 Wheat	812	4%
 Prepared foods	777	4%
 Forest products	709	4%

\*Millions of dollars

Source: Secretaría de Economía with data from the U.S. Census Bureau. (2019 data)

# Mexico – NAFTA agri-food trade



Source: SADER

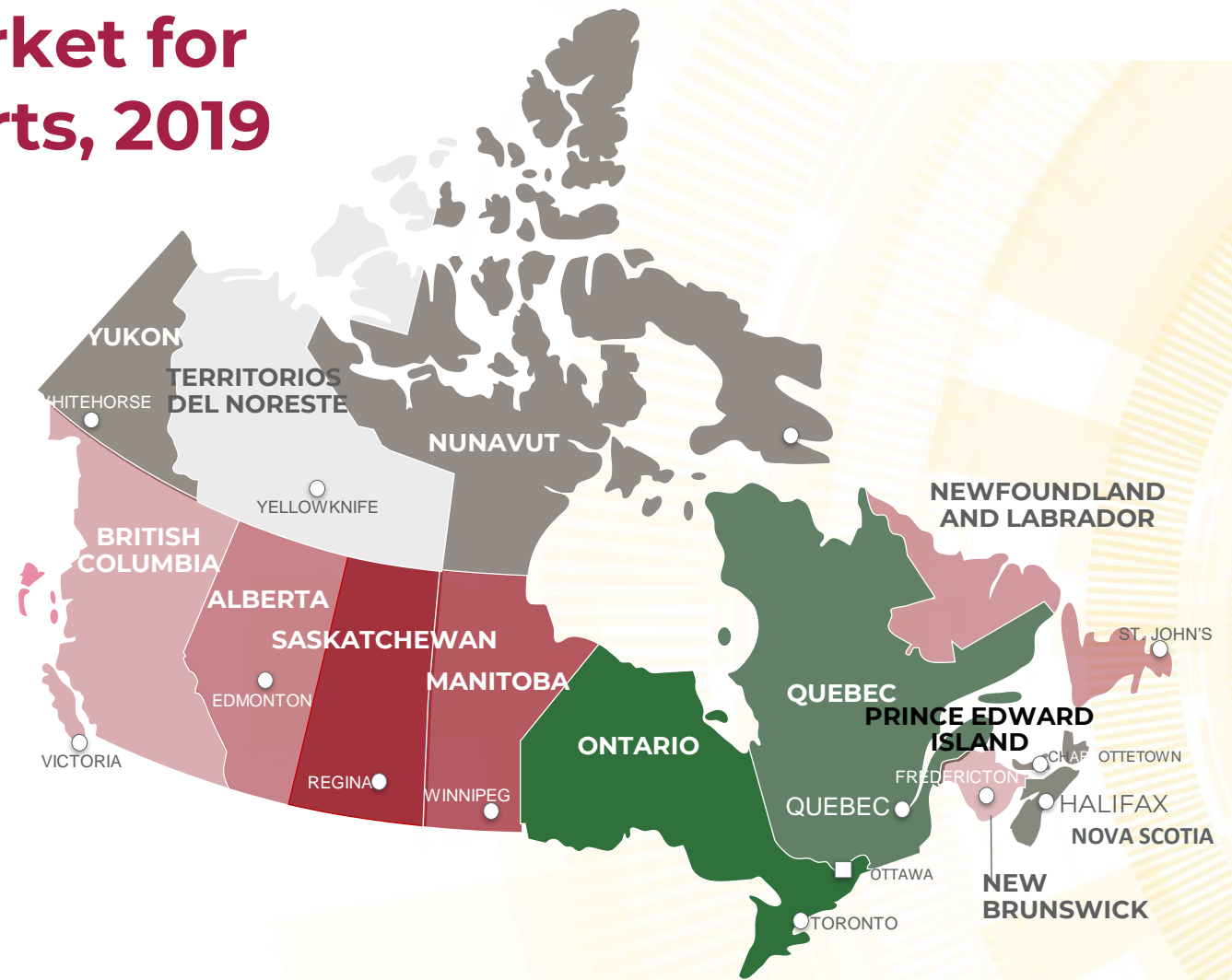
# **IV. MEXICO-CANADA AGRICULTURAL MARKET**

---



# Mexico is an important market for Canada's agricultural exports, 2019

- Motor vehicles and parts are the most important sector to Canadian exports to Mexico (24%); **and the second sector is farm, fishing, and intermediate food products (15%).**
- Mexico is the third destiny for Ontario's exports and fourth of Alberta and Manitoba.
- **In Sector of the farm, fishing,** and intermediate products exported to Mexico:
  - Saskatchewan 91.31%
  - Manitoba 52%
  - Alberta 24%
  - Newfoundland & Labrador 7.90%
  - British Columbia 3.10%
  - New Brunswick 1.54%











**Ontario** was Mexico's **primary** provincial trading partner, capturing almost three quarters (72.83%) of total bilateral trade, followed by Quebec (8.71%), Alberta (6.17%), and British Columbia (5.67%).

# Mexico – Canada Agri-food Trade







Canada exports to Mexico Oils, grains and seeds, Mexico provides fresh fruit, vegetable and beverages to Canada

## Mexico exports to Canada

Product	Amount*	Share
 Edible fruit and nuts; peel of citrus fruit or melons	305,755	39%
 Beverages, spirits and vinegar	89,044	11.4%
 Sugars and sugar confectionery	69,278	8.9%
 Preparations of cereals, flour, starch or milk; pastry cooks' product	63,620	8.1%
 Cocoa and cocoa preparations	55,330	7.1%
 Edible vegetables and certain roots and tubers	53,413	6.8%
 Meat and edible meat offal	39,010	5%
 Miscellaneous edible preparations	37,760	4.8%



## Canada exports to Mexico

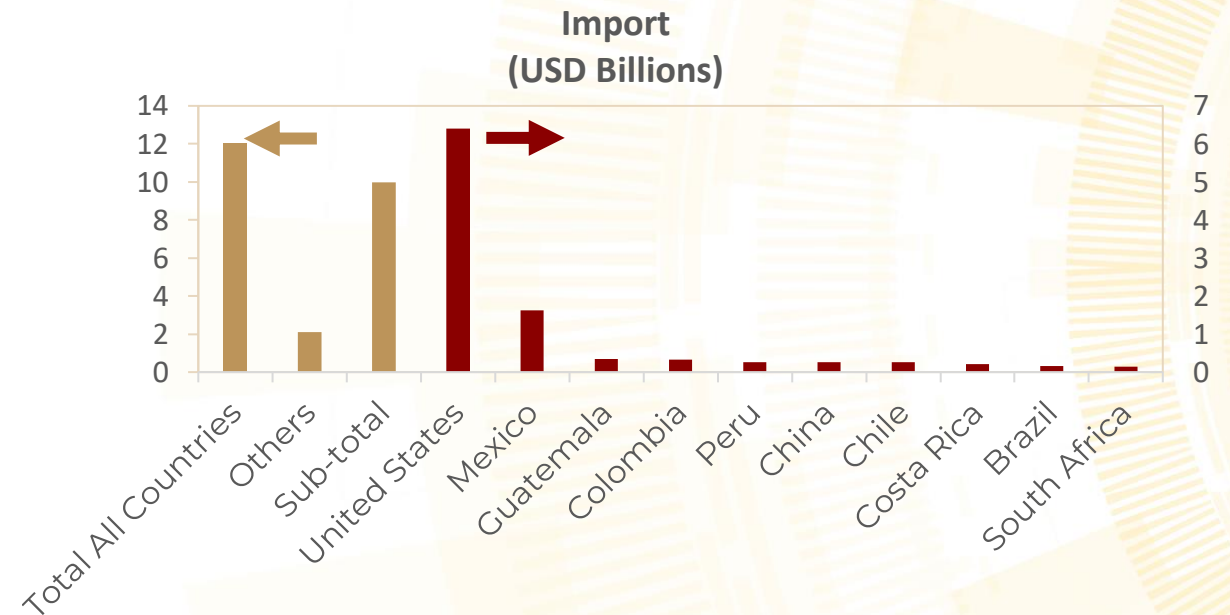
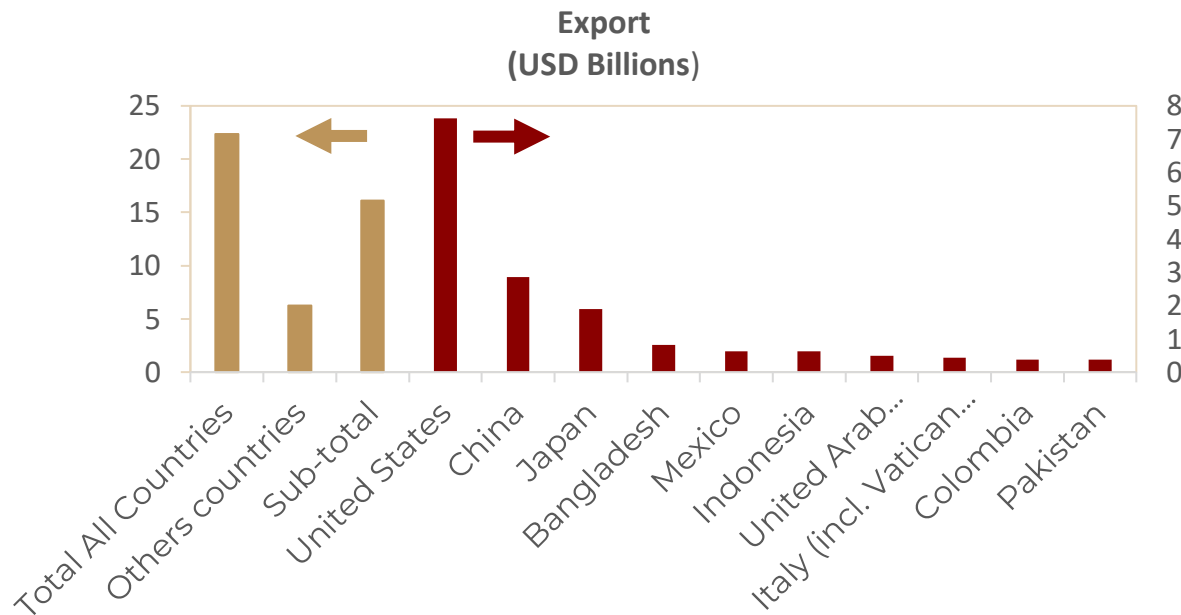
Product	Amount*	Share
 Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	394,694	31.9%
 Meat and edible meat offal	308,274	24.9%
 Cereals	206,427	16.7%
 Animal or vegetable fats and oils and their cleavage products; prepared edible fats	77,817	6.3%
 Products of the milling industry; malt; starches	58,530	4.7%
 Cocoa and cocoa preparations	54,383	4.4%

\*Thousand of USD

Source: Secretaria de Economía with data from ITC (2019 data)

# Canada total trade- top countries, 2019

## Agriculture, forestry, fishing and hunting



Source: Secretaria de Economía with data from Statistics Canada include: code 11 NAICS: agriculture, forestry, fishing and hunting

# Mexico - Canada

## Farm, fishing, and intermediate food products

Average annual growth rate 19/97: 20%



Sources: Secretaría de Economía with data from Statistics Board of Governors of the Federal Reserve System (US), Canada / U.S. Foreign Exchange Rate.



# Beer and spirits



- US was the 1st destination of Mexican beer (2019).
- Mexico was the **1st largest source of beer** imports from **US** (2019).
- US imports represent 35.1% of world imports for this product, **its ranking in world imports is 1.**
- Canada imported 371,075 tons of malt beer in 2019.
- Canada was the **4th destination of Mexican beer (2019).**
- Mexico was the **2nd largest source of beer** imports from **Canada** (2019).

- US was the 1st destination of Mexican alcoholic spirituous beverages (2019).
- Mexico was the 1st **source of spirituous beverages** imports from US(2019).
- Canada was the 4rd destination of Mexican spirituous beverages (2019).
- Mexico was the 1st **source of spirituous beverages** imports from Canada (2019).



# Avocados, tomatoes

- **Mexico was 1st exporter of avocados**, which represented 42.9% of world exports for this product, in 2019.
- **Mexico** was the **1st source of avocado imports from US** (88.2% in 2019) .
- **Mexico** was the **1st source of avocado imports from Canada** (94.1%, in 2019).
- **Mexico was 1st exporter of tomatoes**. Its exports represented 23.8% of world exports for this product, in 2019.
- **US** was the **1st destination of Mexican tomatoes** (2019).
- Mexico was the 1st source of tomatoes imports from US (85.8%, in 2019).
- **Mexico** was the **1st source of tomatoes imports from Canada** (69.5%, in 2019).

# Berries

- **Mexico was 2nd exporter of fresh raspberries, blackberries, mulberries and loganberries.** Its exports represented 18.5% of world exports for this product, in 2019.
- **Mexico was the 1st source of fresh berries imports from US** (99.2%, in 2019).
- **Mexico was the 1st source of raspberries, blackberries, mulberries and loganberries imports from Canada** (65.1%, in 2019).

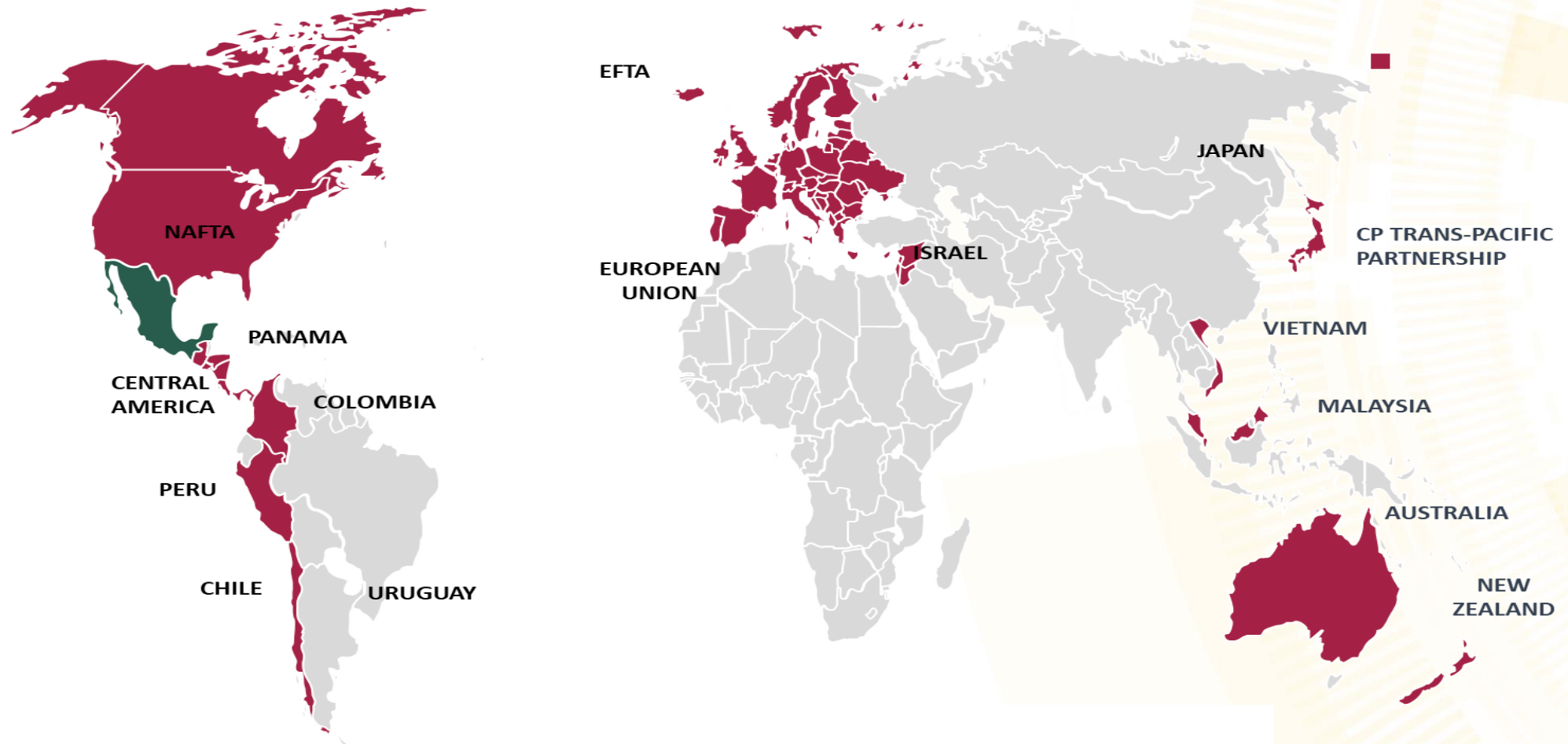
# V. WHY CHOOSE MEXICO?

---



# 1. 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)



## 2. 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.

---



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

---



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

---

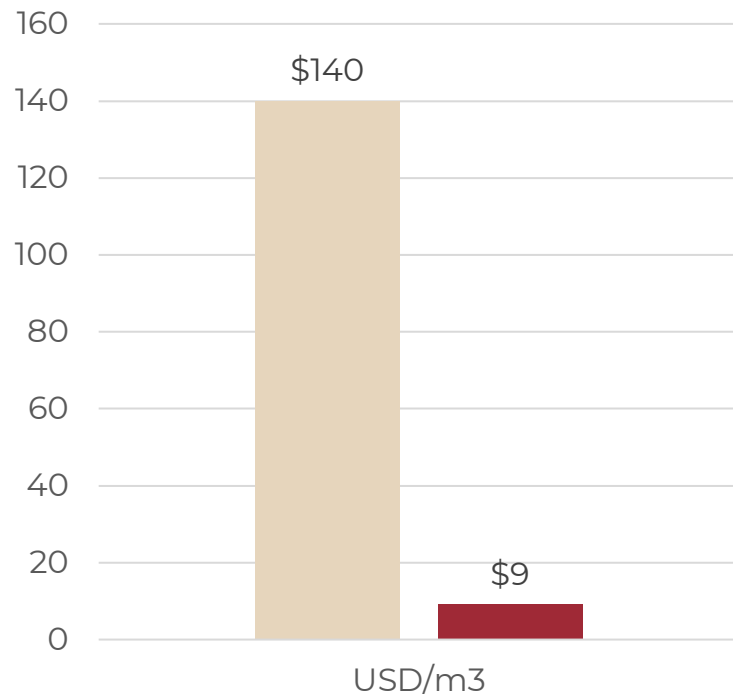


**76 Airports** (64 int. + 12 nat.) move 4.3% of Mexico's total exports



# 3. Strategic location and competitive logistic costs

Low shipping costs



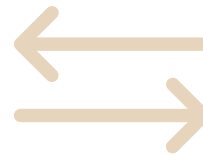
Source: GBM. Global Value Chains Disruptions

■ China to U.S. ■ Mexico to U.S.

Maritime days to selected destinations

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

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

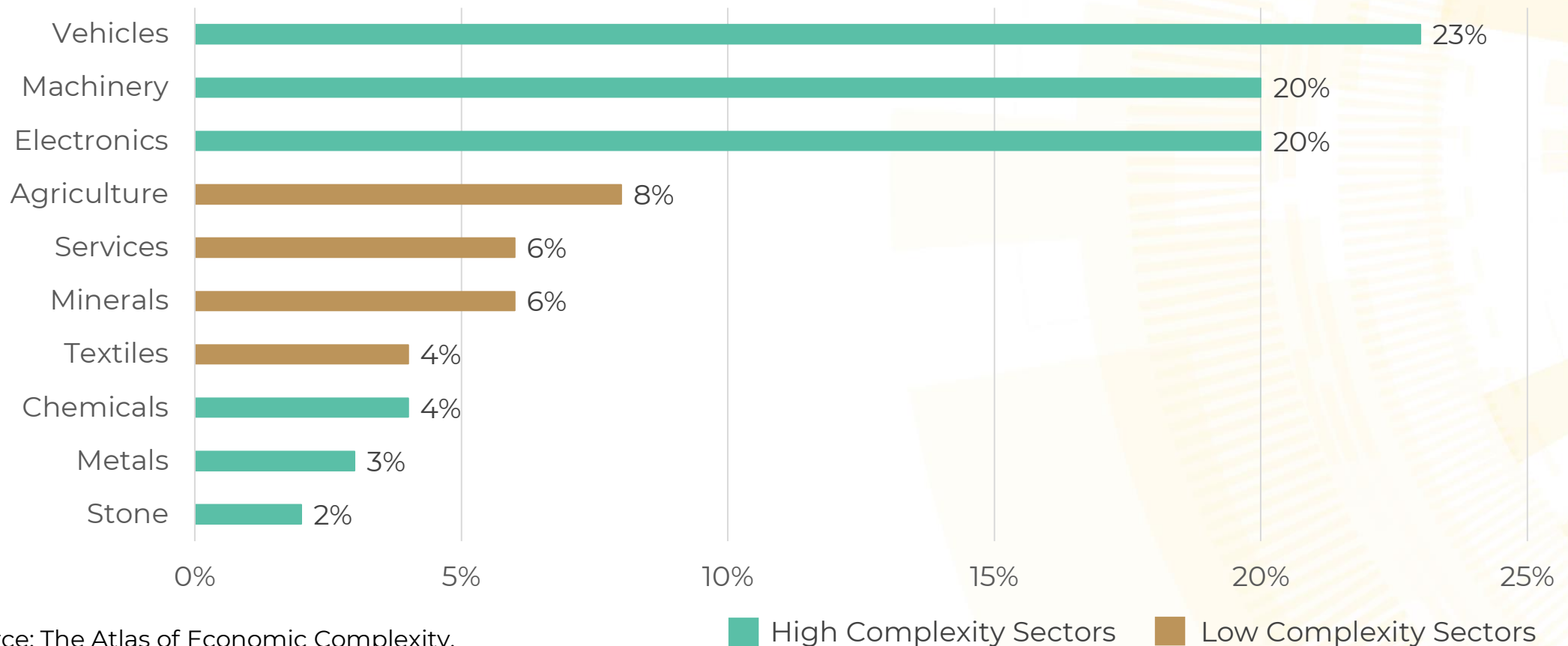


**More than 50 ports of entry between the U.S. and Mexico**

## 4. 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

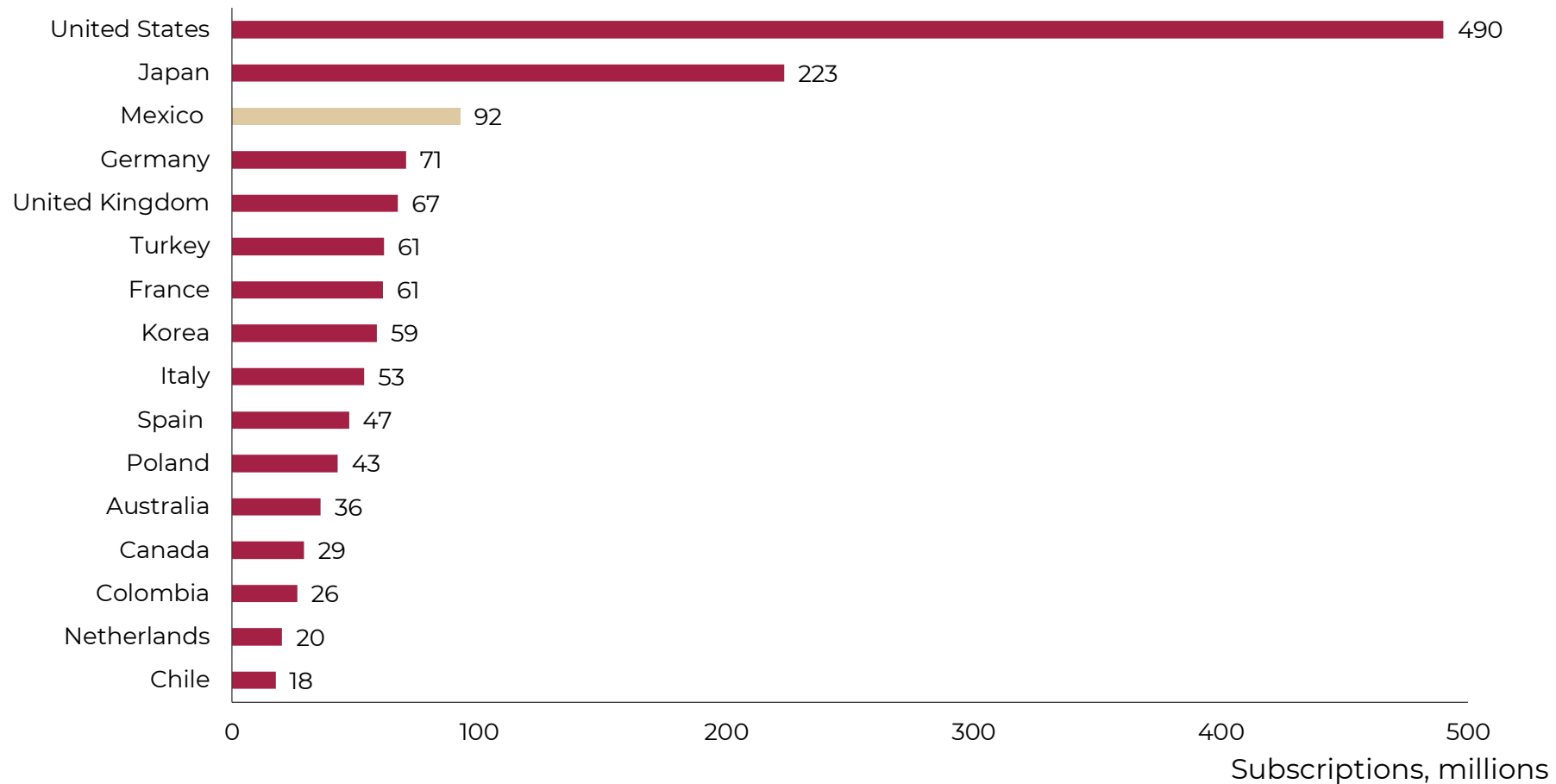
Industry share of Mexican exports by economic complexity, 2018



Source: The Atlas of Economic Complexity.

## 5. Internet connectivity and broadband access supports 4th IR, IOT, digital economy

Mexico is third in mobile broadband subscriptions within OECD



**74%**

mobile penetration rate

**17%**

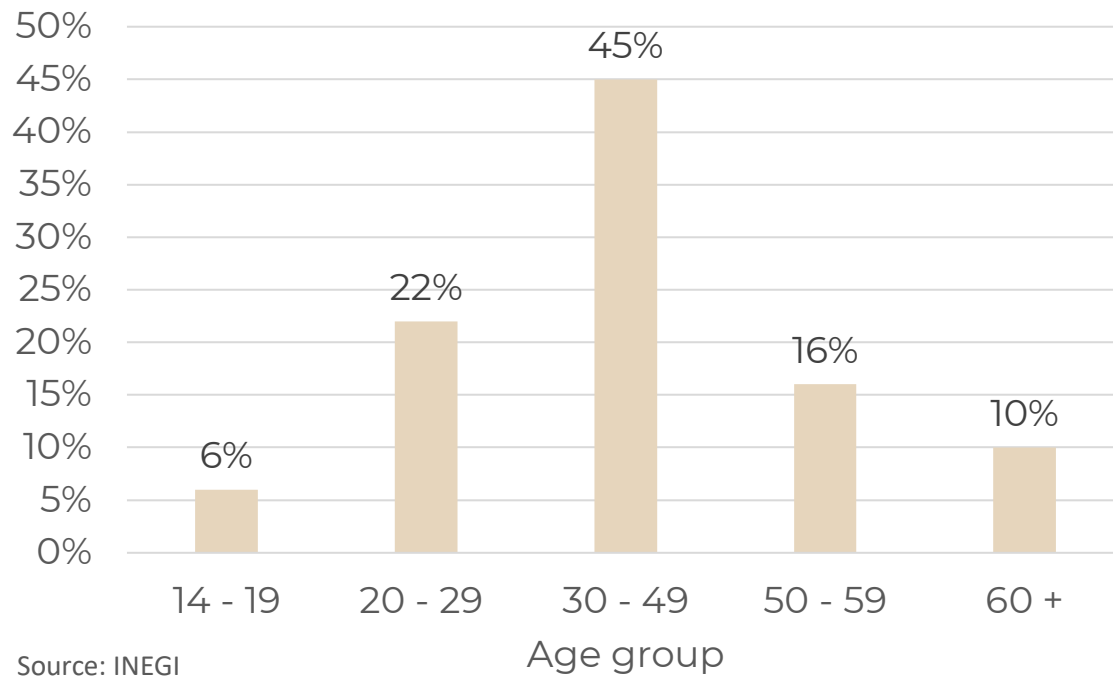
annual growth in past 5 years

**92M**

mobile broadband subscribers

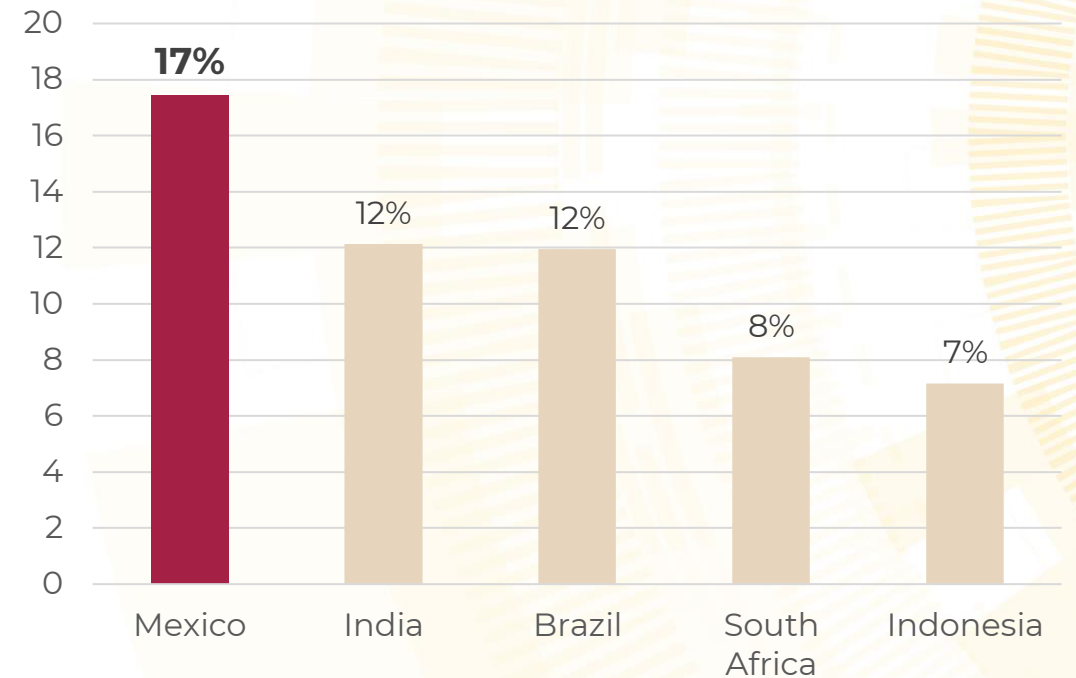
## 6. Young, competitive and skilled workforce

Economically active population in Mexico by age, Q1 2020



Source: INEGI

Share of graduates come from engineering programs, 2017



Source: UNESCO

# VI. OUTREACH STRATEGY

---



# Outreach strategy

**Total sessions reach:**



**USMCA – CPTPP Seminar:** Trade Opportunities in North America and the Transpacific Region

**National USMCA Awareness Campaign** to explain, in each state, the opportunities the new Agreement presents

Series of **webinars in the United States and Canada** to communicate the advantages of doing business with Mexico

**Reporte T-MEC** publication

**USMCA Help Center**

# BIENVENIDO al Centro de Consulta

# T-MEC

Aquí podrá consultar sobre las disposiciones  
y las oportunidades comerciales derivadas del acuerdo

[www.gob.mx/t-mec](http://www.gob.mx/t-mec)

**Para nosotros es muy  
importante apoyarle**

Entre más detallada sea la información  
que nos proporcione más pronto podremos  
atender su consulta. Para más información  
favor de contactarnos.



México



[consultatmec@economia.gob.mx](mailto:consultatmec@economia.gob.mx)



United States



[usmcadesk@economia.gob.mx](mailto:usmcadesk@economia.gob.mx)



Canada



[cusmadesk@economia.gob.mx](mailto:cusmadesk@economia.gob.mx)

**It is very important for  
us to help you**

To the extent that you provide us with  
more detailed information about your  
inquiry, we will be able to provide you  
with an answer sooner. For more  
information please reach out.

# Where to find USMCA texts?

**USMCA's full text is available at Secretaria de Economia's website**



**USMCA Chapters**

<https://www.gob.mx/t-mec/acciones-y-programas/textos-finales-del-tratado-entre-mexico-estados-unidos-y-canada-t-mec-202730?state=published>

---

**Protocol of Amendment**

[https://www.gob.mx/cms/uploads/attachment/file/560548/Protocolo\\_Esp\\_Verificaci\\_n\\_CLEAN\\_2020\\_06\\_02\\_.pdf](https://www.gob.mx/cms/uploads/attachment/file/560548/Protocolo_Esp_Verificaci_n_CLEAN_2020_06_02_.pdf)

---

**Free Trade Commission's  
First Decision**

<https://www.gob.mx/t-mec/acciones-y-programas/comision-de-libre-comercio-247174?state=published>



**ECONOMÍA**  
SECRETARÍA DE ECONOMÍA



Producto  
**T-MEC.**

Integración comercial y productiva para el bienestar

# Thank you!

**Lydia Antonio**



lydia.antonio@economía.gob.mx