



MEXICO

Capital: Mexico City

Population (2008 est.):
Mexico: 110 million
Virginia: 7.7 million

Government type:
Federal Republic

Chief of State:
President Felipe Calderon

Languages (Official):
Spanish



(Mexico Map. CIA)

Official Currency:
Mexican Peso
1 US\$ = 12.67 MXN
(www.oanda.com January 2010)

Land Size:
1,225,685 square miles
(roughly 3 times the size of Texas)

(Source: CIA World Factbook)

DID YOU KNOW?

- U.S. exports to Mexico were valued at \$151.54 billion in 2008, an increase of 11.35% over 2007. Mexico is the United States' largest export destination after Canada. (World Trade Atlas)
- The United States is Mexico's largest export destination and largest source of imports. In 2008, 82% of Mexico's exports went to the U.S., and 50% of Mexico's imports came from the U.S.
- Virtually all qualifying U.S. goods to Mexico are now duty-free because of the North American Free Trade Agreement (NAFTA), implemented in 1994. However, *Mexico has imposed import tariffs on certain goods from the United States* in retaliation for the U.S. Congress' decision not to allow Mexican truckers unlimited access to the United States, as was stipulated under the NAFTA agreement.
- Mexico is one of the world's top 10 oil producers and exporters, and ranks among the top five suppliers of oil to the U.S. Oil and gas revenues provide about one-third of all Mexican government revenues.
- More than 2,600 American companies have operations in Mexico. The U.S. accounts for 55% of all foreign direct investment in Mexico. (CIA)
- Mexico is the world's number ten car maker, and exports approximately 70% of cars produced domestically to the United States. (Reuters)

*** See VEDP Fast Fact on NAFTA ***



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ECONOMIC OUTLOOK

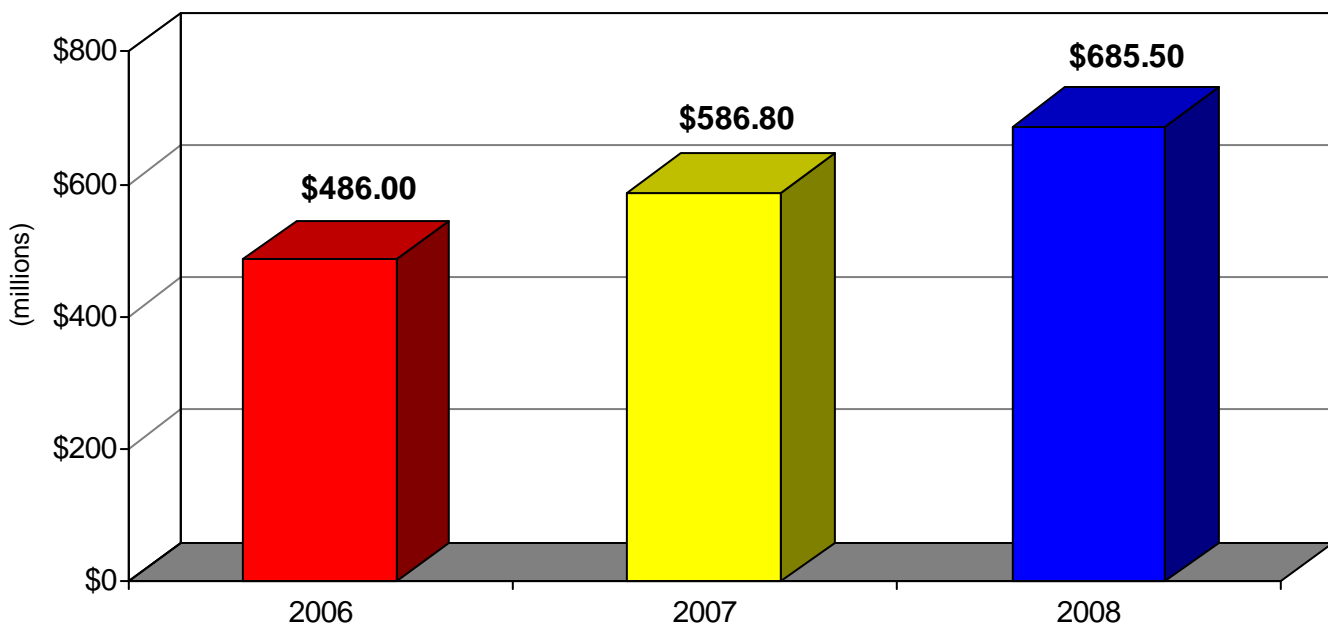
Since 2008, Mexico's economy has been hit by two significant events. First, its neighbor and biggest trading partner -the United States- suffered a real estate crash that precipitated a global financial crisis. Because the bulk of Mexico's exports are consumed by its northern neighbor, the slump in demand in the U.S. has had a significant impact on Mexico's manufacturing sector. Second, the outbreak of swine flu, which is believed to have originated in Mexico, led to a virtual shutdown of most of the country for one week in April of this year. Beyond the losses incurred from businesses being closed for a week, the flu has scared away tourists, which are a vital source of revenue for the Mexican economy.

Over the last several decades, Mexico's economy has opened up to foreign investment and many state-run enterprises have been privatized. The petroleum sector, however, has remained under government control and most attempts at reforming this sector have met stiff resistance. Since the Mexican government derives roughly one-third of its annual budget from the state-owned oil company, *Petróleos Mexicanos*, or PEMEX, it has little incentive to privatize this critical source of revenue.

Mexico has 12 free trade agreements with over 40 countries, including Guatemala, Honduras, El Salvador, Japan, and the European Free Trade Area, putting more than 90% of its trade under preferential tariff agreements. Since the implementation of NAFTA in 1994, Mexican imports from the U.S. have increased exponentially, as have U.S. exports to Mexico.

(Sources: CIA World Fact Book and Washington Post)

VIRGINIA EXPORTS TO MEXICO



(Source for Graph: World Trade Atlas)



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VIRGINIA EXPORTS TO MEXICO

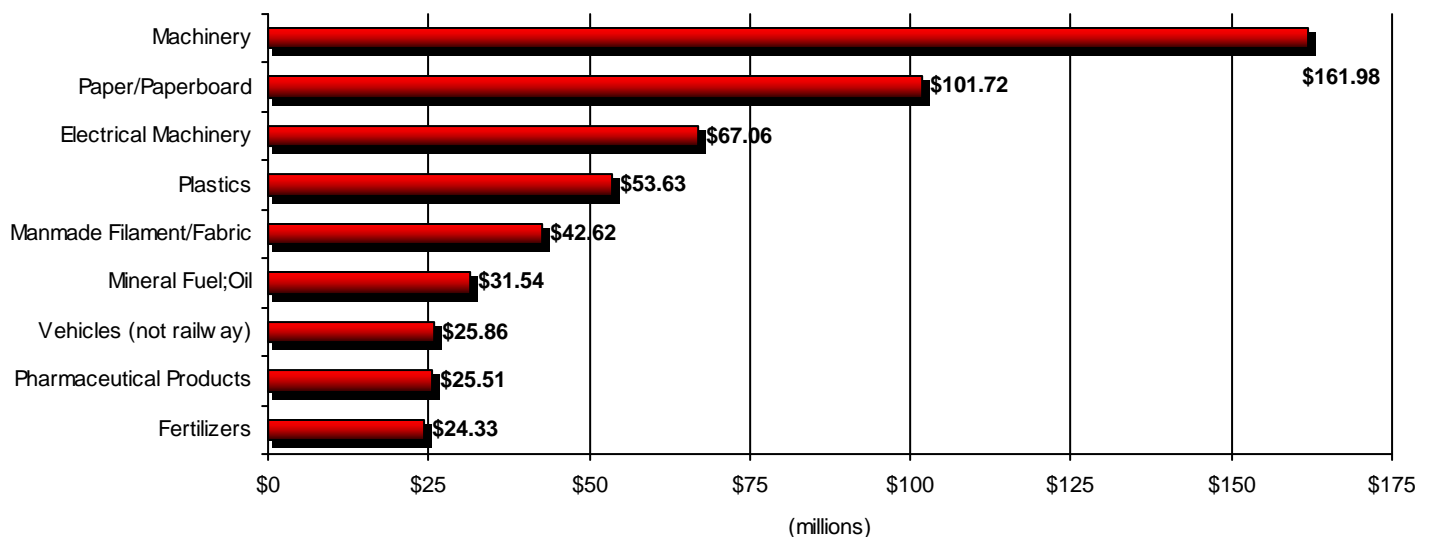
Notwithstanding the current slowdown in economic activity in Mexico and the United States, U.S. exports to Mexico increased 11% in 2008, while exports to Mexico via Virginia were up almost 17%. As of April, 2009, U.S. exports to Mexico are down 20%. Exports via Virginia to Mexico, however, are up 36%, led by strong gains in vehicle parts and accessories, photographic chemicals, and meat products (mainly pork and poultry).

Industrial machinery remained the top U.S. export to Mexico via Virginia in 2008, although this group of exports declined almost 25%. Losses in certain industrial machinery products were offset by strong gains in exports of temperature changing machines, like heat exchangers and distilling equipment. These exports increased over 1000% in 2008 and were valued at \$3.9 million. Top exports of industrial machinery in 2008 were led by printing machinery, pumps/compressors/fans, engine parts, temperature changing machines, and pneumatic hand tools.

Paper/paperboard exports to Mexico via Virginia finished strong in 2008 and consisted primarily of paper and paperboard coated with kaolin. Top exports of electrical machinery were switching apparatus, generators, electric motors, discharge lamps, and transformers/converters/conductors.

Exports that showed significant growth in 2008 included coal, vehicle parts and accessories, chemical products, iron and steel, manmade staple fibers, and impregnated textile fabrics.

VIRGINIA'S TOP EXPORTS TO MEXICO— 2008



(Source for Text and Graph: World Trade Atlas)



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VEDP SERVICES

Group Market Visit to Mexico: May 10-14

For more information contact Jordan Watkins, International Trade Manager, (757) 314-2358, jawatkins@yesvirginia.org.

Other Services: The VEDP offers a number of export-related services to Virginia businesses, including independent market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org.

ADDITIONAL RESOURCES

- Embassy of Mexico in Washington D.C.: <http://portal.sre.gob.mx/usa/>
- U.S. Embassy in Mexico: <http://mexico.usembassy.gov/>
- U.S. - Mexico Chamber of Commerce: <http://www.usmcc.org/>
- Info on Mexico's product standards and labeling requirements (*Normas Oficiales Mexicanas*, or NOMs): http://www.buyusa.gov/mexico/en/standards_norms_regulations.html, or the U.S. National Institute of Standards and Technology: (301) 975-2766, or: <http://www.nist.gov>

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