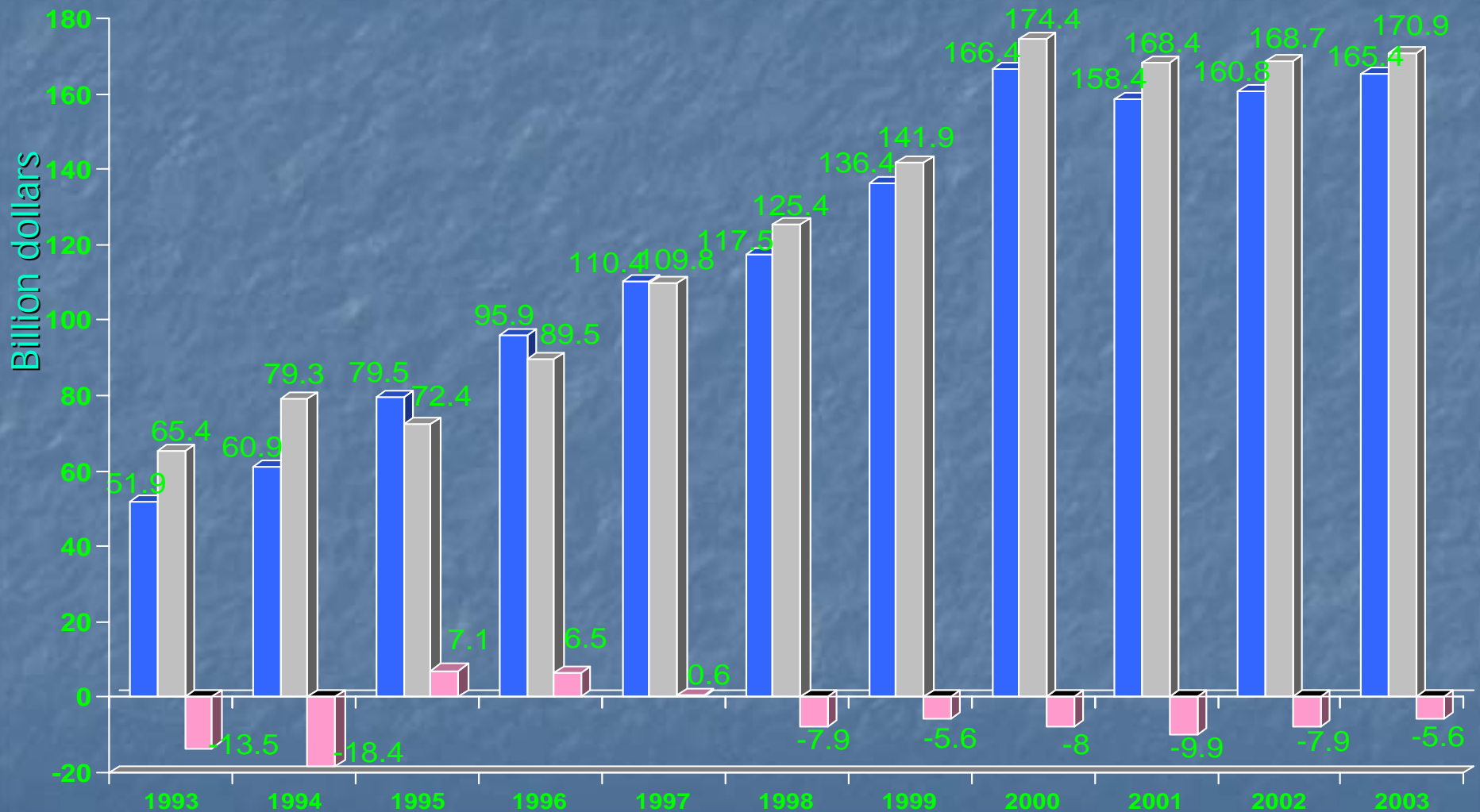


# NAFTA AT TEN: THE MEXICAN PERSPECTIVE

Promoting Economic Growth in a New Era, a USAID  
Workshop, July 2, 2004

Raúl Urteaga Trani  
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NAFTA & Trade Office, Embassy of Mexico  
Washington, D.C

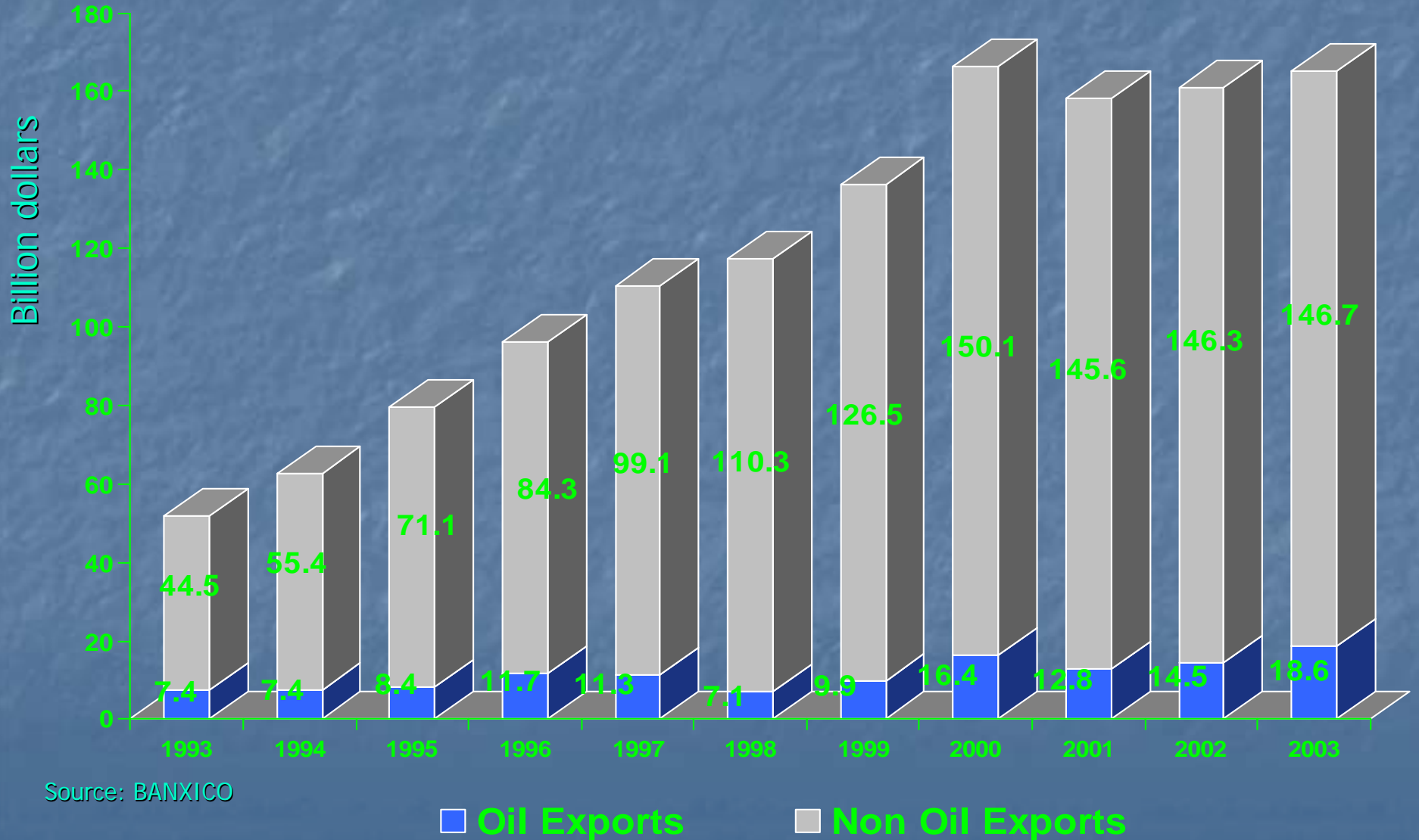
# MEXICO'S TRADE PERFORMANCE 1993 - 2003



Source: BANXICO

Exports Imports Trade Balance

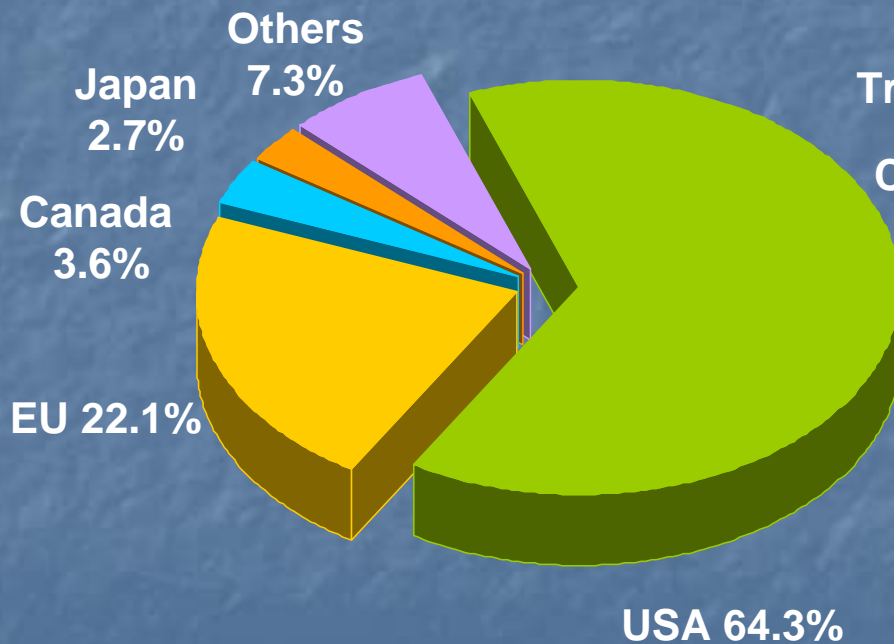
# MEXICO'S EXPORTS COMPOSITION 1993 - 2003



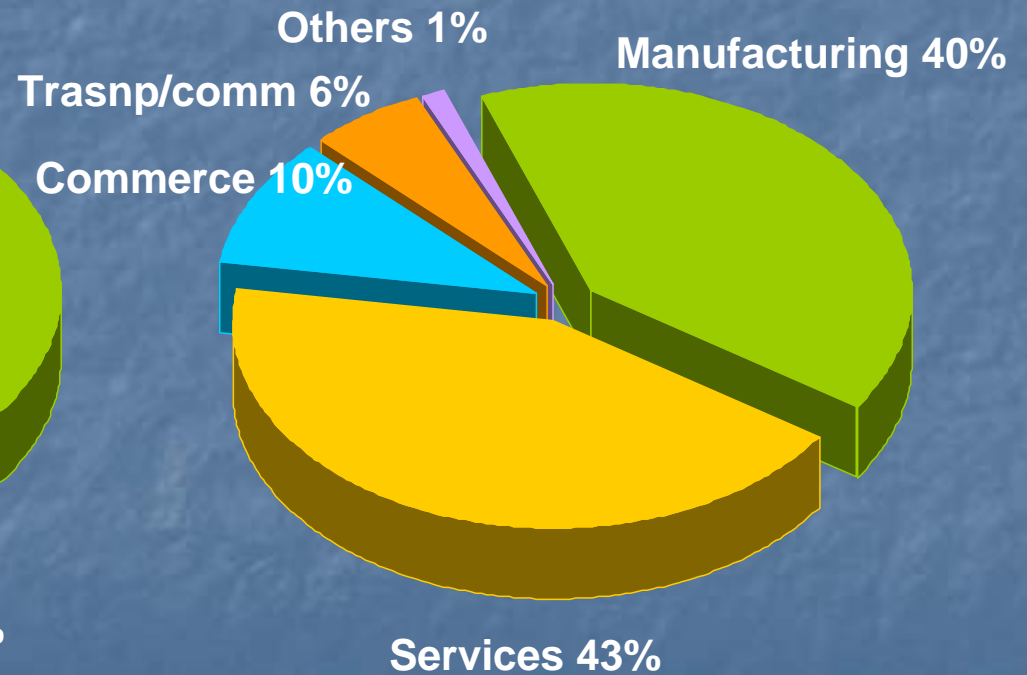
Source: BANXICO

# → US\$ 142.5 billion in FDI to Mexico from 1994 to 2003

FDI in Mexico by country  
1994- 2003



US FDI in Mexico by sector  
1999- 2003



Source: Ministry of Economy . Notified investment to the Registro Nacional de Inversiones Extranjeras (RNIE) in December 31, 2003, plus maquiladoras' fix asset imports.

# TODAY, MEXICO IS:

- ✓ The U.S. Second Largest Trading Partner, after Canada
- ✓ Among the Ten Largest Exporters in the World
- ✓ The First Exporter in Latin America, Accounting for 46 Percent of the Region's Exports
- ✓ Mexico has FTA's with 32 Countries, including the European Union. Currently, negotiating a FTA with Japan

# Southern Border Crossings

The United States/Mexico Border had 254 million "land-port" crossings, including more than 75 million cars and 3.5 million trucks in 2002.



# NAFTA's Disputes

(Mexico-US Trade)

- Cross border services (trucking)
- Intellectual Property Rights
  - Special 301
  - Tequila
  - Piracy and counterfeit products
- Agriculture
  - Sugar and HFCS
  - Pork, Poultry, Beef

Dispute Resolution of  
Trade Disputes

Chapter XI

Chapter XIX

Chapter XX

# Room for Improvement: Building on NAFTA's Institutional Framework

24 Work Groups, including:

- Rules of Origin
- Harmonization of the Tariff System (Potential Common Market, at least by Sectors)
- Customs Automation
- Compatibility of Technical Standards and Certification Processes
- Elimination of non-tariff trade barriers

# Strengthening North American Regional Competitiveness

→ NAFTA partners' agenda :

- ✓ Take advantage of the region's geographic location
- ✓ Develop already complementary markets
- ✓ Improve efficiencies at the border
- ✓ Build on NAFTA's institutional framework
- ✓ Harmonize regulatory framework

# Mexico's incentives to promote the competitiveness of 12 sectors

- Automotive
- Electronics
- Software
- Aerospace
- Textile
- Agriculture
- Tourism
- Commerce
- Construction
- Maquiladoras
- Chemical
- Shoe and Leather

# Country Competitiveness Policy

## Country Status

■ **Innovation**  
(developed countries)



-Growth is dependent on knowledge based systems & technologies

- Constant advancement of local research design and development

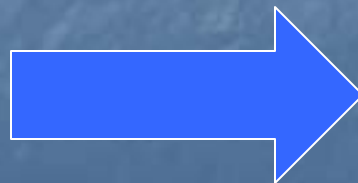
■ **Investment**  
(transitional economies)



Transfer of technology via imports, FDI and imitation

- - Competitiveness based on low manufacturing costs

■ **Resources**  
(developing countries)



- Limited role in chain of production

- Exploitation of natural resources

## Economic Base

# Evolve from the “Made in Mexico” concept to the “Designed and Created in Mexico” concept by:

- Significantly improve the Educational and Innovation Systems
- Providing economic, fiscal and regulatory incentives for thousands of suppliers to locate in Mexico
- Supporting the development of local innovation, research and development through university/business/local government partnerships
- Significantly increase investments in physical and social infrastructure



# The Future of Production in Mexico

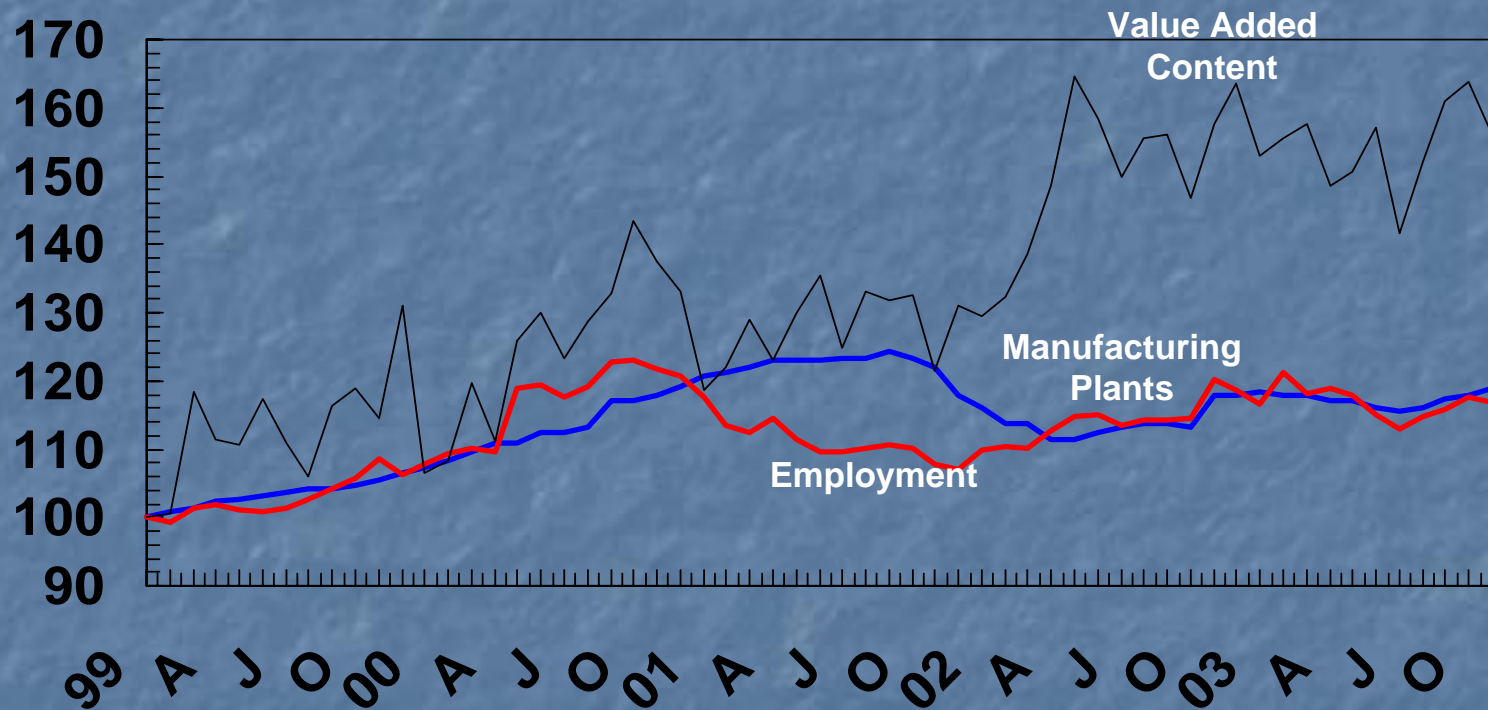
- More Value Added in Production
- Increasing Use of the Latest Technology
- Permanent Training of Workers
- Linkages Between Industry and Academia
- Governmental Support
- Security Considerations
- Integration and Firm Complementarities of Production
- Transport Logistics, Trade Facilitation, and Development of Clusters, including Suppliers

# AUTOMOTIVE

## Mexico's Manufacturing Evolution

(Enero 1999 = 100)

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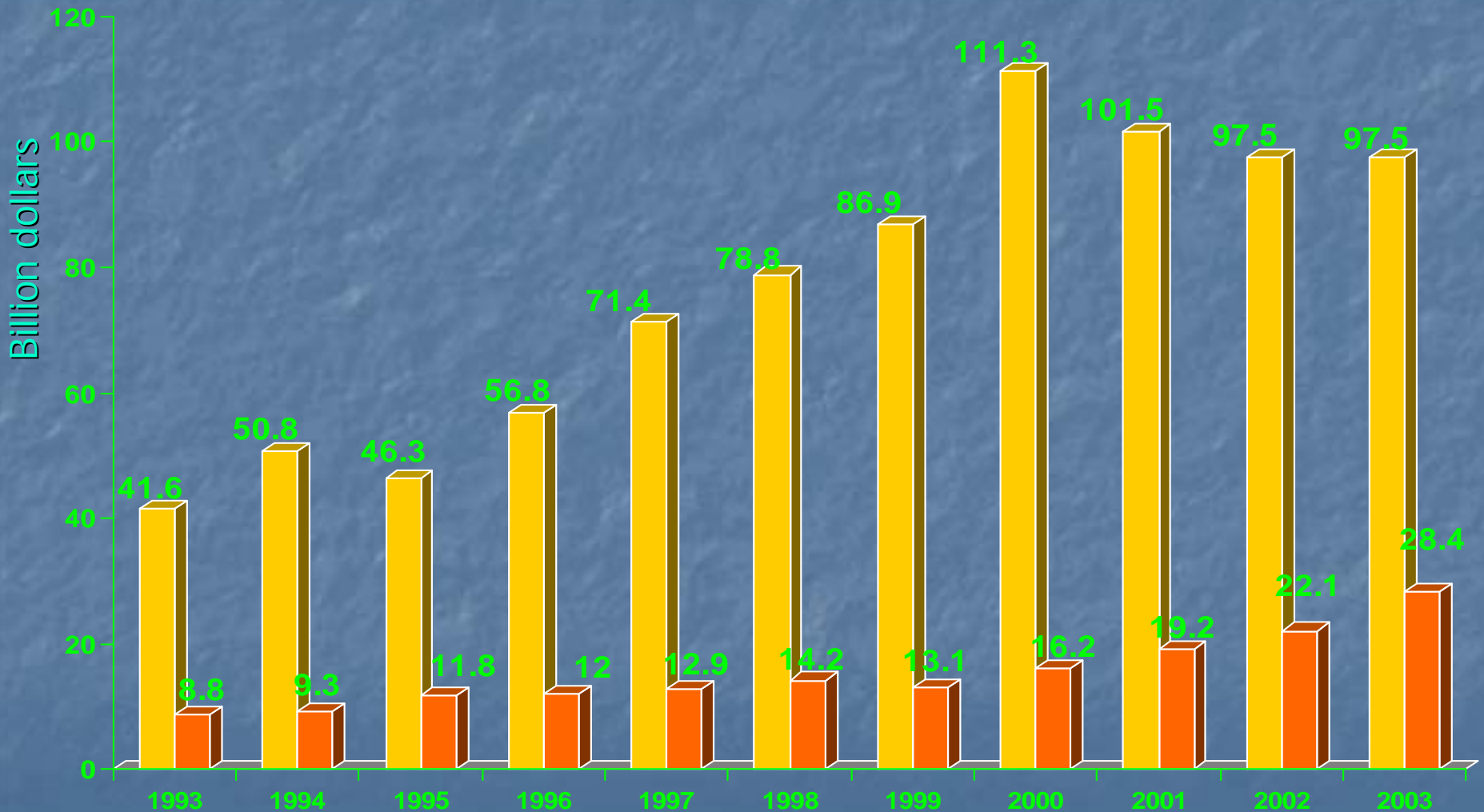


# The Challenges Ahead in the Second Decade of NAFTA

Common North American Complementary  
Policies:

- Regional Competitiveness
- Regional Security
- Transportation Logistics
- Infrastructure, particularly Energy
- Labor Markets

# CHINA ANNEX, U.S. Exports to Mexico and China 1993 - 2003

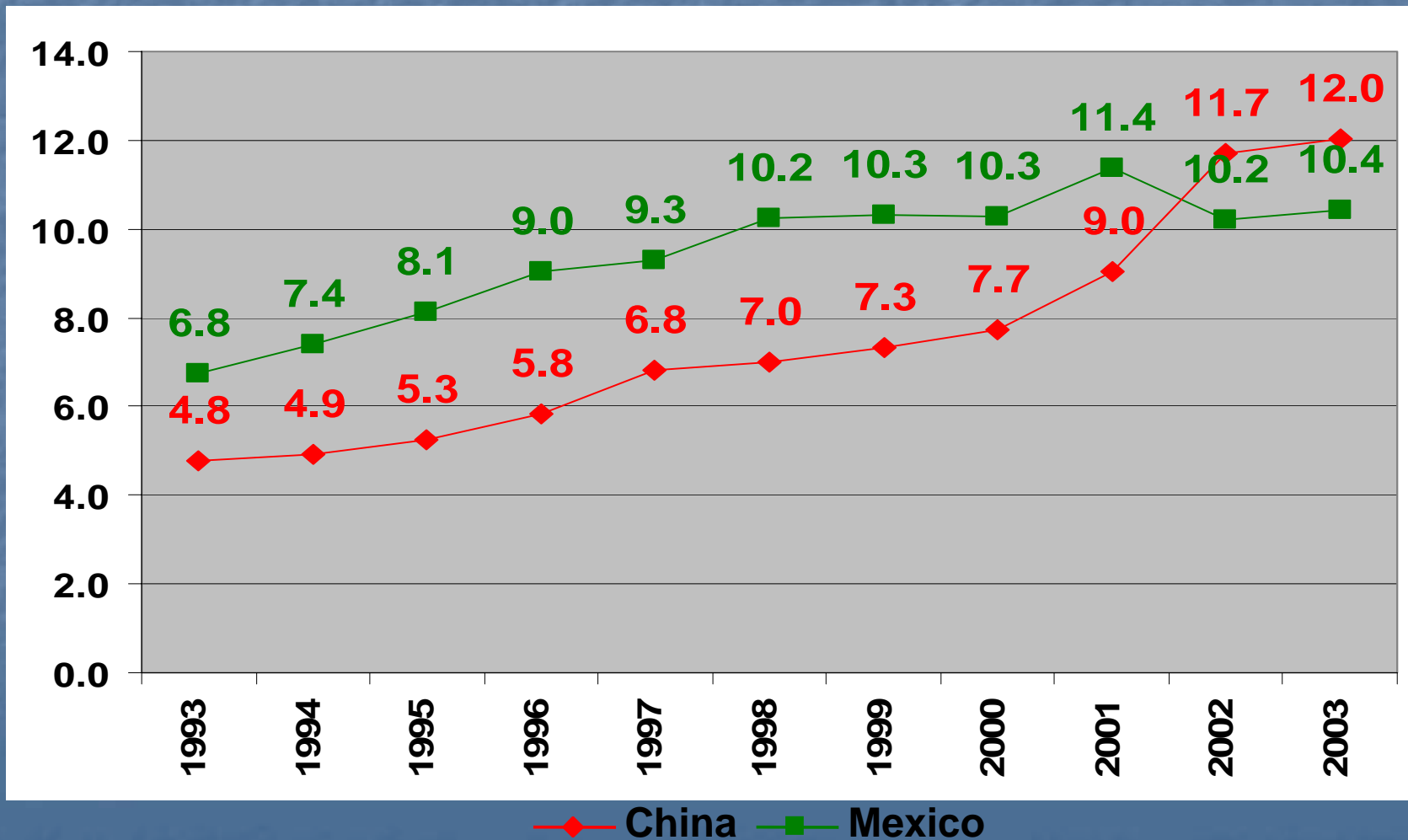


Source: BANXICO

■ Mexico

■ China

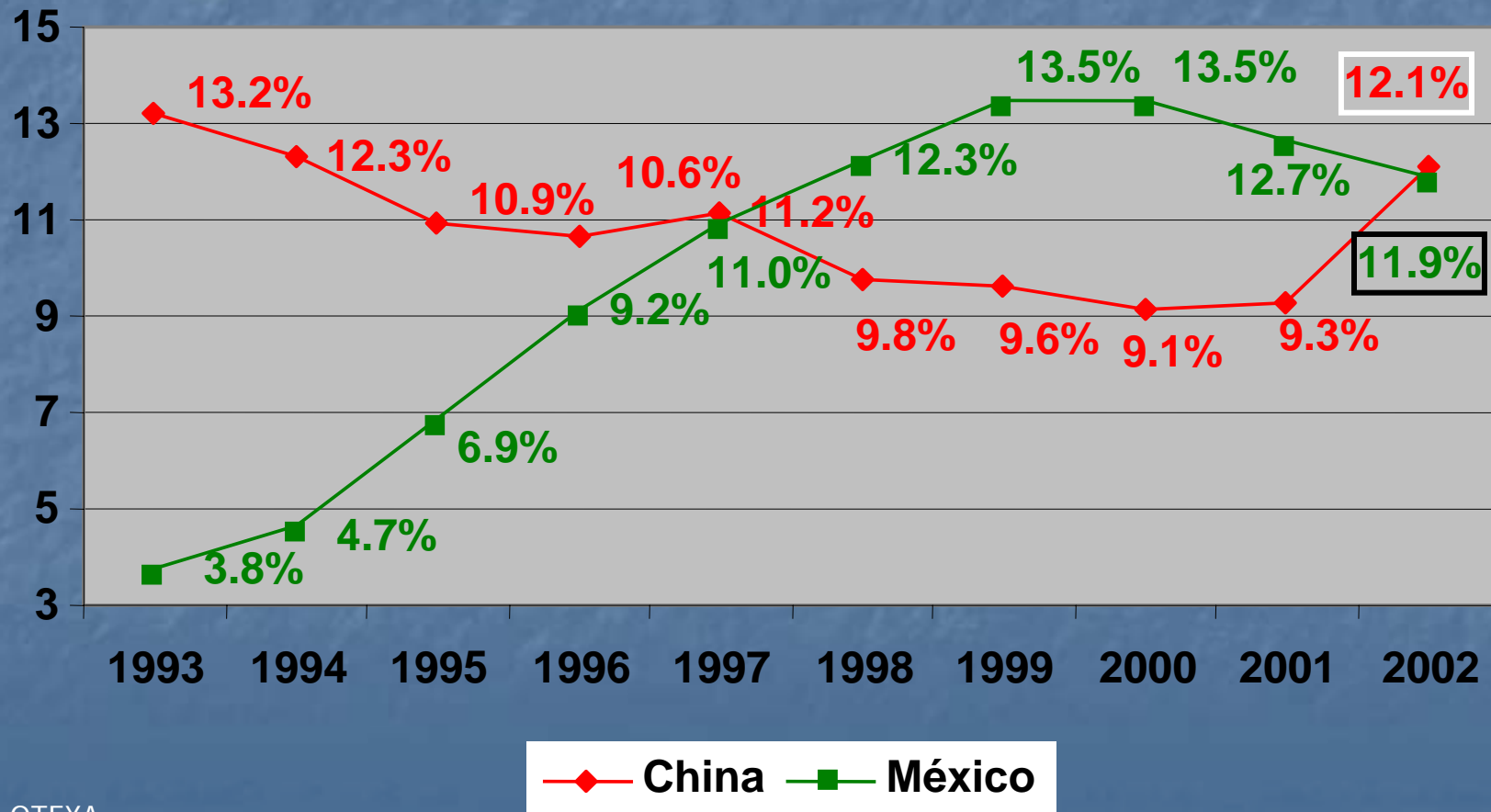
# CHINA ANNEX, Share of total US imports (percentage)



Source: USDOC

# CHINA ANNEX. Share of US imports textile and apparel

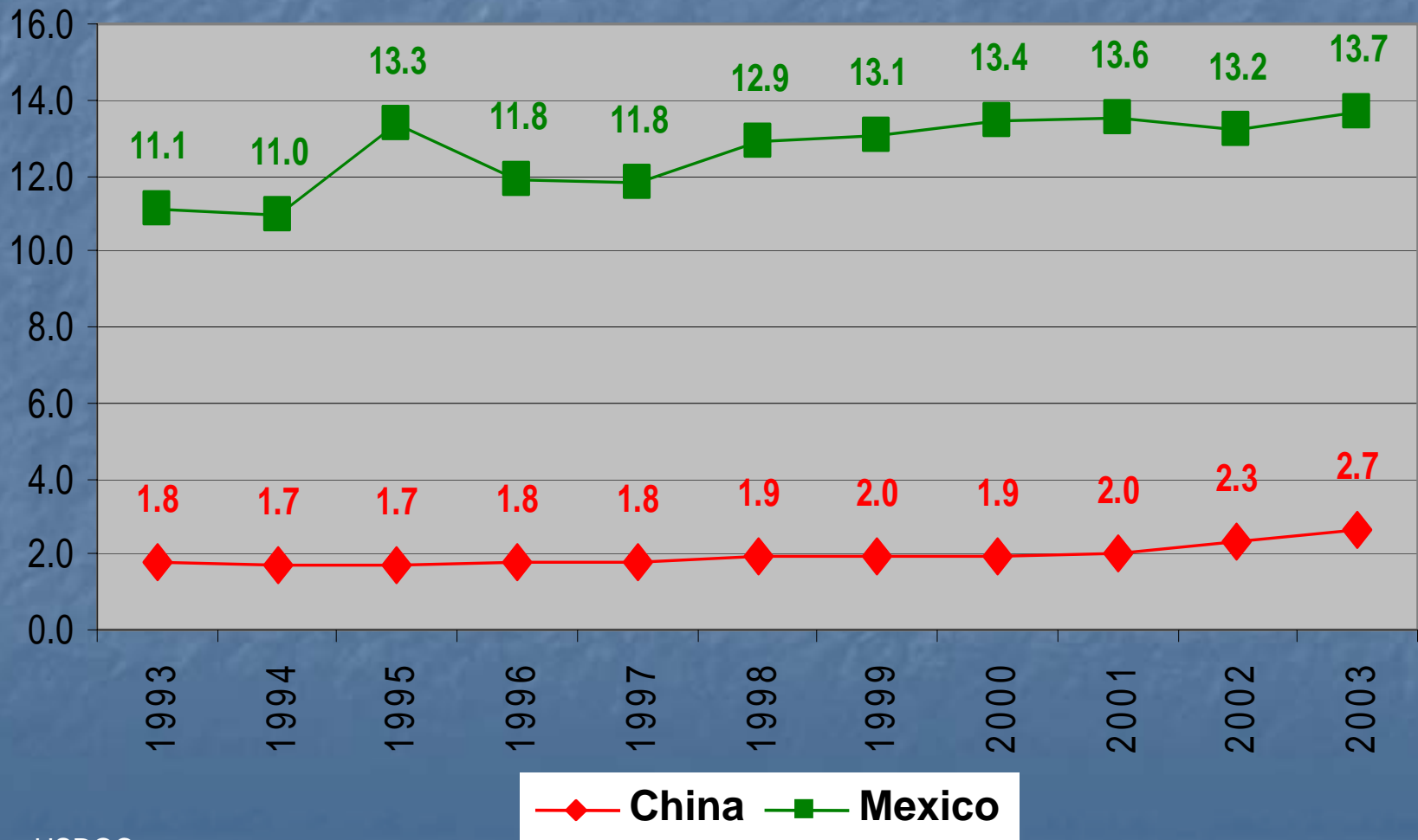
(percentage)



Source: OTEXA

# CHINA ANNEX, Share of US imports Agriculture and food

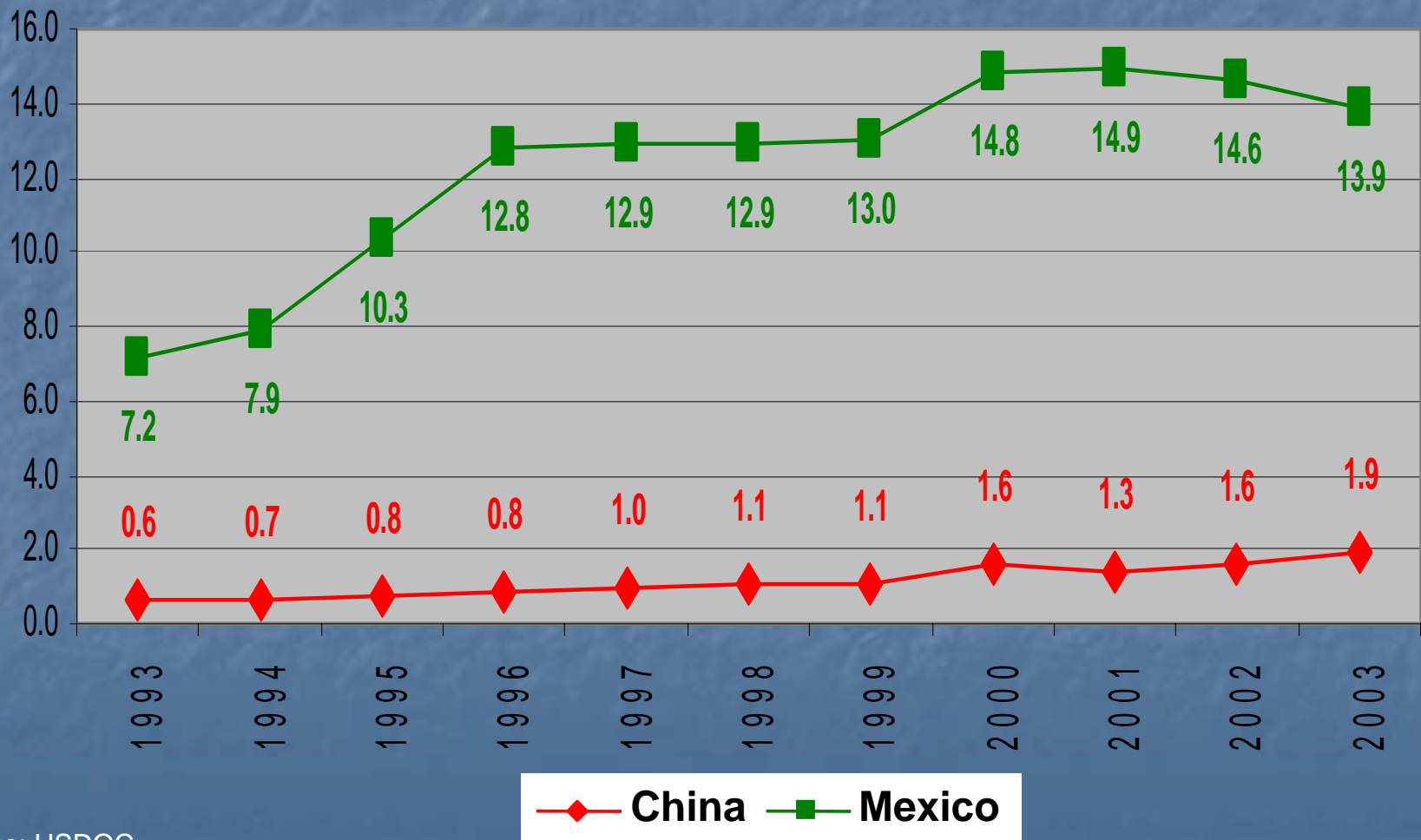
(percentage)



Source: USDOC

# CHINA ANNEX, Share of US imports Autos and autoparts

(percentage)



Source: USDOC

# North America's Integration

- NAFTA as Catalyst for Economic Integration in North America
- National Security Considerations and North America's Competitiveness
- Funding Available to Mexico for Development of its Infrastructure to Reduce Income Gaps with its Main Trading Partners

# Thank You

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