

FOCUS ON INTERNATIONAL TRADE

MEXICO

THE UNITED MEXICAN STATES TODAY

Location	The United Mexican States is the largest country in Central America. It is bordered to the north by the USA and to the south by Guatemala and Belize. The Gulf of Mexico and the Caribbean Sea lie to the east, and the Pacific Ocean and Gulf of California to the west. Total land boundaries: 4,353 km. bordered with Belize 250 km, Guatemala 962 km and USA 3,141 km. Coastline border 9,330 km.
Size	1,972,550 Sq. K.M. (761,616 Sq. miles). Land:1,923,040 Sq. km. and Water:49,510 Sq. km.
Geographic coordinate	23 ⁰ north of the Equator and 102 ⁰ west of the Prime Meridian.
Geographic note	Strategic location on southern border of US; corn (maize), one of the world's major grain crops, is thought to have originated in Mexico.
Land boundaries	Total: 4,353 km; border countries: Belize 250 km, Guatemala 962 km, and US 3,141 km.
Coastline	9,330 km.
Irrigated land	63,200 sq. km.
Population	129,150,971 in July 2022.*
Population Density	55.12 per sq. km.
Population Growth Rate	0.51% (2022)*
Life Expectancy at birth	Total population: 72.32 years; male: 68.93 years and female: 75.88 years. (2022)*
Birth rate	13.55 births/1,000 populations estimated for 2022.
Death rate	7.71 deaths/1,000 populations estimated for 2022.
Net migration rate	-0.76 migrant(s)/1,000 populations estimated for 2022.
Literacy	Total population 95.2%; male: 96.1% and female: 94.5 (2020)*
Capital City	Mexico City
Other Large Cities	Guadalajara, Nezahualcoytl, Puebla, Monterrey, Leon, Ciudad Juarez, Tijuana, Culiacan, Mexicali, Acapulco, Chihuahua, San Luis Potosi, Aguascalientes, Morelia, Toluca de Lerdo, Queretaro, Hermosillo, Saltillo, Torreon, Durango, Aatizapan de Zaragoza, Veracruz, Irapuato, La Paz, Tampico, Guasave, Cirdad Obregon etc.
Religion	Almost all of Mexico's inhabitants profess Christianity, and about 90% are adherents of the Roman Catholic Church.
Language	The principal language is Spanish, spoken by more than 90% of the population in 1990, while about 8% speak indigenous languages, of which Nahuatl is the most widely spoken.
Climate	The climate varies with altitude. The tropical southern region and the coastal lowlands are hot and wet, with an average annual temperature of 18°C (64°F), while the highlands of the central plateau are temperate. Much of the north and west is arid desert. In Mexico City, which lies at about 2,250 m (nearly 7,400 ft) above sea level, temperatures are generally between 5°C (42°F) and 25°C (78°F). The country's highest recorded temperature is 58°C (136°F).
International Relations	Mexico is a member of the UN (and most UN System organizations), WTO, BIS, OECD, OAS, Inter-American Development Bank (IADB), LAIA, ACS, APEC and NAFTA. A free trade agreement was signed with the European Union in 1999.
International dialing code	+52
Currency	The unit of currency is the Mexican peso (MXP) of 100 centavos.

* Estimated Figure

NATIONAL ECONOMY

The Mexican economy is rebounding from its deepest recession in decades, driven by strong U.S. growth and the pandemic-related re-opening of sectors. After shrinking 8.3 percent in 2020, real GDP is forecast to grow by 6.2 percent in 2021 and 4 percent in 2022.

Nonetheless, Mexico is bearing a very heavy humanitarian, social, and economic cost from COVID-19. There have been over half a million excess deaths, under-employment remains very high, poverty that was high before the pandemic has increased further, and the young have experienced sizable learning losses with potentially harmful long-term consequences.

The government has emphasized a conservative fiscal stance with a focus on containing debt. The overall deficit target is 4.2 percent of GDP in 2021, with increased allocations for health spending and public investment. Efforts to combat tax evasion have contributed to generally better-than-expected revenues. The gross debt of the public sector (by staff's definition) is estimated at about 60 percent of GDP. With inflation well above its target, the central bank has raised the policy rate to 4.75 percent. The current account, which jumped to a record surplus of 2.4 percent of GDP in 2020, has moderated and is nearly balanced. The banking sector has strong capital positions and nonperforming loans are relatively low at 2.4 percent of total loans (as of May 2021). International reserves remain at a comfortable level, boosted by the new general allocation of SDRs.

Executive Board Assessment

In the course of Article IV consultation between IMF and Mexico, Executive Directors of IMF broadly agreed with the thrust of the staff appraisal. They commended the authorities for successfully maintaining economic stability through a challenging period, underpinned by very strong macroeconomic policies and institutional policy frameworks. The economy continues to rebound, despite further COVID 19 waves and supply chain constraints. However, given economic scarring risks and Mexico's low long run growth performance, Directors underscored the need to safeguard the recovery and promote stronger, more inclusive, and greener growth.

Directors generally saw merit in additional well targeted fiscal support using available fiscal space for health and education, social safety nets, and quality public investment. In this context, a few Directors considered the authorities' conservative approach appropriate to contain public debt. Directors stressed the importance of enhancing spending efficiency and containing the projected rise in pension spending. They also urged reform of Pemex's business strategy and governance.

Directors welcomed the authorities' recent successes in improving tax administration. A credible medium term tax reform, to be implemented as the economy strengthens, would help finance needed social and public investment spending and put the public debt to GDP ratio on a firm downward trajectory.

Directors noted that recent inflationary pressures, while mostly temporary, pose a difficult balancing act amid still sizable slack. They recommended a gradual, data driven pace of policy normalization that carefully balances support for the recovery while keeping medium term inflation expectations well anchored. Continued efforts to enhance the central bank's communications would be helpful in this regard, while a strategic review of the monetary policy framework could be conducted at the appropriate time. The flexible exchange rate should continue to serve as an external shock absorber.

Directors recognized Mexico's early adoption of climate change mitigation policies and targets. They encouraged implementing a comprehensive strategy, which could consider the scope and level of carbon pricing as part of broader mitigation and adaptation actions and redistribution policies. They emphasized that leveraging Mexico's large and diverse renewable resource base can foster a cheaper, more sustainable, and competitive energy sector.

Directors encouraged the authorities to tackle impediments to productivity growth through well prioritized structural reforms. They highlighted the need to promote labor market

formality, narrow gender gaps, foster financial inclusion, and improve governance. Directors also recommended calibrating minimum wage increases to productivity growth. Advancing AML/CFT reforms and addressing outstanding recommendations from the 2016 FSAP will be important.

It is expected that the next Article IV consultation with Mexico will be held on the standard 12-month cycle.

Mexico: Selected Economic Indicators, 2020–22			
		Proj.	
	2020	2021	2022
Output			
Real GDP (% change)	-8.3	6.2	4.0
Employment			
Unemployment rate, period average (%)	4.4	4.1	3.7
Prices			
Consumer prices, end of period (%)	3.2	5.9	3.1
Consumer prices, period average (%)	3.4	5.4	3.8
General government finances 2/			
Revenue and grants (% GDP)	24.5	24.0	23.2
Expenditure (% GDP)	29.0	28.3	26.8
Overall fiscal balance (% GDP)	-4.5	-4.2	-3.5
Gross public sector debt (% GDP)	61.0	59.8	60.1
Monetary and credit			
Broad money (% change)	13.4	9.2	6.6
Credit to non-financial private sector (% change) 3/	1.5	3.3	5.9
1-month Treasury bill yield (in percent)	5.3	N.A.	N.A.
Balance of payments			
Current account balance (% GDP)	2.4	0.0	-0.3
Foreign direct investment (% GDP)	2.3	1.9	1.9
Gross international reserves (US\$ billions)	199.1	211.8	221.5
In months of next year's imports of goods and services	4.6	4.8	4.8
Total external debt (% GDP)	43.1	36.8	36.4
Exchange rate			
REER (% change)	-7.6
Sources: World Bank Development Indicators, CONEVAL, National Institute of Statistics and Geography, National Council of Population, Bank of Mexico, Secretariat of Finance and Public Credit, and Fund staff estimates.			
1/ CONEVAL uses a multi-dimensional approach to measuring poverty based on a "social deprivation index," which takes into account the level of income; education; access to health services; to social security; to food; and quality, size, and access to basic services in the dwelling.			
2/ Data exclude state and local governments and include state-owned enterprises and public development banks.			
3/ Includes domestic credit by banks, nonbank intermediaries, and social housing funds.			

"NATIONAL ECONOMY" is based on IMF Executive Board Concludes 2021 Article IV Consultation with Mexico November 5, 2021.

FOREIGN TRADE

Mexico's total exports in 2016 were of the order of US\$ 373,175 million. It increased to US\$ 416,235 million in 2020. Exports during the period from 2016 to 2020, in term of percentage, grew highest (10.02%) in 2018 and fell maximum (-9.43%) in 2020 in comparison with 2017 and 2019 respectively. The annual average compound rate of growth worked out at 2.77%.

Imports, on the other hand, were of the order of US\$ 381,851 million in 2020 while in 2016 it was US\$ 386,283 million. Imports during the period from 2016 to 2020, in terms of percentage, grew highest (10.38%) in 2018 and fell maximum (-15.93%) in 2020 as compared to 2017 and 2019 respectively. The annual average compound growth rate worked out at -0.29%.

Volume of trade registered an annual average (compound) rate of growth of 1.25% from US\$ 759,458 million in 2016 to US\$ 798,086 million in 2020. Mexico faced a deficit of trade payment during the said period except the last year.

Mexico's export and import, volume and balance of trade between 2016 and 2020 along with their growth rates are given in **Table-I**.

Mexico's major trading items are food and live animals, fruits and vegetables, crude materials (inedible) except fuels, mineral fuels, lubricants etc., chemicals and related products, basic manufactures, machinery and transport equipment, miscellaneous manufactured articles etc. and main trading partners during the said year were USA, Japan, Germany, Canada, Brazil, France, Korea, Italy, UK, Switzerland-Liechtenstein etc.

There is an international airport at Mexico City (Benito Juarez) and 55 other international and 29 national airports. Each of the larger states has a local airline, which links it with main airports. The national carriers are Aeromexico, Mexicana, Taesa, Aerocalifornia and Aerolineas Internacionales; Aeromexico and Mexicana, both privatized in the late 1980s, were the main ones.

Mexico has 90 ocean ports in 1998, of which, on the Gulf coast, the most important include Tampico, Coatzacoalcos, Altamira, Progreso, Morelos, Cozumel, Cirdad del Carmen (Campeche), Tampico, Veracruz and Tuxpan. Those on the Pacific Coast include Salin Cruz, Isla de Cedros, Cuiaymas, Santa Rosalia, Manzanillo, Lazaro Cardnas and Mazatlan.

BILATERAL TRADE WITH INDIA

Indo-Mexico bilateral trade in 2016-17 was of the order of Rs.43,067.29 crores. It increased to Rs.43,923.67 crores in 2020-21. The annual compound growth rate of volume of trade during the period from 2016-17 to 2020-21 was 0.49%. India enjoyed a surplus balance of trade during the year 2016-17 and 2020-21 of the said period (**see table II**). The average annual compound growth rates of exports and imports worked out at -0.50% and 1.63% respectively.

India's exports to, and imports from Mexico of Merchandise Goods between 2016-17 and 2020-21 along with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Mexico, during 2016-17 to 2020-21, along with their growth rates are depicted in **Table III & IV** respectively.

SOME IMPORTANT LINKS

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Embassy of India, Mexico.

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Sources

The Statesman Year Book, the Europa World Year Book, Monthly Bulletin on Statistics UN Publication, IMF, World Bank.org, BBC News, the World Fact Book, World Development Indicator, MEA, wikipedia.org, expresstextile.com, Ministry of Commerce, Embassy of India in Mexico, Embassy of Mexico in India and D.G.C.I & S etc.

"NOTICE"

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TABLE I

MEXICO'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE BETWEEN 2016 TO 2020.

(Figures in US MILLION DOLLARS)

<i>Year</i>	<i>Exports</i>	<i>Percentage Growth in Exports</i>	<i>Import</i>	<i>Percentage Growth in Imports</i>	<i>Volume of Trade</i>	<i>Percentage Growth in Vol. of Trade</i>	<i>Balance of Trade</i>
2016	373175		386283		759,458		-13108
2017	408301	9.41	419244	8.53	827,545	8.97	-10943
2018	449221	10.02	462774	10.38	911,995	10.20	-13553
2019	459596	2.31	454202	-1.85	913,798	0.20	5394
2020	416235	-9.43	381851	-15.93	798,086	-12.66	34384

Annual Compound GrowthRate
2.77

-0.29

1.25

NOTE : Figures relate to calendar year, January to December.

SOURCE: UN COMTRADE PUBLICATION

TABLE - II**INDIA'S EXPORT TO AND IMPORT FROM MEXICO OF MERCHANDISE
GOODS DURING 2016-2017 TO 2020-2021**

(Value in Rs.CRORES)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2016-17	23291.38		19775.91		43067.29		3515.47
2017-18	24310.11	4.37	25329.59	28.08	49639.70	15.26	-1019.48
2018-19	26786.26	10.19	38998.79	53.97	65785.05	32.53	-12212.53
2019-20	25652.56	-4.23	30441.37	-21.94	56093.93	-14.73	-4788.81
2020-21	22828.96	-11.01	21094.71	-30.70	43923.67	-21.70	1734.25
Annual	Compound	Growth Rate					
	-0.50		1.63		0.49		

NOTE : Figures relate to Financial Year April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics,
Ministry of Commerce & Industry, Kolkata 700 107.

TABLE -III
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO MEXICO
2016-2017 TO 2020-2021 AND THEIR GROWTH RATES

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2016-17	2017-18	2018-19	2017-18	2018-19	17-18 over 2016-17	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20
1	Motor Vehicle/Cars	10580.56	10908.95	8924.66	9418.76	6399.21	3.10	-18.19	5.54	-32.06
	Share in total export	45.43	44.87	33.32	36.72	28.03				
2	Auto Components/Parts	1184.26	1231.80	1469.08	1459.01	1528.92	4.01	19.26	-0.69	4.79
	Share in total export	5.08	5.07	5.48	5.69	6.70				
3	Alumunium , Products Of Alumunium	1101.63	1028.27	2135.21	913.07	1271.22	-6.66	107.65	-57.24	39.22
	Share in total export	4.73	4.23	7.97	3.56	5.57				
4	Organic Chemicals	552.86	648.63	1109.04	878.76	1068.06	17.32	70.98	-20.76	21.54
	Share in total export	2.37	2.67	4.14	3.43	4.68				
5	Electric Machinery And Equipments	199.13	368.87	577.99	758.31	974.14	85.24	56.69	31.20	28.46
	Share in total export	0.85	1.52	2.16	2.96	4.27				
6	Drugs Formulations, Biologicals	215.53	314.91	333.70	447.52	843.34	46.11	5.97	34.11	88.45
	Share in total export	0.93	1.30	1.25	1.74	3.69				
7	Two And Three Wheelers	462.24	480.95	732.36	491.50	663.01	4.05	52.27	-32.89	34.90
	Share in total export	1.98	1.98	2.73	1.92	2.90				
8	Bulk Drugs, Drugs Intermediates	749.59	706.05	732.36	622.37	654.89	-5.81	3.73	-15.02	5.23
	Share in total export	3.22	2.90	2.73	2.43	2.87				
9	Indl. Machinery For Dairy Etc.	617.51	730.11	771.38	656.21	633.87	18.23	5.65	-14.93	-3.40
	Share in total export	2.65	3.00	2.88	2.56	2.78				
10	Residual Chemicals And Allied Prod.	405.65	444.15	647.88	576.69	607.34	9.49	45.87	-10.99	5.31
	Share in total export	1.74	1.83	2.42	2.25	2.66				
	Total export to MEXICO	23291.38	24310.11	26786.26	25652.56	22828.96	4.37	10.19	-4.23	-11.01

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

TABLE -IV
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM MEXICO

(Value in Rs.
CRORES)

2016-2017 TO 2020-2021 AND THEIR GROWTH RATES

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2016-17	2017-18	2018-19	2019-20	2020-21	17-18 over 2016-17	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20
1	Petroleum Crude	12382.56	17733.24	29818.25	23480.98	29818.25	43.21	68.15	-21.25	26.99
	Share in total imports	62.61	70.01	76.46	77.14	141.35				
2	Telecom Instruments	2409.29	2756.78	4123.66	1381.62	4123.66	14.42	49.58	-66.50	198.47
	Share in total imports	12.18	10.88	10.57	4.54	19.55				
3	Gold	851.29	240.64	176.37	628.79	176.37	-71.73	-26.71	256.52	-71.95
	Share in total imports.	4.30	0.95	0.45	2.07	0.84				
4	Computer Hardware, Peripherals	779.98	583.63	940.10	669.58	940.10	-25.17	61.08	-28.78	40.40
	Share in total import	3.94	2.30	2.41	2.20	4.46				
5	Paint, Varnish, Allied Products	254.21	458.00	502.38	355.86	502.38	80.17	9.69	-29.17	41.17
	Share in total import	1.29	1.81	1.29	1.17	2.38				
6	Iron And Steel	84.37	103.12	188.64	199.96	188.64	22.22	82.93	6.00	-5.66
	Share in total import	0.43	0.41	0.48	0.66	0.89				
7	Bulk Drugs, Drugs Intermediates	157.68	172.65	151.77	233.16	197.40	9.49	-12.09	53.63	-15.34
	Share in total import	0.80	0.68	0.39	0.77	0.94				
8	Auto Components / Parts	352.65	500.72	809.78	765.13	809.78	41.99	61.72	-5.51	5.84
	Share in total import	1.78	1.98	2.08	2.51	3.84				
9	Residual Chemicals And Allied Prod.	170.41	141.26	154.39	140.64	154.39	-17.11	9.29	-8.91	9.78
	Share in total import	0.86	0.56	0.40	0.46	0.73				
10	Plastic Raw Materials	83.52	49.01	80.50	338.91	154.39	-41.32	64.25	321.01	-54.45
	Share in total import	0.42	0.19	0.21	1.11	0.73				
	Total import from MEXICO	19775.91	25329.59	38998.79	30441.37	21094.71	28.08	53.97	-21.94	-30.70

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

