

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGC&S INDIA-MEXICO BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

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. 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.

2. Mexico is established as an upper-middle-income country. After the slowdown of 2001 the country recovered and grew 4.2, 3.0 and 4.8 percent in 2004, 2005 and 2006, even though it is considered to be well below Mexico's potential growth. The International Monetary Fund predicts growth rates of 2.3% and 2.7% for 2018 and 2019, respectively. By 2050, Mexico could potentially become the world's fifth or seventh-largest economy. According to IMF Executive Board Concludes 2023 Article IV Consultation with Mexico October 31, 2023, The Mexican economy is in the midst of a broad-based expansion. Growth is expected to be 3.2 percent in 2023, led by robust private consumption and investment, with notable strength in services and construction sector, and in auto production. The unemployment rate has fallen to 2.7 percent. Proactive monetary policy and a decline in global commodity prices are facilitating disinflation. Economic activity is projected to slow to 2.1 percent in 2024. Although fiscal policy is expected to loosen next year, its impact on growth will be blunted by binding capacity constraints, a continuation of tight monetary policy, and slowing growth in the U.S.

A snapshot of Mexico's select economic indicators is as under.

TABLE 1

Mexico: Selected Economic Indicators, 2022–25				
			Proj.	
	2022	2023	2024	2025
Output				
Real GDP (% change)	3.9	3.2	2.1	1.5
Employment				
Unemployment rate, period average (%)	3.3	2.9	3.1	3.4
Prices				
Consumer prices, end of period (%)	7.8	4.5	3.2	3
Consumer prices, period average (%)	7.9	5.5	3.8	3.1
General government finances 2/				
Revenue and grants (% GDP)	24.2	23.8	23.7	23.7
Expenditure (% GDP)	28.5	27.7	29.1	26.3
Overall fiscal balance (% GDP)	-4.3	-3.9	-5.4	-2.6
Gross public sector debt (% GDP)	54.1	52.7	54.7	55.1
Monetary and credit				
Broad money (% change)	7.3	8.0	7.3	4.5
Credit to non-financial private sector (% change) 3/	10.9	7.1	6.4	3.6
1-month Treasury bill yield (in percent)	7.6	N.A.	N.A.	N.A.
Balance of payments				

Current account balance (% GDP)	-1.2	-1.5	-1.4	-1.1
Foreign direct investment (% GDP)	1.5	1.4	1.4	1.5
Gross international reserves (US\$ billions)	201.1	212.3	224.5	234.4
In months of next year's imports of goods and services	3.5	3.5	3.5	3.5
Total external debt (% GDP)	31.1	26.1	24.9	25.1
Exchange rate				
REER (% change)	5.3
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.				

Source: IMF Executive Board Concludes 2023 Article IV Consultation with Mexico October 31, 2023.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Mexico are United States, Unspecified, Canada, China and Other Asia, nes. On the other hand four major import partners of Mexico are United States, China, Korea, Rep., Germany and Japan. Major five exported goods of Mexico are (i) Petroleum oils and oils obtained from bituminous (ii) Automobiles with reciprocating piston engine (iii) Digital process units whether or not presented (iv) Gas powered trucks with a GVW and (v) Television receivers including video monitors. On the other hand major five imported goods of Mexico are (i) Petroleum oils, etc, (excl. crude); preparation, (ii) Monolithic integrated circuits, digital, (iii) Parts and accessories of automatic data process (iv) Natural gas in gaseous state and (v) Transmission apparatus, for radioteleph incorpo.

4. Mexico’s total exports in 2019 were of the order of US\$ 460,604 million. It has scaled up to US\$ 592,997 million in 2023. During the period 2019 to 2023, Exports from Mexico had increased maximum by 18.58% in the year 2021 followed by another 16.84% increase in 2022. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 6.52%.

5. Mexico’s total imports in 2019 were of the order of US\$ 455,235 million and which has touched US\$ 598,475 million mark in 2023. Imports of Mexico had jumped by 32.05% in 2021 in comparison with 2020. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 7.08%.

6. Mexico runs an overall Balance of Trade surplus from 2019 to 2020 but from 2021 to 2023 Mexico faced a deficit balance of trade and that has scaled up to USD -5,478 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 6.80%.

A snapshot of Mexico’s overall Trade Statistics is presented in Table 2 and Figure 1 below.

A snapshot of India’s merchandise trade statistics w.r.t. Mexico is presented in Table 3 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Mexico both nations work closely in several multilateral organizations. The Sonora variety of Mexican wheat was fundamental in the Green Revolution in India. In 2010, India opened a cultural centre in Mexico City in response to the broad interests manifested in Mexico by the different facets of Indian culture and lifestyle. In 1947, Mexico became the first Latin American nation to recognize the independence of India from the United Kingdom. Mexico ranked 23rd as an export destination of India in FY 2023-24. India had exported to Mexico almost 1.22% of its total export value in FY2023-24. In the same financial year imports from Mexico was 0.46% of India's total import value. Almost 0.76% of India's total international trade value of goods was between India and Mexico as has been recorded in DGCIS data base for FY 2023-24. Mexico was the 31st major trading partner of India in FY 2023-24.

8. Indo- Mexico total volume of bilateral trade in FY 2019-20 was of the order of US\$ 7,920.51 million. It has scaled up to US\$ 8,428.50 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 1.57%.

9. It appears from the available figures that between 2020-21 and 2023-24, India has had a surplus Balance of Trade with Mexico. Exports from India to Mexico increased by 43.36% in FY2021-22. The annual average compound rate of growth of Exports was 10.10%. On the other hand, imports from Mexico to India remarkably increased by 49.27% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was -7.81%.

10. **Additionally, from Tables 4 & 5 presented below the following are stated:**

a. Motor Vehicle, Auto Components and Aluminium Products Of Aluminium, had occupied the top three slots in India's exports to Mexico in the year 2023-24. Motor Vehicle/ Cars had occupied 17.03% share of India's total exports to Mexico in FY2023-24.

b. Petroleum Crude; Telecom Instruments and Gold were the three major commodities in India's imports list from Mexico in the year 2022-23, India imports Petroleum Crude from Mexico with a share of 60.34% of total imports from Mexico recorded in 2023-24.

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TABLE - 2
MEXICO'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO 2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	460604		455235		9,15,839		5369
2020	416982	-9.47	382980	-15.87	7,99,962	-12.65	34002
2021	494460	18.58	505716	32.05	10,00,176	25.03	-11256
2022	577731	16.84	604615	19.56	11,82,346	18.21	-26884
2023	592997	2.64	598475	-1.02	11,91,472	0.77	-5478

Annual Growth Rate	Compound	6.52	7.08	6.80
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NOTE: Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure - 1

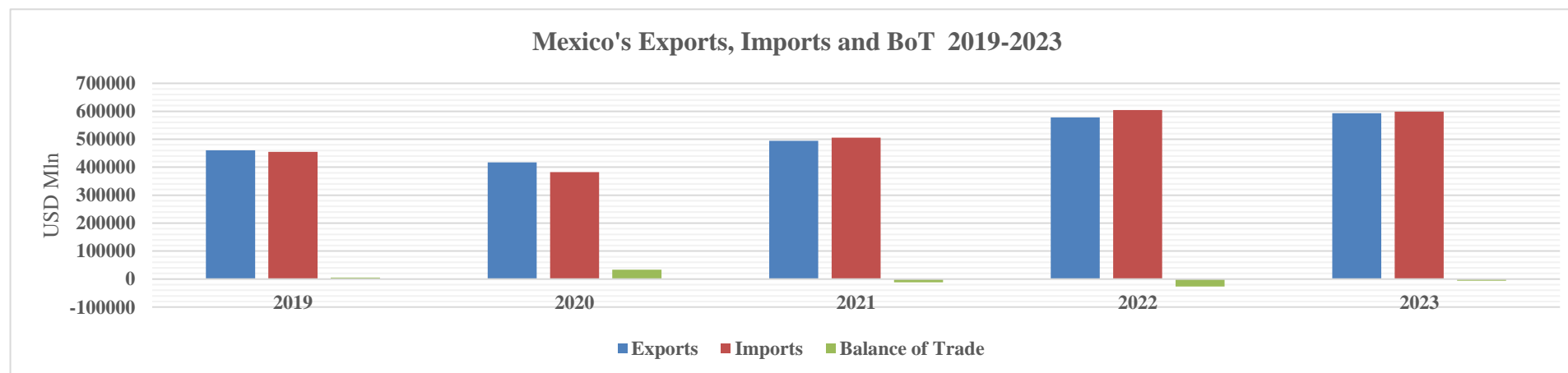


TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. MEXICO
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to Mexico	Percentage Growth in Exports	Imports from Mexico to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	3623.71		4296.80		7920.51		-673.09
2020-21	3086.68	-14.82	2845.91	-33.77	5932.59	-25.10	240.77
2021-22	4425.21	43.36	4248.04	49.27	8673.25	46.20	177.17
2022-23	5196.38	17.43	3867.56	-8.96	9063.94	4.50	1328.82
2023-24	5324.23	2.46	3104.27	-19.74	8428.50	-7.01	2219.96

Annual Compound
Growth Rate **10.10** **-7.81** **1.57**

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2

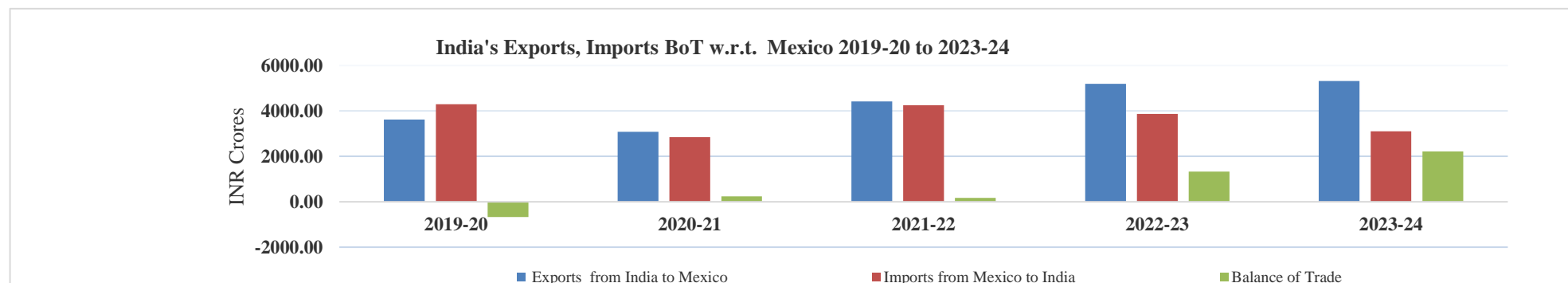


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO MEXICO
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Motor Vehicle/ Cars	1331.09	864.42	961.15	1032.08	906.57	-35.06	11.19	7.38	-12.16
	Share in total export	36.73	28.00	21.72	19.86	17.03				
2	Auto Components	206.13	207.22	316.39	341.70	404.01	0.53	52.68	8.00	18.24
	Share in total export	5.69	6.71	7.15	6.58	7.59				
3	Aluminium Products Of Aluminium	129.12	172.83	406.15	663.35	302.25	33.85	135.00	63.33	-54.44
	Share in total export	3.56	5.60	9.18	12.77	5.68				
4	Two And Three Wheelers	69.25	89.82	174.78	195.09	280.98	29.70	94.59	11.62	44.03
	Share in total export	1.91	2.91	3.95	3.75	5.28				
5	Telecom Instruments	34.70	13.22	20.42	44.31	241.48	-61.90	54.46	116.99	444.98
	Share in total export	0.96	0.43	0.46	0.85	4.54				
6	Indl. Machinery For Dairy Etc	92.49	85.79	157.60	197.35	241.41	-7.24	83.70	25.22	22.33
	Share in total export	2.55	2.78	3.56	3.80	4.53				
7	Iron And Steel	70.88	61.51	246.26	223.45	236.00	-13.22	300.36	-9.26	5.62
	Share in total export	1.96	1.99	5.56	4.30	4.43				
8	Drug Formulations Biologicals	63.01	113.56	165.89	154.40	211.13	80.23	46.08	-6.93	36.74
	Share in total export	1.74	3.68	3.75	2.97	3.97				
9	Products Of Iron And Steel	80.18	67.42	98.80	148.29	175.47	-15.91	46.54	50.09	18.33
	Share in total export	2.21	2.18	2.23	2.85	3.30				
10	Ceramics And Allied Products	87.41	79.81	64.67	74.21	143.15	-8.69	-18.97	14.75	92.90
	Share in total export	2.41	2.59	1.46	1.43	2.69				
	Total export to MEXICO	3623.71	3086.68	4425.21	5196.38	5324.23	-14.82	43.36	17.43	2.46

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM MEXICO
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Petroleum Crude	3312.97	1974.42	3419.57	2844.70	1873.27	-40.40	73.19	-16.81	-34.15
	Share in total import	77.10	69.38	80.50	73.55	60.34				
2	Telecom Instruments	195.54	234.55	147.72	201.17	311.65	19.95	-37.02	36.18	54.92
	Share in total import	4.55	8.24	3.48	5.20	10.04				
3	Gold	89.27	191.97	146.88	162.19	142.59	115.04	-23.49	10.42	-12.08
	Share in total import	2.08	6.75	3.46	4.19	4.59				
4	Computer Hardware Peripherals	98.65	72.07	67.16	105.64	108.03	-26.94	-6.81	57.30	2.26
	Share in total import	2.30	2.53	1.58	2.73	3.48				
5	Electronic Components	9.23	4.39	8.30	17.65	103.49	-52.44	89.07	112.65	486.35
	Share in total import	0.21	0.15	0.20	0.46	3.33				
6	Paint, Varnish And Allied Products	50.32	40.44	50.61	72.44	71.87	-19.63	25.15	43.13	-0.79
	Share in total import	1.17	1.42	1.19	1.87	2.32				
7	Other Misc. Engineering Items	7.85	11.05	13.30	26.67	40.89	40.76	20.36	100.53	53.32
	Share in total import	0.18	0.39	0.31	0.69	1.32				
8	Auto Components/Parts	108.27	28.23	36.53	54.89	40.11	-73.93	29.40	50.26	-26.93
	Share in total import	2.52	0.99	0.86	1.42	1.29				
9	IC Engine And Parts	8.62	6.39	26.54	38.08	38.49	-25.87	315.34	43.48	1.08
	Share in total import	0.20	0.22	0.62	0.98	1.24				
10	Iron And Steel	28.26	38.55	31.97	29.79	36.59	36.41	-17.07	-6.82	22.83
	Share in total import	0.66	1.35	0.75	0.77	1.18				
	Total export to MEXICO	4296.80	2845.91	4248.04	3867.56	3104.27	-33.77	49.27	-8.96	-19.74

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I