

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGC&S

INDIA-MEXICO BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

1. The United Mexican States is a country in North 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. As of April 2024, Mexico has the 12th largest nominal GDP (USD 1.848 trillion), the 12th largest by purchasing power parity (USD 3.303 trillion) and a GDP in PPP per capita of USD 24,971. The World Bank reported in 2023 that the country's gross national income in market exchange rates was the second highest in Latin America after Brazil at USD 1,744,711.4 million. Mexico is established as an upper-middle-income country. By 2050, Mexico could potentially become the world's fifth or seventh-largest economy. According to Staff Concluding Statement of the 2024 Article IV Mission October 15, 2024 with Mexico, "Despite an expansionary fiscal stance, growth is slowing to around 1½ percent this year, partly due to binding capacity constraints and a tight monetary policy stance. Continuing monetary restraint and slowing activity are expected to lower inflation to Mexico's 3-percent target by 2025. The current account deficit is expected to widen slightly in 2024 as investment and consumption related imports outpace exports. Risks to growth are tilted to the downside while inflation risks remain on the upside. Weaker-than-expected growth in the U.S, an increase in global risk aversion, and unforeseen effects from recent institutional reforms could weigh on output. On the other hand, better than expected import demand from the U.S or the ongoing reshaping of global value chains could boost activity and inward investment".

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

TABLE 1

Table 1. Mexico: Selected Economic, Financial, and Social Indicators											
Economic Indicators											
						2020	2021	2022	2023	Proj. 2024	2025
(Annual percentage change, unless otherwise indicated)											
National accounts (in real terms)											
GDP						-8.4	6.0	3.7	3.2	1.5	1.3
Consumption						-8.6	7.1	4.5	4.6	1.0	0.9
Private						-9.8	8.4	4.9	5.0	1.0	0.9
Public						-0.7	-0.5	1.7	2.1	1.2	1.1
Investment						-18.3	11.4	7.4	17.8	4.0	3.8
Fixed						-17.2	10.5	7.5	18.0	5.0	3.0
Private						-18.6	12.6	7.7	17.6	5.3	3.2
Public						-5.7	-3.5	5.8	20.9	3.8	1.2

Inventories 1/				-0.3	0.2	0.0	0.0	-0.2	0.2
Exports of goods and services				-7.0	7.1	8.9	-7.4	-0.6	3.3
Imports of goods and services				-12.0	15.7	7.6	5.0	1.1	2.3
GDP per capita				-9.1	5.4	2.9	2.3	0.6	0.5
External sector									
External current account balance (in percent of GDP)				2.4	-0.3	-1.2	-0.3	-0.7	-0.9
Exports of goods, f.o.b. 2/				-9.4	18.6	16.7	2.6	1.4	3.6
Imports of goods, f.o.b. 2/				-15.9	32.0	19.6	-1.0	3.0	4.6
Net capital inflows (in percent of GDP) 3/				0.8	-1.0	-0.9	-0.9	-1.9	-1.4
Terms of trade (goods, improvement +)				0.8	-1.0	-3.1	16.9	-1.7	-0.3
Gross international reserves (in billions of U.S. dollars)				199.1	207.7	201.1	214.4	235.0	244.8
Exchange rates									
Real effective exchange rate (avg, appreciation +) 4/				-7.7	5.9	5.3	16.4
Nominal exchange rate (MXN/USD) (eop, appreciation +)				-5.9	-3.2	5.7	12.8
Inflation, Employment and Population									
Consumer prices (end-of-period)				3.2	7.4	7.8	4.7	4.5	3.2
Core consumer prices (end-of-period)				3.8	5.9	8.3	5.1	4.0	3.1
Formal sector employment, IMSS-insured workers (average)				-2.5	1.9	4.3	3.6
National unemployment rate (annual average)				4.4	4.1	3.3	2.8	3.0	3.3
Unit labor costs: manufacturing (real terms, average)				10.4	4.4	11.8	1.9
Total population 5/				0.8	0.6	0.8	0.9	0.9	0.8
Working-age population 5/				1.1	1.0	1.1	1.2	1.1	1.0
Money and credit									
Financial system credit to non-financial private sector 6/				0.9	4.2	10.9	8.7	8.0	7.5
Broad money				13.4	9.5	7.3	11.0	7.8	7.3
Public sector finances (in percent of GDP) 7/									
General government revenue				23.5	22.9	24.3	24.4	24.2	23.8
General government expenditure				27.8	26.6	28.6	28.7	30.1	27.3
Overall fiscal balance 8/				-4.3	-3.7	-4.3	-4.3	-5.9	-3.5
Structural primary balance 9/				0.6	1.2	0.9	1.1	-1.1	0.9
Fiscal impulse 10/				0.5	-0.5	0.2	-0.2	2.2	-2.0
Gross public sector debt				58.5	56.7	54.1	53.0	57.6	57.9
Memorandum items									
Nominal GDP (billions of pesos)				24,087	26,690	29,473	31,772	34,313	36,766
Output gap (in percent of potential GDP)				-2.8	-2.0	0.0	1.2	0.6	-0.1

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the four major merchandise export partners of Mexico are **United States, Canada, China and Germany**. On the other hand four major import partners of Mexico are **United States, China, Korea and Germany**. Major five exported goods of Mexico are (i) Petroleum oils and oils obtained from bituminous, (ii) Digital process units (iii) Automobiles with reciprocating piston engine , (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.

4. Mexico's total exports in 2020 were of the order of USD 416,982 million. It has scaled up to USD 618,982 million in 2024. During the period 2020 to 2024, 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 2020 to 2024, the annual average compound rate of growth of exports was 10.38%.

5. Mexico's total imports in 2020 were of the order of USD 382,980 million and which has touched USD 625,874 million mark in 2024. Imports of Mexico had jumped by 32.05% in 2021 in comparison with 2020. During the period from 2020 to 2024, the annual average compound rate of growth of imports was 13.06%.

6. Mexico runs an overall Balance of Trade surplus in 2020 but from 2021 to 2023 Mexico faced a deficit balance of trade and touched USD -26,884 million in 2022. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 11.69%.

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

TABLE - 2

MEXICO'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2020 TO 2024

(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
2020	416982		382980		7,99,962		34002
2021	494461	18.58	505716	32.05	10,00,177	25.03	-11255
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
2024	618982	4.38	625874	4.58	12,44,856	4.48	-6892

**Annual
Compound
Growth
Rate**

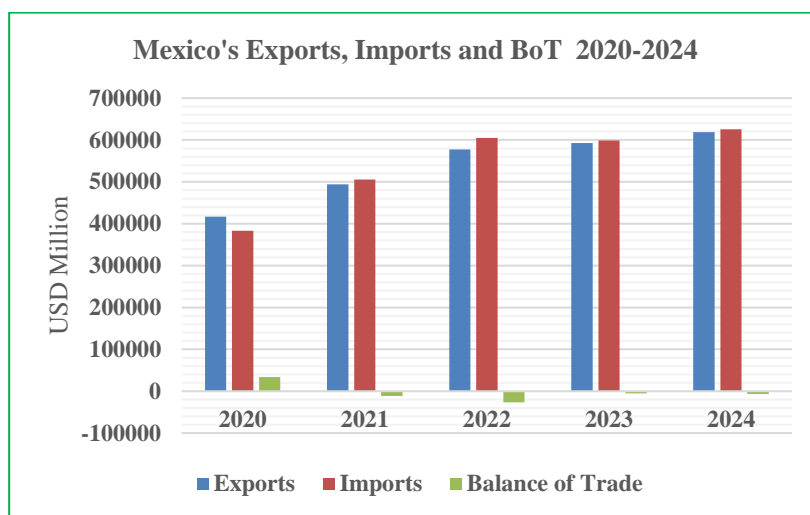
10.38

13.06

11.69

NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Mexico do not currently have a Free Trade Agreement (FTA). However, they have a strong relationship with a "Strategic Partnership" and a High-Level Group on Trade, Investment, and Economic Cooperation. India and Mexico have also signed several bilateral agreements, including those for investment promotion, double taxation avoidance, and cultural cooperation. 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 FY 2023-24. 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 DGCI&S 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 USD 7,920.51 million. It has scaled up to USD 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. From the available figures that between 2020-21 and 2023-24, it appears that India had a surplus Balance of Trade with Mexico. Exports from India to Mexico increased by 43.36% in FY 2021-22. 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%.

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

TABLE - 3

INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. MEXICO

FY 2019-20 to 2023-24

(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 : DGCIS, M/o C&I

Figure 2



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

- 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 FY 2023-24.
- 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.

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			
		2019-20	2020-21	2021-22	2022-23	2023-24	Rates 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 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			
		2019-20	2020-21	2021-22	2022-23	2023-24	Rates	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
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

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