

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	129,875,529 in July 2023.*
Population Density	55.12 per sq. km.
Population Growth Rate	0.61% (2023)*
Life Expectancy at birth	Total population: 73.46 years; male: 70.29 years and female: 76.79 years. (2023)*
Birth rate	13.95 births/1,000 populations estimated for 2023.
Death rate	7.071deaths/1,000 populations estimated for 2023.
Net migration rate	-0.77 migrant(s)/1,000 populations estimated for 2023.
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

After stagnating unexpectedly in the second half of 2021, the economic recovery picked up pace in the first half of 2022 owing to catch-up momentum, improving labor market conditions, and fiscal policy support. Headline inflation rose from about 3 percent at the end-2020 to 7.4 percent by end-2021 and to 8.7 percent by August this year. Economic activity is expected to slow from 2.1 percent in 2022 to 1.2 percent in 2023, given weaker U.S. and global growth and tighter global financial conditions. Inflation is projected to plateau in the second half of 2022 and then gradually decline.

The government has maintained a broadly neutral fiscal stance in 2022, targeting a fiscal deficit of 3.8 percent of GDP. It has used largely untargeted subsidies to mitigate the rise in the cost of living, offsetting the windfall gains from oil revenues. The gross debt of the public sector (by staff's definition) is estimated at about 56 percent of GDP. With inflation above target, the central bank has increased the policy rate to 9.25 percent in a series of hikes. Reflecting more resilient domestic demand growth compared to output, the current account posted a deficit of 0.4 percent of GDP in 2021 and is expected to widen to around 1 percent of GDP in 2022-2023. International reserves remain at a comfortable level.

The Mexican banking system remains well-capitalized, and its profitability continues to recover from the impact of the pandemic. Risk analysis as part of the Financial Sector Assessment Program (FSAP), conducted in parallel with the Article IV consultation, found that the systemic vulnerabilities and system-wide liquidity risks in the financial system remain broadly contained, given high capital buffers, low private sector leverage, and no sign of stretched asset prices. However, tail risks bear close monitoring. Financial sector policies have been strengthened in recent years, but further steps are necessary to maintain the resilience of the financial system under the evolving risk environment.

Executive Board Assessment

In the course of Article IV consultation between IMF and Mexico Executive Directors of IMF agreed with the thrust of the staff appraisal. They welcomed the authorities' prudent macroeconomic policies in the face of a surge in inflation. They noted that economic growth is expected to slow in the near term reflecting weaker U.S. growth and tighter global financial conditions. With increased risks in a more turbulent global environment, Directors agreed that Mexico is well placed to navigate the challenges, owing to its very strong macroeconomic policies and policy frameworks.

Directors welcomed Banco de México's proactive approach to addressing the inflation surge. With significant uncertainty about the inflation path in 2023 and upside risks, they concurred that further increases in the policy rate and maintaining a restrictive policy stance may be needed for some time. They also generally underscored the importance of clear policy communication. Directors recommended aligning wage increases more closely with expected inflation and the productivity of lower wage workers.

Directors agreed that the envisaged neutral fiscal stance in 2022 and 2023 is appropriate. They noted that retail fuel price smoothing, while reducing cost pressures, had a sizable cost on the budget, and generally encouraged the authorities to shift toward more targeted support should oil prices rise again in order to protect other priority spending. Contingency plans should be prepared for a swift policy response should downside risks materialize. Increasing fiscal buffers in the short term and reforming the institutional framework for greater flexibility in the longer term would be important. Directors noted that the floating exchange rate should continue to act as a shock absorber, although foreign exchange intervention could be considered if there is a significant worsening of market illiquidity.

Directors agreed that the financial system remains resilient post pandemic, welcomed the favorable assessment of the effectiveness of Mexico's financial stability framework, and broadly supported the key policy recommendations of the 2022 Financial Sector Assessment Program. They concurred that additional measures, including an update of the financial sector oversight and crisis management frameworks, are needed to keep up with a changing risk and regulatory landscape. After aligning the legal and regulatory AML/CFT framework with Financial Action Task Force standards, the focus should now be to strengthen the effectiveness of the AML/CFT regime, including through

adequate resources, ensuring availability of high-quality beneficial ownership information, and monitoring emerging financial risks related to fintech.

Directors urged the authorities to broaden the supply side policy agenda for higher and more inclusive growth. Efforts should include measures to address corruption and crime and strengthen the rule of law, increase human capital investment, tackle infrastructure bottlenecks, reduce labor and product market rigidities, and promote financial deepening and inclusion. Directors recommended a gradual increase in productive spending, financed by tax reforms, to improve human and physical capital.

Mexico: Selected Economic Indicators, 2021–23			
		Proj.	
	2021	2022	2023
Output			
Real GDP (% change)	4.8	2.1	1.2
Employment			
Unemployment rate, period average (%)	4.1	3.4	3.7
Prices			
Consumer prices, end of period (%)	7.4	8.5	4.8
Consumer prices, period average (%)	5.7	8.0	6.3
General government finances 2/			
Revenue and grants (% GDP)	23.3	24.3	24.1
Expenditure (% GDP)	27.1	28.0	28.2
Overall fiscal balance (% GDP)	-3.8	-3.8	-4.1
Gross public sector debt (% GDP)	57.6	56.2	57.7
Monetary and credit			
Broad money (% change)	9.5	11.0	7.3
Credit to non-financial private sector (% change) 3/	4.1	10.7	8.1
1-month Treasury bill yield (in percent)	4.4	N.A.	N.A.
Balance of payments			
Current account balance (% GDP)	-0.4	-1.2	-1.2
Foreign direct investment (% GDP)	2.5	2.1	2.2
Gross international reserves (US\$ billions)	207.7	205.7	207.4
In months of next year's imports of goods and services	3.9	3.8	3.8
Total external debt (% GDP)	34.6	31.6	31.6
Exchange rate			
REER (% change)	5.9
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 2022 Article IV Consultation with Mexico November 4, 2022.

FOREIGN TRADE

Mexico's total exports in 2017 were of the order of US\$ 409,396 million. It increased to US\$ 494,596 million in 2021. Exports during the period from 2017 to 2021, in term of percentage, grew highest (18.61%) in 2018 and fell maximum (-9.47%) in 2020 in comparison with 2020 and 2019 respectively. The annual average compound rate of growth worked out at 4.84%.

Imports, on the other hand, were of the order of US\$ 506,565 million in 2021 while in 2017 it was US\$ 420,395 million. Imports during the period from 2017 to 2021, in terms of percentage, grew highest (32.27%) in 2021 and fell maximum (-15.87%) in 2020 as compared to 2020 and 2019 respectively. The annual average compound growth rate worked out at 4.77%.

Volume of trade registered an annual average (compound) rate of growth of 4.81% from US\$ 729,791 million in 2017 to US\$ 1,001,161 million in 2021. 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 2017 and 2021 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 2018-19 was of the order of Rs.65,785.05 crores. It increased to Rs.72,762.43 crores in 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 was 2.55%. India enjoyed a surplus balance of trade during the year 2017-18 and 2022-23 of the said period (**see table II**). The average annual compound growth rates of exports and imports worked out at 11.70% and -5.52% respectively.

India's exports to, and imports from Mexico of Merchandise Goods between 2017-18 and 2022-23 along with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Mexico, during 2017-18 to 2022-23, along with their growth rates are depicted in **Table III & IV** respectively.

SOME IMPORTANT LINKS

Addresses of Embassies:

Mexico Embassy, India
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110021 New Delhi
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Website URL:
<http://www.sre.gob.mx/india>

Embassy of India, Mexico.
Avenida Musset 325, Cononia Polanco,
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Names and addresses of the organizations engaged in foreign trade in Mexico are:-

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**Consejo Empresarial Mexicano de
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Trade Point Mexico
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Fax: (005255) 26146512
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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 2017 TO 2021.**

(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>
2017	409396		420395		8,29,791		-10999
2018	450684	10.09	464294	10.44	9,14,978	10.27	-13610
2019	460604	2.20	455236	-1.95	9,15,840	0.09	5368
2020	416982	-9.47	382980	-15.87	7,99,962	-12.65	34002
2021	494596	18.61	506565	32.27	10,01,161	25.15	-11969
Annual Compound Growth Rate	4.84		4.77		4.81		
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 2018-2019 TO 2022-2023****(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
2018-19	26786.26		38998.79		65785.05		-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
2021-22	32981.31	44.47	31658.19	50.08	64639.50	47.16	1323.12
2022-23	41693.45	26.42	31068.98	-1.86	72762.43	12.57	10624.47
Annual Compound Growth Rate	11.70		-5.52		2.55		
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
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Motor Vehicle/Cars	8924.66	9418.76	6399.21	7162.03	8298.11	5.54	-32.06	11.92	15.86
	Share in total export	33.32	36.72	28.03	21.72	19.90				
2	Alumunium , Products Of Alumunium	2135.21	913.07	1271.22	3023.55	5274.15	-57.24	39.22	137.85	74.44
	Share in total export	7.97	3.56	5.57	9.17	12.65				
3	Auto Components/Parts	1469.08	1459.01	1528.92	2355.93	2748.05	-0.69	4.79	54.09	16.64
	Share in total export	5.48	5.69	6.70	7.14	6.59				
4	Iron And Steel	738.27	502.11	454.50	1835.44	1796.36	-31.99	-9.48	303.84	-2.13
	Share in total export	2.76	1.96	1.99	5.57	4.31				
5	Indl. Machinery For Dairy Etc.	771.38	656.21	633.87	1175.36	1579.09	-14.93	-3.40	85.43	34.35
	Share in total export	2.88	2.56	2.78	3.56	3.79				
6	Two And Three Wheelers	732.36	491.50	663.01	1301.87	1570.51	-32.89	34.90	96.36	20.63
	Share in total export	2.73	1.92	2.90	3.95	3.77				
7	Drugs Formulations, Biologicals	333.70	447.52	843.34	1237.56	1239.17	34.11	88.45	46.75	0.13
	Share in total export	1.25	1.74	3.69	3.75	2.97				
8	Poroducts Of Irin And Steel	651.76	566.86	498.01	737.25	1196.26	-13.03	-12.15	48.04	62.26
	Share in total export	2.43	2.21	2.18	2.24	2.87				
9	Organic Chemicals	1109.04	878.76	1068.06	1439.87	1182.18	-20.76	21.54	34.81	-17.90
	Share in total export	4.14	3.43	4.68	4.37	2.84				
10	Residual Chemicals And Allied Prod.	647.88	576.69	607.34	790.08	1060.41	-10.99	5.31	30.09	34.22
	Share in total export	2.42	2.25	2.66	2.40	2.54				
	Total export to MEXICO	26786.26	25652.56	22828.96	32981.31	41693.45	-4.23	-11.01	44.47	26.42

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****2018-2019 TO 2022-2023 AND THEIR GROWTH RATES****(Value in Rs. CRORES)**

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Petroleum: Crude	29818.25	23480.98	14642.45	25474.19	22822.07	-21.25	-37.64	73.97	-10.41
	Share in total imports	76.46	77.14	69.41	80.47	73.46				
2	Telecom Instruments	4123.66	1381.62	1736.04	1101.18	1629.43	-66.50	25.65	-36.57	47.97
	Share in total imports	10.57	4.54	8.23	3.48	5.24				
3	Gold	176.37	628.79	1412.24	1091.61	1316.86	256.52	124.60	-22.70	20.63
	Share in total imports.	0.45	2.07	6.69	3.45	4.24				
4	Computer Hardware, Peripherals	940.10	669.58	535.88	501.35	842.35	-28.78	-19.97	-6.44	68.02
	Share in total import	2.41	2.20	2.54	1.58	2.71				
5	Paint, Varnish, Allied Products	502.38	355.86	299.68	376.84	582.30	-29.17	-15.79	25.75	54.52
	Share in total import	1.29	1.17	1.42	1.19	1.87				
6	Auto Components / Parts	809.78	765.13	165.47	272.75	439.07	-5.51	-78.37	64.83	60.98
	Share in total import	2.08	2.51	0.78	0.86	1.41				
7	Plastic Raw Materials	80.50	338.91	141.67	176.86	433.02	321.01	-58.20	24.84	144.84
	Share in total import	0.21	1.11	0.67	0.56	1.39				
8	IC Engines And Parts	62.53	61.23	47.62	198.57	308.02	-2.08	-22.23	316.99	55.12
	Share in total import	0.16	0.20	0.23	0.63	0.99				
9	Bulk Drugs Drugs Intermediates	151.77	233.16	197.19	177.59	266.07	53.63	-15.43	-9.94	49.82
	Share in total import	0.39	0.77	0.93	0.56	0.86				
10	Iron And Steel	188.64	199.96	284.84	239.13	240.38	6.00	42.45	-16.05	0.52
	Share in total import	0.48	0.66	1.35	0.76	0.77				
	Total import from MEXICO	38998.79	30441.37	21094.71	31658.19	31068.98	-21.94	-30.70	50.08	-1.86

NOTE : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.