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US - Mexico Trade Reached New Highs

The trade relationship between Mexico and the United States demonstrated another solid performance as products traded between both countries set a new record at \$494 billion in 2012. This past year was also a success as bilateral trade saw an increase of 7.1%, one of the highest trade growth rates among the U.S.' largest trading partners. Over the 19 years of NAFTA, trade between Mexico and the U.S. has sextupled, growing 10% annually, a rate that exceeds that of the U.S. trade with the rest of the world (7%). The U.S. - Mexico trade is not only bigger than the GDP of Belgium, Poland or Taiwan, but is also highly integrated along a complex and dynamic supply chain that reflects the way products are traded in the 21st century.

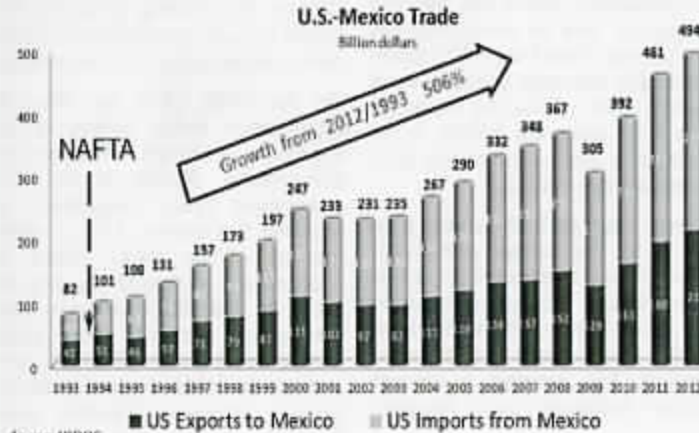
Since the enactment of NAFTA, Mexican exports to the U.S. have multiplied by seven, surpassing \$277 billion in 2012, which maintained Mexico's position as the U.S.' third largest supplier. Mexico's total exports to the U.S. far exceeded

the combined exports of Germany and the UK (\$163 billion) in addition to combined amount from Japan, South Korea, Taiwan, and Singapore (\$264 billion). That means that out of every \$100 dollars the U.S. spends abroad, \$12 (12.2%) is spent on Mexican goods. For Mexico, the U.S. is by far its largest export market, accounting for more than three-quarters (78%) of its exports to the world, of which includes a large amount of intermediate goods for further processing.

Mexico has traditionally been a leading export market for products made in the United States. However, since NAFTA, U.S. exports to Mexico have notably accelerated. In 2012, U.S. exports to Mexico surpassed \$216 billion, making Mexico the second largest market for U.S. products. During this period, sales of U.S. products to Mexico increased by 420%; in comparison U.S. total exports only grew by 232%, making Mexico one of the most dynamic

markets for U.S. exports. Last year, Mexico accounted for 14% of all U.S. exports worldwide, up from 8.9% in 1993.

In just one year, from 2011 to 2012, U.S. exports to Mexico increased by \$18 billion. Thus, dollar for dollar, the 2012 U.S. sales growth to Mexico is greater than that of any other market. Mexico also buys more from the U.S. than the combined purchases made by China, India, Russia and Brazil – the BRIC countries



Source: UDDC

Trade Highlights

Continues on page 2

	NAFTA Trade					
	Dec 2012			Jan-Dec 2012		
	Value	Share	Annual change	Value	Share	Annual change
US imports from:						
Mexico	20.3	11.5	-4.9 ↓	277.6	12.2	5.6 ↑
Canada	25.8	14.6	-2.8 ↓	324.2	14.3	2.8 ↑
Mexico's imports from:						
US	14.6	50.5	0.1 ↑	105.1	49.9	6.2 ↑
Canada	0.8	2.8	-7.7 ↓	9.9	2.7	2.5 ↑
Canada's imports from:						
Mexico	2.0	5.8	16.6 ↑	25.5	5.5	4.5 ↑
US	17.5	49.8	-1.4 ↓	233.9	50.6	2.7 ↑
Trilateral Trade	81.2	33.6	-2.2 ↓	1,066.3	34.0	4.5 ↑

Source: US Census Bureau, Statistics Canada and BANXICO

Value = US billion dollar

*Advanced Technology Products, US Census Bureau, Foreign Trade Division

US imports from Mexico. Selected Products

	Dec 2012			Jan-Dec 2012		
	Value	Share	Annual change	Value	Share	Annual change
Crude Oil	2.5	12.0	-19.7 ↓	37.1	11.9	-6.6 ↓
Autos	1.5	11.6	4.7 ↑	17.4	11.5	14.8 ↑
Auto parts	2.7	29.5	-2.4 ↓	41.4	31.9	15.5 ↑
ATP*	2.7	11.3	-7.2 ↓	48.6	12.5	-3.9 ↓
Opto-Electronics	0.9	49.0	2.0 ↑	12.0	45.6	-4.3 ↓
Information & Communications	2.2	11.6	-12.2 ↓	30.4	13.9	5.9 ↑
Life Science	0.2	8.6	3.5 ↑	3.5	7.8	4.2 ↑



N AFTA Related Events

EXPO JOYA GUADALAJARA

April 9th-11th, 2013

Trade show of jewelry, silver and watches

Location: Expo Guadalajara, Guadalajara, Jalisco

Phone: 52.33.3343.3000

E-mail: contact@expojoya.com.mx

Website: www.expojoya.com.mx/index.php

EXPO IMPRESION GRAN FORMATO Y SUMINISTROS

April 10th-12th, 2013

A business platform for the printer industry

Location: World Trade Center, Mexico City

Phone: 52.55.4171.2661

E-mail: contacto@expoimpresion.com

Website: www.expoimpresion.com

EXPO INA 2013

April 10th-12th, 2013

Exhibition of goods suppliers and services providers for the automotive sector

Location: Centro Banamex, Mexico City.

Phone: 52 (55) 5254-1654

E-mail: mmartinez@barreraynoqueira.com.mx

Website: www.expoina.mx

OIL AND GAS MARKETING PLACE

April 11th-14th, 2013

B2B forum that brings together experts and decision makers of the oil and gas industries

Location: Cancun Center, Cancun, Quintana Roo.

Phone: 52 (55) 5559 0866

E-mail: ventas@grupoaiba.com.mx

Website: www.oilandgasmarketingplace.com.mx

CONGRESO INTERNACIONAL DE LA CARNE

April 16th-18th, 2013

Trade fair of meat products, veterinary pharmaceuticals, materials, containers and equipment for the meat industry, along with seasonings and cooking ingredients.

Location: World Trade Center, Mexico City

Phone: 52 (55) 5580 0205

E-mail: congreso@ameq.org.mx

Website: www.congresointernacionaldelacarne.com

THE DAIRY SHOW INTERNATIONAL

April 17th-19th, 2013

Exposition of manufacturers of dairy products, and goods suppliers and services providers

Location: Poliforum León, León, Guanajuato

Phone: 52 (55) 5361-4564

E-mail: saguirre@expology.com.mx

Website: www.dairyshow.com.mx

EXPO OFICINA 2013

April 22th-24th, 2013

Event displaying products and services for office management, operation and maintenance

Location: World Trade Center, Mexico City

Phone: 52.55.5442.5760

E-mail: ventas@expo-oficinas.com

Website: www.expo-oficinas.com

MÉXICO SAFETY EXPO / MÉXICO FIRE EXPO

April 23th-25th, 2013

Exposition of security products manufacturers as well as services providers related to purchases or installation of fire and safety products.

Location: Centro Banamex, Mexico City

Phone: 52.55.5268.2000

E-mail: oliver@reedexpo.com

Website: www.safetymexico.com , www.mexicofireexpo.com

Diario Oficial Notices

- Decree enacting the Protocol relating to the Madrid Agreement concerning the International Registration of Marks. February 8th.
- Amendment to the Export Controls System, that establishes export licenses for conventional weapons and their components, as well as for dual-use goods, software and technologies normally used for civilian purposes, but which may have military applications. February 8th.
- Resolution that accepts and declares the initiation of the administrative product coverage procedure for the countervailing duty order imposed on imports of aluminum flexible tubular containers from Venezuela, regardless of the shipping country. February 13th.
- Amendments to the Tariff Rate Quotas and their allocation mechanisms to import evaporated milk, milk preparations, beans, maize, oranges, organic bananas (Cavendish variety), grapefruit, lime, avocado, cocoa beans, cocoa pasta, cocoa butter, cocoa fat, cocoa oil, powdered cocoa, canned peppers, and footwear originating from Peru. February 20th.
- Decree enacting the Protocol Amendment to the FTA between Mexico and Uruguay. February 27th.
- Amendment to the preferential duty rates applicable since July 1, 2012 for originating goods of Uruguay. February 27th.

Mexican Official Standards

- Abstracts of the following Mutual Recognition Agreements (MRA's): Asociación de Normalización y Certificación, A.C. (ANCE) and Standard Technology Union Co. Ltd; ANCE and SGS-CSTC Standards Technical Services Co. Ltd., and Guangzhou Branch Testing Center; ANCE and Vkan Certification & Testing Co., Ltd; ANCE and ELECTROSUISSE, A.C. These MRA's allow for the carrying out of product safety evaluations in accordance with the applicable national and international regulations. February 14th.
- Draft PROY-NOM-163-SEMARNAT-ENER-SCFI-2012, carbon dioxide (CO2) emissions from exhaust pipes and its equivalence in terms of fuel efficiency, applicable to new motor vehicles of a gross vehicle weight of up to 3,857 kilograms. February 20th.
- Draft NOM-002-SEDE/ENER-2012, safety and energy efficiency requirements for distribution transformers. February 20th.
- Amendment to the NOM-005-SCFI-2011, measuring instruments – system for measuring and dispensing gasoline and other liquid fuels – specifications, test and verification methods. February 22nd.



Success Stories

Eurocopter to Further Invest in Mexico

Eurocopter expanded its global industrial footprint and enhanced the company's presence in Mexico with the inauguration of a new \$100 million manufacturing center of excellence in Querétaro, which is to produce high-technology aircraft structural metallic components. Located at the Aerotech Industrial Park adjacent to Querétaro Intercontinental Airport, this 12,000-square-meter facility will be the single-source production site for structures used in jetliner doors along with tail booms to equip helicopters. The site is also home to a recently-opened 1,000-square-meter maintenance center specialized in the Ecureuil family of helicopters. Eurocopter plans to invest up to \$550 million in Mexico over the next few years.

Nissan Subsidiary Jatco to Invest in a New Plant

Jatco, a subsidiary of Japanese automaker Nissan, is planning to invest \$200 million in the construction of its new manufacturing plant in Aguascalientes, Mexico that would make automatic transmissions for its vehicles. The plant would produce 400,000 transmissions for the automotive industry each year, creating 1,200 jobs. To meet consumer demands, the new plant is expected to help increase their annual production capacity of transmissions by up to 1.7 million units by 2016. The new facility will give an important boost to manufacturing operations at Nissan's second complex in Aguascalientes, where production is expected to start in late 2013. Jatco's decision to build the plant reflects investor confidence in Mexico.

HELLA Continues to Expand in Mexico

HELLA, a leading global supplier of automotive electronics and lighting products based in Germany, plans to invest roughly \$100 million dollars toward the creation of a new lighting facility in Irapuato, Guanajuato. The modern facility will produce environmentally focused and energy-efficient LED lighting technologies. Plans for the new facility include a reduction of its CO2 global footprint and an increased focus on HELLA innovative "green" plant solutions. By June of this year, approximately 1.2 million headlamps and 1.5 million rear combination lamps will be produced at the 24,000-square-meter manufacturing facility, supplying lighting technologies for both the North and South American regions.

Superior Industries to Build Wheel Plant in Mexico

California-based Superior Industries International Inc., one of the world's largest makers of aluminum road wheels for passenger cars and light trucks, plans to build a \$125 million plant in Mexico to help boost its business presence in North America. The factory will be capable of making 2 to 2.5 million wheels a year. Production at the site is expected to begin in roughly two years. Superior's existing capacity is about 12.5 million wheels a year, operating five plants in the U.S. and Mexico.

Mexico Economic Update

	Jan 2013	
	Value (US bd)	Annual Change %
Foreign Trade		
Exports	27.2	-0.2 ↓
Manufacturing	21.4	1.0 ↑
Oil	4.5	-1.5 ↓
Imports	30.1	9.3 ↑
Deficit	-2.9	

	Jan 2012	Jan 2013	
Financial Indicators			
Inflation Rate	3.8	3.2	↓
Interest Rate (CETES 20)	4.27	4.15	↓
Stock Market Index (IPC)	37,422	45,278	↑
Exchange Rate (pesos/dólar)	13.1	12.8	↓
International Reserves (US bd)	148.3	165.5	↑
Employment			
Open Unemployment	4.99	5.42	↓

	Dec 2011	Dec 2012	
Economic Growth			
Global Economic Activity Index (GAE)	3.7%	1.4%	↓
Industrial Activity			
Industrial Production	2.8%	-1.1%	↓
Manufacturing	3.7%	-0.9%	↓
Mining	-1.3%	2.4%	↑
Construction	3.6%	-5.0%	↓

Source: Ministry of the Economy with Banxico and INEGI data.

US bd= US billion dollar

Selected Readings

New Ideas for a New Era: Policy Options for the Next Stage in U.S.-Mexico Relations

Author: Christopher E. Wilson, Eric L. Olson, Miguel R. Salazar, Andrew Selee and Duncan Wood. Wilson Center, January 2013

Once every twelve years, U.S. and Mexican presidential elections coincide, creating a natural opportunity to strengthen ties. The Peña Nieto administration seeks a rebalancing of the agenda, giving greater weight to strengthening the economic competitiveness of the region, and there is reason to believe such an approach could achieve some success. The purpose of this report is to identify areas in the bilateral relationship where mutually beneficial cooperation can be pursued.

www.wilsoncenter.org/sites/default/files/new_ideas_us_mexico_relations.pdf

Infrastructure Projects in Mexico

Guaymas Port Expansion

Sponsor: Ministry of Communications and Transport (SCT)
Location: Sonora
Project Value: \$40 million

The Guaymas Port expansion, expected to start early in April, will be conducted in several phases. The first phase will consist of a dredging expansion from 4 to 14 meters, beaconage, signaling, protection works, and fillings. Details of the agreement are scheduled to be completed by April.

Business opportunities: engineering, construction materials, signaling equipment, and dredge equipment.

Yucatan Solar Power Plant

Sponsor: Yucatan State Government
Location: Yucatan
Project Value: \$360 million

Spanish PV developer Isofotón has signed a memorandum of understanding (MoU) with the Yucatán state government in Mexico to develop a 150MW PV facility. Construction of the \$360 million project is due to begin in January 2014 and will be constructed in six phases, each of which will involve the installation of 25MWs of PV capacity. The project is expected to take two years to complete and become operational. The solar power plant will help Mexico to reach its target to install 693MW of grid-connected PV between 2016 and 2019.

Business opportunities: engineering, construction materials, solar panels, transmission lines, and electrical equipment.



Chihuahua

As it is Mexico's largest state to share a border with New Mexico and Texas, Chihuahua means economic growth for a variety of companies. With its geostrategic location, it serves as an ideal area capable of attracting not only trade and investment but a young, highly skilled workforce that technologically advanced industries desire. Chihuahua's economy has a strong focus on export-oriented manufacturing which is highly integrated to the North American supply chain. It offers a globally competitive economy that is well-positioned to successfully

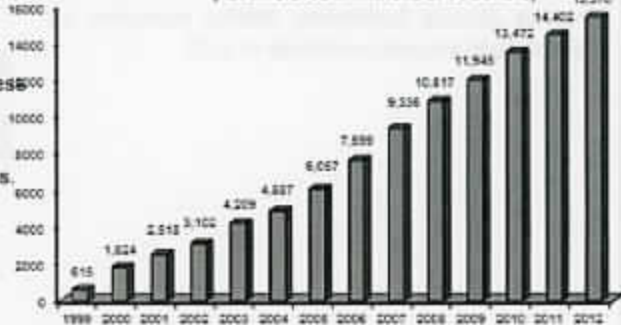


- Main Cities:** Juarez City (pop. 1.3M), Chihuahua (pop. 819K, the capital), Cuauhtémoc (154 K), Delicias (pop. 138K)
- Population:** 3.4 million inhabitants (2010)
85% in the urban areas
- Education:** 129K Students enrolled in high school & technical schools
113 Universities & Technological Institutes
99K Students in college, 40% enrolled in engineering
- Infrastructure:** 3,400 miles of paved roads
1,021 miles of four lane highways
3,567 Truck companies; 18,740 total trucks
1,649 miles of railroads, the largest system nationwide, link the state to Mexico's main industrial regions and the U.S.' Southern border-crossing points
5 International ports of entry along the U.S. border
2 International airports: Chihuahua's provides access to 3 international destinations and 7 domestic cities, moving 855K passengers annually; and Juarez's connects to 8 domestic destinations.
37 Industrial parks
621K Fixed telephone lines
85 Mobile telephone users per 100 inhabitants
444K Cable TV subscribers
387 Bank branches
1,357 ATMs

- Exports:** \$44.9 billion (2010)
Imports: \$39.1 million (2010)
Major Exports: autoparts, electronic devices, engines, appliances, harnesses, precision instruments, aerospace parts, computers, medical devices, apparel, beef, cattle, paper, copper, steel, textiles
Foreign Direct Investment (FDI): \$15.4 billion (1999-2012)
FDI Companies: 1,265
Countries with major investments: U.S., Canada, Switzerland, Japan, Netherlands, Taiwan

Foreign Direct Investment

(Accumulated in millions of US dollars)

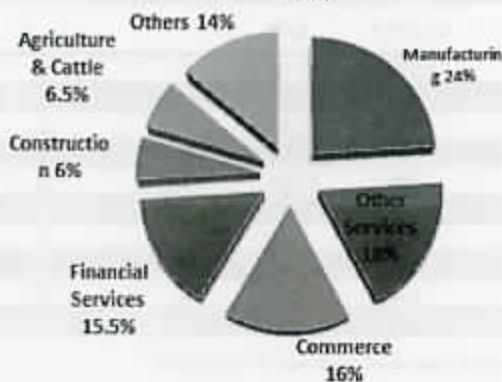


Source: Ministry of the Economy.

Chihuahua's key economic sectors are: automotive, electronics, aerospace, appliances, electrical machinery, information technology, biotechnology, mining, food processing, and livestock.

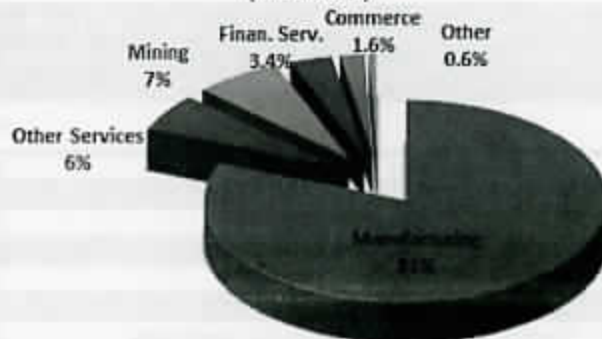
Gross Domestic Product

2011



Foreign Direct Investment by Sector

(1999-2012)



Largest corporations in the State:

Ford, Valeo, Jabl Circuit, Labinal Safran, Cessna, TRW, Honeywell, Hawker Beechcraft, Murphy Aircraft, Bosch, Clarion, Capsonic, Visteon, Siemens, Cummins, Lockheed Martin, Foxconn, Soletron, Lear Corp., Lexmark, Motorola, GE, Electrolux, Osram, Philips, Toshiba, Sunbeam, Thomson, Enertec, Johnson Controls, Alcoa, Metalsa, Goodyear, Yazaki, Condumex, Carplastic, Grupo Mexico, Ponderosa, Interceramic, Cementos Chihuahua, Delphi, Infra, Bachoco, Herdez, Gamesa, Bimbo, Pepsico, Wrangler, Walmart, Soriana.

Web-site: www.chihuahua.gob.mx
Tel: (011 52 614) 442-3300 ext. 11123 & 23223



Oregon

In 2012, Oregon's exports to Mexico reached \$371 million, up \$245 million from their level in 1993 and an increase of 32.5% in comparison with the previous year.

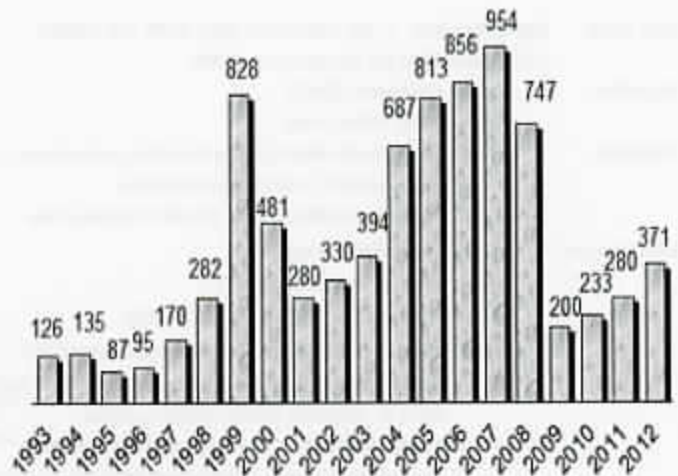
Among all U.S. states, Oregon was ranked 38th as an exporter of goods to Mexico in 2012.

In 19 years of NAFTA, Oregon's exports to Mexico have increased by 195%.

Since NAFTA was implemented, Oregon's sales to Mexico have grown at an annual average rate of 5.9%.

Mexico is an important trading partner to Oregon. It was ranked as the 13th largest export market for goods from Oregon in 2012, illustrating the impact of NAFTA for Oregon's growing businesses. Mexico accounted for 2% of Oregon's exports worldwide in 2012.

Exports to Mexico 1993 - 2012 (Millions of US Dollars)



Source: US Census with adjustments made by the World Institute for Strategic Economic Research (Wiser), and SE-NAFTA. 1993-1996 by SIC and 1997-2012 by NAICS.

Mexico is a large market for products from Oregon

Sorted by 2011 Exports to Mexico, total value in millions of US dollars

NAICS	Description	Exports to Mexico	Exports to the World	Mexico's Share	Rank among state Exports to Mexico	Rank among state Exports to the World
		371.2	18,300.4	2.0%		
111	Agricultural products	69.7	2,575.0	2.7%	1	2
333	Machinery, except electrical	59.3	1,791.8	3.3%	2	3
334	Computer and electronic products	52.6	6,414.8	0.8%	3	1
325	Chemicals	38.3	1,560.8	2.5%	4	4
326	Plastics and rubber products	29.6	230.2	12.8%	5	12
336	Transportation equipment	28.4	1,179.1	2.4%	6	5
335	Electrical equipment, appliances and components	22.2	330.2	6.7%	7	11
321	Wood products	18.8	525.7	3.6%	8	9
322	Paper	16.0	450.1	3.6%	9	10
332	Fabricated metal products	9.4	272.2	3.5%	10	13

These 10 sectors account for 92.7% of the state's total exports to Mexico, and account for 83.8% of the state's total exports to the World

Source: US Census with adjustments made by the World Institute for Strategic Economic Research (WISER), and SE-NAFTA.