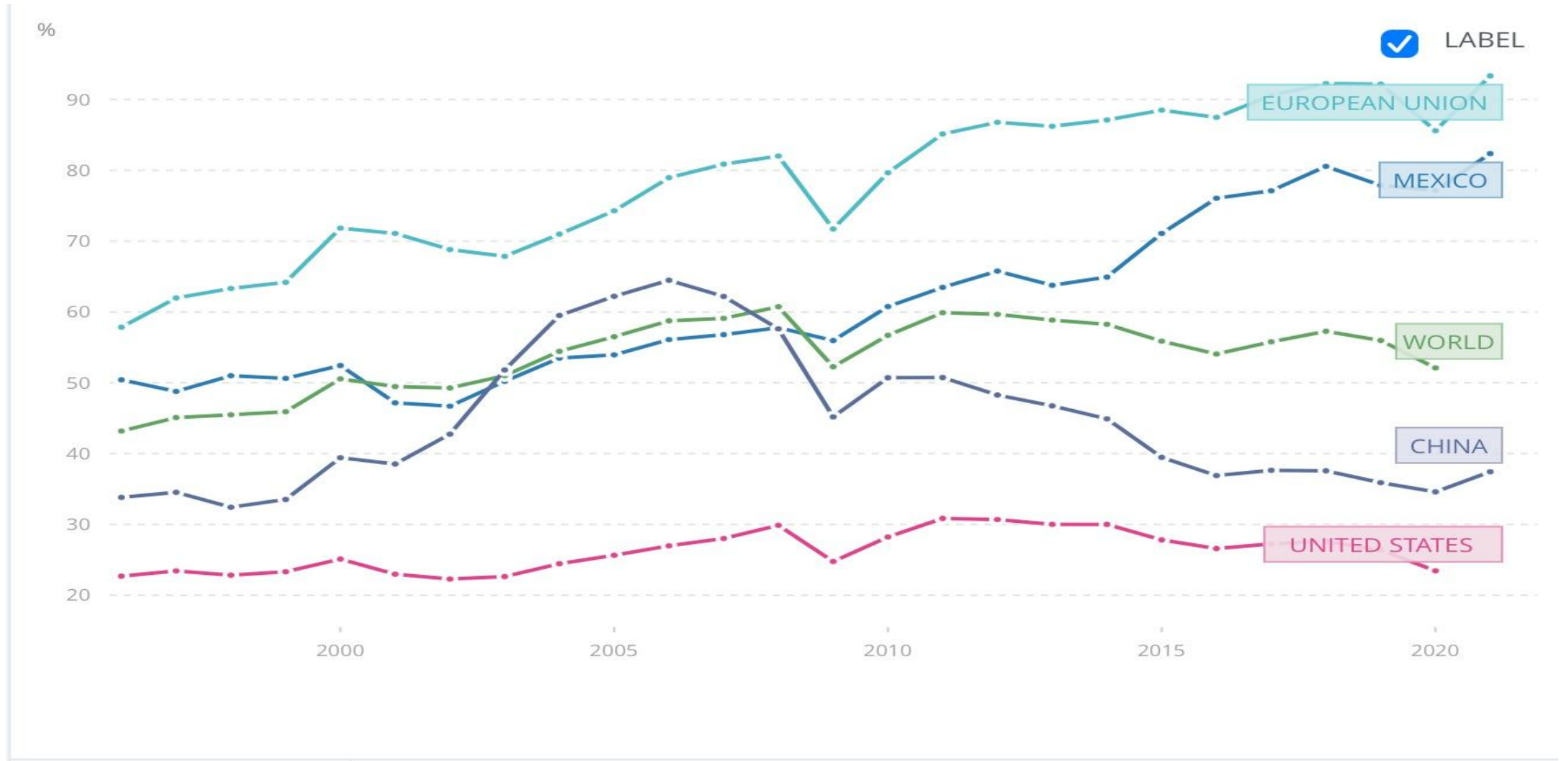


MEXICO TRADE POLICY PREVIEW

FRIENDS OF MULTILATERALISM GROUP

FERNANDO DE MATEO

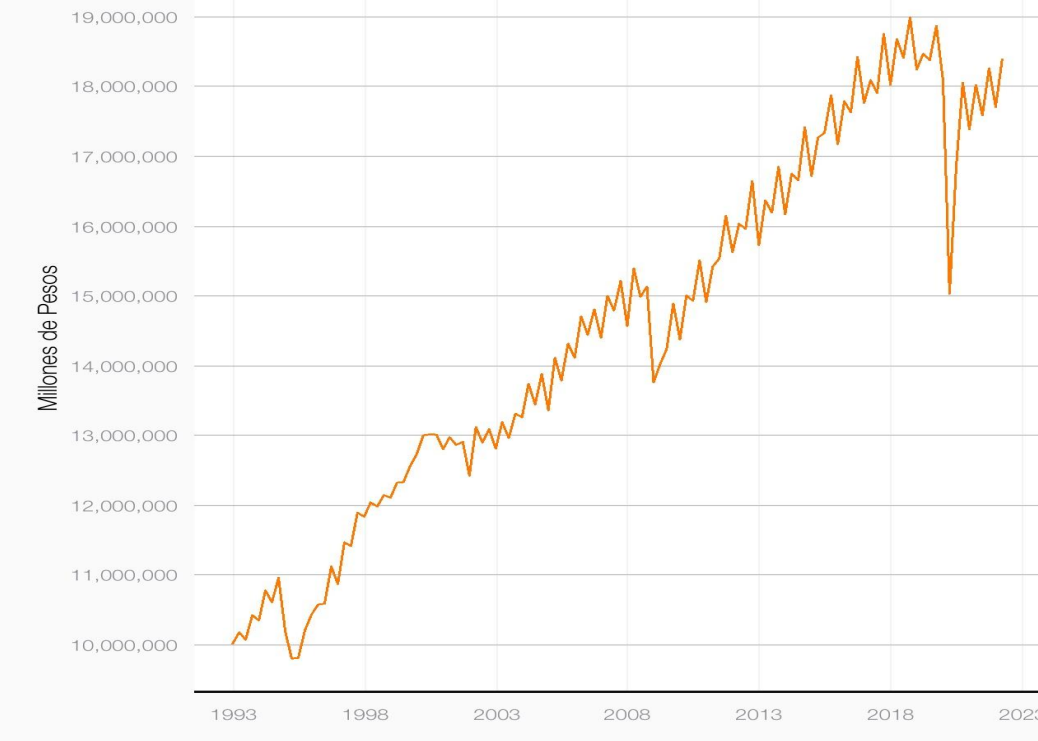
TRADE % OF GDP



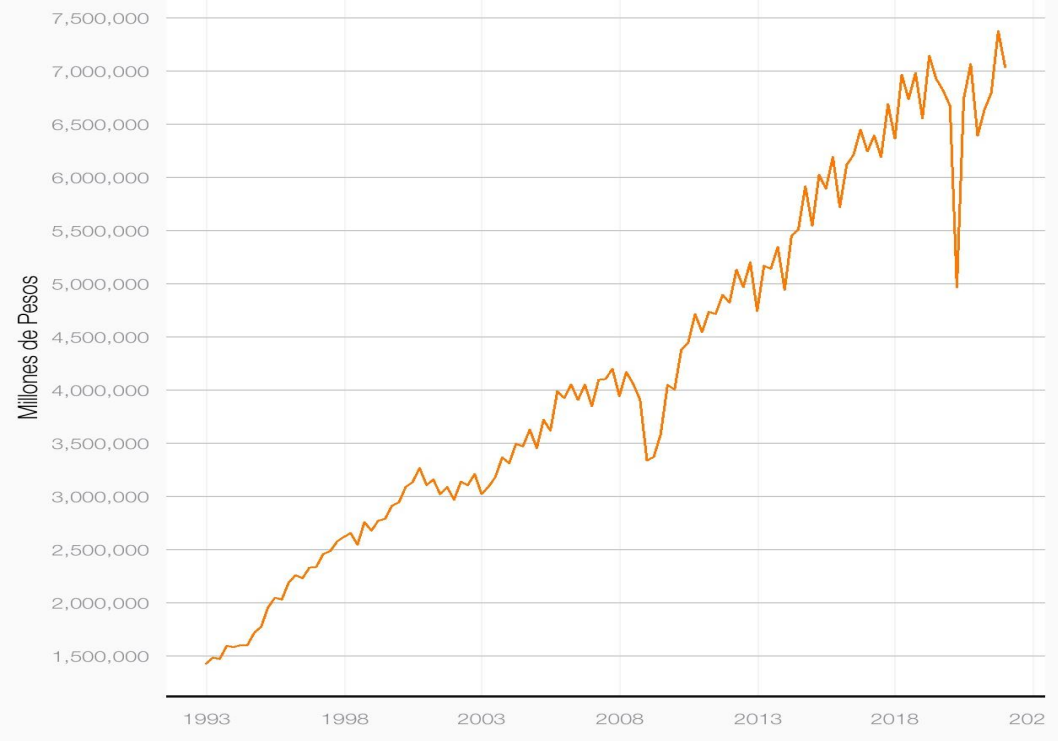
MEXICO: QUARTERLY GDP AND EXPORTS

IN 2013 \$MX

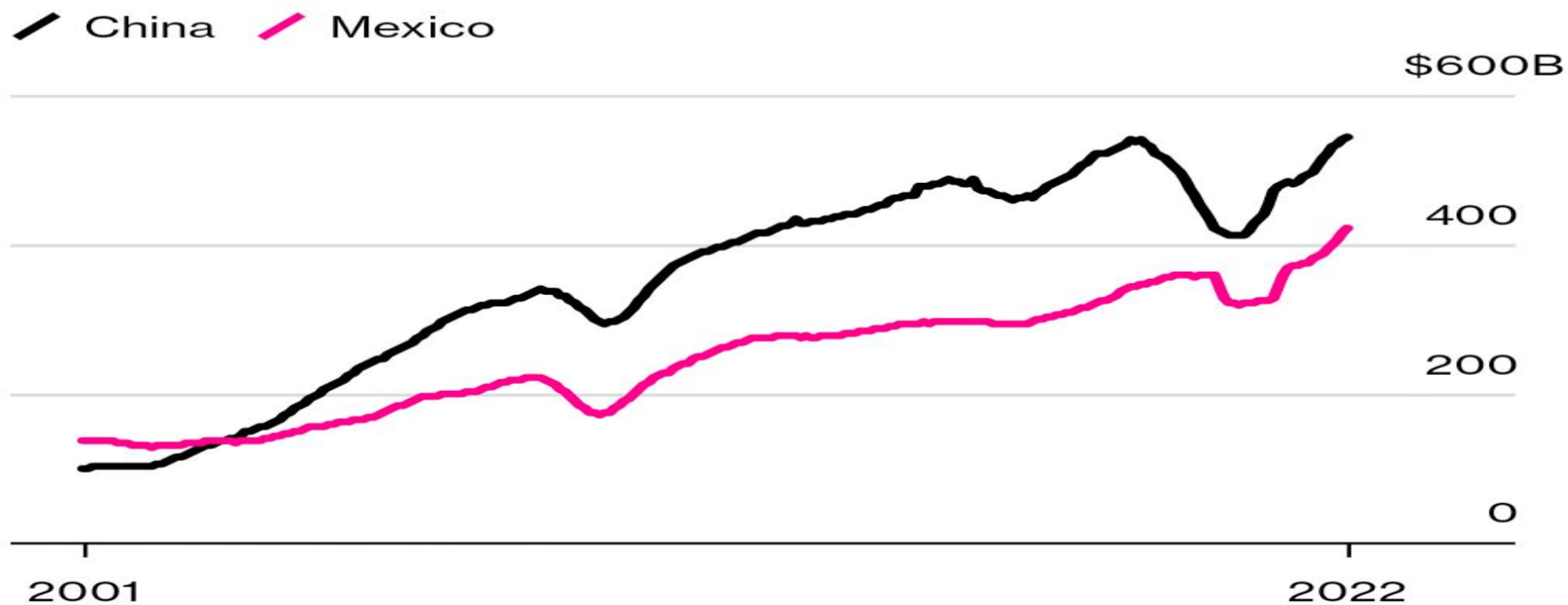
GDP



EXPORTS



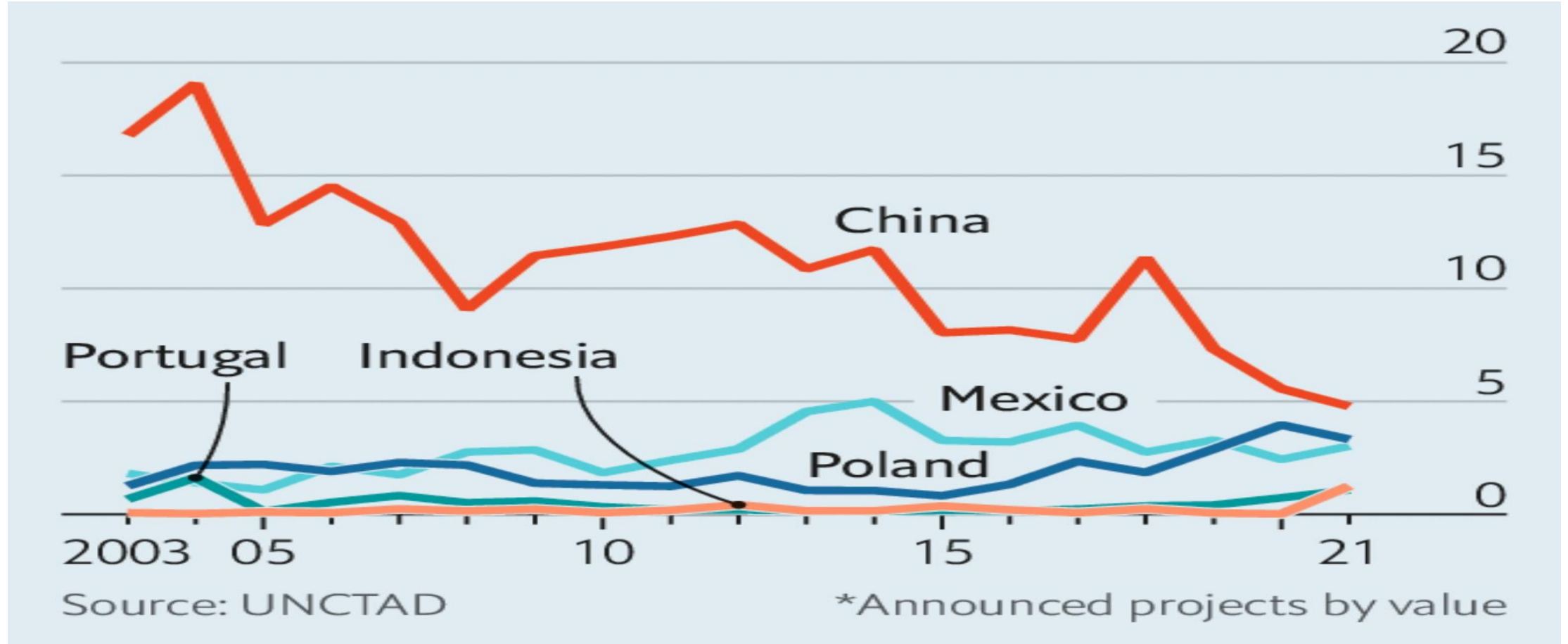
US: IMPORTS FROM CHINA & MEXICO



Source: Bloomberg

Note: Chart shows US imports from China and Mexico on a 12-month rolling sum basis

GREENFIELD FDI AS INDICATOR OF NEARSHORING

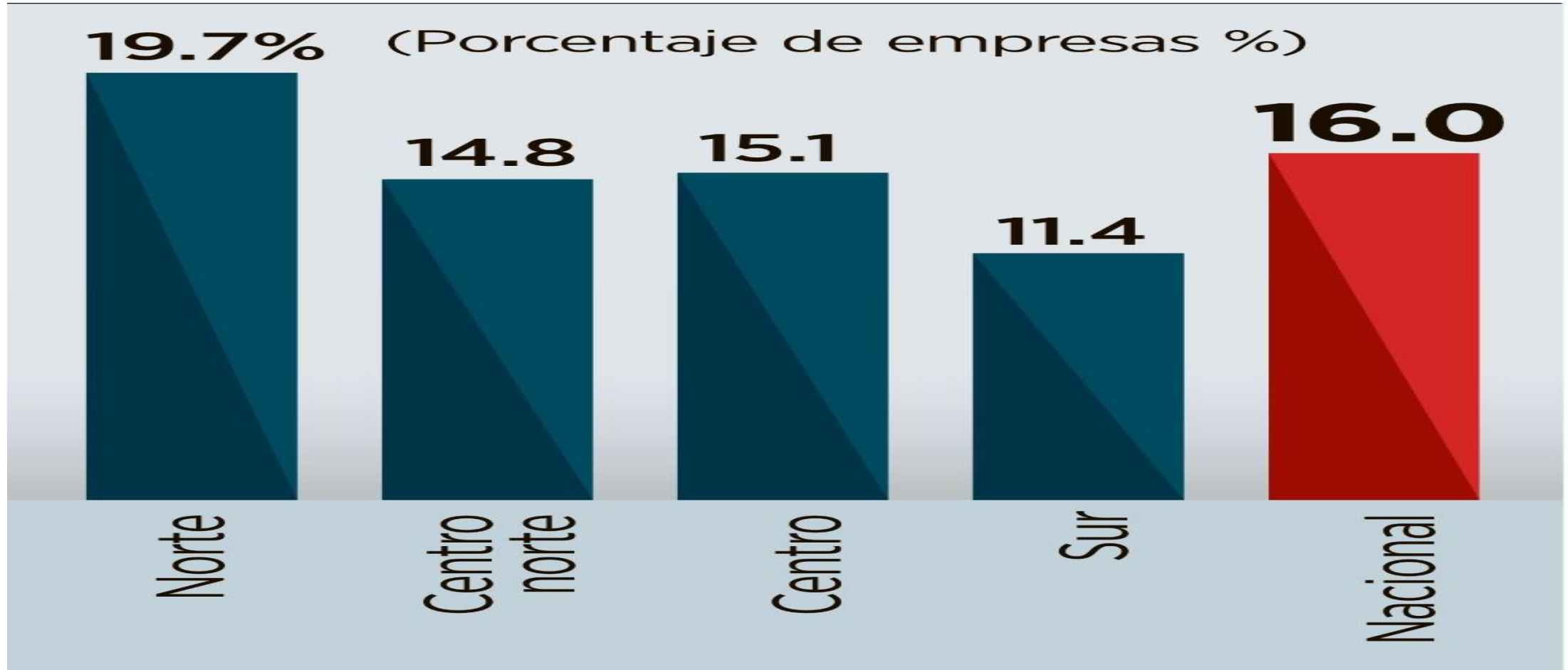


Source: UNCTAD

*Announced projects by value

MEXICO: FIRMS BY REGION WITH INCREASES IN DEMAND OR IN FDI DUE TO NEARSHORING

Source: Survey Banxico



MAIN COMPLAINS ON POLICIES RELATED TO TRADE

- General complain: Rule of law not always respected → Violation of trade agreements + obstacles for nearshoring
- US + Canada consultations: *Prioritization of the distribution of CFE-generated power. *Mexico's delays, denials, and revocations of foreign companies' abilities to operate in Mexico's energy sector. *Granting only PEMEX an extension to comply with the maximum sulfur content in Diesel. *Advantages to PEMEX, CFE, and their products in the use of Mexico's natural gas transportation network.
- Private sector generally supports the US & Canada complains given the high price of electricity in Mexico + fear of retaliation
- **Backtracking on trade facilitation.** Red ink has substantially increased in the past few years, repeatedly asking for the submission of the same documentation or verification operations. → lack of integration of the customs and the tax authorities' databases and of a risk management system. Digital customs has not materialized
- Excessive and repetitive documentation to get customs clearance. The burden of the process is shifted from the authority to the taxpayer instead of optimize the procedures. Long time to get a response for each operation. Increasing uncertainty of getting an authorization. E-paperwork has increased with the stated purpose of reducing smuggling, but what has increased is the fines derived from mistakes in filling the forms.
- After 12 years of its implementation, 20% of trade-related requirements is outside the single window. Most of the institutions devoted to foreign trade have disappeared. Trade functions by itself and not as a public policy. Good news is that the government has not used trade as the main lever to an "industrial policy".
- According to *World Tariff Profiles* the average tariff for agricultural products has decreased 1 percentage point to 13.5% whereas in non-ag products has increased 1/3 of a percentage point to 6%.