



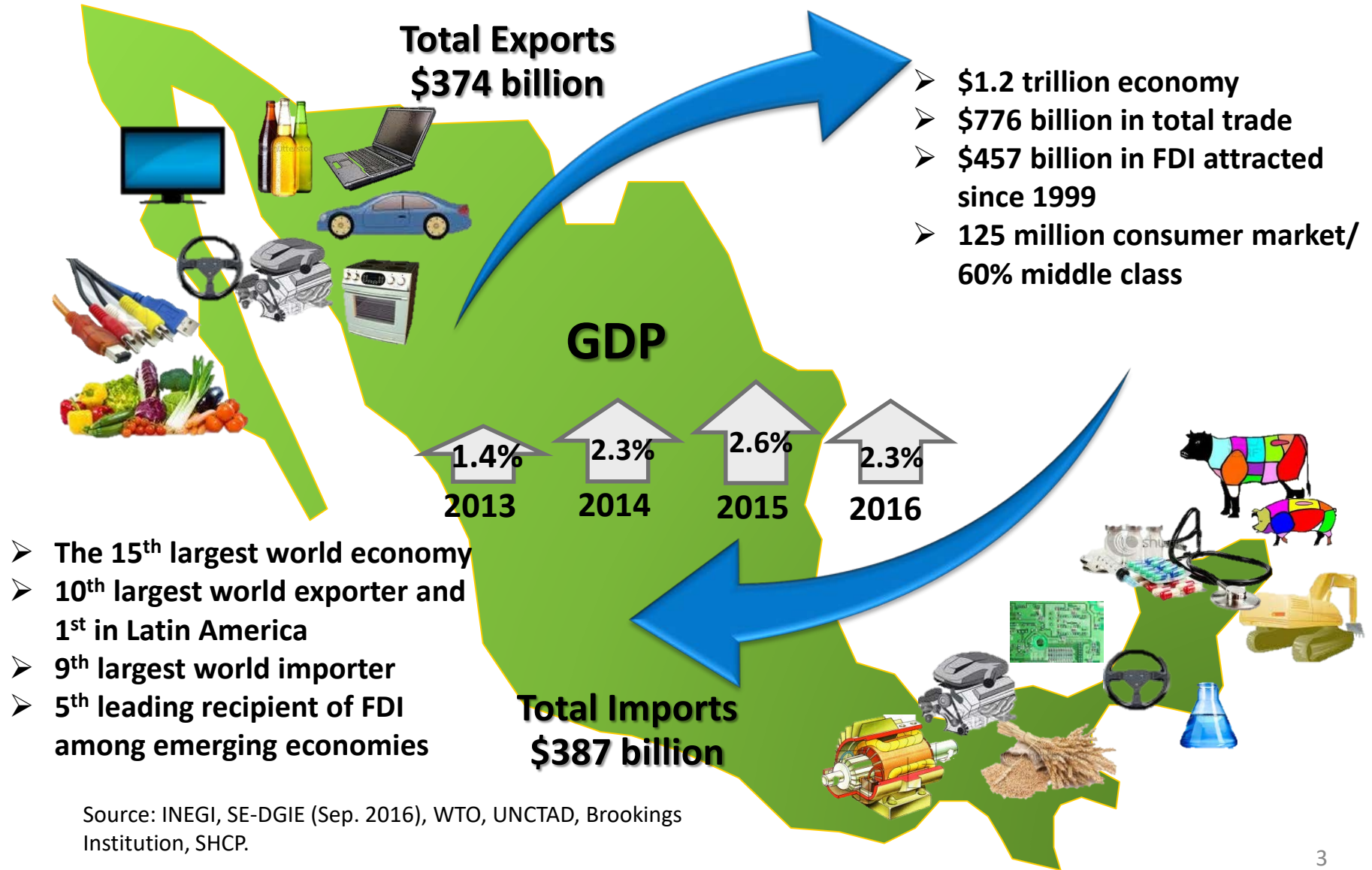
NAFTA



U.S. – Mexico Trade Relationship

Mexico is a growing economy

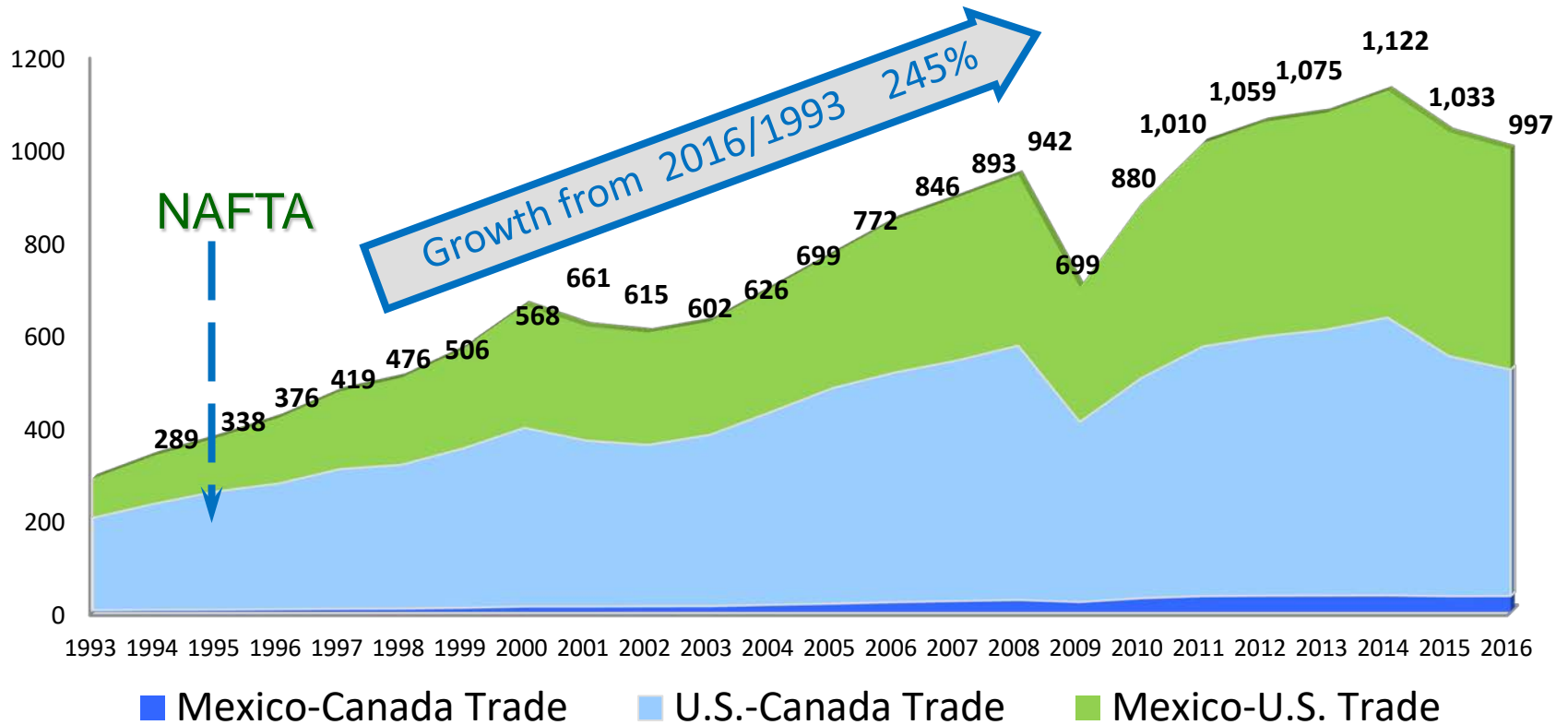
✓ Mexico has built a solid framework for macroeconomic stability in the past two decades



Recognizing the importance of NAFTA

- ✓ Trilateral trade has more than tripled, reaching nearly \$1 trillion in 2016.

Trilateral Trade between the NAFTA Partners



Source: SE with import data from Statistics Canada, Banxico, and USDOC, and World Bank.

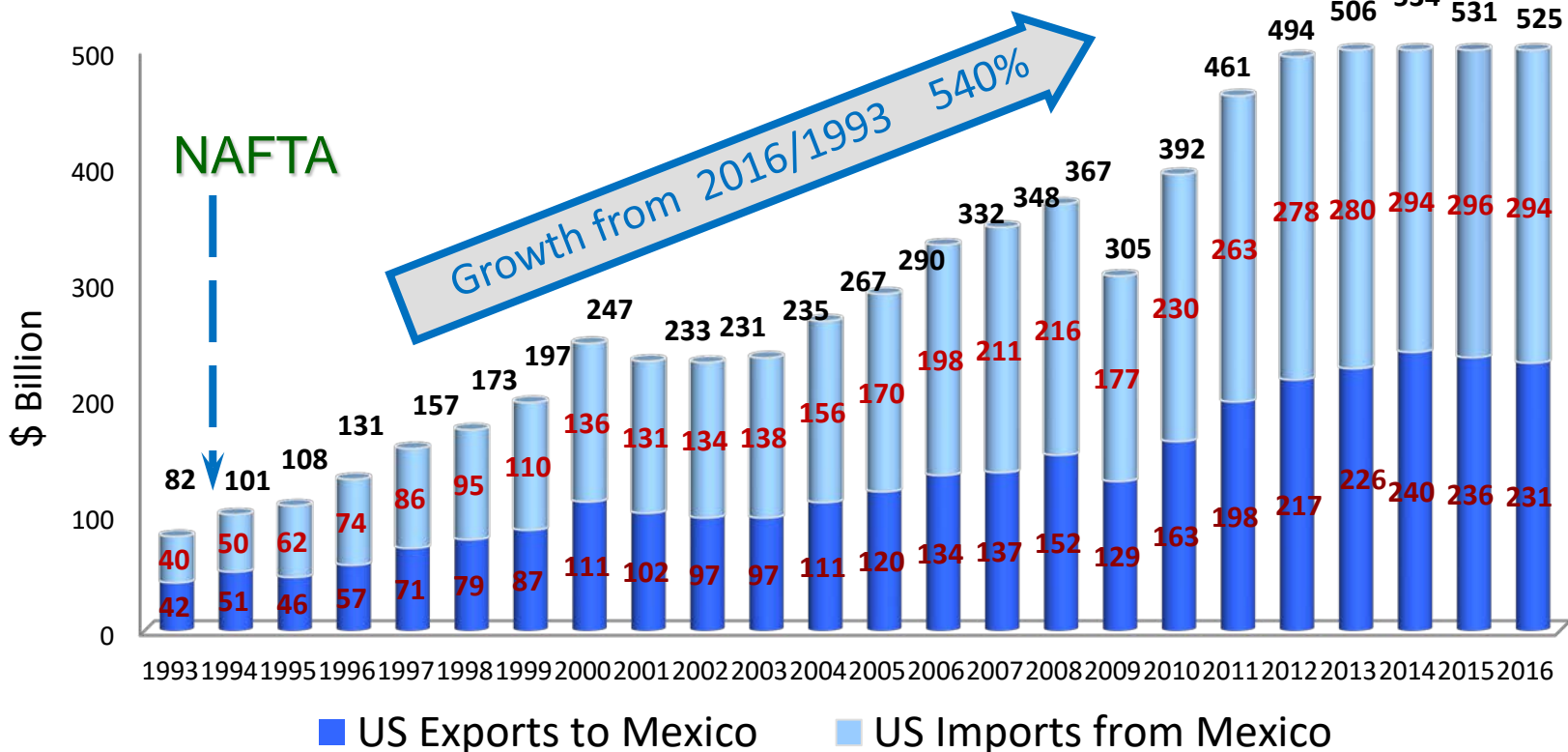
Since NAFTA, U.S.-Mexico trade has multiplied by six

- ✓ Mexico is the U.S.' third-largest trading partner
- ✓ \$1.5 billion dollars in products are bilaterally traded each day

a million dollar a minute business



U.S.-Mexico Trade



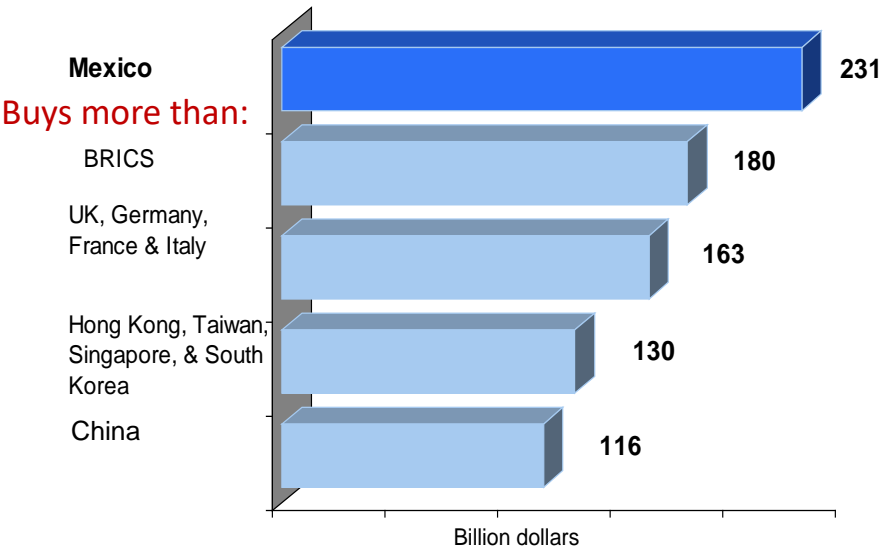
Source: USDOC.

Mexico is the U.S.'s second-largest export market and second-largest supplier of goods

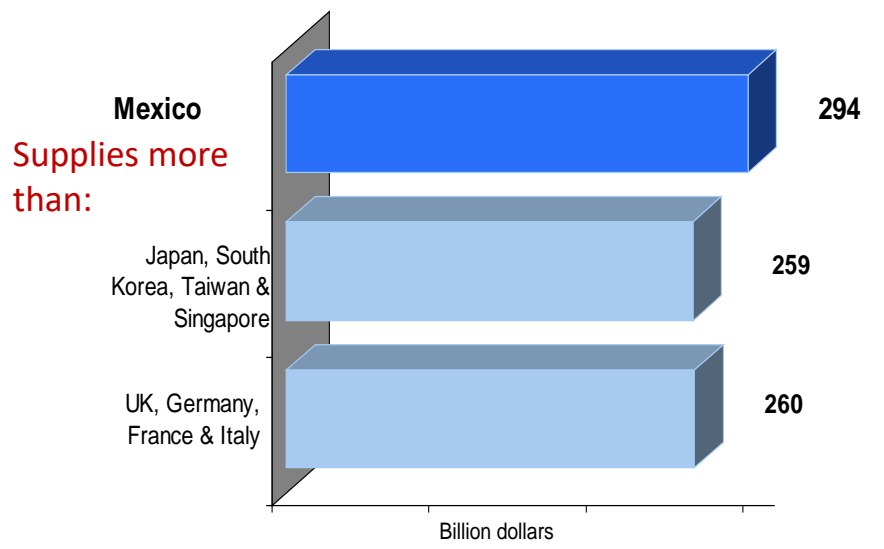
✓ U.S. exports to Mexico reached \$231 billion last year, which represents more than 16% of its sales worldwide.

✓ U.S. imports from Mexico reached \$294 billion. Mexico has a market share of 13% of US total imports.

U.S. Exports 2016



U.S. Imports 2016



Source: USDOC . BRICS includes Brazil, Russia, India, China, and South Africa

US-Mexico trade is diversified and highly integrated, strengthening supply chains in key industries

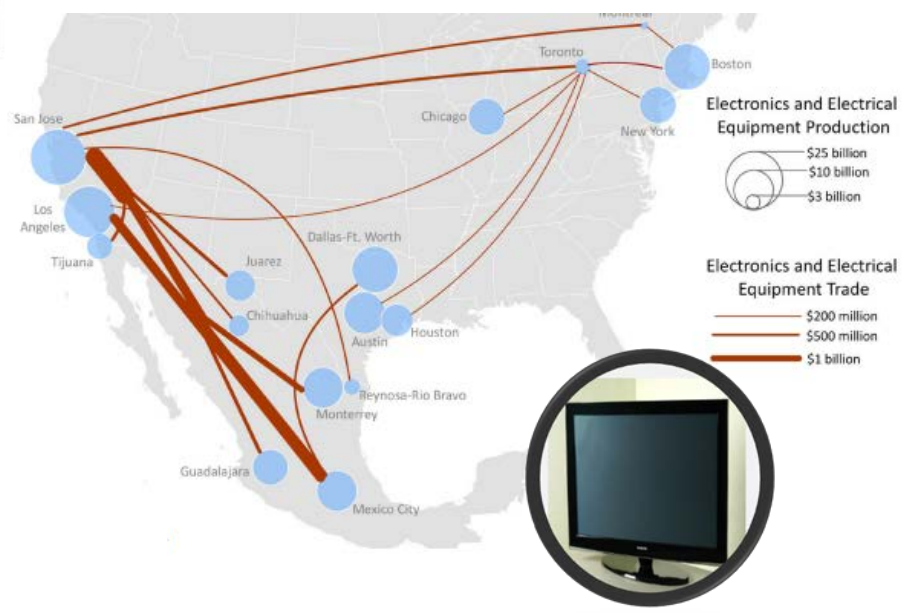


AUTO & AUTO-PARTS

- ✓ Mexico is the 7th largest producer and 4th exporter globally of new light vehicles in the world.
- ✓ \$123 billion dollars in cars and parts are traded between Mexico and the U.S. annually.
- ✓ 11% of light vehicles sold in the U.S. were produced in Mexico.
- ✓ Mexico is the main auto parts supplier to the U.S.
- ✓ The Mexican auto parts industry became the 5th largest in the world.

ELECTRIC-ELECTRONIC

- ✓ \$143 billion dollars in electrical and electronic equipment are traded between Mexico and the U.S. per year.
- ✓ Mexico is the leading home appliance exporter in Latin America, and the 6th globally.
- ✓ Leading flat television screen exporter in the world.
- ✓ The second refrigerator exporter.

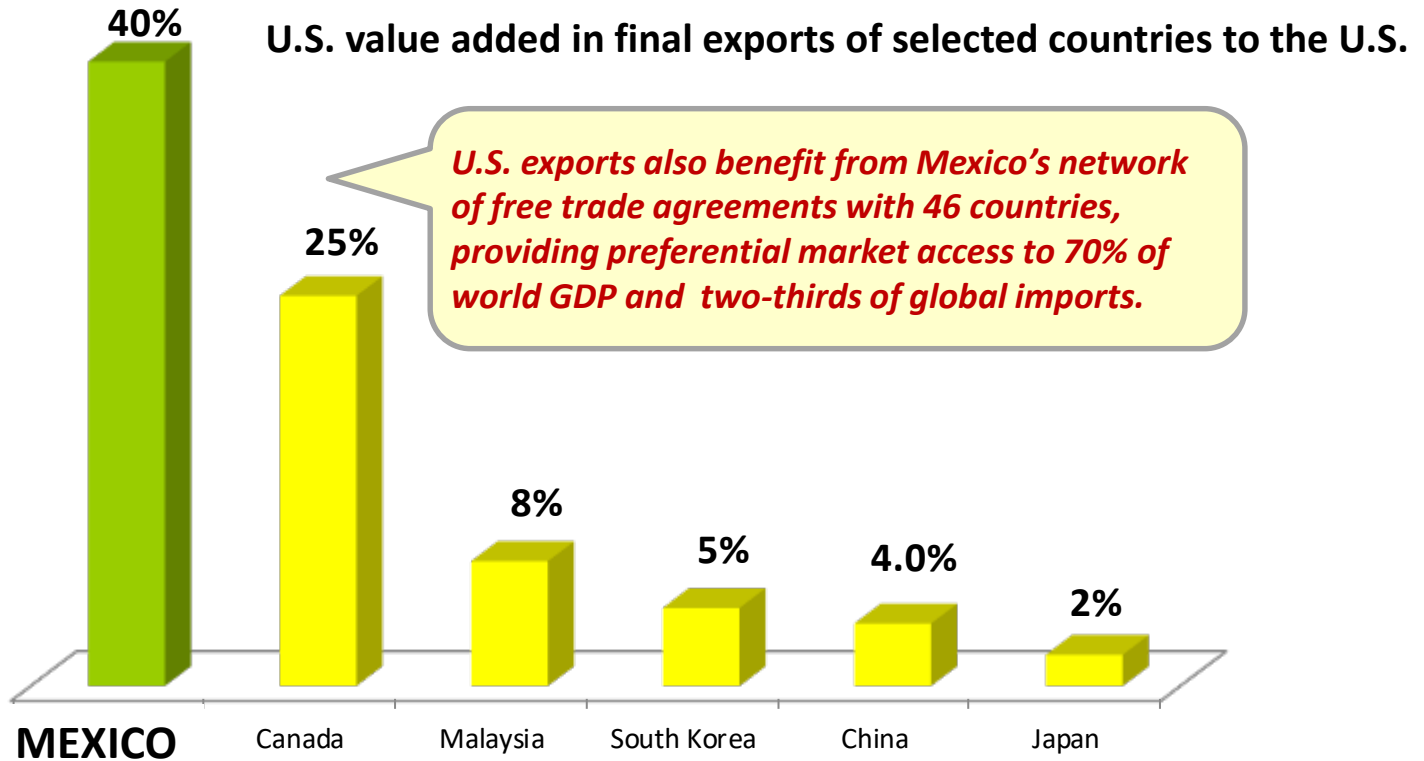


Source: SE with data from Brookings Institution, US Census Bureau, Banxico, and Comtrade.

Mexico is a strategic production partner for U.S. goods and exports worldwide

When Mexico exports, the United States exports.

- There is a 40% U.S. value-added in Mexico's exports to the U.S.

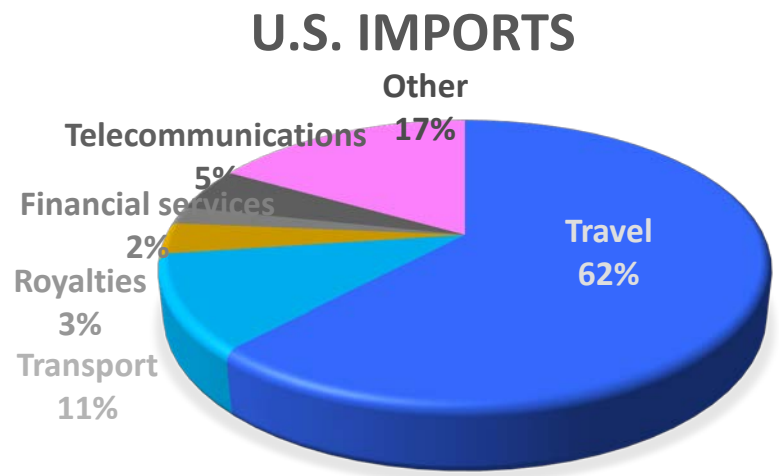
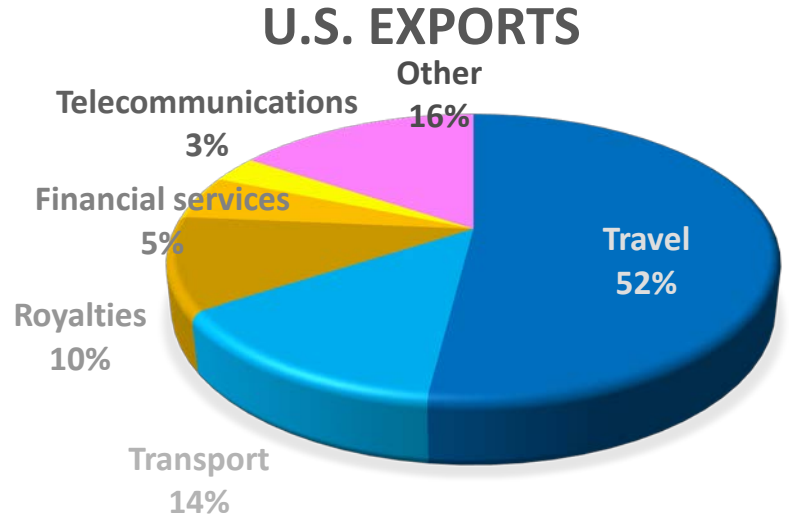
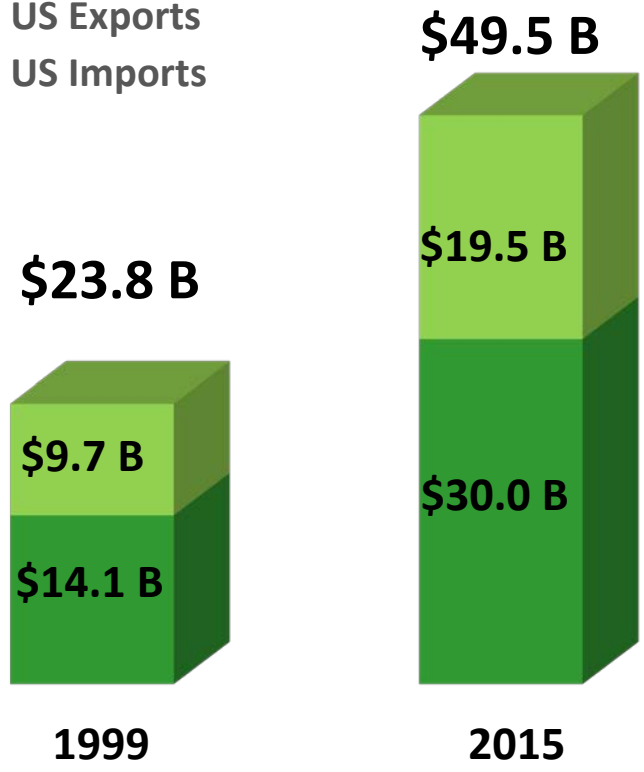


Mexico and the United States do not simply trade goods; we work together to manufacture them

U.S.-Mexico trade in services has doubled since 1999

U.S.-Mexico Trade in Services

- US Exports
- US Imports



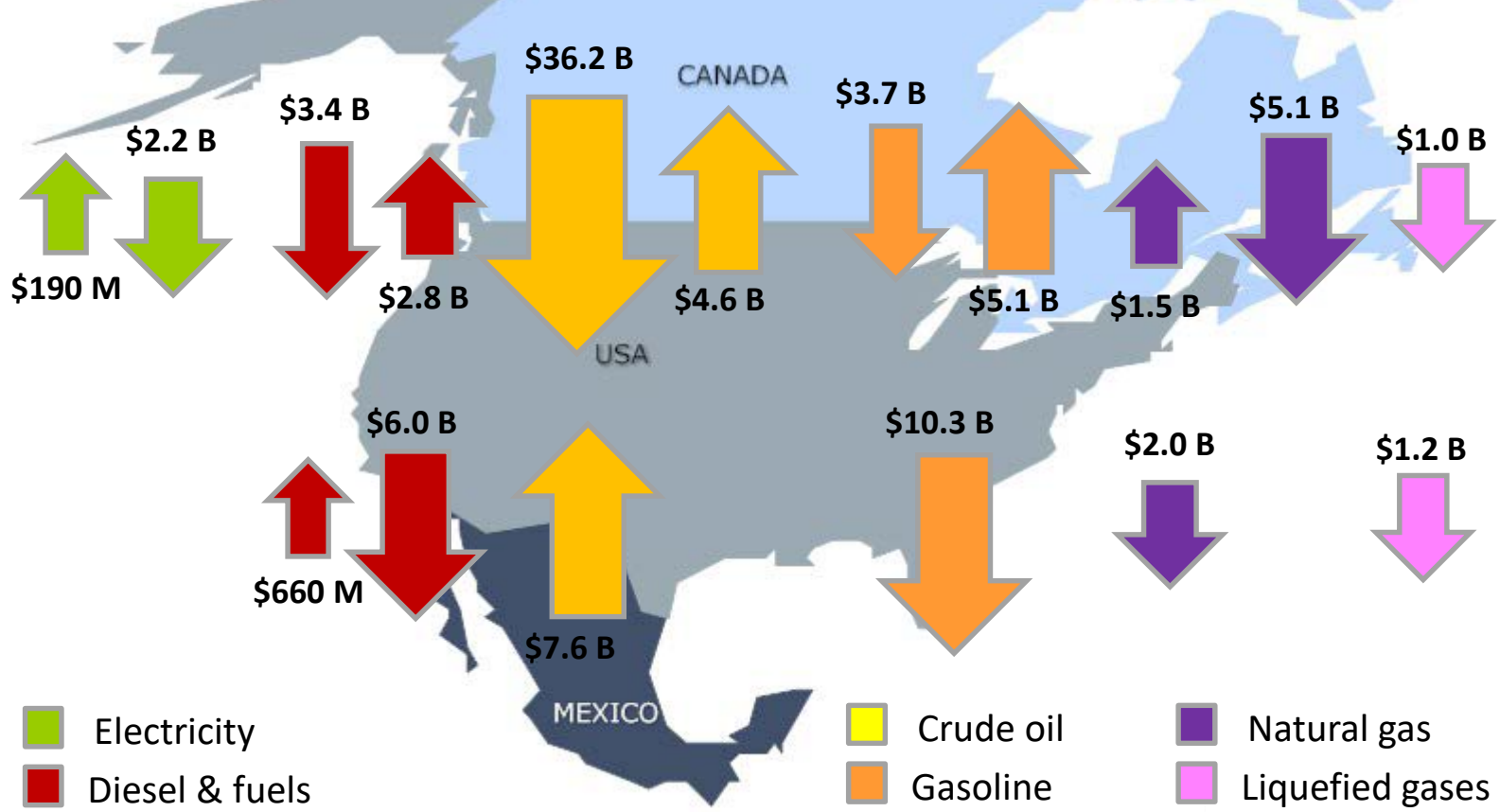
Source: USDOC with data from BEA. Financial services include financial and insurance services, telecommunications include IT services, royalties include charges for the use of intellectual property.

North America is emerging as a global energy power

- ✓ Mexico is the US' largest energy market, consuming over \$20 billion in energy goods
- ✓ Canada is the US' biggest energy supplier, providing over \$54 billion in commodities

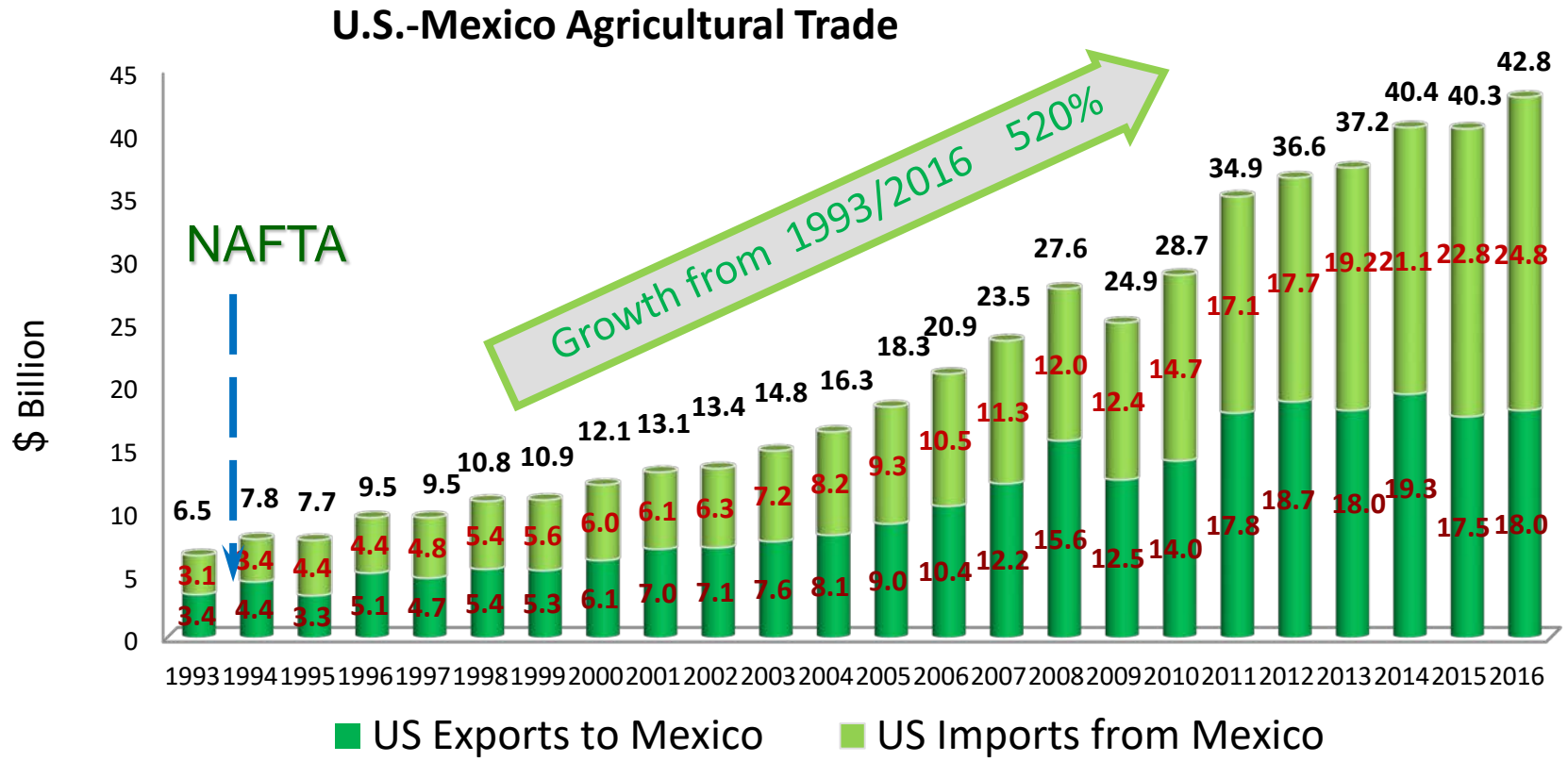
2016 US trade in energy with Mexico and Canada totals \$100 billion, accounting for 40% of its total trade

Source: SE-Washington with data from USDOC



US – Mexico agricultural trade has multiplied by five since NAFTA

- ✓ Mexico is the 3rd destination for US agricultural products and its 2nd largest source of imports

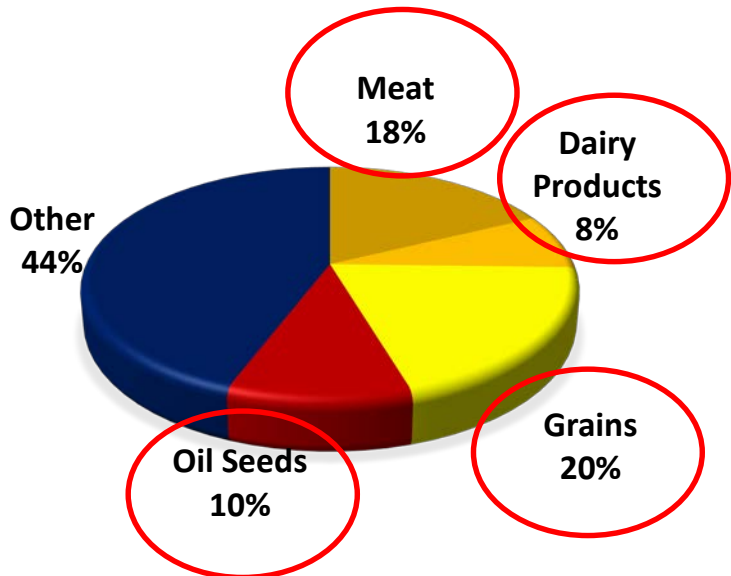


Source: USDOC. Agricultural products include chapters 1 – 24 HS

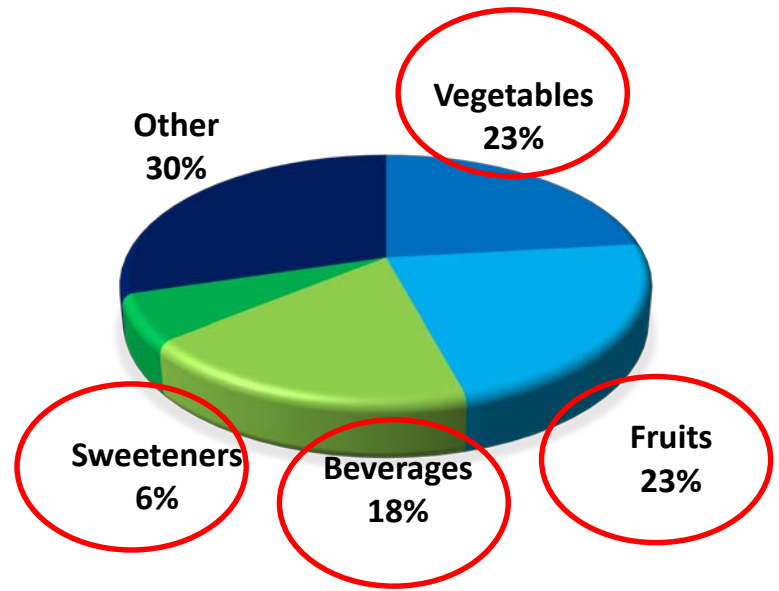
NAFTA promotes trade specialization

- ✓ US exports are concentrated in grains, meat and oilseeds, accounting for 50% of agricultural exports to Mexico.
- ✓ Nearly 50% of Mexico's agricultural exports to the US are fruits and vegetables.

US agricultural exports to Mexico 2016
\$18 billion



US agricultural imports from Mexico 2016
\$24.8 billion



Source: USDOC. Agricultural products include chapters 1 – 24 HS

NAFTA also promotes a more integrated North American agricultural market

- The United States exports \$5.6 billion in grains, oilseeds and animal feed to Mexico, and Mexico produces cattle, hogs and poultry (2016).
- Mexico exports \$590 million of bovine calves to the U.S. and imports \$3 billion in meat and poultry from the U.S. (2016)

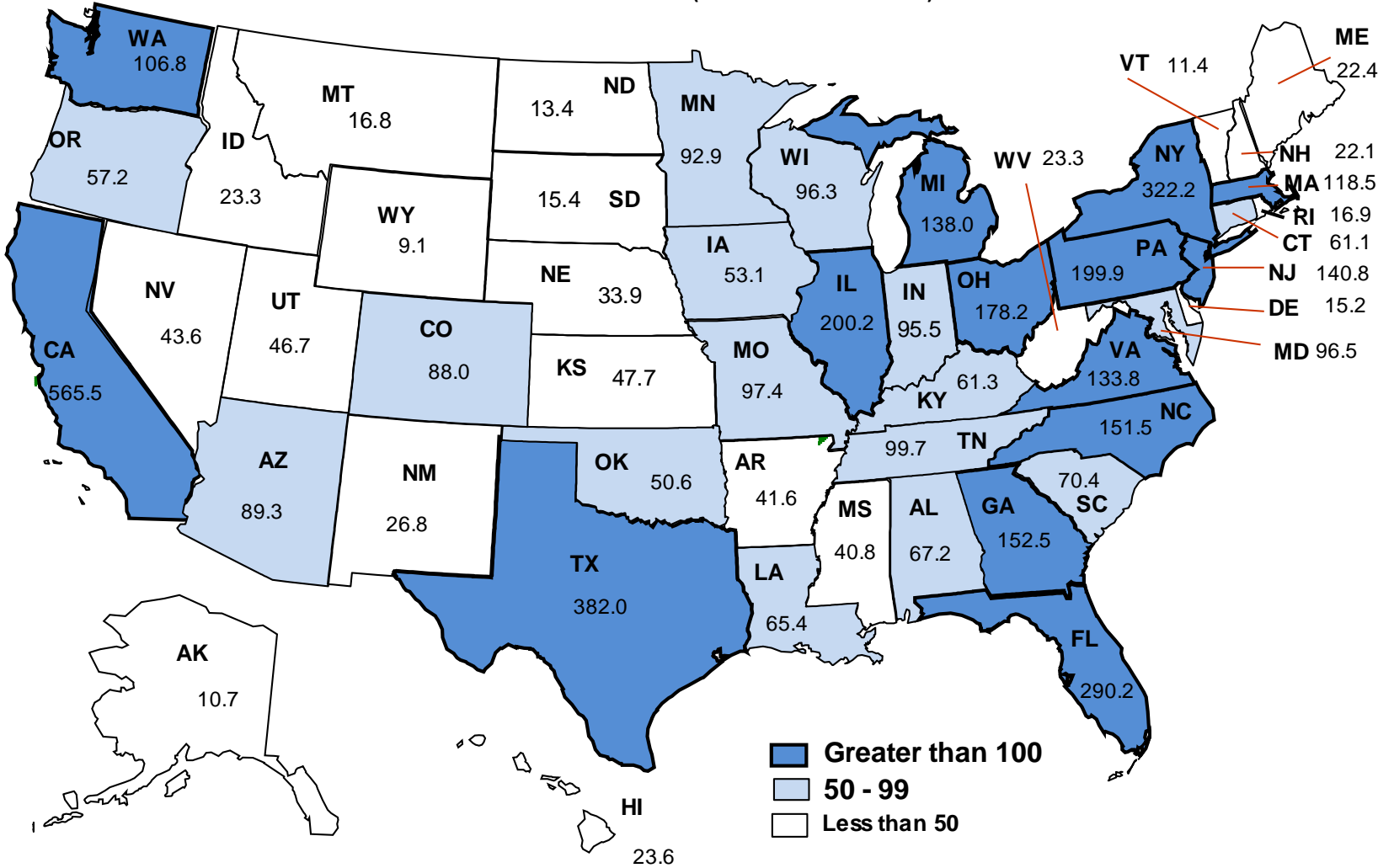
Mexico contributes with 35% of the U.S. total bovine animals imports



Mexico accounts for 20% of the U.S. total meat exports

Nearly 5 million U.S. jobs depend on trade in goods and services with Mexico

U.S. Employment Related to Trade in Goods and Services with Mexico
(Jobs in thousands)

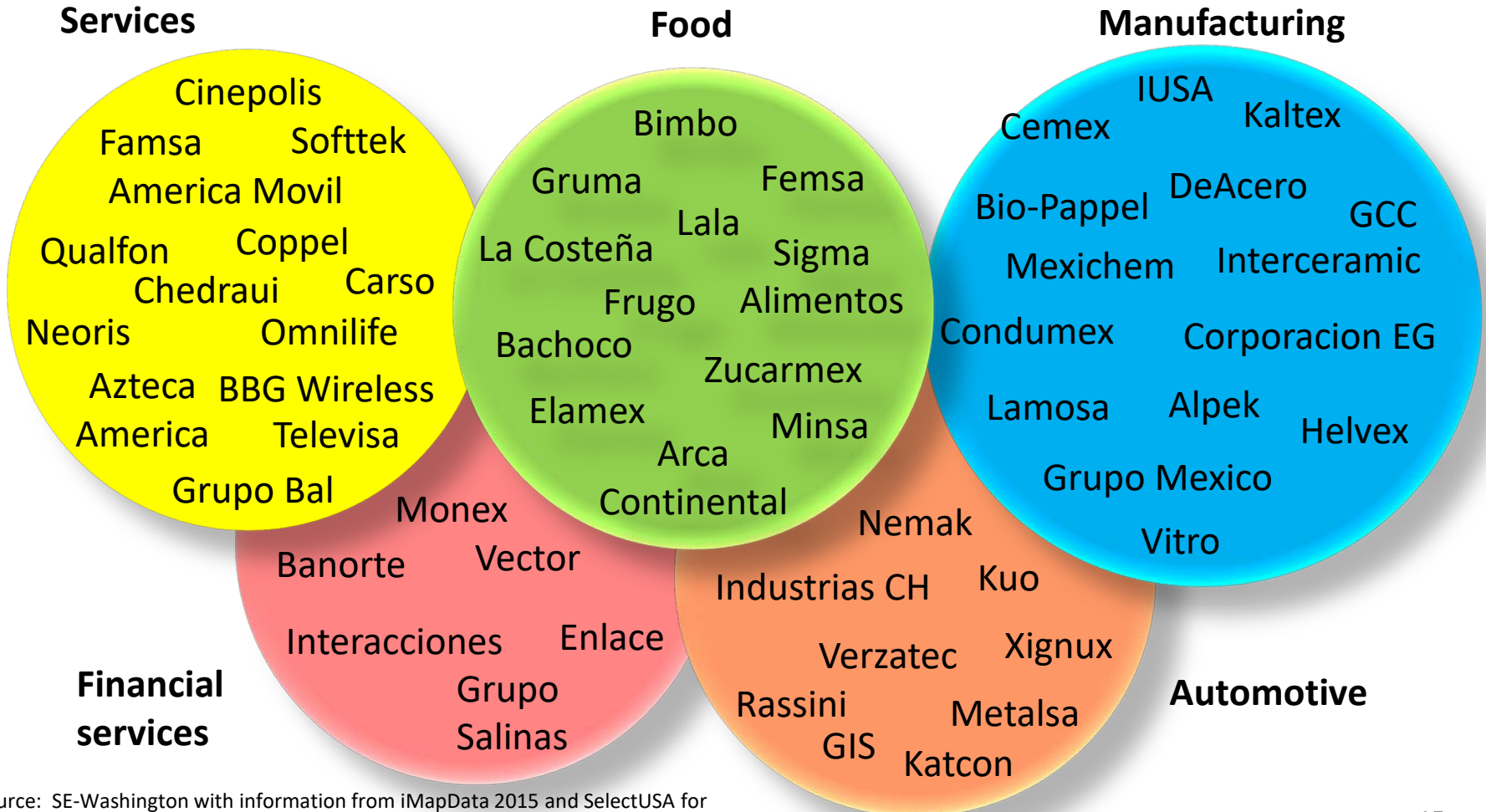


Source: Jobs figures are from 2014, according to *Growing Together: Economic Ties between the United States and Mexico*, Mexico Institute, Woodrow Wilson International Center for Scholars, 2016.

Mexican investment strengthens US competitiveness and supports US jobs

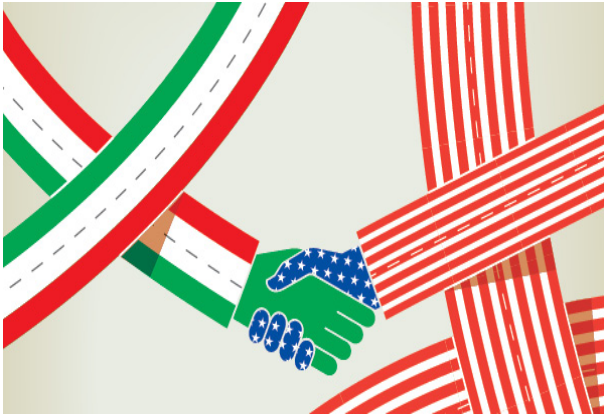
Mexican companies have:

- ✓ invested over \$52 billion in the US and export more than \$1 billion to the global market
- ✓ over 6,500 businesses in the US, providing over 120,000 jobs



Source: SE-Washington with information from iMapData 2015 and SelectUSA for export figure . */ FDI figure from 2016 IMF Coordinated Direct Investment Survey (CDIS), using outward position (stock) data 2015.

Challenges



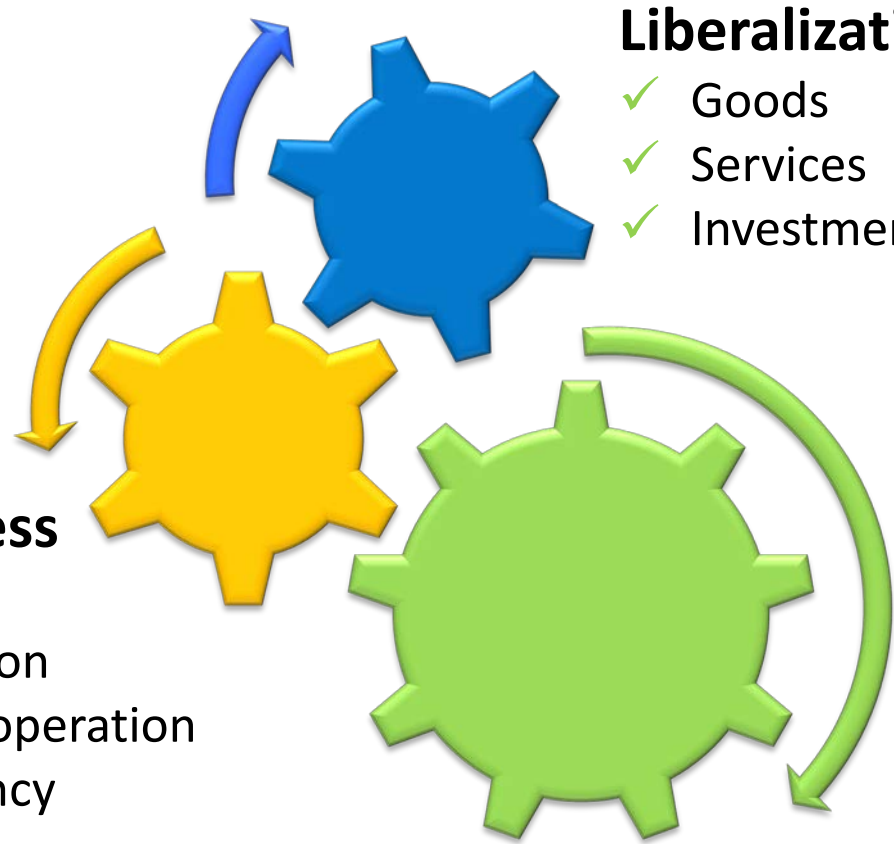
- Expand NAFTA benefits to all sectors and regions of the three countries.
- Streamline regional integration.
- Strengthen regional value chains.

- Efficient border management.
- Develop new elements of competitiveness.
- Rising protectionism.



NAFTA 2.0

NAFTA modernization should rely on:



Liberalization

- ✓ Goods
- ✓ Services
- ✓ Investment

Competitiveness

- ✓ Innovation
- ✓ Trade facilitation
- ✓ Regulatory cooperation
- ✓ Border efficiency

Economic integration

- ✓ Supply chains
- ✓ Energy
- ✓ Talent

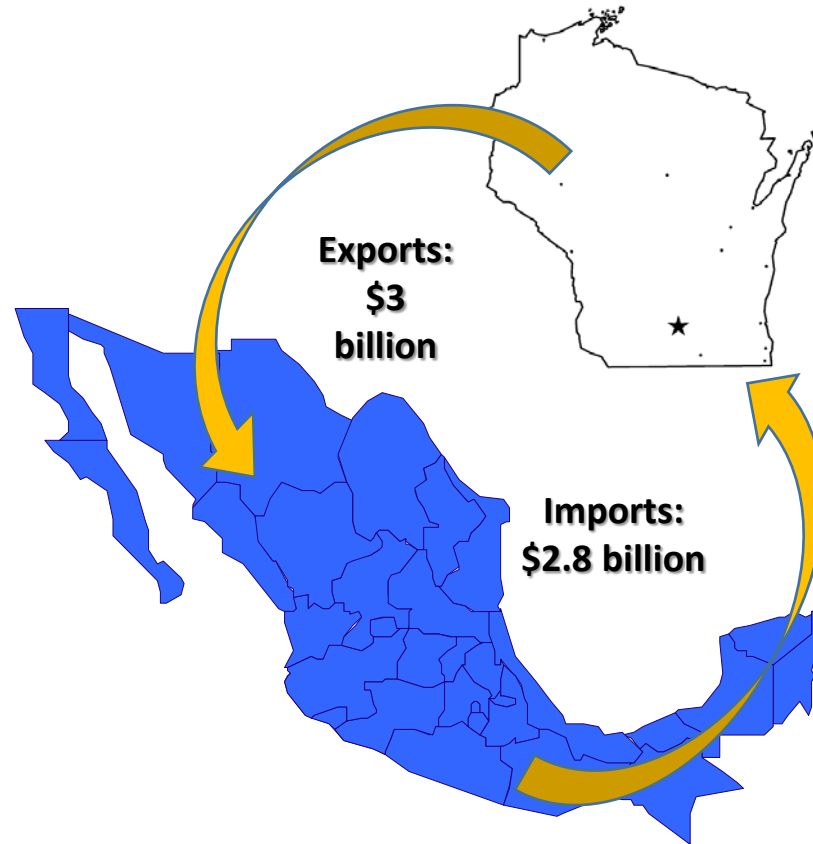
A NAFTA 2.0 should be based on three basic elements:

- A shared assessment that reflects a balanced perception of the benefits that each country has gained;
- A recognition that there is room for modernization, and
- A win-win-win proposition; the outcome of this process must generate benefits for all.

WISCONSIN

Wisconsin - Mexico Trade Relationship

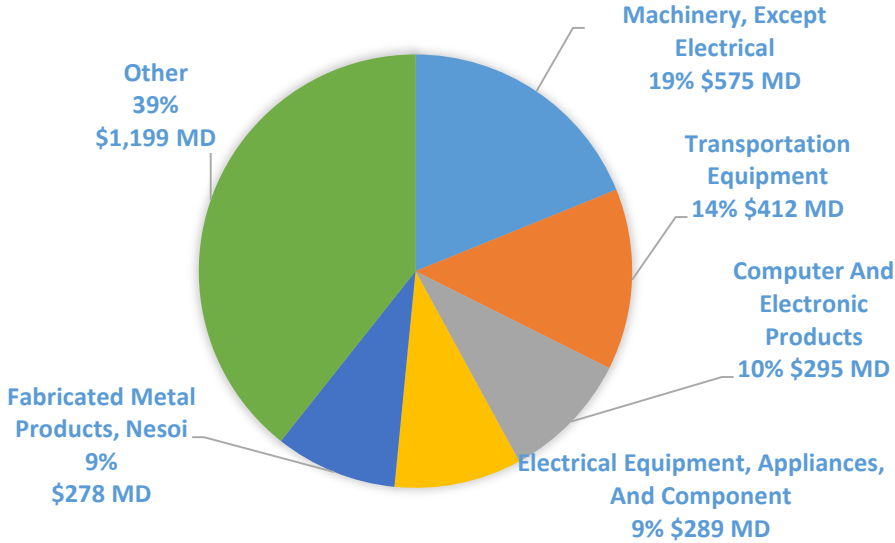
- In 2016, trade between Wisconsin and Mexico surpassed **\$5.8 billion**
- Mexico is Wisconsin's 2nd largest export market, up from 7th in 1993



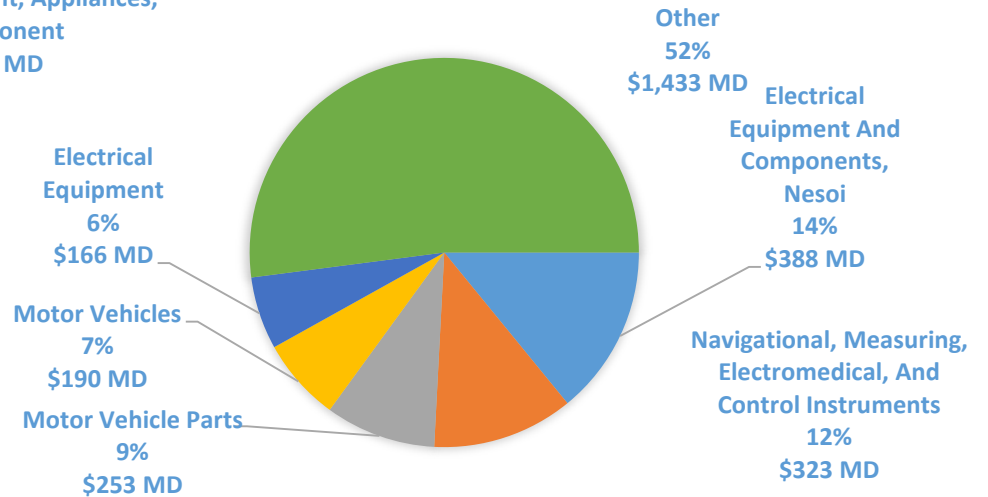


Wisconsin – Mexico trade by industry

Top Export Industries to Mexico



Top Export Industries from Mexico

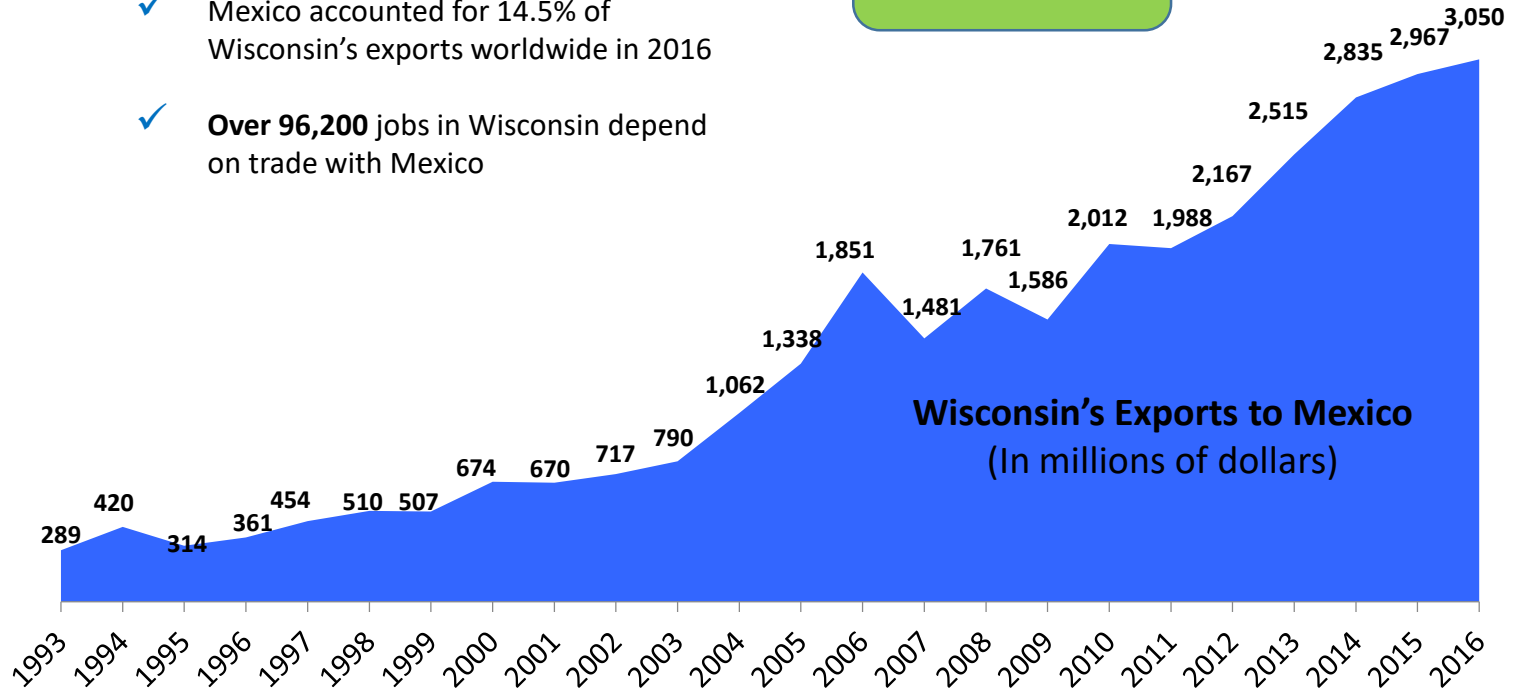


Source: wisertrade.org (2016), NAICS

Wisconsin's Exports to Mexico since NAFTA

- ✓ **954%** increase in Wisconsin's exports to Mexico under NAFTA
- ✓ Mexico accounted for 14.5% of Wisconsin's exports worldwide in 2016
- ✓ **Over 96,200** jobs in Wisconsin depend on trade with Mexico

All-time high set for Wisconsin's exports to Mexico in 2016



Wisconsin's Exports to Mexico
(In millions of dollars)

Sources: wisertrade.org (2016), Jobs figures are from 2014, according to *Growing Together: Economic Ties between the United States and Mexico*, Mexico Institute, Woodrow Wilson International Center for Scholars, 2016.



Wisconsin– Mexico trade by main products

Exports to México: millions of US dollars

Product	2016
Auto Parts	207
Battery Waste, Scrap	203
Centrifuges Parts	146
Soybeans	90
Padlocks, Locks & Keys & Parts	83
Air Conditioning Machines	78
Parts For Engines	68
Articles of Plastics	63
X-Ray Apparatus; Tubes, Panels, Screen and Parts	63
Refrigerators, Freezers and Parts	62

Imports from México: millions of US dollars

Product	2016
Electric Storage Batteries	342
Motor Cars & Vehicles	150
Tractors	143
Electric Transformers, Static Converters and Inductors	124
Automatic Regulating or Control Instruments, Parts	123
Parts for Motor Vehicles	102
Gas, Liquid Or Electric Supply Meters and Parts	100
Padlocks, Locks & Keys	89
Exports of Repaired Imports	81
Parts of Engines	73

Source: wisertrade.org (2016), 4-digit HTS Classification System