



KCCI - Country Wrap: Mexico (FEB.'17)



Mexico – a brief overview

Mexico achieved its independence early in the 19th century after being part of New Spain for three centuries. The country is considered to be the 12th largest exporter overall and 8th largest oil producer in the world.

Economy of Mexico

Mexico has a free market economy and is considered to be in principal a large manufacturing country. The state is increasingly dominated by the private sector available with sound infrastructure for various industries like automobiles along with plenty of oil reserves. All this has made Mexico an attractive destination for investors. Furthermore, country's economic success has been mainly derived from its foreign trade earnings largely based on 12 Free Trade Agreements (FTAs) which covers around 40 countries of the world. The global financial crisis of late 2008 caused a massive economic downturn the following year. However, growth returned quickly in 2010. Ongoing economic and social concerns include low real wages, underemployment, inequitable income distribution, and few employment opportunities for the largely indigenous population in the impoverished southern states. Recently, the government has expanded competition in seaports, railroads, telecommunications, electricity generation, natural gas distribution, and airports.

Key Industries of Mexico

Main industries of Mexico are food and beverages, tobacco, chemicals, iron and steel, petroleum, mining, textiles, clothing, motor vehicles, consumer durables, tourism while its main agriculture products are corn, wheat, soybeans, rice, beans, cotton, coffee, fruit, tomatoes, beef, poultry, dairy and wood products.

Mexico's major trading commodities and partners

Major export partner of Mexico is USA whose share of total exports is 81.1%. Similarly, major import partners of Mexico are USA (47.3%), China (17.7%), and Japan (4.4%).

Economic Relations between Pakistan and Mexico

Mexico opened its Embassy in Islamabad in 2007. The first-ever meeting of the Pakistan-Mexico Joint Commission on trade, investment and economic cooperation was held in Oct'12. The agreement to establish the Pakistan-Mexico Joint Commission was made in 2004.

Bilateral Trade Relations between Pakistan and Mexico

Trade between Mexico and Pakistan is low as more than 80% of Mexican trade is with the USA thus leaving very little room for its trade with other countries. During Fiscal Year 2016, Pakistan exported goods worth \$ 107.9Mn to Mexico as against exports of \$ 112.87Mn in the same period last year showing decline of 4.4% in Pakistan's exports. On the other hand, Pakistan's import from Mexico fell by 19% to \$ 9.26Mn during period under review as against imports of \$ 11.44Mn year ago. The trade balance stood at \$ 98.59Mn remaining in favour of Pakistan.

Potential for enhancing bilateral trade between Mexico and Pakistan

- Bilateral cooperation could be enhanced in auto-parts, automobiles, home appliances, food processing, surgical, sports goods, textile, agro-products, pharmaceutical and plastic sectors.

- Mexico imports edible meat offal from China. Pakistan is one of the largest meat producers in the world. Thus exporters can seek Mexican markets for enhancing meat exports.

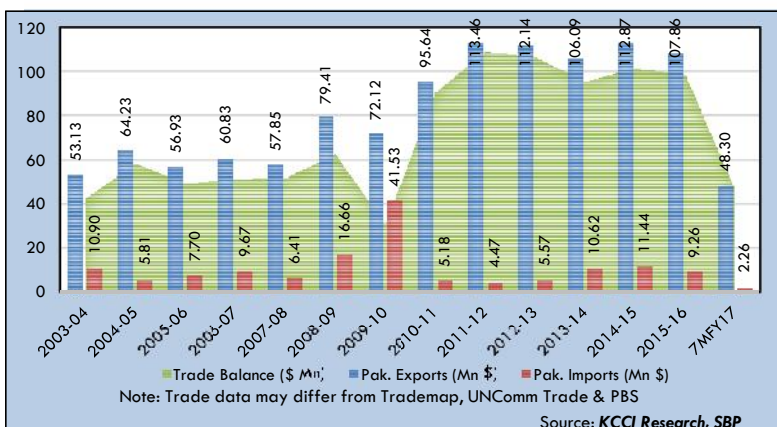
- Investors from Mexico should explore areas of common interest as Pakistan is becoming more competitive in the world by having cheap labour.

Economic Indicators

Indicators	Unit	2015	2016	Change
GDP (PPP)	\$ Bn	2,259	2,307	2.12%
GDP per Capita	\$	18,700	18,900	1.07%
GDP growth	%	2.50	2.10	-0.40%
Forex Reserves	\$ Bn	178.00	176.40	-0.90%
External Debt	\$ Bn	442	485	9.74%
Exports of Goods	\$ Bn	381.00	359.30	-5.70%
Imports of Goods	\$ Bn	395.60	372.80	-5.76%
Trade Balance	\$ Bn	-14.60	-13.50	7.53%
Current Account	\$ Bn	-32.71	-29.03	11.25%
FDI - at Home	\$ Bn	356.90	384.30	7.68%
FDI - at Abroad	\$ Bn	142.9	153.3	7.28%
CPI	%	2.7	2.70	0.00%
Prime Lending Rate	%	3.42	4.30	0.00%
Population	Mn	N/A	123.17	N/A
Unemployment	%	4.4	4.4	0.00%
Literacy Rate	%	N/A	95	N/A

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Mexico (FY04-7MFY17)



Mexico's Trade - Commodity Wise (2015)

Top 10 Exports Items	(\$ Mn)	Top 10 Imports Items	(\$ Mn)
Vehicles other than railway	90,363	Electric mach.,equip., parts	85,410
Electric mach.,equip., parts	81,231	Machinery, mech. Appliances	67,683
Machinery, mech. Appliances	58,905	Vehicles other than railway	37,265
Mineral fuels & oils	22,582	Mineral fuels & oils	26,455
Optic, photograph measures	15,185	Plastics & Articles	22,306
Furniture; bedding, mattress	9,903	Optic, photograph measures	14,989
Plastics, articles thereof	8,321	Commodities NES	11,702
Pearls, stones, metals	7,033	Iron & steel	9,407
Edible veg., roots, tubers	5,800	Iron/Steel Articles	9,385
Iron/Steel Articles	5,723	Organic chemicals	8,075

Sources: KCCI Research, Trademap

Pakistan - Mexico Top 10 Trade Items (2015)

Pakistan Export Items	(\$ Mn)	Pakistan Imports Items	(\$ Mn)
Cotton	41.12	Machinery, mech. Appliances	11.43
Man-made staple fibres	13.60	Inorg. chem; org./inorg. compou	8.46
Not knit, Apparel & Cloth Articles	12.37	Iron & steel	6.48
Knit Apparel & cloth Articles	11.90	Optic, photograph measures	4.75
Toys,games,sports requisites	6.45	Plastics, articles thereof	3.75
Optic, photograph measures	4.79	Electric Machinery & Equip.	3.32
Leather Articles, Saddlery	2.74	Iron/Steel Articles	2.31
Made-up textile articles	2.03	Zinc, Articles thereof	2.05
Tools, implements, cutlery	1.43	Chemical products	1.71
Coffee, tea, maté, spices	0.85	Edible veg., roots, tubers	1.57

Sources: KCCI Research, Trademap