

NAFTA AT 20

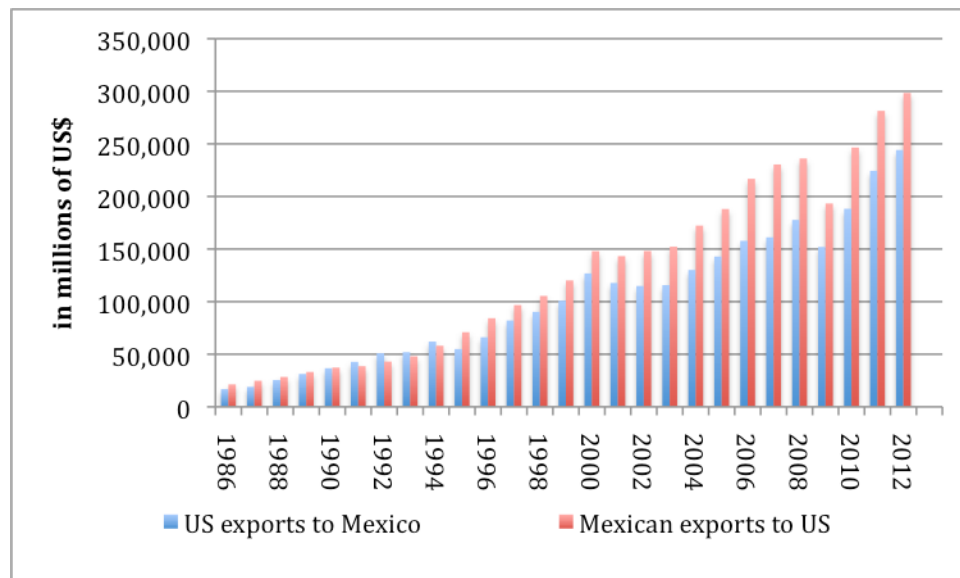
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NAFTA will be 20 on January 1. Here are some numbers documenting what has happened to bilateral trade between Mexico and the U.S. since its inception.

In 1993, imports and exports between the U.S. and Mexico totaled US\$100.0 billion. In 2012, the last full year figures available, they reached US\$542.5 billion. See Graph One, below.

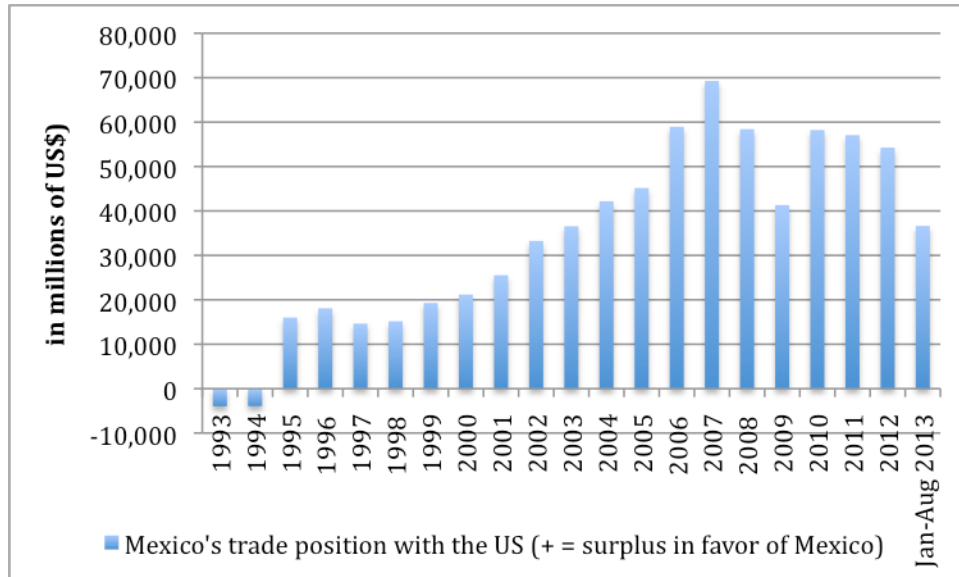
Graph One:
BILATERAL TRADE HAS SOARED



In 1993, Mexico imported US\$4.0 billion more from the US than it exported to its northern neighbor. Every year since NAFTA took effect, Mexico has run a trade surplus with the U.S. In 2012, the surplus was US\$54.3 billion. Graph Two shows the evolution of Mexico's trade surplus with the U.S.

Graph Two:

MEXICO'S TRADE SURPLUS WITH THE U.S.: FROM BIG TO BIGGER



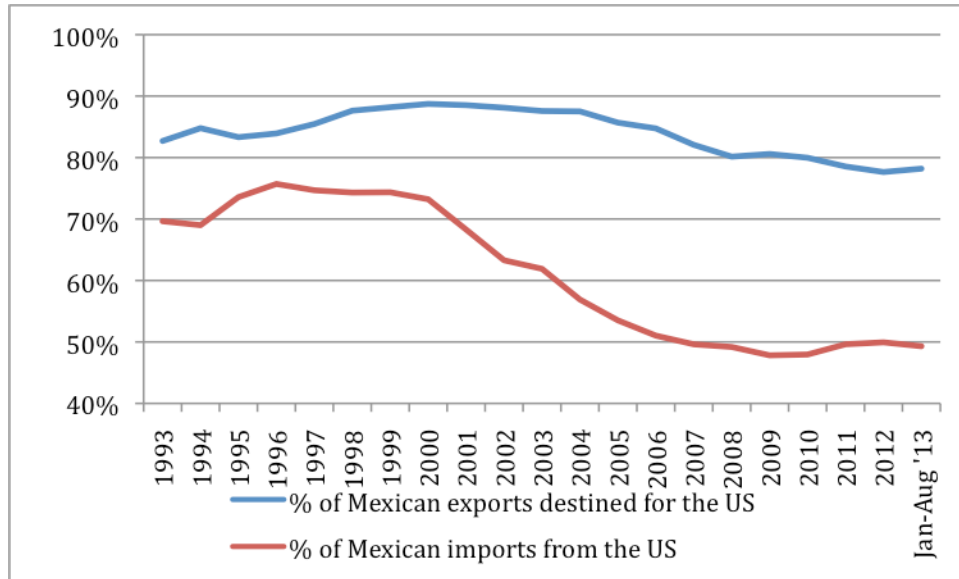
More than three-fifths of Mexican exports went to just three states in 2012 -- Texas, California and Michigan. Mexico exported US\$99.9 billion to Texas in 2012, US\$38.1 billion to Michigan, and US\$36.0 billion to California. Mexico exported US\$9.0 billion to Illinois, the fourth most important destination in the US for Mexican exports in 2012. Mexico exported US\$63.8 billion to another fourteen states last year.

The extent to which Mexican and U.S. production chains are interlinked is apparent from the fact that 63% of Mexico's imports from the U.S. come from the same three states. Mexico imported US\$ 99.886 billion from Texas.

Mexico's share of total U.S. imports has climbed. In 1992, 6.7% of all U.S. imports (by value) came from Mexico. In 2012, 10.9% were sourced from Mexico. Canada's share of U.S. imports declined from 17.2% in 1993 to 13.1% in 2012. The European Union also lost market share, dipping from 21.8% to 19.7%. While Mexico became a more important supplier to the US, the big winner was China. China's share of U.S. imports soared from nothing to 16.0% in 2012. Mexico's competition is China.

It's not just Mexico's trade with the US that has grown. Mexico's total exports came to US\$51.9 billion in 1993; in 2012, total exports were US\$370.7 billion. Mexico's import bill totaled US\$59.5 billion in 1993; in 2012, total imports equaled exports - US\$370.7 billion. In fact, the trade with the rest of the world was grown more rapidly than trade with the U.S. In 1993, 82.7% of Mexican exports went to the U.S. In 2012, the percentage had declined five percentage points, to 77.7%. Imports have diversified away from the U.S. even more quickly. In 1993, 71.4% of Mexico's imports came from the U.S. In 2012, 52.6% did. (See Graph Three, below.)

Graph Three:
MEXICO IS DIVERSIFYING ITS TRADE



In 1985, Mexico was one of the most closed economies in the world. Crisis forced Mexico to begin opening its economy in the last half of the 1980's. The decision to negotiate NAFTA was a conscious choice to accelerate the country's integration into the world economy. Mexico has been transformed from a commodity exporter dependent on oil to a global manufacturing power. The vibrant bilateral trade relationship displayed by the above figures has redounded to the benefit of consumers in both countries.

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