North America’s economic success depends on a strong regional trade partnership

- **Population**: 480 Million
- **GDP**: $20 Trillion
- **Annual Goods Trade**: $1 Trillion

Source: World Bank
Source: Bureau of Economic Analysis
NAFTA increases trade, supports jobs, and strengthens ties with Mexico

5 million jobs in the U.S. rely on trade with Mexico.

World class supply chain

Efficient production

U.S.-Mexico trade has grown six-fold since 1993.

U.S. FDI in Mexico has gone up over 400% from 1995 to 2016.

Mexico’s FDI in the U.S. has gone up over 800% from 1995 to 2016.

Mexican companies have invested over $52 billion in more than 6,500 businesses in the U.S., employing more than 120,000 workers.

1 Source: Woodrow Wilson Center
3 Source: Bureau of Economic Analysis
4 Source: Bureau of Economic Analysis
We are more than trade partners – we are allies.

Trusted partners invest in each other

**United States**

U.S. companies have invested nearly

$93 billion in Mexico

**Mexico**

Mexican companies have invested about

$52 billion in the U.S.

There are 55 border crossings along the U.S. – Mexico border where:

- More than 80% of bilateral trade is conducted
- Over 1 million people and 447,000 vehicles cross both ways every day

Exports to U.S.:
- 40% U.S. made

Exports to World:
- 37% U.S. made

Mexican exports to the world include 37% U.S.-made content.¹

Source: IMF, CDS, 2015 outward FDI positions

¹ Source: Ethos.org
North America: An Emerging Energy Powerhouse

Mexico is the US' largest energy market, consuming over $26 billion in energy goods.

Canada is the US' biggest energy supplier, providing over $73 billion in commodities.
Importance of NAFTA for the energy industry

Mexico imports nearly all of its natural gas and petroleum products from the U.S.

Mexico is the 2nd largest energy trading partner of the U.S., totaling $39 billion in trade in 2016

- Over 50% of US gas exports and over 50% of US gasoline exports go to Mexico

- 90% of Mexico’s natural gas imports and 80% of gasoline imports were from the US

1 Source: Mexican Secretary of Energy
2 Source: US Energy Information Administration
3 Source: Wharton School, March 17, 2017; MIT database
The Mexican energy industry has transformed completely with the creation of new markets operating in a competitive system.

After four years, the estimated investment brought by new energy projects adds up to nearly $190 billion.

These investments are supported by internationally binding contracts and are backed in the Mexican Constitution.
13 Concluded Biddings
107 New Contracts
67% Success Rate
$160 Billion USD Investment

73 Private Companies Operating

63% NORTHAMERICA
Canada, USA, Mexico

18% EUROPE
Germany, Spain, France, Netherlands, Italy, Norway, United Kingdom, Russia

7% SOUTHAMERICA
Argentina, Colombia

1% AFRICA
Egypt

10% ASIA
China, Japan, Malaysia, Thailand, Qatar

1% AUSTRALIA

Upstream Competitive Bidding System
NAFTA: State of Play

Deadlines

Red lines

Poison Pills
NAFTA 2.0

Enhancing competitiveness in the North American energy sector

- Energy Chapter
- Investment Chapter
- Temporary Entry of Business People
- State Owned Enterprises (SOEs)

Section A: Protections, disciplines & obligations
- Cooperation Regulation
- Section B: ISDS Mechanism
Reflecting energy reform in international commitments

- **Objective:** Liberalization of trade in goods, services and investment.

- **Exceptions:** Trade in services and investment, are captured in Annexes of "reserves" (Annexes I and II).

**Annex I: Non-Conforming Measures**
- Freezes the current regime (standstill principle), plus the future opening that a country makes unilaterally (ratchet principle).

**Annex II: Future Measures**
- Exclusions of sensitive activities or sectors or with incipient regulation, to save policy space (activities reserved to the State), among others.
NAFTA transformed the U.S.-Mexico bilateral relationship

- A robust economic agenda and trade diversification continues to be a high priority for Mexico
- A modernized NAFTA agreement will give North America the tools to compete in the 21st century economy
- Trade is part of the solution to the challenges posed by globalization

The global economy waits for no one
Thank you

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