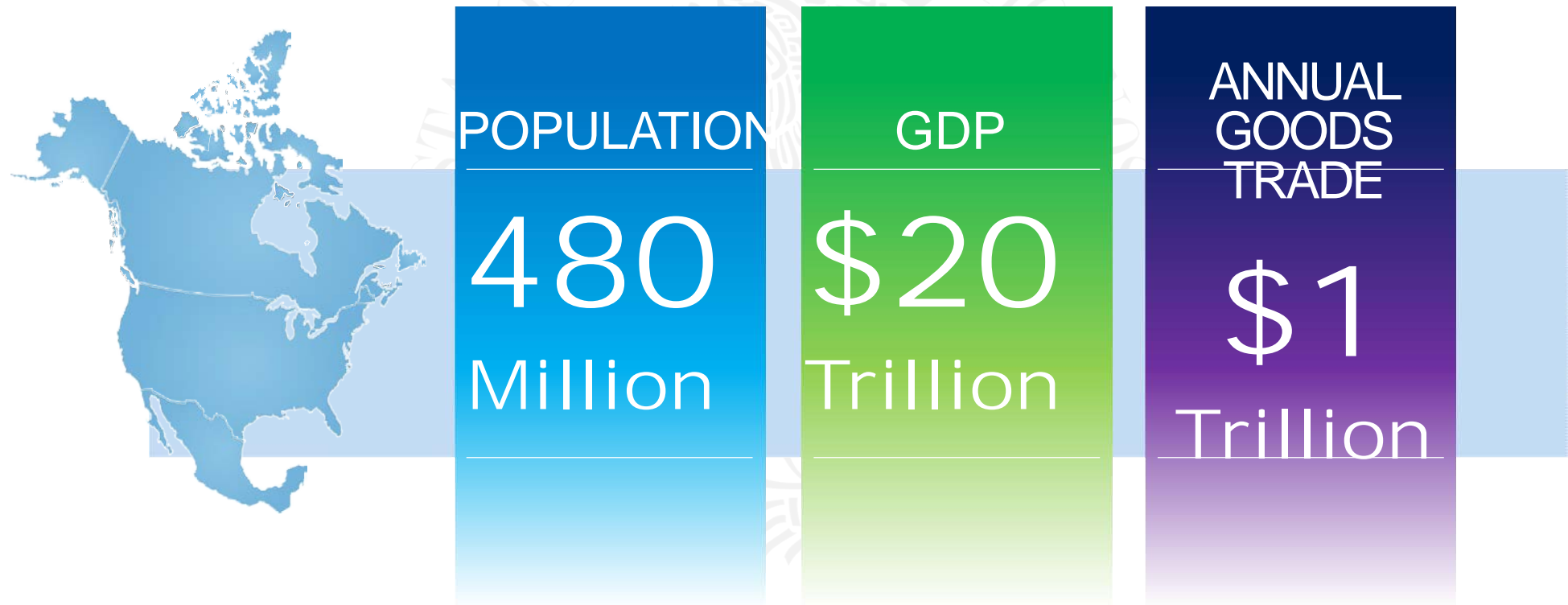




NAFTA NEGOTIATIONS AND NORTH AMERICA ENERGY TRADE, JUNE 2018

**Carlos González Gutiérrez
Consul General of Mexico to Austin
CONSULATE GENERAL OF MEXICO**

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



NAFTA increases trade, supports jobs, and strengthens ties with Mexico



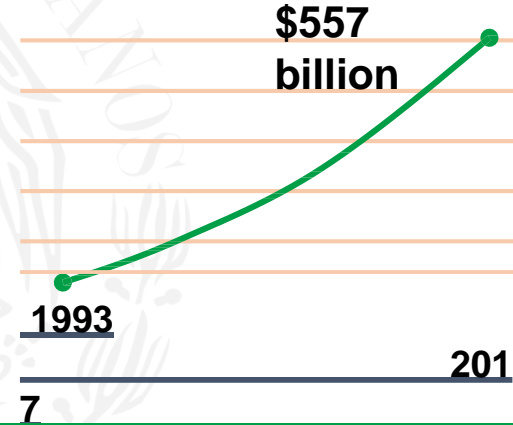
5 million jobs in the U.S. rely on trade with Mexico¹



World class supply chain



Efficient production



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

Mexican companies have invested over \$52 billion² in more than 6,500 businesses in the U.S., employing more than 120,000 workers.³

→ U.S. FDI in Mexico has gone up over **400%** from 1995 to 2016.³

→ Mexico's FDI in the U.S. has gone up over **800%** from 1995 to 2016.⁴

¹ Source: Woodrow Wilson Center
^{2,3} Source: SE-Washington from iMapData 2015. FDI figures from IMF CDIS using outward positions (stock) data 2015.

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

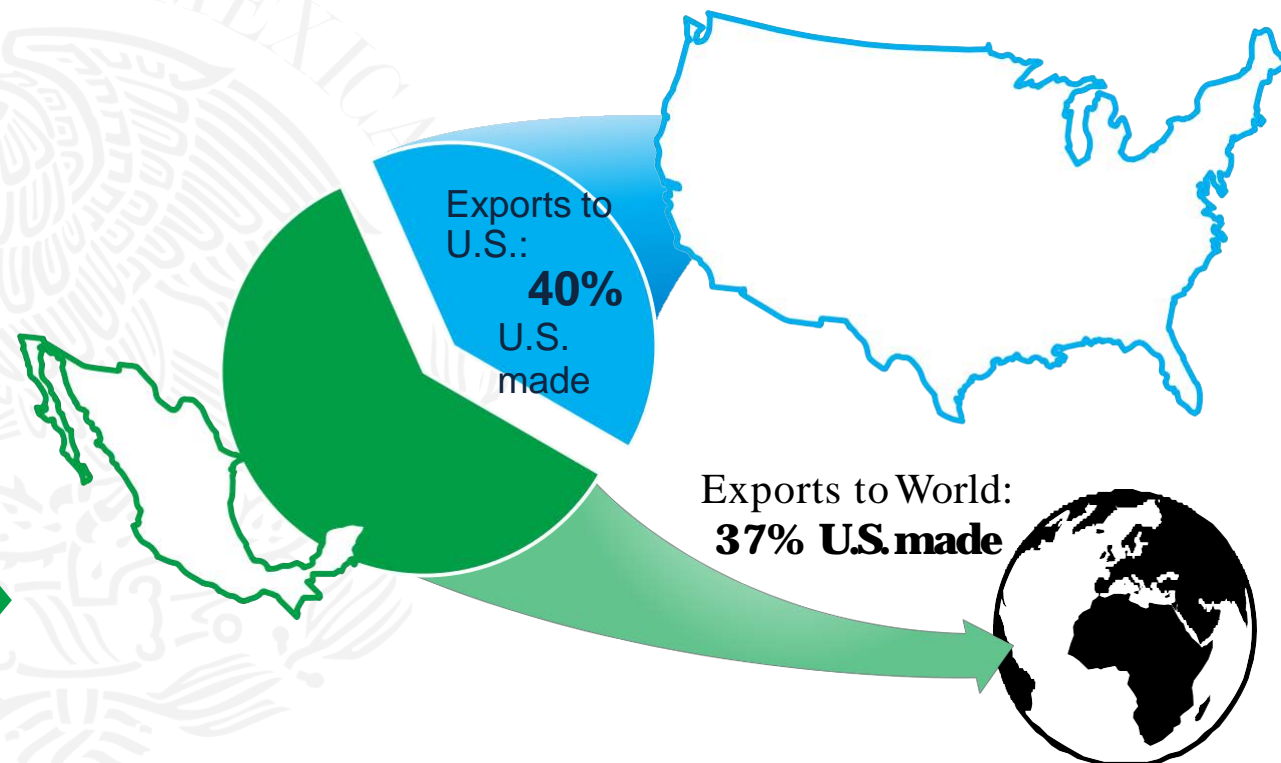
MEXICO

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 bothways every day

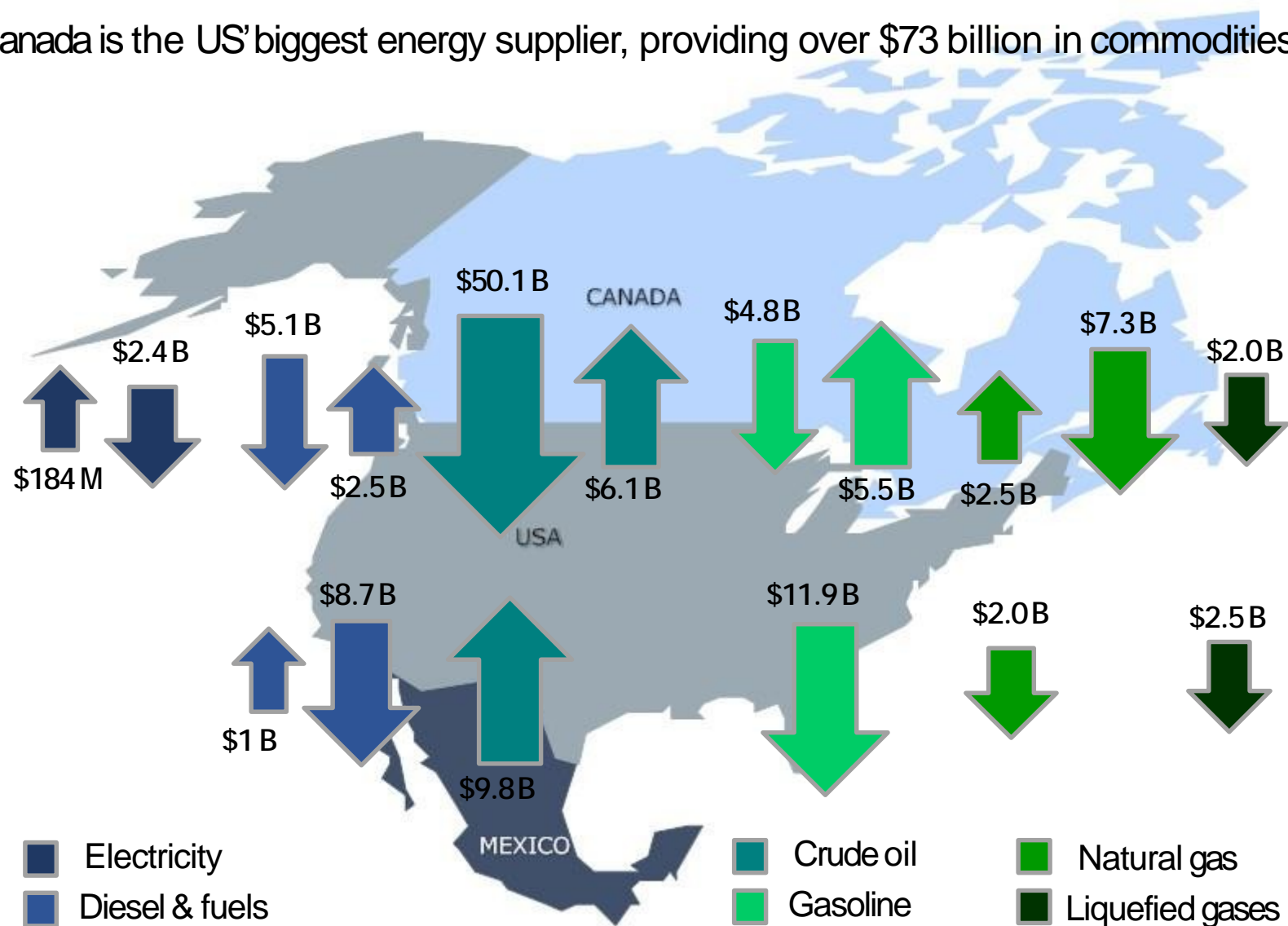


Mexican exports to the world include **37%** U.S.-made content. ¹

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

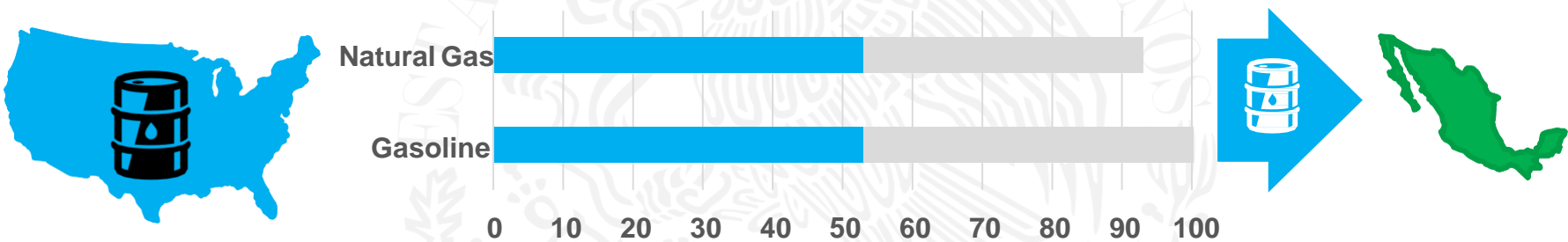


Importance of NAFTA for the energy industry

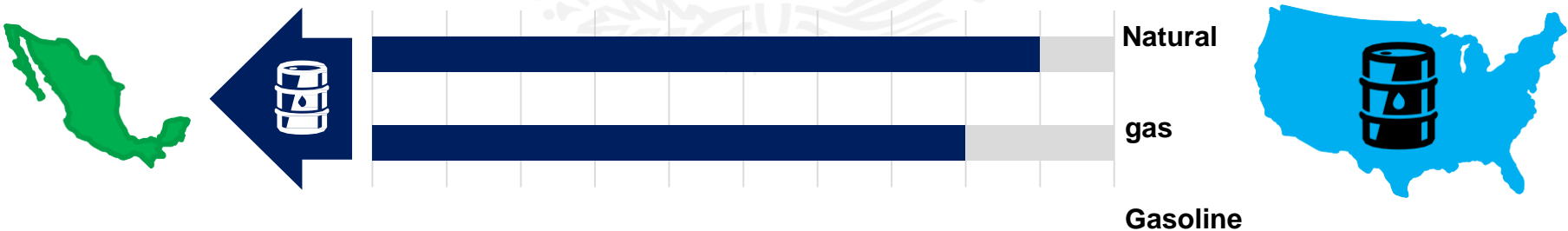
Mexico imports nearly all of its natural gas and petroleum products from the U.S.

Mexico is the 2nd largest energy trading partner of the U.S., totaling \$39 billion in trade in 2016¹

- Over 50% of US gas exports and over 50% of US gasoline exports go to Mexico²



- 90% of Mexico's natural gas imports and 80% of gasoline imports were from the US³



¹ Source: Mexican Secretary of Energy

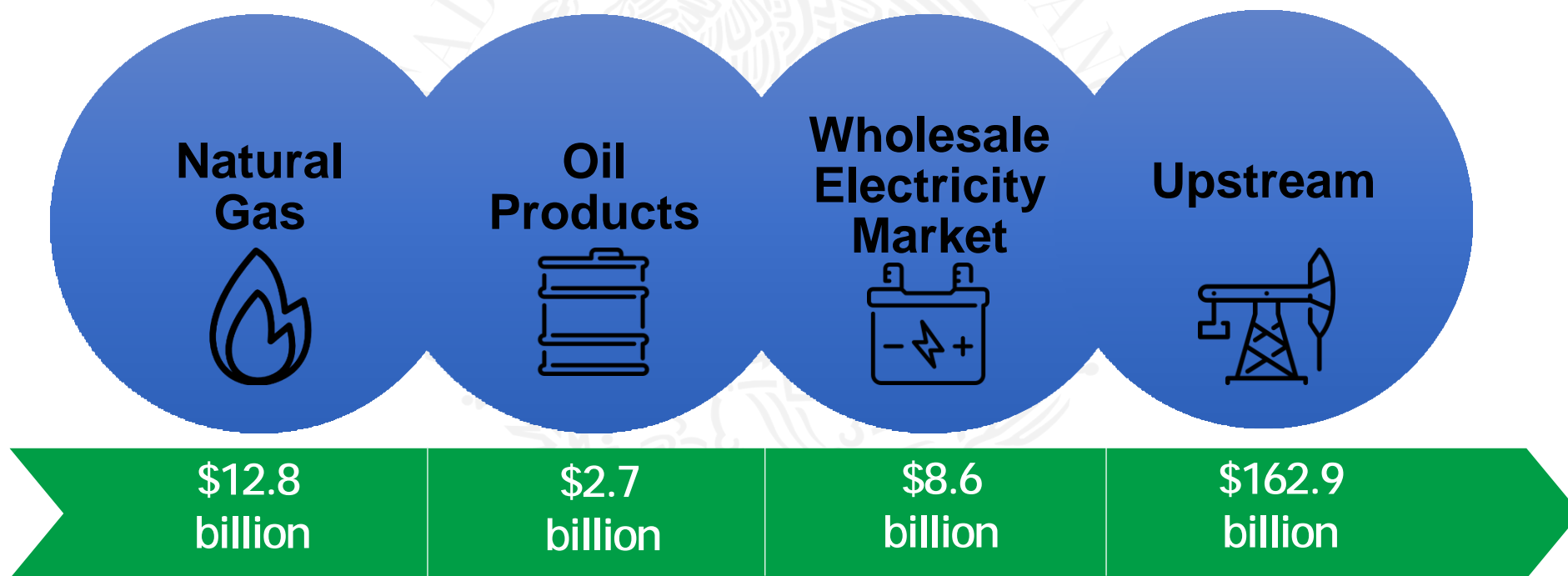
² Source: US Energy Information Administration

³ Source: Wharton School, March 17, 2017; MIT database

Mexican Energy Reform: Four Years of Implementation

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.

Upstream Competitive Bidding System

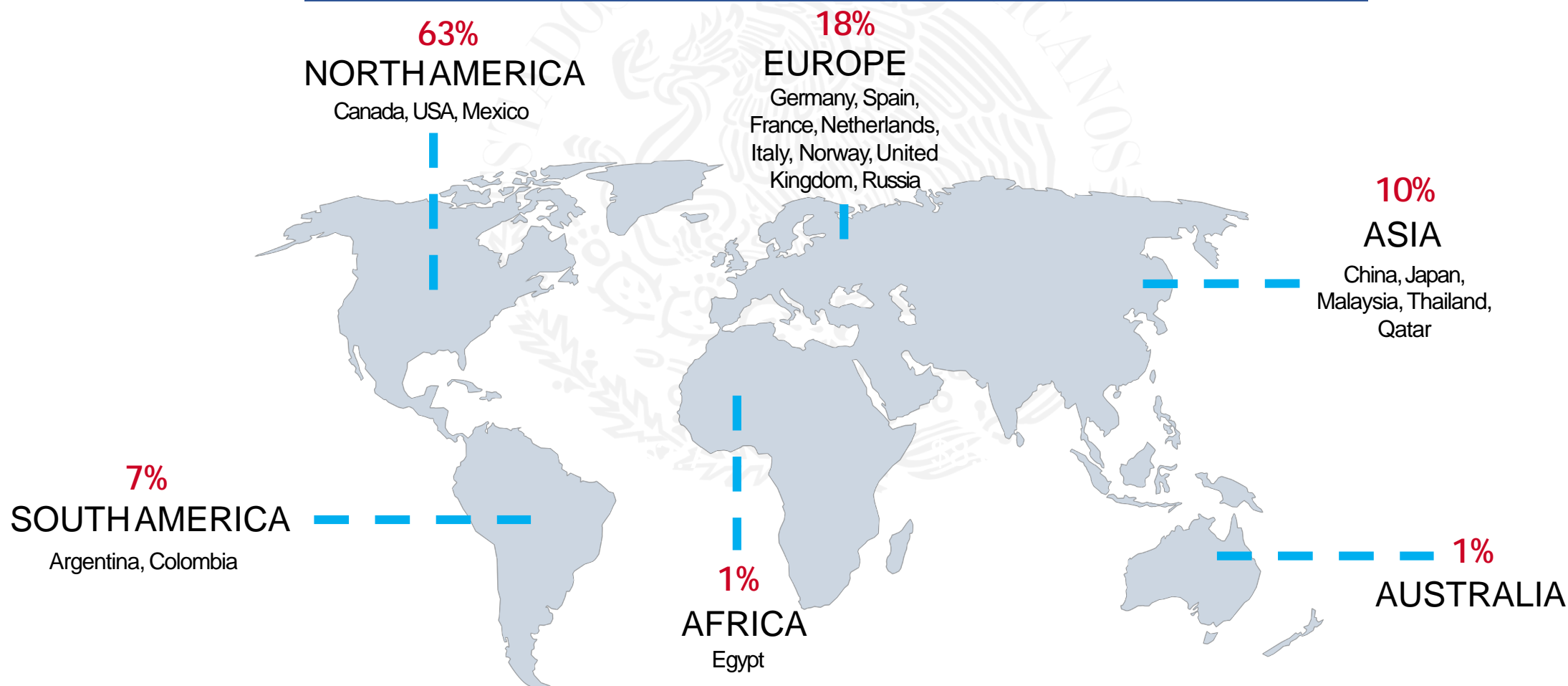
13
Concluded
Biddings

107 New
Contracts

67%
Success
Rate

\$160 Billion
USD
Investment

73 Private Companies Operating





NAFTA : State of Play



Deadlines

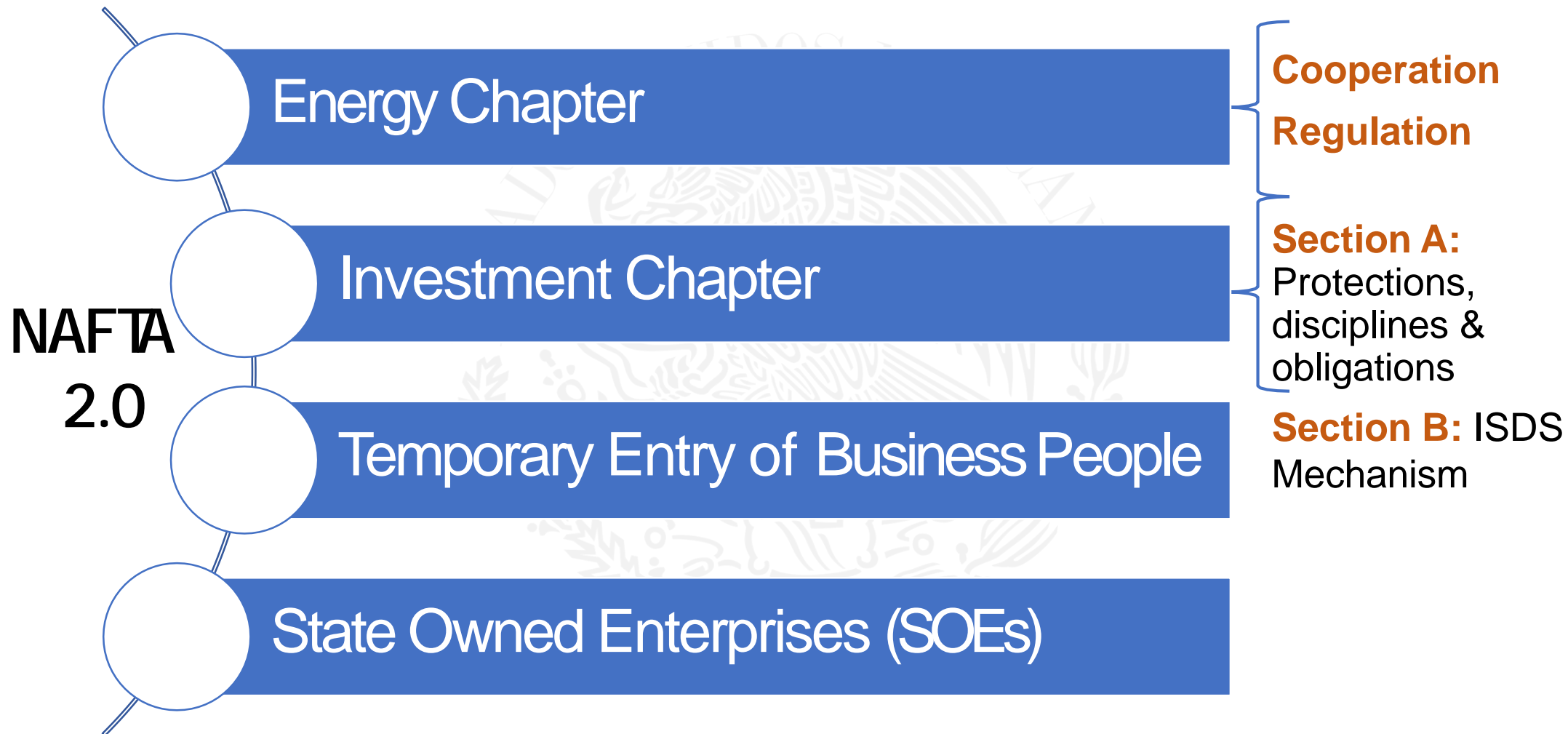


Red lines



Poison Pills

Enhancing competitiveness in the North American energy sector



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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