



Mexico's Export Growth & Market Dependence on the United States

On February 12, 2010, President Felipe Calderón of Mexico met with Prince Andrew of the United Kingdom to both reiterate Mexico's interest in stronger trade and investment relationships with the UK, as well as to restate an ongoing Mexican goal of reducing their "dependence" on the United States as an export market.

In Mexico, the trade relationship with the U.S. is, by many, considered a mixed blessing: while NAFTA and the increasing integration with the U.S. economy has attracted significant foreign investment, created stronger commercial relations (and job growth), and has likely helped infrastructure modernization - it has come at the cost of Mexico being highly dependent on U.S.' economic health. In 2008, President Calderón himself repeated the old phrase: "When the US catches a cold, Mexico gets pneumonia."

The benefit and weakness of this relationship can be seen in Mexico's trade data - the most recent covering January-November of 2009. Comparing this time period with data as far back as 1995, several observations can be made about Mexico's export markets:

- Overall exports to its NAFTA partners dropped by a total of 23% from 2008 to 2009 - with a larger loss in the U.S. (-24.1%), and a slight increase actually to Canada (+13.1%).
- Total exports dropped by 24.6% -- but, as seen at right, this was significantly influenced by the effects of lower exports to the U.S. That said, exports also dropped 37.1% with the European Union, and 30.9% with South America. Only five countries (Canada, China, Norway, Lithuania, and the Slovak Republic) posted positive export gains.
- As for the issue of dependence...over 80% of Mexico's exports are still destined for the U.S. - down from a high of 88% nearly a decade ago, but still far greater than the E.U. or China's share. As the U.S. economy recovers, it's likely this percentage will quickly return to 81-82% of exports.

