

PRO **México**

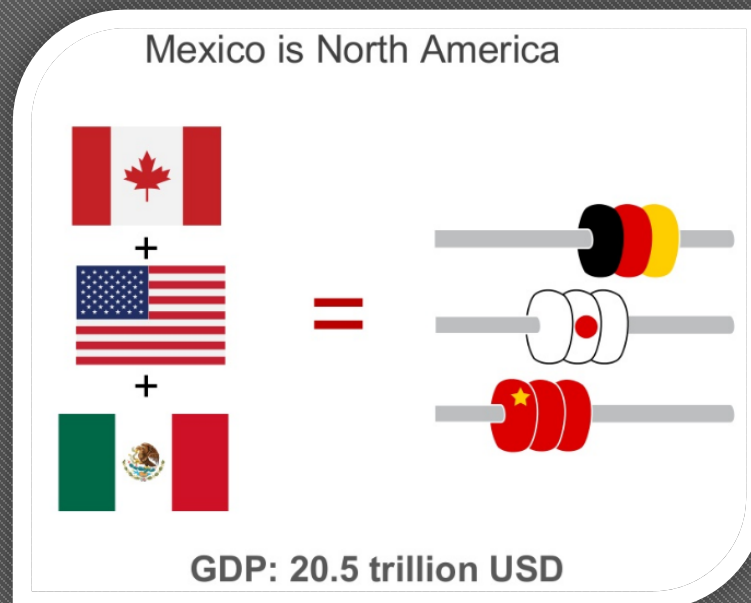
Trade and Investment

NAFTA UPDATE MÉXICO'S PERSPECTIVE

June 7th, 2018

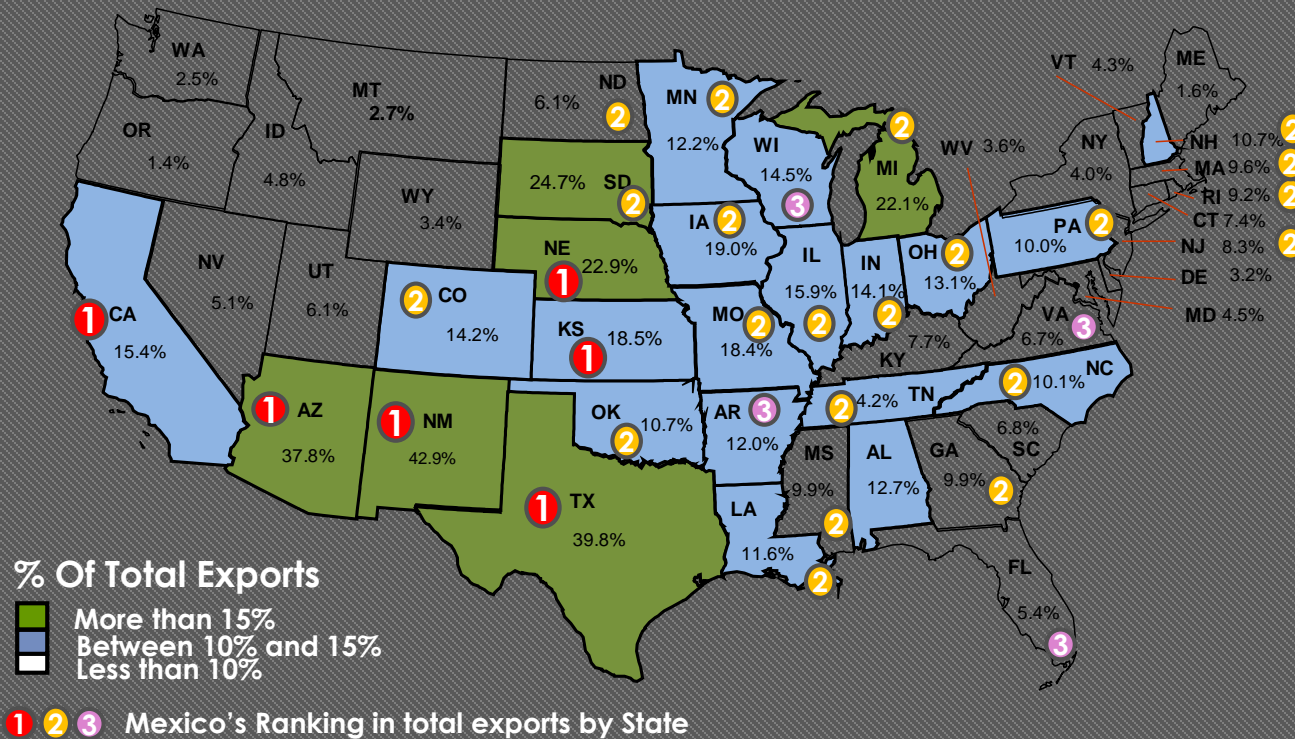
NAFTA'S REVISION

1. The three Parties must acknowledge that NAFTA has been **beneficial to all**;
2. Recognize that, after 23 years of its entry into force, there is **room for improvement**; and
3. The negotiation has be conducted with a **win-win-win approach**.

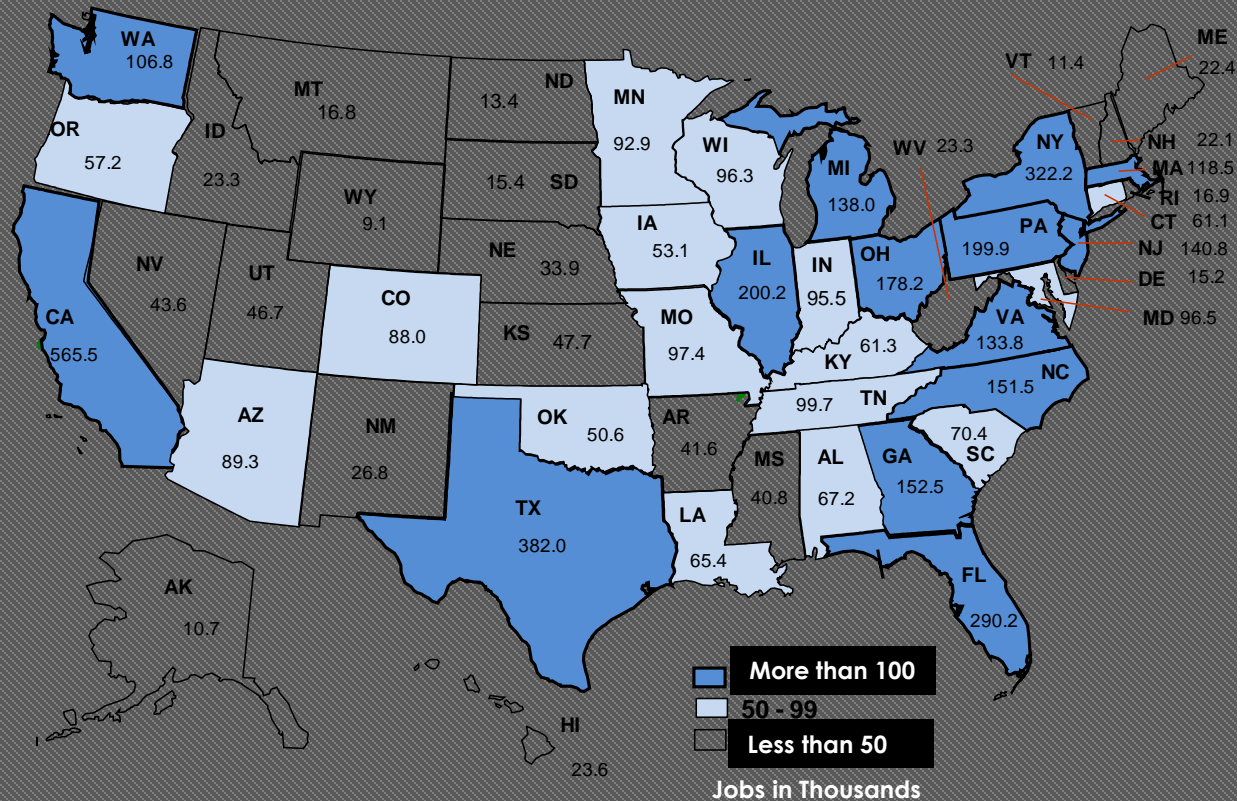


Mexico will not accept increases in tariffs, or quota restrictions

MEXICO RANKS IN THE TOP 3 OF THE MAIN EXPORT MARKETS ON 31 STATES



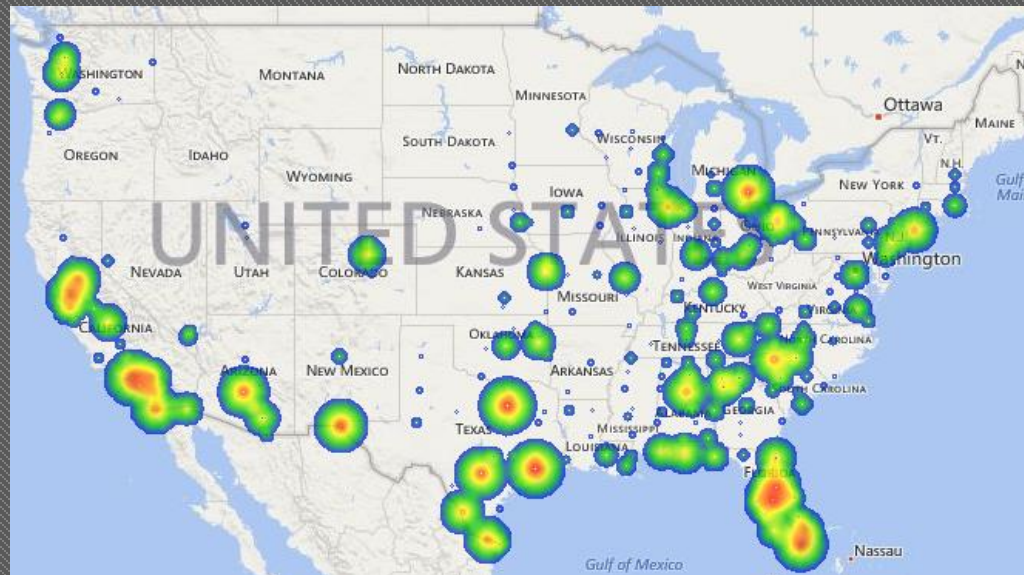
ALMOST 5 MILLION JOBS IN THE US DEPEND ON COMMERCE OF GOOD AND SERVICES WITH MEXICO



MEXICAN COMPANIES GENERATE JOBS ACROSS THE US

Mexican Companies have Invested in more than 6,500 Businesses in the US

✓ **They Directly Employ more than 120,000 workers.**



Density of Mexican Companies in the US.

Source: SE-Washington y iMapData 2015.

THE NEED TO FIGHT PERCEPTIONS

- Despite perceptions, manufacturing is flourishing in America. Nevertheless, it is fair to say that the industry began to replace assembly-line jobs with machinery.
- A study at Ball State University's Center for Business and Economic Research found that trade accounted for just 13% of America's lost factory jobs.
- 87% of the jobs lost were taken by robots and other technological changes that reduce factories' need for human labor.



*Michael J. Hicks, *The Myth and the Reality of Manufacturing in America*, Ball State University, Indiana, 2015. Available at:

<http://conexus.cberdata.org/files/MfgReality.pdf>

Vianovo/GSD&M, *Mexico's Brand in the U.S. National Survey Results*, June 2016, <http://www.vianovo.com/assets/uploads/news/U.S.-Attitudes-About-Mexico-June-2016-final-release.pdf>

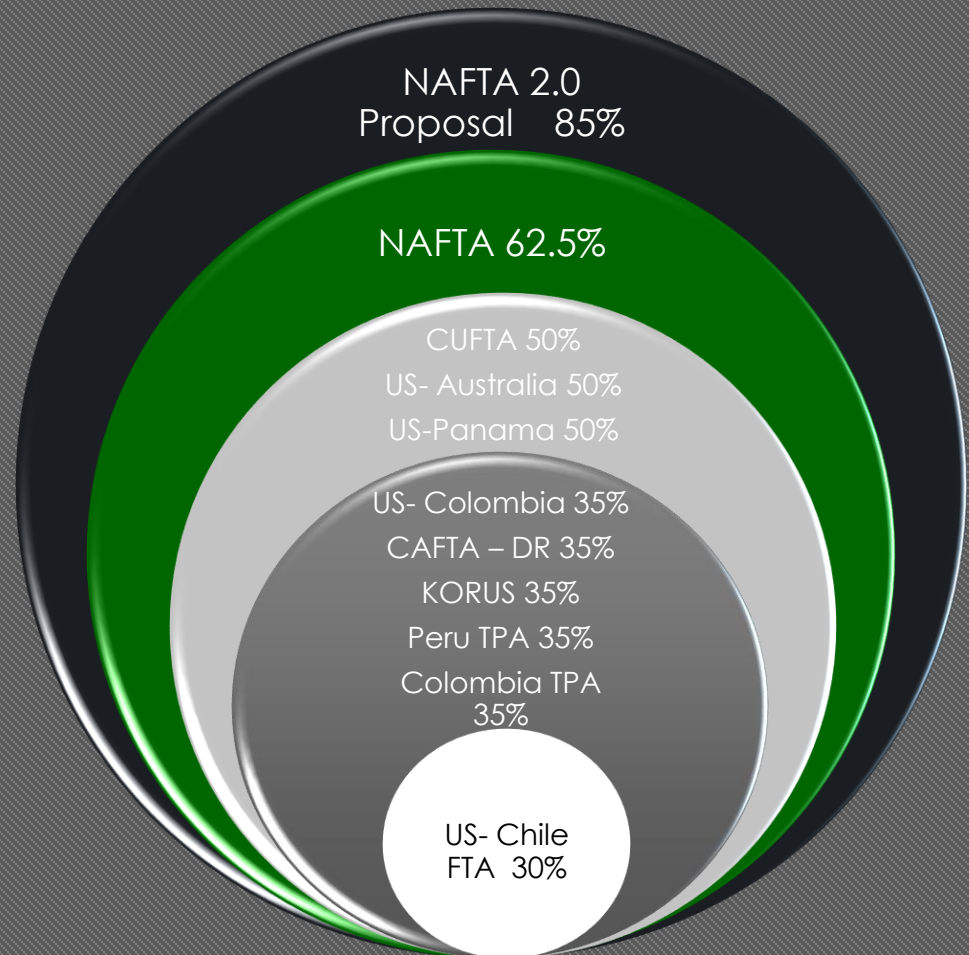
AUTOMOTIVE INDUSTRY'S APPROACH TO NAFTA'S UPDATE

- In bringing the agreement up to date, NAFTA partners should not lose sight of the fact that the automotive industry is a capital-intensive one and as such, requires a long-term perspective to assure its future success.
- In this regard, it would not make sense to modify NAFTA's **rule of origin**. The regional content requirements are already high, set at 62.5%. An increase above this threshold would be difficult to fulfill and could lead to higher prices, hurting jobs and economic dynamism in the process.



IF STRICT RULES US PROPOSALS ARE APPLIED, THE AUTOMOTIVE INDUSTRY IN THE REGION WILL BE SUFFOCATE.

- Having a strict Rule Of Origin would reduce the competitiveness of the automotive industry.
- Being so high some ship-owners would prefer to export to the US, paying the MFN tariff.
- US automakers would lose market in USA.
- European and Asian companies would be the ones that would benefit from the measure.



PLAN B... IS PLAN A: CONTINUE COMMERCIAL DIVERSIFICATION

STRENGTHEN THE PRESENCE OF MEXICO IN THE WORLD ...

NAFTA Modernization

Integration with Asia-Pacific

- TPP-11.
- Bilateral agreements with TPP countries.
- Platform of AP (Associated State)



Modernization of FTAs with Europe

- European Union (TLCUEM).
- European Free Trade Association (EFTA).

Strengthening the Pacific Alliance & Deepening Agreements

(Chile, Colombia and Peru)

(Brazil and Argentina)

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