



# TRADE LINKS LAZOS COMERCIALES

## TABLE OF CONTENTS

*Mexico - EFTA Free Trade Agreement:  
After six years*

*Mexico's new General Imports and Exports  
Tariff Law*

*Trade fairs and exhibits in Mexico*

*Trade Balance*

*Financial and Economic Indicators*

*Mexico's Official Gazette Notices*

*EU Official Journal*

## Mexico - EFTA Free Trade Agreement: After six years

In force since July 2001, the Free Trade Agreement (FTA) between Mexico and the European Free Trade Area (EFTA)\* has fostered bilateral investment and trade.

In its first six years, the FTA has reduced the average Mexican tariff on EFTA industrial goods from 8 percent to zero in 2007. Mexican industrial exports to EFTA are free of duty since the entry into force of the FTA.

### Trade \*\*

Mexico trade in goods with EFTA stands at record levels. Since 2000, total bilateral trade (exports plus imports) has grown by 53.2 percent, reaching 1.6 billion dollars in 2006. Switzerland accounted for 76.2 percent of the total trade between Mexico and EFTA and Norway contributed with 21.6 percent.

### Mexican Exports to EFTA

In 2006, Mexico exported 183.9 million dollars to EFTA. The Mexican export sectors which accounted for the greatest share include chemicals (20.6%), office and telecom equipment (19.1%), and agricultural products (17.9%) including coffee, honey, fruits and vegetables. These sectors accounted for more than half of the Mexican exports to EFTA.

The sectors accounting for the largest increases in absolute terms of Mexican exports to EFTA, in the period 2000-2006, include other manufacturing consumer goods (14 million), iron and steel (9.1 million), agricultural products (8.4 million) and machinery (7.4 million).

Switzerland represented 51.1 percent of the Mexican exports to EFTA and Norway 46.3 percent.

### Mexican Imports from EFTA

Mexico imported 1,596 million dollars from EFTA in 2006. Almost 60 percent



\* Iceland, Liechtenstein, Norway and Switzerland.

\*\* With information on imports from each party

## Trade Fairs and exhibits in Mexico

### 51 AMFAR EXPO DECORACION Y REGALO

July 30 - August 4, 2007

World Trade Center, Mexico, City

Exhibition of the best products for gifts and decoration

**Event Management:** AMFAR, A.C.

**Phone:** (52) 55 5564-4564

**Fax:** (52) 55 5574-9709

**E-mail:** amfar@amfar.com

**Website:** <http://www.amfar.com>

### ENART

August 14 – 18, 2007

Cultural Center “El Refugio”, Tlaquepaque, Jalisco. Mexico.

Gift and Mexican Decorative Crafts Expo

**Event Management:** Chamber of Commerce of Tlaquepaque

**Phone:** (52) 33 3635-4035/ 3635-2162/ 3659-4247

**E-mail:** enart@enart.com.mx

[prominstenart@enart.com.mx](mailto:prominstenart@enart.com.mx)

**Website:** [www.enart.com.mx](http://www.enart.com.mx)

### RUJAC 2007

August 29 – 31, 2007

Expo Guadalajara. Mexico

International Exhibit of the Autopart Industry  
**Event Management:** Refaccionarias Unidas de Jalisco, A. C.

**Phone:** (52) 33 3825-4202 / 3827-2480

**Fax** (52) 33 3827-2481

**E-mail:** [mercadotecnia@rujac.com.mx](mailto:mercadotecnia@rujac.com.mx)

**Website:** [www.rujac.com](http://www.rujac.com)

## Mexico's new General Imports and Exports Tariff Law

The General Imports and Exports Tariff Law of Mexico (LIGIE) is based in the Harmonized Commodity Description and Coding System, generally referred to as "Harmonized System" or simply "HS".

The HS is an international product nomenclature developed by the World Customs Organization (WCO). The system is used by more than 200 countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics. Over 98 % of the merchandise in international trade is classified in terms of the HS.

The HS is updated every four to six years, and recently the WCO published the new HS system known as HS2007.

Mexican congress approved the most recent LIGIE that includes all the changes made to the HS system, and was published on June 18, 2007. The TIGIE entered into force on 1 July 2007, the TIGIE now reflects current trade practices and the latest technological developments.

Despite contains only two articles, the LIGIE is the backbone of the whole external trade legislation, the first article contains the General Imports and Exports Tariff ( TIGIE ) and in the second article, established the General and Complementary Rules for the application of the TIGIE.

The new TIGIE has 12,450 items, 521 more items than the previous version. **The new TIGIE does not modify any tariff.**

There were amendments to 83 of its 97 chapters and 240 headings. The chapters most affected by these changes are those dealing with industrial and technology-related products. Among them are fishes (Chapter 3), wood, (Chapter 44) skins and leather (Chapter 41), paper and paperboard (Chapter 48), information technology (Chapter 84), televisions, telephones, and other electronic equipment (Chapter 85) and toys (Chapter 95).

Correlation Tables from TIGIE 2007 to TIGIE 2002 and vice versa could be found at: <http://www.economia.gob.mx/?P=876>

For more information check the Mexico's Official Gazette of 18 June, 2007.

Mexico's Total Trade in May (billion US\$)			
	2006	2007	%
<b>Total</b>	45.5	48.5	6.7
<b>Exports</b>	22.7	23.9	5.0
<b>Exports (excluding oil)</b>	19.1	20.3	6.7
<b>Imports</b>	22.8	24.7	8.3

Source: Banco de México

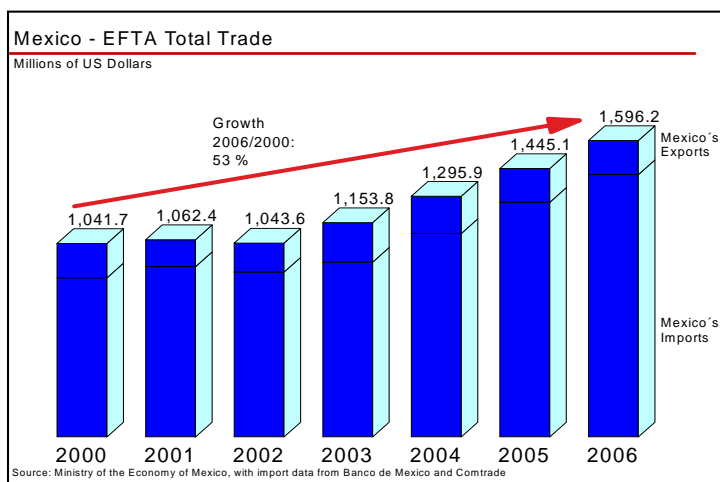
Mexico's Trade with EU and EFTA (million US\$)			
	2006	2007	%
<b>January - February</b>			
<b>Exports to the EU</b>	1,578.3	1,799.1	14.0
<b>Imports from the EU</b>	4,216.9	5,046.0	19.7
<b>Exports to the EFTA</b>	19.0	30.4	60.1
<b>Imports from the EFTA</b>	194.6	246.2	26.5

Source: Banco de México

# Mexico - EFTA Free Trade Agreement: After six years

(Continues from page 1)

were inputs and 20 percent were machinery and equipment, used to produce competitive goods. Companies established in Mexico are lowering costs by buying inputs and machinery from EFTA.



Most of these imports were from the following sectors: chemicals (33.5%), other machinery non-electrical (17.0%) and other manufacturing products (15.7%).

In the period 2000-2006, sectors accounting for the largest increases in absolute terms of Mexican imports from EFTA include chemicals (196 million), other manufacturing goods (125 million) and fuel products (116 million).

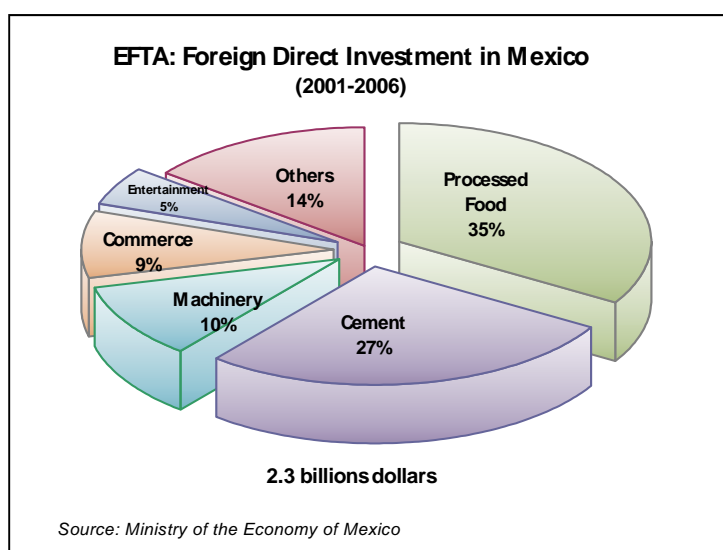
	Total	Switzerland	Norway	Iceland	Liechtenstein
Mexico's Exports	183.9	94.1	85.1	4.7	0.1
Share	100.0%	51.1%	46.3%	2.6%	0.0%
Mexico's Imports	1,412.3	1,121.9	260.0	4.0	26.3
Share	100.0%	79.4%	18.4%	0.3%	1.9%
Total Trade	1,596.2	1,216.0	345.1	8.7	26.4
Share	100.0%	76.2%	21.6%	0.5%	1.7%

Source: Ministry of the Economy of Mexico with import data from Banco de Mexico and Comtrade

Last year, Switzerland's share in total Mexican imports from EFTA reached 79.4 percent and Norway's share was 18.4 percent.

## Foreign Direct Investment

Direct investment in Mexico from EFTA has accumulated 3.0 billion dollars in the period 1994-2006; since the entry into force of the FTA it has reached 2.3 billion dollars. There are 488 companies from EFTA countries operating in Mexico.



Food, cement and machinery sectors accounted for 71 percent of the EFTA investment in Mexico from 2001 to 2006. Switzerland accounted for 97 percent of the investment in Mexico from EFTA in the same period.

Mexico has Bilateral Investment Treaties (BIT) with Switzerland (1996) and Iceland (2006).

## Conclusion

The FTA between Mexico and EFTA has fostered trade and investment and by doing so, it has increased the competitiveness of both parties. It is necessary for Mexico and EFTA to continue working to profit even more the opportunities that the FTA offers.

### Mexico's Economic Indicators

**Inflation rate:** 0.12% (June 2007);  
0.58% (January-June 2007)

**Industrial Production:** 1.05% (May 2007 / May 2006)  
**Manufacturing:** 0.77%; **Construction:** 1.7%, **Mining:** 0.48%

**General Index of Economic Activity:** 3.18% (Apr 2007 / Apr 2006)

**Consumer Confidence Index:** 105.2 pts. (June 2007)  
-2.4% (Jun 2007 / Jun 2006)

**Open unemployment rate:** 3.23% (May 2007) *Source: INEGI*

### Mexico's Financial Indicators

**Foreign exchange rate:** 10.76 peso/dollar (13-July-2007)

**International reserves:** \$69,720 million dollars (13-July-2007)

**Mexican stock market index (IPC):** 32,386 (10-July-2007)

**Interest rate treasury bonds CETES 28 days:** 7.18%  
(12-July-2007)

*Source: Banco de México*

## Mexico's Official Gazette Notices

- 06/06/07 DECREE approving the customs cooperation agreement between Mexico and the United States of America about textile cumulation on several free trade agreements (FTA) signed on Davos, Switzerland on January 26, 2007
- 08/06/07 FINAL RESOLUTION on the exam of the compensatory quota imposed to imports of steel pipes, classified under Tariff Item 7305.11.01 of the General Imports and Exports Tariff Law (TIGIE), from Germany
- 14/06/07 DECREE establishing the tariff-quota for yellow corn imports during 2007, for products from the North America Free Trade Agreement (NAFTA)
- 18/06/07 DECREE publishing the General Imports and Exports Tariff Law (LIGIE)
- 19/06/07 PROMULGATORY DECREE of the Agreement for the Promotion and Reciprocal Protection of Investments between Spain and Mexico
- 19/06/07 DEECRE approving the Protocol that adds textile cumulation provisions to the FTA between Mexico and El Salvador, Guatemala and Honduras
- 19/06/07 PROMULGATORY DECREE of the Agreement for the Promotion and Reciprocal Protection of Investments between Mexico and the United Kingdom of Great Britain and Northern Ireland
- 19/06/07 DEECRE approving the Protocol that adds textile cumulation provisions to the FTA between Mexico and Costa Rica
- 20/06/07 DECREE modifying the existing one establishing the applicable duties for 2007, of the General Import Tax for goods originally from El Salvador Guatemala, Honduras y Nicaragua; as well as the applicable duty between April 1 2007, and March 31 2008, of the General Import Tax for goods originally from Japan
- 27/06/07 FIRST RESOLUTION modifying the General Rules on Foreign Trade for 2007 (GRFT 2007) and its ANNEXES 1, 10, 14, 18, 19, 21, 22, & 25
- 28/06/07 AGREEMENT notifying the preferential export quotas between July 1, 2007 and June 30, 2008, for shell-less egg, egg yolks for human consumption and certain industrialized products derived from egg, from Mexico into the European Community (EC)
- 28/06/07 AGREEMENT announcing the quota to import processed tuna (tuna except loins) from the European Community during the period from July 1, 2007 and June 30, 2008
- 28/06/07 AGREEMENT announcing several trade dispositions, as well as the correlation table between TIGIE 2002 and TIGIE 2007
- 29/06/07 DECREE approving amendments to Appendix 6 (special provisions) of the annex 300-B (Textile and Apparel Goods) of NAFTA, between the United States of America and Mexico
- 29/06/07 SECOND RESOLUTION modifying the GRFT 2007 and its ANNEXES 6 to 10, 17,18,21,23, 27 to 29

## EU Official Journal

- 02/06/07 L141 Council Regulation (EC) No 376/2007 Second Additional Protocol to the Economic Partnership, Political Coordination and Cooperation Agreement between the European Community and its Member States, of the one part, and the United Mexican States, of the other part, to take account of the accession of the Republic of Bulgaria and Romania to the European Union
- 22/06/07 L161 Council Regulation (EC) No 700/2007 of 11 June 2007 on the marketing of the meat of bovine animals aged 12 months or less

To access text visit: <http://www.economia-bruselas.gob.mx>

**Mexico-EU Trade Links** is a monthly informational newsletter published by the Mexican Mission to the EU, Representative office of the Ministry of the Economy. Av. Franklin Roosevelt 94, 1050, Brussels, Belgium.  
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