



MEMORANDUM

TO: US Congressional Members and Staff
FROM: Simon Rosenberg and Emma Buckhout
DATE: January 30, 2014
SUBJECT: NDN/NPI Backgrounder on Mexico Prior to Feb Visits by Pres Obama, Sec Pritzker

In the next few weeks, the Obama administration embarks upon two significant trips to Mexico. From February 3rd to 7th Secretary of Commerce Penny Pritzker will lead her first [trade mission](#) to Monterrey and Mexico City accompanied by a delegation of representatives from 17 major US businesses. On February 19th, President Obama will join Canadian Prime Minister Stephen Harper and Mexican President Enrique Peña Nieto at this year's [North American leaders' summit](#) in Toluca, Mexico. Both trips are expected to include discussions of economic competitiveness for the region, trade and investment, and security.

These crucial dialogues coincide with the 20th anniversary of the entry into force of the North America Free Trade Agreement, ongoing US Congressional efforts to pass meaningful immigration reform legislation, as well as Trans-Pacific Partnership negotiations. We must evaluate and better understand the gains of the last two decades for both the US and Mexico as our leaders seek to build upon them moving forward. As we look to the next twenty years, the US has the opportunity to deepen its partnership with Mexico and North America, to strengthen economic development, job creation and social growth in the US and abroad, and to ensure that the US and North America remain strong in an age of increasing global competition.

We offer up the following backgrounder on the current state of our southern neighbor Mexico and our North American partnership. While there is still more to do, Mexico has made tremendous strides toward becoming a modern, democratic, economically developed country since the implementation of NAFTA. As it has modernized and opened its economy, trade between the US and Mexico has skyrocketed and supports six million US jobs. The Trans-Pacific Partnership could be a means of further strengthening and expanding that growth.

See attached for more information



Background on Mexico, North America

Since 1993, the year before NAFTA went into effect, Mexico's:

- Population has grown from [91.7 million to 120.8 million people](#), [12th in the world](#) (with EU considered one unit).
- Poverty rate has dropped from [69% to 52%](#) (1996-2012).
- Life expectancy has increased from [72 to 77 years](#) in 2011.
- Fertility rate has dropped from [3.1 to 2.2 births per woman](#) in 2011.
- GDP has more than doubled from [\\$510 billion to \\$ 1.178 trillion](#) in 2012 (GDP, current international \$). Mexico is the [12th largest economy](#) in the world today. Estimates say it will be the 5th in a generation.
- Per capita income has doubled from [\\$8,469 to \\$16,734](#) in 2012 (GDP per capita, PPP, current international \$).

Skyrocketing US-Mexico trade and tourism, job growth, and progress at the border:

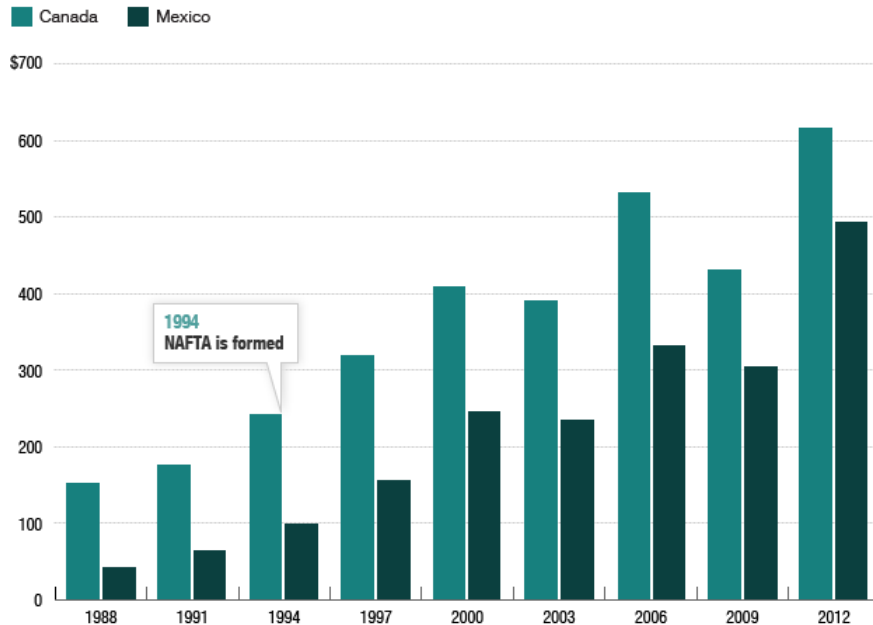
- US-Mexico trade goods and services trade has increased six-fold, from [\\$80 billion to over \\$500 billion](#). Mexico is now the US's third largest trading partner, second largest export market. We trade more with Mexico today than Japan, Germany and the UK combined. Mexico buys twice as much from the US as China does, with [1/11](#) the population, and more from Brazil, Russia, India and China (the BRICs) [combined](#).
- [Mexican tourism to the US](#) ranks second for number of visitors to the US and fourth for level of spending in the US.
- 14 million jobs in the US are dependent on trade with NAFTA countries, [6 million with Mexico](#) alone.
- [10%](#) of people living in the US today are of Mexican origin, and about 10% of people born in Mexico live in the United States.
- In recent years, net migration from Mexico to the US has dropped from 770,000 to [zero](#).
- Despite massive organized crime violence in Mexico, the border on US side is safer- the two safest large cities in the US according to violent crime rates are [El Paso and San Diego](#).
- While Mexico faces great challenges in strengthening its rule of law and eliminating the threat of organized crime, the US shares in that challenge. Violence in Mexico has been significantly driven by US drug habits, and weak response to guns smuggled from the US into Mexico.

Mexico is becoming a modern country:

- After 70 years of single-party rule, Mexico has transitioned to a more [liberal democracy](#). It successfully transferred party rule in the 2000 and 2012 presidential elections. Its executive, legislative, and judicial branches operate independently, as does the Church and press from the state.
- In the past year, President Enrique Peña Nieto has championed an [ambitious reform agenda](#), including education, telecommunications, taxes, energy, elections and more.
- Mexico has transformed from a protectionist state to one of the most open countries- it has free [trade agreements](#) with twice as many countries as the US does.
- At [Davos](#), Mexico was specially acknowledged among OECD countries for its growth and reforms, and received over \$7 billion in investments from major corporations.

Images: Among US Trading Partners, NAFTA Countries Buy More Goods, Support More US Jobs

U.S. Trade With NAFTA Countries, In Billions



Source: U.S. Census Bureau Credit: Danny DeBelius, Emily Siner / NPR

2012 Total Goods Trade, Exports, and Imports, Top 15 U.S. Trading Partners (in billions of USD)

Rank	Country	Exports YTD	Imports YTD	Total Trade YTD	Percent of Total Trade
---	Total, All Countries	1,547.1	2,275.0	3,822.2	100.0%
---	Total, Top 15 Countries	1,049.0	1,703.0	2,752.0	72.0%
1	Canada	292.4	324.2	616.7	16.1%
2	China	110.6	425.6	536.2	14.0%
3	Mexico	216.3	277.7	494.0	12.9%
4	Japan	70.0	146.4	216.4	5.7%
5	Germany	48.8	108.5	157.3	4.1%
6	United Kingdom	54.8	54.9	109.8	2.9%
7	Korea, South	42.3	58.9	101.2	2.6%
8	Brazil	43.7	32.1	75.8	2.0%
9	Saudi Arabia	18.1	55.7	73.8	1.9%
10	France	30.8	41.6	72.4	1.9%
11	Taiwan	24.4	38.9	63.2	1.7%
12	Netherlands	40.7	22.3	63.0	1.6%
13	India	22.3	40.5	62.9	1.6%
14	Venezuela	17.6	38.7	56.4	1.5%
15	Italy	16.0	36.9	52.9	1.4%

Source: U.S. Census Bureau, <http://www.census.gov/foreign-trade/statistics/highlights/top/top1212yr.html#total> and <http://www.census.gov/foreign-trade/balance/c4621.html>

From “[Realizing the Strategic National Value of our Trade, Tourism and Ports of Entry with Mexico](#)”, Erik Lee, Rick Van Schoik, Leah Fiacco and Alejandro Figueroa, *NDN/New Policy Institute*, May 2013

6 million US jobs depend on trade with Mexico



[US-Mexico Economic Relations: Job Creation Starts with Trade](#), Secretaría de Economía, *NAFTA Works*, April 2013



Further Reading

General Background

[Reassert U.S. Leadership of a Liberal Global Order](#), Robert Kagan and Ted Piccone, *Brookings*, January 23, 2014

[The Future of Jobs: The Onrushing Wave](#), *The Economist*, January 18, 2014

[The Most Important Chart in American Politics](#), Michael Scherer, *Time*, *NDN*, February 4, 2013

TPA/TPP

[Global Trade Grows Main Street](#), Amb. Michael Froman, *Office of the United States Trade Representative*, January 24, 2014

[A New Path on Trade Deals](#), Editorial Board, *Los Angeles Times*, January 26, 2014

[Mr. President, Don't Back Down on Trade in the State of the Union](#), Amy Liu, *Brookings*, January 27, 2014

Mexico/North America

[It's Time for NAFTA 2.0](#), Thomas "Mack" McLarty, *Wall Street Journal*, December 15, 2013

[Mexico: How Much Has Changed](#), Enrique Krauze, *Huffington Post*, January 23, 2014

[Realizing the Strategic National Value of our Trade, Tourism and Ports of Entry with Mexico](#), Erik Lee, Rick Van Schoik, Leah Fiacco and Alejandro Figueroa, *NDN/New Policy Institute*, May 2013

[Davos Wrap: Emerging Markets Winners \(Mexico\) and Losers \(Brazil\)](#), Peter Vanham, *Financial Times*, January 28, 2014

[US-Mexico Economic Relations: Job Creation Starts with Trade](#), Secretaría de Economía, *NAFTA Works*, April 2013

[Congressional Testimony: NAFTA at 20 - Accomplishments, Challenges, and the Way Forward](#), Eric Farnsworth, Americas Society/ Council of the Americas, January 15, 2014

[Testimony before the Subcommittee on the Western Hemisphere: NAFTA at Twenty - Accomplishments, Challenges, and the Way Forward](#), Duncan Wood, Woodrow Wilson Center Mexico Institute, January 15, 2014

[DHS's Alan Bersin on Deepening US-Mexico Ties](#), *NDN/New Policy Institute*, November 22, 2013