



Mexico and the Asian Challenge (2000-2012)¹

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As a result of a group of administrations and respective leaderships, since the 1990s Mexico actively engaged in an open process of integration to the globalization process, particularly in terms of trade and investments. Initial discussions in the 1980s, its membership to GATT (General Agreement on Tariffs and Trade) in 1986, and particularly since the end of the 1980s with the new administration of Carlos Salinas de Gortari (1988-1994), are all relevant to understand Mexico in 2013. It was under this new leadership that Mexico implemented an active and global new strategy to liberalize its markets and specially to the United States. Negotiations for such a regional integration and the implementation of the North American Free Trade Agreement (NAFTA) in January of 1994 established most of the trade, investment and political agenda of the 1990s in Mexico and became a cornerstone in many Latin American countries and beyond.

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From this perspective, the document will analyze the trade and investment relationship of Mexico with Asia since 2000. Based on increased trade and investment flows with the region, and in the context of a “reorientalization” of the global economy (Arrighi 2007; Frank 1998) and the 21st century as a “Pacific Century”, what are the characteristics, and the performance of trade and investment of Mexico with Asia³? Discussion in Latin America and the Caribbean (LAC) on the “commodification” of the new economic relationship with Asia and difficulties to integrate to Asian global commodity chains will be analyzed. The specific trade and investment conditions between Mexico and Asia and each of its countries will be examined, and also in terms of policy consequences for the future. The possibilities of improving the relationship with Asia and each of the countries of the region in terms of trade and investment will also be part of the analysis.

As a result, the document will include three sections. The first will establish the liberalization strategy implemented in Mexico since the late 1980s and until 2013, particularly in terms of trade and investments. The justification for such a brief analysis is that this strategic and political basis and consensus in Mexico is critical for understanding the current situation between Mexico and Asia. The second section will, first, briefly examine the institutional setting in Mexico on Asia in terms of trade and investments, in addition to the specificities of Mexico’s relationship bilaterally and/ or in regional and other institutions. This section will also include a detailed analysis of the relationship of Mexico with these countries in terms of trade and investment. The final part will allow for a discussion of Mexico’s trade and investment relationship with Asia, its performance and potential.

1. Mexico’s Liberalization Strategy (1988-...)

Like few other socioeconomies in the last 30 years, Mexico engaged in a rapid and profound process of export-oriented industrialization (EOI) since the late 1980s. Until the beginning of this millenium Mexico was considered to be one of the most successful socioeconomic cases for globalization: as a result of a coherent group of macroeconomic and regional policies –including the North American Free Trade Agreement (NAFTA)- Mexico was a symbol for most of Latin America, other parts of

³ In what follows, Asia is defined as the group of the following 20 countries: Brunei, Burma, Cambodia, China, North Korea, South Korea, Philippines, Hong Kong, India, Indonesia, Japan, Laos, Macau, Malaysia, Mongolia, Singapore, Thailand, Taiwan, East Timor and Vietnam.

the world and regional and multilateral institutions such as the Bank for Interamerican Development (IADB), the International Monetary Fund (IMF) and the World Trade Organization (WTO), among many others. Macroeconomic structural reform and macroeconomic stability, in addition to “horizontal” policies in other fields of Mexico’s socioeconomy where the main catchwords for the public sector since then and until 2013. Mexico’s experience –if compared with its own performance and from an international perspective- has, however, been twofold. While experiencing some success in several macroeconomic variables, as well as positive results in export-specialization, productivity, employment and wage improvements in these sectors, the same sectors display few linkages with the rest of Mexico’s economy. Since 2000, in addition, even these sectors have been deeply questioned by other countries, particularly Asia and China. Thus, the “King of Free Trade Agreements” (FTAs) for the first time explicitly cancelled the option to sign one with China, at least in the short and medium run.

Over the course of the 1980s, the new orthodoxy of export-oriented industrialization (EOI) was widely adopted by policy-makers in Latin America. The lessons of the East Asian miracle, famously summarized by the World Bank in its 1993 report, combined with influential analyses of the “rent-seeking” pathologies associated with earlier import-substituting industrialization (ISI) regimes in Latin America (Krueger 1978, 1997), led to a categorical rejection of development strategies throughout much of the region and an embrace of export-oriented policies as the key to growth and development. Convinced that creating a market-friendly environment was the best way to generate foreign direct investment (FDI), policy-makers eschewed targeted industrial policy in favor of a neutral or horizontal approach⁴, and macroeconomic stabilization became the highest priority of governments that attached great importance to the task of getting the macroeconomic fundamentals right.

The argument in favor of EOI builds on the positive association between exports and economic growth or development. Contrary to ISI, EOI stresses that the global economy, through exports, is the point of reference for any economic unit (firm, region, nation, group of nations, etc.). Exports, in general, reflect efficiency; that is nonexporting economic units are not efficient from this perspective. It emphasizes

⁴ Neutral or horizontal policies –concepts that are well known in Latin America and particularly in Mexico for the last two decades- refer to a set of policies that attempt to affect firms, sectors and regions, for example, without any particular distinction and contrary to ISI-policies that prioritized firms, sector and specific regions under criterion such as import-substitution, value-added and/or innovation and technology, among others.

neutral or export-oriented production of manufactures to maximize the efficient allocation of factors of production and a specialization among nations according to their respective comparative cost advantages (Balassa 1981). Moreover, it underlines the central role of manufacturing in economies of the periphery, even though the theoretical justification for doing so has not been sufficiently developed to date. Contrary to structural restrictions or bottlenecks imposed by industrialization—as stressed by some ISI-authors—this “intuitive Darwinian rationale for free trade” (Bhagwati, 1991: 17) argues that the degree and the structure of protection in the periphery under ISI had a significant negative impact on the allocation of resources, and subsequently on exports and overall economic structure.

Probably the strongest argument of EOI supporters against ISI’s infant industry protection and overall policy of state interventions is the rent-seeking behavior it generates. As a result of market intervention under ISI—such as import licenses, tariffs, but in general any form of market intervention—economic units in general, including firms and countries, generate perverse (or nonmarket conforming) results in this environment: excess capacity to obtain rents provided by the state, over utilization of promotional instruments, and, in general, an economic structure aimed to reap the incentives provided by the state. Parallel, these mechanisms generate perverse social incentives and structures, as, in most of the cases, incentives are not taken by the initially expected groups (potential modern/industrial groups), but rather by rent-seeking and corrupt groups, which do not have an incentive to modernize/industrialize. The ubiquitousness of rent-seeking from this perspective, is one of the most significant obstacles for development (Krueger 1997).

It is in this international and national economic context that the major pillars and guidelines of liberalization strategy in Mexico since the 1980s, in contrast to import-substitution industrialization, have developed as follows (Aspe Armella 1993; Dussel Peters 2000; PND 2013; Salinas de Gortari 2000, 2004; Sojo Garza-Aldape 2005):

1. Macroeconomic stabilization is to “induce” the process of microeconomic and sectoral growth and development, i.e. all sectorial subsidies and specific policies were to be abolished in favor of neutral or horizontal policies.
2. As an extension of point 1, the main priority of the government was to stabilize the macro economy. Since 1988, the government has viewed controlling inflation rates (or relative prices) and the fiscal deficit, as well as attracting of foreign investments – as the main financing source of the new strategy, since oil revenues and massive foreign credits were not available and/or sufficient- as the

main priorities of the new development strategy. The macroeconomic priorities of the liberalization strategy were backed up by restrictive money and credit policies of the Mexican central bank.

3. The nominal and real exchange rates are a result of the control of the inflation rate (the nominal exchange rate as an anti-inflationary anchor), i.e. since the control of the inflation rate is the macroeconomic priority of the liberalization strategy, the government will not allow for devaluation, the latter resulting in increasing inflation rates because of imported inputs (Ibarra 1999). Additionally, a stable and overvalued real exchange rate will also incentivate foreign direct investments and particularly those in the financial sector.
4. Supported by the reprivatization of the banking system beginning in the mid-1980s and the massive privatization of state-owned industries, the Mexican private sector is to lead Mexico's economy out of the "lost decade" of the 1980s through exports. The massive import liberalization process, initiated at the end of 1985, was supposed to support the private manufacturing sector in order to orient it toward exports, as a result of cheaper international imports.
5. Finally, government policies toward labor unions were of utmost significance. As reflected in the respective *Pactos Económicos* (or economic pacts between the public and private sectors, as well as with trade unions) since 1987, only a few (government - friendly) labor unions were deemed acceptable to negotiate inside firms and with the government, while the rest were declared illegal. This process, which has included violent disruptions of independent labor unions, has made national wage negotiations possible in Mexico within the framework of the respective economic pacts and with the objective to control real wage growth.

Up to 2013, the Mexican government has continued, with few exceptions, with a consistent liberalization strategy (PND 2007, 2013). NAFTA's implementation in 1994 is of fundamental relevance for the liberalization strategy. In a best case scenario, and allowing for a significant structural change towards exports in the Mexican economy, the Mexican economy required an outlet and welcoming market for the commodities/products resulting from Mexico's structural change. This outlet was to be Mexico's main trading partner, the United States. Otherwise, let us try to imagine a successful export orientation without a market to sell these commodities.⁵

⁵ At the end of the 1980s, this was not merely a hypothetical possibility. Politicians such as Ross Perot and Patrick J. Buchanan in the United States presented strong criticisms of imports from Mexico. Stepped-up protectionism would have acted against an export orientation in Mexico and EOI in general. See also: Rubio (2001).

The latter strategy and perspective is critical: globalization and liberalization strategy were primarily oriented towards an integration to the United States. As discussed by Salinas de Gortari and the original –and last- strategic development concept in Mexico since then, globalization meant integration to the United States, since Mexico was only viable –and of interest for foreign capital- if it was a member of one of the three global blocks (Japan, the US and the European Union).⁶

With the exception of Japan, and for important and obvious trade and investment reasons, as we shall see later (see chapter 2.2.), the rest of Asia was in general not envisioned in this strategy. As Fernández de Castro and Díaz Leal (2007:110) highlight, “in general Mexican elites in charge of the design and administration of diplomacy fluctuate between two poles (that are not necessarily antagonistic): to prioritize the economic insertion to North America or diversification of economic exchanges in which Latin America and the European Union play a central role”. Several reflections are relevant to understand this “strategic decision” of Mexican political and business elites, and present until 2013:

1. Authors such as Clark Reynolds (1993:110) stress that the analyzed liberalization strategy, as well as the negotiation and implementation of NAFTA, also had profound implications on security and military issues at the national, bilateral and regional level, i.e. NAFTA included a “package of policies” beyond trade and investment and with short, medium and long-term potential.
2. In arguably the most consistent justification for liberalization strategy⁷ the book of Herminio Blanco Mendoza (Blanco Mendoza 1994) on trade negotiations with the world is a good example: five out of 275 pages refer to East Asia -while NAFTA and North America required the longest chapter with more than 120

⁶ The analysis of Salinas de Gortari in 2000 is very convincing in this direction: “The United States emerged as the only superpower in the world. Its hegemonic character meant for us that, contrary to what had happened in the past, we would not longer count with the possibility of constructing, with the colossus of the North, balances and equilibrium en the international arena, such as Mexico did with Europe in the 20st century and later with the socialist camp ... At the beginning of the 1990s and with the consolidated globalization, Mexico could only aspire to sustained growth if it participated in the world flows of free trade ... To benefit with advantages from economic globalization and, particularly, to compete with efficiency for financial capitals in the world, it was indispensable to create attractives compared to emerging nations from Central Europe and other regions” (Salinas de Gortari 2000:40-44).

⁷ See the 27 volumes presented by Fondo de Cultura Económica in 1994 under the title “*Una visión de la Modernización de México*”. Each volumen was published by public officials very close to President Salinas the Gortari at that time; the book on trade negotiations, for example, by Herminio Blanco Mendoza and the one on modernization of the agricultural sector by Luis Téllez Kuenzler, among others.

pages- and without a single proposal or reflection on the future of Mexico-Asia trade and investment relations (Blanco Mendoza 1994:151-155). Other responsible officials then acknowledge the importance of Mexico becoming a full member of APEC in 1994, although with no concrete implications in contrast to North America (Gurría 1999:277-278). The most relevant literature justifying the liberalization strategy in Mexico at that time (Aspe Armella 1993:111-153; Lustig 1992:114-140) use trade liberalization and globalization as a synonym to economic integration to the United States. Salinas de Gortari (2000) is as eloquent: in his book of more than 1,300 pages the first chapter –almost 200 pages- is on “the construction of the North American Free Trade Agreement”. Even more recent analysis since the 2000s (Giugale, Lafourcade and Nguyen 2001; León 1997). Policy-makers and officials until 2012 even have difficulties integrating explicitly Asia (Acevedo and Zabludovsky 2012; Leycegui 2012), although the TPP (Transpacific Partnership) and the Alliance for the Pacific could be functional for further reforms in Mexico (Rozenzweig 2012).

3. The respective Plan Nacional de Desarrollo (PND) since the 1990s in general do not provide any specific guidelines regarding Asia.⁸ Only since 2007 there are specific references to Asia, i.e. through APEC Mexico should enhance linkages to “China, Japan, India, Korea, Singapore, Australia and New Zealand” (PND 2007:304, also 297); for the first time it explicitly acknowledges that “between 2000 and 2006 total trade between Mexico and the region (Asia-Pacific) increased by almost 240% totaling 69 billion dollars” (PND 2007:297). In the most recent PND (2013-2018) the Executive for the first time states that Mexico requires a global presence and should “consolidate as an emerging power” (PND 2013:92), acknowledging explicitly on Asia-Pacific that there is the need that Mexico “strengthens its diplomatic presence in this region. The case of China is a clear example of the latter. Mexico has the challenge to take the relations with this country towards a new paradigm of cooperation and dialogue that allows new schemes of understanding and exchange ... the limited relation with other

⁸ See: PND (1995, 2001, 2007, 2012). The PND (1995) for 1995-2000 provides a good example: while it includes proposals for North America, Central America and the Caribbean, and South America, on Asia it only includes references on Asia Pacific regarding the participation to APEC “to promote trade, investment and financial relations with its member countries, which includes some of the most dynamic economies of the world and whose international role will increase in the future” (PND 2005:14). In most of the PND since the 1990s, Asia is considered a case for Mexico’s “diversification” (PND 2001:62; PND 2007:299).

countries in the region offers trade opportunities to potentiate trade with Asia and bring tourism to the country” (PND 2013:94). Priorizing the alliance within North America, the new government highlights Mexico’s “global responsibility” and overall “presence in the world ... as a regional relevant actor” (PND 2013:147) in Latin America and the Caribbean. It explicitly mentions the need to consolidate Mexico’s presence –again in the “diversification of its economic ties” (PND 2013:148)- in a group of regional forum, particularly: APEC, ANSEA, FOCALAE and PECC. Based on this strategy, the PND 2013-2018 presents seven “lines of action” (PND 2013:148). In addition, PND 2013-2018 refers to the “Sectorial Program of Foreign Relations” (*Programa Sectorial de Relaciones Exteriores*) that relates to Mexico’s relationship with Asia.

4. Finally, North American integration and concretely NAFTA did not consider the adherence of Asian countries and, more significantly, competition with Asian nations. As discussed by Dussel Peters and Gallagher (2013), China has become in the last decade “NAFTA’s uninvited guest” but has, so far, not reacted formally and explicitly to Asia’s and China’s challenges in terms of a regional development agenda and specific value-added chains such as electronics, yarn-textile-garments and autoparts-automobiles, among others (Gallagher, Wise and Dussel Peters 2009). NAFTA, as a region, did and does not consider a discussion or strategy towards Asia, in spite of important arguments in each of the NAFTA-members and cooperation opportunities and competition, respectively.⁹

2. Mexico and Asia: Trade and Investments. Strategies, Institutions and Performance (2000-2013)

As proposed in the general introduction of this paper, the first part of this chapter will examine the general strategy and issues, including cooperation agreements and diplomatic issues, between Mexico and Asia. The second part of this chapter will analyze in more detail the Mexico-Asia relationship. In all cases, the relationship focuses on trade and investments.

⁹ In the case of Mexico, for example, there has been a slow but increasing literature on the effects of China on Mexico’s manufacturing sector. For a discussion, see: Dussel Peters (2012), Salinas de Gortari (2004), and <http://www.economia.unam.mx/cechimex>.

2.1. Strategies, Agreements and Negotiations

As discussed in chapter 1, Mexico's strategy towards Asia and particular countries has been extremely weak: Mexico has, until 2013, not been able to develop a coherent and short, medium and long-term strategy towards Asia. This limitation has resulted in an increasing gap between institutions from the public, private and academic sectors, among others, with the trade and investment relationship (as we shall see in chapter 2.2.), i.e. institutions in 2013 do not respond to the effective challenges of trade and investments from China.

However, it is important to acknowledge that particular sectors have been doing a significant development since 2000 to challenge this increasing gap. To understand the institutional setting in Mexico towards Asia, three institutions in Mexico will be highlighted: the federal public, private, and academic sectors. These sectors have, until June of 2013, defined the relationship with Asia, in the context of the prior liberalization strategy since the end of the 1980s.

2.1.1. Public Strategies, Agreements and Negotiations

Today Mexico has negotiated 12 free trade agreements with 44 countries and 28 Agreements for the Promotion and Reciprocal Protection of Investments (APPRI) with 29 countries; in the case of FTAs, Mexico has only signed an Agreement to Strengthen the Economic Association with Japan (2004), and APPRI have been signed with China (2008), Korea (2000), India (2007), and Singapore (2005), i.e. the former discussion on the lack of focusing on Asia is very clear in the little relevance of Mexican instruments and mechanisms with Asian countries.¹⁰

Based on the 20 countries defined as "Asia" for this project, until 2013 Mexico had a group of recent results in terms of trade and investment agreements with Asia (SRE 2012):

1. Institutionally, Mexico's Foreign Ministry (*Secretaría de Relaciones Exteriores*) has the highest ranked unit specializing on Asia, the General Direction for Asia Pacific, which depends on the Deputy Secretary of Foreign Relations (*Subsecretaría de*

¹⁰ Two Asian countries -Corea for almost a decade, and China- have requested Mexico to start free trade negotiations, but neither the public nor the private sectors have shown interest in starting negotiations in this direction.

Relaciones Exteriores). Other Secretaries in Mexico, such as Secretary of Economics, do not have specific dependencies working on Asia.¹¹

2. Regionally, with Asia, Mexico participated in at least 5 different regional and multilateral mechanisms since 2000. On the one hand, the Asia Pacific Economic Cooperation (APEC), starting in 1989, with 13 members (including the US, Japan, Korea and Canada, among others). Since Mexico's membership to APEC, this has been a critical forum for Mexico and its 21 members; just in the last 6 years, President Calderón participated in 5 of the 6 APEC meetings and there has been an increasing number of activities within APEC (SRE 2012). In addition, the Forum for East Asia-Latin America Cooperation (FOCALAE) started in 1999 to enhance diplomatic, political and economic relations (concretely 19 and 17 countries in LAC and Asia); FOCALAE has allowed Mexico to have a good political dialogue and exchange of ideas with Asian counterparts (ECLAC 2011). The third relevant Asian-wide institution for Mexico is the Pacific Council for Economic Cooperation (PCEC), which allows for an exchange at the academic and business levels, among others. Dozens of activities have taken place with each of the members of Asia (SRE 2012:40ff.). Historically, Asia and Mexico have also institutions such as the Pacific Economic Cooperation Council (PECC), which continues to be for Mexico one of the main formal ties to the Asian region.

3. More recently, Mexico has joined and actively participated in two international trade initiatives related to Asia. On the one hand, it is participating in the TPP since October of 2012 as “the most important and ambitious trade negotiation worldwide” (PND 2013:95). With the participation of nine countries (Brunei, Canada, Chile, Japan, New Zealand, Singapore, United States, Australia, Peru, Vietnam and Malaysia, among others). More than 20 working tables on issues such as agriculture, customs, investments and telecommunications, among others, is relevant for Mexico at least from two perspectives: a. it will allow for a further diversification of Mexico's trade, b. linkages to the most dynamic economies and trade structures of the world, c. it will allow preferential access to some of the most dynamic markets of the world in Asia, and d. implications could become significant if the US economy would have allowed for TPP, but not Mexican supplies to US-exports (SE 2013/a). The Alliance for the Pacific (2013/b), on the other hand, is a more recent Latin American initiative led by four

¹¹ The Secretary of Economics, however, has in June of 2013 informed that it will create a Unit on China; it is not clear yet at which administrative level it will be situated.

countries (Chile, Colombia, Mexico and Peru) to allow for the free exchange of goods, services, capitals and persons; the four countries account for 34% of Latin America's GDP and 50% of trade in the region (PND 2013:95:96).

4. ProMéxico is an additional significant participant in understanding the relationship between Mexico and Asia. ProMéxico depends today directly from the Secretary of Economics and has a unit (a "coordination" on Asia) working on Asia-Pacific for both, the promotion of Mexican trade and investments, but also for enhancing Asian investments. Today it accounts for offices in China (3 offices), Japan, Singapore and Taiwan.¹²

More at the local and provincial level, provinces such as Michoacán, Sinaloa and Mexico City have been very active in promoting cooperation and sisterhood agreements, although initiatives at this level have been limited yet (Dussel Peters 2012/a).

2.1.2. Business Organizations

A group of business organizations in Mexico work on Asia, but in general they do on specific countries and not on the region. The following are the most significant in Mexico today:

- a. Mexican Business Council for Foreign Trade, Investment and Technology (COMCE). It is the oldest business organization in Mexico related to foreign trade and investments. It specializes in its relationship to Mexico's public sector, as well as to other countries through its representations. It provides specialized analysis and consulting services, as well as participation in exhibitions, logistics and knowledge transfer to other businesses. It also provides training for business and has excellent relations with Mexico's embassies and consulates in the world. COMCE is divided in six regional sections, one of them including Asia and Oceania, which is divided in another group of national committees (Korea, China, Taiwan, New Zealand, Hong Kong, Japan, and Singapore).¹³
- b. There is a small but increasing group of business organizations related to Asian countries, including: *Cámara Japonesa de Comercio e Industria de México*, *Cámara de Comercio y Tecnología México-China*, *Cámara de Comercio de*

¹² For a full presentation, see: <http://www.promexico.gob.mx/es>.

¹³ For a full description, see: <http://www.comce.org.mx/>.

México en China, and *Confederación de Asociaciones Chinas en México* (Cachimex). In general these business chambers are rather small, have profound financial limitations and increase their activity as a result of visits of delegations to/from Mexico, but with little research and proposals in the field of their responsibility.

2.1.3. Academic Institutions

Academic institutions specializing on Asia are rather new in Mexico, and Latin America. However, there is a group of academic institutions that has been working in this direction:

- a. The Center for Asian and African Studies (CEAA) at Colegio de México¹⁴ has the oldest tradition in Mexico and Latin America studying Asia since 1964 and particularly for Japan, China, South and Southeast Asia. The CEAA offers Master and Ph.D. level studies, and particularly focused on language (from Swahili and Korean to Chinese and other African and Asian languages) and history, but with little specialization on current and economic, trade and investment issues.
- b. The National Autonomous University of Mexico (UNAM) also offers a group of academic options for studying Asia, both at the School of Philosophy and at the School of Economics, in addition to Foreign Languages. The Center for Chinese-Mexican Studies at the School of Economics has in-depth studies in the last decade on trade, investment and detailed research on value-added chains, among other.
- c. The University of Guadalajara has a Department on Pacific Studies at the Center for Social Sciences and Humanities, created in 1990, focuses on Japan, China's agricultural sector and regional integration in Asia, among other topics. The Center for Studies and Research on the Pacific Basin at Universidad de Colima has a group of researchers with a wide variety of research interests: from the overall Mexico-China relations to comparative Mexico-China analysis, human resources for the Pacific Basin, Japan and renewable energies.

¹⁴ For a details, see: <http://ceaa.colmex.mx/> and

2.2. Conditions and Performance of Trade and Investments (2000-2012)

Asia has increased its share over Mexico's economy in a very profound form in the last decade and particularly in terms of trade and investments (Monitor de la Manufactura Mexicana 2012). It could be argued that the more recent relationship with Asia was, in a first stage and beginning in the end of the 1990s, centered on trade, while a second stage began with the international global crisis in 2007-2008, now including increasing investments. These two issues will be analyzed in depth in what follows.

2.2.1. Trade¹⁵

Table 1 accounts for the most significant changes of Mexico's trade since the 1990s. In general, several issues can be highlighted:

1. The United States is by far the largest trading partner of Mexico, both historically and until 2012, accounting for 77.60% and 49.93% of Mexican exports and imports in 2012, respectively, and for 63.77% of Mexico's total trade in 2012. Another significant feature of Mexico's trade with the US is its significant trade surplus, which increased from negative balances in the beginning of the 1990s to levels below \$50 billion in the 2000s and 103 billion dollars in 2012, the highest ever.
2. However, several of the prior issues have to be deepened. On the one hand, Mexico's imports originating from the US are still the highest, but have fallen very substantially: the share of US-imports fell from 75.49% in 1996 and levels above 70% in the 1990s to levels below 50% since 2007. Similarly, there has been a falling tendency in the share of Mexican exports to the US, from 88.73% in 2000 to 77.60% in 2012. As a result, US's share over total Mexican trade fell from 81.03% in 1999 to 63.77%, and reflecting a profound and continuous process of disintegration within NAFTA.¹⁶
3. As the counterpart of the former tendencies, Asia in general, but particularly China have increased their trade presence in Mexico. In a little more than a decade Asia's share over Mexican trade almost tripled, from levels below 7% to 17.67% in 2012; the Chinese case is even more spectacular, increasing almost

¹⁵ Unless otherwise stated, all trade data was taken from World Trade Atlas (<http://www.gtis.com/wta.htm>), which coincides with Mexico's trade data from Comtrade (<http://comtrade.un.org>).

¹⁶ The issue is of utmost relevance in Latin America and NAFTA. For an analysis on intraindustry trade within NAFTA and specific value-added chains in the region, see: Cárdenas Castro and Dussel Peters (2011); Dussel Peters and Gallagher (2013).

ten times during the same period to account for a share of 8.45% in 2012 (or 48% of total Asia's trade with Mexico). Trade dynamism with Asia has been particularly significant for 2000-2012; in this period exports and imports from Asia increased with an average annual growth rate (AAGR) of 19.0% and 15.5%, respectively, while total exports and imports presented an AAGR of 6.9% and 6.5%, respectively.

4. In contrast to trade with the US, however, trade with Asia reflects very different characteristics. In general, Mexico accounts for massive trade deficits with Asia, which are increasing similar to trade surplus with the US; the deficit with Asia increased more than 5 times since 2000 and was of \$96 billion in 2012, i.e. Asia is still a secondary export market for Mexico (accounting for 5.93% of Mexican exports) but major regarding Mexico's imports (of 30.67%). Or, in other words: for every exported \$US dollar to Asia in 2012, Mexico imported \$6.6 (in several years since 2000 the relationship was above 10).
5. China is probably the most outstanding case in terms of overall trade with Mexico of the Asian countries, and as we shall see below: it only accounts for 1.54% of Mexican exports and 15.36% of Mexican imports; the latter has increased 10 times since 2000 and the import/export coefficient was above 20 for several years and was of 10 in 2012.

Table 1

Mexico: main trade structures (1993.-2012)

	exports						imports					
	TOTAL	UNITED STATES	EUROPEAN UNION	ASIA	CHINA	OTHER	TOTAL	UNITED STATES	EUROPEAN UNION	ASIA	CHINA	OTHER
	MILLION \$US											
1993	51,886	42,912	2,704	1,348	45	4,923	65,367	45,295	7,908	7,373	386	4,791
1994	60,882	51,619	2,875	1,544	42	4,844	79,346	54,834	9,199	9,464	500	5,848
1995	79,542	66,274	3,372	2,044	37	7,852	72,453	53,902	6,830	7,699	521	4,022
1996	96,000	80,570	3,570	2,601	38	9,258	89,469	67,536	7,874	8,998	760	5,061
1997	110,431	94,377	4,072	2,392	46	9,590	109,808	82,002	10,156	11,315	1,247	6,334
1998	117,539	103,002	4,018	2,201	106	8,318	125,373	93,258	11,994	12,840	1,617	7,280
1999	136,362	120,262	5,484	2,124	126	8,492	141,975	105,267	13,180	15,129	1,921	8,399
2000	166,121	147,400	5,743	2,158	204	10,819	174,458	127,534	15,329	20,271	2,880	11,323
2001	158,780	140,564	5,419	2,223	282	10,574	168,396	113,767	16,841	25,345	4,027	12,444
2002	161,046	141,898	5,630	3,310	654	10,209	168,679	106,557	17,136	31,360	6,274	13,626
2003	164,766	144,293	6,216	3,683	974	10,574	170,546	105,361	18,645	31,854	9,401	14,687
2004	187,999	164,522	6,825	3,942	986	12,710	196,810	110,827	21,793	44,400	14,374	19,790
2005	214,233	183,563	9,144	4,779	1,136	16,747	221,820	118,547	25,982	53,654	17,696	23,636
2006	249,925	211,799	11,009	6,386	1,688	20,731	256,058	130,311	29,012	68,893	24,438	27,842
2007	271,875	223,133	14,554	7,613	1,895	26,575	281,949	139,473	33,822	79,451	29,744	29,203
2008	291,343	233,523	17,288	8,626	2,045	31,906	308,603	151,335	39,183	86,211	34,690	31,874
2009	229,783	185,181	11,626	7,561	2,208	25,416	234,385	112,434	27,226	72,158	32,529	22,568
2010	298,473	238,684	14,432	10,704	4,183	34,653	301,482	145,007	32,497	95,918	45,608	28,059
2011	349,375	274,431	18,945	14,547	5,964	41,452	350,843	174,356	37,585	107,111	52,248	31,792
2012	370,915	287,824	21,988	17,364	5,721	43,738	370,752	185,110	40,738	113,714	56,936	31,190
	GROWTH RATE											
1993	--	--	--	--	--	--	--	--	--	--	--	--
1994	17.3	20.3	6.3	14.6	-5.8	-1.6	21.4	21.1	16.3	28.4	29.3	22.1
1995	30.6	28.4	17.3	32.3	-12.2	62.1	-8.7	-1.7	-25.8	-18.7	4.2	-31.2
1996	20.7	21.6	5.9	27.3	3.4	17.9	23.5	25.3	15.3	16.9	45.9	25.8
1997	15.0	17.1	14.0	-8.0	19.9	3.6	22.7	21.4	29.0	25.8	64.2	25.2
1998	6.4	9.1	-1.3	-8.0	131.0	-13.3	14.2	13.7	18.1	13.5	29.6	14.9
1999	16.0	16.8	36.5	-3.5	19.2	2.1	13.2	12.9	9.9	17.8	18.8	15.4
2000	21.8	22.6	4.7	1.6	61.1	27.4	22.9	21.2	16.3	34.0	49.9	34.8
2001	-4.4	-4.6	-5.6	3.0	38.4	-2.3	-3.5	-10.8	9.9	25.0	39.9	9.9
2002	1.4	0.9	3.9	48.9	132.1	-3.5	0.2	-6.3	1.8	23.7	55.8	9.5
2003	2.3	1.7	10.4	11.3	49.0	3.6	1.1	-1.1	8.8	1.6	49.8	7.8
2004	14.1	14.0	9.8	7.0	1.2	20.2	15.4	5.2	16.9	39.4	52.9	34.7
2005	14.0	11.6	34.0	21.2	15.1	31.8	12.7	7.0	19.2	20.8	23.1	19.4
2006	16.7	15.4	20.4	33.6	48.7	23.8	15.4	9.9	11.7	28.4	38.1	17.8
2007	8.8	5.4	32.2	19.2	12.3	28.2	10.1	7.0	16.6	15.3	21.7	4.9
2008	7.2	4.7	18.8	13.3	7.9	20.1	9.5	8.5	15.9	8.5	16.6	9.1
2009	-21.1	-20.7	-32.8	-12.3	8.0	-20.3	-24.0	-25.7	-30.5	-16.3	-6.2	-29.2
2010	29.9	28.9	24.1	41.6	89.5	36.3	28.6	29.0	19.4	32.9	40.2	24.3
2011	17.1	15.0	31.3	35.9	42.6	19.6	16.4	20.2	15.7	11.7	14.6	13.3
2012	6.2	4.9	16.1	19.4	-4.1	5.5	5.7	6.2	8.4	6.2	9.0	-1.9
1993-2000	18.1	19.3	11.4	7.0	24.2	11.9	15.1	15.9	9.9	15.5	33.2	13.1
2000-2012	6.9	5.7	11.8	19.0	32.0	12.3	6.5	3.2	8.5	15.5	28.2	8.8

(Table 1 continued)

SHARE OVER TOTAL (percentage)												
1993	100.00	82.70	5.21	2.60	0.09	9.49	100.00	69.29	12.10	11.28	0.59	7.33
1994	100.00	84.78	4.72	2.54	0.07	7.96	100.00	69.11	11.59	11.93	0.63	7.37
1995	100.00	83.32	4.24	2.57	0.05	9.87	100.00	74.40	9.43	10.63	0.72	5.55
1996	100.00	83.93	3.72	2.71	0.04	9.64	100.00	75.49	8.80	10.06	0.85	5.66
1997	100.00	85.46	3.69	2.17	0.04	8.68	100.00	74.68	9.25	10.30	1.14	5.77
1998	100.00	87.63	3.42	1.87	0.09	7.08	100.00	74.38	9.57	10.24	1.29	5.81
1999	100.00	88.19	4.02	1.56	0.09	6.23	100.00	74.15	9.28	10.66	1.35	5.92
2000	100.00	88.73	3.46	1.30	0.12	6.51	100.00	73.10	8.79	11.62	1.65	6.49
2001	100.00	88.53	3.41	1.40	0.18	6.66	100.00	67.56	10.00	15.05	2.39	7.39
2002	100.00	88.11	3.50	2.06	0.41	6.34	100.00	63.17	10.16	18.59	3.72	8.08
2003	100.00	87.57	3.77	2.24	0.59	6.42	100.00	61.78	10.93	18.68	5.51	8.61
2004	100.00	87.51	3.63	2.10	0.52	6.76	100.00	56.31	11.07	22.56	7.30	10.06
2005	100.00	85.68	4.27	2.23	0.53	7.82	100.00	53.44	11.71	24.19	7.98	10.66
2006	100.00	84.75	4.40	2.55	0.68	8.30	100.00	50.89	11.33	26.91	9.54	10.87
2007	100.00	82.07	5.35	2.80	0.70	9.77	100.00	49.47	12.00	28.18	10.55	10.36
2008	100.00	80.15	5.93	2.96	0.70	10.95	100.00	49.04	12.70	27.94	11.24	10.33
2009	100.00	80.59	5.06	3.29	0.96	11.06	100.00	47.97	11.62	30.79	13.88	9.63
2010	100.00	79.97	4.84	3.59	1.40	11.61	100.00	48.10	10.78	31.82	15.13	9.31
2011	100.00	78.55	5.42	4.16	1.71	11.86	100.00	49.70	10.71	30.53	14.89	9.06
2012	100.00	77.60	5.93	4.68	1.54	11.79	100.00	49.93	10.99	30.67	15.36	8.41
TRADE BALANCE						SHARE OVER TOTAL TRADE						
1993	-13,481	-2,383	-5,204	-6,025	-342	132	100.00	75.23	9.05	7.44	0.37	8.28
1994	-18,464	-3,216	-6,324	-7,920	-457	-1,005	100.00	75.91	8.61	7.85	0.39	7.62
1995	7,088	12,371	-3,458	-5,655	-484	3,830	100.00	79.07	6.71	6.41	0.37	7.81
1996	6,531	13,034	-4,303	-6,397	-721	4,197	100.00	79.86	6.17	6.25	0.43	7.72
1997	623	12,375	-6,084	-8,923	-1,201	3,256	100.00	80.09	6.46	6.22	0.59	7.23
1998	-7,834	9,743	-7,976	-10,639	-1,511	1,037	100.00	80.79	6.59	6.19	0.71	6.42
1999	-5,613	14,995	-7,696	-13,005	-1,795	94	100.00	81.03	6.71	6.20	0.74	6.07
2000	-8,337	19,865	-9,586	-18,113	-2,676	-504	100.00	80.73	6.19	6.59	0.91	6.50
2001	-9,617	26,798	-11,423	-23,122	-3,745	-1,870	100.00	77.74	6.80	8.43	1.32	7.04
2002	-7,633	35,341	-11,506	-28,050	-5,620	-3,418	100.00	75.35	6.90	10.51	2.10	7.23
2003	-5,779	38,933	-12,428	-28,171	-8,426	-4,113	100.00	74.45	7.41	10.60	3.09	7.53
2004	-8,811	53,695	-14,968	-40,459	-13,388	-7,079	100.00	71.55	7.44	12.56	3.99	8.45
2005	-7,587	65,016	-16,838	-48,875	-16,561	-6,889	100.00	69.28	8.06	13.40	4.32	9.26
2006	-6,133	81,488	-18,003	-62,508	-22,750	-7,110	100.00	67.61	7.91	14.88	5.16	9.60
2007	-10,074	83,660	-19,268	-71,838	-27,848	-2,628	100.00	65.47	8.73	15.72	5.71	10.07
2008	-17,261	82,188	-21,895	-77,586	-32,646	32	100.00	64.15	9.41	15.81	6.12	10.63
2009	-4,602	72,747	-15,600	-64,596	-30,321	2,848	100.00	64.12	8.37	17.17	7.48	10.34
2010	-3,009	93,677	-18,065	-85,215	-41,425	6,594	100.00	63.95	7.82	17.77	8.30	10.45
2011	-1,468	100,075	-18,639	-92,564	-46,284	9,661	100.00	64.09	8.07	17.37	8.31	10.46
2012	163	102,714	-18,750	-96,349	-51,215	12,548	100.00	63.77	8.46	17.67	8.45	10.10

Source: own elaboration based on Banxico (2013).

Table 2 shows some of the main features of Mexico's trade with the 20 Asian economies considered for this paper, in particular:

1. Mexican exports to these Asian countries has increasingly concentrated in different kind of raw materials, in particular oil, ores and other minerals, while the technological content of Mexican exports to Asia has fallen significantly. In the case of the share of medium and high-technology products, for example, their share over total exports to these Asian countries fell from levels above 50% until 2001 to levels below 40% and even 30% until 2012. Both, stagnating exports in autoparts and automobiles, and particularly dynamic exports in oil and minerals have allowed for these tendencies.
2. Mexican imports from these Asian countries, on the contrary, are almost exclusively –with 98.9% for the period 1995-2012- from the manufacturing sector and non-raw materials. The share of medium and high-technology level imports over total imports from Asia has high and increasing levels: from above 60% in the 1990s to levels above 75% in 2010s. From a Latin American perspective, and for example in the trade relationship with China, Mexico still has technological capabilities and the technological gap in trade has not widened in the last decade.¹⁷

TABLE 2
MEXICO: MAIN IMPORTED AND EXPORTED CHAPTERS TO ASIA (2012)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1995-2012
EXPORTS																			
total	1,925	2,827	2,248	1,930	1,973	2,043	2,078	2,509	2,275	3,022	4,410	5,761	6,922	7,763	6,837	10,015	13,711	16,244	94,491
raw materials /a	845	1,169	753	413	578	692	601	779	925	1,157	1,708	2,023	2,688	2,807	2,728	4,282	6,643	7,919	38,709
medium and high technology /b	272	602	712	889	1,005	889	1,086	1,108	832	1,075	1,537	2,140	2,246	2,266	2,089	3,185	3,655	5,399	30,988
main 5 exported chapters (according	766	1,227	1,134	1,025	1,276	1,258	1,362	1,494	1,365	1,581	2,363	3,113	3,736	3,755	3,552	5,986	8,546	11,426	54,964
27-Oil	493	620	431	133	253	360	276	379	548	370	492	579	874	917	891	1,510	2,779	3,315	15,221
26-Ores, slag and ash	15	23	11	11	24	21	38	46	30	191	398	513	724	727	726	1,471	2,278	2,948	10,195
85-Electrical machinery	92	136	197	248	306	265	366	276	183	213	316	362	676	1,026	1,099	1,264	1,321	2,501	10,758
87-Automobiles	11	106	14	22	50	36	75	154	41	140	373	543	587	557	465	1,034	1,392	1,667	7,269
84-Autoparts	154	341	480	611	642	575	608	639	562	667	783	1,116	875	528	460	708	776	996	11,522
IMPORTS																			
total	7,591	8,775	11,082	12,541	14,693	19,531	24,719	30,759	31,182	43,522	52,651	67,811	77,995	84,528	70,912	94,287	104,778	111,172	868,529
raw materials /a	335	367	527	531	538	749	815	919	893	999	1,154	1,556	2,538	3,089	2,057	3,015	3,146	3,473	26,701
medium and high technology /b	4,711	5,439	6,622	7,110	8,975	11,951	18,171	22,875	23,172	33,382	40,124	52,210	59,413	63,497	54,261	72,429	78,241	81,446	644,028
main 5 imported chapters (according	4,931	5,677	6,901	7,398	9,402	12,435	18,846	23,674	24,157	34,626	41,680	53,933	61,232	65,486	55,996	74,799	81,034	84,552	666,758
85-Electrical machinery	2,692	2,910	3,750	3,926	5,198	6,971	11,123	13,309	12,022	18,567	24,035	31,001	34,055	38,281	34,968	44,661	46,673	46,390	380,529
84-Autoparts	1,541	1,850	2,025	2,228	2,683	3,315	5,359	7,529	8,950	11,338	11,335	12,641	13,537	14,000	12,946	18,181	20,468	22,788	172,712
87-Automobiles	234	363	479	531	501	1,099	1,010	1,219	1,380	1,960	2,627	3,838	4,484	4,666	2,853	5,086	6,144	7,278	45,751
90-Optical instruments	243	314	365	421	587	561	672	810	814	1,500	2,101	4,703	7,306	6,504	3,470	4,473	4,877	4,893	44,615
39-Plastics	222	239	282	293	433	490	681	808	990	1,262	1,582	1,750	1,850	2,035	1,760	2,398	2,873	3,203	23,151
SHARE (PERCENTAGE OVER TOTAL)																			
EXPORTS																			
total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
raw materials /a	43.87	41.35	33.49	21.40	29.28	33.86	28.92	31.06	40.68	38.30	38.73	35.11	38.83	36.16	39.89	42.76	48.45	48.75	40.97
medium and high technology /b	14.15	21.31	31.69	46.07	50.94	43.54	52.26	44.14	36.60	35.57	34.84	37.15	32.44	29.19	30.55	31.81	26.66	33.23	32.79
main 5 exported chapters (according	39.78	43.41	50.43	53.11	64.68	61.57	65.56	59.52	60.00	52.31	53.58	54.04	53.98	48.37	51.95	59.77	62.33	70.34	58.17
27-Oil	25.62	21.95	19.16	6.91	12.84	17.60	13.28	15.11	24.11	12.25	11.16	10.05	12.62	11.81	13.03	15.07	20.27	20.41	16.11
26-Ores, slag and ash	0.77	0.82	0.50	0.56	1.21	1.05	1.82	1.83	1.31	6.31	9.02	8.90	10.46	9.36	10.62	14.69	16.62	18.15	10.79
85-Electrical machinery	4.79	4.83	8.76	12.84	15.53	12.98	17.59	11.00	8.05	7.05	7.17	6.29	9.77	13.21	14.76	12.62	9.64	15.40	11.39
87-Automobiles	0.58	3.74	0.64	1.16	2.56	1.78	3.61	6.12	1.82	4.65	8.47	9.43	8.48	7.17	6.80	10.32	10.15	10.26	7.69
84-Autoparts	8.02	12.07	21.37	31.64	32.54	28.17	29.25	25.47	24.71	22.06	17.75	19.37	12.64	6.81	6.73	7.07	5.66	6.13	12.19
IMPORTS																			
total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
raw materials /a	4.41	4.19	4.75	4.23	3.66	3.84	3.30	2.99	2.86	2.29	2.19	2.29	3.25	3.65	2.90	3.20	3.00	3.12	3.07
medium and high technology /b	62.06	61.98	59.75	56.69	61.08	61.19	73.51	74.37	74.31	76.70	76.21	76.99	76.18	75.12	76.52	76.82	74.67	73.26	74.15
main 5 imported chapters (according	64.96	64.69	62.28	58.99	63.99	63.67	76.24	76.97	77.47	79.56	79.16	79.53	78.51	77.47	78.97	79.33	77.34	76.05	76.77
85-Electrical machinery	35.46	33.16	33.84	31.30	35.38	35.69	45.00	43.27	38.56	42.66	45.65	45.72	43.66	45.29	49.31	47.37	44.54	41.73	43.81
84-Autoparts	20.30	21.08	18.28	17.77	18.26	16.97	21.68	24.48	28.70	26.05	21.53	18.64	17.36	16.56	18.26	19.28	19.53	20.50	19.89
87-Automobiles	3.08	4.14	4.33	4.23	3.41	5.62	4.09	3.96	4.43	4.50	4.99	5.66	5.75	5.52	4.02	5.39	5.86	6.55	5.27
90-Optical instruments	3.20	3.58	3.29	3.36	4.00	2.87	2.72	2.63	2.61	3.45	3.99	6.94	9.37	7.69	4.89	4.74	4.65	4.40	5.14
39-Plastics	2.92	2.73	2.54	2.34	2.94	2.51	2.75	2.63	3.18	2.90	3.01	2.58	2.37	2.41	2.48	2.54	2.74	2.88	2.67

/a Refers to chapters 1-30 of the Harmonized Tariff System.

/b Refers to chapters 84-90 of the Harmonized Tariff System.

Source: Own calculations based on WTA (2013).

¹⁷ For a full discussion, see: Dussel Peters (2013).

Table 3 deepens the first general analysis of Mexico's trade with Asia in terms of its technological level. It reflects that: a. Total Mexican exports –and particularly to the US- account for a relatively high technological level, i.e. since the 1990s more than 50% of its exports are of medium or high technological level, and of 57.55% in 2012, while imports account for around 10% less than its exports, b. in contrast, however, trade with Asia in general, but with each of its main trading partners, is drastically different, i.e. there is wide and increasing gap, in the case of China, for example, in 2012 imports from China and exports to China accounted for 74% and 37% with products with medium and high technological level.

TABLE 3
Mexico: Trade with Asian Countries by medium and high-technology levels /a
(share over respective total)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1995-2012
Mexico, total																			
Exports	54.34	55.69	56.42	60.75	62.35	62.01	63.64	62.37	60.53	59.01	56.89	57.57	57.67	56.03	58.12	59.19	55.75	57.55	58.42
Imports	45.91	49.30	49.39	50.58	52.40	53.84	55.15	54.24	52.19	52.39	51.44	51.68	50.95	48.76	50.99	50.84	48.73	49.72	50.98
Asia																			
Exports	14.15	21.31	31.69	46.07	50.94	43.54	52.26	44.14	36.60	35.57	34.84	37.15	32.44	29.19	30.55	31.81	26.66	33.23	32.79
Imports	62.06	61.98	59.75	56.69	61.08	61.19	73.51	74.37	74.31	76.70	76.21	76.99	76.18	75.12	76.52	76.82	74.67	73.26	74.15
United States																			
Exports	58.56	59.65	59.89	63.67	64.97	65.03	66.54	65.28	63.53	61.96	59.68	60.10	60.65	58.84	60.72	62.01	58.72	61.38	61.51
Imports	26.92	21.33	19.34	19.16	22.19	21.60	29.35	37.22	41.20	47.06	49.12	54.47	55.07	51.57	60.83	63.46	55.88	57.27	43.82
China																			
exports	3.62	18.74	16.18	75.35	91.15	89.20	83.29	75.61	76.71	45.88	34.39	41.56	40.75	30.78	28.25	27.92	24.21	36.63	34.75
imports	38.39	41.46	49.67	50.64	52.97	51.15	57.85	63.07	72.00	72.53	70.36	72.44	71.37	71.24	75.00	77.46	74.73	73.61	72.63
South Korea																			
Exports	49.70	53.06	20.36	34.21	25.01	19.12	57.77	54.73	28.31	20.20	21.03	21.22	16.33	22.53	21.57	20.01	17.26	21.04	23.68
Imports	67.72	61.37	60.76	59.45	63.13	63.64	70.53	74.71	76.17	78.42	77.52	81.84	83.62	80.88	82.83	79.68	76.05	70.89	76.98
India																			
Exports	12.66	19.77	9.25	11.13	29.77	6.17	2.98	2.10	0.83	2.08	2.76	3.83	6.78	11.03	18.58	20.92	9.67	8.46	9.50
Imports	8.81	13.71	12.27	11.93	16.11	14.69	16.66	16.11	12.37	26.82	27.22	26.75	28.12	27.38	26.93	29.11	33.53	33.62	27.41
Japan																			
Exports	8.55	10.94	13.22	18.95	25.22	24.96	35.50	41.81	36.02	38.47	37.73	35.94	35.42	34.03	34.64	40.58	35.83	40.10	31.75
Imports	40.29	41.34	41.15	40.69	42.82	43.19	45.04	44.27	44.51	46.45	47.03	47.19	46.48	45.71	45.78	45.32	45.98	46.61	45.38
Taiwan																			
Exports	23.55	8.02	18.92	27.62	43.60	43.53	58.47	32.99	28.81	20.94	45.69	66.84	16.91	19.52	20.45	17.10	16.00	43.36	32.54
Imports	64.36	64.93	57.85	53.40	61.58	62.42	78.77	83.63	74.01	76.55	76.66	78.22	80.55	80.08	77.67	75.50	75.30	73.66	75.52

/a Refers to chapters 84-90 of the Harmonized Tariff System.

Within Asian countries, Table 4 shows several of the additional characteristics of trade with Mexico, in particular:

1. Throughout 1995-2012 Asia's share over total Mexican trade has increased impressively, from 6.26% to 17.18%.¹⁸
2. However, from the 20 Asian considered cases, only 12 have effective trade with Mexico. Cambodia, Macao, North Korea, Mongolia, Burma, Brunei, Laos and East Timor have very little trade with Mexico; in all cases less than 0.7% of Mexico's total trade.

¹⁸ Aggregated data for "Asia" in tables 1 and 2 is not the same since Banco de México and our definition of 20 nations of Asia is not the same.

3. The main 5 trading partners of Mexico according to total trade in 2012 – i.e. China, Japan, South Korea, Taiwan and India- accounted for 87%, 83.7% and 87.3% of Mexico's total trade with Asia, exports and imports in 2012, respectively.

TABLE 4
MEXICO: TRADE AND TRADE BALANCE WITH ASIA (1995-2012)
(according to total trade in 2012)

	1995	2000	2005	2008	2012	1995-2012	1995	2000	2005	2008	2012	1995-2012	1995	2000	2005	2008	2012	1995-2012
	MEXICO'S TOTAL TRADE (\$ million)						MEXICAN EXPORTS (\$ million)						MEXICAN IMPORTS (\$million)					
WORLD	151,994	340,897	436,052	599,946	741,636	7,397,945	79,541	166,424	214,233	291,343	291,343	3,574,553	72,453	174,473	221,820	308,603	370,746	3,743,844
ASIA	9,516	21,573	57,061	92,291	127,416	963,021	1,925	2,043	4,410	7,763	7,763	86,010	7,591	19,531	52,651	84,528	111,172	868,529
1 China	558	3,083	18,832	36,735	62,657	364,439	37	204	1,136	2,045	2,045	23,852	521	2,880	17,696	34,690	56,936	336,910
2 Japan	4,931	7,411	14,548	18,328	20,269	210,036	979	931	1,470	2,046	2,046	23,763	3,952	6,480	13,078	16,282	17,655	185,706
3 South Korea	859	3,870	6,738	14,065	15,068	130,626	88	179	242	538	538	7,005	771	3,690	6,496	13,527	13,341	122,431
4 Taiwan	760	2,138	4,266	6,966	6,554	68,519	44	144	200	307	307	3,619	716	1,994	4,066	6,659	6,183	64,836
5 India	146	348	1,520	2,920	6,292	29,055	25	60	561	1,559	1,559	10,863	121	288	959	1,361	2,951	16,410
6 Malaysia	453	1,411	3,712	4,773	4,938	53,691	17	57	54	114	114	1,327	436	1,354	3,658	4,659	4,736	52,274
7 Thailand	197	554	1,655	2,337	4,212	27,111	31	46	98	129	129	1,821	167	508	1,558	2,208	3,806	25,013
8 Singapore	463	803	2,552	2,124	2,096	28,942	173	196	327	426	426	6,299	289	606	2,226	1,698	1,371	22,345
9 Philippines	75	599	1,364	1,304	1,456	16,477	6	11	41	66	66	674	69	587	1,323	1,238	1,389	15,801
10 Indonesia	183	487	720	1,020	1,337	12,531	16	12	66	63	63	735	167	475	654	957	1,191	11,713
11 Vietnam	8	36	282	683	1,238	6,429	0	1	8	69	69	488	8	35	274	614	1,154	5,925
12 Hong Kong	664	643	744	929	1,164	12,669	504	187	192	396	396	5,381	159	456	552	533	339	6,858
13 Cambodia	0	1	11	33	84	325	0	0	0	0	0	2	0	1	11	33	84	323
14 Macao	11	14	23	38	19	335	0	5	8	1	1	41	11	9	15	37	19	294
15 North Korea	206	174	78	24	11	1,659	3	10	8	3	3	123	203	164	70	21	9	1,538
16 Mongolia	0	1	15	2	9	110	0	0	0	0	0	7	0	1	15	2	4	98
17 Burma	0	0	0	8	7	46	0	0	0	0	0	3	0	0	0	8	5	42
18 Brunei Darussalam	0	0	1	1	5	12	0	0	1	1	1	5	0	0	0	0	0	2
19 Laos	1	1	0	1	1	10	0	0	0	0	0	1	1	1	0	0	1	9
20 East Timor	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1
	Share (percentage)						Share (percentage)						Share (percentage)					
WORLD	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
ASIA	6.26	6.33	13.09	15.38	17.18	13.02	2.42	1.23	2.06	2.66	2.66	2.41	10.48	11.19	23.74	27.39	29.99	23.20
1 China	0.37	0.90	4.32	6.12	8.45	4.93	0.05	0.12	0.53	0.70	0.70	0.67	0.72	1.65	7.98	11.24	15.36	9.00
2 Japan	3.24	2.17	3.34	3.06	2.73	2.84	1.23	0.56	0.69	0.70	0.70	0.66	5.45	3.71	5.90	5.28	4.76	4.96
3 South Korea	0.57	1.14	1.55	2.34	2.03	1.77	0.11	0.11	0.11	0.18	0.18	0.20	1.06	2.12	2.93	4.38	3.60	3.27
4 Taiwan	0.50	0.63	0.98	1.16	0.88	0.93	0.06	0.09	0.09	0.11	0.11	0.10	0.99	1.14	1.83	2.16	1.67	1.73
5 India	0.10	0.10	0.35	0.49	0.85	0.39	0.03	0.04	0.26	0.54	0.54	0.30	0.17	0.17	0.43	0.44	0.80	0.44
6 Malaysia	0.30	0.41	0.85	0.80	0.67	0.73	0.02	0.03	0.03	0.04	0.04	0.04	0.60	0.78	1.65	1.51	1.28	1.40
7 Thailand	0.13	0.16	0.38	0.39	0.57	0.37	0.04	0.03	0.05	0.04	0.04	0.05	0.23	0.29	0.70	0.72	1.03	0.67
8 Singapore	0.30	0.24	0.59	0.35	0.28	0.39	0.22	0.12	0.15	0.15	0.15	0.18	0.40	0.35	1.00	0.55	0.37	0.60
9 Philippines	0.05	0.18	0.31	0.22	0.20	0.22	0.01	0.01	0.02	0.02	0.02	0.02	0.09	0.34	0.60	0.40	0.37	0.42
10 Indonesia	0.12	0.14	0.17	0.17	0.18	0.17	0.02	0.01	0.03	0.02	0.02	0.02	0.23	0.27	0.29	0.31	0.32	0.31
11 Vietnam	0.01	0.01	0.06	0.11	0.17	0.09	0.00	0.00	0.00	0.02	0.02	0.01	0.01	0.02	0.12	0.20	0.31	0.16
12 Hong Kong	0.44	0.19	0.17	0.15	0.16	0.17	0.63	0.11	0.09	0.14	0.14	0.15	0.22	0.26	0.25	0.17	0.09	0.18
13 Cambodia	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.01
14 Macao	0.01	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.01	0.01	0.01	0.01	0.01
15 North Korea	0.14	0.05	0.02	0.00	0.00	0.02	0.00	0.01	0.00	0.00	0.00	0.00	0.28	0.09	0.03	0.01	0.00	0.04
16 Mongolia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
17 Burma	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18 Brunei Darussalam	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19 Laos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20 East Timor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Growth rate						Growth rate						Growth rate					
WORLD	--	50.6	24.5	16.1	7.6	32.0	--	61.1	51.1	7.9	-65.7	26.6	--	49.9	23.1	16.6	9.0	31.8
ASIA	--	26.5	26.6	0.4	8.1	8.7	--	19.9	61.7	7.0	-9.2	4.4	--	27.5	23.6	-0.4	7.0	9.2
1 China	--	32.0	25.0	5.8	-0.8	18.4	--	19.2	49.7	-21.0	-64.7	11.2	--	32.7	24.3	7.2	-2.4	18.3
2 Japan	--	29.7	17.3	12.9	5.1	13.5	--	57.5	26.5	13.0	-34.3	12.1	--	28.1	16.9	12.9	7.2	13.5
3 South Korea	--	38.1	16.2	29.6	51.4	24.8	--	202.4	27.4	49.1	-11.9	27.5	--	24.1	10.5	12.7	23.7	20.7
4 Taiwan	--	36.5	8.3	-2.5	-13.9	15.1	--	238.0	1.1	-7.3	-8.5	11.7	--	33.1	8.4	-2.3	-15.6	15.1
5 India	--	16.1	28.1	2.8	23.6	19.7	--	-53.5	202.0	-22.7	-59.6	8.8	--	34.0	23.6	4.8	23.2	20.2
6 Malaysia	--	-21.3	3.2	-12.3	17.9	9.3	--	-59.0	24.5	26.9	-28.0	5.4	--	12.3	0.6	-18.6	15.7	9.6
7 Thailand	--	50.7	54.4	2.5	-13.5	19.1	--	-40.9	153.9	-11.6	39.8	14.6	--	55.4	52.6	3.3	-15.1	19.4
8 Singapore	--	44.0	13.6	9.8	-1.5	12.4	--	31.2	229.4	47.8	-49.9	8.4	--	44.3	6.5	8.0	-3.3	12.2
9 Philippines	--	19.5	48.3	33.2	19.3	34.4	--	40.2	-37.2	74.9	7.1	41.1	--	19.1	54.5	29.8	18.6	34.1
10 Indonesia	--	49.3	23.1	4.5	46.7	3.4	--	5.3	-2.3	20.8	-12.1	-1.4	--	80.3	35.4	-5.0	-1.2	4.5
11 Vietnam	--	21.2	174.4	41.5	20.2	63.9	--	129.7	144.2	-93.1	79.7	8.6	--	15.1	175.8	46.8	19.9	79.9
12 Hong Kong	--	30.8	52.4	32.2	-36.6	3.3	--	45.7	7,782.5	-4.8	-61.1	8.9	--	23.9	2.8	33.1	-35.4	3.1
13 Cambodia	--	-6.7	41.9	-49.7	-61.7	-15.9	--	179.7	10.2	-1.5	92.6	0.4	--	-10.2	46.7	-53.1	-65.8	-16.7
14 Macao	--	-2.2	31.4	-69.8	-58.3	52.3	--	--	--	50.7	-97.9	11.1	--	-2.2	31.4	-70.3	-79.7	70.6
15 North Korea	--	210.0	--	32.4	-12.5	40.3	--	--	--	446.5	-93.9	--	--	127.3	--	30.7	-11.7	37.6
16 Mongolia	--	-17.9	12.5	-12.5	689.7	34.2	--	-64.9	22.2	42.2	29.3	21.7	--	-13.9	-37.5	-78.4	-79.0	2.3
17 Burma	--	3.6	-10.4	8.1	148.5	0.9	--	--	-71.8	227.5	980.5	70.4	--	3.6	-5.1	-46.6	90.1	-1.3
18 Brunei Darussalam	--	--	2,741.8	900.2	15.8	--	--	--	--	--	--	--	--	--	1,422.6	5.6	15.8	--
19 Laos	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
20 East Timor	--	0.0	0.0	0.0	0.0	0.0	--	--	--	--	--	--	--	--	--	--	--	--

Source: own elaboration based on WTA (2013).

Table 5 accounts for the main chapters of the Harmonized Tariff System in which Mexico has a trade deficit with Asia: only three chapters - electrical machinery, autoparts and automobiles- represented 75% of Mexico's trade deficit with Asia in 2012 and reflects the high concentration of Asian exports to Mexico in these manufacturing sectors.

TABLE 5
Mexico: Trade Balance with Asia (1995-2012)
(main 10 chapters of the HTS, according to 20:

SA	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1995-2012
All trade with Asia	-5,665	-5,949	-8,834	-10,611	-12,721	-17,488	-22,641	-28,250	-28,507	-40,500	-48,241	-62,050	-71,074	-76,765	-84,075	-84,272	-91,067	-94,928	-774,038
Main 10 chapters	-4,901	-5,216	-7,431	-8,828	-10,821	-14,583	-19,230	-24,287	-24,494	-35,903	-43,039	-56,380	-64,893	-70,043	-80,952	-77,428	-82,410	-85,270	-693,909
85 Electrical Machinery	-2,599	-2,774	-3,553	-3,678	-4,891	-6,706	-10,757	-13,033	-11,839	-18,354	-23,719	-30,639	-33,379	-37,255	-33,959	-43,397	-45,351	-43,889	-369,771
84 Autoparts	-1,387	-1,509	-1,545	-1,617	-2,041	-2,739	-4,751	-6,889	-8,388	-10,671	-10,552	-11,525	-12,662	-13,472	-12,485	-17,473	-19,692	-21,791	-161,190
87 Automobiles	-223	-257	-465	-509	-451	-1,062	-935	-1,065	-1,338	-1,819	-2,254	-3,295	-3,896	-4,109	-3,388	-4,052	-4,752	-5,612	-38,482
90 Optical instruments	-228	-296	-344	-413	-581	-549	-635	-776	-769	-1,445	-2,037	-4,585	-7,201	-6,381	-3,362	-4,338	-4,741	-4,692	-43,374
98 Special classification	-796	-928	-1,437	-1,891	-1,700	-2,145	-350	-662	-389	-758	-959	-1,361	-1,592	-1,788	-1,888	-2,130	-2,892	-2,877	-26,344
39 Plastics	-200	-202	-256	-276	-420	-468	-657	-765	-956	-1,205	-1,477	-1,608	-1,637	-1,755	-1,433	-2,102	-2,512	-2,808	-20,736
27 Oil	446	572	350	46	199	229	108	199	432	186	247	172	-339	-475	298	492	2,041	2,368	7,571
72 Iron and steel	298	420	62	-95	-168	-496	-449	-418	-389	-596	-723	-1,229	-784	-1,104	-993	-1,350	-1,176	-2,289	-11,478
73 Articles of iron and steel	-114	-113	-147	-207	-313	-372	-429	-521	-501	-686	-853	-1,145	-1,208	-1,435	-1,251	-1,635	-1,875	-2,156	-14,971
95 Toys, games	-98	-130	-96	-188	-255	-274	-375	-358	-357	-555	-712	-1,166	-2,194	-2,268	-1,681	-1,444	-1,461	-1,522	-15,134

Source: own elaboration based on WTA (2013).

2.2.2. Foreign Direct Investments

Mexico has been one of the most successful cases in attracting foreign direct investment (FDI) by reforming the foreign direct investment law in 1993, and in the context of NAFTA-integration.¹⁹ For the period 1999-2012 102,079 firms registered FDI-flows, and highly concentrated in the top 5 countries: only the US accounted for 72.37% of FDI-flows during 1999-2012, followed by Spain and Canada. Asia has remained relatively stable, accounting for 6.04% of the firms with FDI-flows during 1999-2012. Within Asia, Japan and South Korea account for the highest shares, and followed by China and Singapore.

TABLE 6
Mexico: number of firms with FDI-flows (1999-2012)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*	1999-2012
Total	7,633	8,170	8,002	7,887	7,666	8,106	8,394	8,337	8,204	7,237	5,900	5,872	6,018	4,653	102,079
Top 5	5,740	6,093	5,830	5,573	5,413	5,827	6,089	6,055	6,120	5,167	4,241	4,132	4,252	3,343	73,875
United States	4,575	4,792	4,525	4,270	4,148	4,446	4,604	4,620	4,540	3,693	3,026	2,912	2,941	2,345	55,437
Spain	373	397	417	451	477	495	607	550	604	555	452	432	512	410	6,732
Canada	275	326	350	300	307	350	394	387	481	439	334	342	371	250	4,906
Holland	283	335	321	318	273	299	274	285	297	274	252	251	228	171	3,861
Germany	234	243	217	234	208	237	210	213	198	206	177	195	200	167	2,939
ASIA	487	484	504	463	444	478	466	473	428	400	355	388	403	396	6,169
BRUNEI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BURMA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAMBOLA	0	0	1	0	0	1	1	1	0	0	0	0	0	0	4
CHINA	62	59	64	70	64	70	85	101	74	62	70	67	66	54	968
NORTH KOREA	2	10	15	4	0	0	3	0	1	2	0	15	8	3	63
SOUTH KOREA	197	182	181	168	134	152	162	143	138	128	102	86	80	75	1,928
PHILIPPINES	5	2	3	3	3	1	2	4	2	3	2	2	3	0	35
HONG KONG	9	7	7	6	4	7	8	6	9	4	5	6	9	6	93
INDIA	10	15	11	14	11	10	12	16	16	26	12	17	13	12	195
INDONESIA	0	0	0	0	0	0	0	1	0	0	0	1	0	0	2
JAPAN	117	110	121	88	119	132	95	90	95	92	92	98	106	173	1,528
LAOS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MACAO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MALAYSIA	1	2	3	3	3	1	3	2	0	2	0	2	3	2	27
MONGOLIA	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1
SINGAPORE	22	24	22	14	14	17	15	19	20	18	20	32	29	27	293
THAILAND	1	1	2	0	0	1	0	2	0	0	0	0	1	0	10
TAIWAN	26	38	38	39	47	31	42	30	29	20	24	27	32	20	443
EAST TIMOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIETNAM	0	0	0	1	1	1	0	0	1	1	0	0	0	0	5
SHARE (percentage)															
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Top 5	75.20	74.58	72.86	70.66	70.61	71.89	72.54	72.63	74.60	71.40	71.88	70.37	70.65	71.85	72.37
United States	59.94	58.65	56.55	54.14	54.11	54.85	54.85	55.42	55.34	51.03	51.29	49.59	48.87	50.40	54.31
Spain	4.89	4.86	5.21	5.72	6.22	6.11	7.23	6.60	7.36	7.67	7.66	7.36	8.51	8.81	6.59
Canada	3.60	3.99	4.37	3.80	4.00	4.32	4.69	4.64	5.86	6.07	5.66	5.82	6.16	5.37	4.81
Holland	3.71	4.10	4.01	4.03	3.56	3.69	3.26	3.42	3.62	3.79	4.27	4.27	3.79	3.68	3.78
Germany	3.07	2.97	2.71	2.97	2.71	2.92	2.50	2.55	2.41	2.85	3.00	3.32	3.32	3.59	2.88
ASIA	6.38	5.92	6.30	5.87	5.79	5.90	5.55	5.67	5.22	5.53	6.02	6.61	6.70	8.51	6.04
BRUNEI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BURMA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CAMBOLA	0.00	0.00	0.01	0.00	0.00	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHINA	0.81	0.72	0.80	0.89	0.83	0.86	1.01	1.21	0.90	0.86	1.19	1.14	1.10	1.16	0.95
NORTH KOREA	0.03	0.12	0.19	0.05	0.00	0.00	0.04	0.00	0.01	0.03	0.00	0.26	0.13	0.06	0.06
SOUTH KOREA	2.58	2.23	2.26	2.13	1.75	1.88	1.93	1.72	1.68	1.77	1.73	1.46	1.33	1.61	1.89
PHILIPPINES	0.07	0.02	0.04	0.04	0.04	0.01	0.02	0.05	0.02	0.04	0.03	0.03	0.05	0.00	0.03
HONG KONG	0.12	0.09	0.09	0.08	0.05	0.09	0.10	0.07	0.11	0.06	0.08	0.10	0.15	0.13	0.09
INDIA	0.13	0.18	0.14	0.18	0.14	0.12	0.14	0.19	0.20	0.36	0.20	0.29	0.22	0.26	0.19
INDONESIA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.02	0.00	0.00	0.00
JAPAN	1.53	1.35	1.51	1.12	1.55	1.63	1.13	1.08	1.16	1.27	1.56	1.67	1.76	3.72	1.50
LAOS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MACAO	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MALAYSIA	0.01	0.02	0.04	0.04	0.04	0.01	0.04	0.02	0.00	0.03	0.00	0.03	0.05	0.04	0.03
MONGOLIA	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SINGAPORE	0.29	0.29	0.27	0.18	0.18	0.21	0.18	0.23	0.24	0.25	0.34	0.54	0.48	0.58	0.29
THAILAND	0.01	0.01	0.02	0.00	0.00	0.01	0.00	0.02	0.02	0.00	0.00	0.00	0.02	0.00	0.01
TAIWAN	0.34	0.47	0.47	0.49	0.61	0.38	0.50	0.36	0.35	0.28	0.41	0.46	0.53	0.43	0.43
EAST TIMOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VIETNAM	0.00	0.00	0.00	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00

Source: own elaboration based on SE (2013/b).

¹⁹ For a full understanding and discussion on FDI in Mexico, from statistics to conceptual discussions and legal changes, see: Dussel Peters, Galindo Paliza, Loría, and Mortimore (2007).

By value of the FDI-transactions during 1999-2012, Table 7 shows that:

1. Mexico accounted for almost 22 billion \$US annually in average during 1999-2012; the top 5 investors (US, Spain, Holland, Canada and UK), accounted for the period for 84.4% of Mexico's total FDI, the share of the US was of 50.1% for 1999-2012.
2. Spain and Holland, with a 13.7% and 13.4% of Mexico's total FDI are very relevant, but the gap with Canada and the UK is very significant –of 4.3% and 2.8% for 1999-2012, respectively. Asia's share was of 3.1% for the period.
3. Within Asia, only Japan accounted for 62% of Asia's FDI to Mexico, accumulating \$5.8 billion for the period 1999-2012; South Korea and Singapore, both with a 0.4% share over Mexico's FDI are also relevant. China and India only played a minor role regarding Mexico's FDI until 2012, with a share of 0.2% and 0.1% over total Mexican FDI during the period.

TABLE 7
Mexico: FDI flows by country of origin (1999-2012)
(millions of \$US dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1999-2012
Total FDI to Mexico	13,934	18,282	29,962	23,901	18,672	24,855	24,449	20,292	31,380	27,853	16,561	21,372	21,504	12,659	305,676
Top 5	10,189	18,942	28,255	21,406	14,000	21,389	19,345	18,890	25,844	22,834	14,163	18,350	16,547	7,885	258,039
United States	7,555	13,172	21,540	13,161	8,990	9,166	11,796	13,035	12,665	11,395	7,319	5,369	10,700	7,403	153,267
Spain	1,045	2,117	2,894	5,008	2,850	7,887	1,702	1,441	5,416	5,105	2,613	1,885	3,492	-1,524	41,929
Holland	1,086	2,697	2,654	1,737	774	3,379	4,018	2,807	6,634	1,865	2,248	8,939	1,480	717	41,035
Canada	691	670	1,029	238	304	649	481	635	521	3,075	1,612	1,525	801	1,041	13,272
United Kingdom	-187	286	138	1,261	1,082	308	1,349	972	607	1,394	371	631	73	249	8,535
ASIA	1,388	609	557	286	243	514	343	-1,230	668	1,157	914	715	1,278	1,985	9,427
1 BRUNEI	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2 BURMA	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
3 CAMBODIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 CHINA	5	11	2	-2	26	12	15	24	9	13	34	14	21	74	259
5 NORTH KOREA	0	0	0	0	0	0	0	0	0	0	0	3	3	3	10
6 SOUTH KOREA	46	30	51	32	57	67	97	72	91	475	76	-4	100	107	1,297
7 PHILIPPINES	-3	0	0	0	0	0	0	0	0	0	0	0	69	0	67
8 HONG KONG	2	4	-1	0	2	2	2	1	1	0	8	2	2	1	28
9 INDIA	0	28	4	0	0	1	2	0	8	-3	6	6	8	2	64
10 INDONESIA	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
11 JAPAN	1,247	443	187	179	139	392	168	-1,422	410	528	484	545	897	1,658	5,855
12 LAOS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
13 MACAO	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
14 MALAYSIA	0	0	0	0	0	0	0	8	0	1	0	0	-2	0	8
15 MONGOLIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 SINGAPORE	66	81	273	59	7	30	14	64	139	109	257	34	151	53	1,336
17 THAILAND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 TAIWAN	24	12	41	17	13	10	44	22	10	33	48	115	27	86	504
19 EAST TIMOR	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
20 VIETNAM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 8 gives some additional information of the main Asian investors in Mexico during 1999-2012 in terms of the composition of FDI of the main 5 Asian countries:

1. Contrary to most of FDI in Mexico -52.9% of FDI to Mexico comes from reinvestment of profits and 26.0% as accounting within firms- Asian FDI stands out since 54% of its FDI during 1999-2012 comes from new investments and only 18.2% from reinvested profits.
2. Overall FDI from Asia has been increasing since 2008, particularly in its share over total Mexican FDI, from levels between 3%-4% to 15.7% in 2012. However, Asia's share in Mexico's total FDI for the period 1999-2012 was of 3.1% in average, with an increasing trend.

3. Table 8 allows to understanding some of the details of the top 5 Asian investors in Mexico. First, Japan has been so far the major investor in Mexico, with 1.9% of Mexico's FDI, and particularly 4.7% of Mexico's new investments during 1999-2012. Second, the rest of the major Asian investors in Mexico – South Korea, Taiwan, China, and Singapore- all stand out for high shares of new investments in their total investments.

TABLE 8
Mexico: characteristics of main 5 Asian source of FDI (1999-2012)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1999-2012
Total flows of the world to Mexico	13,934	18,282	29,962	23,901	18,672	24,855	24,449	20,292	31,380	27,853	16,561	21,372	21,594	12,659	305,675
New investments	2,353	3,509	3,887	2,500	2,119	2,545	4,061	7,776	8,149	8,339	4,313	2,839	7,227	4,458	64,474
Reinvestment of profits	6,409	8,585	22,955	15,483	9,412	14,873	12,989	6,340	17,110	12,015	8,461	14,124	10,088	2,926	161,771
Accounting within firms	5,172	5,788	3,120	5,917	7,141	7,436	7,400	6,175	6,121	7,499	3,787	4,410	4,189	5,275	79,430
From Asia	1,388	609	557	286	243	514	343	-1,230	668	1,157	914	715	1,278	1,985	9,427
New investments	1,206	271	315	186	104	351	250	-1,390	474	338	970	248	708	1,026	5,057
Reinvestment of profits	52	123	106	4	10	43	48	45	47	502	-7	112	311	315	1,712
Accounting within firms	131	215	136	95	130	120	45	115	146	317	-50	355	259	644	2,658
CHINA	5	11	2	-2	26	12	15	24	9	13	34	14	21	74	259
New investments	3	9	2	-2	13	3	13	5	6	9	26	10	24	63	183
Reinvestment of profits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounting within firms	2	1	0	1	13	9	3	19	3	4	7	5	-3	11	76
JAPAN	1,247	443	187	179	139	392	168	-1,422	410	528	484	545	897	1,658	5,855
New investments	1,175	251	20	125	69	291	151	-1,468	269	35	644	164	453	883	3,061
Reinvestment of profits	49	118	105	2	5	43	48	44	46	499	-2	110	301	301	1,670
Accounting within firms	24	74	62	52	65	58	-31	3	94	-6	-158	272	143	473	1,124
SOUTH KOREA	46	30	51	32	57	67	97	72	91	475	76	-4	100	107	1,297
New investments	22	6	35	17	28	62	69	42	117	271	73	-1	116	43	900
Reinvestment of profits	2	0	0	0	3	0	0	1	1	2	2	0	14	1	25
Accounting within firms	23	24	16	15	26	5	27	29	-27	202	2	-2	30	63	372
SINGAPORE	66	81	273	59	7	30	14	64	139	109	257	34	151	53	1,336
New investments	3	-9	223	42	-2	-5	-13	8	72	3	200	-11	102	18	632
Reinvestment of profits	1	1	1	2	2	0	0	0	0	0	-6	0	0	13	13
Accounting within firms	62	89	49	15	7	35	27	55	67	105	64	45	49	22	690
TAIWAN	24	12	41	17	13	10	44	22	10	33	48	115	27	86	504
New investments	7	7	27	4	-5	1	30	14	2	19	15	79	6	14	219
Reinvestment of profits	0	0	0	0	0	0	0	0	0	1	0	0	-4	0	-2
Accounting within firms	17	6	14	12	17	9	15	8	14	33	36	25	72	287	
Tasa de crecimiento															
Total flows of the world to Mexico	--	31.2	63.9	-20.2	-21.9	33.1	-1.6	-17.0	54.6	-11.2	-40.5	29.1	0.6	-41.1	-0.7
New investments	--	66.1	-0.6	-35.7	-15.3	20.1	59.5	91.5	4.8	2.3	-48.3	-34.2	154.6	-38.3	5.0
Reinvestment of profits	--	33.9	167.4	-32.6	-39.2	58.0	-12.7	-51.2	169.9	-29.6	66.9	-28.6	-71.0	-5.9	
Accounting within firms	--	11.9	-46.1	89.7	20.7	4.1	-0.5	-16.5	-0.9	22.5	-49.5	16.5	-5.0	25.9	0.2
From Asia	--	-56.1	-8.5	-48.8	-14.8	111.3	-33.3	-458.6	-154.3	73.2	-21.0	-21.7	78.6	55.4	2.8
New investments	--	-77.5	16.1	-41.0	-44.2	238.9	-28.9	-656.5	-134.1	-28.7	186.7	-74.4	185.4	44.9	-1.2
Reinvestment of profits	--	138.1	-13.6	-95.8	120.4	335.5	12.0	-6.2	4.5	961.7	-101.3	-1817.9	177.1	1.5	15.0
Accounting within firms	--	64.4	-36.7	-30.0	36.4	-7.7	-62.5	156.5	26.8	116.8	-810.9	-27.1	148.8	13.1	
CHINA	--	114.9	-77.7	-172.4	-1579.6	-53.4	28.1	56.5	-62.1	44.3	157.4	-57.3	48.2	245.9	23.0
New investments	--	234.2	-80.3	-228.2	-625.9	-79.5	387.2	-60.4	27.2	41.6	196.0	-63.5	150.0	161.6	27.0
Reinvestment of profits	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Accounting within firms	--	-40.3	-67.4	54.5	1907.9	-28.3	-70.5	585.8	-85.5	50.4	74.2	-31.8	-157.6	-470.5	12.9
JAPAN	--	-64.5	-57.7	-4.7	-22.1	181.5	-57.2	-948.1	-128.8	29.0	-8.3	12.5	64.5	84.9	2.2
New investments	--	-78.7	-91.9	515.0	-44.3	318.4	-47.9	-1070.3	-118.3	-86.9	1731.3	-74.6	176.6	95.0	-2.2
Reinvestment of profits	--	140.1	-11.2	-97.8	119.2	748.0	10.7	-7.2	5.0	977.0	-100.3	-6768.1	173.8	0.2	15.0
Accounting within firms	--	211.9	-16.1	-16.8	25.3	-10.0	-153.7	-108.4	3514.4	-106.1	2647.5	-271.7	-47.3	230.7	25.9
SOUTH KOREA	--	-35.1	67.5	-36.9	78.9	17.5	44.3	-25.5	26.0	423.2	-84.1	-105.2	-2650.2	6.7	6.6
New Investments	--	-71.3	457.3	-52.5	72.1	119.0	10.6	-38.7	177.5	131.1	-73.2	-102.0	-8015.0	-62.7	5.5
Reinvestment of profits	--	-84.3	-56.1	98.2	1061.4	-100.0	#DIV/0!	45.3	5.1	193.1	-23.9	-98.0	45245.5	-93.6	-4.6
Accounting within firms	--	2.5	-33.9	-3.2	71.6	-81.6	473.2	6.2	-193.2	-844.3	-99.2	-260.8	1105.2	-308.6	8.0
SINGAPORE	--	22.5	236.8	-78.5	-88.7	349.9	-53.2	354.0	118.8	-21.9	137.0	-86.9	347.8	-64.6	-1.6
New investments	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Reinvestment of profits	--	28.5	-1.6	140.1	11.2	-97.3	--	--	--	--	--	--	--	--	26.3
Accounting within firms	--	42.9	-45.0	-69.9	-55.9	436.1	-23.7	106.3	22.1	57.0	-39.1	-29.8	8.3	-55.2	-7.8
TAIWAN	--	-47.8	229.6	-59.0	-25.5	-21.6	353.5	-49.7	-56.8	246.2	44.7	138.1	-76.4	217.3	10.4
New investments	--	0.5	314.9	-84.2	-214.9	-110.8	544.2	-52.4	-87.8	1019.3	-22.1	428.8	-92.4	135.2	6.1
Reinvestment of profits	--	--	--	--	--	--	244.4	47.3	-33.6	177.5	--	--	--	-103.4	--
Accounting within firms	--	-66.0	134.3	-9.3	39.8	-47.3	59.3	-45.5	-3.2	77.0	144.3	7.7	-29.7	184.6	11.6
Cuentas entre compañías	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
SHARE (percentage)															
Total flows of the world to Mexico	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
New investments	16.9	21.4	13.0	10.5	11.3	10.2	16.6	38.3	26.0	29.9	26.0	13.3	33.6	35.2	21.1
Reinvestment of profits	46.0	47.0	76.6	64.8	50.4	59.8	53.1	31.2	54.5	43.1	51.1	66.1	46.9	23.1	52.9
Accounting within firms	37.1	31.7	10.4	24.8	38.2	29.9	30.3	30.4	19.5	26.9	22.9	20.6	19.5	41.7	26.0
From Asia	10.0	3.3	1.9	1.2	1.3	2.1	1.4	-6.1	2.1	4.2	5.5	3.3	5.9	15.7	3.1
New investments	51.2	6.9	8.1	7.4	4.9	13.8	6.2	-17.9	5.8	4.1	22.5	8.7	9.8	23.0	7.8
Reinvestment of profits	0.8	1.4	0.5	0.0	0.1	0.3	0.4	0.7	0.3	4.2	-0.1	0.8	3.1	10.8	1.1
Accounting within firms	2.5	3.7	4.4	1.6	1.8	1.6	0.6	1.9	2.4	4.2	-1.3	8.1	6.2	12.2	3.3
CHINA	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.2	0.1	0.1	0.6	0.1
New investments	0.1	0.2	0.0	-0.1	0.6	0.1	0.3	0.1	0.1	0.1	0.6	0.3	0.3	1.4	0.3
Reinvestment of profits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounting within firms	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.3	0.0	0.1	0.2	0.1	-0.1	0.2	0.1
JAPAN	9.0	2.4	0.6	0.7	0.7	1.6	0.7	-7.0	1.3	1.9	2.9	2.6	4.2	13.1	1.9
New investments	49.9	6.4	0.5	5.0	3.3	11.4	3.7	-18.9	3.3	0.4	14.9	5.8	6.3	19.8	4.7
Reinvestment of profits	0.8	1.4	0.5	0.0	0.1	0.3	0.4	0.7	0.3	4.2	0.0	0.8	3.0	10.3	1.0
Accounting within firms	0.5	1.3	2.0	0.9	0.9	0.8	-0.4	0.0	1.5	-0.1	-4.2	6.2	3.4	9.0	1.4
SOUTH KOREA	0.3	0.2	0.2	0.1	0.3	0.3	0.4	0.4	0.3	1.7	0.5	0.0	0.5	0.8	0.4
New investments	0.9	0.2	0.9	0.7	1.3	2.4	1.7	0.5	1.4	3.2	1.7	-0.1	1.6	1.0	1.4
Reinvestment of profits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Accounting within firms	0.4	0.4	0.5	0.3	0.4	0.1	0.4	0.5	-0.4	2.7	0.0	-0.1	-0.7	1.2	0.5
SINGAPORE	0.5	0.4	0.9	0.2	0.0	0.1	0.1	0.3	0.4	0.4	1.6	0.2	0.7	0.4	0.4
New investments	0.1	-0.2	5.7	1.7	-0.1	-0.2	-0.3	0.1	0.9	0.0	4.6	-0.4	1.4	0.4	1.0
Reinvestment of profits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.5	0.0
Accounting within firms	1.2	1.5	1.6	0.2	0.1	0.5	0.4	0.9	1.1	1.4	1.7	1.0	1.2	0.4	0.9
TAIWAN	0.2	0.1	0.1	0.1	0.1	0.0	0.2	0.1	0.0	0.1	0.3	0.5	0.1	0.7	0.2
New investments	0.3	0.2	0.7	0.2	-0.2	0.0	0.7	0.2	0.0	0.2	0.3	2.8	0.1	0.3	0.3
Reinvestment of profits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounting within firms	0.3	0.1	0.4	0.2	0.2	0.1	0.2	0.1	0.1	0.2	0.9	0.8	0.6	1.4	0.4

Source: own elaboration based on SE (2013/b).

Available public information also allows to distinguish one additional feature of FDI in Mexico, i.e. the amount of each FDI-transaction, and indicating that (see Table 9):

1. For the period 1999-2012 FDI per transaction for Asian countries represented 51.03% of total of Mexico's FDI, i.e. the value per FDI-transaction is significantly smaller than for Mexico as a whole
2. Within the top 5 Asian sources of FDI to Mexico for the period 1999-2012, Japan and Singapore account for significantly higher levels of FDI per firm, of 128% and 152%, respectively, while South Korea, Taiwan and China have on the contrary lower levels, of 23%, 38% and 9%, respectively. This differentiated performance within the main Asian FDI sources reflect different sectorial and property structures and characteristics.²⁰ In general for Asian FDI in Mexico, however, the amount per firm is significant smaller than for total FDI in Mexico for 1999-2012.

TABLE 9
Mexico: amount of FDI-transaction (1999-2012)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*	1999-2012
	\$million per firm														
Total Mexico	1.83	2.24	3.74	3.03	2.44	3.07	2.91	2.43	3.82	3.85	2.81	3.64	3.57	2.72	2.99
Asia	2.85	1.26	1.11	0.62	0.55	1.08	0.74	-2.60	1.56	2.89	2.57	1.84	3.17	5.01	1.53
1 BRUNEI	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2 BURMA	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
3 CAMBODIA	--	--	0.00	--	--	0.01	0.02	0.00	--	--	--	--	--	--	0.05
4 CHINA	0.08	0.18	0.04	-0.02	0.40	0.17	0.18	0.24	0.12	0.21	0.48	0.21	0.32	1.37	0.27
5 NORTH KOREA	0.00	0.03	0.01	0.00	--	--	0.00	--	0.10	0.01	--	0.18	0.43	1.16	0.16
6 SOUTH KOREA	0.24	0.17	0.28	0.19	0.43	0.44	0.60	0.50	0.66	3.71	0.74	-0.05	1.25	1.43	0.67
7 PHILIPPINES	-0.64	0.06	0.03	0.01	0.00	0.00	0.01	0.00	0.07	0.04	0.01	0.02	23.07	--	1.90
8 HONG KONG	0.26	0.58	-0.15	-0.02	0.53	0.26	0.25	0.21	0.15	0.12	1.58	0.32	0.25	0.21	0.30
9 INDIA	0.02	1.84	0.39	0.02	0.01	0.14	0.20	0.03	0.50	-0.12	0.51	0.35	0.61	0.16	0.33
10 INDONESIA	--	--	--	--	--	--	--	0.00	--	--	--	0.00	--	--	0.28
11 JAPAN	10.66	4.03	1.55	2.03	1.17	2.97	1.76	-15.79	4.31	5.74	5.27	5.56	8.46	9.58	3.83
12 LAOS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
13 MACAO	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
14 MALAYSIA	0.01	0.04	0.00	0.14	0.00	0.30	0.11	4.06	--	0.25	--	0.01	-0.66	0.00	0.29
15 MONGOLIA	--	--	--	--	--	0.00	--	--	--	--	--	--	--	--	0.00
16 SINGAPORE	3.00	3.37	12.39	4.19	0.47	1.76	0.93	3.34	6.95	6.03	12.87	1.05	5.21	1.98	4.56
17 THAILAND	0.03	0.01	-0.04	--	--	0.00	--	0.01	0.00	--	--	--	0.00	--	0.01
18 TAIWAN	0.92	0.33	1.08	0.43	0.27	0.32	1.06	0.75	0.33	1.67	2.02	4.27	0.85	4.32	1.14
19 EAST TIMOR	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
20 VIETNAM	--	--	--	0.00	0.00	0.00	--	--	0.00	0.01	--	--	--	--	0.00
	TOTAL MEXICO = 100														
Total Mexico	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia	156.15	56.24	29.53	20.35	22.50	35.08	25.27	-106.81	40.80	75.14	91.68	50.65	88.72	184.25	51.03
1 BRUNEI	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2 BURMA	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
3 CAMBODIA	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1.54
4 CHINA	4.41	8.12	1.00	-0.82	16.45	5.57	6.18	9.75	3.21	5.49	17.17	5.90	9.05	50.23	8.92
5 NORTH KOREA	0.22	1.19	0.14	0.01	--	--	--	--	2.69	0.33	--	5.00	12.11	42.50	5.38
6 SOUTH KOREA	12.93	7.41	7.46	6.27	17.49	14.39	20.52	20.71	17.21	96.46	26.42	-1.26	35.12	52.50	22.47
7 PHILIPPINES	-35.26	2.53	0.84	0.28	0.06	0.15	0.43	0.10	1.84	1.10	0.40	0.43	645.53	--	63.53
8 HONG KONG	14.52	25.76	-4.00	-0.60	21.70	8.40	8.43	8.65	4.04	3.13	56.14	8.78	7.06	7.88	9.92
9 INDIA	0.96	82.10	10.31	0.82	0.22	4.72	6.88	1.13	13.14	-3.02	18.01	9.68	16.94	5.76	10.88
10 INDONESIA	--	--	--	--	--	--	--	0.09	--	--	--	0.04	--	--	9.25
11 JAPAN	584.05	179.89	41.35	66.97	48.02	96.81	60.57	-648.94	112.71	149.20	187.59	152.81	236.76	352.21	127.96
12 LAOS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
13 MACAO	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
14 MALAYSIA	0.29	1.89	0.12	4.69	0.03	9.83	3.82	166.78	--	6.58	--	0.17	-18.50	0.00	9.67
15 MONGOLIA	--	--	--	--	--	0.01	--	--	--	--	--	--	--	--	0.01
16 SINGAPORE	164.51	150.73	331.02	138.40	19.49	57.36	32.04	137.43	181.76	156.72	458.39	28.95	145.71	72.74	152.22
17 THAILAND	1.37	0.43	-1.04	--	--	0.15	--	0.36	0.02	--	--	--	--	--	0.21
18 TAIWAN	50.23	14.64	28.83	14.22	10.93	10.32	36.35	30.66	8.72	43.50	71.90	117.36	23.80	158.70	37.98
19 EAST TIMOR	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
20 VIETNAM	--	--	--	0.00	0.05	0.01	--	--	0.01	0.25	--	--	--	--	0.08

Source: own elaboration based on SE (2013/b).

²⁰ For a full discussion on Chinese FDI and its characteristics by property and sector, see: Dussel Peters (2012/b).

Table 10 accounts for the sectorial performance of Asia's FDI to Mexico with a very clear performance: during 1999-2012 manufacturing and commerce accounted for 74.32% and 13.71% of total FDI to Mexico, mining is a distant third relevant sector with 2.58%.

TABLE 10
Mexico: FDI Flows from Asia by Sector (1999-2012)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1999-2012
	millions of \$US														
Total	1,388	609	557	286	243	514	343	-1,230	668	1,157	914	715	1,278	1,985	9,427
11 Agriculture	0	0	0	0	0	0	0	0	74	9	8	1	0	0	92
21 Mining	0	0	2	16	0	-3	0	0	84	50	3	26	65	243	
22 Generation, transmission and distribution of electric energy, water	1	1	0	0	13	13	-13	-14	0	-12	-2	0	0	-12	
23 Construction	-3	0	0	70	27	15	-6	11	-29	3	74	6	173	7	347
31-33 Manufacturing	1,369	578	529	155	98	440	250	-1,328	368	823	553	646	873	1,651	7,006
43 y 46 Commerce	23	38	53	42	57	34	91	61	142	219	137	8	148	239	1,293
48 y 49 Transportation, mail and storage	-2	0	0	0	0	0	2	0	0	0	2	2	4	9	
51 Mass media information	-4	0	0	0	0	0	0	0	6	0	5	3	0	0	11
52 Financial services	0	0	0	0	1	9	5	0	62	2	-7	17	0	1	89
53 Housing services and rent	0	-8	1	1	2	6	3	2	3	1	1	15	36	6	68
54 Professional services, scientists	0	1	0	0	10	7	2	12	3	14	13	13	17	12	102
55 Corporate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56 Services to support business	4	1	-33	0	14	-9	10	22	50	2	90	2	0	1	154
61 Educational services	0	-1	0	0	0	0	0	0	0	0	0	0	0	0	-1
62 Health services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
71 Cultural and sport services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
72 Services for temporary housing and food and beverage preparation	1	1	3	1	22	2	1	2	5	0	1	-1	0	-2	36
81 Other services, except government	0	0	0	0	0	0	0	0	-17	0	-1	3	2	2	-12
	share over total (percentage)														
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
11 Agriculture	0.00	0.00	0.06	-0.03	0.00	-0.03	0.00	0.00	11.06	0.77	0.92	0.08	0.00	0.00	0.98
21 Mining	0.00	0.00	0.40	5.55	0.00	-0.56	0.00	0.00	0.00	7.23	5.53	0.36	2.05	3.28	2.58
22 Generation, transmission and distribution of electric energy, water	0.08	0.15	0.00	0.00	5.49	2.61	-3.73	1.12	0.00	0.00	-1.27	-0.30	0.00	0.00	-0.12
23 Construction	-0.23	-0.03	0.07	24.46	10.90	2.84	-1.65	-0.87	-4.29	0.22	8.13	0.83	13.55	0.34	3.68
31-33 Manufacturing	98.62	94.81	94.97	54.35	40.37	85.57	72.86	107.98	55.16	71.12	60.54	90.33	68.36	83.17	74.32
43 y 46 Commerce	1.64	6.19	9.56	14.68	23.49	6.68	26.58	-4.96	21.29	18.93	15.03	1.18	11.55	12.05	13.71
48 y 49 Transportation, mail and storage	-0.18	0.00	0.00	0.00	0.00	0.00	0.02	-0.19	0.03	0.03	0.00	0.32	0.15	0.20	0.09
51 Mass media information	-0.32	0.04	0.00	0.00	0.03	0.01	0.00	-0.01	0.88	0.02	0.56	0.44	0.00	0.00	0.11
52 Financial services	0.00	0.01	0.00	0.01	0.25	1.74	1.33	0.00	9.33	0.13	-0.74	2.31	0.01	0.06	0.95
53 Housing services and rent	0.00	-1.35	0.20	0.27	0.73	1.11	0.93	-0.15	0.47	0.08	0.12	2.06	2.83	0.31	0.73
54 Professional services, scientists	-0.01	0.11	0.01	0.04	4.12	1.33	0.45	-0.96	0.44	1.21	1.40	1.81	1.33	0.60	1.09
55 Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
56 Services to support business	0.29	0.13	-5.86	0.17	5.64	-1.69	2.86	-1.79	7.42	0.21	9.84	0.34	-0.03	0.05	1.64
61 Educational services	0.01	-0.14	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
62 Health services	0.01	0.00	0.00	0.07	0.04	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01
71 Cultural and sport services	0.00	0.00	0.00	0.04	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
72 Services for temporary housing and food and beverage preparation	0.07	0.10	0.56	0.31	8.84	0.38	0.27	-0.17	0.79	0.03	0.08	-0.13	0.04	-0.12	0.38
81 Other services, except government	0.00	-0.02	0.02	0.08	0.01	0.00	0.08	0.00	-2.58	-0.01	-0.12	0.36	0.16	0.08	-0.12

Source: own elaboration based on SE (2013/b).

Finally, Table 11 shows how Japan, Asia's main FDI source to Mexico during 1999-2012, has specialized regionally within Mexico.²¹ In the case of Japan, for example, Table 10 reflects the richness and options for deepening the analysis: a. while 31.9% and 17.5% of Japan's FDI during 1999-2012 had as a destination Aguascalientes and Distrito Federal, b. the same FDI from Japan accounted for 71.2% and 16.8% of the total FDI of Aguascalientes and Distrito Federal during 1999-2012. FDI in Aguascalientes, for example, is directly linked to the plant of Nissan with more than 2 decades of generating a supplier and production system in the region in the autoparts-automobile chain.

²¹ It is very significant to understand the definition of FDI of Secretaría de Economía (Dussel Peters et. al 2007), since FDI amounts are registered according to the place where the legal headquarter of the respective firm is, i.e. the FDI could effectively be invested in Aguascalientes, for example, although the firm is legally registered in Mexico City (and thus, the FDI is territorially registered by SE in Mexico City).

TABLE 11
Mexico's FDI by region: the case of Japan (1999-2012)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1999-2012
Smillions															
MEXICO	13,934	18,282	29,962	23,901	18,672	24,855	24,449	20,292	31,380	27,853	16,561	21,372	21,504	12,659	305,676
Aguascalientes	91	82	104	11	34	304	105	113	206	425	366	319	155	307	2,622
Baja California	1,174	985	876	978	778	996	1,094	957	866	1,458	603	906	673	591	12,936
Chihuahua	615	1,210	694	585	1,107	677	1,170	1,542	1,731	1,481	1,128	1,527	930	968	15,365
Coahuila	234	311	189	204	167	180	154	342	118	1,139	129	137	90	106	3,499
Distrito Federal	6,304	9,042	22,044	16,562	11,276	14,341	12,610	9,939	17,424	13,506	8,719	7,556	13,619	3,480	166,423
Estado de México	1,414	545	917	776	718	3,576	877	1,392	862	1,631	1,617	1,179	692	1,556	17,753
Guanajuato	146	49	275	162	242	73	318	-71	260	283	136	122	279	497	2,770
Jalisco	540	1,196	491	328	387	608	1,253	760	499	214	845	1,665	632	772	10,188
Nuevo León	1,554	2,389	2,090	2,196	1,641	1,470	5,138	2,000	3,129	1,952	1,318	5,290	1,378	1,158	32,704
Querétaro	142	180	207	255	56	151	97	222	157	446	463	393	447	530	3,747
Rest	1,720	2,294	2,075	1,844	2,266	2,478	1,632	3,096	6,128	5,319	1,235	2,277	2,608	2,695	37,668
Smillions															
JAPAN	1,247	443	187	179	139	392	168	-1,422	410	528	484	545	897	1,658	5,855
Aguascalientes	6	22	-46	6	4	226	65	32	181	402	262	282	132	292	1,867
Baja California	32	58	53	39	10	69	10	26	18	-22	21	14	9	18	355
Chihuahua	13	22	29	16	13	18	23	23	17	13	17	14	5	28	251
Coahuila	-1	0	3	16	0	0	0	0	4	0	8	0	0	3	33
Distrito Federal	1,173	283	5	75	62	41	-1	-1,570	80	22	-36	21	524	348	1,028
Estado de México	-2	3	0	2	1	1	13	18	14	3	36	64	6	103	265
Guanajuato	-2	0	2	0	0	0	5	0	1	-3	11	12	25	415	466
Jalisco	3	1	1	0	0	2	0	4	10	24	40	71	97	278	531
Nuevo León	26	48	107	8	29	34	48	35	24	41	16	76	76	95	662
Querétaro	-22	5	12	17	13	0	3	9	4	12	64	-9	5	25	137
Rest	22	2	22	0	6	1	1	1	55	37	44	0	17	51	260
share (percentage over Japan's total)															
JAPAN	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Aguascalientes	0.5	4.9	-24.5	3.3	3.2	57.7	39.0	-2.2	44.3	76.2	54.1	51.8	14.7	17.6	31.9
Baja California	2.6	13.0	28.1	21.9	6.9	17.6	6.2	-1.8	4.4	-4.2	4.4	2.7	1.0	1.1	6.1
Chihuahua	1.0	5.0	15.4	8.9	9.6	4.5	13.9	-1.6	4.3	2.4	3.5	2.6	0.5	1.7	4.3
Coahuila	-0.1	-0.1	1.6	8.9	0.1	0.0	0.0	0.0	1.0	0.0	1.7	0.0	0.0	0.2	0.6
Distrito Federal	94.0	63.9	2.5	41.8	44.7	10.5	-0.7	110.4	19.6	4.1	-7.4	3.9	58.5	21.0	17.5
Estado de México	-0.1	0.7	0.0	1.2	1.0	0.4	8.0	-1.3	3.5	0.5	7.5	11.8	0.7	6.2	4.5
Guanajuato	-0.2	0.0	1.0	-0.1	-0.1	0.0	2.7	0.0	0.2	-0.5	2.3	2.1	2.8	25.0	8.0
Jalisco	0.2	0.1	0.6	0.1	0.2	0.5	0.1	-0.3	2.5	4.5	8.2	13.0	10.9	16.8	9.1
Nuevo León	2.1	10.8	57.3	4.5	20.5	8.6	28.4	-2.5	6.0	7.7	3.3	13.9	8.5	5.8	11.3
Querétaro	-1.8	1.1	6.2	9.5	9.2	0.0	1.8	-0.6	0.9	2.2	13.3	-1.6	0.5	1.5	2.3
Rest	1,720	2,294	2,075	1,844	2,266	2,478	1,632	3,096	6,128	5,319	1,235	2,277	2,608	2,695	37,668
share (percentage over Mexico's respective province, total)															
JAPAN	9.0	2.4	0.6	0.7	0.7	1.6	0.7	-7.0	1.3	1.9	2.9	2.6	4.2	13.1	1.9
Aguascalientes	6.7	26.6	-44.2	56.1	13.0	74.3	62.2	28.0	87.9	94.7	71.5	88.4	84.9	95.3	71.2
Baja California	2.8	5.9	6.0	4.0	1.2	6.9	1.0	2.7	2.1	-1.5	3.5	1.6	1.4	3.0	2.7
Chihuahua	2.0	1.8	4.2	2.7	1.2	2.6	2.0	1.5	1.0	0.9	1.5	0.9	0.5	2.9	1.6
Coahuila	-0.6	-0.1	1.6	7.8	0.1	0.0	0.0	0.0	3.3	0.0	6.5	0.1	0.0	2.8	0.9
Distrito Federal	18.6	3.1	0.0	0.5	0.6	0.3	0.0	-15.8	0.5	0.2	-0.4	0.3	3.9	10.0	0.6
Estado de México	-0.1	0.5	0.0	0.3	0.2	0.0	1.5	1.3	1.7	0.2	2.3	5.5	0.9	6.6	1.5
Guanajuato	-1.3	-0.1	0.7	-0.1	-0.1	0.0	1.4	-0.6	0.3	-1.0	8.3	9.4	9.0	83.5	16.8
Jalisco	0.5	0.1	0.2	0.1	0.1	0.3	0.0	0.5	2.0	11.0	4.7	4.3	15.4	36.1	5.2
Nuevo León	1.7	2.0	5.1	0.4	1.7	2.3	0.9	1.8	0.8	2.1	1.2	1.4	5.5	8.2	2.0
Querétaro	-15.5	2.7	5.6	6.7	22.8	0.0	3.1	4.1	2.4	2.7	13.9	-2.3	1.0	4.8	3.7
Rest	1,720	2,294	2,075	1,844	2,266	2,478	1,632	3,096	6,128	5,319	1,235	2,277	2,608	2,695	37,668

Source: own elaboration based on SE (2013/b).

3. Conclusions and Policy Proposals

In the first part, the document presents the argument that export-orientation and liberalization strategy initiated a profound structural change in Mexico's socioeconomy since the end of the 1980s. While the respective administrations since then have been open to multilateralism, in general globalization in Mexico meant to integrate to the US-economy, in addition to massive FTAs in Latin America and Europe. With the exception of Japan, however, Asia was until very recently not considered in this overall strategy.

As a result of the former strategy, and as discussed in the second part of the paper, Mexico has very weak public, private and academic institutions regarding Asia in general and particular countries within this continent. Since the 1990s Mexico has participated in a group of Asian institutions such as APEC, FOCALAE and PECC. It was not until very recently that Mexico took active steps in the TPP and the Pacific Alliance to engage with the Asian economies. Business organizations and academic institutions specialized on Asia have recently started to increase their presence, but present significant gaps with trade and investment dynamism.

In spite of Mexico's active promotion of FTAs and APPRIIs since the 1990s, today it only has an economic association with Japan (2004) and APPRIIs with 4 Asian countries (China, Korea, India and Singapore), which again reflects that it has lagged behind in terms of trade and investments in the case of Asia.

The second chapter presents wide and profound information regarding Mexico's trade and investment relationship with Asia. Several issues stand out. First, the significant presence of Asia in Mexico's trade, and particularly through imports. Second, very significant gaps in terms of technology of imported and exported goods, i.e. Mexico presents important disadvantages against Asia –and most of its countries- in terms of importing manufactured goods with medium and high-technology levels *vis a vis* lower technological levels of its –scarce- exports, increasingly of raw materials. Third, and in addition to the content of trade, Mexico presents a vast trade deficit with each of the Asian countries and in particular with China, Japan and South Korea. Fourth, FDI-performance is still far behind trade: Asia accounts for 18% of Mexican trade but only for 3.1% of its FDI during 1999-2012, i.e. a second stage with higher levels of FDI has not started yet (although Asia's share over Mexico's total FDI was of 15.7% in 2012). Fifth, Asia's FDI is characterized by higher levels of new investments, if compared with other nations, as well as lower levels of FDI-flows per firm, as discussed in detail in chapter 2.

Sixth, and last, in terms of FDI Japan and manufacturing have, so far, taken the larger share of the Asian countries in Mexico's FDI. The autoparts-automobile commodity chain has been particularly relevant for Japan in the last 2 decades.

What are some of the discussions and policy lessons that result from this performance?

First, Mexican public, private and academic institutions have to invest massively and quickly to overcome more than a "lost decade" regarding Asia, with the exception of Japan. The lack of a strategy towards China, South Korea, Taiwan and India, among others, has so far been widely acknowledged. However, only very initial steps have been taken recently to overcome these institutional-trade/investment gaps, also supported by respective budgets and concrete steps.

Second, the "Asian-region" is not only very heterogeneous and different in terms of trade and investments, but also requires –at least for Mexico- to prioritize a group of countries. Based on the trade and investment performance, China, Japan, South Korea, India, and Taiwan should be the focus of future trade and investment policies.

Third, the TPP and Pacific Alliance might be interesting measures to allow for a new regional and interregional discussion, i.e. directly with Asian countries, but not particularly relevant from a trade and investment perspective for Mexico. While the Pacific Alliance is still in a very initial stage, the TPP seems more relevant in 2012-2013. However, and strictly from a Mexican perspective, Mexico already has trade and investment agreements with all major members of TPP (i.e. US, Japan and Canada); if there would be a need, Mexico could very well engage in bilateral negotiations with Australia and South Korea in the future.

Fourth, and more importantly, Mexico has not strategically updated and modernized the NAFTA. Contrary to the initial negotiations, were Mexican strategists at least had very clear that it should be subscribed to the "North American Region", after 20 years, NAFTA has not deepened its integration. Rather surprisingly, public officials apparently prefer to engage in new negotiations in TPP rather than improving the absolute and comparative advantages within North America and NAFTA. TPP and NAFTA are clearly not exclusive strategies, but from a Mexican perspective based on trade and investment, NAFTA should be reactivated immediately.

Fifth, China is a particularly complicated case for Mexico in terms of trade and investments. While there has not been space –and it is not the goal of the paper- to

develop in detail this bilateral relationship, it is clear that China represents massive qualitative and quantitative challenges for Mexico, as it has happened in the last decade. Massive displacement of production and employment in the domestic and third markets account for different development strategies and respective instruments and mechanisms with a very different experience regarding the role of the public sector in general, but specifically for particular value-added chains and trade and investment policies. Strictly in terms of trade and investment China outcompetes Mexico 10:1 in terms of imports/exports in 2012, Mexican exports fell by -4.2% to China in 2012 and China does practically not invest in Mexico, contrary to other Latin American countries.²² A detailed analysis of the respective development agenda, but also of specific mechanisms to enhance trade, foreign direct investments and overseas foreign direct investments is required to allow for this “dialogue” that has not occurred yet.

Sixth, and finally, Mexico requires immediately to improve its institutional setting –or the “mesoeconomic level” of competitiveness- to start understanding and negotiation in effective terms with Asia. The rapid and dynamic evolution of Mexico’s trade with Asia reflects that, today, it is having difficulties to compete with Asia in general terms, and beyond exporting raw materials such as oil, copper and other minerals; neither TPP nor other kind of FTAs will solve this structural problems that are a result of decades of respective policies. In addition of starting to improve the institutional setting, Mexico has to generate the particular agendas for each of its main trading partners in Asia. In the case of China, for example (Agendasia 2012), a group of more than 80 experts (officials, business, academics, and other experts) elaborated a complex “strategic agenda Mexico-China” in four fields (economy-trade-investments; political agenda; tourism, education and culture; and sustainability and strategic development) with 100 proposals in a 200 page document with analysis and respective proposals regarding investments, trade, institutions, customs, infrastructure (ports, airports, etc.), migration, visas, direct flights, illegal transshipment, etc. Each of these topics requires detailed evaluations and monitoring in the short, medium and long term. So far, the new administration of Enrique Peña Nieto since December of 2012 has overcome the serious political problems of former administrations with China and the intense negotiations of a long agenda will reflect a development, or not, in trade and investment issues of both countries.

²² For a full discussion these topics, see the recently created Academic Latin American Network on China (RED ALC-CHINA, <http://www.redalc-china.org/>) and Dussel Peters (2013/a).

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