COVID IMPACT ON INTERNATIONAL TRADE

CONSUL GENERAL JONATHAN CHAIT
NORTH AMERICA’S Economic Potential
Global demand is changing towards higher consumption in emerging markets.

Multinationals are searching for domestic supply chains to reduce cost in trade of intermediate goods.

Technology is fostering regionalization and increasing valued added through services in trade goods.
### Structural Changes in International Trade

**Interregional trade has increased more rapidly than continental trade in the last 10 years.**

**Global production is moving towards big consumption markets.**

**Intermediate goods imports.**

<table>
<thead>
<tr>
<th>Region</th>
<th>Countries</th>
<th>Population</th>
<th>GDP (USD)</th>
<th>Intermediate Goods Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>3</td>
<td>4.91 Billion</td>
<td>$23 Billion</td>
<td>$1.18 Billion</td>
</tr>
<tr>
<td>Europe</td>
<td>28</td>
<td>5.12 Billion</td>
<td>$13 Billion</td>
<td>$687 Million</td>
</tr>
<tr>
<td>Asia</td>
<td>10</td>
<td>2.31 Billion</td>
<td>$22 Billion</td>
<td>$1.18 Billion</td>
</tr>
</tbody>
</table>

**Global trade in intermediate goods:**

- 2/3

**Fuente:** World Bank, Trabajo en progreso. *Intermediate Goods Imports.*
Mexico is an important export destination for each U.S. state

Mexico ranks among the top 3 export markets for 31 states

Source: SE-Washington with data from Wisertrade.
MEXICAN COMPETITIVE ADVANTAGE

- GDP: $1.2 T USD
- 15% of 2018 Global Pop
- FDI: $32B USD
- 12% of Global Pop
- 113,944 Graduates per year in Engineering/Manufacturing
- 3.6% Unemployment Rate
- Exports: $450B USD
- 13% of Global Pop

Situation during COVID-19

Deterioration of the global economy

- Unemployment
- Hospitality sector
- Risk of collapsing

Consequences in Mexico

- Exports
- Growth
- Tourism
- Remittances

Urgency of reviving the economy

- Border
- Essential sectors
- Plan reviving the economy
### REGIONAL LIGHT SYSTEM

Activities allowed as of June 1, 2020:

<table>
<thead>
<tr>
<th>Region</th>
<th>Activity</th>
<th>Description of activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red</td>
<td>Schools</td>
<td>Suspended</td>
</tr>
<tr>
<td></td>
<td>Public spaces</td>
<td>Suspended</td>
</tr>
<tr>
<td></td>
<td><strong>Only essential</strong></td>
<td><strong>Only those work activities Considered essential</strong></td>
</tr>
<tr>
<td></td>
<td><strong>economic activities</strong></td>
<td></td>
</tr>
<tr>
<td>Orange</td>
<td>Schools</td>
<td>Suspended</td>
</tr>
<tr>
<td></td>
<td>Public spaces</td>
<td>Reduced access allowed to public space activities in open spaces.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suspended in closed spaces.</td>
</tr>
<tr>
<td></td>
<td>General economic activities</td>
<td>Essential and non essential work activities with reduced operation</td>
</tr>
<tr>
<td>Yellow</td>
<td>Schools</td>
<td>Suspended</td>
</tr>
<tr>
<td></td>
<td>Public spaces</td>
<td>Access allowed to public space activities in open and closed spaces with certain restrictions</td>
</tr>
<tr>
<td></td>
<td>General economic activities</td>
<td>All work activities</td>
</tr>
<tr>
<td>Green</td>
<td>Schools</td>
<td>No restrictions</td>
</tr>
<tr>
<td></td>
<td>Public spaces</td>
<td>No restrictions</td>
</tr>
<tr>
<td></td>
<td>General economic activities</td>
<td>No restrictions</td>
</tr>
</tbody>
</table>
Reopening Plan (starting June 1)

Stage 1 - Re-opening of the following industries:
1) Construction
2) Mining
3) Transportation (including automotive and aerospace)

Reopening of activities in the municipalities where no cases of COVID-19 have been detected.

Stage 2
Preparing for the reopening of activities in general

Stage 3
Reopening of social, education and economic activities.
### USMCA Architecture

<table>
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<tr>
<th>Initial Provisions and General Definitions</th>
<th>Sectoral Annexes</th>
<th>Labor</th>
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<tr>
<td>National Treatment and Market Access for Goods</td>
<td>Government Procurement</td>
<td>Environment</td>
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<tr>
<td>Agriculture</td>
<td>Investment</td>
<td>Small and Medium-sized Enterprises</td>
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<tr>
<td>Rules of Origin</td>
<td>Cross-Border Trade in Services</td>
<td>Competitiveness</td>
</tr>
<tr>
<td>Origin Procedures</td>
<td>Temporary Entry</td>
<td>Anticorruption</td>
</tr>
<tr>
<td>Textiles and Apparel</td>
<td>Financial Services</td>
<td>Good Regulatory Practices</td>
</tr>
<tr>
<td>Customs and Trade Facilitation</td>
<td>Telecommunications</td>
<td>Publication and Administration</td>
</tr>
<tr>
<td>Energy</td>
<td>Digital Trade</td>
<td>Administrative and Institutional Provisions</td>
</tr>
<tr>
<td>Sanitary and Phytosanitary Measures</td>
<td>Intellectual Property</td>
<td>Dispute Settlement</td>
</tr>
<tr>
<td>Trade Remedies</td>
<td>Competition Policy</td>
<td>Exceptions and General Provisions</td>
</tr>
<tr>
<td>Technical Barriers to Trade</td>
<td>State-Owned Enterprises</td>
<td>Macroeconomic Policies</td>
</tr>
<tr>
<td>Final Provisions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **New Chapters**
- **Modernized Chapters**
LOOKING AHEAD

AN AGREEMENT FOR THE 21ST CENTURY

USMCA strengthens North America to successfully compete in the global economy

COMPETITIVE for North America
MODERNIZED for the 21st century
RESPONSIBLE for enforcing agreements
CERTAINTY for the future of free trade
In 2018, trade between Florida and Mexico surpassed $10.8 billion. Mexico is Florida’s 3rd largest export market, up from 7th in 1993.

TOP INDUSTRIES

Top Exports TO Mexico

- Aerospace Products/Parts: 9% $289 USD
- Power Transmission Equipment: 7% $202 MD
- Paperboard Mill Products: 6% $186 MD
- Communications Equipment: 4% $132 MD
- Miscellaneous Commodities: 6% $180 MD
- Other: 68% $2,092 MD

Top Exports FROM Mexico

- Nonferrous Metal (Except Aluminum): 17% $1,137 MD
- Returns & Reimports: 6% $405 MD
- Computer Equipment: 9% $569 MD
- Motor Vehicles: 23% $1,539 MD
- Fruits Trees & Nuts: 5% $329 MD
- Other: 41% $2,709 MD
- Other: 6% $186 MD
Corredores Intermodales de Cabotaje y Transporte Marítimo de Corta Distancia (TMCD)

Ruta del Pacífico
- Perecederos
- Granel mineral
- Químicos a granel
- Productos siderúrgicos

Ruta del Golfo de México y el Caribe
- Carga contenedorizada
- Alimentos y bebidas envasados
- Agregados pétreos
- Vegetales y Frutas
July 2019: In order to strengthen bilateral cooperation Florida Representatives visited Mexico City

November 20th 2019: Florida Ports Council & the Coordination of Ports & Maritime Commerce of Mexico signed a Letter of Intent to develop mutually beneficial activities to further:

- Develop their maritime ports; export promotion; international commerce.
- Identify opportunities and challenges to enhance the flow of commerce between Mexico and Florida.
- Create a working group which both parties are agree identify issues, opportunities and challenges to enhance the flow of international commerce between Mexico and Florida.
THANK YOU FOR YOUR ATTENTION