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MEXICO TRADE HIGHLIGHTS

DHL TRADE ATLAS 2025 LAUNCH SUPPLEMENT

MEXICO TRADE PROFILE HIGHLIGHTS

Large Scale Growth Leader
The DHL Trade Atlas identifies trade growth leaders along two dimensions: speed (trade volume growth rate) and scale (absolute amount of trade volume growth). Mexico stands out as a leader on the scale dimension. Current forecasts (as of January 2025) call for Mexico to achieve the world's seventh-largest absolute increase in trade volume from 2024 to 2029. It is also notable that Mexico already ranks as the country with the ninth largest goods trade value worldwide, ranking higher in global trade than overall economic output (Mexico was the world's twelfth largest economy in 2023 based on GDP at current market exchange rates).[1]

Global Network of Trade Agreements
Mexico's trade growth has been supported by the development of one of the world's most expansive sets of free trade agreements. As Mexico dramatically reduced its tariffs and forged trade agreements with major economies around the world, trade (exports plus imports) soared from less than 15% of Mexico's GDP in the early 1970s to roughly 80% today (see p. 4).

Rise in Manufacturing
Mexico's embrace of international trade has been accompanied by a transformation of the mix of products it exports. In the early 1980s, less than one-quarter of the country's goods exports were manufactured products (it mainly exported mineral fuels). Since then, Mexico has become an increasingly central participant in global and regional manufacturing value chains. Over the last five years, manufactures have averaged nearly 80% of its goods exports (see p. 5).

Regional Exports vs. Global Imports
The United States stands out as Mexico's top trade partner for both exports and imports. However, there is more diversification among Mexico's import sources than its export destinations.

While 81% of Mexico's exports went to the U.S. between 2018 and 2023, only 44% of its imports came from the U.S. over the same period. China was the source of 19% of Mexico's imports, but the destination for only 1.8% of its exports. As a result, Mexico stands out as the major economy with the largest difference between the average distance traversed by its imports compared to its exports. Mexico imports goods over a much longer average distance than it exports (see p. 6).

The highly regionalized nature of Mexico's exports also influences the export activity of Mexican states. The six states bordering the U.S. generated 57% of total goods exports in 2023. However, most of the states that recorded the fastest exports growth from 2018 to 2023 were located farther south (see p. 7).

Opportunity to Benefit in Current Turbulence?
Looking forward, Mexico is among the countries with the greatest potential to benefit from likely shifts in global trade patterns. Companies aiming to reduce their vulnerability to U.S. – China frictions and to build more regionalized supply chains often look to Mexico as a first choice for serving North American markets.[2]

Mexico, nonetheless, faces stiff competition, including from countries in Southeast Asia. While countries in that region lack Mexico's proximity to North American markets, they benefit from proximity to China and other major Asian production centers. In this competition for manufacturing and trade growth, the availability of skilled labor, wage levels, and infrastructure development are often cited by business leaders as key considerations.[3]

Uncertainty regarding Mexico's future access to the U.S. market has grown following recent threats by U.S. President Donald Trump to impose 25% across the board tariffs on imports from Mexico. Moreover, the current trade agreement between Mexico, the United States, and Canada will come up for review in 2026, which will trigger a ten-year countdown to the expiration of the agreement unless the parties agree to extend it.[4]

U.S. tariff increases affecting other trade partners, however, could benefit Mexico. If the U.S. imposes steep tariffs on other countries but not on Mexico, there is potential for Mexico to achieve far larger trade growth than predicted in the baseline forecasts shown on the next page. According to one study, if the U.S. were to impose a 10% tariff on all countries except Mexico and Canada and a 60% tariff on China, Mexico's exports could rise 26% relative to the baseline forecast and its imports could grow 23%.[5]

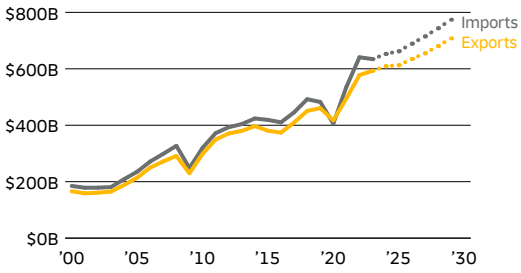
For decision-makers in business and public policy, uncertainty about future trade policies poses great challenges. Nonetheless, Mexico could have the opportunity to seize especially large gains in this environment.

DHL TRADE ATLAS 2025: MEXICO PROFILE

KEY DATA AND RANKS

	Total Trade		Exports		Imports	
	Value	Rank	Value	Rank	Value	Rank
Trade Value 2024	$1.3T	9	$609.3B	10	$652.7B	10
Trade Value Change 2019–24	$318.9B	7	$148.7B	5	$170.2B	7
Forecast 2024–29	$219.6B	21	$98.4B	22	$121.2B	19
Trade Volume Change 2019–24	$103.7B	17	$6.1B	47	$97.6B	6
Forecast 2024–29	$206.7B	7	$96.0B	10	$110.7B	9
Trade Volume Growth Rate 2019–24	1.8%	94	0.2%	117	3.3%	71
Forecast 2024–29	3.1%	99	3.0%	106	3.2%	99

TRADE VALUE GROWTH, 2000 – 2029 (FORECAST)

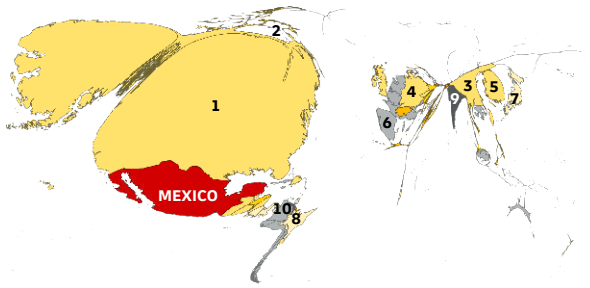


The maps and charts below summarize the geography and product mix of Mexico's exports and imports. The maps size all other countries in proportion to the value of Mexico's trade with them. The maps and product charts are both colored based on annualized trade value growth rates, using the color scale to the right.

Annualized growth rate

-11% 0% 5% 9% 13% 25%

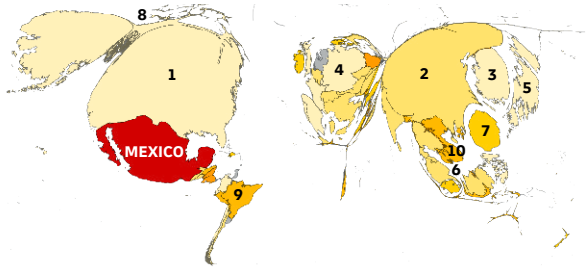
GOODS EXPORT DESTINATIONS, 2018 – 2023



1. United States (81%)
2. Canada (2.9%)
3. China (1.8%)
4. Germany (1.5%)
5. Korea (Republic of) (1.2%)
6. Spain (0.97%)
7. Japan (0.82%)
8. Brazil (0.82%)
9. India (0.75%)
10. Colombia (0.66%)

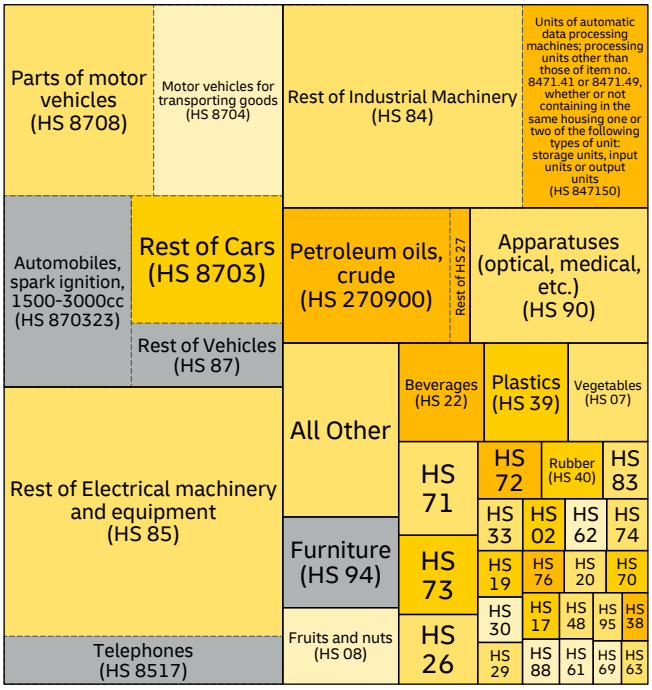
GOODS IMPORT ORIGINS, 2018 – 2023

Refer to page 82 of the full report for an explanation of how to read this map.

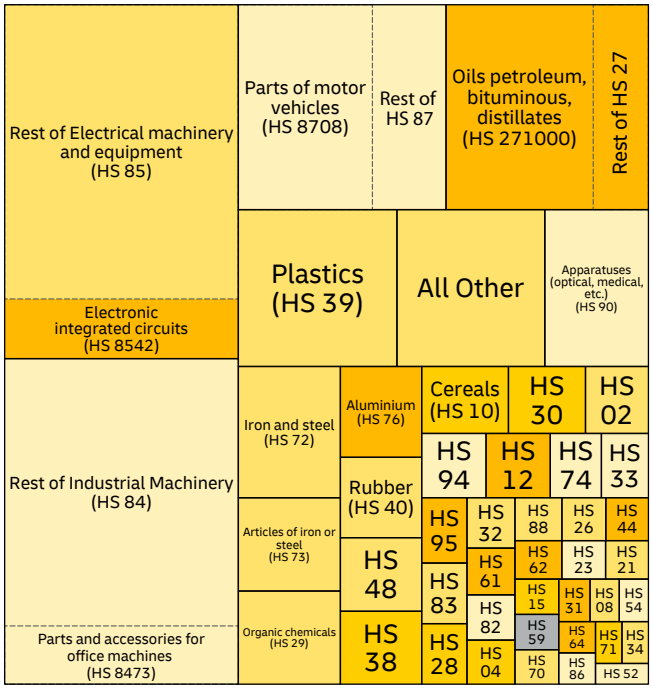


1. United States (44%)
2. China (19%)
3. Korea (Republic of) (3.7%)
4. Germany (3.5%)
5. Japan (3.5%)
6. Malaysia (2.4%)
7. Taiwan (China) (2.2%)
8. Canada (2.2%)
9. Brazil (1.8%)
10. Viet Nam (1.6%)

EXPORTS BY PRODUCT, 2017 – 2022



IMPORTS BY PRODUCT, 2017 – 2022



TOP FIVE EXPORT PRODUCTS

HS Code	Product (% of Total)	Top Destination		
		Destination	Share	Growth
87	Vehicles (24%)	United States	78%	2.9%
85	Electrical machinery and equipment (19%)	United States	74%	5.5%
84	Industrial machinery (17%)	United States	82%	9.4%
27	Mineral fuels, oils and waxes (5.8%)	United States	56%	18.2%
90	Apparatuses (5.5%)	United States	61%	6.4%

TOP FIVE IMPORT PRODUCTS

HS Code	Product (% of total)	Top Origin		
		Origin	Share	Growth
85	Electrical machinery and equipment (19%)	United States	53%	2.2%
84	Industrial machinery (17%)	United States	57%	0.3%
87	Vehicles (9.7%)	United States	50%	1.4%
27	Mineral fuels, oils and waxes (9.5%)	United States	92%	16.1%
39	Plastics (5.7%)	United States	74%	4.8%

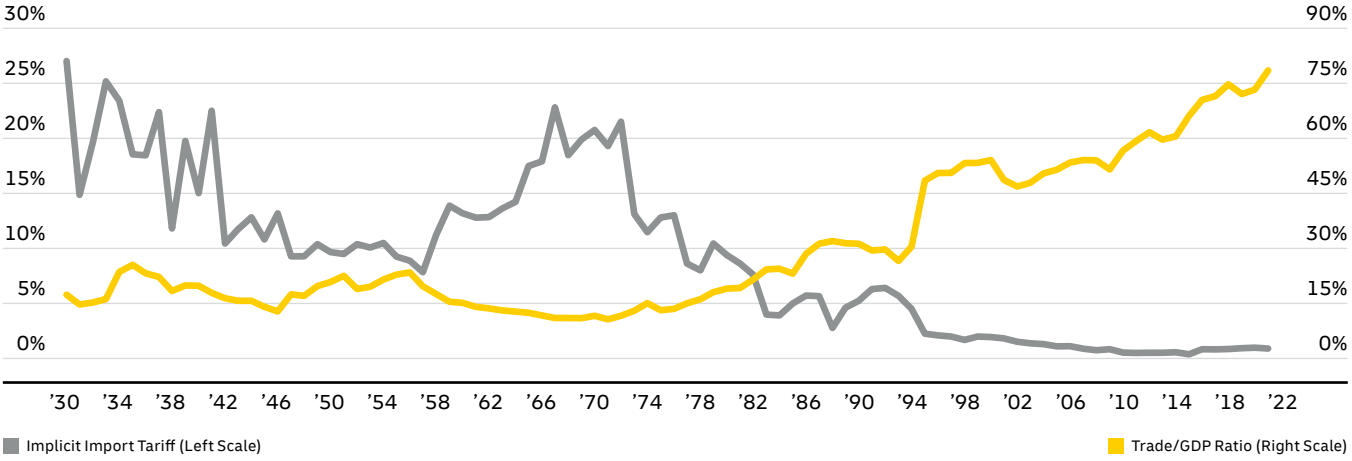
TRADE LIBERALIZATION AND TRADE GROWTH

Mexico has undertaken one of the world's most expansive processes of opening up to international trade. It has dramatically reduced its tariffs and negotiated free trade agreements with most of the world's major economies.

Figure 1 shows how Mexico's trade (exports + imports) soared relative to the country's GDP as Mexico reduced its import tariffs. In the late 1960s and early 1970s, its implicit import tariffs exceeded 20%, and trade was less than 15% of its GDP. By 2021, Mexico's implicit import tariffs were below 2% and trade approached 80% of GDP.[6]

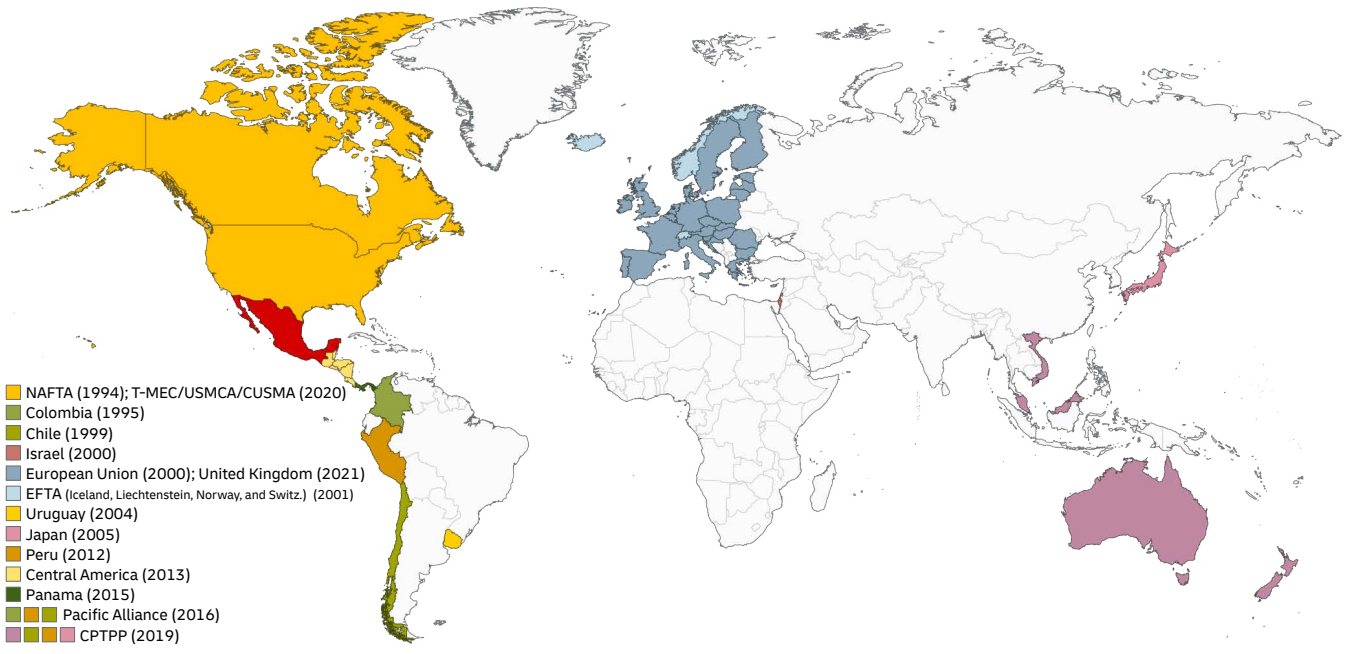
Mexico's access to international markets is supported by one of the world's largest networks of free trade agreements. Mexico maintains free trade agreements with the United States and Canada, the European Union, and Central America, as well as with fellow members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, which includes Japan and the United Kingdom) and the Pacific Alliance (including Chile, Colombia, and Peru), along with additional countries (see **Figure 2**).

FIGURE 1: MEXICO'S IMPLICIT IMPORT TARIFFS AND TRADE INTENSITY, 1930–2021



Source: Jaime Zabludovsky, "40 años de política de Comercio Exterior en México," Conferencia Magistral, El Colegio de México, March 15, 2023.

FIGURE 2: MEXICO'S GLOBAL NETWORK OF TRADE AGREEMENTS



Source: Adapted and updated from Government of Mexico website:
https://www.gob.mx/se/acciones-y-programas/comercio-exterior-paises-con-tratados-y-acuerdos-firmados-con-mexico

INTEGRATION INTO MANUFACTURING VALUE CHAINS

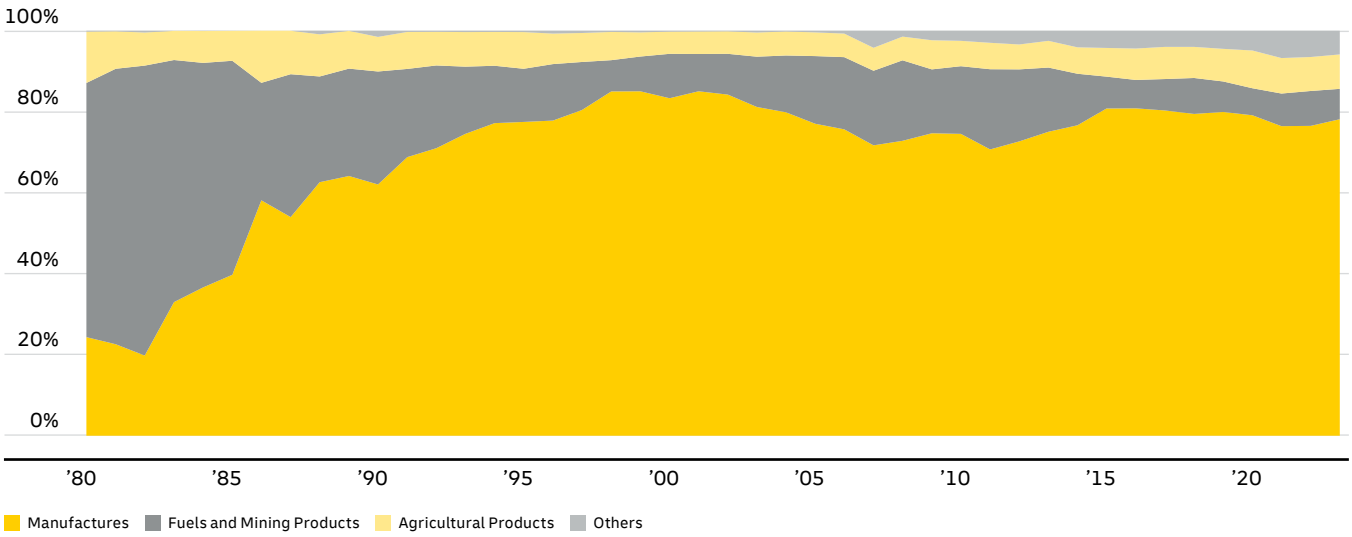
Mexico's dramatic opening to international trade contributed to a transformation of its exports mix (see **Figure 3**). In the early 1980s, it mainly exported mineral fuels. As of 1980, fuels and mining products comprised two-thirds of Mexico's exports, with manufactures less than one quarter of exports.

As Mexico's trade intensity grew, Mexico gained an increasingly prominent place in global and regional manufacturing value chains, and manufactures grew to roughly 80% of goods exports.

Foreign Direct Investment has played an important role in fostering Mexico's integration into global and regional value chains, with multinational firms investing in production facilities, bringing in technology, and linking Mexico to other parts of their production and sales networks.

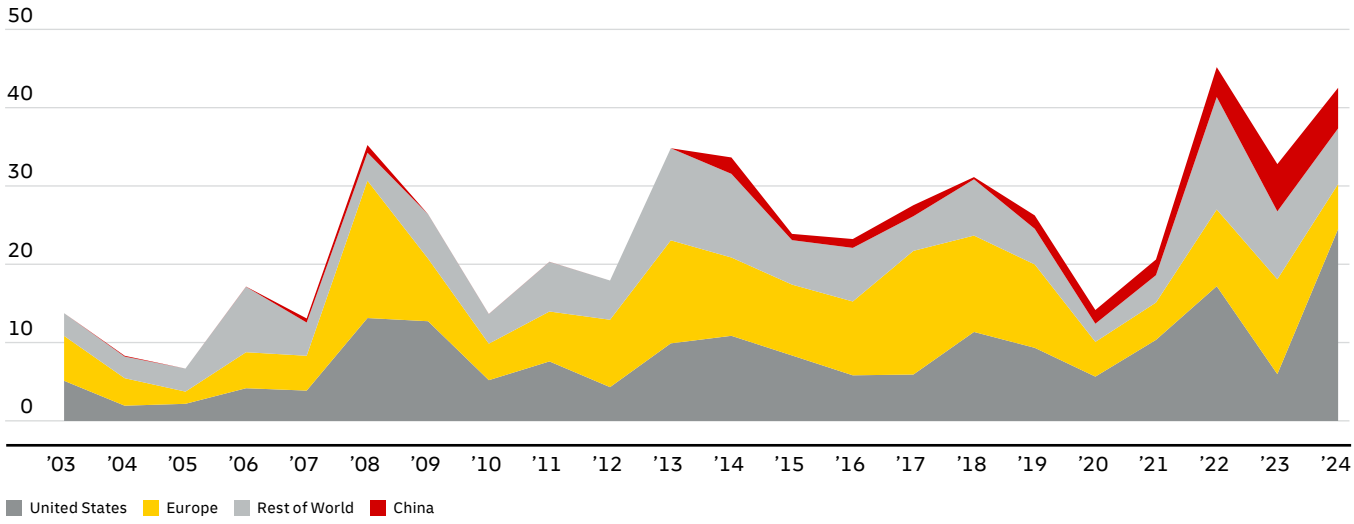
Figure 4 highlights the recent growth of announced capital expenditures in Mexico by foreign firms. It also helps to put the recent increase in investment from China into perspective. Mexico continues to attract more investment from the U.S. and Europe than it does from China. The share of Mexico's announced greenfield capital expenditure coming from China reached a peak of 18% in 2023 before dipping back down to 12% in 2024.[7]

FIGURE 3: MEXICO'S EXPORTS BY PRODUCT GROUP (SHARE OF TOTAL EXPORTS), 1980 – 2023



Data Source: World Trade Organization

FIGURE 4: ANNOUNCED GREENFIELD FOREIGN DIRECT INVESTMENT CAPITAL EXPENDITURE IN MEXICO BY SOURCE COUNTRY (BILLIONS OF U.S. DOLLARS), 2003 – 2024

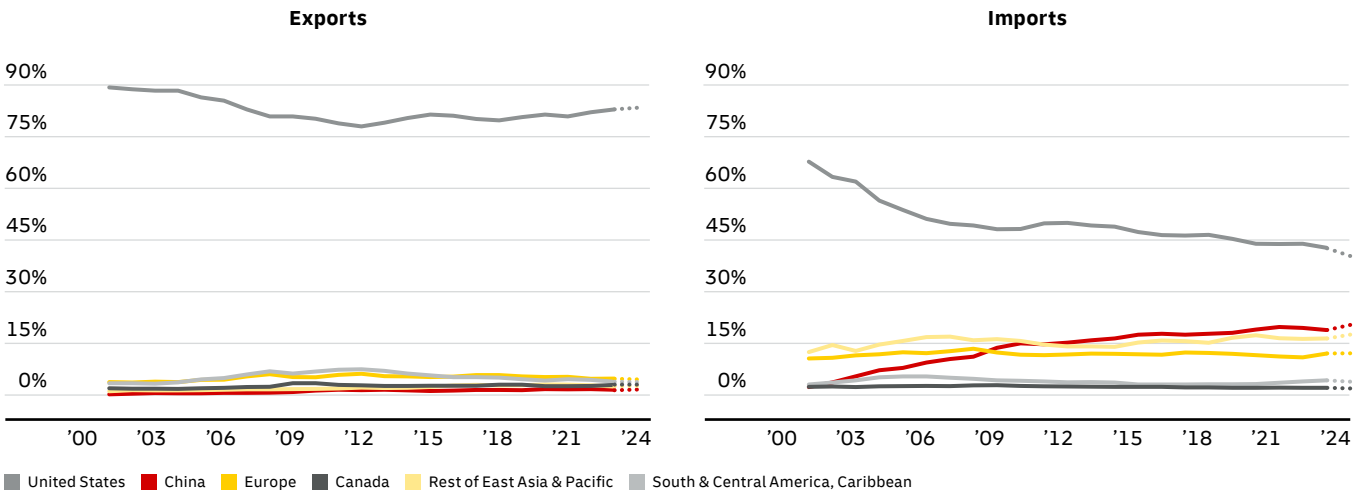


Data Source: FT Locations fDi Markets

TRADE PARTNERS, DISTANCES, AND MODES OF TRANSPORT

There are stark differences between the geographic patterns of Mexico's exports and imports. Over the first nine months of 2024, 83% of Mexico's exports went to the United States, while only 40% of Mexico's imports came from the U.S. (see **Figure 5**). While Mexico's imports have long been more diversified than its exports, this gap has widened as China's share of Mexico's imports has grown. The share of Mexico's imports coming from China has increased from 2% in 2001 to 21% in 2024 (Jan – Sept).

FIGURE 5: MEXICO GOODS EXPORTS AND IMPORTS, SHARES BY ORIGIN/DESTINATION, 2001–2024 (JAN – SEPT)

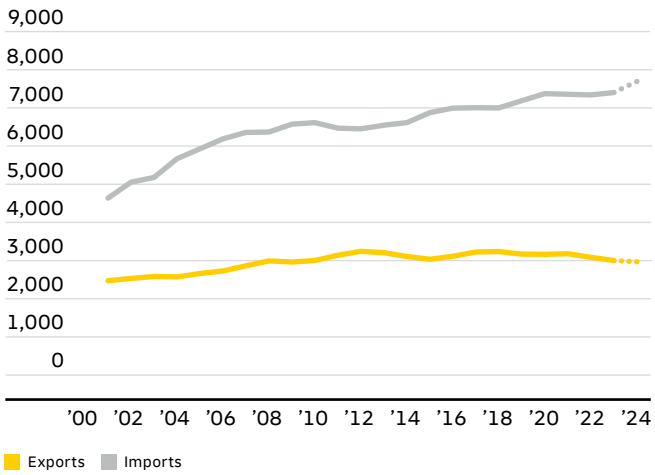


Data Source: IMF Direction of Trade Statistics. Note: 2024 values are based on data from the first nine months of the year.

Due to the contrast between Mexico's export and import partners, it stands out as the major economy with the largest difference between the average distance traversed by its exports relative to its imports. As shown in **Figure 6**, Mexico's trade distance gap has grown over time. In 2023, Mexico's goods exports traversed an average distance of 2,980 kilometers, while its imports traversed 7,369 kilometers. In the same year, only Paraguay, Macau SAR (China), and Haiti had even larger gaps between their long import distances and short export distances.

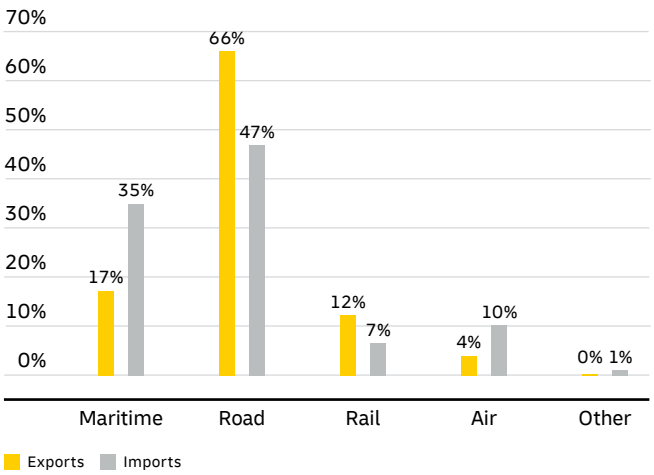
This pattern also results in differences between the modes of transportation carrying Mexico's exports and imports (see **Figure 7**). Greater shares of exports are transported by road and rail, while higher shares of imports come by sea and air.

FIGURE 6: MEXICO GOODS EXPORTS AND IMPORTS, AVERAGE DISTANCE (KILOMETERS), 2001–2024 (JAN – SEPT)



Data Source: IMF Direction of Trade Statistics, CEPII Gravity Database
Note: 2024 values are based on data from the first nine months of the year.

FIGURE 7: MEXICO EXPORTS AND IMPORTS BY MODE OF TRANSPORTATION, 2023 (JAN – NOV)



Data Source: Instituto Nacional de Estadística y Geografía (INEGI)

EXPORTS AND EXPORT GROWTH BY MEXICAN STATE

Mexico's focus on exporting to the United States heavily influences the distribution of major exporting locations around the country. The five states with the largest shares of Mexican exports in 2023 all border the United States: Chihuahua (13% of the country's total exports), Coahuila (12%), Nuevo León (11%), Baja California (10%), and Tamaulipas (6%).

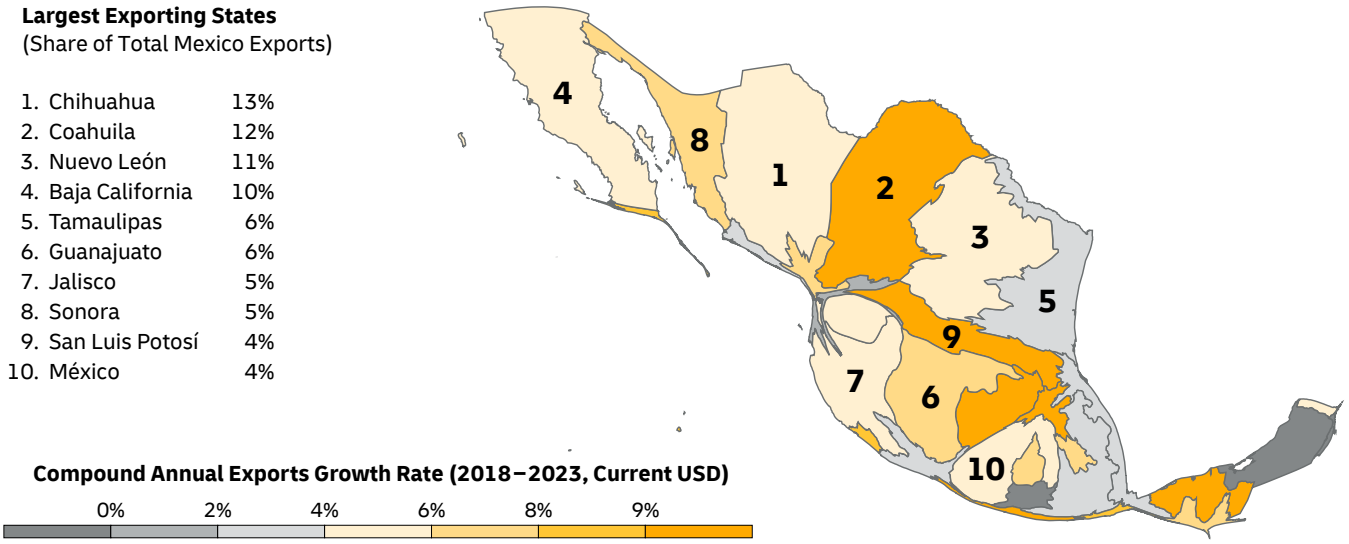
At the same time, the five Mexican states with the fastest export growth from 2018 to 2023 are all located away from the U.S. border. Hidalgo recorded the fastest exports growth over this period (12% CAGR in current U.S. dollars, i.e. not adjusted for inflation), followed by Guerrero (11%), Tabasco (10%), San Luis Potosí (9%), and Querétaro (9%).

These export values and growth rates are summarized graphically in **Figure 8**, which presents a map of Mexico with states re-sized according to their shares of Mexico's total goods exports, and colored based on their export growth rates. **Figure 9** applies the trade growth speed vs. scale framework used in the DHL Trade Atlas to depict both the pace and the absolute amounts of export growth achieved by Mexican states.

FIGURE 8: MAP OF MEXICO WITH STATES SCALED BY 2023 EXPORT VALUES AND COLORED BASED ON 2018–2023 EXPORTS GROWTH RATE (CAGR IN CURRENT U.S. DOLLARS)

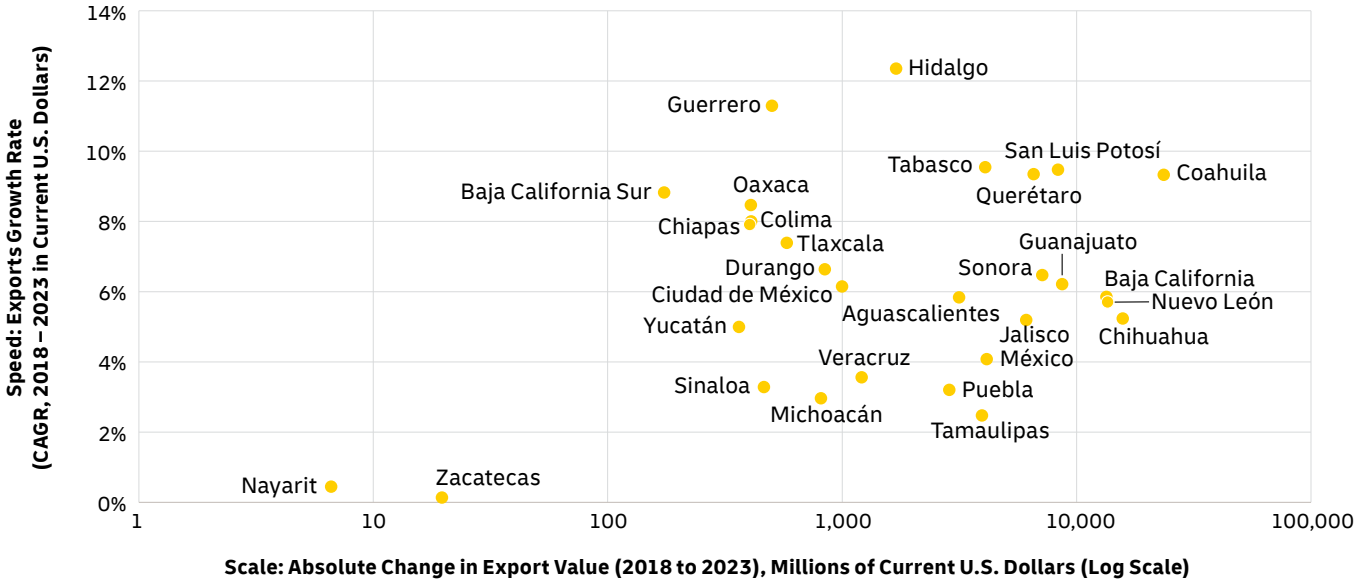
Largest Exporting States
(Share of Total Mexico Exports)

1.	Chihuahua	13%
2.	Coahuila	12%
3.	Nuevo León	11%
4.	Baja California	10%
5.	Tamaulipas	6%
6.	Guanajuato	6%
7.	Jalisco	5%
8.	Sonora	5%
9.	San Luis Potosí	4%
10.	México	4%



Data Source: Instituto Nacional de Estadística y Geografía (INEGI).

FIGURE 9: SPEED AND SCALE OF EXPORTS GROWTH BY MEXICAN STATE, 2018 – 2023



Data Source: Instituto Nacional de Estadística y Geografía (INEGI). Note: States with negative exports growth omitted.

Notes

1 World Bank World Development Indicators.

2 Henry Storey, "Mexico and Vietnam's role in global supply chain reshuffle," Hinrich Foundation, September 26, 2023; Agatha Kratz and Reva Goujon, "Full Circle: Mexico's Resurgence Amid US-China Trade Frictions," Rhodium Group, April 3, 2024; Lori Ann LaRocco, "In U.S. trade war with China, Mexico is emerging as the big winner," CNBC, September 20, 2024.

3 Karen Lellouche Tordjman, Eduardo León, Michael McAdoo, Max Pulido, and François-Xavier Thiebaud, "The Shifting Dynamics of Nearshoring in Mexico," Boston Consulting Group, September 5, 2024.

4 David E. Bond, Gregory Spak, Francisco de Rosenzweig, Carlos Véjar, Karen Luna, and Ian Saccomanno, "North America Prepares for 2026 USMCA Review and Potential Renegotiation," White & Case, November 14, 2024.

5 Antoine Bouët, Leysa Maty Sall, and Yu Zheng, "Trump 2.0 Tariffs: What Cost for the World Economy?," CEPII Policy Brief No. 49, October 2024.

6 Implicit import tariffs refer to import taxes as a share of the value of imports. Data kindly shared by Jaime Zabludovsky and J. Ernesto López Córdova. An earlier version of this analysis appeared in J. Ernesto López Córdova and Jaime Zabludovsky K., "Del proteccionismo a la liberalización incompleta: industria y mercados," Chapter 17 in Sandra Kuntz Ficker (coordinator), *Historia económica general de México: De la Colonia a nuestros días*, El Colegio de México: Secretaría de Economía, 2010.

7 FT Locations fDi Markets database.

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