

If two are of one mind, they can break through to the gold

Our Vision on Future Development of Taiwan-Mexico Economic and Trade Relations

2022.06.06

Office of Trade Negotiations

Taiwan and Mexico share similar ideas and universal values such as democracy, freedom, and human rights. Taiwan will continue to cooperate with similar-minded partners such as Mexico to contribute to defending democracy and freedom in the world.

In particular, under the impact of the COVID-19 pandemic, the global economy requires the cooperation of all countries to prepare for economic revitalization. Taiwan's joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) can enhance regional economic momentum and deepen the bilateral economic and trade cooperation between Taiwan and Mexico.

The economic and trade relations between Taiwan and Mexico have recently been developing vigorously despite the pandemic. Also, as a result of the U.S.-China trade war, many Taiwanese businesses, especially in the electronics industry, are gradually moving their industrial supply chains to areas outside China, and Mexico has become a country in which Taiwanese businesses are interested in investing due to its proximity to the U.S. market.

In addition to assisting our industry in seeking business opportunities for purchasing agricultural products, better understanding Mexico's trade and investment policies, and noting obstacles to investment by Taiwanese businesses, Taiwan hopes to use this as a basis to further promote a more comprehensive relationship between Taiwan and Mexico in terms of economic and trade relations.

The following paper discusses the recent overall economic situation in Mexico, the development of Taiwan-Mexico economic and trade relations, the recent economic and trade issues promoted by the two sides, and our vision for Taiwan-Mexico relations going forward.

I. Mexico has become a popular investment destination for companies from all over the world

1. In order to promote the goals set out in the 2019-2024 National Development Plan proposed by Mexican President Andrés Manuel López Obrador, the Mexican government has continued its economic opening policy in recent years, becoming an important member of trade agreements such as the CPTPP and USMCA.
2. After taking office, Ms. Tatiana Clouthier, Minister of the Economy of Mexico, proposed the four main axes of the economic recovery plan, namely increasing domestic employment opportunities, promoting more foreign investment, signing more FTAs, and promoting industrial regionalization. These actions can be seen as a strong ambition for economic development by the Mexican government.
3. Mexico is a very attractive place due to its close proximity to the U.S. market and the advantage of the USMCA. If Taiwanese businesses want to focus on the North American market with the largest economic scale and the most prosperity in the world, the best way is to invest in Mexico as soon as possible.

II. The economic and trade relations between Taiwan and Mexico are far closer than previously thought, and they are still developing quite vigorously despite the COVID-19 pandemic

1. Trade

- Taiwan is Mexico's 9th largest trading partner in the world and 5th largest in Asia, while Mexico is Taiwan's top trading partner in Latin America.
- From 2019 to 2021, the bilateral trade volume between Taiwan and Mexico increased from US\$9.79 billion to US\$12.36 billion.
- The top three items exported from Taiwan to Mexico are: automatic data processing machine parts and accessories, communication audio-visual equipment parts and accessories, and radio broadcast receiving equipment parts.
- The top three items imported by Taiwan from Mexico are: integrated circuits, passenger cars (premium used cars), and telephones.

2. Investment

- From 1999 to 2021, the cumulative investment of Taiwanese businesses in Mexico is US\$1.135 billion, ranking fifth among Asian countries.
- At present, our businesses have about 300 companies in Mexico, creating 60,000 job opportunities. Well-known manufacturers include Inventec, Wistron, Pegatron, Foxconn, Wiwynn, etc. Recently, our businesses have officially announced that they will invest or increase their capital in Mexico, the amount of which has exceeded US\$500 million.
- The Taiwan-Mexico Federation of Industry, Agriculture and Foreign Trade Association and other public associations have frequent exchanges and have established good cooperative relations. For example, Francisco Cervantes Diaz, the current president of the Mexican Enterprise Coordination Association, has visited Taiwan. President Li Shiqin was awarded the position of Ambassador-at-Large by the

Mexican Federation of Industry.

III. Recent trade issues promoted by Taiwan and Mexico: Beef and investment are just the beginning

1. Beef

- Mexican livestock farmers export more than 300,000 metric tons of beef each year to markets with the highest standards in the world, including the United States, Japan, the European Union, Canada, South Korea, etc., most of which are the markets with the most stringent quality requirements in the world.
- Taiwan imports an average of 135,000 metric tons of beef from all over the world every year, to the amount of US\$1.08 billion, making it one of the markets with the most consumption potential among Asian countries.
- In order to further deepen trade and investment relations, after more than two years of cooperation and efforts, relevant units of Taiwan and Mexico have recently reached a consensus on Mexico's application for beef to Taiwan. Taiwan is expected to become a new important market for Mexican beef, and consumers in Taiwan are also looking forward to enjoying delicious Mexican beef soon.

2. Taiwanese investment

- In the past, Taiwanese businesses always paid a great deal of attention to Southeast Asian countries because the businesses were focused on the Chinese market and factors such as low production costs such as low labor and raw material prices in Southeast Asia.
- The three-year-old COVID-19 pandemic, however, has changed this situation. The move towards the regionalization of the supply chain is a current trend, in which transportation costs are the key factor. Moreover, despite the pressure of inflation in the global market, the U.S. consumer market continues to grow beyond expectations. With its strong performance, Mexico is a very attractive place for Taiwanese businesses.
- At present, the Taiwanese businesses that have invested in and set up factories in Mexico are mainly electronics companies, concentrated on the U.S.-Mexico border. Ms. Tatiana Clouthier, Minister of the Economy of Mexico, held a meeting with Taiwanese businesspeople in Chihuahua State on April 9, 2021, expressing the desire for Taiwanese businesses to invest in all regions of Mexico instead of just focusing on the U.S.-Mexico border.
- Taiwanese businesspeople in Mexico have also responded on many occasions that, due to unfamiliarity with the laws of Mexico and the lack of an investment protection mechanism, they hope that there can be such a mechanism between the Taiwanese and Mexican governments to solve the difficulties encountered by these investments.

IV. The main purpose of our delegation's visit to Mexico is to further promote a more comprehensive economic and trade relationship between Taiwan and Mexico based on the issue of agricultural products being exported to Taiwan and Taiwanese businesses investing in Mexico. The goals of the delegation include:

1. Meeting with senior officials of Mexican agriculture and making a major announcement on

Mexico's concerns about the export of agricultural products to Taiwan.

2. Talking with senior economic and trade officials, gaining a better understanding of Mexico's trade and investment policies, and drawing attention to obstacles to Taiwanese investment.
3. Exchanging opinions with relevant units and people on our participation in the CPTPP proposal.
4. Participating in the promotion of agricultural products by the Mexican people.

V. The prospects of Taiwan-Mexico economic and trade relations are like a treasure mountain full of gold mines. Difficulties may be encountered in the process, but the joint efforts of the two sides can overcome them

1. Due to factors such as the global COVID-19 pandemic, the U.S.-China trade conflict and the entry into force of the USMCA, Taiwanese companies are reorganizing their supply chains and actively looking for alternative production bases, while Mexico is located in the center of the American continent. Coupled with the language and communication with countries in South America, many Taiwanese businesses have high expectations for the development of Mexico
2. Looking at the process of Taiwan-Mexico cooperation in handling applications for Mexican agricultural products to be exported to Taiwan, in addition to showing our sincerity in handling Mexico's concerns under the CPTPP framework, it also means that both sides have expectations of deepening economic and trade relations. Cooperation in security, trade, investment and other fields will be able to meet the goals and common interests of both Taiwan and Mexico
3. We understand Mexico's expectations that Taiwanese businesses can invest in other parts of Mexico. Unfortunately, the signing of economic, trade and investment-related agreements between Taiwan and Mexico is insufficient, and there are no incentives such as tariff-free treatment or investment guarantees for Taiwanese businesses. If Taiwan joins the CPTPP, however, the above-mentioned trade barriers will be eliminated or reduced through multilateral mechanisms, and the bilateral economic and trade exchanges between Taiwan and Mexico will be able to attain another level.
4. Taiwan filed its CPTPP application on September 22, 2021. We hope that Taiwan and Mexico can launch an informal consultation meeting chaired by the chief negotiators of both parties in accordance with the CPTPP framework to discuss market entry and the concerns of both parties.
5. Supporting Taiwan's participation in the CPTPP contributes to the goals set out in Mexico's national development plan, and is also in line with the expectations of Taiwan and Mexico for deepening economic and trade relations. Finally, the CPTPP Executive Committee has decided to approve the initiation of our membership program and the establishment of a membership working group.
6. Taiwan is an industrial powerhouse in Asia, especially in semiconductor-related industries, and Mexico is a future industrial powerhouse in the Americas. We look forward to future Taiwan-Mexico economic and trade cooperation, which will expand from agriculture, food safety, trade and investment to talent education, industrial technology, business management and other aspects of exchanges and cooperation, all of which we believe will enhance the industrial strength of Mexico.
7. If it is said that the exchanges between Taiwan and Mexico are powered by beef and investment, we expect future bilateral relations to expand to more emerging issues that are beneficial to the economic development of both sides, such as e-commerce, micro-loans to help women start businesses, supply chain cooperation, etc., so that Taiwan-Mexico

relations can develop in a more comprehensive direction.

8. The prospects of Taiwan-Mexico economic and trade relations are like a mountain full of gold. Many difficulties may be encountered during the excavation process, but we believe that as long as the two sides are willing to work together, they can be overcome. The wisdom of our ancestors once told us that if two people are of one mind, they can overcome any challenge and break through to the gold.
9. The beauty of Taiwan-Mexico economic and trade relations is like the strong and pure fragrance of Tequila, which can only be perfected if you meet someone who knows how to appreciate it.

Annex I : Mexico's Global Trade Statistics, 2019-2021

Table 1 : Mexico's Top Ten Global Trading Partners

(USD Thousand)

Ranking	Country	2019		2020		2021		Average, 2019-2021	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
	World	915,845,284	100.00	799,985,330	100.00	999,940,122	100.00	905,256,912	100.00
1	U.S.A.	576,491,959	62.95	506,463,232	63.31	619,769,822	61.98	567,575,004	62.70
2	China	90,148,090	9.84	81,396,733	10.17	110,278,385	11.03	93,941,069	10.38
3	Korea	22,555,845	2.46	20,070,380	2.51	25,767,466	2.58	22,797,897	2.52
4	Germany	24,777,910	2.71	20,456,685	2.56	24,773,665	2.48	23,336,087	2.58
5	Canada	24,155,125	2.64	19,465,110	2.43	24,295,513	2.43	22,638,583	2.50
6	Japan	22,061,489	2.41	17,548,760	2.19	21,253,255	2.13	20,287,835	2.24
7	Malaysia	11,862,784	1.30	11,050,552	1.38	12,719,252	1.27	11,877,529	1.31
8	Brazil	10,936,805	1.19	8,689,673	1.09	12,463,214	1.25	10,696,564	1.18
9	Taiwan	9,789,373	1.07	9,251,899	1.16	12,363,622	1.24	10,468,298	1.16
10	India	9,305,637	1.02	6,870,451	0.86	10,105,373	1.01	8,760,487	0.97
11	Spain	9,250,473	1.01	7,084,677	0.89	9,503,917	0.95	8,613,022	0.95

● Ranking by average amount, 2019-2021

● Source: Mexico Central Bank

Table 2 : Mexico's Top Ten Export Markets

(USD Thousand)

Ranking	Country	2019		2020		2021		Average, 2019-2021	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
	World	460,603,695	100.00	416,999,406	100.00	494,224,530	100.00	457,275,877	100.00
1	U.S.A.	370,766,747	80.50	338,701,075	81.22	398,782,240	80.69	369,416,687	80.79
2	Canada	14,315,791	3.11	11,139,388	2.67	13,047,039	2.64	12,834,073	2.81
3	China	7,117,174	1.55	7,891,036	1.89	9,256,938	1.87	8,088,383	1.77
4	Germany	7,098,002	1.54	6,585,470	1.58	7,540,620	1.53	7,074,697	1.55
5	Korea	4,908,456	1.07	5,360,533	1.29	6,712,452	1.36	5,660,480	1.24
6	Spain	4,673,096	1.01	3,323,041	0.80	4,910,502	0.99	4,302,213	0.94
7	India	4,125,612	0.90	2,615,999	0.63	4,174,220	0.84	3,638,610	0.80
8	Japan	4,099,660	0.89	3,652,135	0.88	4,168,521	0.84	3,973,439	0.87
9	Brazil	4,297,657	0.93	3,055,290	0.73	3,657,181	0.74	3,670,043	0.80
10	Columbia	3,534,362	0.77	2,612,672	0.63	3,434,220	0.69	3,193,751	0.70
32	Taiwan	479,818	0.10	490,611	0.12	574,165	0.12	514,865	0.11

- Ranking by average amount, 2019-2021
- Source: Mexico Central Bank

Table 3 : Mexico's Top Ten Import Sources

(USD Thousand)

Ranking	Country	2019		2020		2021		Average, 2019-2021	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
	World	455,241,589	100.00	382,985,924	100.00	505,715,592	100.00	447,981,035	100.00
1	U.S.A.	205,725,212	45.19	167,762,157	43.80	220,987,582	43.70	198,158,317	44.23
2	China	83,030,916	18.24	73,505,697	19.19	101,021,447	19.98	85,852,687	19.16
3	Korea	17,647,389	3.88	14,709,847	3.84	19,055,014	3.77	17,137,417	3.83
4	Germany	17,679,908	3.88	13,871,215	3.62	17,233,045	3.41	16,261,389	3.63
5	Japan	17,961,829	3.95	13,896,625	3.63	17,084,734	3.38	16,314,396	3.64
6	Malaysia	11,586,114	2.55	10,832,650	2.83	12,448,392	2.46	11,622,385	2.59
7	Taiwan	9,309,555	2.04	8,761,288	2.29	11,789,457	2.33	9,953,433	2.22
8	Canada	9,839,334	2.16	8,325,722	2.17	11,248,474	2.22	9,804,510	2.19
9	Brazil	6,639,148	1.46	5,634,383	1.47	8,806,033	1.74	7,026,521	1.57
10	Vietnam	6,079,393	1.34	6,605,133	1.72	8,612,745	1.70	7,099,090	1.58
11	Thailand	6,077,275	1.33	5,326,888	1.39	6,528,818	1.29	5,977,660	1.33
13	India	5,180,025	1.14	4,254,452	1.11	5,931,153	1.17	5,121,877	1.14

● Ranking by average amount, 2019-2021

● Source: Mexico Central Bank

Annex II : Taiwan's Trade Statistics with Latin America and the Caribbean 2019-2021

Table 1 : Taiwan's Top Ten Trading Partners
(USD Thousand)

Ranking	Country	2019		2020		2021		Average, 2019-2021	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
	Latin America and the Caribbean	11,750,157	100.00	11,195,833	100.00	15,985,820	100.00	12,977,270	100.00
1	Mexico	3,762,649	32.02	3,769,772	33.67	5,386,493	33.70	4,306,305	33.18
2	Brazil	3,231,128	27.50	3,103,861	27.72	4,253,148	26.61	3,529,379	27.20
3	Chile	1,809,338	15.40	1,501,228	13.41	2,282,752	14.28	1,864,439	14.37
4	Argentina	373,218	3.18	449,555	4.02	723,911	4.53	515,561	3.97
5	Peru	472,949	4.03	417,673	3.73	627,483	3.93	506,035	3.90
6	Columbia	418,619	3.56	342,456	3.06	491,736	3.08	417,604	3.22
7	Guatemala	208,681	1.78	191,621	1.71	294,809	1.84	231,704	1.79
8	Costa Rica	184,714	1.57	171,301	1.53	215,357	1.35	190,458	1.47
9	Ecuador	133,638	1.14	135,301	1.21	301,056	1.88	189,998	1.46
10	Dominican Republic	168,169	1.43	146,795	1.31	232,152	1.45	182,372	1.41

- Ranking by average amount, 2019-2021
- Source : Taiwan's Customs Administration, Ministry of Finance

Table 2 : Taiwan's Top Ten Export Market
(USD Thousand)

Ranking	Country	2019		2020		2021		Average, 2019-2021	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
	Latin America and the Caribbean	5,865,366	100.00	5,400,527	100.00	7,626,621	100.00	6,297,505	100.00
1	Mexico	2,845,905	48.52	2,694,985	49.90	3,746,596	49.13	3,095,829	49.16
2	Brazil	1,177,606	20.08	1,083,132	20.06	1,627,247	21.34	1,295,995	20.58
3	Columbia	301,214	5.14	257,131	4.76	375,700	4.93	311,348	4.94
4	Peru	229,902	3.92	188,131	3.48	281,364	3.69	233,132	3.70
5	Chile	212,929	3.63	170,731	3.16	254,573	3.34	212,744	3.38
6	Argentina	176,239	3.00	187,952	3.48	267,579	3.51	210,590	3.34
7	Guatemala	139,971	2.39	112,426	2.08	203,225	2.66	151,874	2.41
8	Ecuador	122,981	2.10	121,305	2.25	173,053	2.27%	139,113	2.21
9	Dominican Republic	100,951	1.72	85,966	1.59	121,898	1.60%	102,939	1.63
10	Panama	106,300	1.81	79,543	1.47	92,646	1.21%	92,830	1.47

- Ranking by average amount, 2019-2021
- Source : Taiwan's Customs Administration, Ministry of Finance

Table 3 : Taiwan's Top Ten Import Sources
(USD Thousand)

Ranking	Country	2019		2020		2021		Average, 2019-2021	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
	Latin America and the Caribbean	5,884,791	100.00	5,795,305	100.00	8,359,198	100.00	6,679,765	100.00
1	Brazil	2,053,522	34.90	2,020,729	34.87	2,625,900	31.41%	2,233,384	33.44
2	Chile	1,596,409	27.13	1,330,496	22.96	2,028,179	24.26%	1,651,695	24.73
3	Mexico	916,744	15.58	1,074,787	18.55	1,639,897	19.62%	1,210,476	18.12
4	Argentina	196,979	3.35	261,604	4.51	456,331	5.46%	304,971	4.57
5	Peru	243,047	4.13	229,542	3.96	346,119	4.14%	272,903	4.09
6	Guatemala	125,653	2.14	143,558	2.48	137,779	1.65%	135,663	2.03
7	Paraguay	66,578	1.13	123,456	2.13	175,120	2.09%	121,718	1.82
8	Columbia	117,406	2.00	85,325	1.47	116,036	1.39%	106,256	1.59
9	Costa Rica	102,491	1.74	93,519	1.61	117,360	1.40%	104,457	1.56
10	Honduras	92,418	1.57	106,031	1.83	80,654	0.96%	93,035	1.39

- Ranking by average amount, 2019-2021
- Source : Taiwan's Customs Administration, Ministry of Finance

Annex III : Cumulative amount of foreign investment in Mexico (1999-2021)

Global ranking	Country	Cumulative amount & Share (USD Thousand)					Ranking in Asia
		1999	2021	1999-2021 Annual average	1999-2021 Cumulative Amount	Share (%)	
	World	13,960.3178	31,621.2044	27,784.2981	639,038.8566	100.00	
1	U.S.A.	7,346.6729	15,009.3594	12,977.9077	298,491.8778	46.71	
2	Spain	991.9498	4,334.6829	3,379.0241	77,717.5549	12.16	
3	Canada	612.5033	2,070.8889	2,044.5159	47,023.8655	7.36	
4	Japan	1,461.1750	1,582.9704	1,285.9355	29,576.5160	4.63	1
5	Germany	685.7114	1,645.6648	1,243.4060	28,598.3374	4.48	
6	Belgium	-49.3700	76.6397	918.0531	21,115.2218	3.30	
7	Netherlands	326.1561	-278.1859	901.7943	20,741.2688	3.25	
8	U.K.	406.0157	1,816.6358	744.9054	17,132.8241	2.68	
	Others	244.6123	1,309.7685	622.3437	14,313.9058	2.24	
9	France	402.8538	385.8805	433.3514	9,967.0811	1.56	
10	Argentina	3.6381	309.4460	420.5251	9,672.0769	1.51	
11	Italy	69.0551	129.1303	384.7952	8,850.2892	1.38	
12	Switzerland	103.2719	384.0047	369.3553	8,495.1709	1.33	
13	Korea	100.4146	684.7300	350.0282	8,050.6477	1.26	2
14	Brazil	5.2713	233.3881	250.3209	5,757.3815	0.90	
15	Australia	6.9458	49.9891	197.1049	4,533.4128	0.71	3
16	Luxumberg	C	970.2536	192.6030	4,429.8692	0.69	
17	Sweden	726.4567	-92.1425	108.3305	2,491.6005	0.39	
18	Denmark	91.5230	7.7977	98.1496	2,257.4401	0.35	
19	Israel	0.6839	-1.1835	96.6056	2,221.9292	0.35	
20	Finland	234.8682	-165.6858	88.4943	2,035.3695	0.32	
21	China	5.3321	413.8053	83.8371	1,928.2533	0.30	4

22	Columbia	-3.0292	61.0302	72.5676	1,669.0552	0.26	
(23)	Hong Kong	35.8501	192.4870	55.7931	1,283.2412	0.20	
23(24)	Ireland	9.1049	21.8441	54.9566	1,264.0020	0.20	
24(25)	Austria	12.5244	69.2068	53.9678	1,241.2591	0.19	
25(26)	Taiwan	26.0481	46.5405	49.3484	1,135.0126	0.18	5
26(27)	Chile	6.3424	47.2645	46.4131	1,067.5012	0.17	
27(28)	Singapore	5.6455	0.3921	39.9265	918.3102	0.14	
28(29)	Norway	0.0082	-14.8194	32.0818	737.8820	0.12	

- The statistic includes Hong Kong as a single economy.
- Resource: Ministry of Economy, Mexico