

# Fast Facts about California-Mexico Trade Relations

Compiled by: Assembly Committee on Jobs, Economic Development, and the Economy  
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Mexico is the largest market for exports of California-made goods and has been California's main trading partner since 1999.<sup>1</sup> California ranks third (behind Texas and Michigan, respectively) amongst U.S. importer states of Mexican goods, accounting for almost 12% of all Mexican imports.<sup>2</sup>

## California and Mexico Relations

- According to the 2010 U.S. Census, California's population is 37.3 million as compared to Mexico's population of 113 million with an estimated annual population growth of 1.1%.<sup>3</sup>
- If Los Angeles were in Mexico, its five million Mexican residents would make it the fourth biggest city in the country (after Mexico City, Guadalajara and Monterey),<sup>4</sup>
- 40% of the population in Southern California, between Los Angeles and the Mexican border, speak Spanish.<sup>5</sup>
- California is one fourth the size of Mexico with 11 million California residents being of Mexican descent.<sup>6</sup>

## California - Mexico Economies

- In 2010, California's total gross state product was \$1.9 trillion.<sup>7</sup> Mexico's gross domestic product in 2010 was \$1.04 trillion.<sup>8</sup>
- Mexican exports to the U.S. account for one fourth of Mexico's gross domestic product. As a result, Mexico's economy is strongly linked to the U.S. business cycle.<sup>9</sup>
- The relationship between Mexico and California generates over \$20.9 billion per year for California.<sup>10</sup>

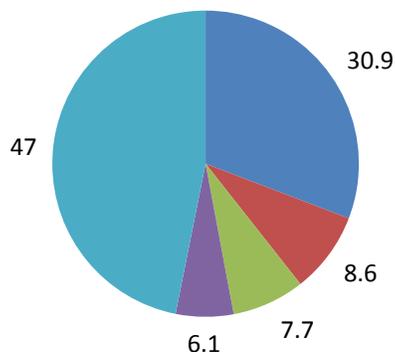
## Mexican Trade Policy and Free Trade Agreements

- The 17 countries that have a free trade agreement (FTA) in force with the U.S. make up 9% of the World GDP and represents 41% of U.S. exports. Exports to FTA countries grew at a faster rate (23% annually) than exports to the rest of the world (25%) from 2009 to 2010.<sup>11</sup>
- Mexico is the country with the largest network of FTAs in the world, including 44 countries, on three different continents, which provide preferential access to a potential market of more than 113 million consumers.<sup>12</sup> Currently, more than 90% of Mexico's trade occurs under free trade agreements.
- Mexican trade with the U.S. and Canada has tripled since the implementation of NAFTA in 1994.<sup>13</sup>

## Job Creation

- Export-supported jobs account for an estimated 5.2% of California's total private-sector employment.<sup>14</sup>
- Nearly one quarter (23%) of all California manufacturing workers are dependent on exports for their employment.<sup>15</sup>
- Approximately 177,000 California jobs (17% of all export-supported jobs in California) are related to the commercial relationship with Mexico. More than half of these jobs are a result of export growth under NAFTA.<sup>16</sup>
- Commerce, tourism, and foreign direct investment from Mexico support more than 200,000 jobs in California (1.5% of the total number of payroll jobs in California).<sup>17</sup>

## 2010 Exports from California to Mexico by Industry Sector



Product	Value (\$)	Percent
Computers & Electronic Prod.	\$6,463,923,401	30.9 %
Transportation Equipment	1,793,428,398	8.6 %
Machinery, Except Equipment	\$1,612,029,694	7.7 %
chemicals	\$1,229,644,680	6.1 %
All Others	\$9,849,948,319	47.0 %
<b>Grand Total</b>	<b>\$20,948,974,492</b>	<b>100 %</b>

Source: U.S. Department of Commerce: International Trade Administration

### California Exports to Mexico

- California exported \$21 billion worth of goods to Mexico in 2010, accounting for 15% of California's overall goods exports.<sup>18</sup>
- California is the second largest exporter to Mexico amongst the 50 U.S. states (behind Texas).<sup>19</sup>
- Computers and electronic products have been California's highest single export to Mexico since 2000. However, as Mexico's economy diversifies, exports of machinery and transportation equipment have grown exponentially.<sup>20</sup>

### Goods Movement between California and Mexico

- California has four major international border crossings supporting the movement of both persons and goods: San Ysidro, Otay Mesa, Tecate, and Calexico. Of these, San Ysidro handles the lightest volume, while Otay Mesa and Calexico accommodate the largest volume. Otay Mesa is the largest California crossing, ranking sixth in the nation.
- In 2010, California gateways with Mexico moved \$46.9 billion in merchandise.
- Most of the California-Mexico trade is two-way within the same commodity class, suggesting extensive production sharing. Components made in California are assembled or further processed in Mexico, and shipped back to California. Top commodities for this type of trade include: machinery, vehicles, instruments, and electronics and electronic equipment.<sup>21</sup>
- At issue is border crossing delays between Mexico and the U.S. along the Imperial County - Baja California border accounted for an estimated output loss of \$1.4 billion and 11,600 lost jobs nationally due to reduced output in 2007. In California losses were estimated at \$436 million and 5,639 jobs.<sup>22</sup>
- Both U.S. and Mexican firms with significant business passing through the three Imperial Valley ports of entry, report that their logistics-supply chain is highly time sensitive. Long wait times at border crossings result in delays in receiving intermediary goods and ultimately lead in to problems in the manufacturing chain.<sup>23</sup>

<sup>1</sup> "The Economic Impact of the Mexico-California Relationship"; The Tomas Rivera Policy Institute, September 2005-  
<http://www.ime.gob.mx/ime2/aportaciones/california.pdf>; accessed 8-20-11

<sup>2</sup> "World Fact Book: Mexico, United States Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/index.html> - accessed 8-20-11

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- <sup>3</sup> California Department of Finance, Demographic Research Unit <http://www.dof.ca.gov/HTML/DEMOGRAP/SF%201/RaceCA.pdf>
- <sup>4</sup> Baja Border a "Fronteriza" Culture and Marketplace [http://www.mexicomatters.net/businessmexico/05\\_fronterizacultureandmarketplace.php](http://www.mexicomatters.net/businessmexico/05_fronterizacultureandmarketplace.php) – accessed 8-29-2011
- <sup>5</sup> Baja Border a "Fronteriza" Culture and Marketplace [http://www.mexicomatters.net/businessmexico/05\\_fronterizacultureandmarketplace.php](http://www.mexicomatters.net/businessmexico/05_fronterizacultureandmarketplace.php) – accessed 8-29-2011
- <sup>6</sup> "U.S. Census" [http://www.census.gov/newsroom/releases/archives/facts\\_for\\_features\\_special\\_editions/cb09-ff08.html](http://www.census.gov/newsroom/releases/archives/facts_for_features_special_editions/cb09-ff08.html); – accessed 8-30-11
- <sup>7</sup> Bureau of Economic Analysis, Gross State Product, [www.bea.gov/bea/regional/gsp/](http://www.bea.gov/bea/regional/gsp/) – accessed 8-29-2011
- <sup>8</sup> [http://www.dof.ca.gov/HTML/FS\\_DATA/LatestEconData/documents/BBRANK.XLS](http://www.dof.ca.gov/HTML/FS_DATA/LatestEconData/documents/BBRANK.XLS); California Department of Finance, 11/18/10, accessed 8-29-2011
- <sup>9</sup> "Background Note: Mexico", Bureau of Western Hemisphere Affairs, United States Department of State, <http://www.state.gov/r/pa/ei/bgn/35749.htm>; – accessed 8-29-2011
- <sup>10</sup> "California: Exports, Jobs, and Foreign Investment", Office of Trade and Industry Information, International Trade Administration, U.S. Department of Commerce, August 2011. See [http://www.ita.doc.gov/td/industry/otea/state\\_reports/california.html](http://www.ita.doc.gov/td/industry/otea/state_reports/california.html)
- <sup>11</sup> "ITA Free Trade Agreements" <http://www.trade.gov/fta/index.asp>; accessed 7/24/11
- <sup>12</sup> "Agreements and Negotiations", Embassy of Mexico in Canada; <http://www.embamexcan.com/ECONOMY/internationaltrade.shtml>
- <sup>13</sup> World Fact Book: Mexico, United States Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/index.html> – accessed 8-20-11
- <sup>14</sup> "California: Exports, Jobs, and Foreign Investment", Office of Trade and Industry Information, International Trade Administration, U.S. Department of Commerce, August 2011. See [http://www.ita.doc.gov/td/industry/otea/state\\_reports/california.html](http://www.ita.doc.gov/td/industry/otea/state_reports/california.html)
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