

# Fast Facts about California-Mexico Trade Relations

Compiled by: Assembly Committee on Jobs, Economic Development, and the Economy  
Compliments of: Sabrina Cervantes, Chair

Foreign trade is a vital component of California's \$3.1 trillion economy.<sup>1</sup> Mexico has been California's main trading partner since 1999 and is the largest market for exports of California-made goods.<sup>2</sup> In 2020, California exported \$24.0 billion in goods to Mexico.<sup>3</sup>

## Profile of Mexico

- Mexico has a population of 130.2 million people, making it the 10<sup>th</sup> most populous country in the world,<sup>4</sup> while California's population is nearly one-third the size of Mexico with 39.5 million people.<sup>5</sup>
- Mexico is the 15<sup>th</sup> largest country in the world, with 0.75 million square miles of geographic area, slightly less than three times the size of Texas.<sup>6</sup>
- In the 32 states that make up Mexico, thirty-nine cities have populations over 500,000 including Mexico City (22 million).<sup>7</sup>
- With rapid urbanization, four-fifths of the population in Mexico live in urban areas.<sup>8</sup>
- The government of Mexico is a federal republic with a president elected by popular vote for a single six-year term.<sup>9</sup>
- Mexico's GDP in 2019 was \$1.3 trillion. For comparison, Mexico's GDP in 2018 was \$1.2 trillion<sup>10</sup> as compared to California's \$2.9 trillion GDP over the same period.<sup>11</sup>
- Mexico's real GDP per capita is \$19,756 (data are in 2010 dollars)<sup>12</sup> as compared to U.S. per capita at \$62,530 and California GDP per capita at \$81,645.<sup>13</sup>
- GDP by sector composition: agriculture: 3.6%; industry: 31.9%; services: 64.5%.<sup>14</sup>
- GDP by consumption (who does the spending in an economy): household consumption: 67.0%, government consumption: 11.8%, investment in fixed capital: 22.3%, investment in inventories: 0.8%, exports of goods and services: 37.8%, imports of goods and services: -39.7%.<sup>15</sup>

## Mexico's Influence on California's Population

- In California, 15.5 million, (39.4%) of the 39.5 million residents are of Mexican descent.<sup>16</sup>
- California is one of the U.S. states with the highest concentrations of Spanish speakers.<sup>17</sup>
- In California, 28.8% of the population speaks Spanish.<sup>18</sup>
- If the City of Los Angeles were in Mexico, its 1.9 million<sup>19</sup> Mexican residents would make it the seventh largest city in the country (after Mexico City, Ecatepec, Tijuana, Puebla, Guadalajara).<sup>20</sup>

## Trade Agreements Drive Commerce

- Mexico has the largest network of free trade agreements in the world, with a total of 12 free trade agreements<sup>21</sup> involving 46 countries<sup>22</sup>, on three different continents.
- More than 90% of Mexico's trade occurs under free trade agreements.<sup>23</sup>
- Mexico's largest trade partners in 2019 are the United States (54%) and China (14%) as import partners, and only the United States (75%) as an export partner.<sup>24</sup>
- U.S. trade with Mexico and Canada has exponentially increased since the implementation of NAFTA in 1994. U.S. exports to Mexico increased from \$41.6 billion in 1993 (the year prior to NAFTA's entry) to \$256.4 billion in 2019, an increase of 516.3%. Imports from Mexico increased from \$39.9 billion in 1993 to \$358.1 billion in 2019, an increase of 797.4%.<sup>25</sup>
- Since NAFTA came into force, Mexico's economy has increasingly become oriented toward manufacturing.<sup>26</sup>
- In 2012, Mexico joined the Trans-Pacific Partnership negotiations and also formed the Pacific Alliance which includes Mexico, Chile, Colombia, and Peru.<sup>27</sup>
- The U.S. has free trade agreements in force with 20 markets around the world, including Mexico.<sup>28</sup>
- In 2015, 47% (\$711 billion) of U.S. goods were exported to free trade agreement countries.<sup>29</sup>

Leading California Exports (In millions)			
Partner	2018	2019	2020
<b>World Total</b>	178,175	173,728	155,885
<b>Mexico</b>	30,763	27,860	24,052
<b>Canada</b>	17,687	16,664	16,009
<b>China</b>	16,369	15,848	15,007
<b>Japan</b>	13,033	11,880	10,573
<b>South Korea</b>	9,940	9,186	9,970

Source: U.S. Census Bureau

## California and World Markets

- In 2020, California exported \$156.1 billion to 227 foreign economies<sup>30</sup> and accounted for 10.9% of total U.S. exports.<sup>31</sup>
- In 2020, California's largest export market was Mexico, purchasing \$24.0 billion (15.4%) of all the states exports in 2020. After Mexico, California's top export markets in 2020 were: Canada (\$16.0 billion), China (\$15.0 billion), Japan

(\$10.5 billion), South Korea (\$9.7 billion), Taiwan (\$7.3 billion), Germany (\$6.4 billion), Hong Kong (\$6.3 billion), Netherlands (\$5.6 billion), United Kingdom (\$4.9 billion).<sup>32</sup>

- California's top five exports in 2020 were: Computer & Electronic Products (\$37.5 billion), Transportation Equipment (\$17.3 billion), Machinery, Except Electrical (\$16.8 billion), Chemicals (\$14.3 billion), and Agricultural Products (\$13.3 billion).<sup>33</sup>
- In 2020, California imported \$47.8 billion in products. California's top five imports in 2020 were: Computer & Electronic Products (\$12.9 billion), Transportation Equipment (\$11.3 billion), Agricultural Products (\$5.3 billion), Miscellaneous Manufactured Commodities (\$3.0 billion), and Electrical Equipment, Appliances, and Components (\$3.0 billion).<sup>34</sup>
- China is the largest source of imports into California. The 2020 value of Chinese imports was \$130.1 billion. China is followed by Mexico (\$47.8 billion), Canada (\$26.5 billion), and South Korea (\$21.1 billion), Japan (\$20.3 billion).<sup>35</sup>

### **Job Creation Related to Trade**

- Export-supported jobs account for an estimated 4.5% of California's total private-sector employment in 2019.<sup>36</sup>
- In 2019, California exports supported 677,238 jobs.<sup>37</sup>
- Approximately 177,000 (most recent data from 2005) California jobs are related to the commercial relationship with Mexico.<sup>38</sup>
- Commerce, tourism, and foreign direct investment from Mexico support more than 200,000 jobs (most recent data from 2005) in California (1.5% of the total number of payroll jobs in California).<sup>39</sup>

### **California Exports and Imports to Mexico**

- California exported \$24.0 billion worth of goods to Mexico in 2020, accounting for 15.4% of California's overall merchandise exports.<sup>40</sup>
- Computers and electronic products have been California's highest single export to Mexico since 2000. The top five exports to Mexico in 2020 were: Computer and Electronic Products (22.4% - \$5.3 billion), Transportation Equipment (11.6%- \$2.7 billion), Electrical Equipment, Appliances and Components (\$1.9 billion – 7.9%), Machinery, except Electrical (\$1.8 billion – 7.8%); and Chemicals (\$1.4 billion – 6.2%).<sup>41</sup>
- Small and medium-sized companies generated 21.6% of California's total exports of merchandise in 2019.<sup>42</sup>
- In 2020, California imported \$47.8 billion worth of goods and services from Mexico. Mexican imports accounted for 12.1% share of total imports to California.<sup>43</sup>
- U.S. imports from Mexico contain on average, 40% U.S content, with almost half of the labor, materials, and parts that go into an import from Mexico actually being made in the U.S.<sup>44</sup>

### **Goods Movement between California and Mexico**

- California has five major international border crossings supporting the movement of both persons and goods: San Ysidro, Otay Mesa, Tecate, Calexico, and Andrade. Of these, Andrade handles the lightest volume, while San Ysidro and Calexico accommodate the largest volume. Overall, San Ysidro is the busiest crossing in the Western Hemisphere.<sup>45</sup>
- Most of the California-Mexico trade is two-way within the same commodity class, suggesting extensive production sharing. In 2020, California two-way trade with Mexico amounted to \$538.06 billion in merchandise.<sup>46</sup>
- Global supply chains have resulted in components made in California are assembled or further processed in Mexico, and shipped back to California. Top commodities for this type of two-way trade include: machinery, vehicles, instruments, and electronics and electronic equipment.<sup>47</sup>
- Border crossing delays between the U.S.-Mexico borders accounted for an estimated output loss of \$5.7 billion and a 26,000 national job loss due to reduced output in 2008.<sup>48</sup>
- Research shows that if border delays continue to grow, economic losses will continue to increase significantly by 2017 (most recent data from 2016) and could cost the U.S. economy nearly 54,000 jobs and \$12 billion in output annually, with an estimated cumulative loss of \$86 billion. California's cumulative economic loss in output due to in-state border delays over the next ten years is estimated to be \$4.5 billion.<sup>49</sup>

### **Foreign Direct Investment**

- Foreign direct investment in Mexico has grown to \$100.9 billion in 2019, which has already surpassed the level seen in 2018 (\$95.6 billion).<sup>50</sup>
- In 2019, Mexico's outward foreign direct investment was \$42.9 billion.<sup>51</sup>
- Mergers and acquisitions show that Mexican investment is primarily focused in the U.S. and other Latin American markets. In 2014 (most recent data), Mexican companies participated in 230 mergers and acquisitions, valued at \$30.1 billion.<sup>52</sup>
- California was the leading state for outward foreign direct investment, retaining its leading position from 2019. The state recorded \$26.1 billion, a 22.6% market share of total outward capital investment from North America.<sup>53</sup>

- California remained the leading state in terms of foreign direct investment projects, attracting 195 projects in 2020, which is 21.8% higher than the second highest state, Texas.<sup>54</sup>

Prepared by Mauricio Aguilar and Toni Symonds with the Assembly Committee on Jobs, Economic Development, and the Economy.

- <sup>1</sup> Department of Finance, CA World Ranking 2019, [http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross\\_State\\_Product/](http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/), accessed June 20, 2021
- <sup>2</sup> ITA Trade Stats Express, “2020 NAICS Total All Merchandise Exports from California”, <http://tse.export.gov/TSE/MapDisplay.aspx>, accessed Feb. 5, 2021, and ITA Trade Stats Express, “2020 NAICS Total All Merchandise Imports from California”, <http://tse.export.gov/stateimports/TSIRports.aspx?DATA>, accessed Feb. 5, 2021
- <sup>3</sup> ITA Trade Stats Express, “2020 NAICS Total All Merchandise Exports from California”, <http://tse.export.gov/TSE/MapDisplay.aspx>, accessed Feb. 5, 2021
- <sup>4</sup> CIA World FactBook, North America: Mexico, “People and Society”, <https://www.cia.gov/the-world-factbook/countries/mexico/#people-and-society>, accessed June 20, 2021
- <sup>5</sup> US Census Bureau, “Quick Facts: California”, <https://www.census.gov/quickfacts/CA>, accessed June 20, 2021
- <sup>6</sup> CIA World FactBook, North America: Mexico, “Geography”, <https://www.cia.gov/the-world-factbook/countries/mexico/#geography>, accessed June 21, 2021
- <sup>7</sup> CIA World FactBook, North America: Mexico, “People and Society”, <https://www.cia.gov/the-world-factbook/countries/mexico/#people-and-society>, accessed June 20, 2021, and World Population Review, “Population of Cities in Mexico (2021)”, <https://worldpopulationreview.com/countries/cities/mexico>, accessed June 6, 2021
- <sup>8</sup> CIA World FactBook, North America: Mexico, “People and Society”, <https://www.cia.gov/the-world-factbook/countries/mexico/#people-and-society>, accessed June 20, 2021
- <sup>9</sup> CIA World FactBook, North America: Mexico, “Government”, <https://www.cia.gov/the-world-factbook/countries/mexico/#government>, accessed June 22, 2021,
- <sup>10</sup> CIA World FactBook, North America: Mexico, “Economy”, <https://www.cia.gov/the-world-factbook/countries/mexico/#economy>, accessed June 22, 2021, and Department of Finance, CA World Ranking 2019, [http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross\\_State\\_Product/](http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/), accessed June 20, 2021
- <sup>11</sup> Department of Finance, CA World Ranking 2019, [http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross\\_State\\_Product/](http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/), accessed June 20, 2021
- <sup>12</sup> CIA World FactBook, North America: Mexico, “Economy”, <https://www.cia.gov/the-world-factbook/countries/mexico/#economy>, accessed June 22, 2021
- <sup>13</sup> CIA World FactBook, North America: United States, “Economy”, <https://www.cia.gov/the-world-factbook/countries/usa/#economy>, accessed June 22, 2021, US Bureau of Economic Analysis, “GDP and Personal Income: SAGDP2N Gross domestic product (GDP) by state 1”, <https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=2#reqid=70&step=1&isuri=1&acrdn=2>, accessed June 22, 2021, and US Bureau of Economic Analysis, “National Income and Product Accounts: Table 1.1.9. Implicit Price Deflators for Gross Domestic Product”, <https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=2#reqid=70&step=1&isuri=1&acrdn=2>, accessed June 22, 2021
- <sup>14</sup> CIA World FactBook, North America: Mexico, “Economy”, <https://www.cia.gov/the-world-factbook/countries/mexico/#economy>, accessed June 22, 2021
- <sup>15</sup> CIA World FactBook, North America: Mexico, “Economy”, <https://www.cia.gov/the-world-factbook/countries/mexico/#economy>, accessed June 22, 2021
- <sup>16</sup> U.S. Census Bureau, “California Profile: California”, <https://data.census.gov/cedsci/profile?g=0400000US06>, accessed June 22, 2021
- <sup>17</sup> U.S. Census Bureau, “California Profile: California”, <https://data.census.gov/cedsci/profile?g=0400000US06>, accessed June 22, 2021
- <sup>18</sup> U.S. Census Bureau, “California Profile: California”, <https://data.census.gov/cedsci/profile?g=0400000US06>, accessed June 22, 2021
- <sup>19</sup> US Census Bureau, “Quick Facts: Los Angeles City”, <https://www.census.gov/quickfacts/CA>, accessed June 20, 2021
- <sup>20</sup> CIA World FactBook, North America: Mexico, “People and Society”, <https://www.cia.gov/the-world-factbook/countries/mexico/#people-and-society>, accessed June 20, 2021
- <sup>21</sup> International Trade Administration, “Mexico Country: Commercial Guide- Trade Agreements”, <https://www.trade.gov/knowledge-product/mexico-trade-agreements>, accessed June 22, 2021
- <sup>22</sup> International Trade Administration, “Mexico Country: Commercial Guide- Trade Agreements”, <https://www.trade.gov/knowledge-product/mexico-trade-agreements>, accessed June 22, 2021
- <sup>23</sup> PricewaterhouseCoopers, “Worldwide Tax Summaries: Mexico”, <https://taxsummaries.pwc.com/mexico#:~:text=Mexico%20has%20free%20trade%20agreements%20with%20over%2050.deregulating%2C%20and%20cutting%20back%20the%20role%20of%20government.,> accessed June 24, 2021
- <sup>24</sup> CIA World FactBook, North America: Mexico, “Economy”, <https://www.cia.gov/the-world-factbook/countries/mexico/#economy>, accessed June 22, 2021
- <sup>25</sup> Congressional Research Service, U.S.-Mexico Economic Relations: Trends, Issues, and Implications, <https://www.fas.org/sgp/crs/row/RL32934.pdf>, accessed June 24, 2021
- <sup>26</sup> CIA World FactBook, North America: Mexico, “Economy”, <https://www.cia.gov/the-world-factbook/countries/mexico/#economy>, accessed June 22, 2021
- <sup>27</sup> CIA World FactBook, North America: Mexico, “Economy”, <https://www.cia.gov/the-world-factbook/countries/mexico/#economy>, accessed June 22, 2021, and US Department of State, “U.S. Relations with Mexico”, <https://2009-2017.state.gov/r/pa/ei/bgn/35749.htm>, accessed June 22, 2021
- <sup>28</sup> International Trade Administration, “Free Trade Agreements”, <https://www.trade.gov/free-trade-agreements>, accessed June 22, 2021
- <sup>29</sup> International Trade Administration, “Benefits of Trade Agreements”, <https://blog.trade.gov/2016/05/12/benefits-of-trade-agreements-u-s-exports/>, accessed June 24, 2021
- <sup>30</sup> CalChamber International, “Trade Statistics”, <http://advocacy.calchamber.com/international/trade/trade-statistics/>, accessed June 24, 2021
- <sup>31</sup> CalChamber International, “Trade Statistics”, <http://advocacy.calchamber.com/international/trade/trade-statistics/>, accessed June 24, 2021
- <sup>32</sup> ITA TradeStats Express, “2020 NAICS Total All Merchandise Exports from California”, <http://tse.export.gov/TSE/MapDisplay.aspx>, accessed June 24, 2021
- <sup>33</sup> ITA TradeStats Express, “2020 NAICS Total All Merchandise Exports from California to World”, <http://tse.export.gov/TSE/MapDisplay.aspx>, accessed June 24, 2021
- <sup>34</sup> ITA TradeStats Express, “2020 NAICS Total All Merchandise Imports from California to World”, <http://tse.export.gov/stateimports/TSIRports.aspx?DATA>, accessed June 24, 2021
- <sup>35</sup> ITA TradeStats Express, “2020 NAICS Total All Merchandise Exports from California”, <http://tse.export.gov/TSE/MapDisplay.aspx>, accessed June 24, 2021
- <sup>36</sup> EDD, “Employment by Industry Data: Historical Monthly Data”, <https://www.labormarketinfo.edd.ca.gov/data/employment-by-industry.html>, accessed June 24, 2021, and International Trade Administration, “Jobs Supported by State Exports”, <https://www.trade.gov/data-visualization/jobs-supported-state-exports>, accessed June 24, 2021
- <sup>37</sup> International Trade Administration, “Jobs Supported by State Exports”, <https://www.trade.gov/data-visualization/jobs-supported-state-exports>, accessed June 24, 2021
- <sup>38</sup> The Tomas Rivera Policy Institute, “The Economic Impact of the Mexico-California Relationship”, [https://www.immigrationresearch.org/system/files/Tomas\\_Rivera\\_-\\_The\\_Economic\\_Impact\\_of\\_the\\_Mexico-California\\_Relationship.pdf](https://www.immigrationresearch.org/system/files/Tomas_Rivera_-_The_Economic_Impact_of_the_Mexico-California_Relationship.pdf), accessed July 5, 2016
- <sup>39</sup> The Tomas Rivera Policy Institute, “The Economic Impact of the Mexico-California Relationship”, [https://www.immigrationresearch.org/system/files/Tomas\\_Rivera\\_-\\_The\\_Economic\\_Impact\\_of\\_the\\_Mexico-California\\_Relationship.pdf](https://www.immigrationresearch.org/system/files/Tomas_Rivera_-_The_Economic_Impact_of_the_Mexico-California_Relationship.pdf), accessed July 5, 2016
- <sup>40</sup> ITA TradeStats Express, “2020 NAICS Total All Merchandise Exports from California”, <http://tse.export.gov/TSE/MapDisplay.aspx>, accessed June 24, 2021
- <sup>41</sup> ITA TradeStats Express, “2020 NAICS Total All Merchandise Exports from California”, <http://tse.export.gov/TSE/MapDisplay.aspx>, accessed June 24, 2021
- <sup>42</sup> US Census, “Profile of US Importing and Exporting Companies”, <https://www.census.gov/foreign-trade/Press-Release/edb/2019/index.html>, accessed June 24, 2021
- <sup>43</sup> ITA TradeStats Express, “2020 NAICS Total All Merchandise Imports from California to World”, <http://tse.export.gov/stateimports/TSIRports.aspx?DATA>, accessed June 24, 2021, and US Census, “State Imports for California”, <https://www.census.gov/foreign-trade/statistics/state/data/imports/ca.html>, accessed June 24, 2021
- <sup>44</sup> Congressional Research Service, “The North Atlantic Free Trade Agreement”, <https://www.fas.org/sgp/crs/row/R42965.pdf>, accessed July 5, 2016
- <sup>45</sup> Imperial County Transportation Commission, “Study for the California/Baja California Land Ports of Entry”, <http://www.imperialctc.org/media/managed/borderstudy/Bicycle%20and%20Pedestrian%20Border%20Study%20-%20FINAL%20Feb%202015.pdf>, accessed July 6, 2016
- <sup>46</sup> Public Policy Institute of California, “The Emerging Integration of California-Mexico Economies”, [https://www.ppic.org/content/pubs/report/R\\_804HSR.pdf](https://www.ppic.org/content/pubs/report/R_804HSR.pdf), accessed June 24, 2021, and CalChamber Advocacy, “Trade Portal Partner: Mexico- Trade Overview”, <http://advocacy.calchamber.com/international/portals/mexico/>, accessed July 6, 2016
- <sup>47</sup> Public Policy Institute of California, “The Emerging Integration of California-Mexico Economies”, [https://www.ppic.org/content/pubs/report/R\\_804HSR.pdf](https://www.ppic.org/content/pubs/report/R_804HSR.pdf), accessed June 24, 2021
- <sup>48</sup> US Department of Commerce, “Comprehensive US-Mexico Border Study”, <http://www.hdrinc.com/portfolio/comprehensive-united-states-mexico-border-study>, accessed July 6, 2016
- <sup>49</sup> US Department of Commerce, “Comprehensive US-Mexico Border Study”, <http://www.hdrinc.com/portfolio/comprehensive-united-states-mexico-border-study>, accessed July 6, 2016
- <sup>50</sup> Office of the United States Trade Representative, “Mexico: U.S.-Mexico Trade Facts”, <https://ustr.gov/countries-regions/americas/mexico>, accessed June 24, 2021
- <sup>51</sup> Office of the United States Trade Representative, “Mexico: U.S.-Mexico Trade Facts”, <https://ustr.gov/countries-regions/americas/mexico>, accessed June 24, 2021, and CalChamber Advocacy, “Trade Portal Partner: Mexico- Trade Overview”, <http://advocacy.calchamber.com/international/portals/mexico/>, accessed July 6, 2016
- <sup>52</sup> TECMA Communications, “Mexico Mergers and Acquisitions in 2014”, <https://www.madeinmexicoinc.com/mexicos-mergers-acquisitions-2014/>, accessed June 24, 2021
- <sup>53</sup> The FDI Report 2021, “Global Greenfield Investment Trends”, <https://fdi-report-2021.fdiintelligence.com/files/TheFDIReport2021.pdf>, accessed June 24, 2021
- <sup>54</sup> The FDI Report 2021, “Global Greenfield Investment Trends”, <https://fdi-report-2021.fdiintelligence.com/files/TheFDIReport2021.pdf>, accessed June 24, 2021