



Growing Together: Economic Ties between the United States and Mexico

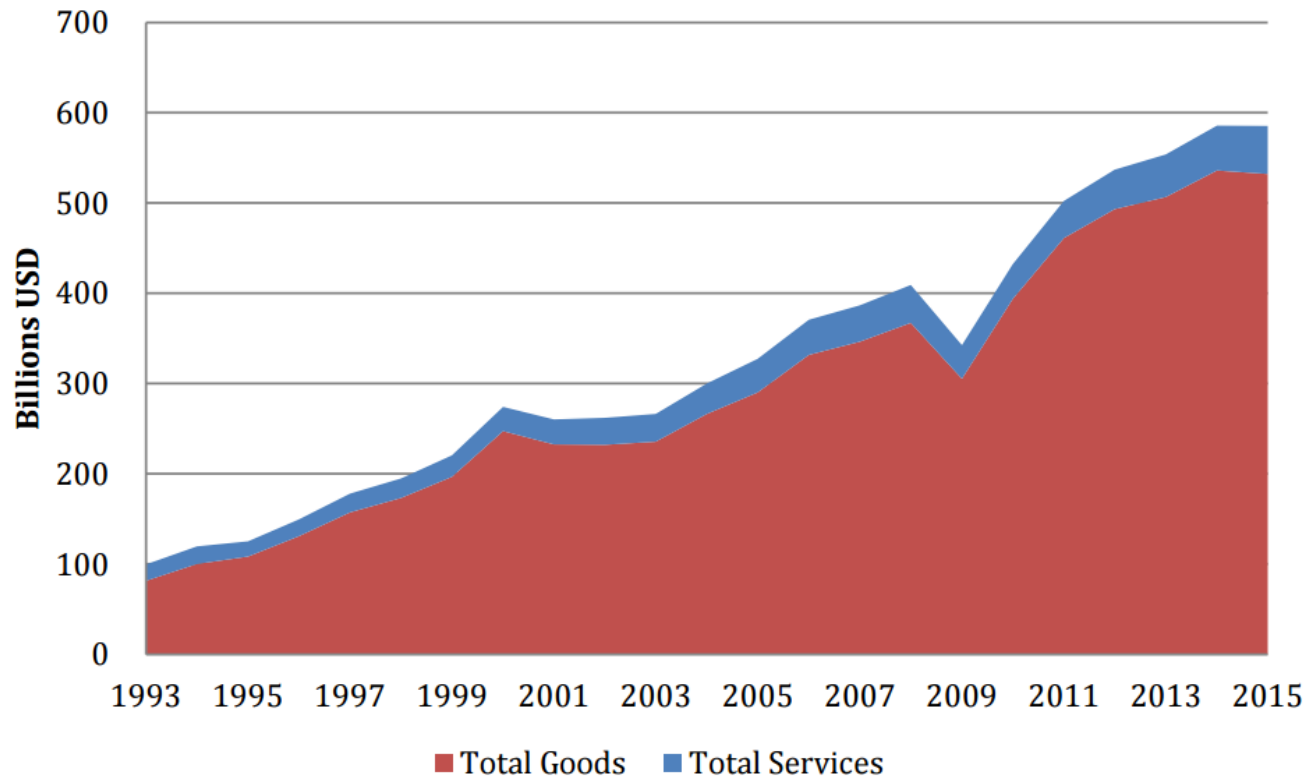
Christopher Wilson

[#USMxEcon](#)



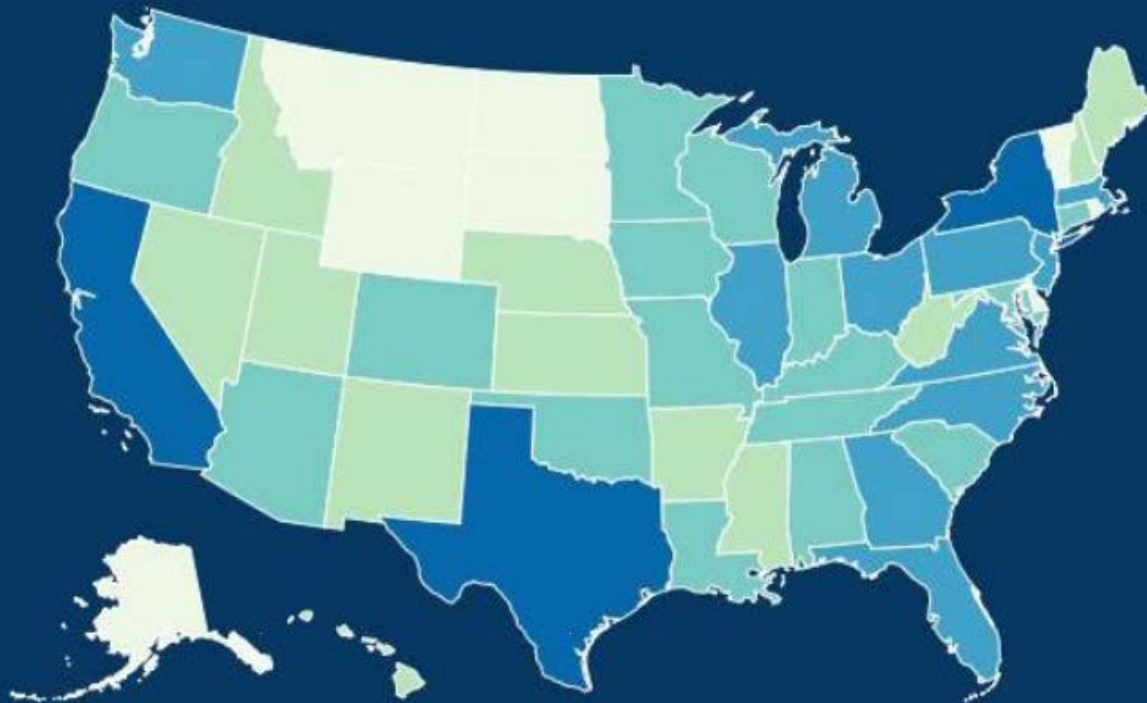
A Regional Manufacturing Platform

U.S.-Mexico Trade in Goods and Services (1993-2015)



Source: U.S. Census Bureau for goods trade; U.S. Bureau of Economic Analysis and OECD for services trade.

U.S. Jobs that Depend on Trade with Mexico

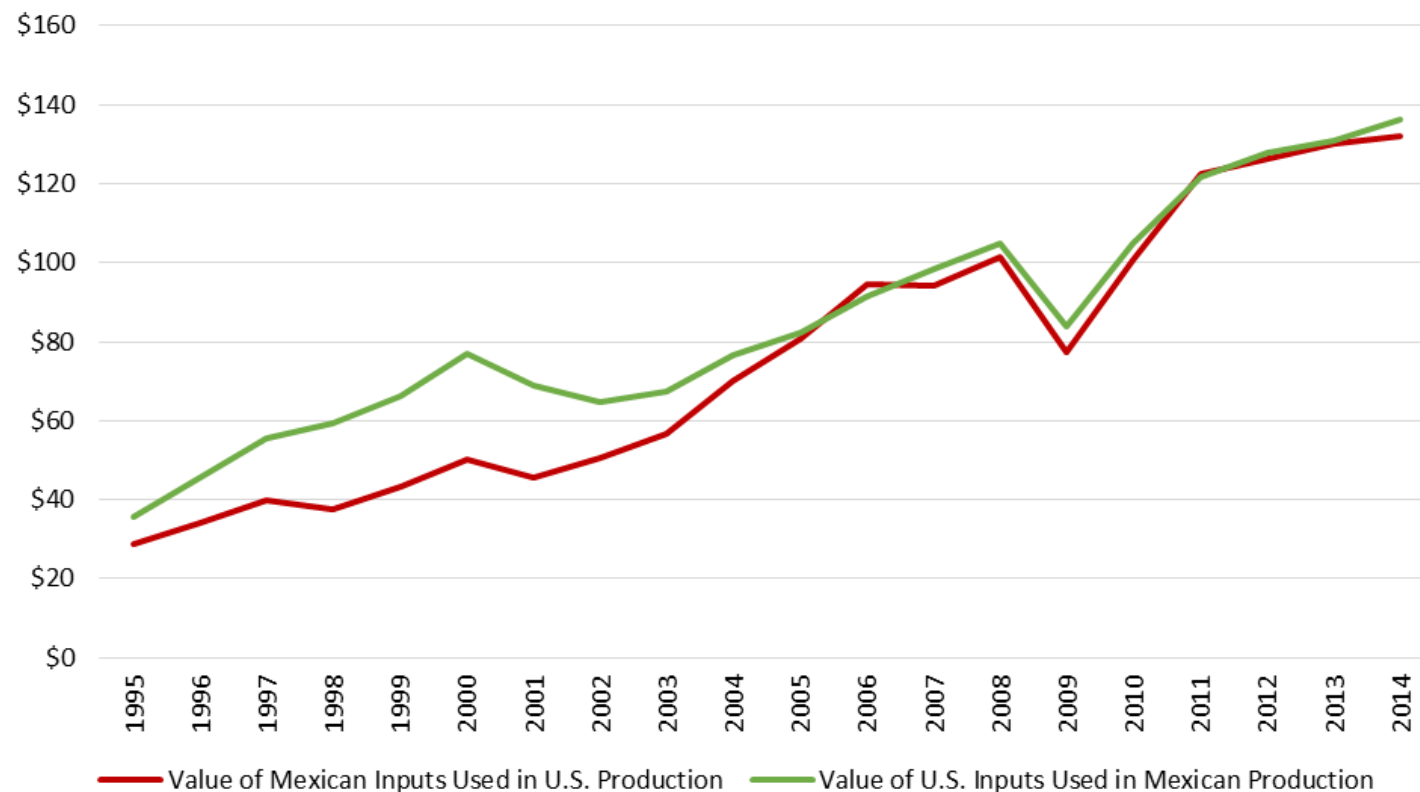


**Nearly 5 million jobs
depend on trade
with Mexico**

U.S. Jobs by State

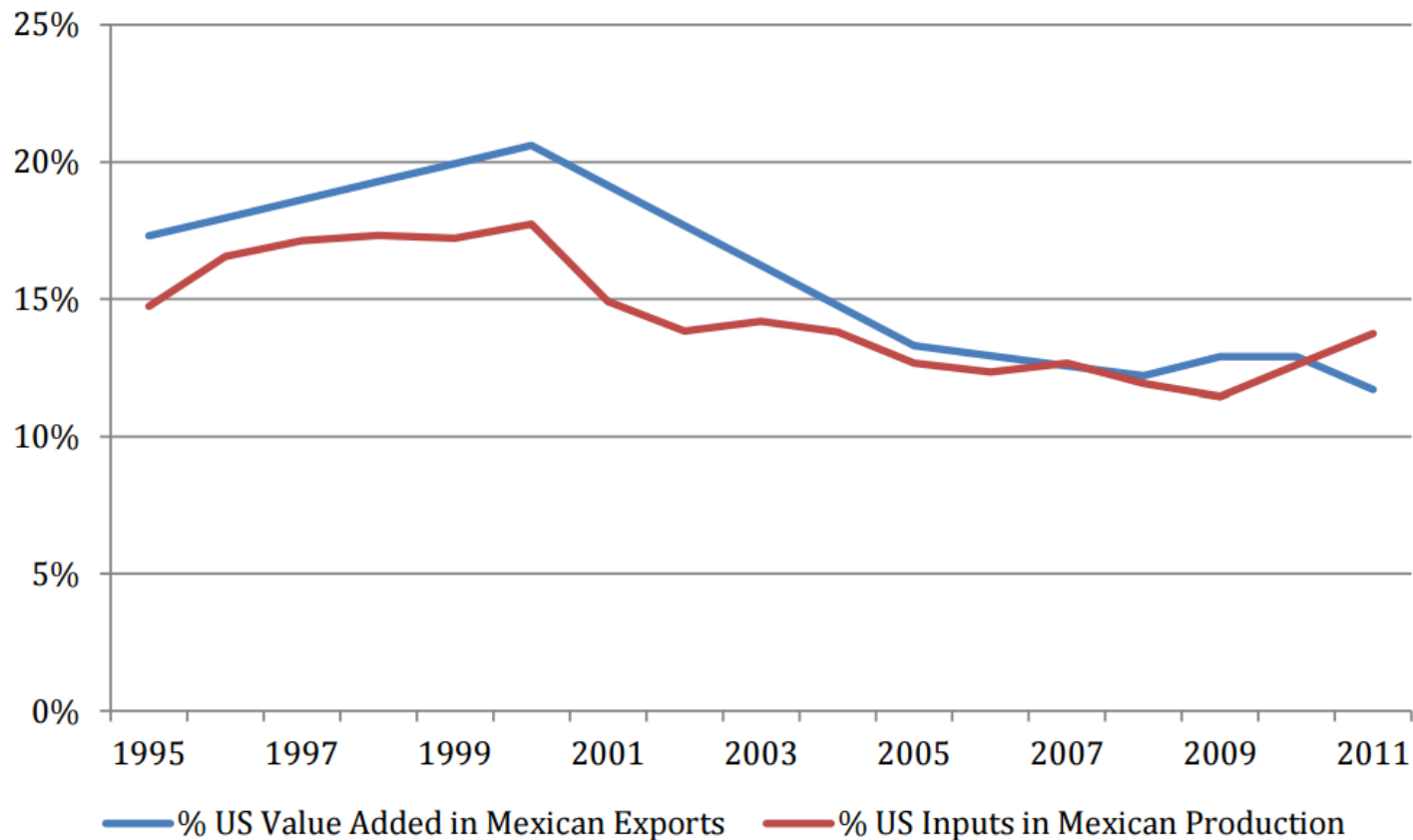
- 0-20,000
- 20,001-50,000
- 50,001-100,000
- 100,001-300,000
- >300,001

Value of Foreign Inputs for Domestic Production, Billions of USD (1995- 2011)



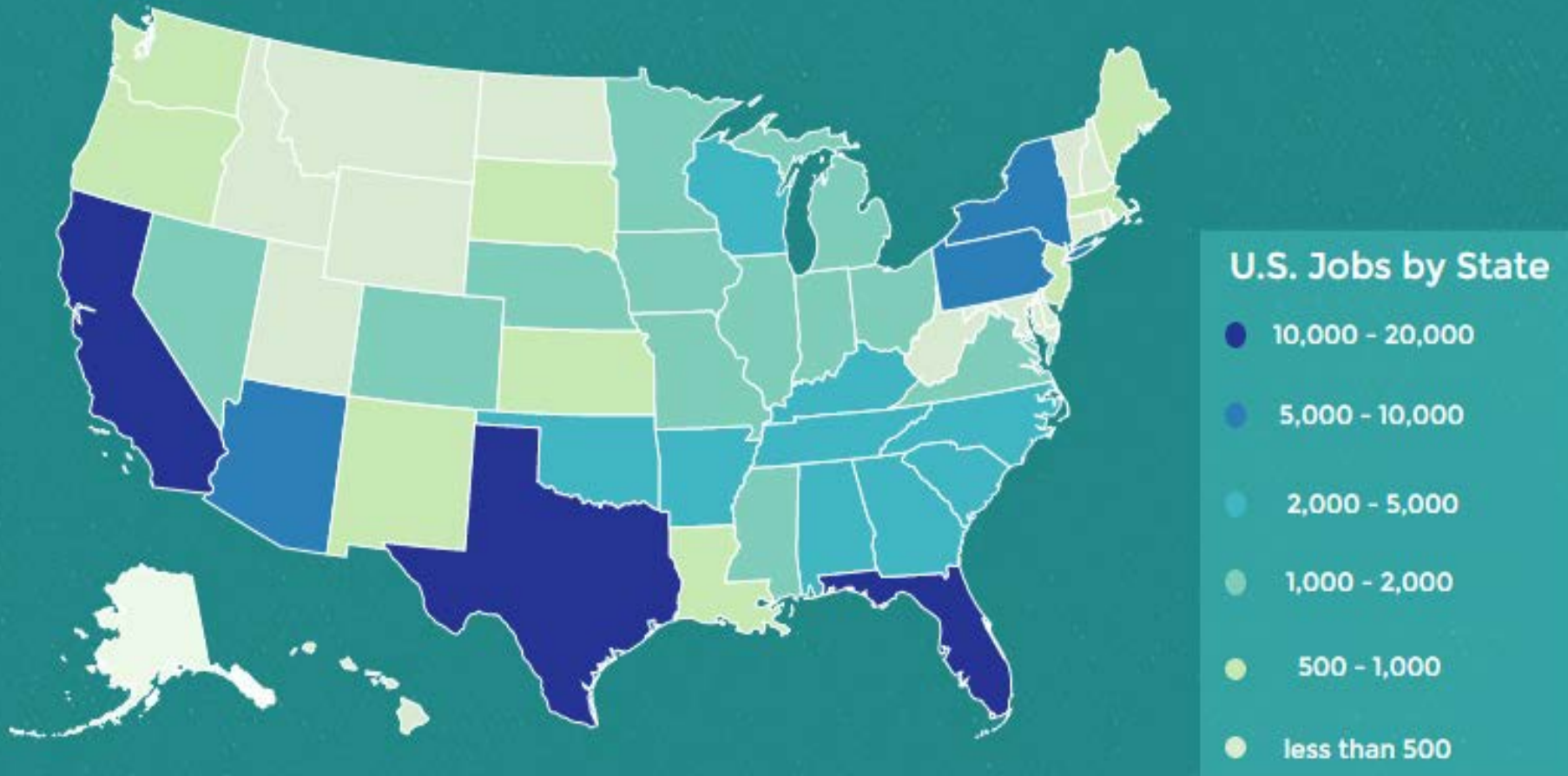
Source: Author's calculations with data from World Input-Output Database, <http://www.wiod.org/>, 2016.

U.S. Share of Inputs for Mexican Production and U.S. Value in Mexican Gross Exports (1995-2011)



Source: OECD-WTO, Trade in Value Added Database, 2016; and author's calculation based on data from the World Input-Output Database, <http://www.wiod.org/>, 2016.

U.S. Jobs Created by Mexican Investment



**Mexican investment supports
123,000 U.S. jobs**

Mexican Companies with Investments in the United States

Food & Beverages

Grupo Bimbo



Gruma



Cement & Building materials

CEMEX



Grupo México



High Tech

Softtek



IT & Telecom

Televisa



América Móvil



Auto Parts

Rassini



Nemak

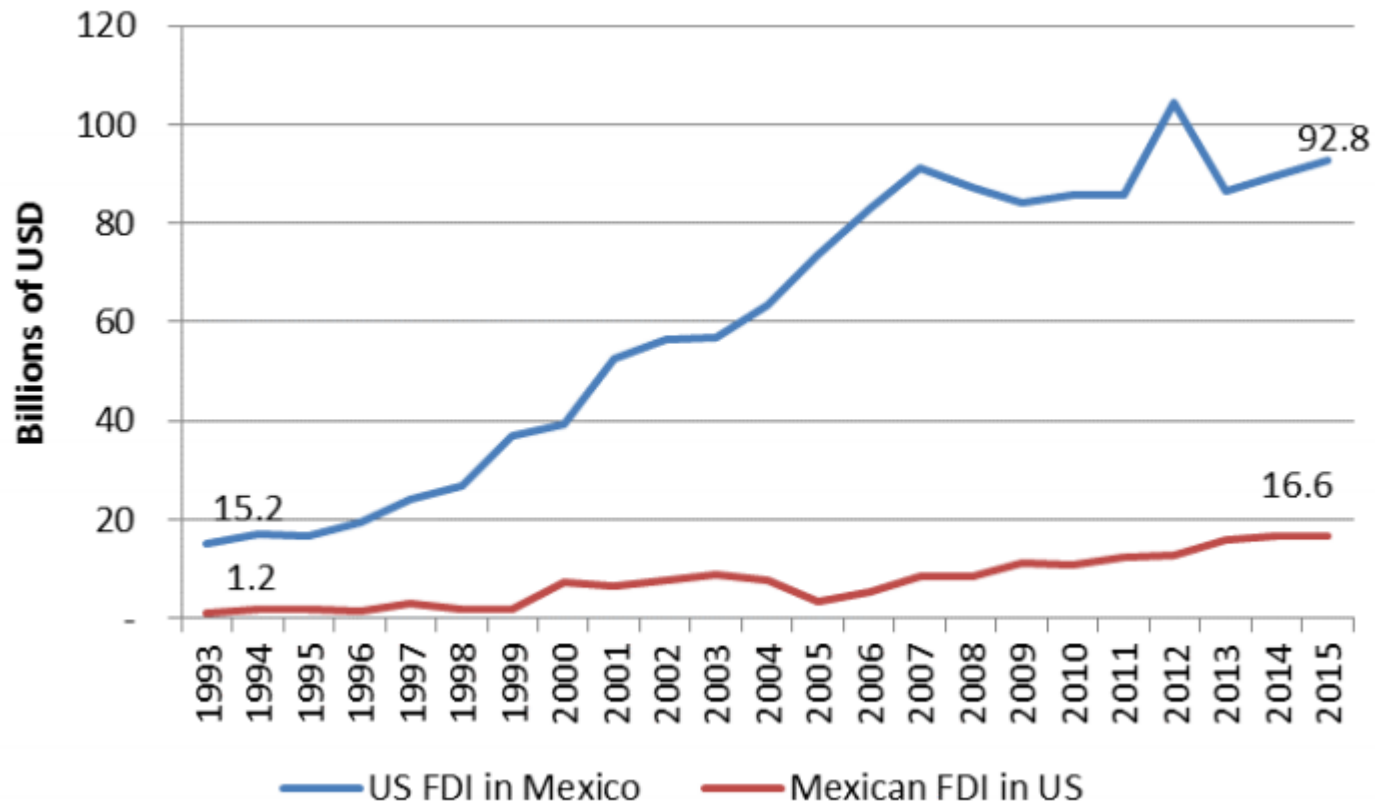


Banking & Financial Services

Banorte

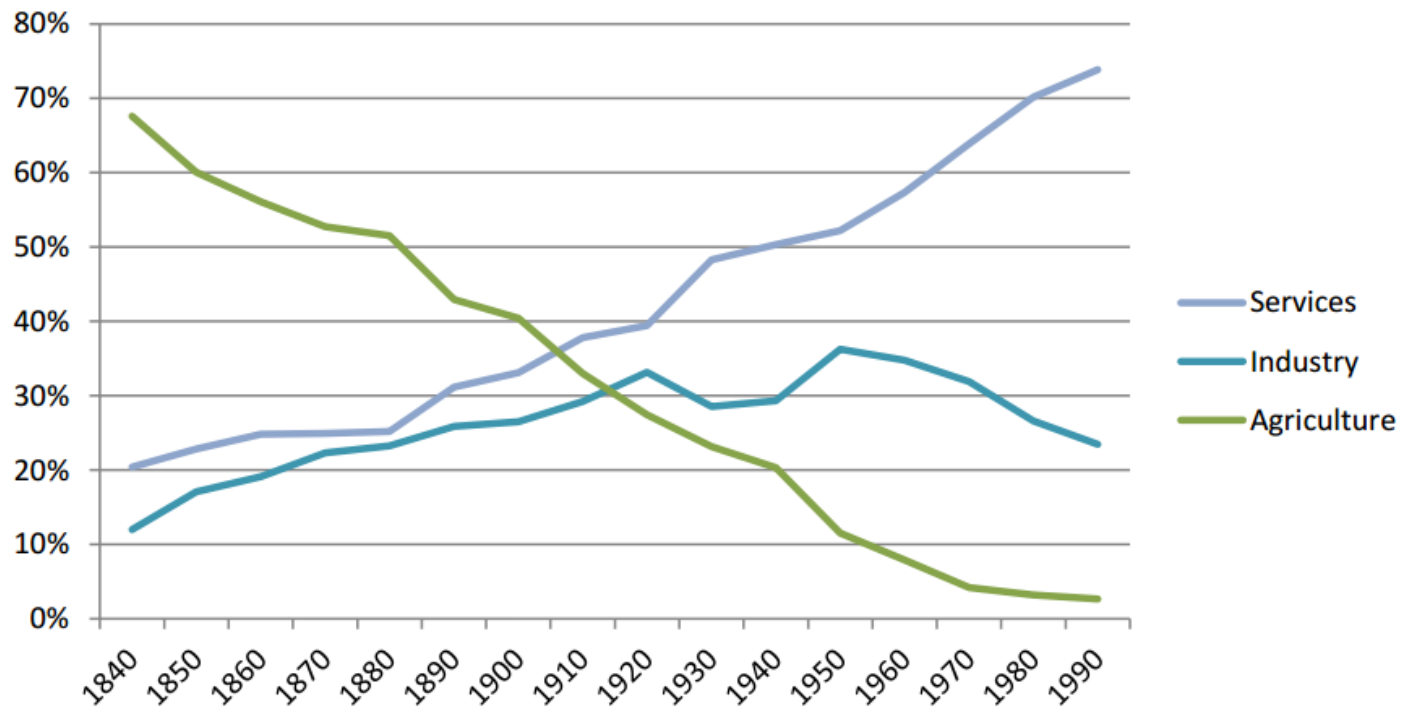


U.S.-Mexico Foreign Direct Investment Positions (1993-2015)



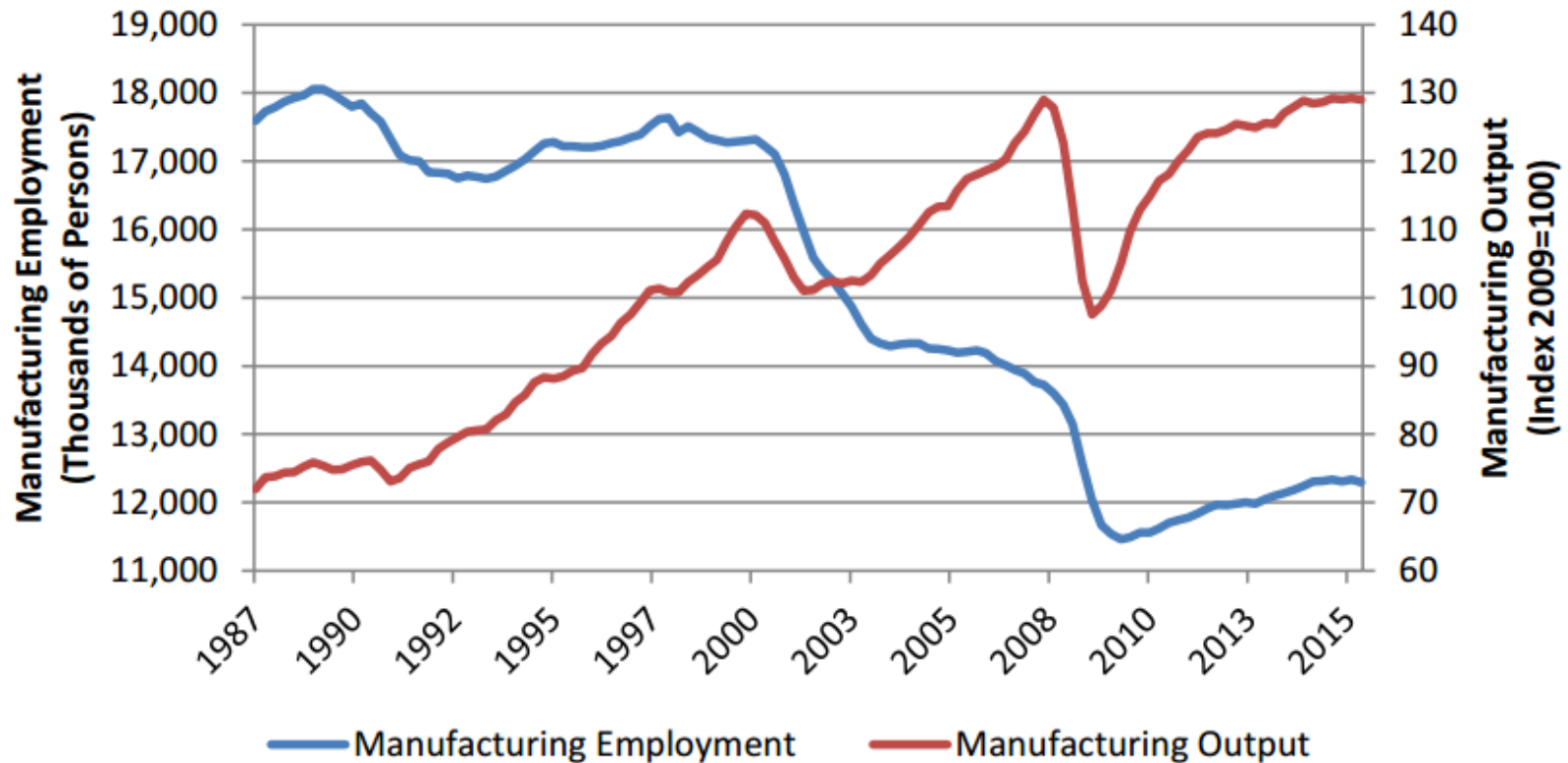
How Trade with Mexico Impacts Employment in the United States

Distribution of the U.S. Labor Force by Sector (1840-1990)



Source: Louis D. Johnston, *The Growth of the Service Sector in Historical Perspective: Explaining Trends in U.S. Sectoral Output and Employment, 1840-1990*, Working Paper, College of Saint Benedict/Saint John's University, 2001.

U.S. Manufacturing Employment and Output, Seasonally Adjusted (July 1987-April 2016)



Source: Saint Louis Federal Reserve, with data from U.S. Bureau of Labor Statistics, 2016.

The Role of Trade in Economic Transition and Employment Challenges

- **87%** of manufacturing job losses from 2000-2010 were caused by productivity increases.
- The growth of U.S.-China trade was responsible for **one quarter** of all U.S. manufacturing job losses from 1990-2007.
- A **10%** increase in employment at U.S. companies' operations in Mexico leads to a **1.3%** increase in the size of their workforce in the U.S., a **1.7%** increase in exports from the U.S., and a **4.1%** increase in U.S. research and development spending.

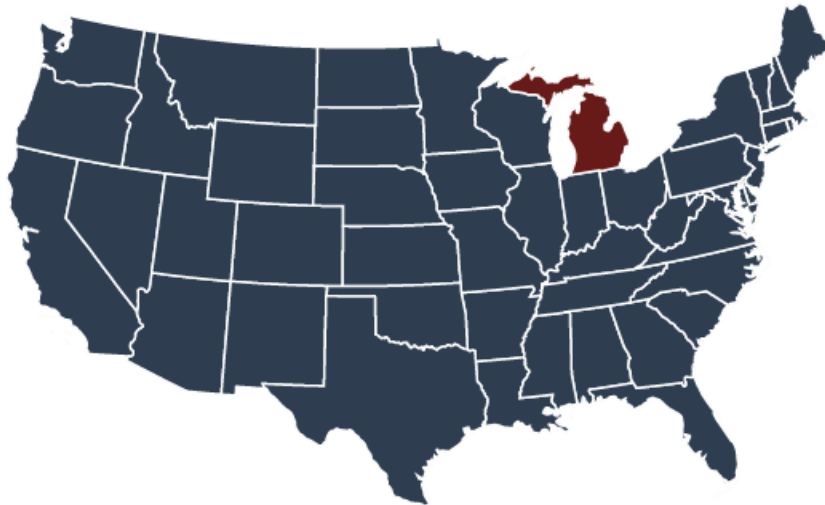
1. Michael Hicks, Srikant Devaraj, *The Myth and the Reality of Manufacturing in America*, Ball State University, 2016, <http://conexus.cberdata.org/files/MfgReality.pdf>.

2. David Autor, David Dorn, Gordon Hanson, "The China Syndrome: Local Labor Market Effects of Import Competition in the United States," National Bureau of Economic Research Working Paper 18054, Cambridge, MA: NBER, May 2012, pp. 20-21. Online.

3. Theodore H Moran and Lindsay Oldenski, "The US Manufacturing Base: Four Signs of Strength," Washington, DC: Peterson Institute for International Economics, June 2014; and Theodore H Moran and Lindsay Oldenski, "How US Investments in Mexico Have Increased Investment and Jobs at Home," Washington, DC: Peterson Institute for International Economics, July 2014.



GROWING TOGETHER: MICHIGAN & MEXICO



Mexico is Michigan's #2 export market



Exports to Mexico totaled \$11.8 billion USD in 2015



Mexico accounted for 21% of Michigan's exports worldwide (2015)



138,000 Michigan jobs depend on trade with Mexico (2014)

#USMxEcon

Exports to Mexico by Industry (2015)

 Transportation Equipment (41.18%)

 Machinery, Except Electrical (11.21%)

 Computer & Electronic Products (8.91%)

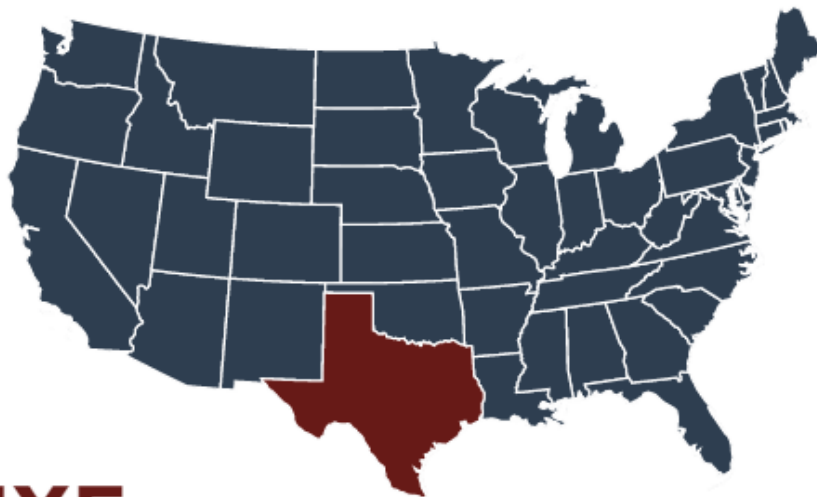
 Chemicals (8.24%)  Electrical Equipment, A.. (8.09%)

 Others (22.37%)



MEXICO INSTITUTE

GROWING TOGETHER: TEXAS & MEXICO



Mexico is Texas
#1 export market



Exports to Mexico
totaled \$92.5 billion
USD in 2015



Mexico accounted for
38% of Texas exports
worldwide (2015)



382,000 Texas jobs
depend on trade with
Mexico (2014)

#USMxEcon



Exports to Mexico by Industry (2015)



Computer & Electronic Products (25.87%)

Transportation Equipment (12.43%)

Petroleum & Coal Products (11.62%) Chemicals (9.42%)

Electrical Equipment, A. (8.11%) Others (32.54%)



Wilson Center

MEXICO INSTITUTE

GROWING TOGETHER: Economic Ties between the United States and Mexico

BY CHRISTOPHER WILSON



Thank you!

CAF DEVELOPMENT BANK
OF LATIN AMERICA

W | Wilson
Center
MEXICO INSTITUTE