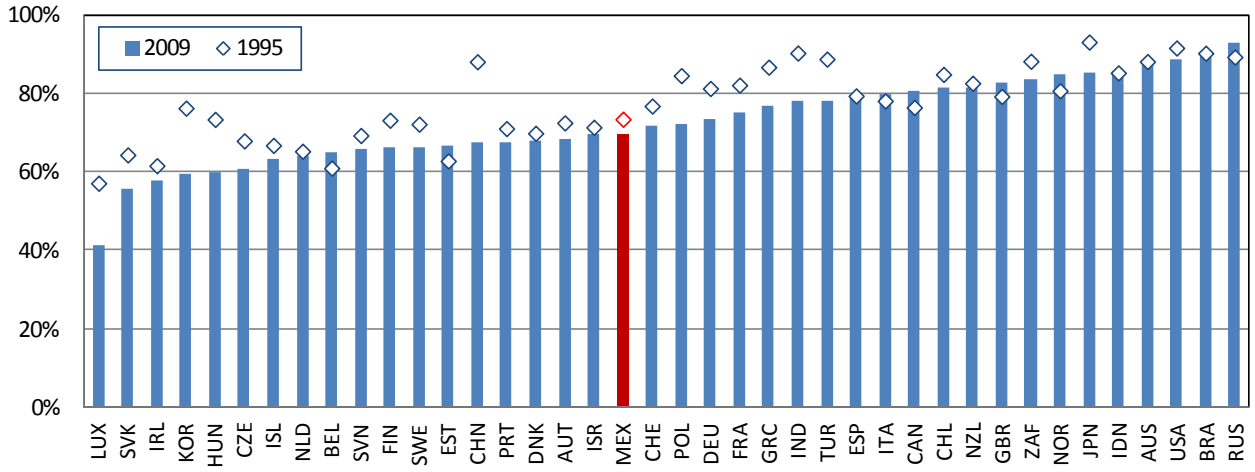
OECD/WTO TRADE IN VALUE ADDED (TIVA) INDICATORS

MEXICO

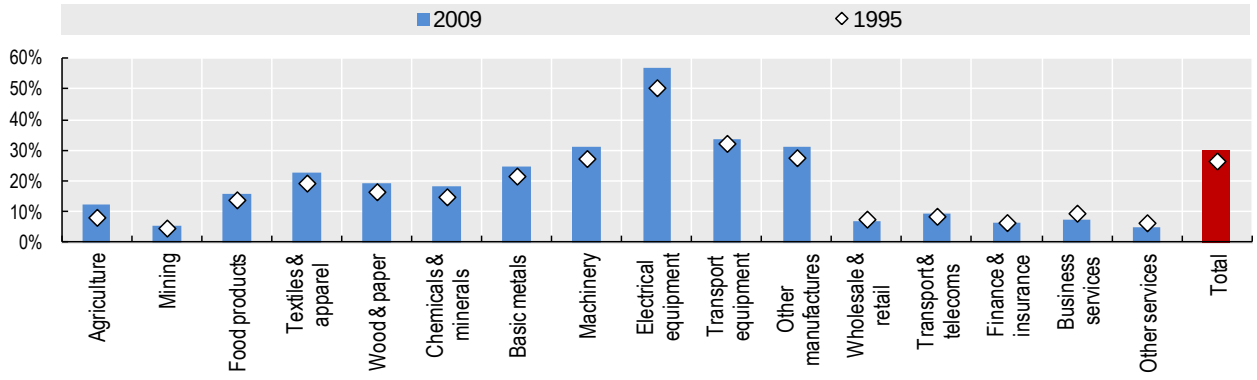
Mexico's domestic value added content of its exports in 2009 was 70%, marginally lower than the OECD average (Fig. 1). Unlike most other countries, Mexico's domestic value added content of its exports has remained relatively stable since 1995. This partly reflects the significant increase in the mining sector's share (with a high percentage of domestic value added) of overall value added exports, rising from about 10% in 1995 to one-sixth in 2009 but it may also affect a number of other factors, for example NAFTA came in to effect in 1994, just prior to the period covered in the database. Further, it is important to note that the TiVA database currently, necessarily, assumes that for any given industry, the import and value-added content is the same for exports as it is for domestic sales. This means that the foreign content estimates shown below (particularly US content) are likely to be subject to downward biases.

Figure 1: Domestic value added content of gross exports, % (EXGRDVA_EX)



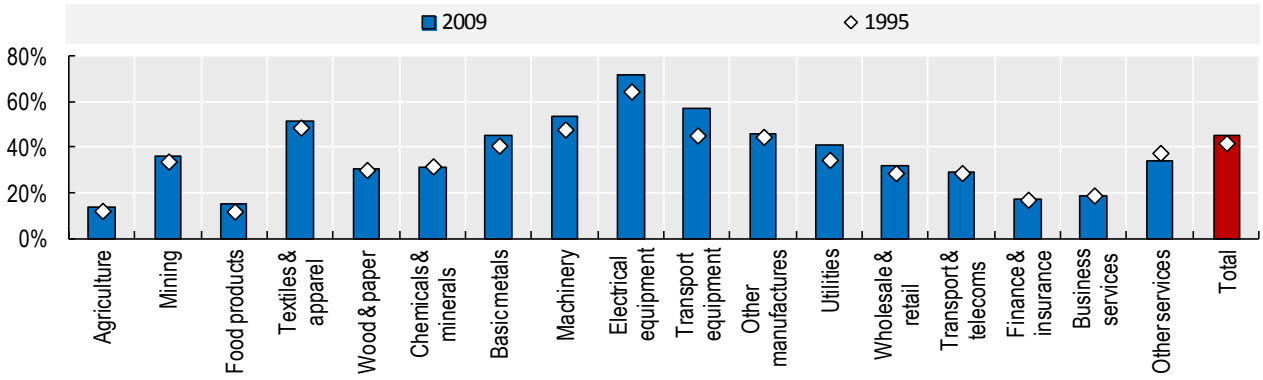
The foreign content of Mexico's exports showed little change in 2009 compared to 1995 (Fig. 2). The share was very high in the *Electrical equipment* sector, close to 60%, with relatively high shares, of about one-third, also seen in *Transport equipment*, *Machinery* and *Other manufactures*, reflecting Mexico's high degree of integration in the North American global value chain.

Figure 2: Foreign value added content of gross exports, by industry, % (EXGR_FVASH)



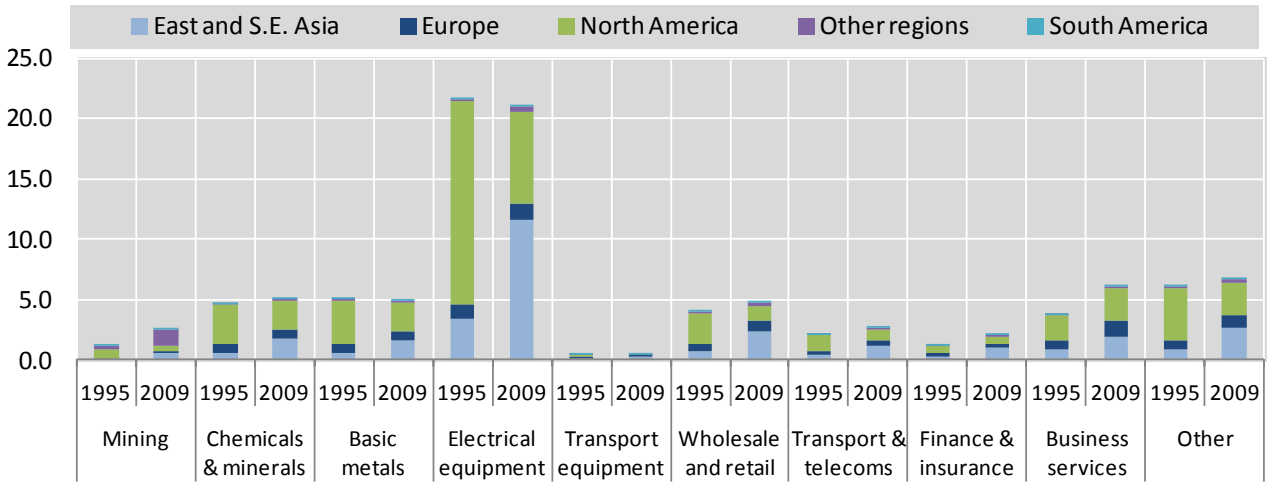
Comparable patterns emerge when looking at the share of imported intermediate products that were subsequently embodied in exports. Nearly three quarters of total intermediate imports of Electrical equipment were used to produce exports in 2009, and over half of the value of imported intermediates of Textiles, Machinery and Transport equipment were used in exports (Fig. 3). Overall shares were little changed in 2009 compared to 1995.

Figure 3: Share of imported intermediate inputs that are exported, by import category, % (REI)



Stable patterns in the overall foreign content of a given industry's exports can mask underlying changes in the nature of global value chains. For example, whilst the overall foreign content of Mexico's exports of *Electronic equipment* changed little between 1995 and 2009, there was a noticeable shift in the regional origin of that content. In 1995, 35% of the total value of Mexico's exports in this sector reflected other North American content, with East and S.E. Asia contributing 8%. In 2009, these positions had reversed with East and S.E. Asia contributing 17% and North America under 15% (Fig. 4). A significant driver of this change was increasing intermediate electronic parts sourced from East and S.E. Asia, whose contribution rose over 8% between 1995 and 2009 with a similar fall in North American content.

Figure 4: Foreign value added in Electrical equipment, by originating region and industry, %



[Figure 4 illustrates how the TiVA infrastructure can be used to focus on the origins of foreign value added in the output of a particular sector in a particular country].

The United States is by far Mexico's largest trading partner both in value added and gross terms (Fig. 5). Over 60% of all its exports go the US, both in value added and gross terms, and around 50% of all its imports are sourced from the US.

Figure 5a: Exports, partner shares, in gross and value added terms (as a % of total), 2009

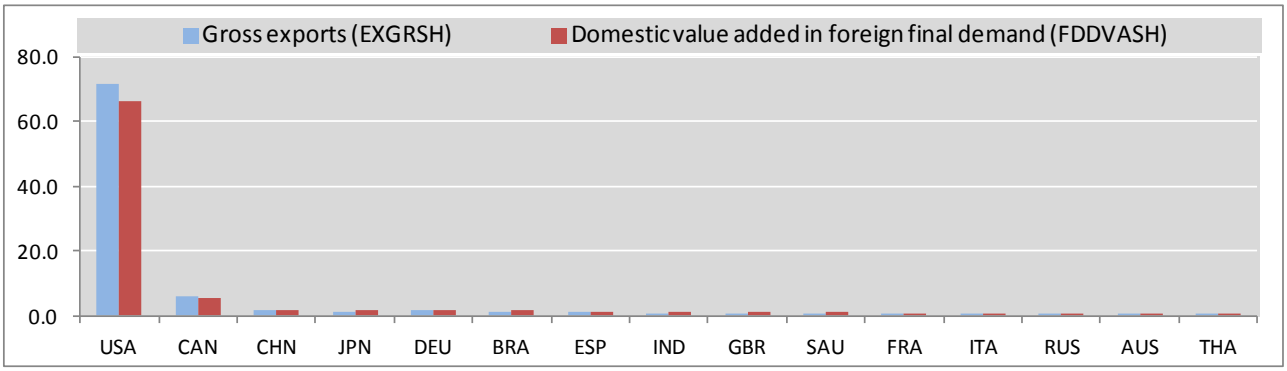
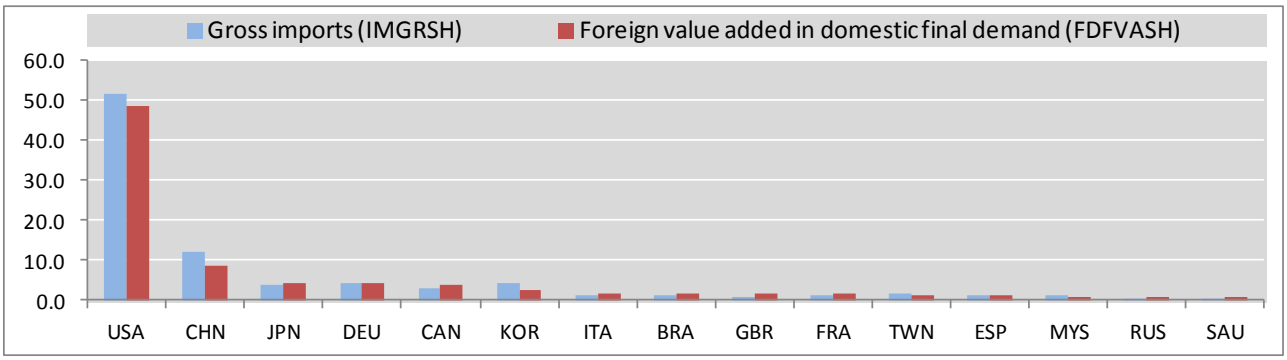
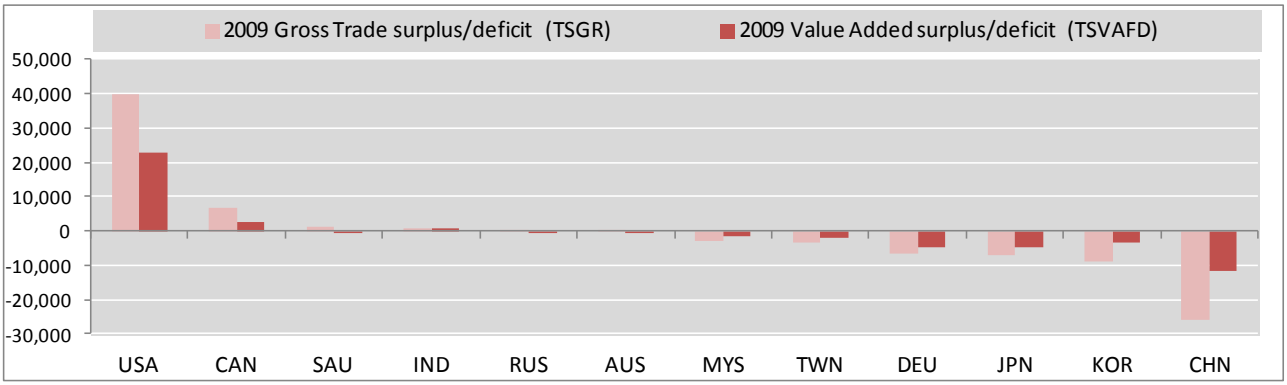


Figure 5b: Imports, partner shares, in gross and value added terms (as a % of total), 2009



Domestic value added embodied in exports, and intermediate imports embodied in exports, combine to reveal a notable shift in Mexico's bilateral trade balances with China and the United States (as recorded in the OECD-WTO TiVA database). Mexico's trade deficit with China and trade surplus with the United States are both reduced significantly in 2009, reflecting in part the presence of Mexican value added in US exports and increasing Chinese value added in Mexican exports (Fig. 6).

Figure 6: Bilateral trade balances, USD million, 2009



In value added terms, at 30%, the services content of Mexico's value added was the second lowest in the OECD in 2009, higher only than Chile (Fig. 7). Like Chile this to some extent reflects its relative specialisation in mining products, which have relatively low services content in most economies. Despite this overall low share however, it is significantly higher than the export share of services in gross terms (about 6%). The service content of goods was relatively low compared to most other OECD economies but not significantly lower. Over 30% of the combined share of the *Electronic equipment* and *Transport equipment* sectors for example reflected services, with over half originating abroad in the case of *Electronic equipment* (Fig. 8).

Figure 7: Services content of gross exports, 2009 (EXGR_*_SV; SERV_VAGR)

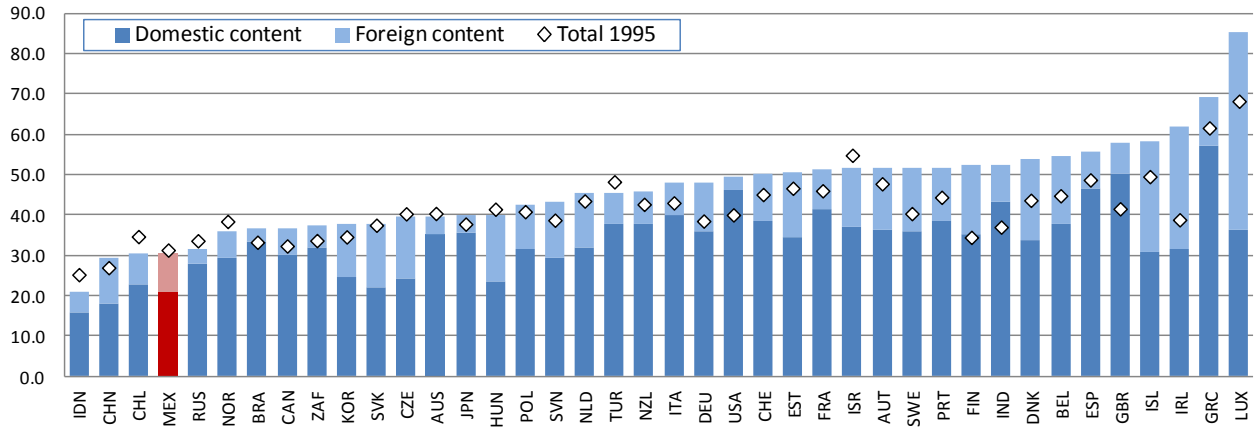
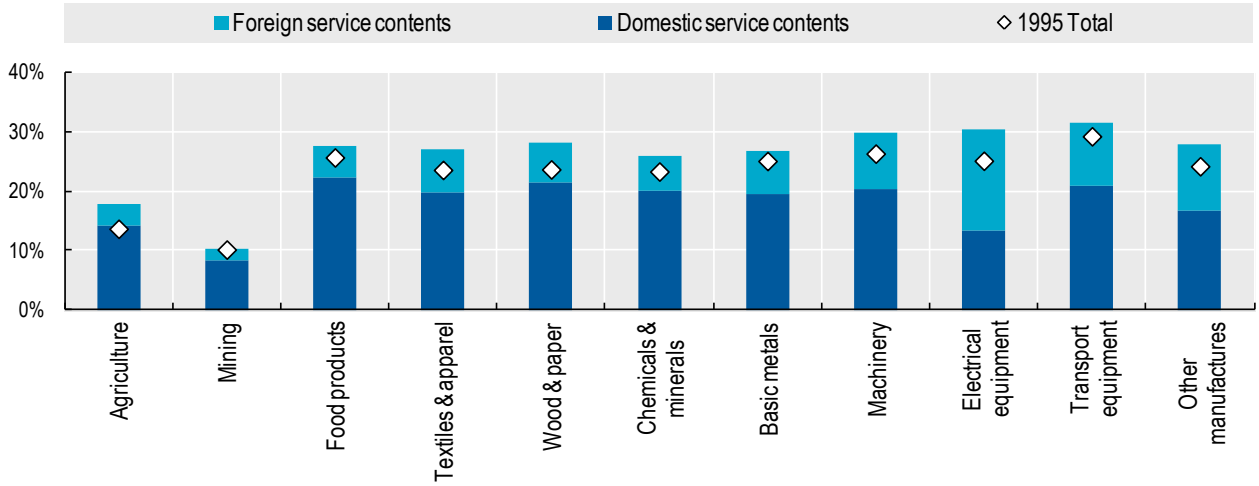


Figure 8: Services content of gross exports, by industry, 2009 (EXGR_*_SV; SERV_VAGR)



The information included in this note is based on the May 2013 release of the Trade in Value added (TiVA) database. The data can be accessed from www.oecd.org/trade/valueadded. For further information, please contact us (tiva.contact@oecd.org).