Mexico and the United States: Neighbors, Allies, Trade Partners
A Relationship at Risk

The U.S. trading relationship with Mexico is essential to the country's economic health, which is put at great peril if new tariffs are imposed on Mexican imports.

Mexico: The United States' largest trade partner.

U.S. goods and services trade with Mexico totaled an estimated $671.0 billion in 2018.

- U.S. exports to Mexico in 2018: $299.1 billion
- Mexican imports to the U.S.: $371.9 billion.

U.S. Census data released in April 2019 Mexico's trade with the United States rose to $97.4 billion for the first two months of the year, **making Mexico the U.S.' top trading partner**.

Tariffs: Taxes on the U.S. consumer and manufacturer, a drag on the U.S. economy.

Tariffs are borne by the importer, and passed along to consumers in the form of higher prices. A 5% tariff on goods imported from Mexico will result in higher prices for U.S. consumers, as well as increased input costs for U.S. manufacturers.

A 5% tariff on imported goods from Mexico, which last year totaled $346.5 billion, would result in a potential tax increase on American businesses and consumers of $17 billion. Furthermore, that number would eclipse $86 billion should the tariffs reach the President's threatened cap of 25%.[1]

New tariffs would have negative effects on the U.S. economy nationwide.

Goods imported from Mexico are varied, affecting all aspects of the U.S. economy. Leading U.S. merchandise imports from Mexico in 2018 included:

- Motor vehicles: $64.5 billion or 19% of imports from Mexico;
- Motor vehicle parts: $49.8 billion or 14% of imports;
- Computer equipment: $26.6 billion or 8% of imports;
- Oil and gas: $14.5 billion or 4% of imports; and
- Electrical equipment: $11.9 billion or 3% of imports.

The U.S. is also Mexico's top agricultural trade partner, a major source of imported fresh fruits and vegetables. If the White House plan to impose tariffs as high as 25% by October is implemented, then U.S. shoppers should expect to be paying an additional $3 billion for avocados, tomatoes, mangos and other produce.

[1] https://www.uschamber.com/press-release/analysis-the-state-state-impact-of-new-tariffs-mexico

Border states are especially susceptible to economic disruption from tariffs. Mexico

- **40% of Arizona imports**
    - In total, Arizona imported $9 billion worth of goods from Mexico in 2018. A 5% tariff would threaten $452.1 million of state imports while a 25% tariff would threaten $2.26 billion.
- **38% of Michigan imports**
    - In total, Michigan imported $56 billion worth of goods from Mexico in 2018. A 5% tariff would threaten $2.8 billion of state imports while a 25% tariff would threaten $14 billion.
- **35% of Texas imports**
    - In total, Texas imported $107 billion worth of goods from Mexico in 2018. A 5% tariff would threaten $5.35 billion of state imports while a 25% tariff would threaten $26.75 billion of state imports.

Retaliatory tariffs would make U.S. goods less competitive in Mexico.

If Mexico responds by imposing its own tariffs on U.S.-made goods, those goods will become less competitive in Mexico and further damage the U.S. economy.

- Mexico was the U.S.' 2nd largest goods export market in 2018.
- U.S. goods exports to Mexico in 2018 were $265.0 billion, up 8.9% ($21.7 billion) from 2017 and up 75.2% from 2008.
- U.S. exports to Mexico are up 537% from 1993 (pre-NAFTA).
- U.S. exports to Mexico account for 15.9% of overall U.S. exports in 2018

The Border Trade Alliance strongly opposes the imposition of tariffs on Mexican imports, urges renewed focus on ratification of USMCA.

The U.S. and Mexican economies are inextricably linked. **The U.S. is the destination for nearly 80 percent of Mexican exports**. The inputs help keep costs down for U.S. manufacturers and drive greater price competition on store shelves.

It's a trade relationship that has delivered decades of bilateral stability, allowing both countries to prosper. Thanks to NAFTA, Mexico and the U.S. are part of a powerful North America trade bloc that has solidified our place in the globe's most economically competitive region.

Countries don't trade with their enemies, nor do they impose tariffs on their partners in multilateral agreements. The USMCA represents a needed modernization of the U.S.-Mexico-Canada trading relationship for the 21st century. Our energy should be directed toward ensuring its implementation, not on driving up costs and hurting U.S. consumers and manufacturers.

The Border Trade Alliance, a vocal champion for the original NAFTA, **strongly urges a renewed focus on the congressional adopting of the USMCA**. Likewise, **we strongly oppose the imposition of tariffs on Mexican imports**, which jeopardize the USMCA and will do tremendous harm to the prosperous cross-border relationship between the U.S. and Mexico.