

Economic Ties between Utah and Mexico

BACKGROUND

The geopolitics between the U.S. and Mexico strongly influence the Utah-Mexico relationship. This relationship is under stress as President Trump has put Mexican President Enrique Peña Nieto on notice that the U.S. wants to renegotiate NAFTA, charge an import tax or border adjustment fee and construct a “physical barrier” on the U.S. southern border. Trump has also said he will compel Mexico to pay for the wall, possibly by tapping into the estimated \$2 billion in monthly remittances that Mexicans living in the U.S. send to their families back home.¹

These geopolitical disputes have a rippling effect on state economies and Utah is no exception. Mexico is Utah's fourth largest international trading partner with approximately \$741 million in commodity exports in 2016. Many Utah businesses depend on Mexican workers and Utah consumers purchase products from Mexico at competitive prices. The cultural ties between Mexico and Utah are also strong. Approximately 42 percent of Utah's foreign born population has ties to Mexico.²

KEY INDICATORS

Table 1
Utah - Mexico Trade Facts

Value of Utah's 2016 commodity exports to Mexico	\$741.0 million
Mexico's share of Utah's 2016 total international commodity exports	6.1%
Rank among export destinations	4th
Value of Utah's 2016 imports from Mexico	\$3.3 billion
Mexico's share of Utah's 2016 total international commodity imports	25.5%
Rank among import origins	1st
The value of Utah's 2016 imports from Mexico was 4.5 times larger than the value of its exports to Mexico.	

Table 2
Top Five Exports to Mexico, 2016 (\$ millions)

Commodity	Value
Safety airbags with inflator system; Parts thereof	\$144.7
Textile fabrics covered with plastics	\$39.6
Parts & accessories of bodies of motor vehicles	\$28.8
Food preparations	\$26.2
Bituminous coal, not agglomerated	\$23.9

Table 3
Estimated Economic Impacts of Reduced Commodity Trade with Mexico (\$ millions)³

Scenario	Jobs	Personal Income	GDP
15 percent export reduction	-798	-\$42.7	-\$81.3
25 percent export reduction	-1,329	-\$71.1	-\$135.6
35 percent export reduction	-1,861	-\$99.5	-\$189.8
20 percent tariff on imports	-5,568	-\$262.9	-\$394.2

Note: These impacts are based on the five-year average value of commodity trade with Mexico, 2012-2016.

Source: Kem C. Gardner Policy Institute analysis of data from USA Trade Online using the REMI PI+ model v2.0.3.

Table 4
Utah-Mexico Demographics

Utah total foreign born population	244,413
Foreign population born in Mexico	103,455
Mexico's share of Utah foreign born population	42.3%

Source: U.S. Census Bureau, American Community Survey 1-Year estimates.

Table 5
Utah's Top 10 International Commodity Export Destinations, 2012-2016 (\$ millions)

Country	2012	2013	2014	2015	2016
World Total	\$19,259,911,881	\$16,111,186,086	\$12,224,174,933	\$13,307,221,418	\$12,073,828,982
United Kingdom	\$6,042,604,446	\$1,293,299,144	\$1,415,212,710	\$3,036,568,434	\$3,076,889,493
Hong Kong	\$4,177,775,332	\$5,527,645,149	\$1,760,556,183	\$1,947,336,622	\$1,506,488,499
Canada	\$1,917,690,098	\$1,323,529,262	\$1,423,103,449	\$1,492,709,592	\$1,318,994,055
Mexico	\$487,340,464	\$546,791,824	\$742,018,241	\$854,176,176	\$741,002,424
Share of Total	2.5%	3.4%	6.1%	6.4%	6.1%
China	\$607,561,898	\$1,412,734,461	\$891,725,993	\$841,081,841	\$648,860,870
Taiwan	\$533,041,513	\$476,582,009	\$676,822,135	\$710,205,655	\$610,294,140
Japan	\$562,984,270	\$628,182,353	\$552,728,151	\$546,582,417	\$503,653,645
Netherlands	\$164,656,654	\$254,472,334	\$387,800,246	\$364,086,916	\$445,080,774
Germany	\$294,158,335	\$228,345,553	\$255,829,551	\$266,465,091	\$341,835,939
South Korea	\$242,639,611	\$341,067,666	\$403,691,122	\$376,790,819	\$318,298,821

Table 6
Utah's Top 10 International Commodity Import Destinations, 2012-2016 (\$ millions)

Country	2012	2013	2014	2015	2016
World Total	\$11,150,304,251	\$10,638,671,617	\$11,131,504,848	\$12,101,016,790	\$12,998,049,984
Mexico	\$4,409,322,406	\$3,470,082,736	\$3,126,816,045	\$3,337,642,705	\$3,309,845,598
Share of Total	39.5%	32.6%	28.1%	27.6%	25.5%
Canada	\$1,599,272,374	\$1,656,339,905	\$1,684,559,536	\$1,823,493,979	\$2,002,656,274
China	\$1,655,599,758	\$1,887,432,637	\$2,010,237,569	\$2,231,509,256	\$1,994,608,398
Brazil	\$47,153,160	\$111,161,145	\$579,062,990	\$715,687,465	\$1,116,421,009
Peru	\$1,065,685,320	\$831,441,221	\$428,657,071	\$352,918,930	\$988,440,003
Taiwan	\$257,072,225	\$326,257,742	\$374,128,517	\$493,240,419	\$365,112,101
Colombia	\$1,424,255	\$84,175,515	\$341,910,212	\$328,134,654	\$331,468,811
Nicaragua	\$119,436	\$653,200	\$65,173,080	\$205,855,001	\$234,274,398
Guatemala	\$548,970,821	\$418,297,186	\$366,012,344	\$309,388,108	\$230,790,705
Germany	\$173,184,928	\$198,260,850	\$195,345,402	\$188,920,395	\$195,576,877

ENDNOTES

1. Source: *The Week Magazine*, Feb. 10, 2017.

2. Source: U.S. Census Bureau, American Community Survey 1-Year estimates.

3. Table 3 shows the impacts on Utah jobs, personal income and GDP of changes to Utah's commodity trade with Mexico. To estimate these impacts, the Gardner Policy Institute calculated 15, 25 and 35 percent reductions in the 2012 to 2016 average value of Utah's exports to Mexico by three-digit NAICS sector. Researchers also calculated the value of a 20 percent tariff on imports from Mexico as a share of Utah's total international imports by sector. Using the REMI PI+ model, the changes in exports were entered as reductions in industry sales (international exports) and the 20 percent tariff was entered as a proportional increase in foreign import costs. The model computed the impacts of each scenario.