

## Embassy of India

### Mexico City

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### India-Mexico: Economic & Commercial brief

Updated June 2025

#### India-Mexico Historical commercial relations

1. Mexico's links with India go back many centuries, to the time of the galleon trade between the Philippines and Nueva España (New Spain), when trade and commerce between Mexico and all the major countries of Asia, including India, flourished. This was the age in which *Santa Catarina*, the Catholic figure of city of Puebla, popularly known as La China Poblana, is reported to have come from Mughal India in early 16<sup>th</sup> century, and developed a Indo-Mexican fusion of dress, which soon acquired the status of traditional women's dress in Mexico. This was the age in which the rich cotton scarves of Pulicut and Calicut in southern India were exported to the markets of Mexico and became known here, over time, as the "*Paliacate*".
2. We have a problem-free relationship based on goodwill for each other and tremendous prospects to enhance economic cooperation between India, the world's 4<sup>th</sup> largest economy, and Mexico, the world's 12<sup>th</sup> largest economy. In the 1960s, India's efforts to achieve food security were greatly assisted by the high-yielding hybrid wheat seed, Sonora created by Norman Borlaug and his team in CIMMYT, Mexico.
3. India and Mexico agreed to work together to elevate their ties from a 'Privileged Partnership' to 'Strategic Partnership' during Prime Minister Narendra Modi's visit to Mexico on 8<sup>th</sup> June 2016. There are bilateral interactive mechanisms, which include a Joint Commission and a High-Level Group on Trade, Investment, and Economic Cooperation as well as consultations between the two foreign ministries. There also exist between India and Mexico several bilateral agreements, including for investment promotion and protection, double taxation avoidance, extradition, administrative assistance in customs matters, air services, and cooperation in many other sectors.
4. In order to reinvigorate the trade and investment relationship between India and Mexico, a High-Level Group between India and Mexico was created in May 2007 under a Memorandum of Understanding to promote trade, investment, and economic cooperation between the two countries and it held its first meeting in September 2007 during the visit of Mexican President Calderón to India. The first HLG created six working groups on Trade Promotion, Investment Promotion (including infrastructure), Services, Customs Cooperation, Industrial dialogue with private sector participation (chemical-pharma, IT, textiles, and biofuels), and tourism. The 8<sup>th</sup> Joint Commission Meeting between

India and Mexico which was held virtually in October 2020, explored the areas of cooperation further and discussed some of the bilateral trade and market access issues.

### **Economic Overview of Mexico (Q1 2025)**

5. Mexico's economy has rebounded from the pandemic downturn but is now showing signs of slowing growth. After expanding by around 3% in 2023, supported by post-Covid recovery and robust exports, GDP growth has decelerated markedly in early 2025. Preliminary data for Q1 2025 show the economy grew just 0.2% quarter-on-quarter (seasonally adjusted), narrowly avoiding a technical recession after a contraction in the previous quarter. On an annual basis, Q1 GDP was up about 0.8% year-on-year, a modest pace compared to the strong rebound of recent years. Economic activity in Q1 was driven mainly by agriculture, while industrial output and services stagnated amid external headwinds.

6. Despite the slowdown, Mexico's macroeconomic fundamentals remain generally stable. Inflation has moderated into the central bank's target range after reaching high levels in 2022. As of March 2025 the inflation rate stood at 3.8% (y/y), very close to the Bank of Mexico's 3%  $\pm$ 1 target band. This easing of price pressures prompted the central bank (Banxico) to begin monetary easing – in March 2025. Banxico cut its benchmark interest rate by 50 bps to 9%, signaling confidence that inflation is under control. Further rate cuts are expected given the benign inflation outlook and a need to support growth. The government projects the economy to grow 1.5–2.3% in 2025, though private forecasts are more cautious (around 0.2–0.5%) amid global uncertainty.

7. Mexico continues to benefit from nearshoring opportunities and its deep integration with the United States economy and a favorable external environment for investment. In 2023, Mexico became the USA's largest trading partner with bilateral trade reaching USD 798 billion, surpassing China and Canada. Export-oriented manufacturing is booming thanks to nearshoring trends – U.S. and other multinationals are increasingly shifting supply chains to Mexico to capitalize on its proximity and trade agreements. Mexico is a member of USMCA (formerly NAFTA) and boasts a network of 13 Free Trade Agreements with 50 countries, including the EU, Japan, and partners across Latin America and Asia-Pacific (e.g. CPTPP). This openness has made it a top FDI destination in Latin America.

8. Foreign Direct Investment (FDI) into Mexico hit record levels recently. In 2023, Mexico received about USD 36.1 billion in FDI , and preliminary figures for 2024 show FDI rising further to USD 36.87 billion, a 2.3% increase and the highest on record . Notably, the first quarter of 2024 alone saw FDI inflows of over \$20.3 billion (a record high, +9% YoY) as companies rushed to invest in Mexican manufacturing and logistics . The nearshoring boom – investment tied to relocating supply chains – has been a key driver, with the United States, Japan, and Germany among the leading sources of new projects . Major announcements by global firms (for example, a \$1.5 billion investment by Unilever and multi-billion expansions by automakers and e-commerce companies) underscore confidence in Mexico’s industrial prospects. Mexico’s manufactured exports reached an all-time high (e.g. exports to the U.S. were \$475 billion in 2023) , reflecting its status as a manufacturing hub.

9. In summary, Mexico entered 2025 with a solid economic foundation: growth has slowed but remains positive, inflation is under control, and investment is at historic highs. Stable macroeconomic policies and an aggressive pursuit of foreign investment (particularly leveraging USMCA) position Mexico as an attractive partner. This economic context provides a favorable backdrop for India-Mexico commercial relations, as both sides look to expand trade and investment on the back of Mexico’s growth and nearshoring trends.

### **India-Mexico Bilateral Trade: Recent Trends and Highlights**

10. Bilateral trade between India and Mexico has grown impressively in recent years, crossing the \$10 billion mark and showing a broadly upward trajectory. In 2022, two-way goods trade hit USD 11.4 billion, and although it dipped slightly in 2023 to USD 10.6 billion, it rebounded and hit an all time high of USD 11.7 billion in 2024. The decline in 2023 was mainly due to a sharp fall in Mexico’s crude oil exports to India (explained below), even as India’s exports to Mexico continued to rise. India enjoys a significant trade surplus with Mexico; in 2024, India’s exports to Mexico were about \$8.9 billion (a record high) against imports of \$ 2.8 billion, resulting in a trade balance in India’s favor . This marked the eighth consecutive year that India has recorded a trade surplus with Mexico .

11. Mexico has emerged as one of India’s most important trading partners in the Americas. As of 2023, Mexico is India’s 2nd-largest trade partner in Latin America (after Brazil) and ranks among the

top 10 globally for India . Conversely, India was Mexico’s 9th-largest trading partner worldwide in 2023 . Bilateral trade has recovered strongly from the pandemic dip in 2020, driven by diversification of traded goods and proactive trade promotion efforts.

India - Mexico trade, 2019-2024 (thousands USD)						
Year	2019	2020	2021	2022	2023	2024
Exports to Mexico from India	5,181,121	4,255,564	5,931,153	7,540,793	8,035,907	8,986,640
Imports of India from Mexico	4,145,683	2,616,524	4,174,220	3,860,944	2,544,829	2,745,450
<b>Total trade</b>	<b>9,326,804</b>	<b>6,872,088</b>	<b>10,105,373</b>	<b>11,401,737</b>	<b>10,581,803</b>	<b>11,732,090</b>

12. As shown above, India’s exports to Mexico have grown steadily (aside from 2020), nearly doubling from \$4.25 billion in 2020 to \$8.98 billion in 2024 . Indian exports rose about 6.5% in 2023 over the previous year , reflecting strong demand in Mexico for Indian products. India’s imports from Mexico (comprised largely of oil) rebounded in 2021 after the pandemic but then declined from \$3.86 billion in 2022 to \$2.74 billion in 2024 .

### **Major Sectors in Bilateral Trade**

13. The India-Mexico trade basket is quite diversified, with a mix of petroleum, manufactured products, and commodities. Key export items from India to Mexico and import items from Mexico to India are outlined below:

- Automobiles and Auto Parts:** This has become the standout sector in recent years. India has rapidly grown into a major vehicle supplier to Mexico. In 2023, India’s exports of motor vehicles (cars, SUVs, etc.) to Mexico reached \$1.99 billion, registering an impressive 22.1% increase over 2022 . Global automakers have made India a production base for certain models which are in demand in Mexico. For instance, Indian-made models by Volkswagen (Vento), General Motors (Beat, sold as “Spark”), Hyundai (Grand i10, Creta) and Kia (Seltos) are exported to Mexico . The new Kia Magnite, fully manufactured in India, was recently launched in Mexico in April 2025. India is now Mexico’s 5th-largest source of automobile imports, after the US, China, Japan and Brazil .

- **Auto components** are also significant , with Indian manufacturers supplying parts and accessories to Mexico’s automotive industry, and some Mexican auto parts (like certain OEM parts) exported to India . The strong demand for affordable, quality Indian vehicles in Mexico is expected to continue driving growth in this segment.
- **Petroleum (Crude Oil):** Crude oil is historically the single largest item in Mexico’s exports to India. However, volumes have fluctuated with policy changes in Mexico. In 2023, India’s crude oil imports from Mexico were \$1.62 billion, a steep drop from \$3.68 billion in 2022 . This decline was mainly due to Mexico’s policy shift to reserve more oil for domestic refining, which reduced export volumes. Consequently, crude oil formed 64% of Mexico’s total exports to India in 2023 (down from 78% in 2022) . Despite the drop, India remains one of the largest buyers of Mexican crude (alongside the US, Spain, and South Korea) . For India, Mexican crude is an important source of energy imports (complementing supplies from the Middle East, US and Latin America).
- **Engineering Goods and Electronics:** A variety of machinery, electrical and electronic goods feature in India’s export basket to Mexico. Notably, telecom equipment (telephone sets, transmission devices), electrical motors and generators, and other industrial machinery are top Indian export categories .
- Likewise, Mexico exports some electronic components and telecom equipment to India (often as re-exports from multinational firms operating in Mexico) . For example, equipment for telephone networks and data processing machines are among Mexico’s non-oil exports to India .
- **Chemicals and Fertilizers:** Chemical products form a significant share of Indian exports. This includes organic chemicals, dyes and pigments (“colouring materials”), plastic polymers, and ceramics (like tiles) . Indian chemical manufacturers have made inroads into the Mexican market due to competitive pricing and quality. Conversely, Mexico’s exports of certain minerals and compounds (for example, some specialized chemical feedstocks) and plastic polymers to India are noted .
- **Pharmaceuticals and Healthcare:** Pharmaceuticals are a growing component of India’s exports to Mexico. In 2023, Mexico imported almost USD 180 million worth of Indian pharmaceutical products . Indian generic medicines, APIs (Active Pharmaceutical Ingredients) and vaccines have gained a reputation in Mexico for affordability and quality. Indian pharma companies now supply an estimated 35% of the Mexican pharmaceutical market (by volume) , underscoring India’s role

as the “pharmacy of the world.” This includes critical drugs, generic formulations, and increasingly, biopharmaceuticals.

- **Metals, Gems and Jewelry:** Mexico is a significant source of precious metals and minerals. Among Mexico’s other key exports to India are Gold (unwrought or semi-processed) and Silver, which feed India’s large jewelry industry . Mexico also exports some iron and steel, and Indian steelmakers send alloy steels and products to Mexico for its construction and oil sectors. Additionally, India exports cut and polished diamonds and gemstones to Mexico’s jewelry market (though in value terms this is moderate).
- **Agricultural Products:** Bilateral agricultural trade is relatively limited but present. India exports products like spices, tea, and textiles (cotton yarn) to Mexico. Mexico exports to India items such as edible oils (when needed), specialty foods, or raw hides for leather.

14. Overall, the composition of India-Mexico trade reflects complementary strengths: India predominantly supplies manufactured goods (vehicles, pharma, machinery, chemicals, textiles, etc.) that align with Mexico’s consumer and industrial needs, while Mexico supplies raw materials and resources (crude oil, metals) that India’s economy requires .

### **Bilateral Investment and Nearshoring Collaboration**

15. Investment ties between India and Mexico have deepened significantly, driven in large part by Mexico’s attractiveness as a production base and India’s emergence as a global investor. Indian companies view Mexico as a major investment destination, leveraging Mexico’s access to the US–Mexico–Canada Agreement (USMCA) market and its strategic location in North America . Likewise, a number of Mexican companies have found opportunities in India’s growing market. Overall, Indian investments in Mexico far outweigh Mexican investments in India, but both sides are seeking to boost two-way capital flows.

16. **Indian Investment in Mexico:** As of early 2025, it is estimated that over 250 Indian companies have a presence in Mexico, with cumulative Indian investments of more than USD 4 billion (equity and planned) . The three strongest sectors for Indian FDI in Mexico are Information Technology (IT/ITES), Pharmaceuticals, and Automotive/Auto-components , though Indian businesses are also present in chemicals, plastics, engineering, hospitality, food processing and other fields.

17. Virtually all major Indian IT and tech companies have operations in Mexico – TCS, HCLTech, Infosys, Wipro, Tech Mahindra, BirlaSoft, Zoho, NIIT, Cognizant, and others have established large delivery centers or regional offices . These employ thousands of Mexican professionals, servicing North American clients and local projects. In pharmaceuticals, firms like Dr. Reddy’s Labs, Lupin, Zydus Cadila, MSN Labs, Torrent Pharma, Microlabs, Sun Pharma, Hetero, and others have manufacturing or distribution in Mexico, supplying both the Mexican and Latin American markets. The automotive tier 1 sector has seen robust Indian investment: companies such as Motherson Sumi, Bharat Forge (through IndoSchottle), Mahindra (tractor assembly), and Sundaram Fasteners operate production facilities in Mexico, often as suppliers to big OEMs.

18. Taking advantage of the nearshoring phenomenon, many Indian firms have expanded in Mexico in the last two years. Some notable recent Indian investments and expansions (2024–25) include:

- Tata Group (TitanX): In April 2024, Tata’s automotive subsidiary TitanX opened a new auto cooling parts fabrication plant in the state of Coahuila, Mexico . Tata also has other ventures in Mexico (e.g. TCS in IT, Tata Motors in vehicles through distribution).
- Sakthi Group: The Coimbatore-based Sakthi Group is investing in an auto parts foundry in Durango, northern Mexico . The project, announced in late 2023, will manufacture automotive components (like brake drums and hubs) for export under USMCA.
- Motherson Sumi Systems: Samvardhana Motherson’s subsidiary Motherson Technical Center now operates 15 plants across Mexico , producing wiring harnesses, mirrors, and plastic components for major carmakers. Motherson has steadily expanded via acquisitions and greenfield investments, and is one of the largest Indian employers in Mexico today.
- UPL Limited: In mid-2024, Indian agro-chemicals leader UPL invested \$11 million to establish a new R&D Center and manufacturing plant in Saltillo (Coahuila) . This facility will focus on crop protection products tailored to North American agriculture.
- Flex Américas (UFlex): UFLEX Ltd., India’s largest flexible packaging company, through its subsidiary Flex Américas, announced a \$100 million expansion of its operations in north Mexico . The expansion (ongoing through 2024) will boost production of plastic films for packaging, catering to clients across the Americas.

- Zoho Corp: India's SaaS and tech company Zoho opened its first Mexico office in Queretaro in February 2024 .
- Automotive Components Plants: A number of mid-sized Indian auto component makers have set up or announced plants recently (apart from Tata and Sakthi mentioned above). For instance, Rane (Madras) Ltd. is establishing a new steering systems plant in Aguascalientes (announced Dec 2023), Brakes India is setting up a brakes production unit (with \$70M investment) also in Aguascalientes, and Ramkrishna Forgings (RKFL) is investing ~\$10M in a forged auto parts facility . These were announced in 2023 and are moving forward, bolstering the automotive cluster of Indian firms in Mexico.
- Balaji JMC Paper mill: An Indian company, opened their first paper manufacturing facility in Ciudad Juarez, state of Chihuahua, in January 2025. With initial investment of USD 50 million and further USD 250 million planned in next few years, this is the first Indian paper manufacturing facility in Mexico.

19. During the visit of state of Nuevo León's Governor, Samuel García to India in August 2023, an MoU was signed with the State of Uttar Pradesh to promote cooperation in industry, and several Indian companies announced new investments in Nuevo León . An Indian electric vehicle components company, Vimercati-Viney, disclosed plans to invest \$200 million in its first Mexican plant in Nuevo León .

20. Indian investors are also present in sectors like renewable energy (solar project development), and food processing (e.g., Parle Products operates a large biscuit manufacturing plant in Mexico, its only factory in the Americas ).

21. On the other side, Mexican investment in India, while smaller, has been growing in recent years. As of end-2024, 17 major Mexican companies operate in India with cumulative investments of roughly USD 800 million . They are concentrated in automotive components, cement, multiplex cinemas, food processing, and services. Some prominent examples include:

- Cinépolis: The Mexican cinema chain Cinépolis has invested heavily in India's entertainment sector. It has opened over 350 movie screens across India, becoming a leading multiplex operator in the country.
- Nemak & Metalsa: Nemak, a subsidiary of Mexico's ALFA Group, set up a manufacturing facility in Chennai, India (investment around \$11 million) to produce aluminum auto components (cylinder heads, engine blocks) for India's automotive industry. Similarly, Metalsa (a metal parts maker) and Tremec (transmissions) have operations or joint ventures in India, supplying to OEMs like Tata and Mahindra.
- Mexichem/Orbia: Mexichem (now known as Orbia) is a global specialty chemicals and piping solutions company from Mexico. It acquired a controlling stake in an Indian PVC pipe manufacturer (Netafim's operations and others) and is involved in India's chemical and petrochemical sector.
- Great Foods & Beverages: A Mexican processed foods company, it has invested about \$10 million in India to introduce products like fruit-based beverages and snacks, tailoring Mexican flavors to the Indian market.
- Kidzania: The Mexican edutainment theme park chain KidZania opened two parks in India (Mumbai and Delhi NCR) through a partnership, bringing an innovative children's education-entertainment concept. This is a unique Mexican venture in India's services sector.
- Softtek: In the IT sector, Mexico's Softtek made headlines by becoming the first Latin American IT services company to invest in India. Softtek invested ~\$26 million to acquire an Indian IT firm in Bengaluru, establishing a presence to serve its global clients from India.
- Bimbo: Mexico's bakery giant Grupo Bimbo has expanded into India by acquiring local bakery brands. Bimbo acquired Indian bread maker Harvest Gold a few years ago, and with that and other acquisitions, it has become the largest bread producer in India.

22. In addition, other Mexican companies present in India include RuhrPumpen (industrial pumps manufacturing in Bengaluru), Grupo KUO (through its former subsidiary DINA's JV for auto parts), and Zydus Wellness Mexico (which interestingly is a JV in Mexico by an Indian company, showing reverse naming!).

23. To facilitate investment flows, both governments have put in place enabling agreements – a Bilateral Investment Promotion and Protection Agreement (BIPA) has been in force since 2008, and mechanisms like the India-Mexico High-Level Group on Trade, Investment and Economic Cooperation address investment hurdles. The 8<sup>th</sup> Joint Commission Meeting between India and Mexico which was held virtually in October 2020, explored the areas of cooperation further and discussed some of the bilateral trade and market access issues.

### **High-Level Visits and Bilateral Engagements (2024 – Early 2025)**

24. In the period since late 2024, there have been several important visits and meetings:

- **October 2024 – Visit of India’s Finance Minister:** The Hon’ble Finance Minister of India, Mrs. Nirmala Sitharaman, paid a visit to Mexico from 16–20 October 2024, leading a high-level business delegation of CII (Confederation of Indian Industry) . During the visit, she held talks with Mexico’s Finance Minister Mr. Rogelio Ramírez de la O, interacted with members of the Mexican Senate, and engaged with industry leaders.
- A highlight was the India-Mexico Trade and Investment Summit organized in Mexico City, where Hon’ble Minister delivered a keynote address. At this summit, CII and Mexico’s apex Business Coordinating Council (CCE) signed an MoU to strengthen cooperation between the two countries’ business sectors . This MoU establishes a framework for regular dialogue between Indian and Mexican industry bodies, with the aim of facilitating trade, resolving business issues, and promoting investment. The visit – the first by an Indian Cabinet Minister to Mexico since 2016 – reinvigorated bilateral economic ties and underscored India’s commitment to deeper engagement with Mexico.
- She also engaged with top global tech companies and leaders during the Tech Leaders’ Forum organized in the city of Guadalajara.
- **September/October 2024 – Presidential Inauguration Representation:** To mark the inauguration of Mexico’s new President, Dr. Claudia Sheinbaum (the first female President of Mexico in 200 years), the Government of India sent Mr. Pabitra Margherita, Hon’ble Minister of State for External Affairs, as its representative . He attended the swearing-in ceremony in Mexico City on 1 October 2024 and conveyed India’s congratulations and readiness to work with the new administration.

- **Visit of the Governor of state of Nuevo Leon to India:** The current Governor of the State of Nuevo Leon, Mr. Samuel Garcia, along with a delegation attended the 9th India-LAC Conclave organised by CII in August 2023, where he gave a keynote speech. This visit was very important in attracting Indian companies to one of the most important automotive hubs in Mexico.

### **Trade Missions, Business Delegations and Key Events (2024 – Early 2025)**

25. One of the major drivers of India-Mexico trade and investment ties is the steady exchange of business delegations and participation in trade events. Despite global challenges, late 2024 and early 2025 witnessed active engagement by industry on both sides:

- **Indian Trade Missions to Mexico:** In March 2024 a delegation from the Automotive Component Manufacturers Association of India (ACMA) visited Mexico . The ACMA mission met with Mexican automotive firms and potential buyers across cities like Mexico City and Monterrey. This visit was significant in connecting India’s auto parts suppliers with Mexico’s booming auto industry, resulting in new supplier agreements and partnerships.
- **Participation in Mexican Trade Exhibitions:** Indian companies have regularly showcased their products in Mexico’s leading trade fairs. Notable events in late 2024 and early 2025 include:
  - **InterModa 2025:** At Latin America’s largest fashion and textile exhibition InterModa (held in Guadalajara in January 2025), a sizable Indian pavilion featured Indian textile producers, garment manufacturers, leather accessory makers and jewelry exporters.
  - **Expo CIHAC 2024:** Indian companies in the infrastructure and building materials sector took part in Expo CIHAC (the major construction industry expo in Mexico City, October 2024). Products like Indian tiles, sanitary-ware, pipes, and engineering services were exhibited.
  - **Expo Plastimagen 2023, 2024 and 2025:** Indian plastics machinery and polymer producers have regularly participated in the Expo plastimagen through support of Plastics Export Promotion Council of India (Plexconcil).

- FAMEX and Aerospace: Mexico's biennial aerospace and defence products show FAMEX saw participation of Bharat Electronics Limited (BEL) in their 2023 edition with presence of an India pavilion.
- **Mexican Business Delegations to India:** Mexico, too, has been encouraging its businesses to seek opportunities in India. In late 2024 and early 2025, the commercial wing of the Embassy of India in Mexico City nominated and sent delegations to several trade events in India . Notably, Mexican companies attended "Bharat Tex 2024" (a textiles expo in Mumbai) to source yarn and fabrics, and iPHEX 2024 (an international pharma exhibition in India) to meet Indian drug manufacturers . Additionally, a Mexican delegation participated in Elecrama 2024 (India's flagship electrical equipment expo), exploring imports of power equipment and renewable energy technology . A delegation of Mexican Construction Industries Chamber (CMIC) participated in the Vibrant Buildcon Expo in April 2025 in New Delhi, India.
- **Chambers and B2B Cooperation:** Both countries are also fostering direct chamber-to-chamber cooperation. The Trade & Commerce Council of India and Mexico (INDMEX), an initiative of Embassy of India in Mexico City, was launched in December 2022, by former Foreign Minister of Mexico, Mr. Marcelo Ebrard. It has continued its activities into 2024, organizing networking events, exploring business collaboration and sharing market information. INDMEX currently has 66 members and 35 trade chambers as Honorary members.
- Under the new Confederation of Indian Industry (CII)- Business Coordination Council (CCE) of Mexico, MoU of October 2024, a joint working group of Indian and Mexican industry bodies has been formed to follow up on summit recommendations – this group met virtually in February 2025 to discuss resolving specific issues like customs procedures and certification standards, demonstrating tangible progress from the MoU.
- Similarly, Mexico's leading business chamber COMCE (Consejo Empresarial Mexicano de Comercio Exterior) maintains an MoU with India's CII/FICCI/TPCI and regularly exchanges trade leads.

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