

# Preface

This book undertakes two tasks. First, it provides an overview of Sino–Mexican trade and economic relations since the normalization of Sino–Mexican diplomatic relations in the 1980s. Second, it presents a reevaluation of Mexico’s trade policies on China, from the import substitution industrialization (ISI) period in the early 1990s to the strengthening of economic and trade relations in recent years, especially after Xi Jinping (Dr. of Law), President of the People’s Republic of China, visited Mexico in January 2014. Both tasks are addressed within a unified framework, by documenting historical events and conducting empirical analyses throughout Mexico’s economic development that has been characterized by growth as well as stagnation. We analyze the Sino–Mexican trade conflicts and cooperation by investigating cases of antidumping (AD) and examining flows of Foreign Direct Investment (FDI), and address the current obstacles. The lessons from this book should provide guidance for policymakers in maintaining and improving future Sino–Mexican economic relations. It also provides useful information for researchers and students in the fields of trade protection and damage remedy.

AD filings have been playing an important role in Mexico’s trade liberalization. Even after China’s accession into the World Trade Organization (WTO) in 2001, Mexico’s AD filings against the country did not decrease. However, the ending of the “phasing-out period” in 2007 started Mexico’s trade liberalization toward China as well as the reduction of trade protection measures. Moreover, some of the effects of Mexico’s AD filings are offset by the depreciation of the Renminbi (RMB) that occurred in the early 1990s.

In this analysis, by separating our observations into three sets of goods, namely, capital, intermediate, and consumer goods, we find a negative relationship between the AD filings on consumer goods and their import tariffs; however, we find a positive relationship between AD filings on intermediate and capital goods and their respective import tariffs. In fact, Mexico’s import tariffs on Chinese intermediate and capital goods have been declining since 2001. Clearly, the Mexican import-competing sectors are discriminating against Chinese finished consumer products, and especially so when cyclical business factors are present, such as the imbalance of payments (IB), the decrease of aggregate manufacturing output and

consumption growth. Our studies confirm that the jumping of tariff lines is caused by the consumption surge of Chinese imports during Mexico's trade liberalization.

In addition, this book examines the macroeconomic causes of Mexico's AD on China by: (1) reviewing the Sino-Mexican trade relations through not only empirical methods, but also historical events; (2) not only analyzing the determinants of antidumping in Mexico, but also the causes of antidumping and its theories in general; (3) assessing the law, system, and administrative procedures of Mexico's AD in particular; (4) explaining why and how AD is becoming a smaller obstacle in Sino-Mexican trade; and (5) most importantly, observing challenges and opportunities for future Sino-Mexican trade and cooperation, with special focuses on China's current economic reforms and growth slowdown (the so-called "xin chang tai" or "new normal"), as well as on the strategies in Mexico's Special Economic Zones (SEZs).

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Sino-Mexican Trade Relations  
Challenges and Opportunities

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2017, XIII, 80 p. 12 illus., 5 illus. in color., Softcover

ISBN: 978-981-10-4659-9