

Steel Concrete Reinforcing Bar from Mexico and Turkey

701-TA-502 and 731-TA-1227-1228 (Final)

MEXICAN EMBASSY TESTIMONY

For the record, my name is Kenneth Smith Ramos. I'm the Representative of the Ministry of Economy in Washington DC.

The Government of Mexico appreciates this opportunity to share brief remarks regarding this case. For the Staff Conference, the Government of Mexico offered testimony and highlighted facts that we believe are important regarding the commercial relationship between our countries, which distinguishes Mexico from other trade partners of the United States. For purposes of efficiency, I won't repeat what was said then, but I would invite the Commissioners to consider the points and facts shared at that time in conjunction with this testimony.

Mexico and the United States have a strong and close commercial relationship based on, among other things, the implementation of NAFTA. That relationship has been increasingly beneficial to both of our countries. It has helped to take advantage of the geographical closeness of our countries and generated supply chains and reciprocal investment for Mexico and the United States. Trade between our countries has evolved, generating a value of more than 500 billion dollars in 2013. At the last North American Leaders Summit in Toluca, both countries recognized that this trade relationship supports millions of jobs. Also there has been dialogue and synergy created by NAFTA in the private sector; a clear example of that is the Steel Sector, which gets together to discuss important issues with all three NAFTA Governments through the North American Steel Trade Committee.

We believe that these facts are relevant and should be considered, not only in the context of trade remedy investigations, but with respect to all the issues involved in the deep integration our countries have achieved since NAFTA came into force, which undoubtedly has been highly beneficial to our region.

In that context, we would like to highlight some specific developments in our country that are relevant to this particular case and affect the growth of the construction sector in Mexico. First of all, our economy is recovering from the global crisis that affected all of us since 2008. Our Gross Domestic Product (GDP), has increased, well above pre-crisis levels: In 2009 the value of our GDP was 895 billion dollars, while now our GDP it is almost 1.3 trillion dollars. Foreign Direct Investment has also grown over the past years, more than doubling from 18 billion dollars in 2012 to 39 billion in 2013. Additionally, our Central Bank, Banco de México, has projected GDP growth of up to 4.2 percent in 2015. Further growth is expected with the recent energy reform, with an additional 1% GDP increase through 2018.

The construction sector is rebounding and will continue to do so in the immediate future, since the Federal Government announced it will implement an ambitious investment

program, the National Infrastructure Plan 2014-2018, with a record investment of \$600 billion dollars, which represents a 206% increase over the previous Administration. This record investment is divided in 6 sectors (transportation and telecommunications, urban and housing development, energy, hydraulic, health and tourism), all of which involve construction in some way or another.

Specifically talking about the transportation and telecommunications sector, the investment should reach \$100 billion dollars through 2018 and contemplates 340 strategic projects among expanding and building highways, bridges, railroads, ports and airports in the country.

For example, our Minister for Communications and Transportation just unveiled the technical characteristics for the new Mexico City International Airport, which he stated will be "the most visible and most impactful symbol" of the National Infrastructure Plan. It is worth more than 9 billion dollars and is projected to begin its first stage in 2015 and to be concluded in 2020.

Of the 340 strategic projects, many of them have already been awarded and are starting, like the Mexico-Toluca suburban train worth almost 3 billion dollars, the expansion of the port of Veracruz which is worth 1.7 billion dollars, and the second floor of the Mexico-Puebla highway worth almost 800 million dollars, just to name a few. Since the beginning of the National Infrastructure Program until August of this year, 3,472 bids have been awarded. On the same note, the Federal Electricity Commission, which is the energy sector, has already announced bids for 23 specific projects for the construction of hydroelectric plants, power stations and other energy-related constructions worth 8.5 billion dollars.

Rebar consumption is driven mostly by large scale construction such as the infrastructure projects I just described. Considering all the other sectors that are included in the National Infrastructure Plan, we can say that the projects in the transportation and telecommunications sector are just the tip of the iceberg. Consumption of domestic rebar in Mexico is already increasing and will definitely continue to increase due to the large amounts of rebar these projects require.

To conclude, we respectfully request the Commission to consider the above mentioned circumstances while making its determination. Thank you again for the opportunity to convey this message to you, members of the Staff and the Commission.