

India-Mexico trade and financial flows

Higher duties may moderately impact auto exports; metals unaffected

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Trade with Mexico is not significant for India except in automobiles and metals.

While automobile exports may slow due to higher duties, the overall impact on India's exports is expected to be minimal.

Metal exports remain unaffected as they fall under the exempt categories.

Mexico has introduced a comprehensive tariff reform, increasing most-favoured-nation (MFN) import duties on goods from countries without a Free Trade Agreement (FTA), including India. The measure, aimed at promoting import substitution, seeks to strengthen domestic Mexican industries such as automotive, textiles, steel, and electronics by making non-FTA imports costlier. In response, India has actively initiated negotiations for FTA to safeguard exports in key sectors.

This report examines the potential impact of increased tariffs on trade flows and financial relations with Mexico.

Merchandise trade

- Merchandise trade between India and Mexico grew at a CAGR of 6% from FY2016 to FY2025, with exports rising by 8% and imports by 3%. This expansion led to a three-fold increase in India's trade surplus with Mexico—from USD 1 billion in FY2016 to USD 3 billion in FY2025.
- Mexico accounted for about 1% of India's global merchandise exports in FY2025, with automobiles and metal products being the key product categories. While Mexico is an important destination for automobile exports, any decline in volumes due to higher tariffs is unlikely to significantly affect overall industry performance. Additionally, aluminium and nickel exports from India fall under exempt categories and hence won't be impacted much with higher tariffs.
- On the import side, Mexico represented less than 1% of India's total merchandise imports in FY2025, with no single commodity showing material dependency.
- Conversely, India's share in Mexico's overall trade remains negligible, though Indian exports are relevant for Mexico in certain agricultural and textile segments.

Mexico contributes marginally in the overall pie of FDI equity inflows, FPI flows and remittances to India.

However, India's cumulative investment in Mexican entities stood at USD 4 billion at the end of 2024. Currently, more than 200 Indian firms operate in Mexico. In contrast, Mexican companies have invested around USD 810 million in India.

Financial flows

- Mexico is the 44th largest country for Foreign Direct Investment (FDI) inflows into India, contributing ~0.05% to the total pie.
- Mexico's share in FPI flows is marginal as only seven entities from Mexico had invested in India as on November 2025.
- Mexico represents less than 1% of India's migrant population and makes an insignificant contribution to remittances sent to India.

Bilateral agreements

- India and Mexico have entered into numerous bilateral agreements covering a wide range of sectors, including trade, investment, science and technology, education, space research, and renewable energy.

Corporate presence

- Many Indian firms have invested in Mexico, reaching about USD 4 billion by 2024, with over 200 companies operating in IT, pharmaceuticals, automotive, and food processing.
- Mexican investments in India total USD 810 million, focusing on cinema, automotive components, IT services, manufacturing, edutainment, and food, reflecting growing bilateral economic ties.



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