



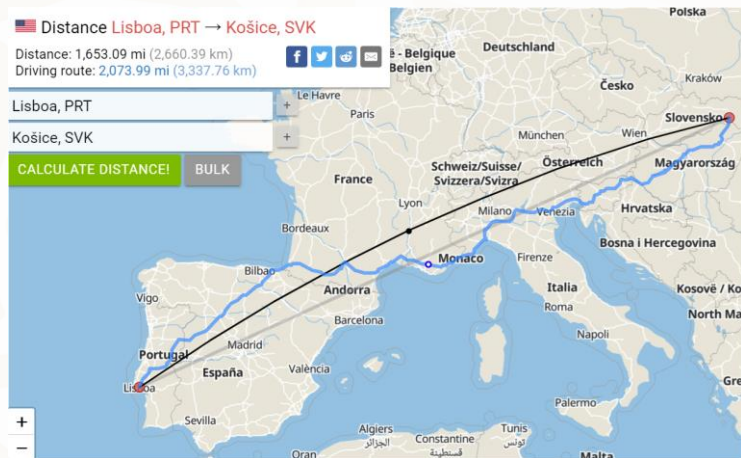
Why Mexico?

2021



United Mexican States

Population	126,014,024 inhabitants (Census 2020)
Surface Area	1,964,375 sq. km
Country costline	11,122 km long (not counting the islands)
Border with the U.S.A.	3,152 km





Size of the Economy

In terms of GDP, in 2019 Mexico ranked 15th largest economy in the world, according to the World Bank. By 2030, it is forecast Mexico will occupy 9th place and 7th by 2050, surpassing countries like Japan, Germany and the United Kingdom.

ECONOMÍA



HOUSEHOLD FINAL CONSUMPTION EXPENDITURE (2019)

#12

In the world ranking

#2

In Latin America

**This indicates significant demand of
goods and services by local consumers.**



Why Mexico?

Mexican competitive advantages within USMCA (TMEC)



GDP
1.2 T

USD
15° Global
2020



FDI
29.3 B

USD
18° Global
2019



**Graduates in
engineering,
Manufacturing fields**
113,944

Persons per year



Unemployment
4.5%

Jan 2021



Exports
507 B

USD
19° Global
2019



World Rankings 2019



15°

Economy*
1.2 MDD*

14°

FDI recipient
29 MDD

60°

Doing business
60/190

48°

**WEF Global
Competitiveness
Report**
48/141

19°

Exporter
507,155 MDD

15°

Importer
547,178 MDD



Rankings LATAM 2019

2°

Economy*
1.2 MDD*

2°

FDI recipient
29 MDD

2°

**Doing
business**

2°

**WEF Global
Competitiveness
Report**

1°

Exporter
507,155 MDD

1°

Importer
547,178 MDD





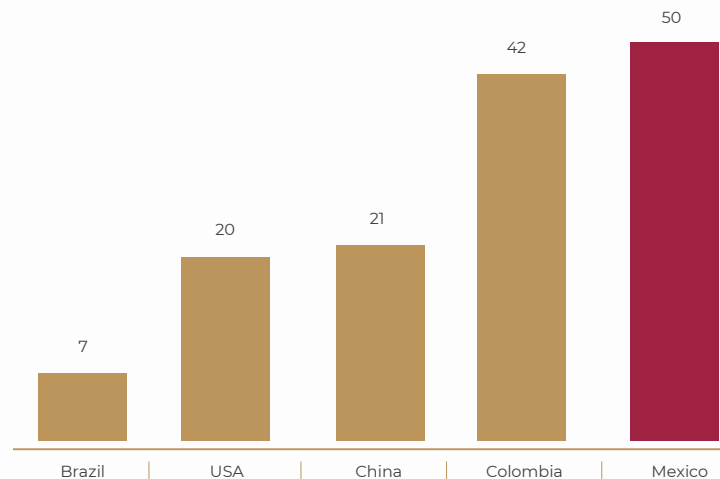
Access to Major Markets

NETWORK OF FREE TRADE AGREEMENTS AND TRADE PROCEDURES

The free trade agreements signed with 50 nations make Mexico one of the most open countries to international trade in the world, with preferential access to over one billion potential consumers representing over 60% of global GDP.



FREE TRADE AGREEMENTS (number of countries)



*Includes Economic Partnership Agreement with Japan



Why Mexico?

Mexican Trade Agreements



Pacific Alliance

Population: 230 million
GDP: \$2,707 billion USD
41% of Latin America and the Caribbean GDP
Exports: \$627 billion USD
% of global trade: 3.2%



FTA EU-MEX

Population: 640 million
GDP: \$19,974 billion USD
% of overall GDP: 22.9%
Exports: \$6,732 billion USD
% of global trade: 34.9%



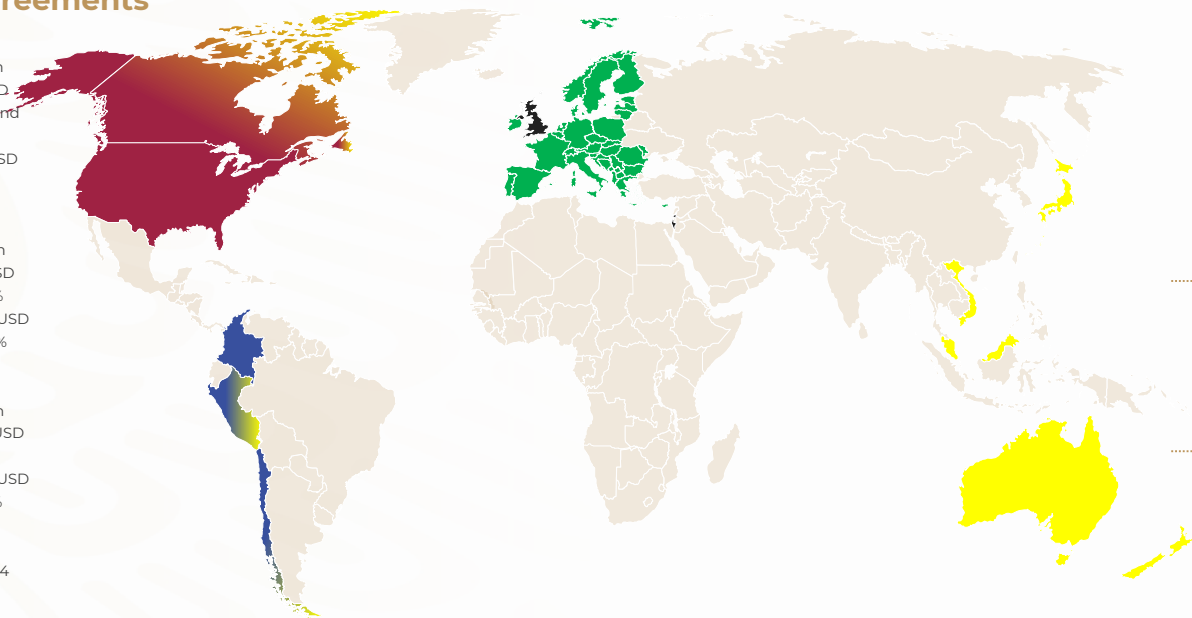
USMCA

Population: 492 million
GDP: \$24,440 billion USD
% of overall GDP: 28%
Exports: \$2,567 billion USD
% of global trade: 13.3%



CPTPP

Population: 507,363,034
GDP: \$11,262 billion
% of overall GDP: 12.9%
Exports: \$2,954 billion USD
% of global trade: 15.4%



13 FTAs with
50
countries

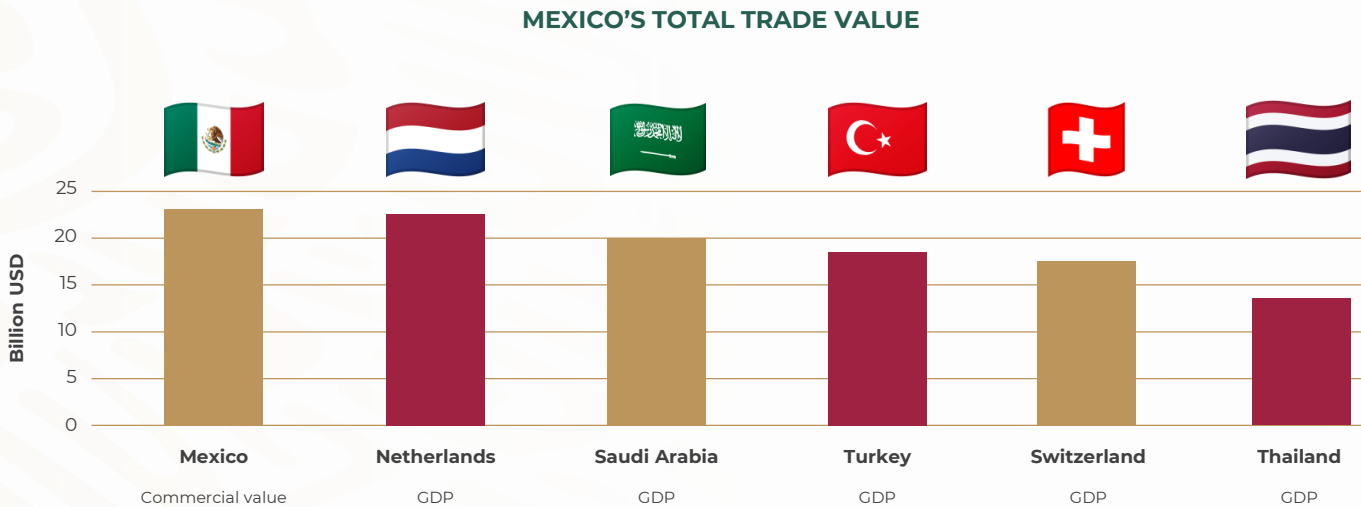
32 BITs with
33
countries

9 Limited Scope Agreements
in the Latin American Integration Association (LAIA) (ALADI)



Export power

In 2019 Mexico exported 356 billion USD worth of manufactured products, ranked 10th place worldwide.



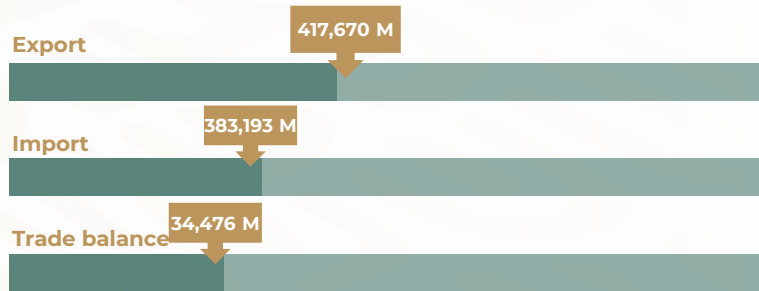


Mexican international trade

EXPORTS 2019



2020 USD dollars



SECTORS



1.7% 7.8 B USD

Agriculture



5.6% 26.6 B USD

Mineral fuels



25.7% 121.3 B USD

Vehicles



17.1% 81 B USD

Electrical Machinery



Export power

1.7 billion USD worth of goods cross the Mexican-US border daily, making it the border with the greatest volume and value of goods exchanged in the world.

MAIN DESTINATIONS OF MEXICAN EXPORTS



WORLD BANK TRADE AS % OF GDP (2000-2019)





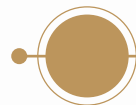
Access to Major Markets

INTERNAL MARKET AND USMCA REGION

In 2019 **Mexico ranked 15th worldwide in terms of the size of its economy.** The geostrategic location of the country and the implementation of the **USMCA** provide an excellent **platform for sales from Mexico to the largest market in the world** (regional GDP of 24,437 billion USD). The forecast for 2023 indicates that the size of the regional market will reach 28,557 billion USD, representing 25% of future global GDP.

**Market size in the USMCA region, 2019
(billion dollars)**

Country Region	Gross Domestic Product	Private consumption
USA	21,433	17,539
Canada	1,736	1,370
Mexico	1,268	967
North American Region	24,437	19,876





Access to Major Markets

Market size in the USMCA region 2019 (billion USD)

Country Region	Gross Domestic Product	Private consumption
USA	21,433	17,539
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North American Region	24,437	19,876

Market size in the European Union 2019 (billion USD)

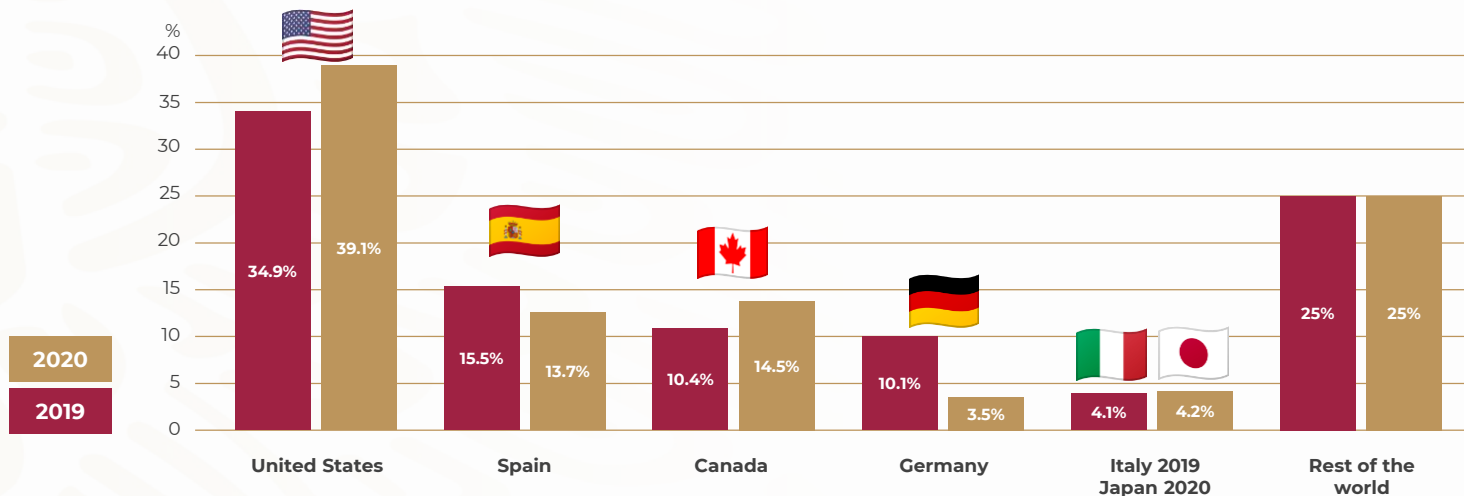
Country Region	Gross Domestic Product	Private consumption
GERMANY	3,861	2,8
FRANCE	2,717	2,09
ITALY	2,005	1,57
SPAIN	1,393	1,06
EU REGION	15,972	11,54





Attractive destination for foreign investment

FDI FLOWS BY COUNTRY OF ORIGIN
2019-2020





Foreign Direct Investment







MAIN RECIPIENT SECTORS OF FDI (1999-2020 3Q)

AGGREGATE AMOUNT USD MILLION

SECTOR	AMOUNT	PERCENTAGE
1 Manufacturing Industry	290,653	48.3%
2 Financial Services	85,828	14.3%
3 Commercial Services	44,718	7.4%
4 Mining Industry	32,218	5.4%
5 IT	25,562	4.2%
6 Transport Industry	24,654	4.1%
7 Construction Industry	22,553	3.7%
8 Others	75,747	12.6%

MAJOR INVESTORS COUNTRIES (1999-2020 3Q)

USD MILLION

COUNTRY	INVESTMENTS	PERCENTAGE
1  United States	281,790	46.8%
2  Spain	72,645	12.1%
3  Canada	44,899	7.5%
4  Japan	26,896	4.5%
5  Germany	26,464	4.4%
6  Netherlands	21,348	3.6%
7 Others	127,891	21.1%

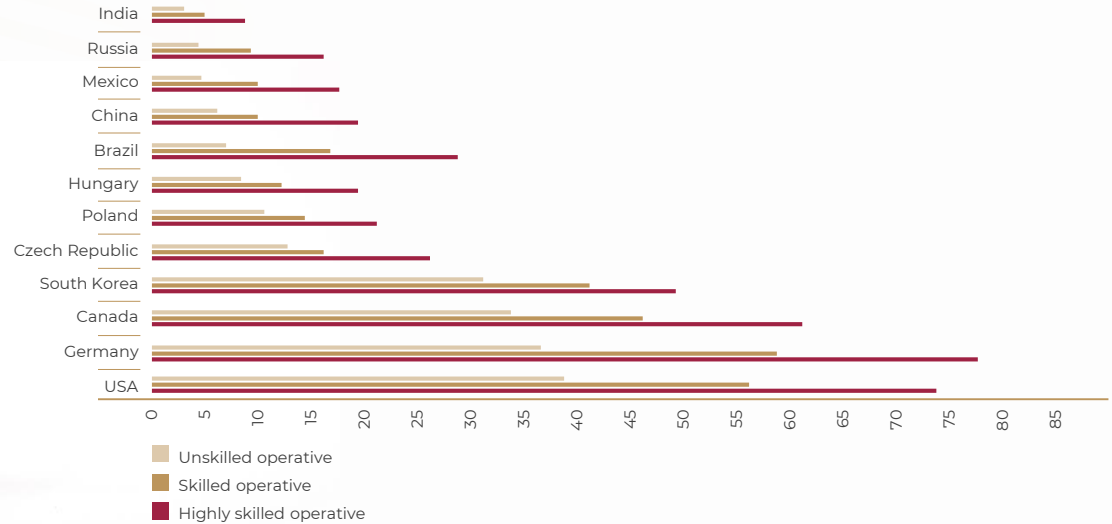


Competitive Labor Costs

Mexico offers significant savings in labor costs compared to other investment choices in the Americas, Europe or Asia.

The graph shows an international comparison with selected countries.

UNITARY LABOR MANUFACTURING COSTS 2017
(Thousand USD per annum)





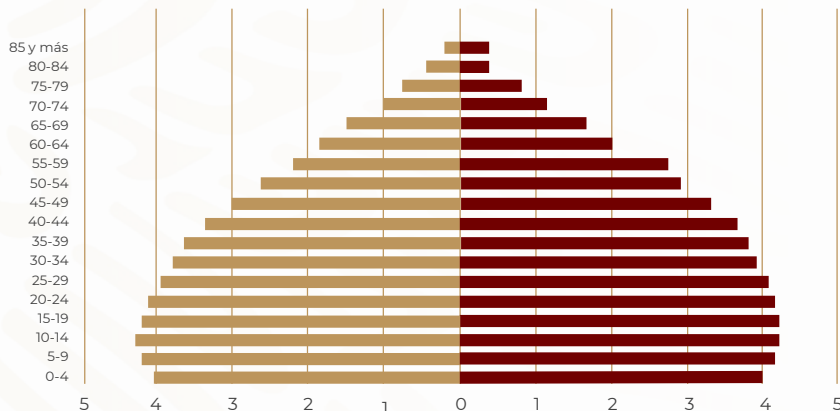
Population and Human Capital

DEMOGRAPHIC BONUS

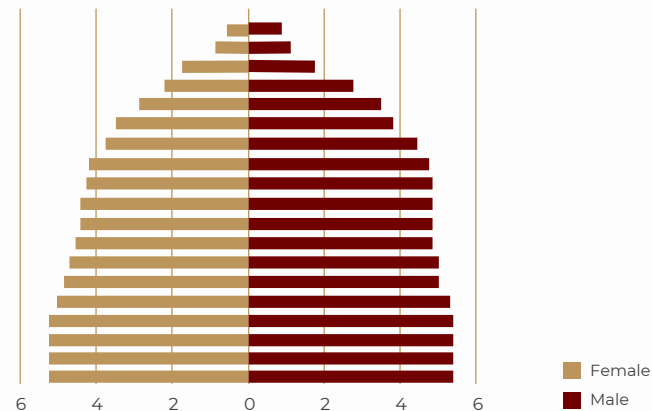
Currently the working age population represents 66% of the total population. It is estimated that during the next two decades Mexico's working age population will be more than 80 million people and will continue to represent more than 60% of the population.

POPULATION STRUCTURE OF MEXICO, 2020 AND 2050

Population structure in Mexico by gender and age 2020
(million inhabitants)



Population structure in Mexico by gender and age 2050
(million inhabitants)













Female
Male



Strategic Location

Another advantage offered by the country is the **proximity of the main centers of world consumption**. This is significant as it allows companies to **respond faster to changes in the demand reducing inventory costs**.

Destination Cities	Countries of origin									
										
	Germany	Brazil	China	Colombia	Korea	USA	India	Mexico	Poland	Turkey
New York	9.8	13.1	28.7	6.5	14.6	-	26.4	5.4	10.5	13.7
Los Angeles	22.2	19.9	15.9	8.4	27.7	-	25.8	3.7	23.1	25.2
Rotterdam	0.8	14.5	28.9	14.4	29.9	9.8	21.9	14.0	1.7	8.7
Yokohama	31.7	31.9	2.8	21.5	2.3	13.4	12.6	16.9	32.6	24.1
Shanghai	29.6	30.1	-	23.5	1.3	15.9	10.5	19.4	30.5	22.1



Infrastructure and Access to the United States

Mexico is well connected through 27,000 kilometers of railroads that connect the country with the United States to the north, Guatemala to the south, the Pacific Ocean to the west and the Atlantic Ocean to the east.

The country possesses numerous internal distribution terminals connected with the main seaports, which enables cost reductions and facilitates the entry and exit of goods.

In brief, Mexico has:



76

Operational airports

(12 domestic and 64 international airports).



117

Seaports

(49 coastal shipping ports and 68 international maritime ports).



27,000

Kilometers

Of railroads.



+393

Thousand kilometers

Of roads.





Investment projects

In November 2019, Mexico's government announced a plan for the construction of 1,700 infrastructure projects. The projects are worth 43 billion US dollars collectively. 147 have been deemed essential to boosting the economy and scheduled to begin construction immediately.

The first set of projects is expected to increase employment, benefiting those who have not been favored by the economic spillover effects. They also look forward to support all zones of the country, including the disadvantaged areas.



147 projects total

2020

72

2021-2022

42

2023-2024

41



AUTOMOTIVE SECTOR IN MEXICO - COMPARATIVE FIGURES

Contraction: effects of global markets and semiconductors shortages due to COVID-19.



January – October
(number of units)

INDICATOR	2019	2020	2021	Variation % 2019-2021
Sales	107,110	84,351	76,640	-28,4%
Production	319,737	347,906	257,813	-19,4%
Exportations	259,158	280,474	224,535	-13,4%





OPPORTUNITIES FOR MEXICO: USMCA AND AUTOMOTIVE SECTOR

Opportunities of FDI to local suppliers, mainly due to changes in the Rules of Origin:

- 1. Increase in regional content of vehicles** (62.5% to 75%) and 3 auto parts categories (listed)
- 2. Required corporate purchasing percentages** in the region of steel and aluminum
- 3. “Value of Labor Content” = Mandatory percentage** up to 40% of inputs from the **US and Canada that must be used** in the manufacture of vehicles and auto parts - Not related to the Labor Chapter

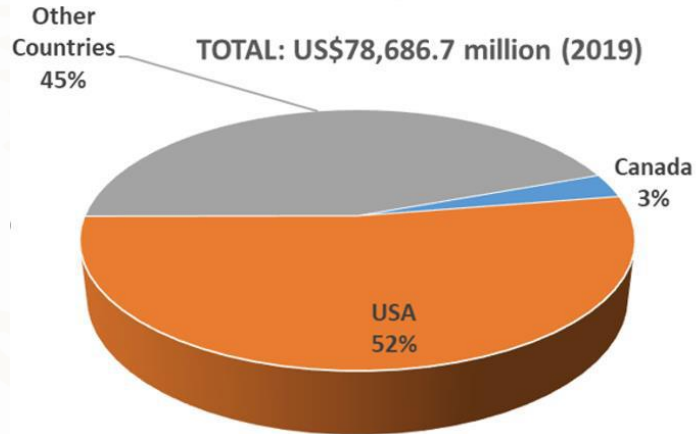
- **Potential Market of US 35,409 MDD**





OPPORTUNITIES FOR MEXICO: USMCA AND AUTOMOTIVE SECTOR

Auto Parts with new Rules of Origin = It is estimated that Mexico imports **US \$ 35,409 MDD** of non-North American goods.



Potential Market for FDI in Mexico for development of auto parts suppliers especially from Europe and Asia **for USA and/or Canada.**



Aerospace Industry in Mexico



2018 **2^o** Attractiveness Ranking of the Aerospace Manufacturing Industry



2018 Exporter **4^o** In ATP** of the Aerospace Industry

Economic units of the industry by size 2018

Size	Number of units
Micro	27
Small	20
Medium	25
Big	65
Total	137

International trade Billions USD 2019

Exports 9.5

Imports 7.3

Trade Balance 2

85.4%
Mexican Exports



GLOBAL VALUE*
2019
351.6
Billion USD



INDUSTRY
2018
23,512
Millions of pesos

OF NATIONAL GDP
0.12%

OF MANUFACTURING GDP
0.8%



60,000
Total Employment

45.2%
Aerospace equipment manufacturing



2.8%
CARG /2012-2018)

2018
149
Millions USD

2018
1%
Manufacturing industries



10 Universities with programs related to the aerospace industry
3 Aerospace research centers.

**ATP: Advanced Technological Products.

* Global value: Includes all activities related to the development, production, maintenance and support of airplanes and spacecraft.

Source: INEGI / DENUE / SE / FEMIA, 2018.



Thank you!

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GOBIERNO DE
MÉXICO

México
2021
Año de la
Independencia

