

MÉXICO



JORGE CRUZ ABASCAL
COMMERCIAL COUNSELLOR, TURKEY



is...

- a democracy.
- one of the largest economies in the world.
- an example of macroeconomic stability.
- an open economy.
- young, talented and highly-skilled people.
- a leader in advanced manufacturing.
- the next global logistics high value added hub.
- a world within a country.
- a reliable and attractive destination for investment.
- ready to increase its productivity through its structural reforms.

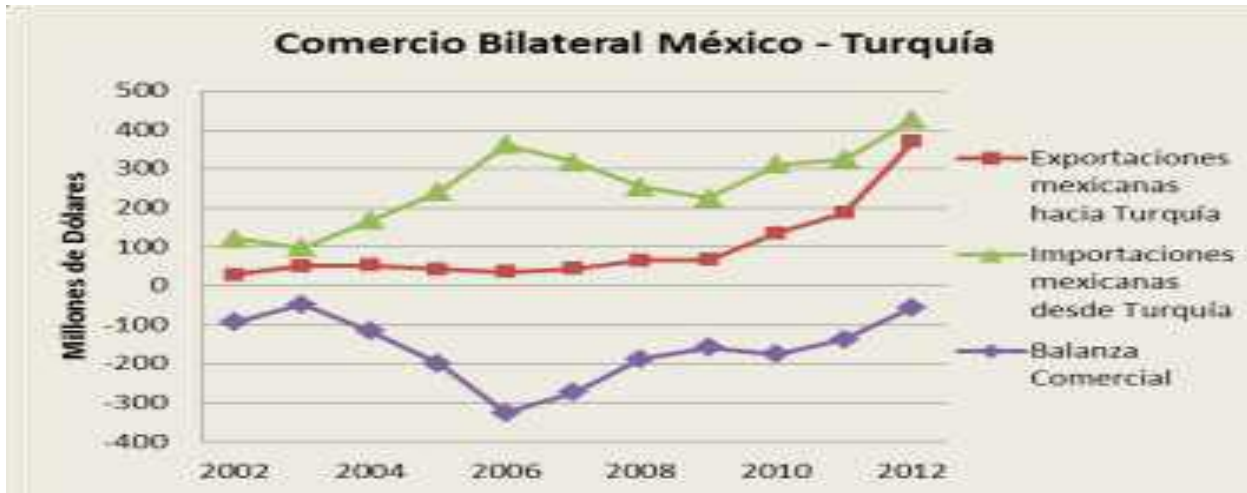
- Presidential Visits: to Turkey, Dec 2013; to Mexico, Feb 2015
- "Cooperation Framework and Strategic Partnership for the 21st Century".
- The bilateral economic relationship and trade does not correspond to the size of economies.
- Development of Economic Relationship.
- Comprehensive Free Trade Agreement.
- Interest to encourage and promote mutual relations between investors.
- "Strategic Business Plan for Mexico" by DEIK.
- Binational Commission: dialogue mechanism.
- Business goal: in 2023 = 5,000 MUS\$ (with FTA).

Turkey



NO.	GROWTH	TRADE w / MEXICO	IMPORT.	EXPORT.	FDI IN MEXICO
17°	4.3%	46°	40°	39°	39°

Source: ProMéxico con información del FMI, Banco de México y SE.



MEXICO TO TURKEY	%	TURKEY TO MEXICO	%
Dry seeds and fruits	14	Autoparts and accesories	10
Freight vehicles	13	Textiles: finished goods, comp.	5
Gold	11	Machinery: forging, stamping	4
Mobile telephones	8	Men´s apparel: suits, pants (adult, boys)	4
Vinil Chloride (PVC)	7	Women´s apparel: dresses, (ladies, girls)	4
Live cattle	7	Piston motor parts	4
Wheat	5	Fluid pumps and elevators	3
Coal, solid fuels	5	Rubber tires	3
Polipropilene polimers	3	Iron and Steel forged bars	3
Steel and iron pipes	2	Power cables	3
Other Products	25	Other Products	57
Manufactured goods	76	Manufactured goods	97

Demand by sector

Food and Beverages

Nuts and seeds:
almonds, pistachios,
sesame seeds, nuts,
peas, spices

Avocado, Lemon,
Mango, Pepper,
Coffee

Agave drinks, beer

Oils, honey

processed food

Frozen, dried,
canned,

Healthy food

Sauces and gravies

Colorants and
flavorings

Others

Design textiles,
finished garments,

Construction
materials,
prefabricated

Industrial supplies

Machinery, plastics

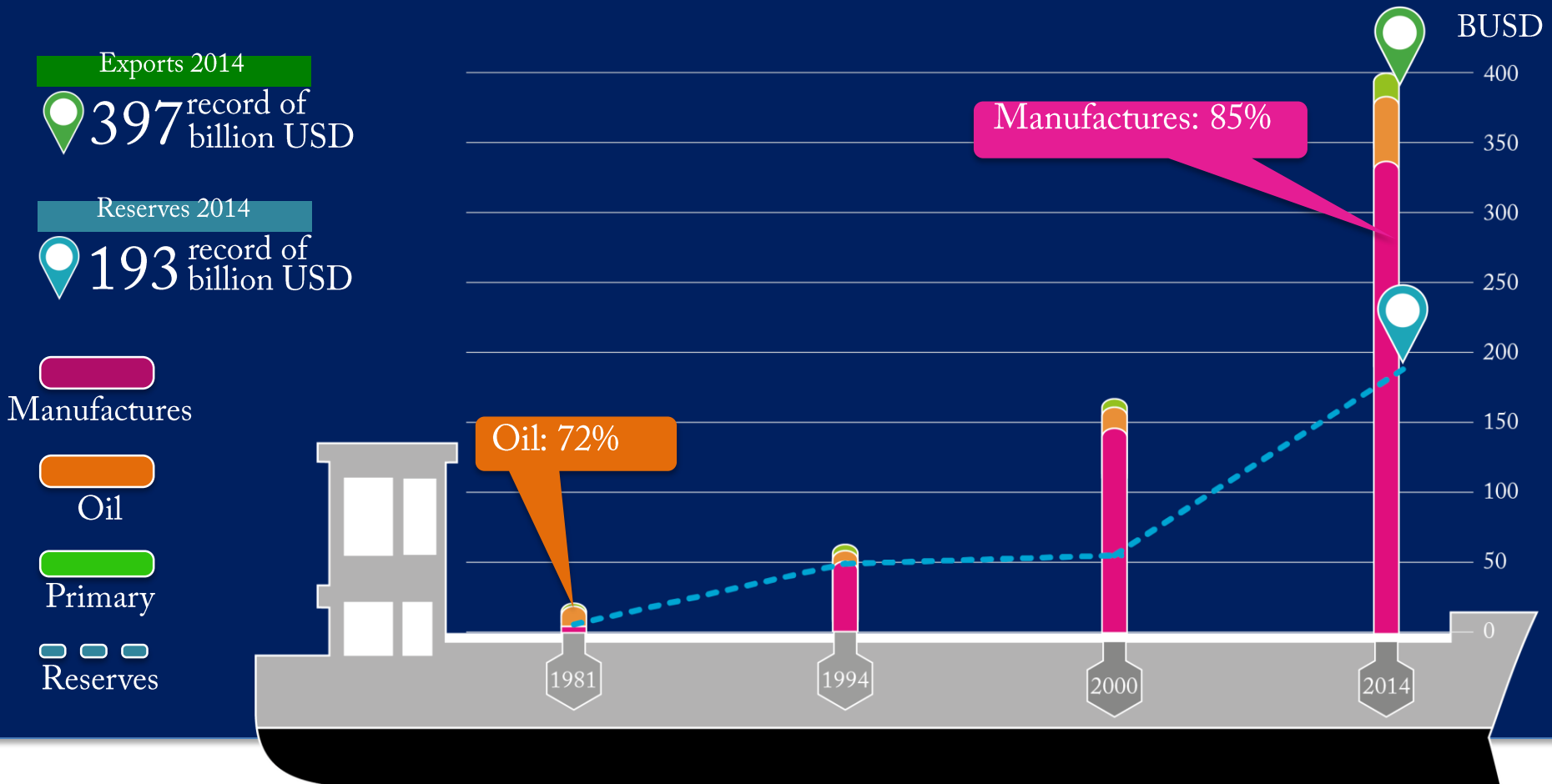


5 COMPETITIVE ADVANTAGES OF MEXICO



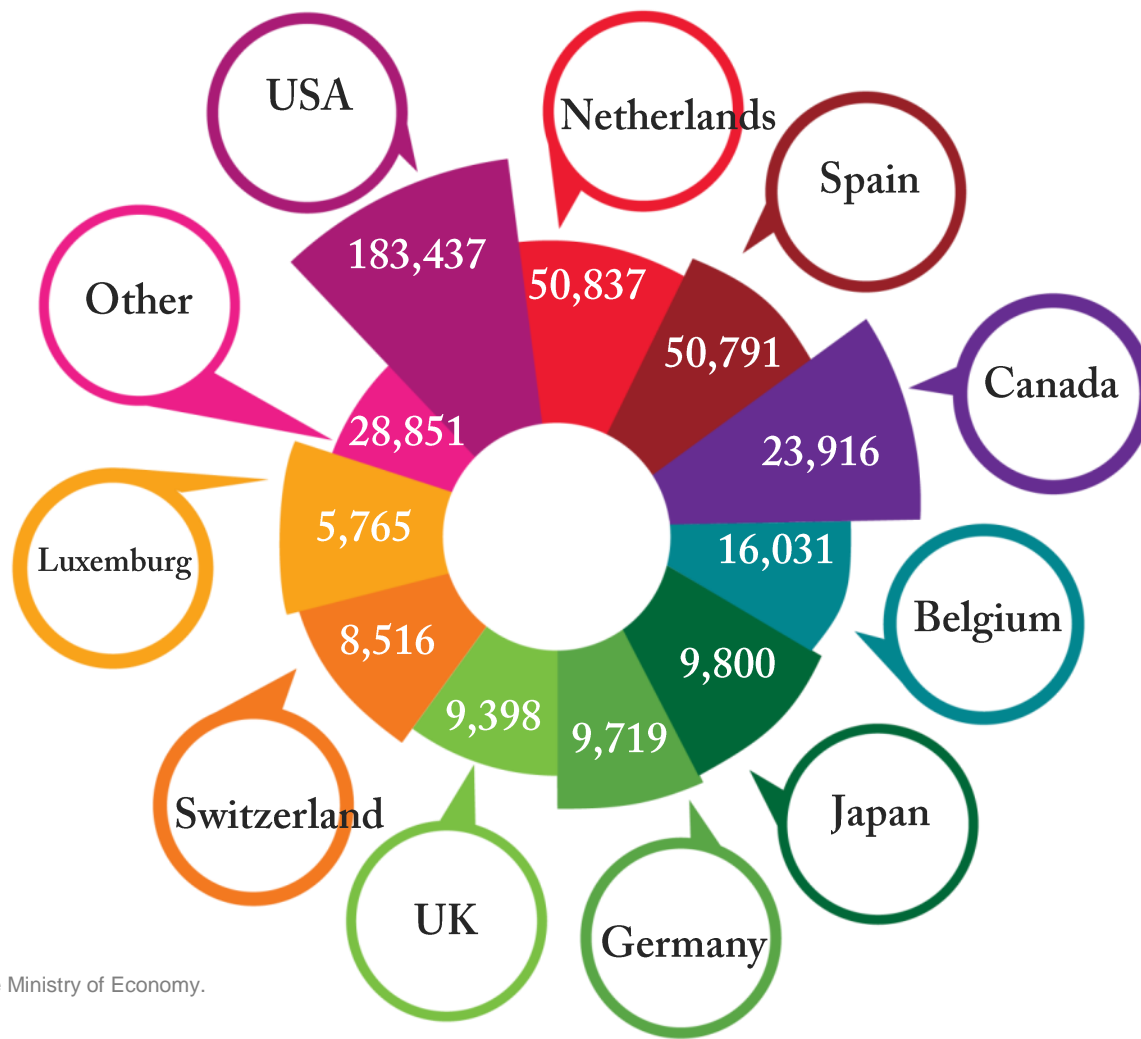
SOLID MACROECONOMIC ENVIRONMENT

Evolution of exports and international reserves in Mexico
(1981-2014)



MAJOR INVESTORS IN MEXICO

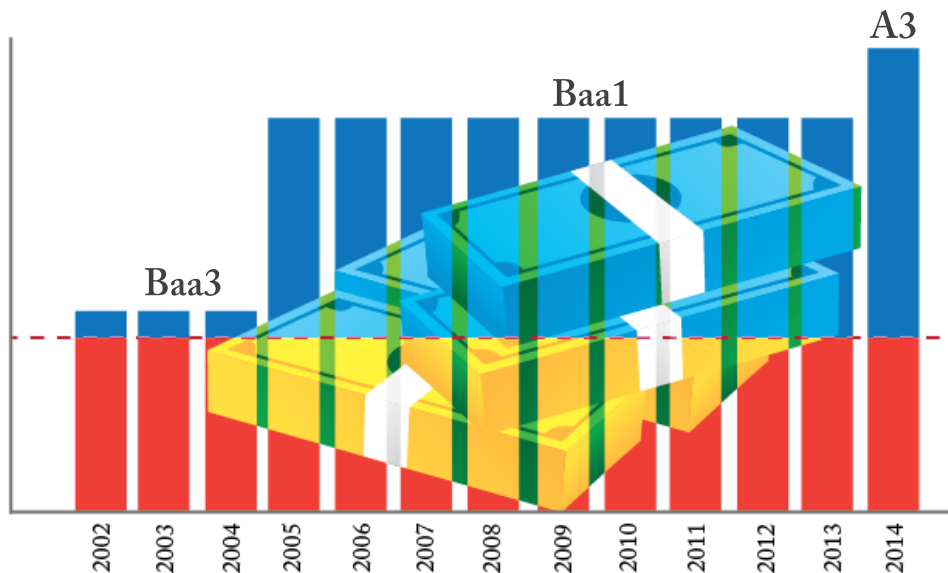
FDI IN MEXICO PER COUNTRY OF ORIGIN (1999-Q1 2015)



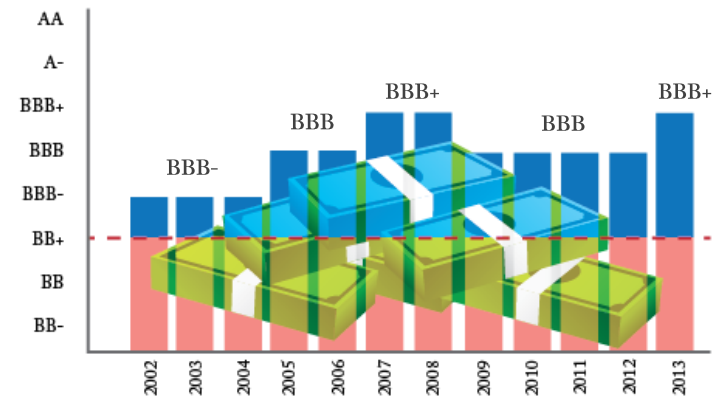
POSITIVE RANKINGS

MEXICO: SOVEREIGN DEBT CREDIT RATINGS

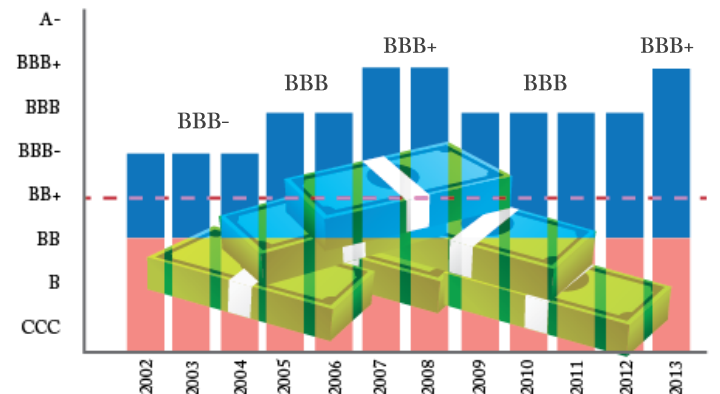
Moody's



Fitch Ratings

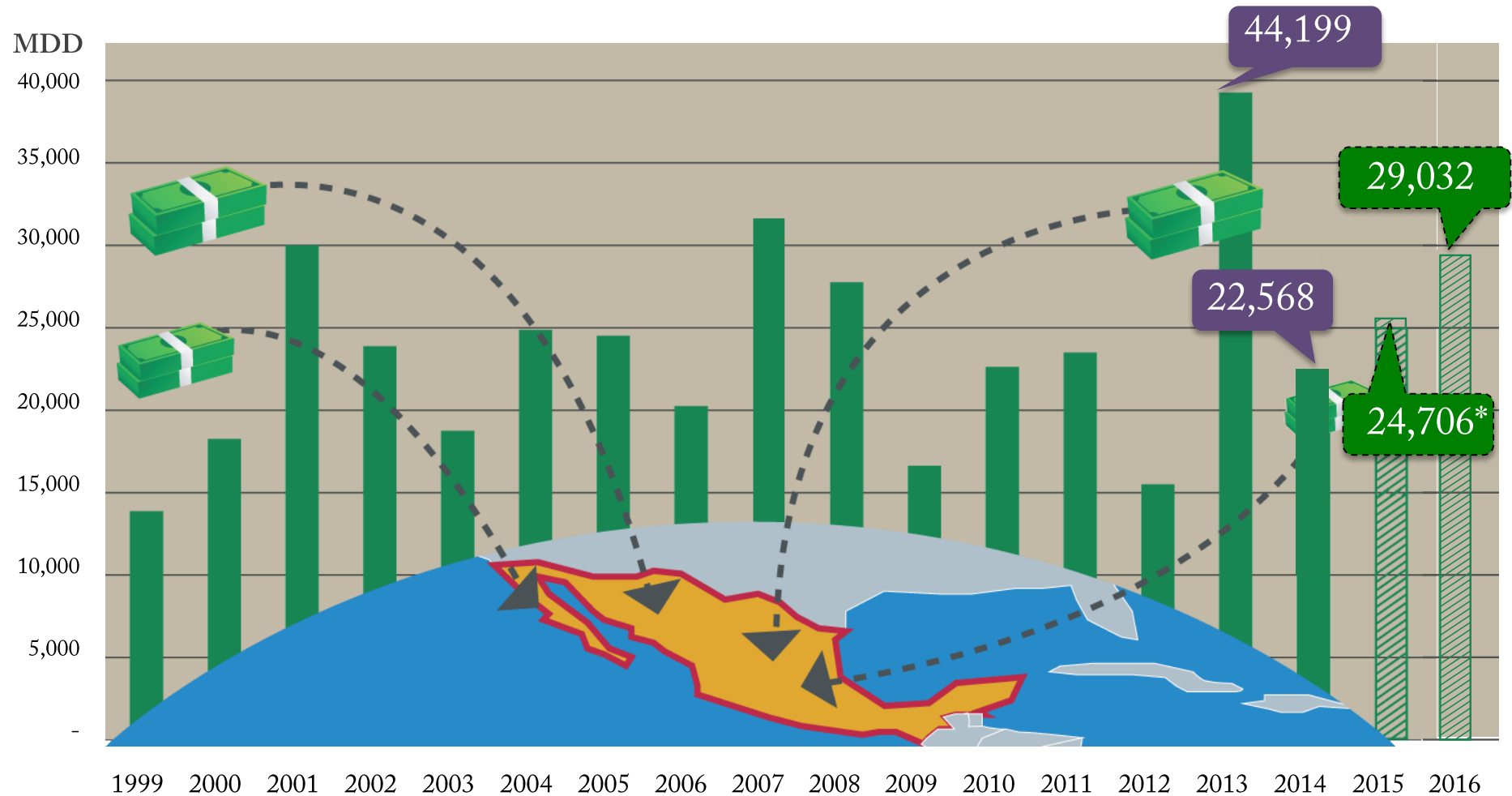


STANDARD & POOR'S



*Ratings that are below the dotted line, are highly risky investment or speculative grade.
Source: ProMéxico with information of Fitch Ratings, Standar & Poor's Rating Services, and Moody's Investor Service.

FDI FLOWS INTO MEXICO (1999-2016)



INVESTMENT IN MEXICO 2013-2014

SELECT FIRMS. FDI MARKETS DATA REGISTRY.



FOREIGN TRADE COMPASS

NAFTA



NAFTA: A CHANGE OF PARADIGM



NAFTA is the largest free trade region in the world.



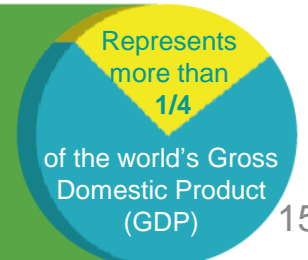
The total population of the region is more than 474 million people.



GDP in the region worth 20.5 trillion dollars.

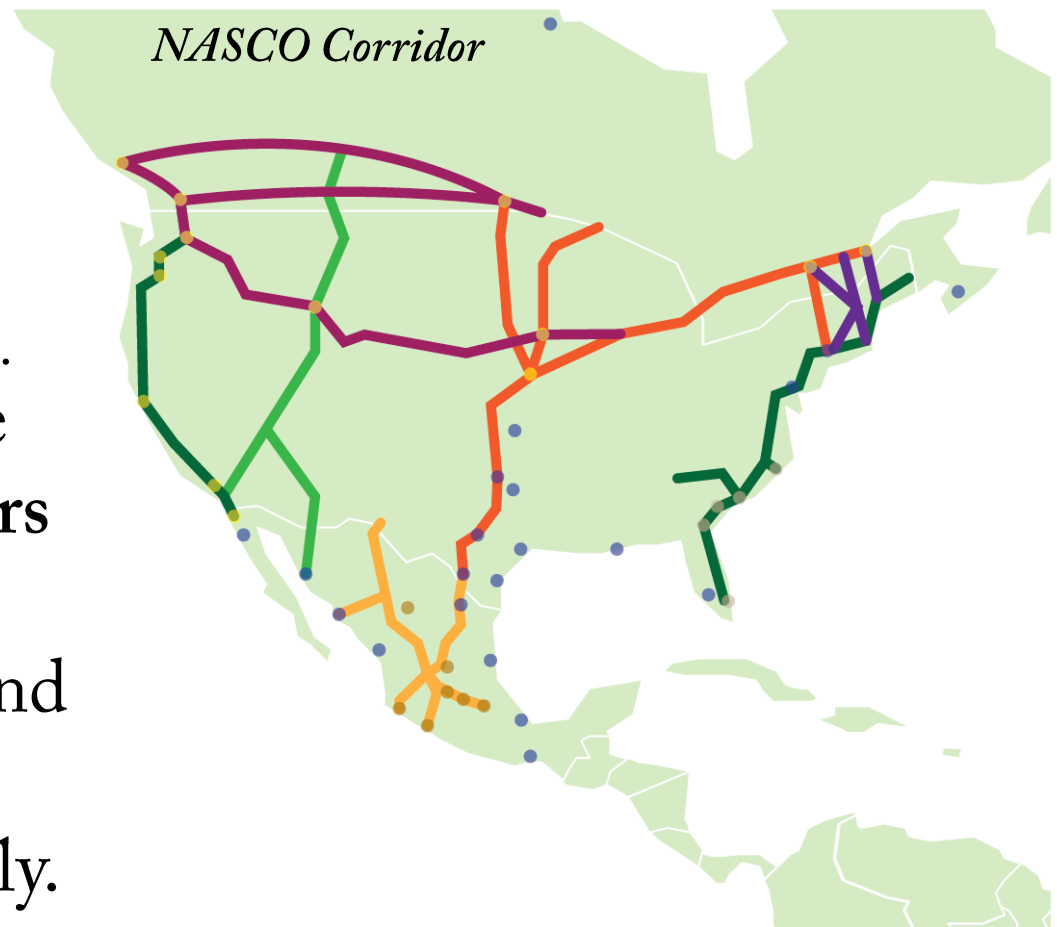


Trade between NAFTA partners accounts for more than **140 million dollars per hour**.

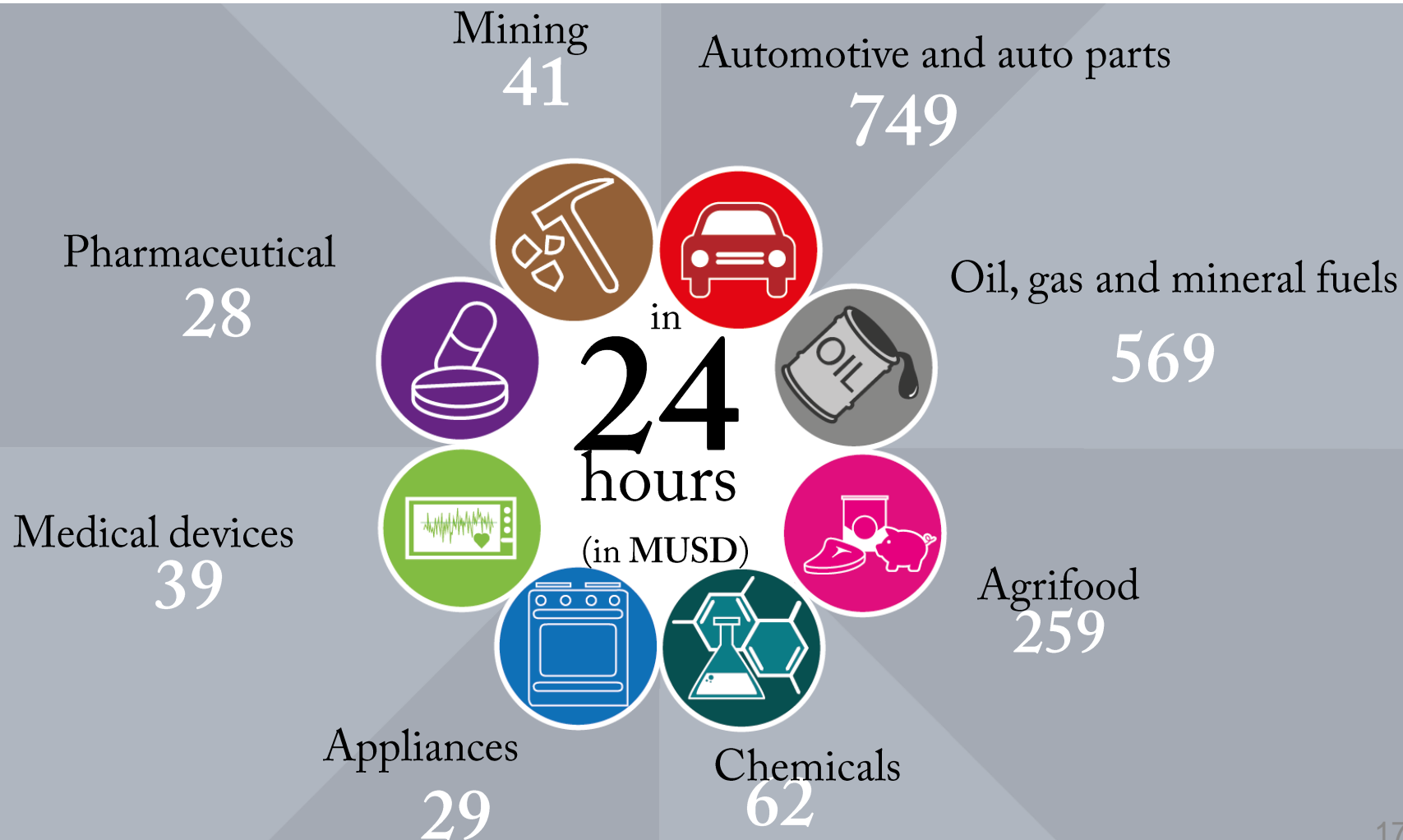


MEXICO AS PART OF NAFTA

- +50 border crossings with the US.
- NAFTA market= **20.5 trillion USD.**
 - 16 trillion European Union.
- Bilateral trade with the U.S.= **2.3 million dollars per minute.**
- **100 thousand people and 200 thousand vehicles** crossing the border daily.



NAFTA'S INTRA-REGIONAL TRADE



VEHICLE PRODUCTION IN NAFTA (1993-2014)

1993
(Units)
13,913,775

2014
(Units)
17,443,257



USA	Canada	Mexico	USA	Mexico	Canada
10,855,462	2,003,092	1,055,221	11,660,699	3,388,668	2,393,890

THE PACIFIC ALLIANCE



Elimination of 100% of tariffs. 90+% of them at a short or medium term.

Elimination of visas between members.

Platform for student and academic mobility.

Unification of stock exchanges through the Latin American Integrated Market MILA.

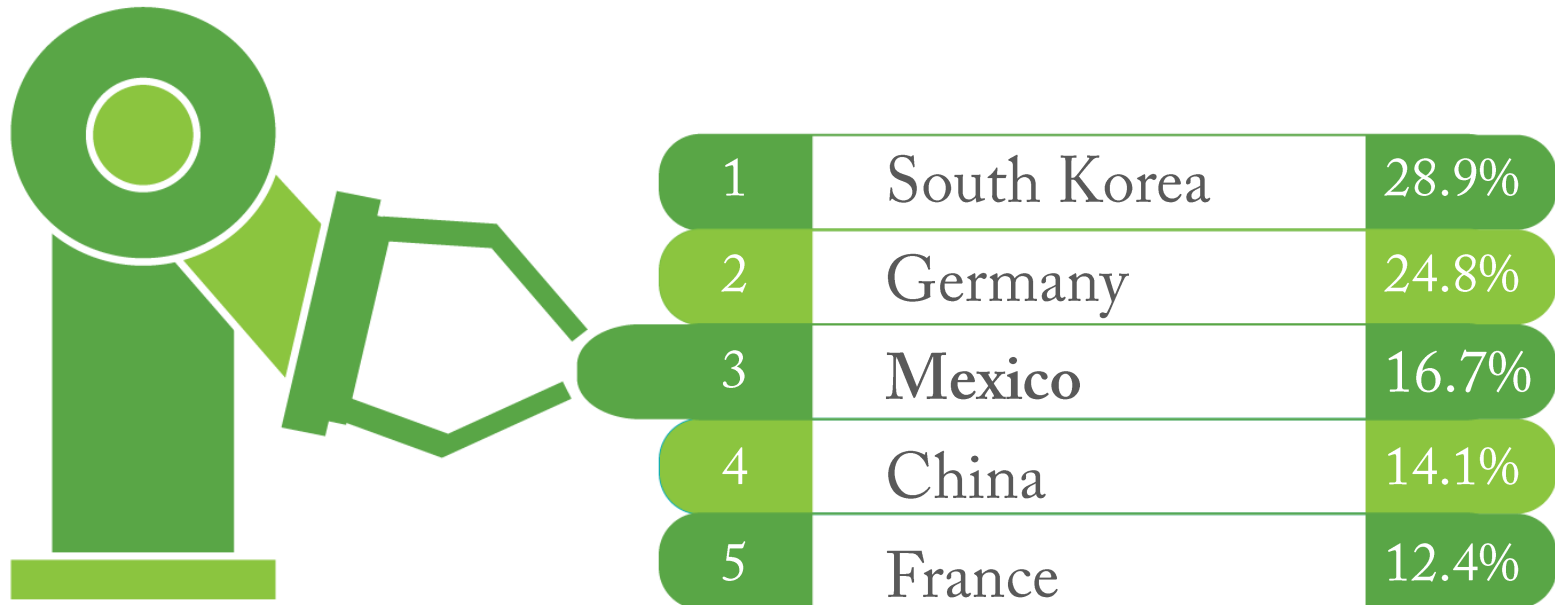
Standardization of health and regulatory certifications.

48 observer countries.

Chile holds the presidency pro tempore in 2016-17.

A SOPHISTICATED ECONOMY

EXPORTS OF MEDIUM AND HIGH MANUFACTURES AS
PERCENTAGE OF THE GDP (2013)*



MEXICO'S GLOBAL LEADERSHIP



AEROSPACE

- Mexico is the 6th supplier to the American aerospace industry.



AUTOMOTIVE AND AUTO PARTS

- 8th producer and 4th exporter globally of new light vehicles in the world.



ELECTRIC-ELECTRONIC

- Leading flat television screen exporter in the world.



IT

- 3rd largest exporter in the world.

380 BUSD in exports in 2013
50% in medium and high-tech manufactures

WE ARE LEADERS IN KEY SECTORS

4th
auto parts
exporter



5th
exporter of
computers.



Mexico is the largest
exporter of two-door
refrigerators with
freezer.

10th
exporter of
cellphones.

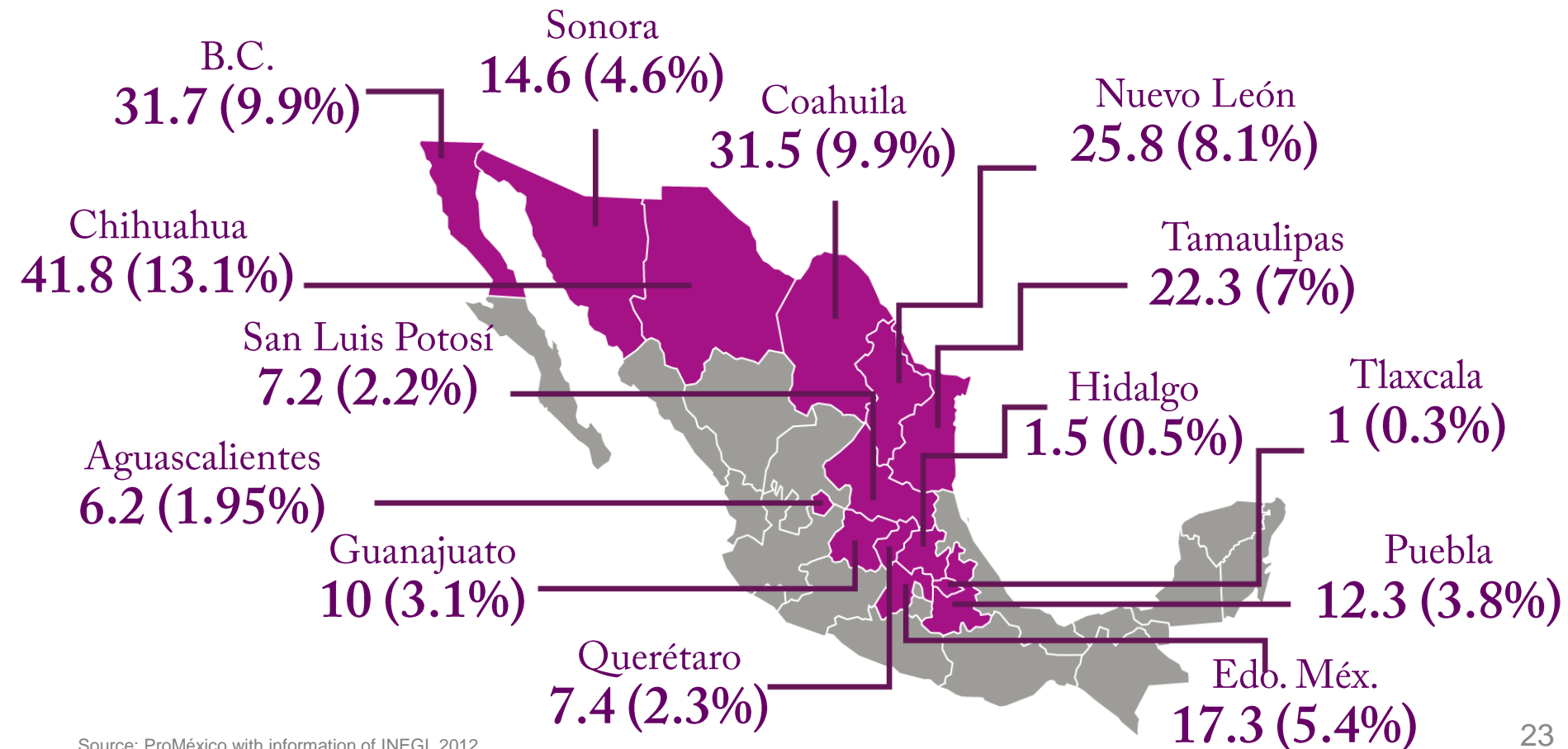


Mexico is the main exporter of medical
devices in Latin America.

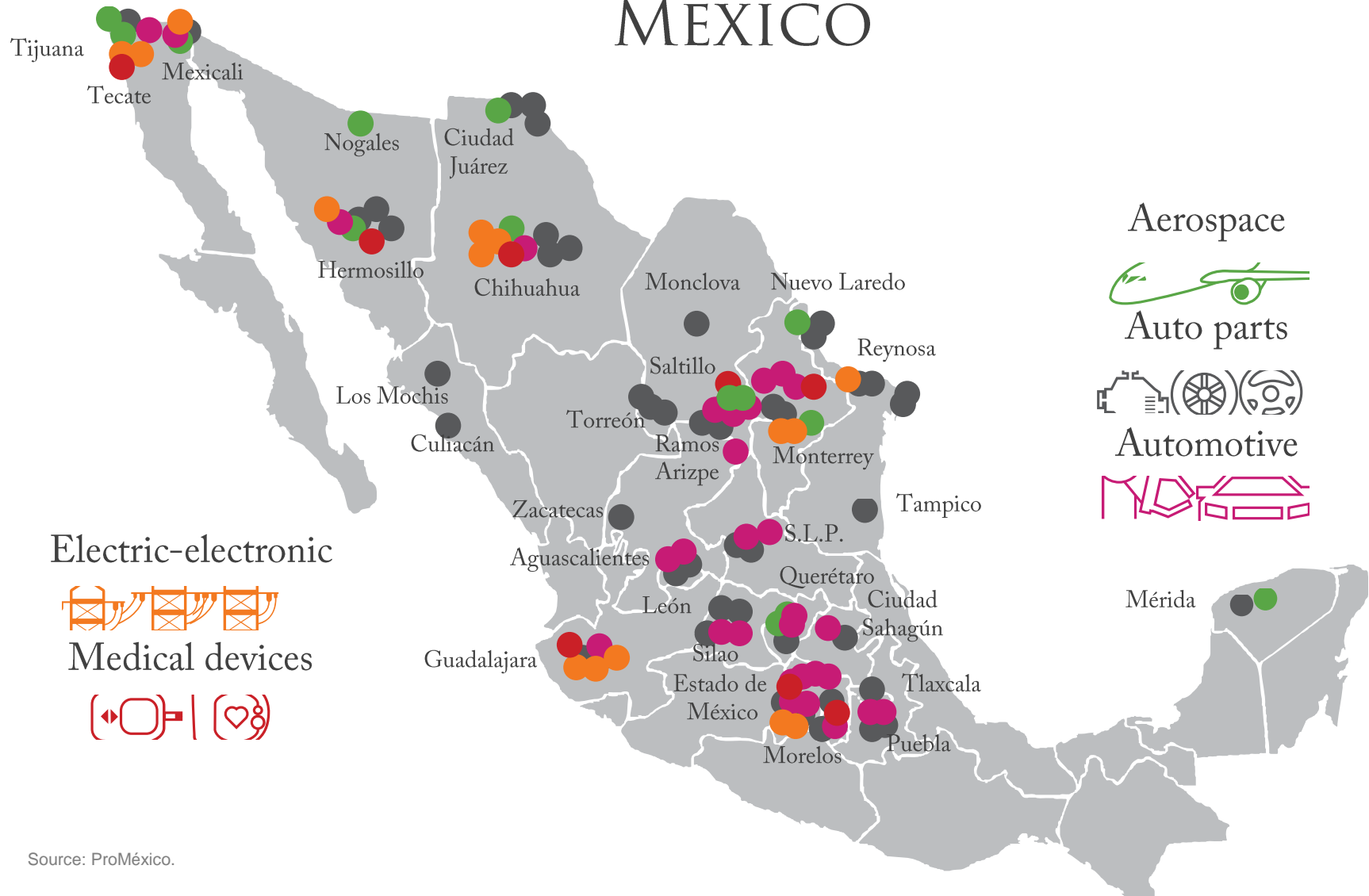
380 BUSD in exports in 2013
50% in medium and high-
tech manufactures

EXPORTS IN THE ADVANCED MANUFACTURING CORRIDOR IN MEXICO

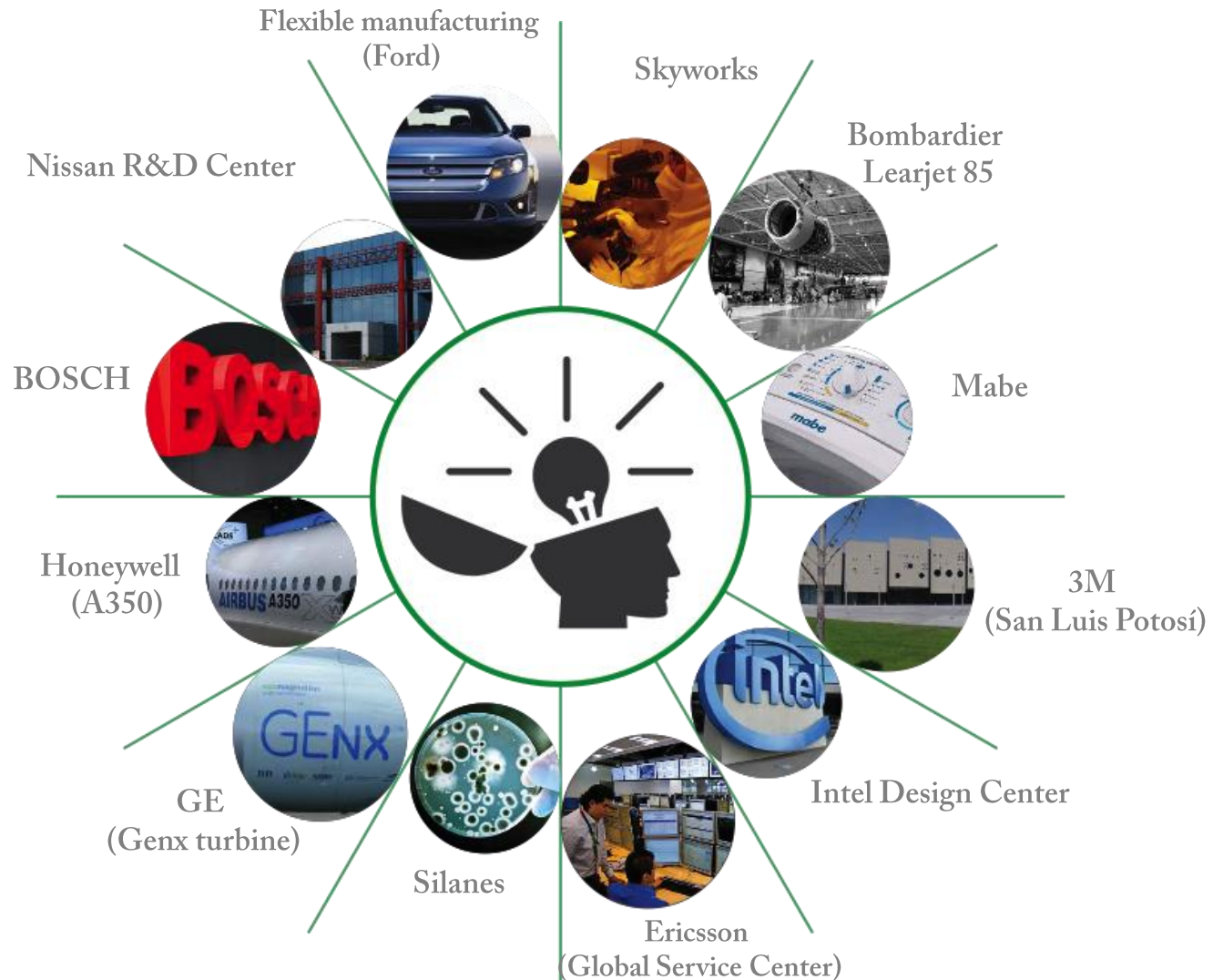
(Billion USD / % of total share)



MAP OF ADVANCED MANUFACTURING IN MEXICO



R&D IN MEXICO

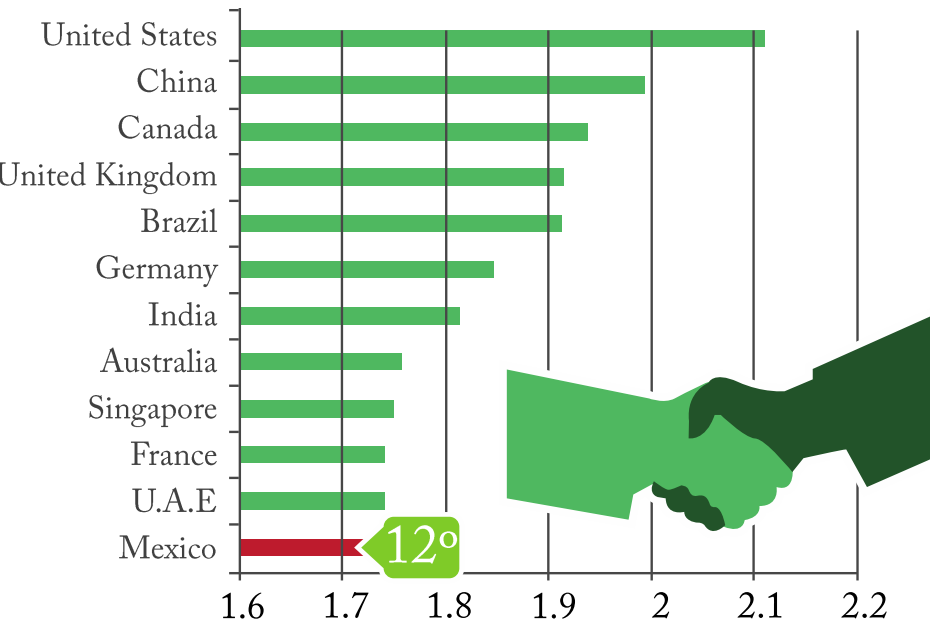


MAP OF PUBLIC R&D CENTERS IN MEXICO

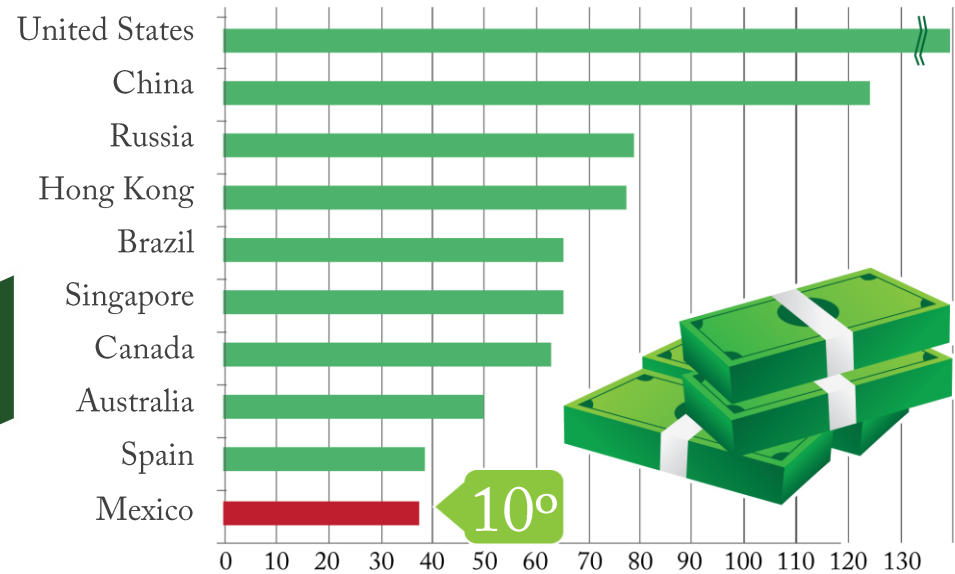


ATTRACTIVE DESTINATION FOR INVESTMENT

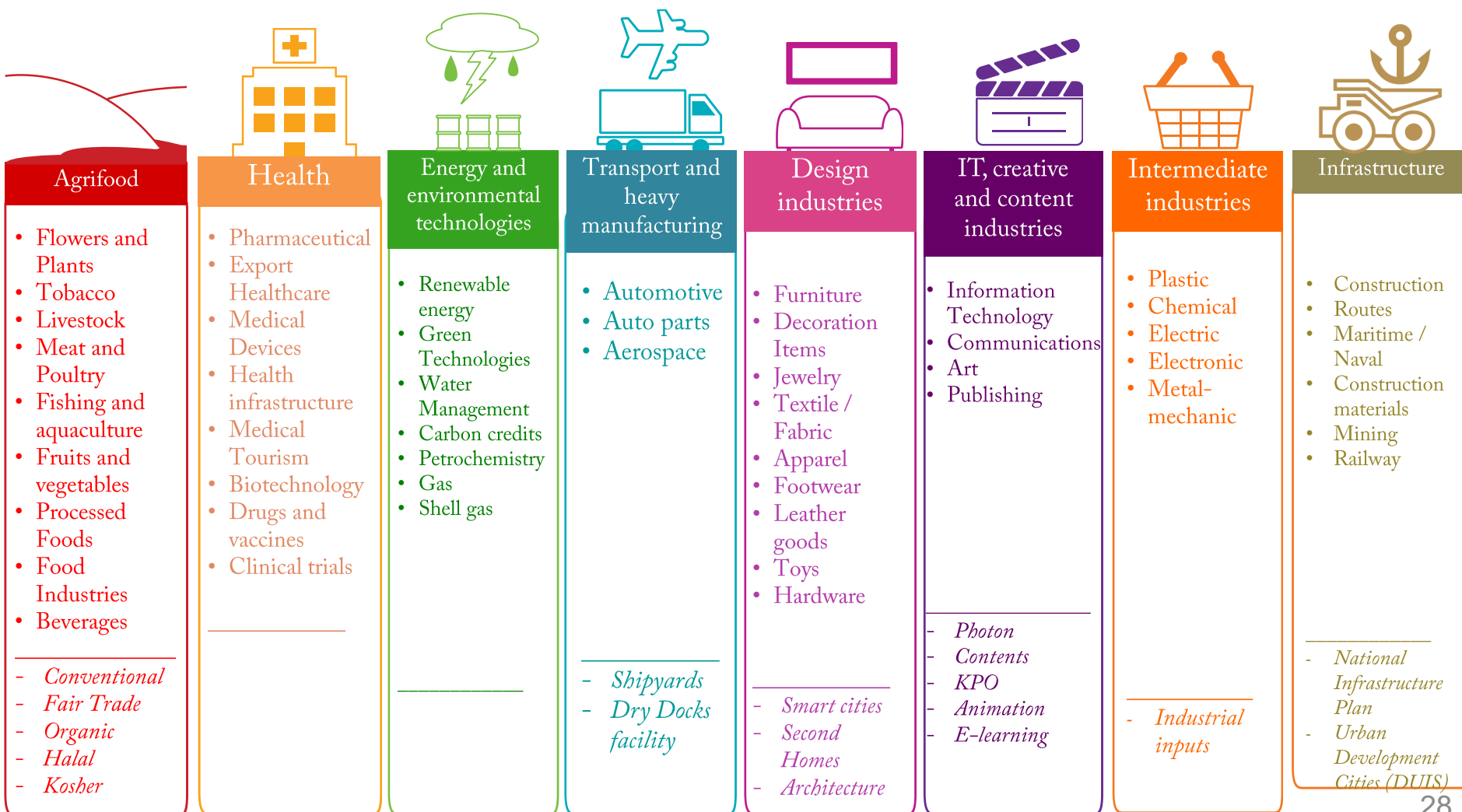
FDI Confidence Index A.T. Kearney



Major investment destinations in 2014, UNCTAD



SECTORS OF FOCUS IN PROMÉXICO



AUTOMOTIVE SECTOR

Ford's plant in Hermosillo, Mexico, is the only facility in the world that produces the new Fusion model and the Lincoln MKZ.

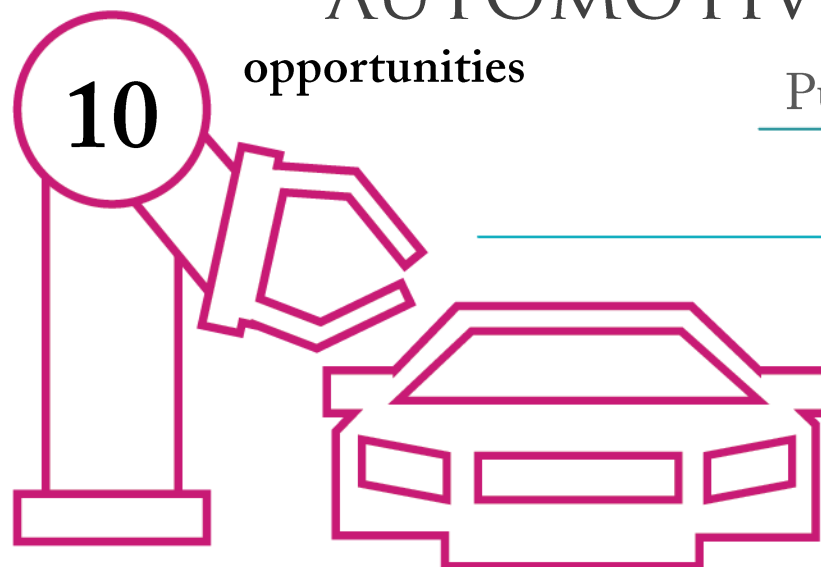
Mexico is the **8th** vehicle producer in the world.

4th exporter of new light vehicles in the globe.



- ⊛ We export almost four times more than Brazil and India combined.
- ⊛ We are a strategic supplier to the North and Latin American automotive markets.
- ⊛ In 2012, Mexico was the leading auto parts supplier to the United States.
- ⊛ 10 of every 100 light automobiles sold in the United States are manufactured in Mexico.
- ⊛ 89 of the top 100 auto parts companies in the world have production facilities in Mexico.

EMERGING OPPORTUNITIES IN THE AUTOMOTIVE SECTOR



Cables and wires

2.2
bn USD

Punching and stamping

11.8
bn USD

Foundry

9.9
bn USD

Forging

9.2
bn USD

Machining

9.1
bn USD

Injection molding

6.4
bn USD

Die casting

3.9
bn USD

Other components

3.3
bn USD

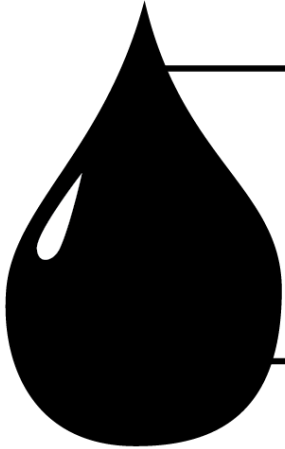
Auto interiors

2.7
bn USD

Electronic assembly

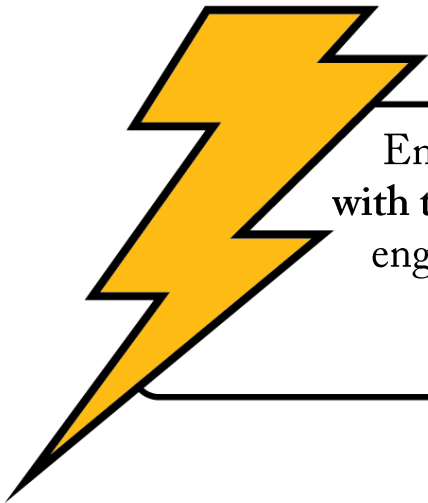
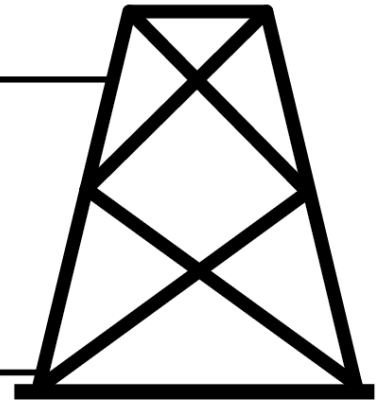
2.5
bn USD

ENERGY SECTOR



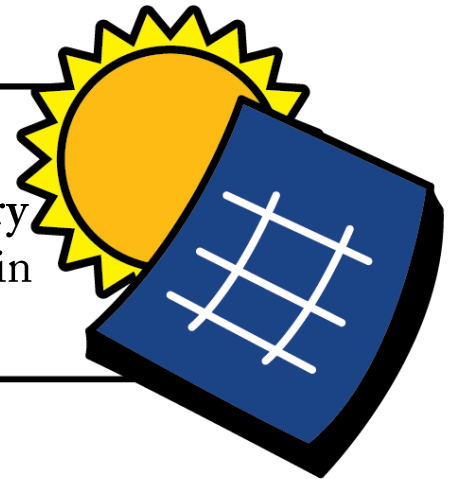
The Energy reform allows foreign businesspeople to participate in profit sharing **contracts.**

5th oil producer in the world.
13th in refining capacity.



Enables **collaboration with the private sector** to engage in transmission and distribution of electricity.

Mexico is the **3rd** most attractive country in the world to invest in solar projects.



ESTIMATED INVESTMENT REQUIREMENTS

The National Infrastructure Program (PNI) estimates that the participation of the private sector will reach a least 27% of the total required investment in energy-related projects (≈20 billion USD per year from 2015 to 2018).

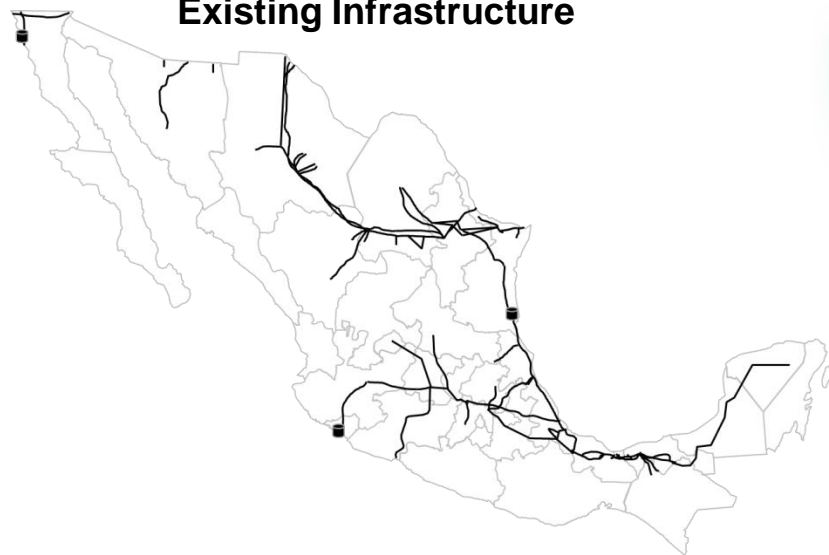
Investment requirements by project type (2013-2018)		
Project type	Estimated investment (Billion USD)	
	<u>Total</u>	<u>Private</u>
Exploration and production	185.47	50,590
Transformation	48.65	10,530
Petrochemicals	3.855	985
Distribution and storage	17.365	12,915
Power generation and retail	23.76	6,320

Estimated investment in the energy sector (2013-2018)	
Public	216.66 bnUSD
Private	81.34 bnUSD
Total	298 bnUSD

Estimated investment by region (Billion USD)	
<u>Region</u>	<u>Amount</u>
Northwest	8.305
Center-West	8.63
Center	26.08
South-Southwest	74.175
Northeast	88.41

NATURAL GAS TRANSPORT INFRASTRUCTURE PLANS (2014 – 2018)

Existing Infrastructure



2018

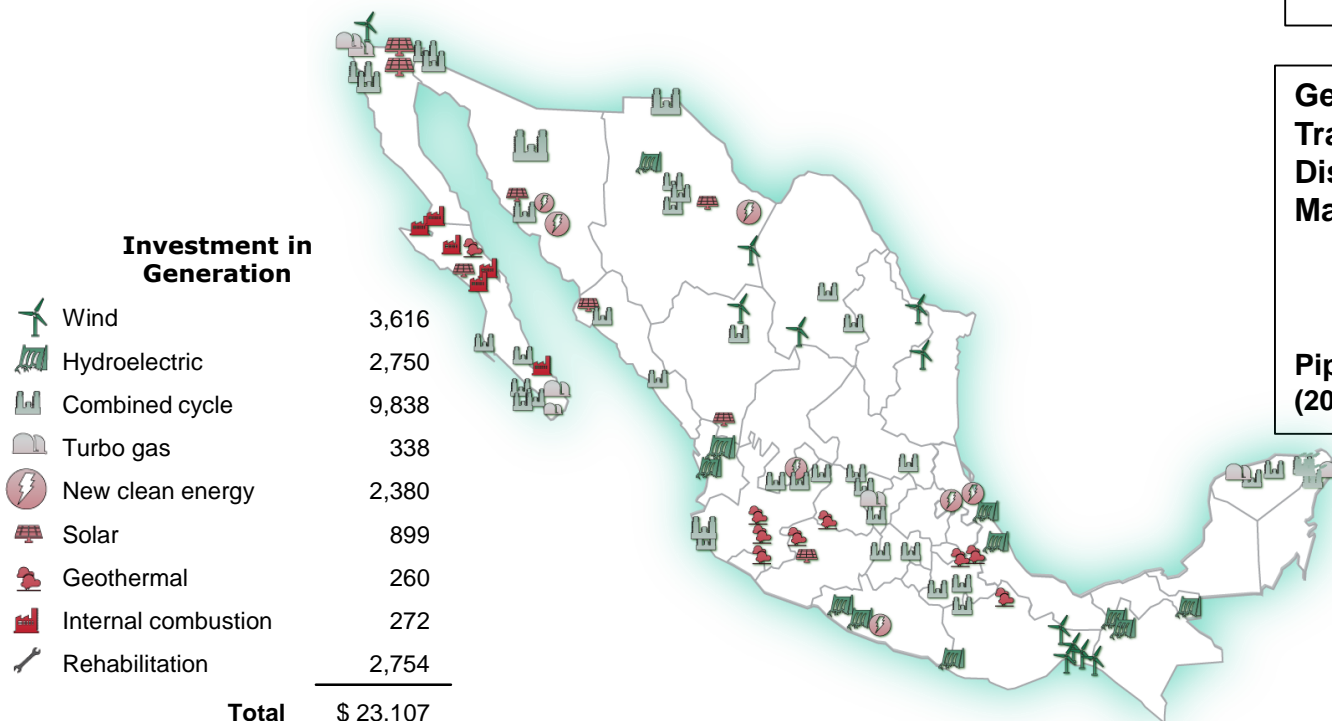


New Opportunities

- 18 natural gas transport projects.
- 10,000 km of additional pipelines.
- An expected investment of 13.3 billion USD.

INVESTMENT REQUIREMENTS IN THE POWER SECTOR (PUBLIC AND PRIVATE)

- Mexico will require at least 66 GW of new generation capacity in the next 15 years.
- The required estimated investments will exceed 46 billion USD in the next few years, and reach 150 billion USD in the next 15 years.



Investment 2014-2018 (Billion USD)

Generation:	\$ 23.1
Transmission:	\$ 6.0
Distribution:	\$ 11.9
Maintenance:	\$ 5.5
<hr/>	
Total:	\$ 46.5

Pipelines: \$ 17.4
(2013-2018)

OPPORTUNITIES IN THE VALUE CHAIN

Exploration and Production



- Conventional resources: onshore and shallow waters.
- Tight oil (Chicontepec).
- Shale oil & gas.
- Deepwaters.

Refining, Natural Gas Processing



- Construction and operation of refineries and petrochemical centers.

Transmission, Storage, Distribution, Commercial



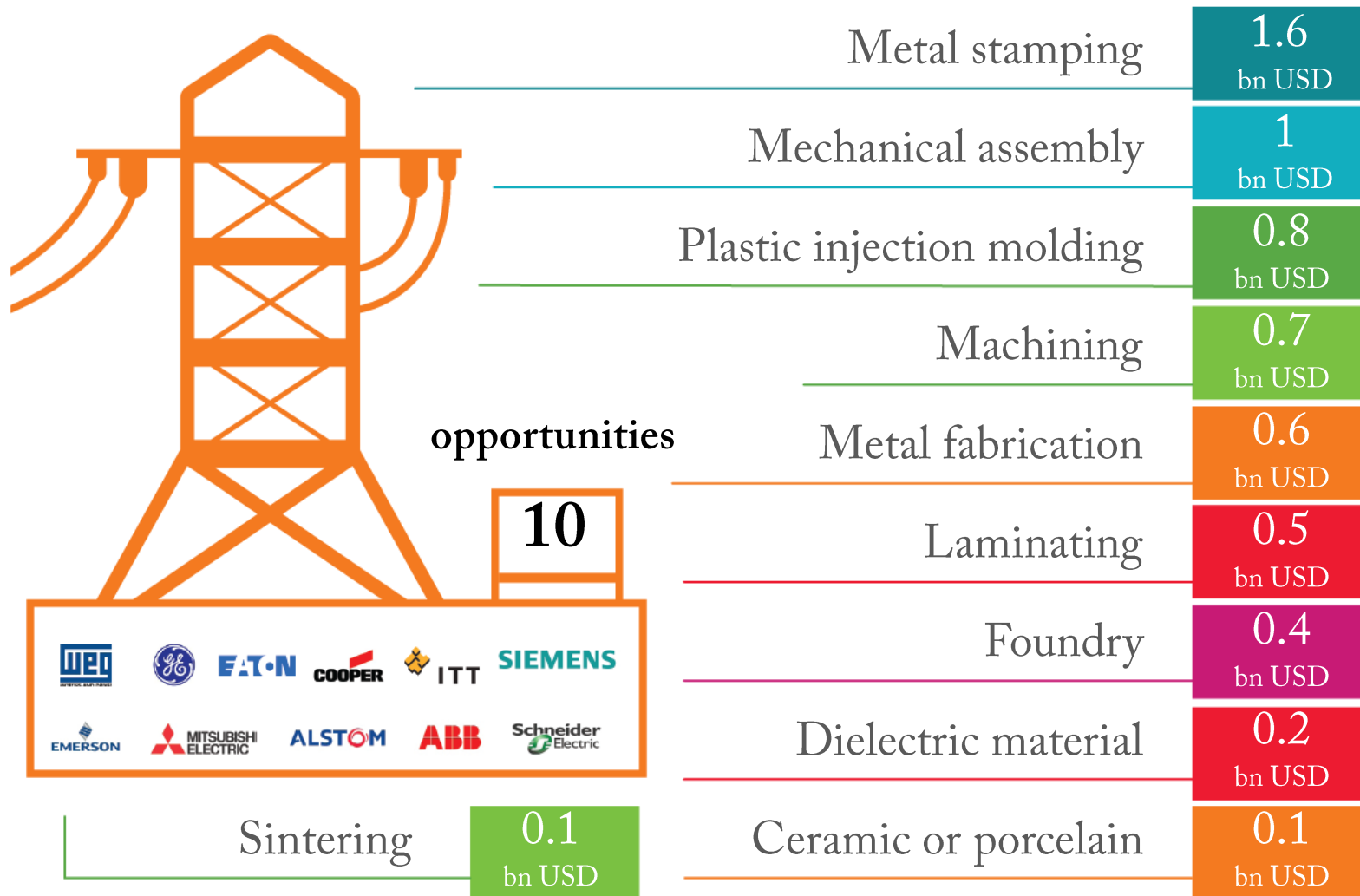
- Construction and operation of pipelines and storage terminals.
- Retail sale.

Services



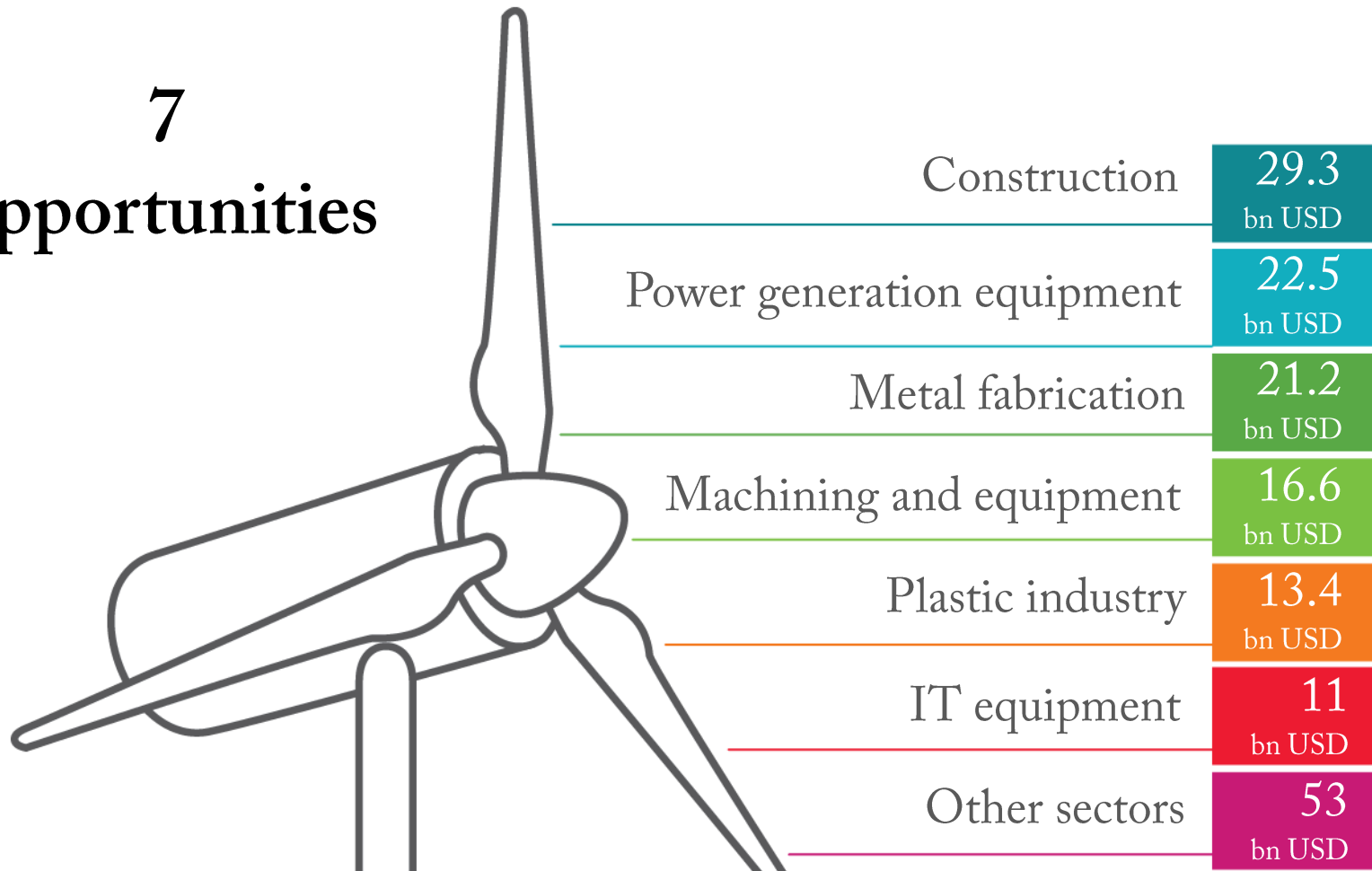
- Maintenance of the existing infrastructure.
- Inspection and verification.
- Construction of platforms.
- Other oil and gas industry related services.

OPPORTUNITIES IN THE ELECTRIC SECTOR



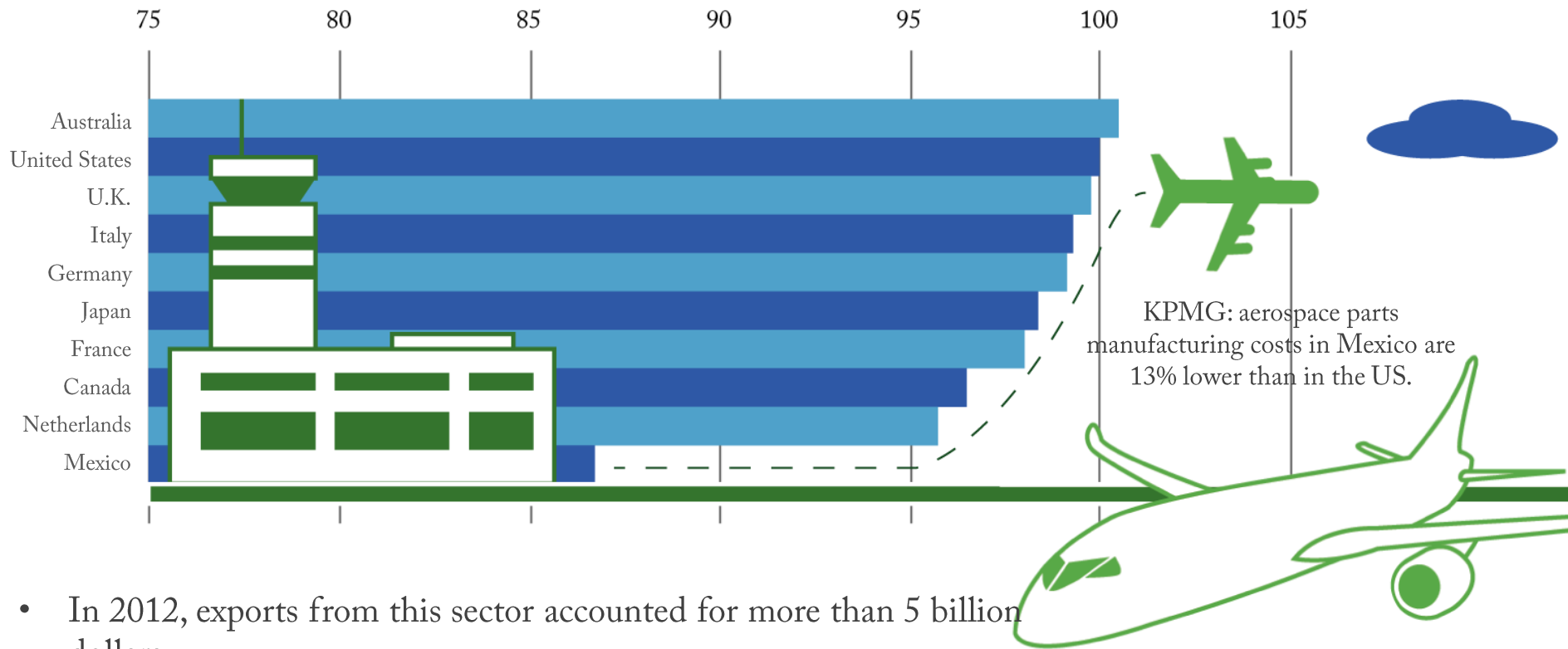
OPPORTUNITIES IN THE MANUFACTURING OF WIND POWER EQUIPMENT

**7
opportunities**



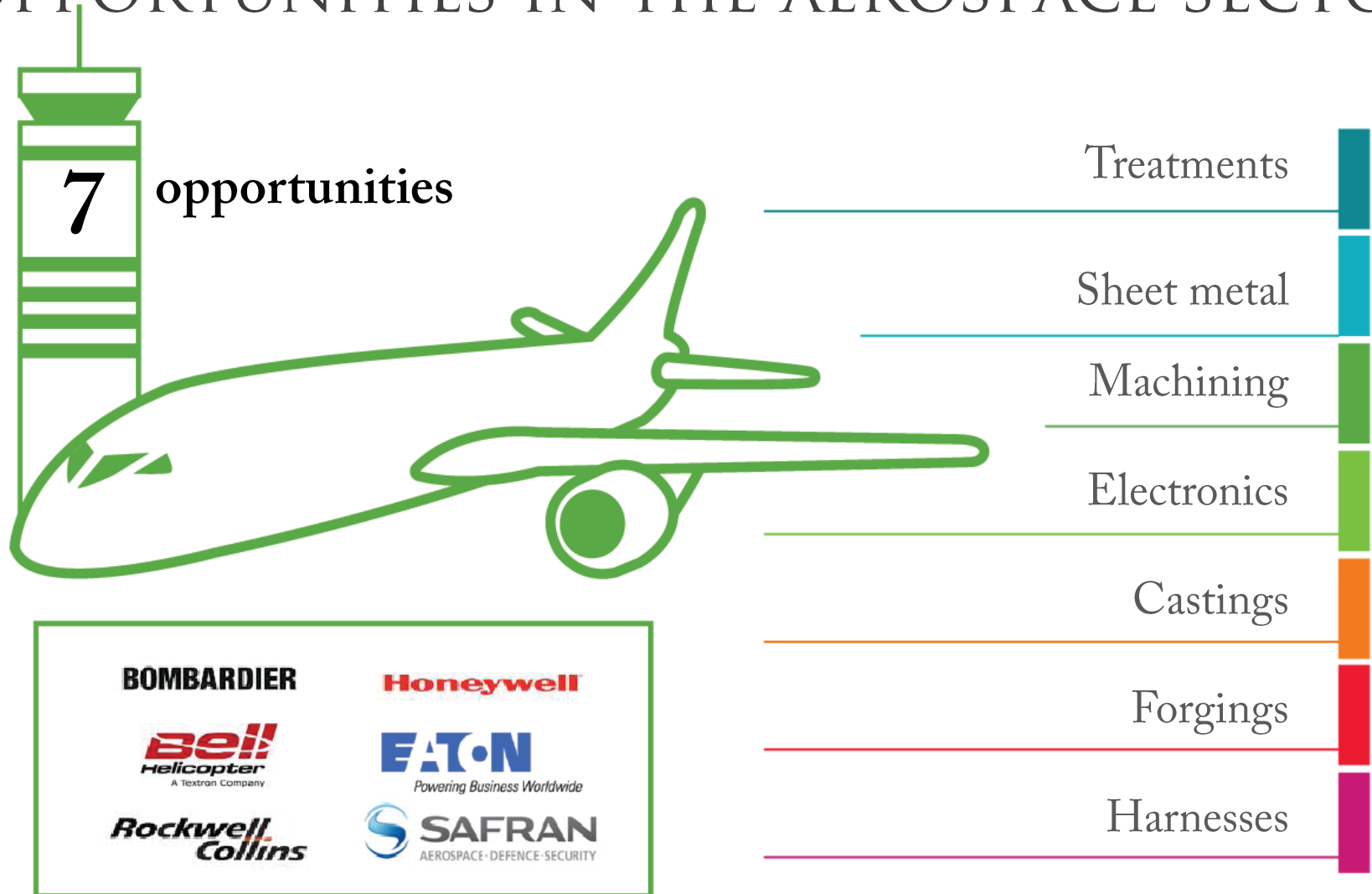
AEROSPACE

There are 287 aerospace companies in Mexico.

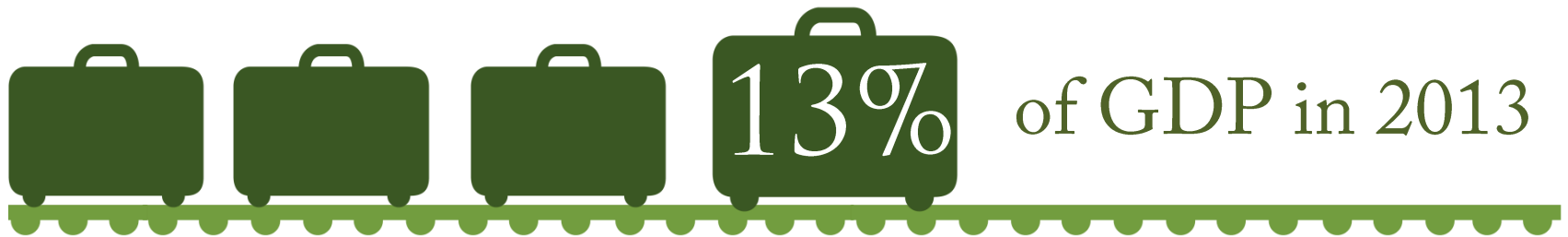


- In 2012, exports from this sector accounted for more than 5 billion dollars.
- Mexico is the 6th supplier to the American aerospace industry.
- Mexico is a participating state of the Wassenaar Arrangement.

OPPORTUNITIES IN THE AEROSPACE SECTOR



COMPETITIVENESS AND GROWTH IN THE TOURISM SECTOR

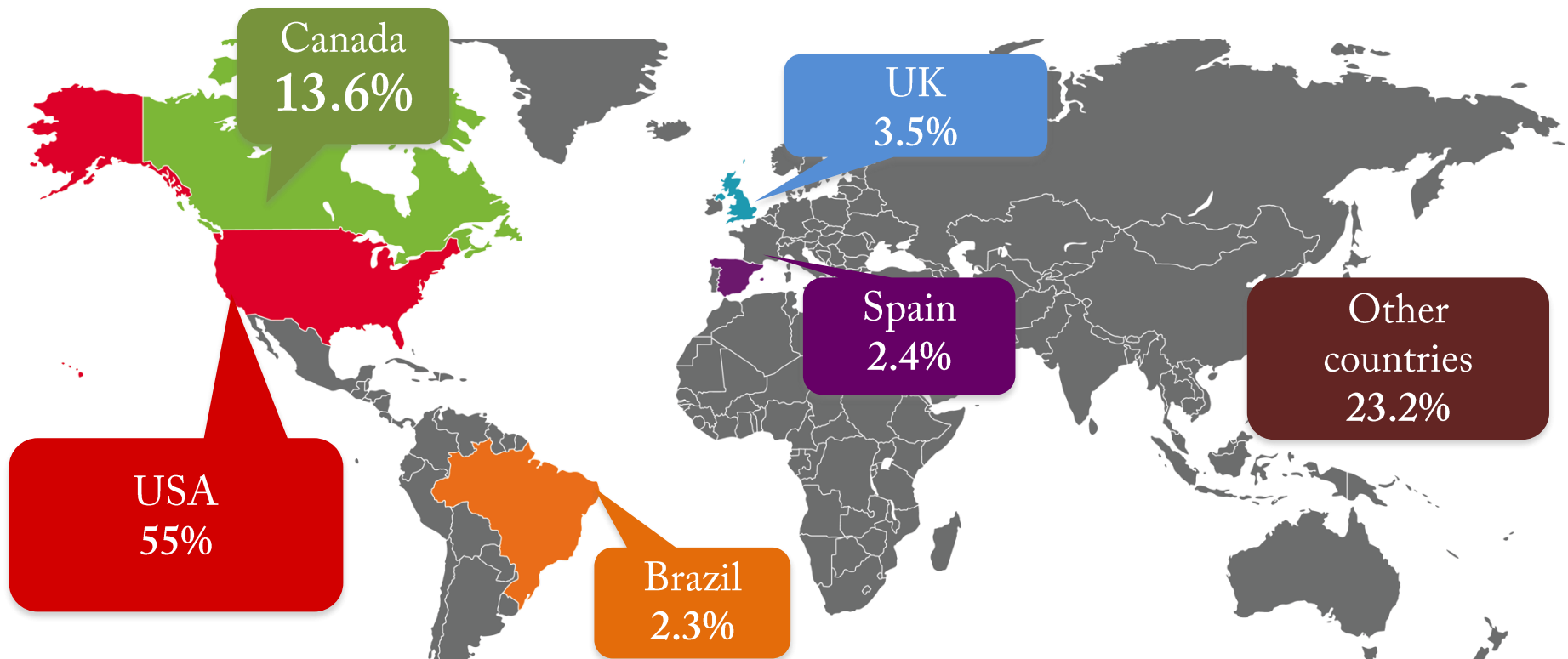


14% of national
employment

Average growth
(2014-2024 period)



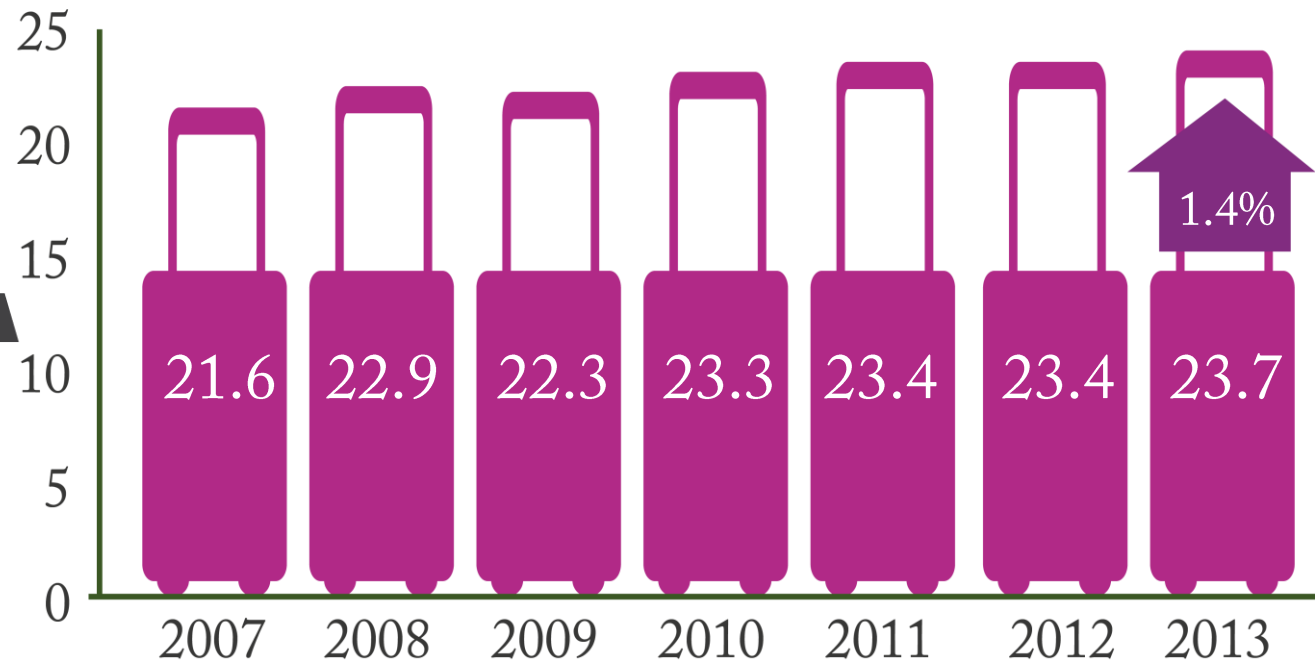
MAIN ORIGIN OF TOURISTS IN MEXICO



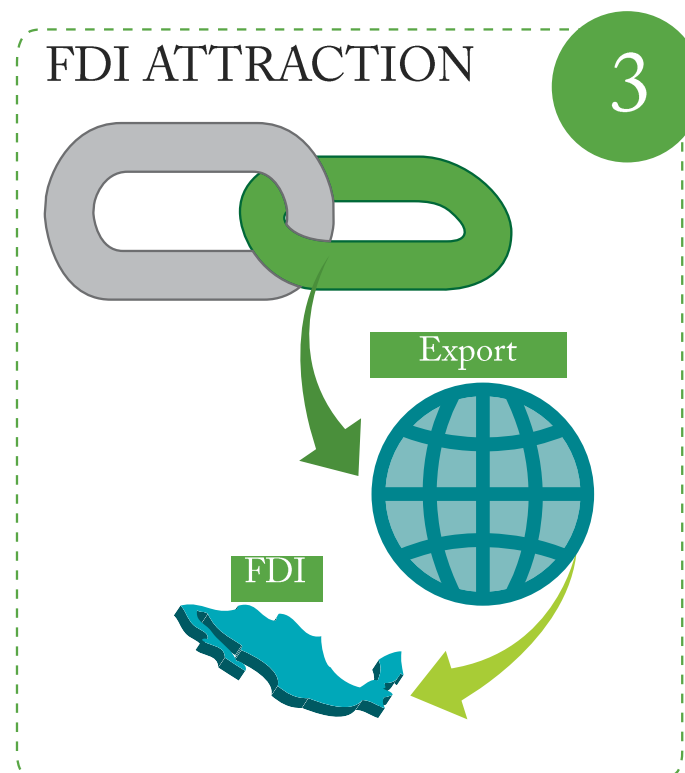
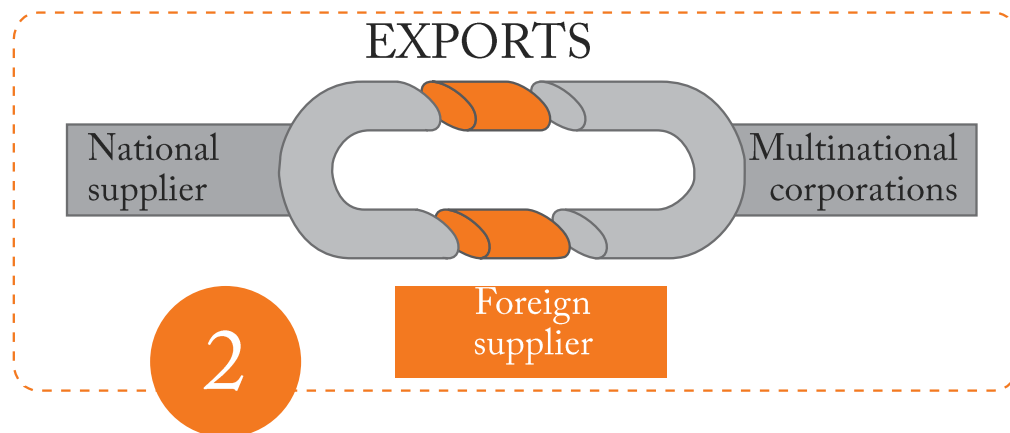
TOURISTS MARKET GROWTH IN MEXICO

2014:
29 M

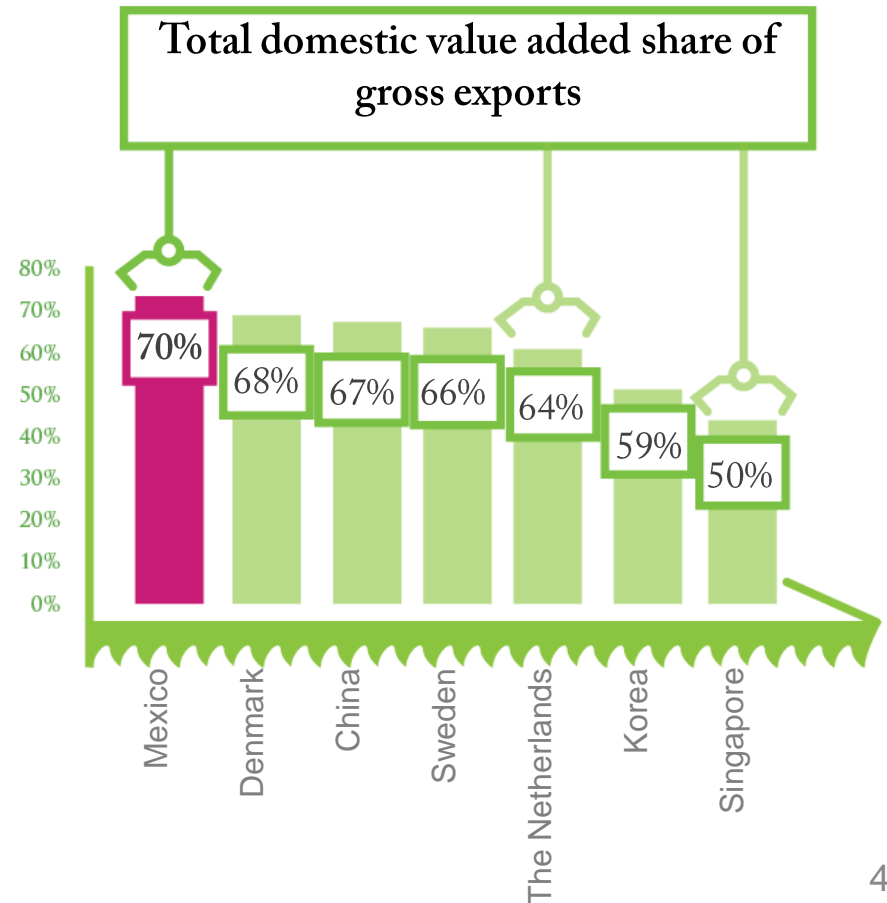
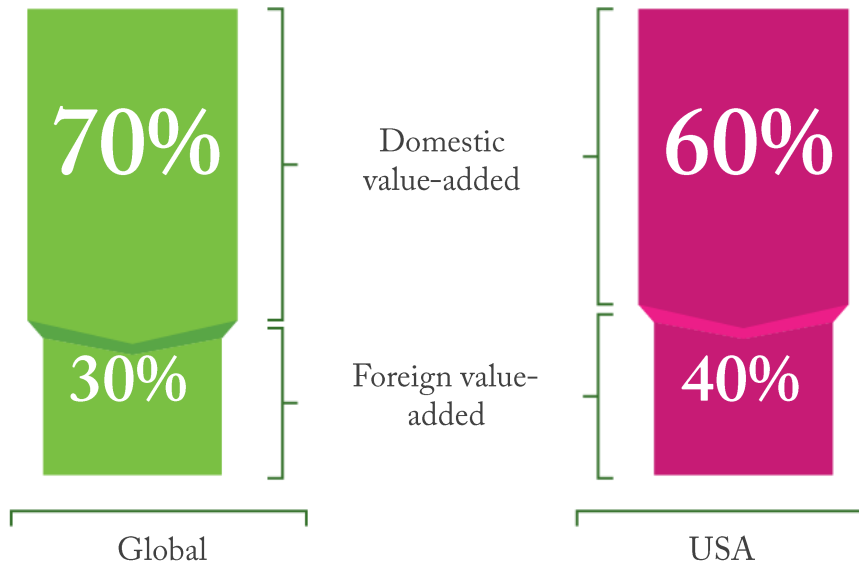
INTERNATIONAL TOURIST ARRIVAL IN MEXICO



STRENGTHENING OF GLOBAL VALUE CHAINS



ADDED VALUE OF MEXICO'S EXPORTS



MAJOR PROJECTS 2008-2014

2008



AERnova

SHARP®

GOODRICH

2009



TEXTRON
TURF CARE AND SPECIALTY PRODUCTS

LIEBHERR
Mehr Freude an der Frische.

Triumph Group, Inc.

POSCO

2010



2011



HONDA

Hawker
Beechcraft



Jatco

2012



ERICSSON



Schneider
Electric



2013



ZODIAC
AEROSPACE



Mondelēz
International

2014



swoboda hartmann
holding