Business Opportunities in Mexico

Milko Rivera
Director for North America
November 10, 2009
Mexico’s Trade and Investment Agency
ProMexico: Mexico’s Trade and Investment Agency

• ProMexico is the entity responsible of strengthening Mexico’s participation in the international economy.

• ProMexico supports the export activities of Mexican companies and coordinates actions to attract foreign direct investment.

• ProMexico operates through a network of 52 offices throughout Mexico and 35 venues in 19 countries.

• ProMexico works with the Ministries of Foreign Affairs, Economy, Agriculture and Tourism, promoting worldwide business opportunities for our country.
National Development Program

Ministry of Economy Sets priorities

Promotional Strategy
ProMexico: Mexico’s Trade and Investment Agency, coordinates:
Promexico’s offices in North America:

1. Atlanta,
2. Chicago,
3. Dallas,
4. Houston,
5. Los Ángeles,
6. Miami,
7. New York,
8. San Francisco,
9. Montreal,
10. Toronto,
11. Vancouver
ProMexico: Mexico’s Trade and Investment Agency

Mexico has all you need:

• Federal & State public and private organizations to help you along the complete process.
• Financial sector (Stock market's, Insurance, Venture Capital, Banking, Personal Services, All Country Coverage)
• Services sector international recognized firms (lawyers, accountants, auditors, brokers, architects, engineering, market research, media, advertising …..)
• Strong academic institutions (Technical specialized and relevant degrees for Mexican development)
• Personal world class services (financial, dental & medical, academic, training, communications, sports facilities, tourism, ).
Promising Future.

2012 Vision

- 5% Economic growth
- 800,000 jobs a year
- Per Capita income of 11,530 USD
- Climb 14 spots in the WEF competitiveness ranking
- 17,000,000 additional tourists a year

2030 Vision

- Per capita income of $29,000 USD
- To be part of the Top 20% in competitiveness
- Latin America’s leader in infrastructure
- Nonexistent nutritional poverty
- Minimum education of 15 years
- 100% water treatment

Free Trade Agreements Network with 44 countries

• Austria, Belgium, Cyprus, Denmark, Slovakia, Slovenia, Estonia, Finland, France, Greece, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Republic of Bulgaria, Romania, Slovakia, Sweden.


** On November 19th, 2006 Venezuela is no longer part of G3 Free Trade Agreement.

*** Economic Agreements (ACEs)

**** Germany, Iceland, Argentina, Italy, Australia, Netherlands, Austria, Panama, Korea, Portugal, Cuba, United Kingdom, Denmark, Czech Republic, Spain, Sweden, Finland, Swiss, France, Trinity and Tobago, Greece, Union Belgo-Lux, India, Uruguay
México’s Per Cápita Gross National Income


2,830 3,800 5,910 6,980 10,747 *

GDP Per Cápita (PPP)
(U.S.=100)

Source: International Institute for Management Development, World Competitive Yearbook
# Size of the Economy GDP

*(Mexico: $250 billion in 1995)*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>GDP 2008 (Billion $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S.A.</td>
<td>14,334</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>4,844</td>
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<td>China</td>
<td>4,222</td>
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<td>4</td>
<td>Germany</td>
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<td>France</td>
<td>2,978</td>
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<td>U. Kingdom</td>
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<td>Brazil</td>
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<td>Canada</td>
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<tr>
<td>12</td>
<td>India</td>
<td>1,237</td>
</tr>
<tr>
<td>13</td>
<td>México</td>
<td>1,143</td>
</tr>
<tr>
<td>14</td>
<td>Australia</td>
<td>1,069</td>
</tr>
<tr>
<td>15</td>
<td>Korea</td>
<td>953</td>
</tr>
<tr>
<td>16</td>
<td>Netherlands</td>
<td>909</td>
</tr>
<tr>
<td>17</td>
<td>Turkey</td>
<td>799</td>
</tr>
<tr>
<td>18</td>
<td>Poland</td>
<td>567</td>
</tr>
<tr>
<td>19</td>
<td>Belgium</td>
<td>531</td>
</tr>
<tr>
<td>20</td>
<td>Saudi Arabia</td>
<td>528</td>
</tr>
</tbody>
</table>

Source: International Monetary Fund
Leading Exporters
2008 ($ Billion)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Exports ($ Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Germany</td>
<td>1,465</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>1,428</td>
</tr>
<tr>
<td>3</td>
<td>U.S.A.</td>
<td>1,301</td>
</tr>
<tr>
<td>4</td>
<td>Japan</td>
<td>782</td>
</tr>
<tr>
<td>5</td>
<td>Netherland</td>
<td>634</td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>609</td>
</tr>
<tr>
<td>7</td>
<td>Italy</td>
<td>540</td>
</tr>
<tr>
<td>8</td>
<td>Belgium</td>
<td>477</td>
</tr>
<tr>
<td>9</td>
<td>Russia</td>
<td>472</td>
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<tr>
<td>10</td>
<td>U. Kingdom</td>
<td>458</td>
</tr>
<tr>
<td>11</td>
<td>Canada</td>
<td>456</td>
</tr>
<tr>
<td>12</td>
<td>Korea</td>
<td>422</td>
</tr>
<tr>
<td>13</td>
<td>Hong Kong</td>
<td>370</td>
</tr>
<tr>
<td>14</td>
<td>Singapore</td>
<td>338</td>
</tr>
<tr>
<td>15</td>
<td>Saudi Arabia</td>
<td>329</td>
</tr>
<tr>
<td>16</td>
<td>México</td>
<td>292</td>
</tr>
<tr>
<td>17</td>
<td>Spain</td>
<td>268</td>
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<tr>
<td>18</td>
<td>Taiwan</td>
<td>256</td>
</tr>
<tr>
<td>19</td>
<td>U. Arab Em.</td>
<td>232</td>
</tr>
<tr>
<td>20</td>
<td>Switzerland</td>
<td>200</td>
</tr>
</tbody>
</table>

Mexico’s Main Exports

1982
- Manufacturing 19%
- Oil 77%
- Agriculture 4%

2008
- Manufacturing 80%
- Oil 18%
- Source: SE, Banxico
Mexico’s Exports

Mexico’s exports represent 38% of total exports of Latin America!

Mexico’s exports are greater than total of Argentina, Brazil, Costa Rica, Paraguay & Uruguay combined!!

Source: WTO
NAFTA & Mexico

• All tariffs and quantitative restrictions between the U.S., Canada & Mexico were eliminated on January 1, 2008

• NAFTA links 444 million people, producing $17 trillion of goods & services

• Trade between the U.S., Canada & Mexico exceeds U.S. trade with the E.U. and Japan combined!

• U.S. exports to Mexico & Canada rose from $142 billion, in 1993, to $418 billion in 2008

• Mexico and the U.S. trade $1 billion USD daily!
Bilateral Trade Mexico-U.S.

**Exports**
- $40 billion (1993)
- $216 billion (2008)

**Imports**
- $42 billion (1993)
- $152 billion (2008)

Bilateral Trade of 795 million dollars a day in 2005 and 1 billion in 2008!

Source: SE, US Census
U.S. Imports from Mexico
(Billion dollars)

Source: SE, USDOC

Source: SE, USDOC
U.S. Exports to Mexico
(Billion dollars)

Source: SE, USDOC

NAFTA
U.S.-Mexico Bilateral Trade

• Mexico is the U.S.’s third largest trading partner;

• In 15 years, bilateral trade quadrupled, reaching $367bn USD in 2008.

• U.S. exports to Mexico grew by 264% in this period

• In 2008, U.S. exports to Mexico reached $152bn USD, same amount of U.S. exports to U.K. France, Netherlands & Belgium together

• In 2008, Mexico accounted for 11.7% of total U.S. exports, three percentage points more than 1993;

Source: Nafta Works, Ministry of the Economy
Selected products for which Mexico & the U.S. are each others main suppliers:

<table>
<thead>
<tr>
<th>MEXICO IS MAIN SUPPLIER</th>
<th>MEXICO IS LARGEST MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>T.V. Sets</td>
<td>Gasoline</td>
</tr>
<tr>
<td>Ignition wiring</td>
<td>Components of computers</td>
</tr>
<tr>
<td>Digital processing units</td>
<td>Engines of vehicles</td>
</tr>
<tr>
<td>Seats for vehicles</td>
<td>Cellular phones</td>
</tr>
<tr>
<td>Trucks</td>
<td>Video games</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>Electrical couplings</td>
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<tr>
<td>Denim</td>
<td>Polypropylene</td>
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<tr>
<td>Beer</td>
<td>Beef</td>
</tr>
<tr>
<td>Tomatoes</td>
<td>Printed circuits</td>
</tr>
<tr>
<td>Leaf springs</td>
<td>Sorghum</td>
</tr>
</tbody>
</table>

Source: NAFTA Works, Ministry of the Economy
NAFTA Impact on U.S. States exports

- Mexico is a market for U.S. products:
  - 24% of U.S. auto parts,
  - 20% of U.S. audio & video equipment,
  - 21% of electrical equipment & components.
  - 16% of computer equipment,
  - 13% of fabricated metal products,
  - 13% of U.S. exports of agricultural & food products,

- The 50 U.S. States have significantly increased their exports to Mexico: 48 of them at least doubling their sales, since NAFTA implementation.

Source: Ministry of the Economy with data from WISER & USDOC
Minnesota’s Exports to México
(Millions of dollars)

Source: U.S. Census Bureau, WISER and Nafta Works
### Foreign Investment Flows (2008)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Investment Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S.A</td>
<td>316,112</td>
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<td>France</td>
<td>117,510</td>
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<td>United Kingdom</td>
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<td>Canada</td>
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<td>Sweden</td>
<td>43,655</td>
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<td>India</td>
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<td>16</td>
<td>Japan</td>
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<td>18</td>
<td>México</td>
<td>21,950</td>
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<tr>
<td>19</td>
<td>Nigeria</td>
<td>20,279</td>
</tr>
<tr>
<td>20</td>
<td>Turkey</td>
<td>18,198</td>
</tr>
</tbody>
</table>

Direct Foreign Investment into México

- Manufacturing (48.9%)
- Financial Services (23.4%)
- Trade (10.9%)
- Other Services (8.2%)
- Transport & Communications (5.3%)
- Others (3.9%)

Source: SE
Foreign Investment into Mexico

- U.S.: 62.9%
- Japan: 2.3%
- Canadian: 3.2%
- European Union: 24.2%
- Others: 7.4%

Source: SE
Leading Development Sectors for Mexico

- Automotive;
- Aerospace;
- Electronics & Appliances;
- Metal Manufacturing;
- IT, BPO and Software Services;
- Pharmaceutical & Medical Devices;
- Renewable Energies;
- Medical & Residential Tourism.
Recent Investments into Mexico

- **Best Buy**: Hopes to open between 2 and 5 new stores in 2009.
- **Daimler A.G.**: Invested $445 million in a new plant in Saltillo to manufacture Freightliner trucks;
- **Procter & Gamble** announced that it will build a $250 million plant in Guanajuato to manufacture razor blades, generation 2,400 jobs;
- **Abbott** announced a $100 million to build a plant in Mexico City;
- **Cessna** recently opened a $21 million aircraft parts manufacturing site in Chihuahua;
- **Motorola** has opened a Design Engineer Center in Monterrey;
- **Sony Corporation and Hon Hai Precision Industry** are establishing an strategic alliance for the production of LCD TVs;
- **Boehringer Ingelheim** has invested more than $100 million in Mexico, $70 million in 2008;
- **Genomma Lab and Televisa** will sell and distribute personal care and over the counter pharmaceuticals in the U.S.;
- **Cummins Filtration** will open a facility in San Luis Potosí in November of 2009.

Source: Latin Trade with data from ProMéxico; Negocios
Leading Industries in Mexico

Automotive
- Mexico is the World’s 11th largest producer;
- 80% of auto parts production is exports to the U.S.;
- Mexico is the US # 1 auto parts supplier.

Aerospace
- 190 companies are operating in México;
- 20,000 employees and $3.4 billion exports;

Electronics
- Generates 35,000 direct & 110,000 indirect jobs;
- Production of appliances is over $129 million;

Software & IT Services
- Mexico has evolved its IT services considerably, and the government has invested in industry associations and fostered a joint approach to IT initiatives between the federal and state governments.
- Mexico offers the advantages of proximity, cultural affinity, time-zone alignment, relatively lower costs, limited (if any) visa restrictions, ease of software and hardware procurement, and preferences available in local trading blocks.
- Mexico has 2,134 IT companies.
- In 2008 Mexico’s software market grew 6% and the IT in 14%.

Medical and Residential Tourism
- Based on the demographic trends, estimates indicate that there is the potential that 10% of American retirees will consider relocating to Mexico to establish residence and/or to benefit from lower cost of health care services.
- México is the main medical tourism destiny for U.S. citizens, in particular for cosmetic surgery and dental procedures.
- In 2008, Mexico’s medical tourism industry generated an estimated income of 880 MDD.

Renewable Energies
- Mexico developed 2 wind farms in Oaxaca (La Venta I & II) & a hybrid facility in Guerrero Negro w/total capacity of 85.48 MW.
- CFE has five wind power projects in its pipeline (La Venta III and Oaxaca I-IV) that will add 500 MW to the grid before 2011.
- There are twelve private projects under development in Oaxaca, with a total capacity of 1,900 MW & four projects B.C.
Mexico’s Infrastructure: Facing the Crisis

- **Highways**: More than 350,000 Kms.
- **Railroads**: Moving more than 93 million freight tons.
- **Ports**: Moving more than 300 million tons and more than 12 million passengers
- **Airports (60)**: More than 55 million passengers /year

<table>
<thead>
<tr>
<th>Sector</th>
<th>Public resources</th>
<th>Private resources</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Highways</td>
<td>15</td>
<td>11</td>
<td>26</td>
</tr>
<tr>
<td>Railroads</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Ports</td>
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<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Airports</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>2</td>
<td>23</td>
<td>25</td>
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<tr>
<td>Water supply and sanitation</td>
<td>10</td>
<td>4</td>
<td>14</td>
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<tr>
<td>Irrigation and flood control</td>
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<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
<td>34</td>
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<tr>
<td>Oil and gas production</td>
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<td></td>
<td>73</td>
</tr>
<tr>
<td>Refinery, gas and petrochemicals</td>
<td></td>
<td></td>
<td>34</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>226</strong></td>
<td></td>
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</tr>
</tbody>
</table>
Mexico is Investing in Infrastructure

- **Railroads $4 Billion**: 1,418 Kms. of railroads, 10 multimodal corridors w/12 intermodal cargo terminals.

- **Ports $6 Billion**: Build 5 new ports, modernize 22. Increase container management from 4 to 7 million TEUS & build 13 cruise ship docks.

- **Airports $5 Billion**: Build 3 new airports, expand 31. There are more than 1,000 airports, 50% offer world class service.

- **Telecom $25 Billion**: Achieve 24 million users of fixed line, 75 million users of mobile line coverage and 70 million internet users.

- **Water Supply & Sanitation $14 Billion**: Increase drinking water to cover 92% of the population.

- **Electricity $34 Billion**: Increase generation capacity by 9,000 megawatts, covering 97.5% of the population.
Mexico: The high profit alternative

Since mid 2008, Mexico has a better manufacture costs profile than countries such as China, India and Brazil

Competitiveness findings:

1. Mexico has a business cost advantage of 20.5% average (of 12 industries) relative to the US.

2. Advantages in industrial construction, land, rent, labor costs and taxes.

Note: Index includes raw materials, labor, overhead (energy costs, plant and equipment, taxes), freight, duties, inventory, and exchange rates. Source: Alix Partners 2009
Advantages for American companies

1. **Competitive manufacturing costs.** Cost advantage of 25% in Mexico relative to the US (China has a cost advantage of 6% relative to the US).

2. **Same time zone and quick response toward opportunities.**
   a. Manufacturing in Mexico makes “Just in Time” easy.
   b. Door to door deliveries in less than a week, compared with China where it can take 6 weeks.

3. **Low freight costs:**
   a. Mexico has logistic cost advantages for large size goods whose transport costs absorb a high percentage of retail price.
   b. This advantage allows us to displace the labor cost advantages shown by countries such as China.
Mexico’s Evolving Sweet Spot in the Globalization Landscape

Change in Manufacturing Cost Ranking for LCCs Analyzed

2005 Cost Ranking:
1. China
2. India
3. Mexico
4. Brazil
5. U.S.

End of 2008 Ranking:
1. Mexico
2. India
3. China
4. U.S.
5. Brazil

* Lower total landed cost countries are ranked higher
Mexico is becoming the key provider for the world’s aerospace industry.

- Mexico has **experienced** a two-digit **growth** percentage in the last five years.

- The number of **aerospace companies established** in Mexico **has tripled** in the same period.
Aerospace industry

Mexico offers the most competitive operation costs

![Image of port](image)

**Aircraft Parts Manufacturing - International Results (US = 100.0)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Country</th>
<th>Cost Index</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EUROPE</strong></td>
<td>France</td>
<td>101.8 (5)</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>113.2 (9)</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>104.4 (6)</td>
</tr>
<tr>
<td></td>
<td>Netherlands</td>
<td>106.9 (8)</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>106.0 (7)</td>
</tr>
<tr>
<td><strong>NORTH AMERICA</strong></td>
<td>Canada</td>
<td>99.1 (3)</td>
</tr>
<tr>
<td></td>
<td>Mexico</td>
<td>77.8 (1)</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>100.0 (4)</td>
</tr>
<tr>
<td><strong>ASIA PACIFIC</strong></td>
<td>Australia</td>
<td>98.3 (2)</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>113.4 (10)</td>
</tr>
</tbody>
</table>

Source: KPMG’s “Competitive Alternatives 2008” research
Criteria for benefiting from Mexico’s comparative advantages

Type of favored products*

- Large, bulky products for which shipping represents a sizeable share of the cost structure
- Just-in-time shipping: volatile demand for a product, high carrying costs, as they are perishable, bulky, and seasonal products
- Average labor-cost in Mexico is 7 times lower than U.S. rates. In some areas, Mexico’s labor rates are as much as 16 times lower than U.S rates
- When a product or process requires a significant amount of managerial involvement, time zones can become a critical factor. Mexico is on central time!

*Source: The Boston Consulting Group
A country with low operation costs

Mexico is the country with the lowest manufacturing costs for industrial components among the main emerging economies*

* Source: AlixPartners, “2009 Manufacturing Costs Index”.

* The target market for the analysis is the United States
Renewable energies legal framework

Normative Framework:

- Interconnection Contract for Renewable Energy Sources
- Income Tax Law
- Law for the Use of Renewable Energy and the Financing of Energy Transition
- Law for the Promotion and Development of Bioenergy
- Environmental Law

For electricity-related applications of renewable energy, there are specific contracts that entail:

- Electricity Self-supply
- *Net Metering* (solar energy at small scale)
- Open access to transmission and distribution grids
In 2008 and 2009, the legal framework for renewable energies underwent significant change:

- Law for the Promotion and Development of Bioenergy
- Law for the Use of Renewable Energy and the Financing of Energy Transition
- Law for the Sustainable Use of Energy
- Regulation for the Law for the Promotion and Development of Bioenergy
- National Strategy for Energy Transition and the Sustainable Use of Energy
- Special Program for the Use of Renewable Energy
Currently, the following instruments are being finalized:

- Regulation for the Law for the Use of Renewable Energy and the Financing of Energy Transition
- Regulation for the Law of Sustainable Use of Energy
- National Program for the Sustainable Use of Energy
- National Bioenergy Program
- Interministerial Strategy for Bioenergy
- Special Program on Climate Change
- National Inventory for Renewable Energy
- Contract Models for Renewable Energy
Investment Opportunities in Mexico

Companies Established in Mexico

• EDF Energies Nouvelles
• Iberdrola
• Kyocera
• Liebherr
• Sanyo
• Sunpower
• USO (United Solar Ovonic)
• Vientek (Mitsubishi and TPI Composites Joint Venture)

Some of the services offered by these companies are:

• Manufacturing of blades and bearings for wind turbines
• Geothermic energy development
• Distribution and assembly of photovoltaic panels
• Energy-efficient lighting solutions
• Power generation from renewable energies
• Production of solar heaters
Wind Power: Mexico´s potential exceeds 40,000 MW. Mexico hosts at least 28 wind power projects, including “Eurus”, Latin America’s largest wind power project, with an installed capacity of 250 MW.

Solar Power: Half of Mexico’s territory receives an average daily sun exposure of 5 kwh/m². Enough to cover the needs of an average Mexican Household. It is estimated that in 2012, Mexico will have a 10 MW production capacity of thermo solar energy.

**Biomass Power:** Bioenergy represents 8% of the county´s primary power consumption. It is estimated that Mexico´s biopower potential is between 83,500 and 119,000 MW per year.

**Hydropower:** It is estimated that the potential for plants with capacities below 10MW is approximately 3,250 MW. Mexico has 34 plants within this range with a total capacity of 109 MW.

**Geothermal Power:** Mexico´s installed capacity to generate power from geothermal energy is approximately 1,000 MW; third largest in the world, after Philippines and the United States.

**Biomass Power:** Bioenergy represents 8% of the county´s primary power consumption. It is estimated that Mexico´s biopower potential is between 83,500 and 119,000 MW per year.
Investment Opportunities in Mexico

**Actions**

### Wind Power

Construction of infrastructure and expansion of the grid to interconnect 2,473 MW.

### Solar Power

“Agua Prieta II”: combined cycle with parabolic solar collectors.
Investment Opportunities in Mexico

**Hydropower**

- Cerro Prieto-V 32 MW
- Los Humeros II 46 MW
- Los Azufres 150 MW
- Cerritos Colorados 75 MW

Actions:

Strengthen rural electrification through mini hydroelectric plants

**Geothermal Power**

- Cerro Prieto-V 32 MW
- Los Humeros II 46 MW
- Los Azufres 150 MW
- Cerritos Colorados 75 MW

**Biomass Power**

The CRE has issued 54 permits for electricity-generation plants that use biomass and biogas → 498 MW.
1. In 1987, Kyocera established a plant in Tijuana, where it currently manufactures ceramic semiconductors. Since 2004, the company started assembling solar panels and today, Kyocera possesses a 35 MW annual production capacity. In 2008, Kyocera started a $33 million dollar investment in the construction of a second plant in Tijuana with the purpose of increasing its capacity from 35 to 150 MW per year.
2. In January 2009, CEMEX opened a self-sufficient wind park in Juchitán de Zaragoza, Oaxaca. It is estimated that this park will reach an electric power generation capacity of 250 MW and it will cover 25% of CEMEX’s power needs in Mexico. Currently, the park is equipped with 25 wind turbines with an energy potential of 167 MW.
3. Vientek has been operating in Ciudad Juárez, Chihuahua, since March 2002. The company has two facilities that manufacture wind turbine blades, with a production of 1,200 MW. Since the beginning of their operations in Mexico, Vientek has produced more than 5,000 wind engines blades.
Win-Win, Strategy

• New message!
• “More tourism, more business, more trade, more investment” from Mexico to the US and from the US to Mexico.

  – México & the US are strategic allies, our economies are complementary.

  – We need to establish “Partnerships” and “Joint Ventures” between Mexican and US companies.

  – We must maintain the value chain in North America (Canadá-USA-México) in order to make our economies more competitive.

  – We need to reduce our trade deficits with other areas of the world. (Asia)
Mexico:
Setting the record straight
5,000 people were killed in 2008, because of the “drug war,” but vast majority were either drug dealers / or were part of the forces (Army / Police fighting them),
Is Mexico dangerous?...compared to which country?

MURDER RATE FOR SELECTED COUNTRIES, 2007
(murders per 100,000 inhabitants)

US 1991 | Mexico | Brazil | Colombia | Guatemala
---|---|---|---|---
9.4 | 10.4 | 25.7 | 37 | 45.2

Source: United Nations, FBI, Mexican Governmental sources
Perception of Insecurity:  
Is Mexico dangerous?....compared to the US?

669 Americans died “non-natural deaths” in Mexico between Jan´05 – Dec ´07

• 30% of all “non-natural” American deaths around the world
• Mexico accounts for 30% of the foreign trips taken by Americans (45 million American visits to Mexico)
• All of them are bad, but that means the survival rate 99.9986%
• 58% (389) were from accidents (car, plane, boat, other).
  • 85 drowned,
  • 15 of drug overdoses,
  • 61 (9%) committed suicide.

• 126 Americans were murdered in Mexico in those 3 years.

• Slightly less than the 45,000 murdered in the US in that same time period.
So your odds of not being murdered in Mexico were 99.9997%

“In Houston, the number of murders increased to 379 in 2005……..even if the number for 2006 hits 400, it´s not a bleak picture for Houston.” **

*(US state Dept.) **Houston Chronicle, Oct. 2005
A Snapshot of Mexico

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>107 million (11th)</td>
</tr>
<tr>
<td>Surface</td>
<td>1,958,000 km² (13th)</td>
</tr>
<tr>
<td>GDP</td>
<td>$1.1 trillion (13th)</td>
</tr>
<tr>
<td>Exports</td>
<td>$300 billion USD (15th), #1 in Latin America, Mexico exports more than Brazil, Argentina, Paraguay, Costa Rica and Uruguay combined!</td>
</tr>
<tr>
<td>F. Investment</td>
<td>Annual flows of over $20 billion</td>
</tr>
<tr>
<td>Int. Reserves</td>
<td>$75-80 billion dollars</td>
</tr>
<tr>
<td>Income p/capita</td>
<td>$10,747 dollars, highest in Latin America</td>
</tr>
<tr>
<td>Universities</td>
<td>2,363 institutions, 2.7 million enrolled students w/ 539,640 Undergraduates (28.4% in Engineering &amp; Technology)</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>75 years</td>
</tr>
</tbody>
</table>
## Mexico’s comparative advantages

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic stability</td>
<td>Macroeconomic and financial strength, sound domestic market</td>
</tr>
<tr>
<td>Strategic geographic position</td>
<td>Wide borders with the world’s largest economy and shores on two oceans</td>
</tr>
<tr>
<td>Major world tourism destination</td>
<td>21 million tourists visited in 2008</td>
</tr>
<tr>
<td>Network of trade and investment agreements</td>
<td>44 countries</td>
</tr>
<tr>
<td>Wealth of natural resources</td>
<td>6,900 miles of coastlines, Ranked 4th in biodiversity</td>
</tr>
<tr>
<td>Young population (demographic bonus)</td>
<td>Working population will be larger than the dependent population until 2030</td>
</tr>
<tr>
<td>Skilled &amp; competitive workforce</td>
<td>Labor costs 7x lower than U.S., western business style, English speakers</td>
</tr>
<tr>
<td>Govt. programs</td>
<td>Fiscal, export promotion, training programs</td>
</tr>
</tbody>
</table>
In 15 years Mexico has:

- Increased Per Capita Income (PPP): $10,747 dollars;
- Increased the Size of its Economy: $1.1 trillion dollars;
- Strengthened ties w/the World: FTA’s with 44 countries;
- Increased its Exports to the World: $300 billion dollars;
- Increased its Exports to the U.S.: $216 billion dollars;
- Became the U.S. 3rd trading partner;
- Increased annual inflows of FDI: $25 billion dollars;
- Reduced Infant Mortality to 15 per 1,000 live births;
- Increased Life Expectancy to 75 years;
- Become a full-fledged democracy.
ProMexico can be a valuable resource for you!

Contact

www.PRO MÉXICO.gob.mx

Tel. +52 (55) 5447-7000
PROMEXICO
Camino a Santa Teresa No. 1679, Level 11
Col. Jardines del Pedregal C.P. 01900
Mexico, D.F.