Mexico: Open for Business

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Briefing for California Economic Development Offices
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The U.S. Commercial Service: Who We Are

- An Agency of the U.S. Department of Commerce
- Mission
  - Help U.S. exporters sell in Mexico
  - Attract investment to the United States
  - Protect U.S. business interests abroad
- Offices
  - Three in Mexico
  - 100+ offices in the U.S.
  - 75 world-wide
What We Do: Opening Markets for U.S. Business in Mexico

- **Trade and Investment Promotion**
  Matching U.S. sellers and foreign buyers

- **Commercial Diplomacy**
  Breaking down regulatory barriers

- **Advocacy**
  Fighting for U.S. success in foreign government procurement

- **Market Access**
  Keeping trade agreements working for U.S. business

- **Protecting Intellectual Property**
  Enforcing trademarks, patents, copyrights, and more

- **Enforcement and Compliance**
  Striking back at unfair dumping and subsidies

- **Safeguarding Technology**
  Verifying proper end-use of sensitive technology
Mexico Snapshot (2018)

Population: 125 million
3.4% unemployment
Inflation: 4.7%
Remittances: $30.3 billion
FDI into U.S.: $35.4 billion
GDP per capita (PPP): $18,123 / 2.2% real growth (est. 2018)

- 15th largest world economy
- 80% urban population
- 44% population under 25
- Poor/ Extreme Poor: 44% (under USD $10 per day)
- 2018 World Competitiveness: 46th (WEF)
- 2018 Corruption Perceptions Index: 138/180 in world (TI)
- AMLO’s administration focuses on diversification
A Top Destination for U.S. Goods’ Exports

U.S. Manufacturing Exports, 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Billions of US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>318</td>
</tr>
<tr>
<td>Canada</td>
<td>298</td>
</tr>
<tr>
<td>Mexico</td>
<td>265</td>
</tr>
<tr>
<td>South &amp; Central America</td>
<td>150</td>
</tr>
<tr>
<td>China</td>
<td>120</td>
</tr>
<tr>
<td>Japan</td>
<td>74</td>
</tr>
</tbody>
</table>

Source: U.S. Dept. of Commerce, U.S. Census Bureau
The $678 Billion U.S.-Mexico Trade Relationship

<table>
<thead>
<tr>
<th>Exports 2018 (USD billions)</th>
<th>U.S. to Mex</th>
<th>Mex to U.S.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>266</td>
<td>353</td>
<td>619</td>
</tr>
<tr>
<td>Services**</td>
<td>34</td>
<td>26</td>
<td>60</td>
</tr>
<tr>
<td>Totals*</td>
<td>300</td>
<td>378</td>
<td>678</td>
</tr>
</tbody>
</table>

*Totals may not precisely sum due to rounding. **Services data lag merchandise data by one year.
Sources: Goods figures U.S. Census Bureau, Services figures U.S. Bureau of Economic Analysis

- **2nd largest** U.S. supplier of imports (12.1% of total imports)
- **1st largest** U.S. trading partner
- Our **2nd largest** export market (12% of all U.S. exports)
- **1st or 2nd export destination** for 24 American states
- **$1.86 billion a day** in two-way goods and services trade
- **469% growth** in bilateral trade in goods between 1993-2018
- **Over 50,000** U.S. small and medium-sized enterprises export to Mexico
U.S. States for which Mexico was #1 or #2 Merchandise Export Destination, 2019

Source: U.S. Dept. of Commerce, U.S. Census Bureau
California Exports to Mexico (2018)

- #1 export market
- Merchandise exports USD 30.7 billion
- Up from USD 26.7 billion in 2017
- 17% of all California merchandise exports
- USD 5.7 billion in service exports in 2017
- USD 726 million of agricultural, seafood, and forestry product exports
- California is U.S. second-largest product exporter behind Texas
# Best Prospects for U.S. Exporters

<table>
<thead>
<tr>
<th>Aerospace</th>
<th>Internet &amp; IT Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Products</td>
<td>Mining &amp; Minerals</td>
</tr>
<tr>
<td>Agribusiness</td>
<td>Oil &amp; Gas Equip. &amp; Services</td>
</tr>
<tr>
<td>Automotive Parts &amp; Supplies</td>
<td>Packaging Equipment</td>
</tr>
<tr>
<td>Construction Prod. &amp; Services</td>
<td>Plastic Materials/Resins</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>Renewable Energy</td>
</tr>
<tr>
<td>Education &amp; Training Services</td>
<td>Security and Safety</td>
</tr>
<tr>
<td>Electricity</td>
<td>Telecom Equipment</td>
</tr>
<tr>
<td>Enviro Technologies + Water</td>
<td>Textiles</td>
</tr>
<tr>
<td>Health Care Prod. &amp; Services</td>
<td>Trans. Infrastructure Equip./Svcs.</td>
</tr>
<tr>
<td></td>
<td>Travel and Tourism Services</td>
</tr>
</tbody>
</table>
Foreign Direct Investment (FDI) From Mexico

$35.4 Billion

Total 2017 stock of FDI from Mexico to the United States (by UBO)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mexican FDI in the USA (in USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$31,820</td>
</tr>
<tr>
<td>2014</td>
<td>$33,302</td>
</tr>
<tr>
<td>2015</td>
<td>$34,390</td>
</tr>
<tr>
<td>2016</td>
<td>$34,783</td>
</tr>
<tr>
<td>2017</td>
<td>$35,408</td>
</tr>
<tr>
<td>2013</td>
<td>$3,157</td>
</tr>
<tr>
<td>2014</td>
<td>$1,742</td>
</tr>
<tr>
<td>2015</td>
<td>$1,116</td>
</tr>
<tr>
<td>2016</td>
<td>$2,372</td>
</tr>
<tr>
<td>2017</td>
<td>$702</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. FDI in Mexico (in USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$86,433</td>
</tr>
<tr>
<td>2014</td>
<td>$94,482</td>
</tr>
<tr>
<td>2015</td>
<td>$101,326</td>
</tr>
<tr>
<td>2016</td>
<td>$100,734</td>
</tr>
<tr>
<td>2017</td>
<td>$109,671</td>
</tr>
<tr>
<td>2013</td>
<td>$6,078</td>
</tr>
<tr>
<td>2014</td>
<td>$8,218</td>
</tr>
<tr>
<td>2015</td>
<td>$7,255</td>
</tr>
<tr>
<td>2016</td>
<td>$5,212</td>
</tr>
<tr>
<td>2017</td>
<td>$6,334</td>
</tr>
</tbody>
</table>

TOP 6 INDUSTRY SECTORS

By # of announced Mexican FDI projects in the USA

1. Food & Tobacco
2. Communications
3. Auto Components
4. Plastics
5. Metals
6. Business Services

Supporting U.S. Jobs
79,200
Number of U.S. workers employed by U.S. affiliates of majority Mexican-owned firms in 2016.
FDI in the United States by Industry

2017 FDI IN THE UNITED STATES
Breakout of $4.0 Trillion Inward Position

Manufacturing, $1.6T, 40%

Wholesale Trade, $425.4B, 11%

Banking, Finance & Insurance, $744.7B, 18%

Other Industries, $672.4B, 17%

Information, $184.2B, 5%

Professional, scientific, and technical services, $212.1B, 5%

Real estate and rental and leasing, $90.9B, 2%

Retail Trade, $88.6B, 2%

Wholesale Trade, $425.4B, 11%

Information, $184.2B, 5%

Professional, scientific, and technical services, $212.1B, 5%

Real estate and rental and leasing, $90.9B, 2%

Retail Trade, $88.6B, 2%

2004 FDI IN THE UNITED STATES

3% 14% 17% 31% 10% 2% 2%
Mexican Foreign Direct Investment in California

- State-specific data for Mexican FDI is limited
- Southern California appears to capture more Mexican FDI than Northern California
- Mexican FDI makes the country the 14th largest investor in Southern California and a major investor in the state overall:
  - 735 commercial establishments*
  - 13,296 jobs*
- Top sectors: Financial activities, Professional and business services, Wholesale and retail trade, Manufacturing
- Key companies: Sigma, Bimbo, Chedraui, Gruma, MINSA, IUSA, Pounce Consulting, Softtek, BBG Wireless, Grupo Deco, FAMSA, Deacero, SuKarne, Omnilife, Interceramic, Helvex, Cemex, and Xignux
- Contact California GO-Biz for more California-specific information

*Source: Mexican Secretariat of Economy, as reported in opportimes.com, February 19, 2018
Investment Support: Select USA

- **Mission**
  Promote and facilitate business investment in the United States

- **Clients**
  U.S. States, Regions, Cities, and Foreign Investors

- **Services**
  - For Companies: We help find information to make decisions, connect to local officials, and navigate the federal regulatory system
  - For Economic Development Organizations: We help U.S. locations compete globally for investment by providing information, a platform for international marketing, and high-level advocacy
Resources

- Visit the U.S. Commercial Service Mexico Website
  - Contact information, upcoming events, and more

- Download the CS Mexico Country Commercial Guide
  - Guide to exporting to Mexico
  - Detailed best prospect industry profiles, economic indicators, statistics
  - Contact information for the appropriate sector specialist
  - Web search on “CS Mexico Country Commercial Guide 2018”
  - Or go to [https://www.export.gov/article?id=Mexico-Market-Overview](https://www.export.gov/article?id=Mexico-Market-Overview)
Contact us today
to connect with a world of opportunity.

export.gov/mexico

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