

IT'S TIME TO TAKE THE ROAD WITH

México





Coming together is a beginning; keeping together is progress; working together is success.

Henry Ford

The automotive industry

Mexico is one of the **10 main automobile**, truck, auto parts and components manufacturers in the world. Our country has a mature and dynamic industry that is continuously growing. In 2008, the national production rate exceeded 2 million units, which represent a **4% growth** compared to 2007. Furthermore, Mexican automobile exports for 2008 were **3% higher** than the previous year.

Eight of the 10 leading original equipment manufacturers in the world have assembly plants in Mexico. Also, there are over a thousand auto parts companies established in Mexico, most of which are foreign companies.

A connection to the world

Strategic location

- Mexico is located in the heart of the automotive world, where North America's two major manufacturing corridors meet.
- The country's border with the US -the world's largest buyer of the automotive sector- is over 2,000 miles long. Mexico also has 7,000 miles of coastline: a gateway to Asia and Europe.

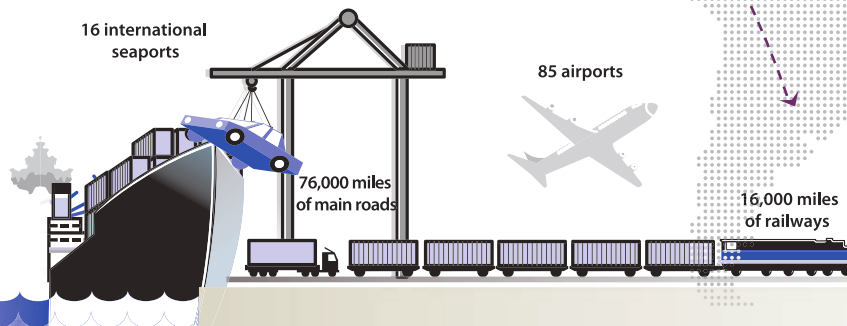
Mexico has signed 12 trade agreements and treaties with 44 countries, which represent 15 percent of the world's population. In addition, the Mexican legal and political systems favor the development of new businesses and offer a safe legal environment for investment.

16 international
seaports

85 airports

76,000 miles
of main roads

16,000 miles
of railways





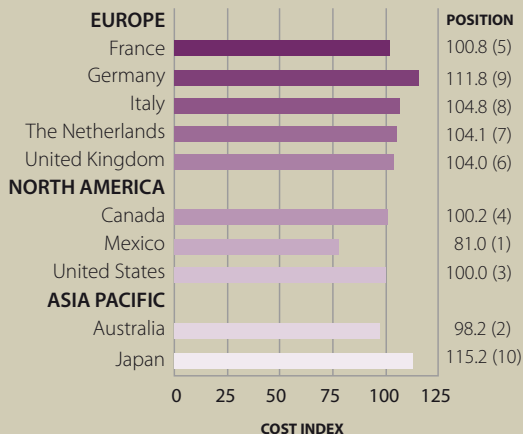
Low operation costs



Mexico is the country with the most competitive operation costs

- According to the study “Competitive Alternatives KPMG’s Guide to International Business Location 2008 Edition”, carried out by KPMG consulting together with Mercer, Colliers International, Economic Research Institute and Decisio, Mexico is the most competitive country for the auto parts manufacturing.

Autoparts manufacturing – international results (USD = 100.0)



Also, according to the study “Manufacturing Outsourcing Cost Index 2009”, carried out by Alix Partners, Mexico’s competitiveness is confirmed:

Cost Ranking of Benchmark Countries Shifted Markedly from 2005 to 2008

Change in Manufacturing Cost Ranking for LCCs¹ analyzed

Cost rating - 2005²

- 1.- China
- 2.- India
- 3.- Mexico
- 4.-Brazil
5. United States

Cost rating - 2008²

- 1.- Mexico
- 2.- India
- 3.- China
- 4.-United States
- 5.- Brazil

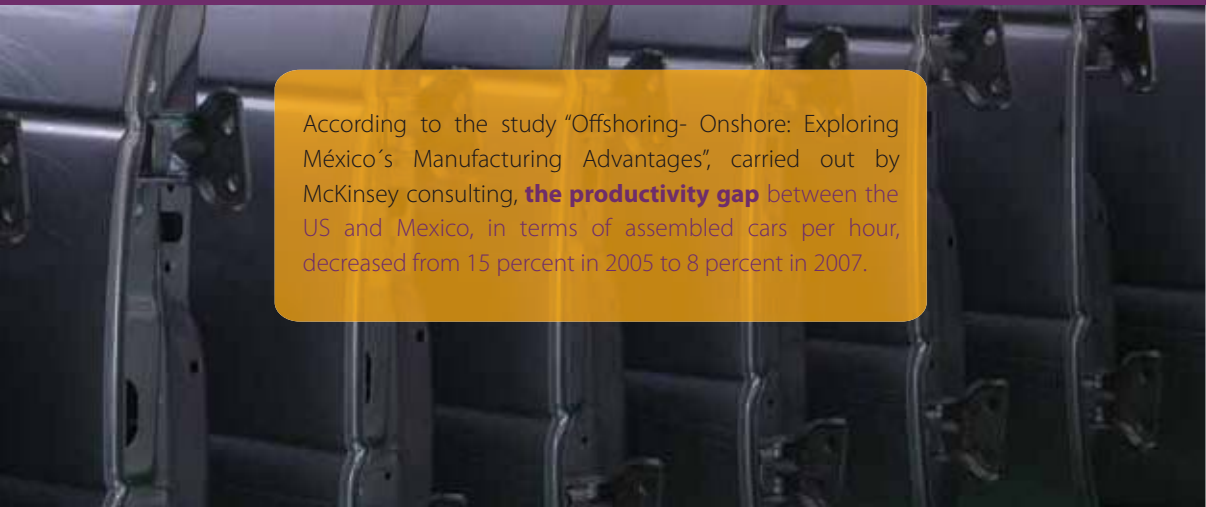
¹ Land coverage rating system

² Countries with the lowest total territory costs are better rated



Competitiveness

According to the study “Offshoring- Onshore: Exploring México’s Manufacturing Advantages”, carried out by McKinsey consulting, **the productivity gap** between the US and Mexico, in terms of assembled cars per hour, decreased from 15 percent in 2005 to 8 percent in 2007.



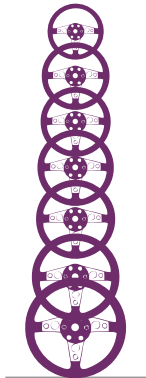
Operation-Productivity

There has been a decrease in the productivity gap between Mexico and the US

Mexico's productivity

Hours per vehicle

27.22 hours



Mexico

2005

24.11 hours



Mexico

2007

- The difference in productivity decreased from 15% to 8% in the last 2 years.
- Mexican plants earned 3 hours in average , while plants in the US only gained 0.1 hour.

Source: Harbour Report 2008.

Thanks to the country's productivity rates, the Toyota plant in Tijuana was granted the "JD Power Gold Plant Quality Award" in 2008.

Industry-Academy relationship

The government, the academic sector and the industry work together to create synergies and to build strong collaboration links that will allow the Mexican automotive industry to continue positioning itself as a manufacturing leader.

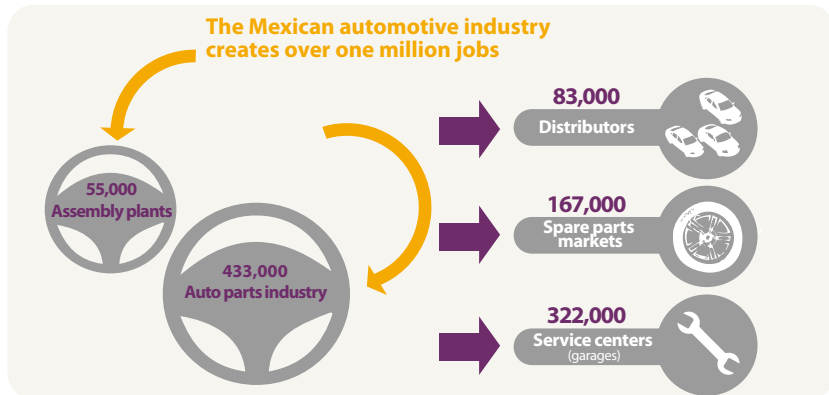
Some universities offer programs which focus on production, innovation and automotive design.

Mexico receives important investments related to research, innovation and development, such as:

- General Motors Regional Engineering Center (Toluca, State of Mexico)
- Chrysler Automotive Engineering and Design Center (Mexico City)
- Delphi Technical Center (Ciudad Juárez, Chihuahua)

The scientific and academic sectors also have several institutions, such as:

- Centro de Desarrollo de la Industria Automotriz en México
- Instituto Tecnológico y de Estudios Superiores de Monterrey (Campus Monterrey)
- Fundación México-Estados Unidos para la Ciencia
- Universidad Popular Autónoma del Estado de Puebla





Qualified workforce

- Mexico has approximately 107 million inhabitants.
- In 30 years, the country's economically active population will be close to 69 million.
- Mexico has over 750 thousand engineering and technology students.
- Every year, 90 thousand engineering and technology students graduate.
- Mexican universities offer more than 900 graduate programs related to engineering and technology.
- Most of Mexican engineers and technicians speak English as a second language.

Experience



The **first automotive plant** in Mexico was established in **1921**. Our country has an automotive tradition that goes back a century.



Goods manufactured in Mexico have positioned the country as a global vehicle, parts and components development and manufacturing platform that offers the highest international quality standards.



Mexico is an attractive investment destination in the automotive sector. Only in 2008, companies such as GM, Ford and VW announced **investments of over 7 billion dollars to manufacture complete vehicles, engines and transmissions**, among others.



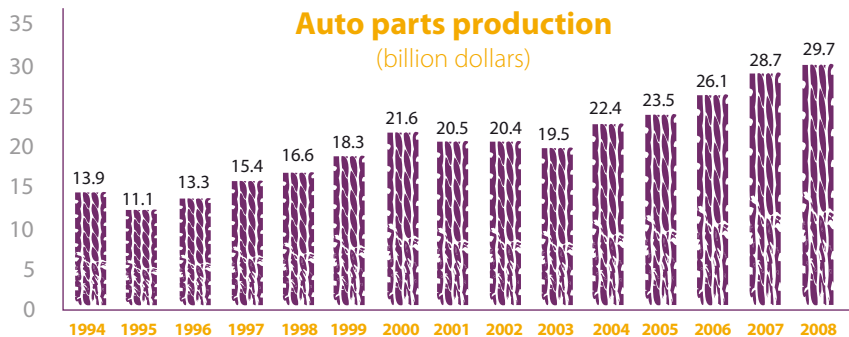
Great domestic market

- Mexico's automotive market **has** increased its quality and variety.
- The **offer** of available models **has doubled**, from 213 models in 2000, to about 300 in 2008.
- In 2008 alone, approximately 1 million 100 thousand units were sold.

Wide supply network

The main North American, European and Asian auto parts companies have established in Mexico to guarantee “just in time” deliveries and to increase the production flexibility that assembly plants require.

- 100 of the world’s leading auto parts companies are established in Mexico, such as **Robert Bosch, Denso, Delphi, Magna, Visteon, Eaton, Valeo, Bridgestone/Firestone, Johnson Controls, Michelin, Aisin Seiki, Goodyear, Lear, ThyssenKrupp, Faurecia, Siemens, San Luis Rassini, Metalsa and Brembo**, to name a few.
- In 2008, Mexico manufactured about 30 billion dollars in auto parts, **80** percent of which were shipped to the US.



Mexico is the number one auto parts supplier for the US.

Source: Ministry of Economy with information from INA.

Companies established in the country

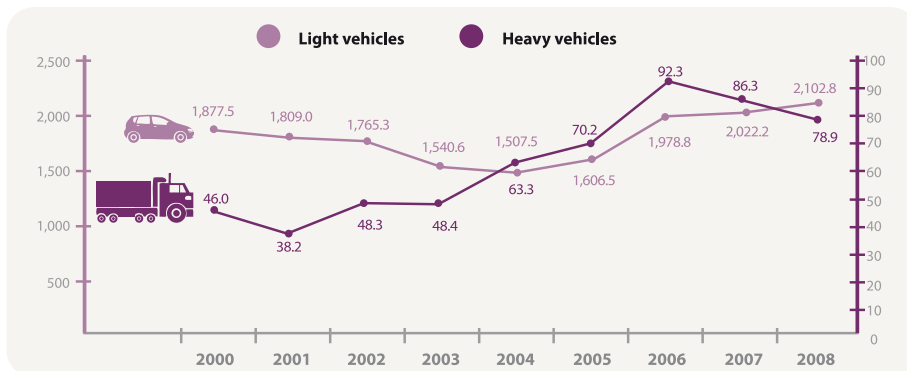
Mexican companies manufacture passenger and commercial vehicles, as well as companies that manufacture parts and components for such vehicles, both for original equipment and for the spare parts market.

There are:

- 8 companies which manufacture light vehicles
- 12 companies which manufacture heavy vehicles
- Almost 1,100 companies which manufacture auto parts

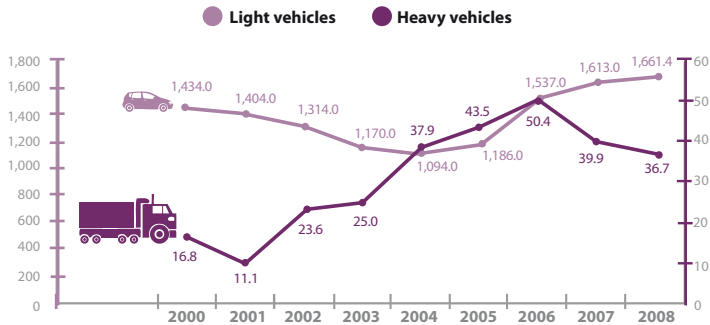
Growth stages for the industry

Vehicle production from 2000 to 2008 (thousands of units)



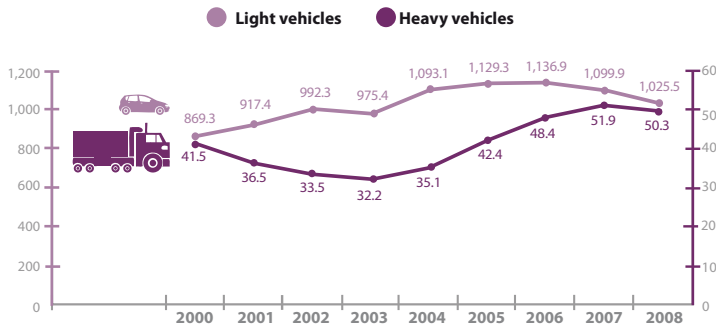
Source: Ministry of Economy with information from AMIA and ANPACT

Vehicle exports from 2000 to 2008 (thousands of units)



Source: Ministry of Economy with information from AMIA and ANPACT

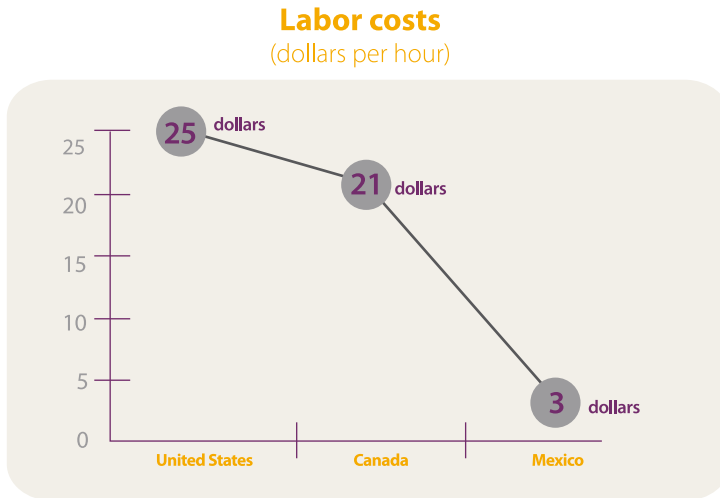
Vehicle sales in the domestic market from 2000 to 2008 (thousands of units)



Source: Ministry of Economy with information from AMIA and ANPACT

If all this were not enough...

- Vehicles manufactured in Mexico were among the top ten vehicles sold in the world in 2008.
- The relatively small size of Mexican plants allows them to make better use of their installed capacity than large manufacturing plants in Michigan or Canada.
- Labor costs are lower in Mexico compared to other parts of the world.



Source: BBVA Bancomer, 2009

Success stories

Mexico is a leader in the areas of design and manufacturing of motor trains, air bag modules, seat belts, seats, suspensions and frames, elastic and suspension elements, metal parts, harnesses and lighting, to name a few.

Models exclusively manufactured in Mexico comply with the highest environmental, quality and safety standards.

The following are some examples:

- **VW:** Beetle, Bora Sedan and Bora Variant.
- **Ford:** Mercury Milan, Ford Fusion and Lincoln MKZ.
- **GM:** Luxury SUVs, compact and crossover vehicles.
- **Nissan:** Sentra and Tiida (known as Versa in the US).
- **Honda:** CR-V and their first Multi Utility Vehicle (MUV) called "Big Red".
- **Chrysler:** PT Cruiser, Journey and the "HEMI" 5.7 and 6.1 Lt engines.

General Motors de Mexico opened three operation centers in 2008, with a total investment of over 3 billion dollars in the last five years.

Ford announced an investment of over 3 billion dollars to manufacture a new global vehicle in 2008, the expansion of their Chihuahua engine plant and the construction of a new transmission plant in Guanajuato.

VW de Mexico confirmed a one billion dollar investment to expand their plant in Puebla in 2009, which will manufacture a new compact vehicle.

Nemak, a Mexican company, is the world-leading manufacturer of aluminum components for engines and transmissions. It has about 15 thousand employees and 29 plants throughout the world.

Its proven experience in world-class vehicle and auto parts manufacturing, as well as its wide supply network, its attractive domestic market and the strong presence of its vehicle assembly plants in the world, are proof that...

Mexico takes the ***right track*** with you!



is the Mexican government's international economic promotion agency. **Its mission is to promote exports of Mexican goods, attract foreign investment to the country and support the companies in their efforts to enter international markets.** We have a list of goods and services to help you export or invest successfully in our country.

To provide you the best services, ProMexico shares 52 service offices with the Ministry of Economy throughout the country. Also, with the purpose of reaching foreign importers and investors, ProMexico has built an international network of over 30 offices located in 21 countries. Furthermore, Mexican embassies and consulates around the world are able and willing to assist you.

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