

Strengths

- 11 global OEMs manufacture in Mexico, producing 40 brands and 500 models. These OEMs are supported by a strong network of established global Tier One suppliers.
- Mexico is the seventh-largest automotive manufacturer worldwide and the fourth-largest automotive exporter globally.
- German automakers increased their production in Mexico by 46% in 2017, according to the German Association of the Automotive Industry.

"BMW said Mexico's 'large number of international free trade agreements' was a decisive factor in the choice of location."

– Automotive News

Opportunities for Growth

- Expansive trade agreements have made Mexico a hub for global manufacturing. Mexico's free trade agreements with 46 countries make it the ideal manufacturing hub for the Western hemisphere.
- Mexican vehicle production levels are projected to reach five million units by 2020, given the country's expanded manufacturing capabilities and the ever-growing number of OEMs and key Tier One producers.
- Mexico's engineering and technical capabilities are becoming increasingly sophisticated. Similarly, the range of vehicles produced in Mexico has expanded to include highvalue luxury cars, no longer merely subcompacts. The result is rising demand for a broader range of components.

Challenges

- Competition for skilled technical staff is intensifying, contributing to recruitment and retention difficulties. This makes building and investing in training programs critical.
- Uncertainty clouds many aspects of the global automotive sector. Whether the undetermined future of the USMCA agreement or steel and aluminum tariffs, many suppliers are putting off investment decisions until things come more into focus.

On the Horizon

- To lower costs and, more importantly, meet ever-increasing requirements of the Mexican government for local valueadd, OEMs and Tier Ones in Mexico are striving to generate local invoices and develop their in-country supply base.
- More than a third of Mexico's population is under 25 years old, and three million people are enrolled in colleges and universities. The country graduates more than 120,000 new engineers per year, providing a solid engineering, manufacturing and technologically savvy workforce.

MEXICO - KEY REGIONAL PRODUCTION PLATFORM

Mexico's open trade philosophy makes it an ideal manufacturing hub for the region, as 2017 year-end light vehicle export data shows.

Total exports numbered 3,102,604 with the USA and Germany as the largest markets

Country	2017 Exports	2018 Exports	Yoy Growth
USA	2,335,245	2,556,701	9.9%
Germany	96,753	164,257	70%

Sources: IHS Automotive, Boston Consulting Group, Pro Mexico, NearShore Americas, El Universal, Mexico New Daily, Export.Gov, Center for Automotive Research