

VALUE CHAINS IN MEXICO

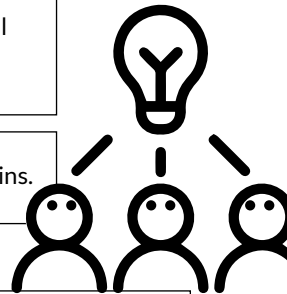
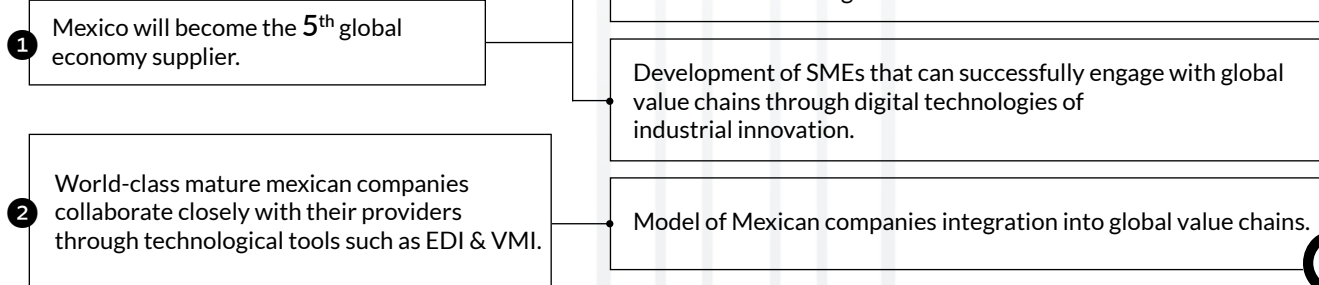
TRENDS, PRESENT AND CHALLENGES FOR MEXICO

STRENGTHS

Geostrategic position & proximity to the U.S.; trade openness with preferential access to more than **60%** of the world economy (46 countries); young population, **120 million** inhabitants & a growing middle class; healthy macroeconomy & solid public finances; creative & innovative talent; experience in medium-high & high tech manufacturing; according to studies by KPMG, production costs in Mexico are about **20%** lower than in the U.S.

CHALLENGES FOR THE COUNTRY

In 5 years (2023) it is expected that:



TRENDS

- Follow-the-sun systems (*global work flow to organise work according to each workplace hours*).
- Automation, digital traceability and activation to provide logistics and quality.
- Process digitalisation.
- Improve human capital in assembly lines, according to new international collaboration processes.

EXPORTS

ADDED VALUE CONTENT OF NATIONAL EXPORTS



380,000 MUSD

89%
manufacture

Total **68%**
Foreign **32%**

53%
Direct

15%
To third
countries

0.3%
Reimported
added value

STRATEGIC IMPROVEMENTS

- Facilitate greater engagement of domestic companies with transnational companies established in the country.
- Promote and boost exports, connecting domestic providers with the transnational companies supply chains.
- Maintain and boost reinvestment by transnational companies operating in Mexico.
- Strengthen weak links in the productive chains by attracting FDI.
- Foster increment of domestic content in products made in the country.
- Investments are mostly in *maquiladora* industry but it would be possible to redress towards research and innovation.

RESEARCH CENTERS

Guanajuato CIATEC
(Applied Innovation in Competitive Technologies Centre - industrial engineering and manufacturing for value chains efficiency)

Queretaro CIDESI
(Engineering and Industrial Development Centre - Value chains automation)

CDMX IntelliAXIS
(Strategic Intelligence Centre for the Integration of Value Chains)



Prepared by: