



Mexico: What it takes to succeed?

**HE Eduardo Medina-Mora
Ambassador of Mexico in the UK**

**CASS BUSINESS SCHOOL
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**What is Mexico's
most valuable
commodity?**

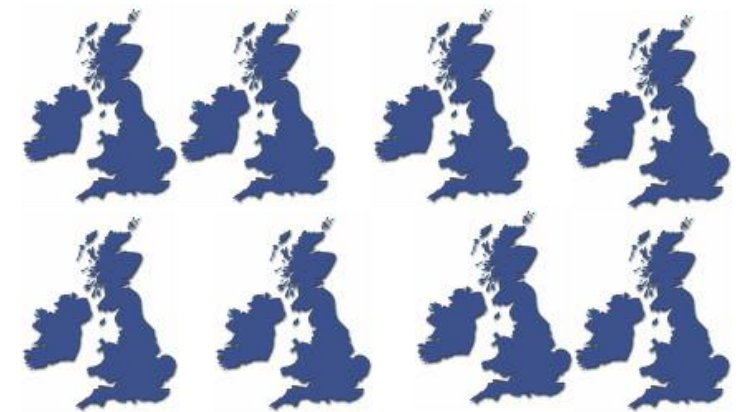
OPPORTUNITY

Let's look at the facts...

Fact: A large country, predominantly Middle-Class

Population 108.62 million

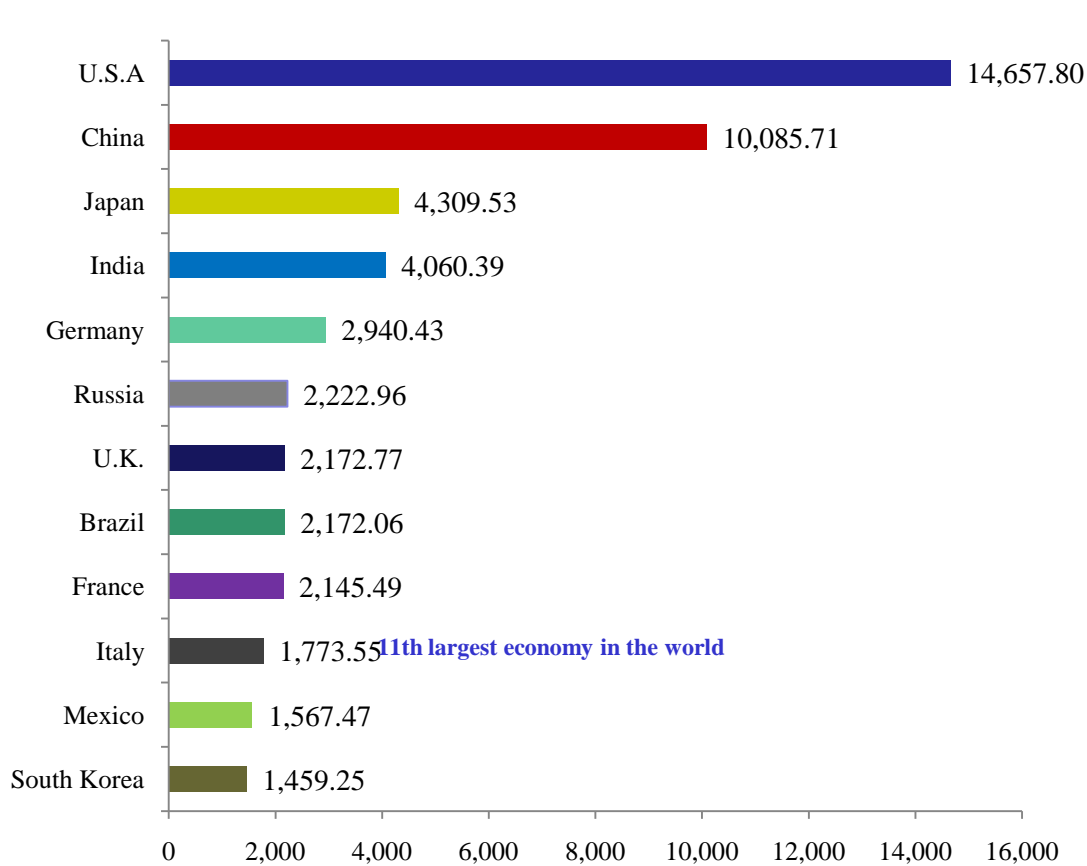
1.97 million of square meters



**Best of both worlds: An emerging economy and
a member of the OECD**

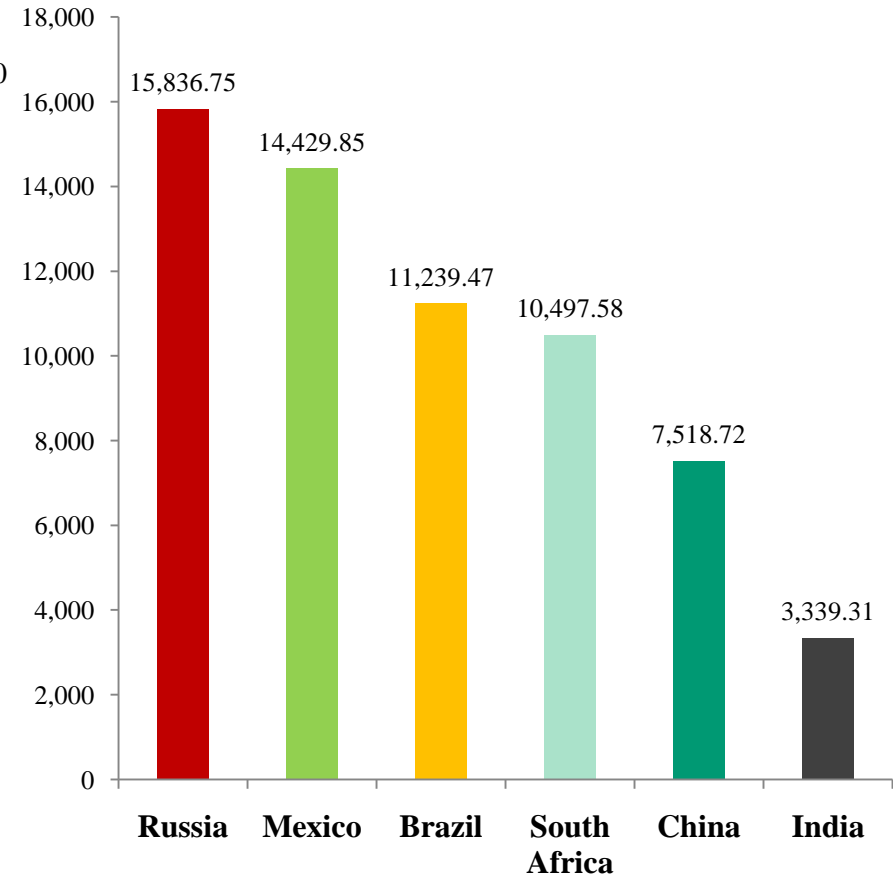
Fact: 11th largest economy in the world (GDP 2010)

Largest economies in 2010. Current international dollars.
PPP. Billions.



Source: International Monetary Fund

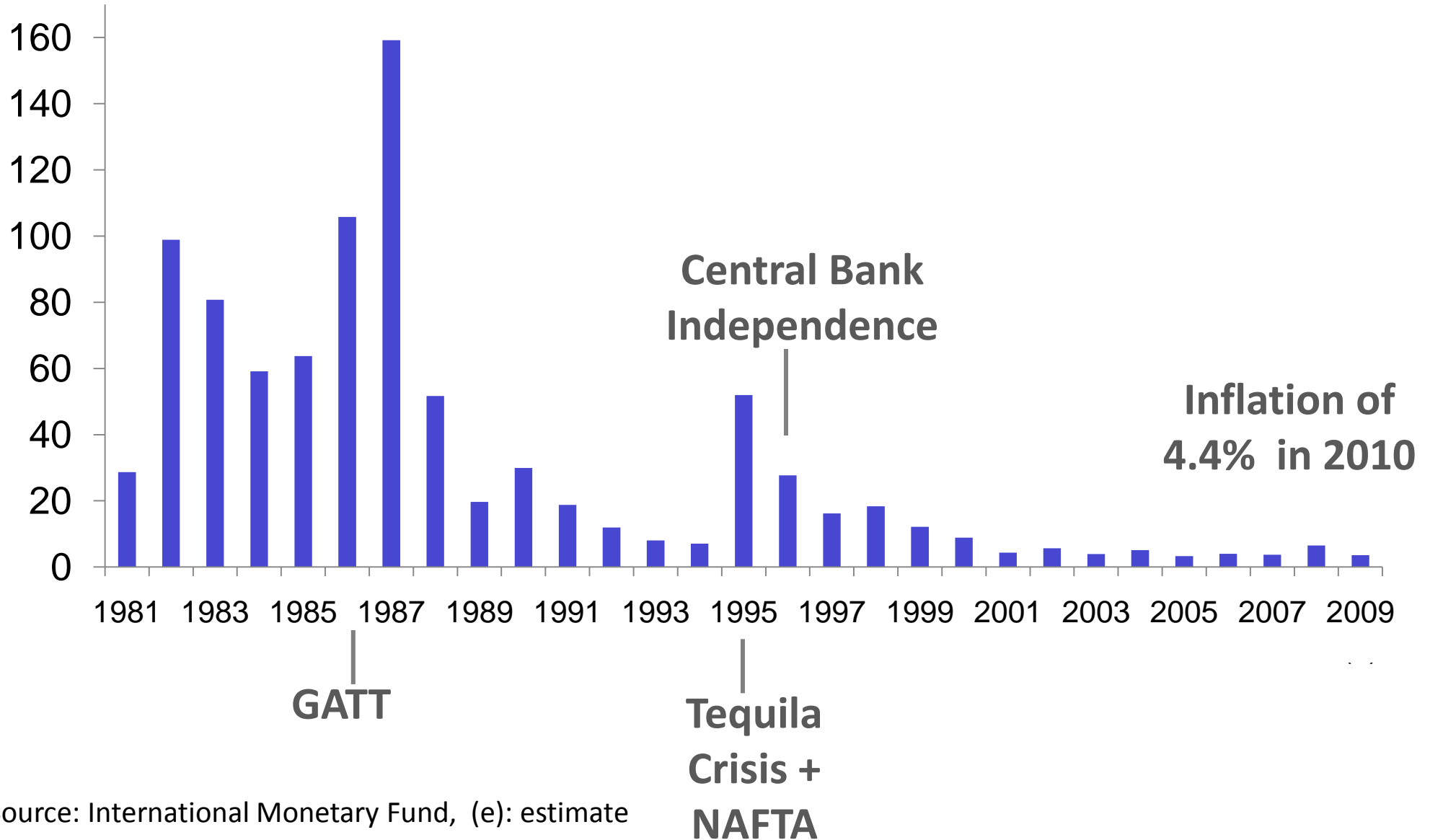
GDP per capita. 2010. PPP





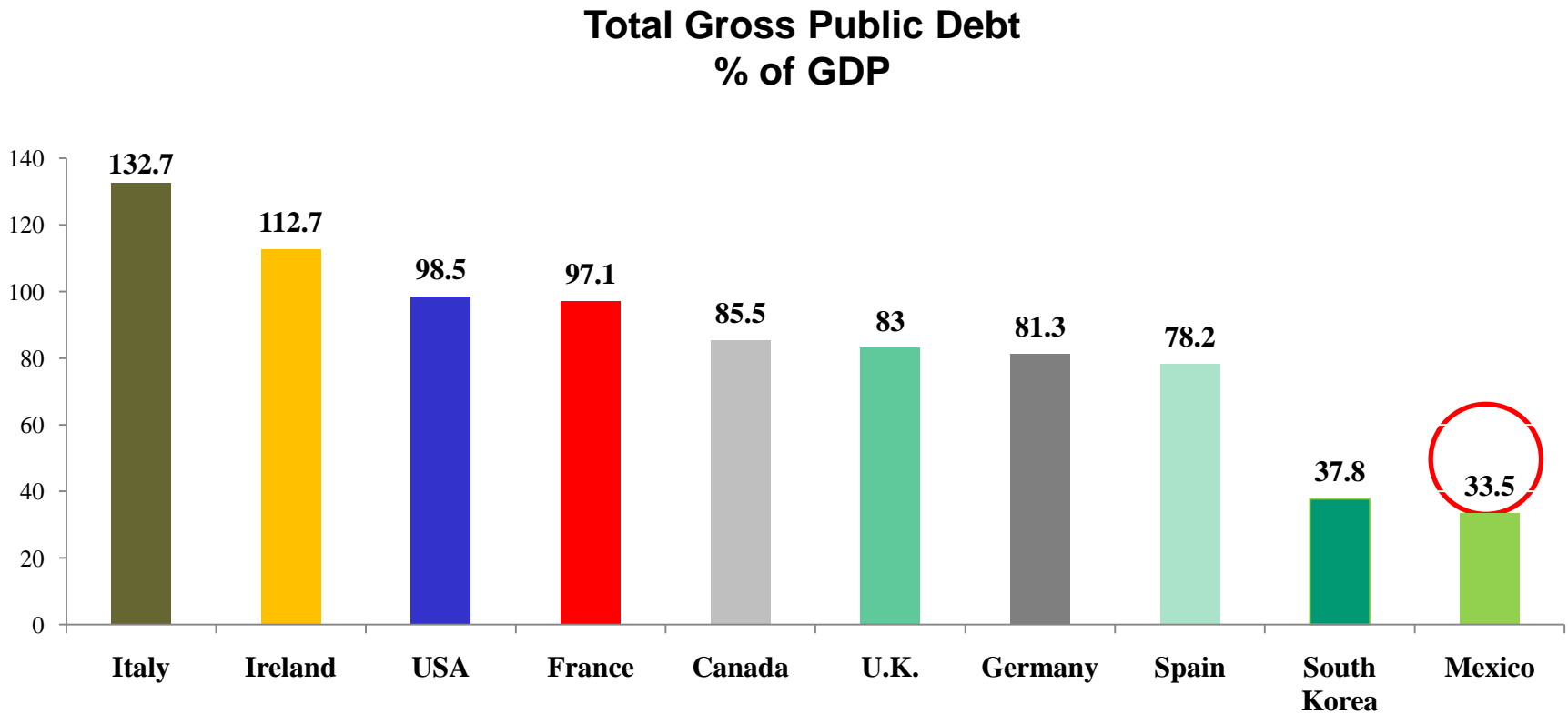
The foundations of OPPORTUNITY

Inflation since the 80's



Source: International Monetary Fund, (e): estimate

Total Gross Debt in some of the main economies



Source: Mexican Ministry of Finance (SHCP) and Mexican Central Bank

Historical levels of international reserves

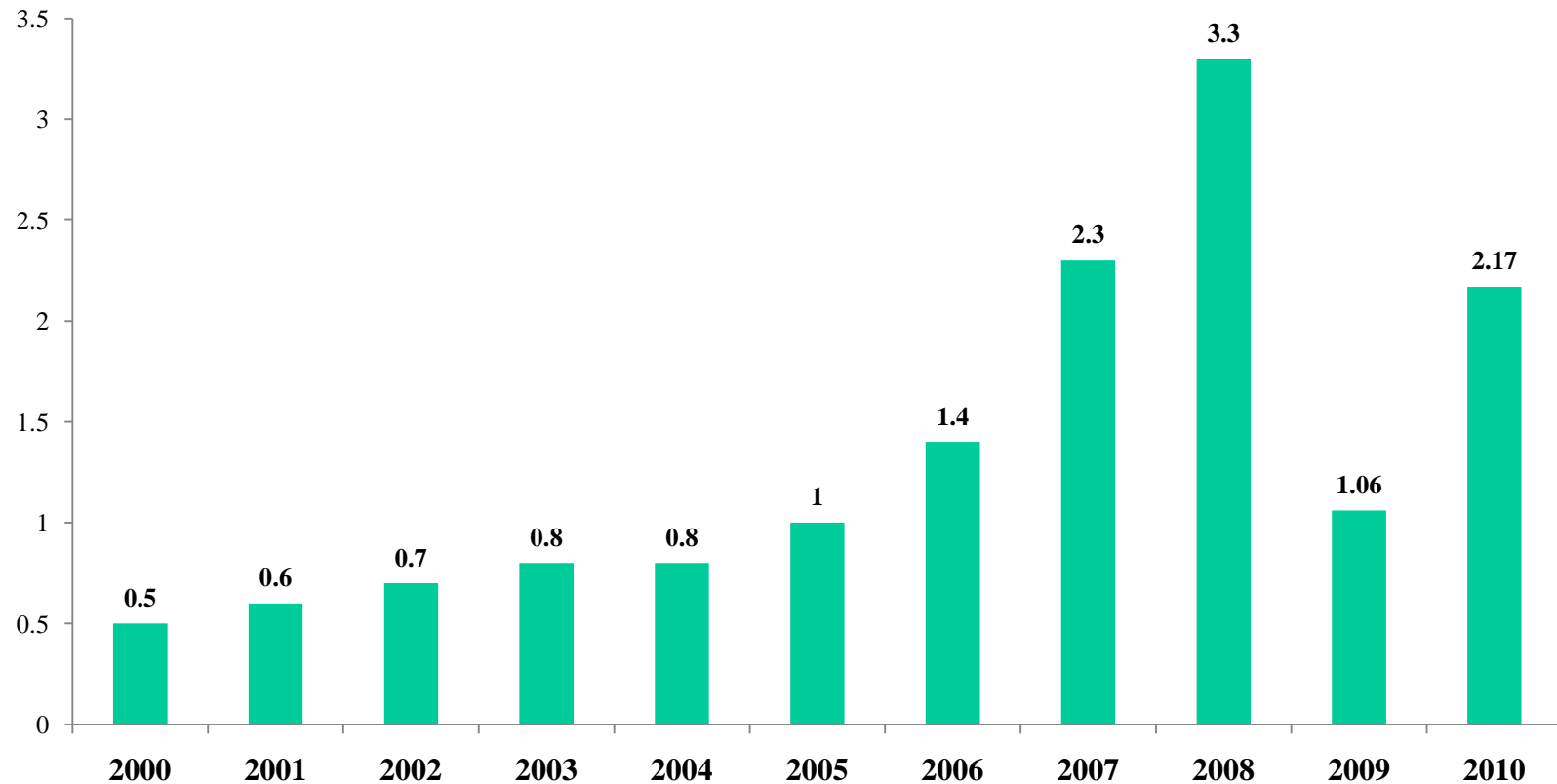
International reserves (Million US DLLS)



Source: Mexican Central Bank

We have enough cash to pay 2x our foreign debt

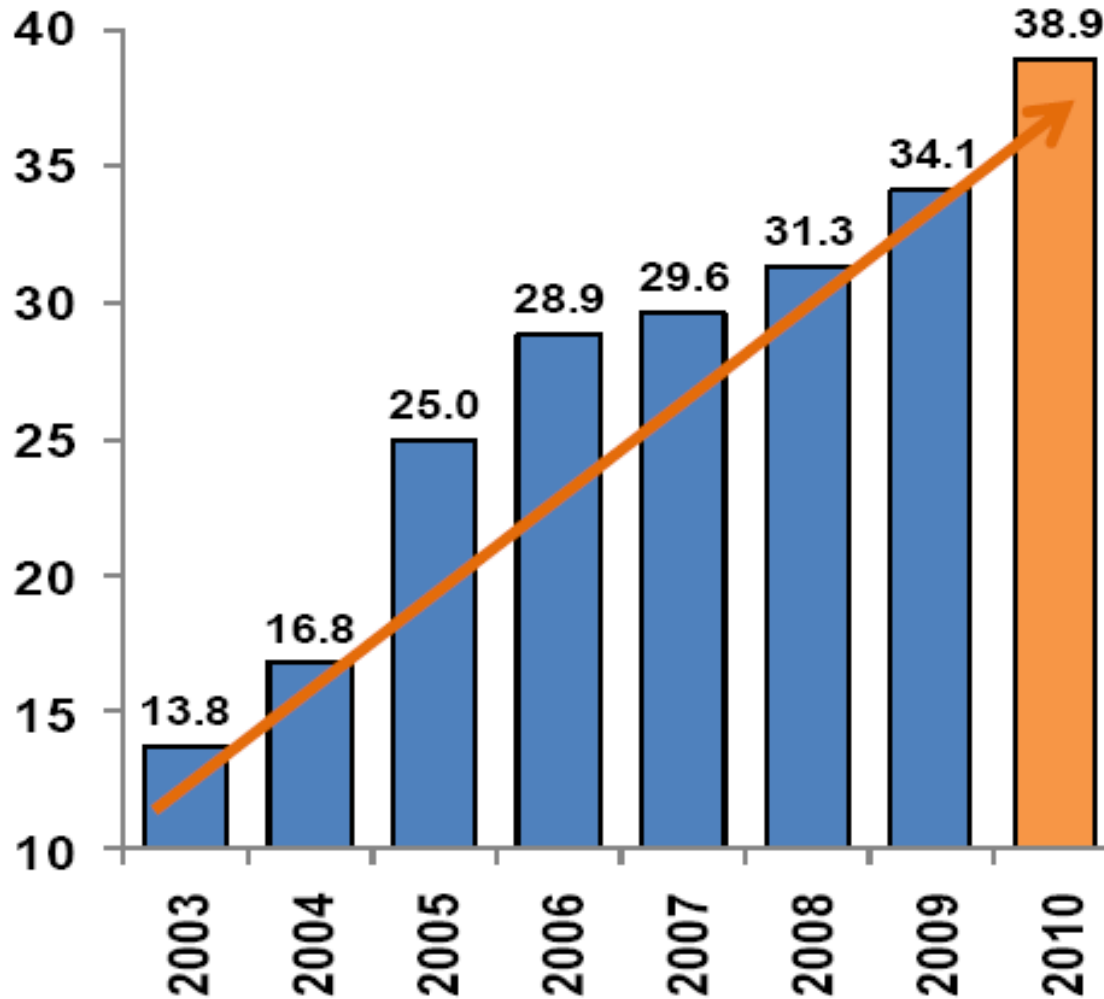
International Reserves / Foreign Debt (ratio)



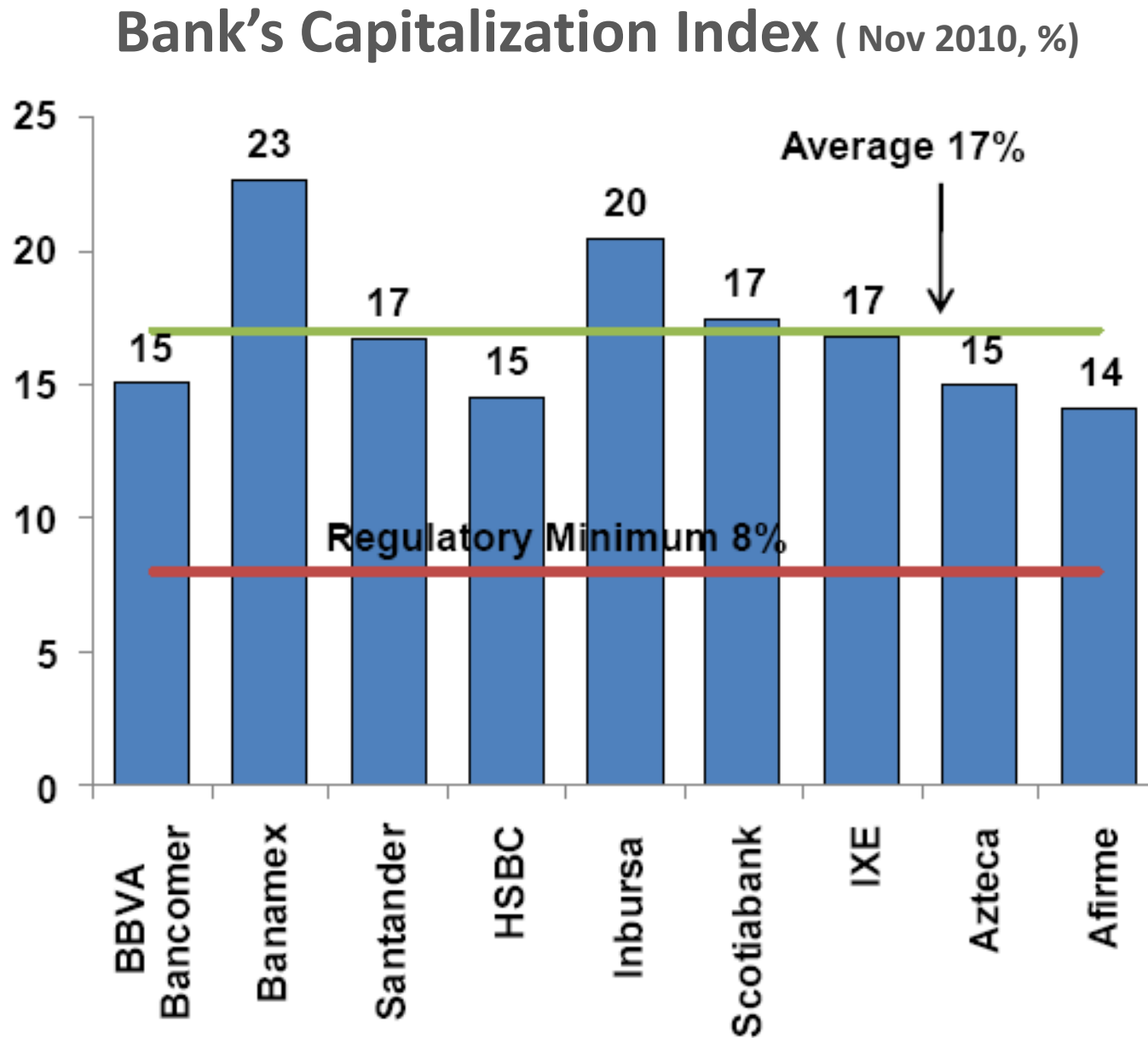
Source: Mexican Central Bank

Financial reforms: increasing tax revenues

Number of Tax Payers (millions)

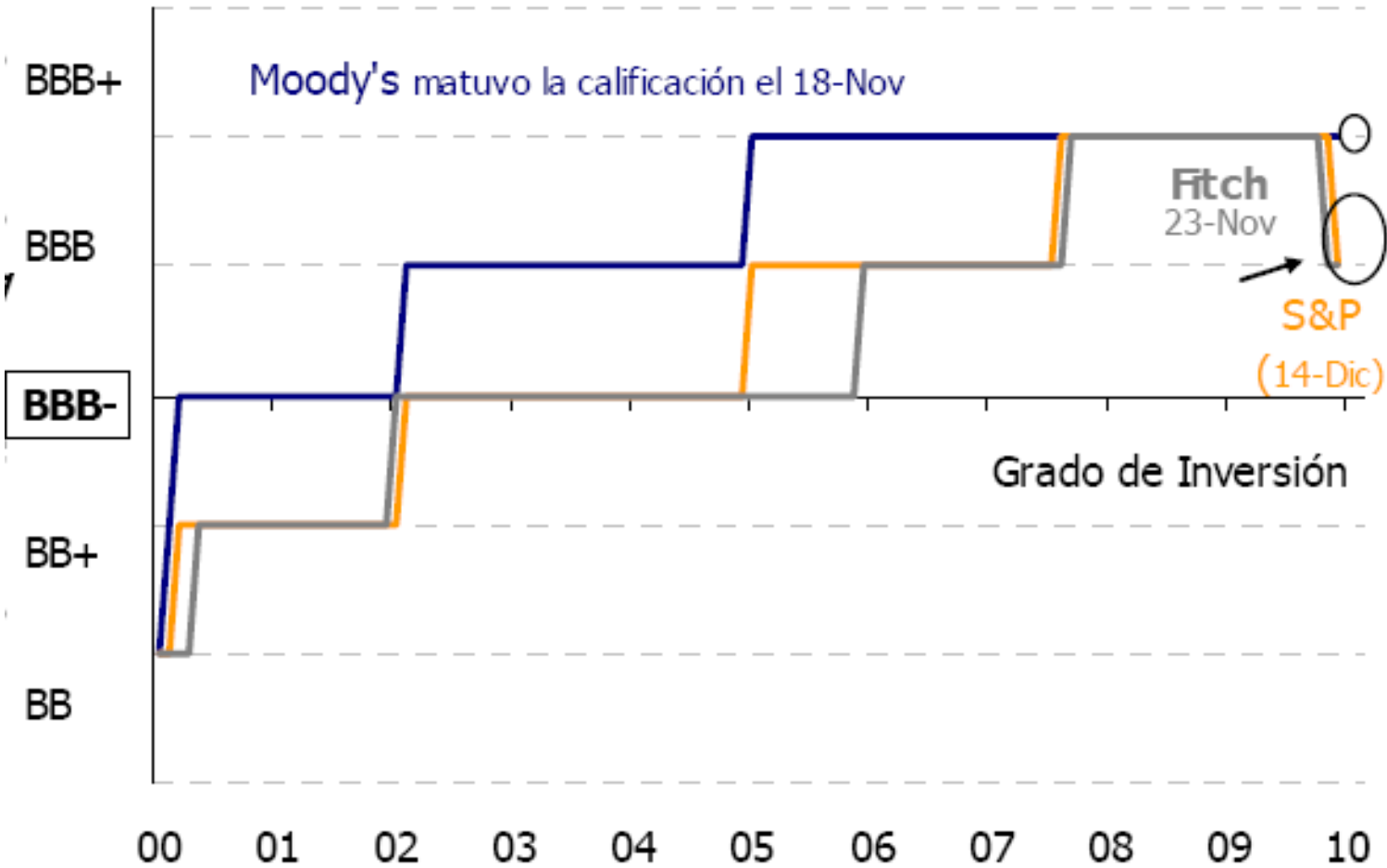


Fact: A strong financial system



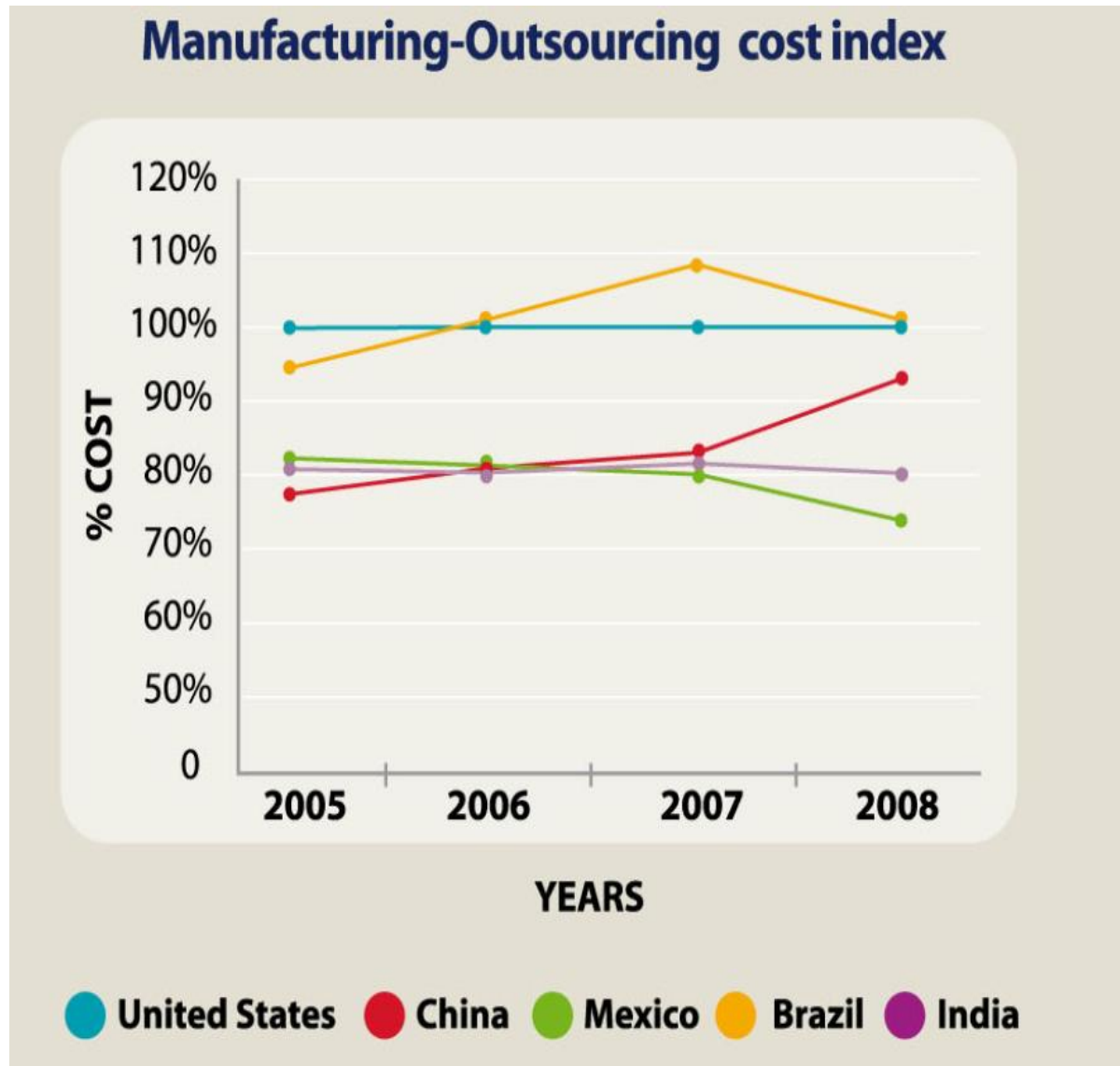
Investment grade economic fundamentals

Sovereign Risk Ratings



* Para Moody's BBB+=Baa1, BBB=Baa2, BBB-=Baa3, BB+=Ba1, y BB=Ba2

Fact: we offer the lowest operating cost for electronic projects and manufacturing

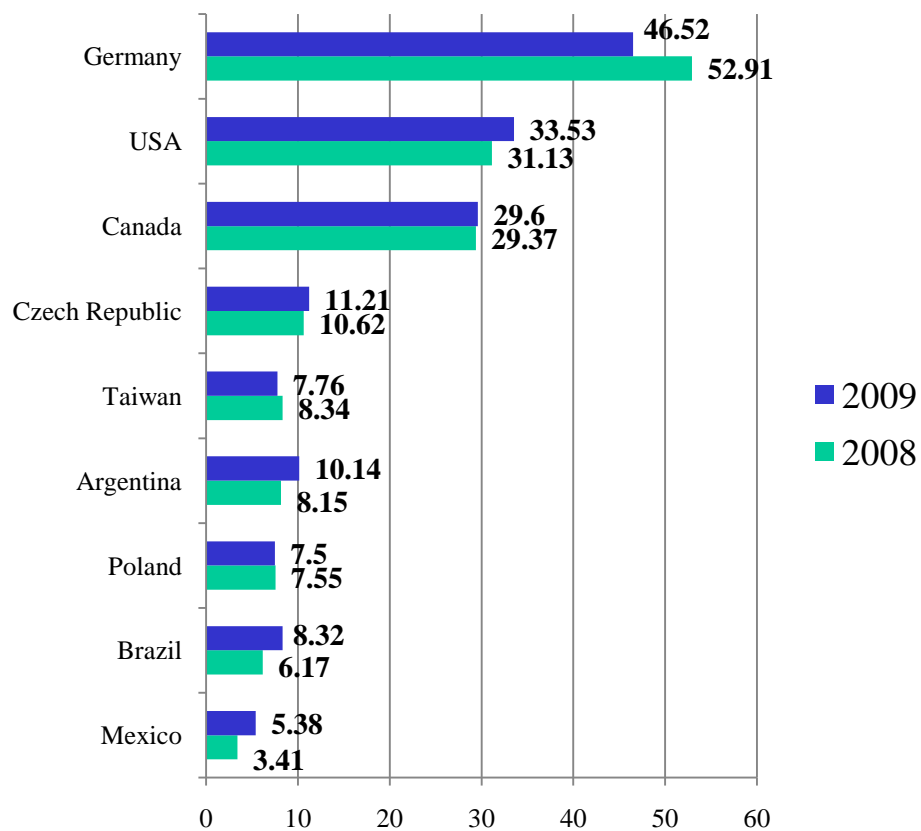


2009*	Manufacturing Cost Ranking
1	Mexico
2	India
3	Vietnam
4	Rusia
5	Romania
6	China
7	Sout Korea
8	U.S.A.
9	Hungary
10	Singapore

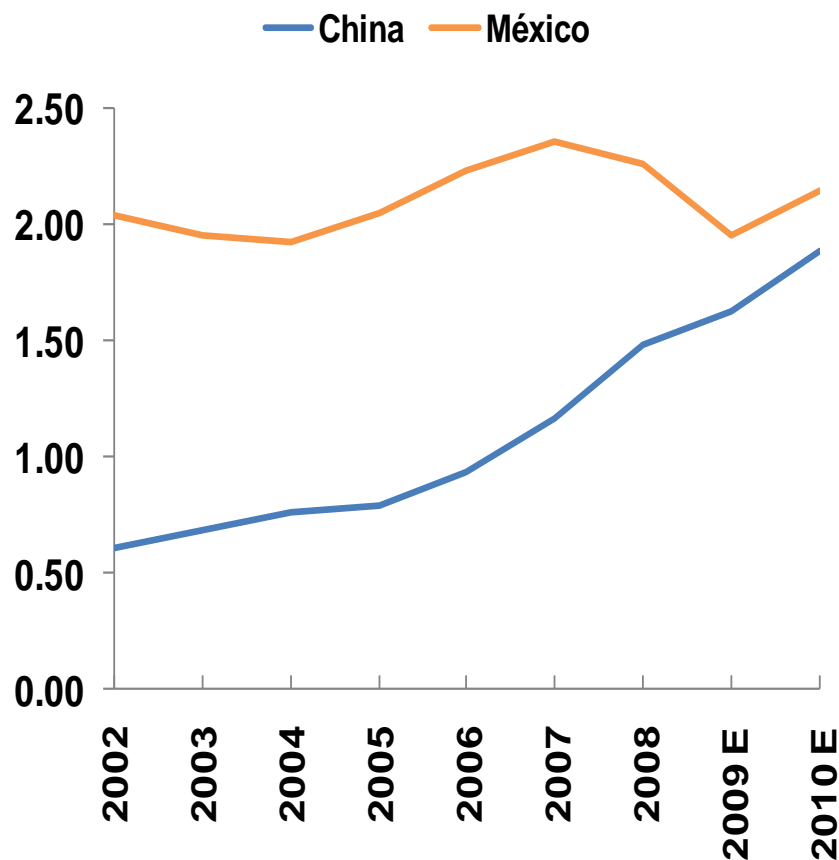
Source: AlixPartners. * Countries with lower total landed U.S. cost are ranked higher.

Fact: Transferring operations to Mexico leads to important savings

Labour Costs per employee in the area of manufacturing



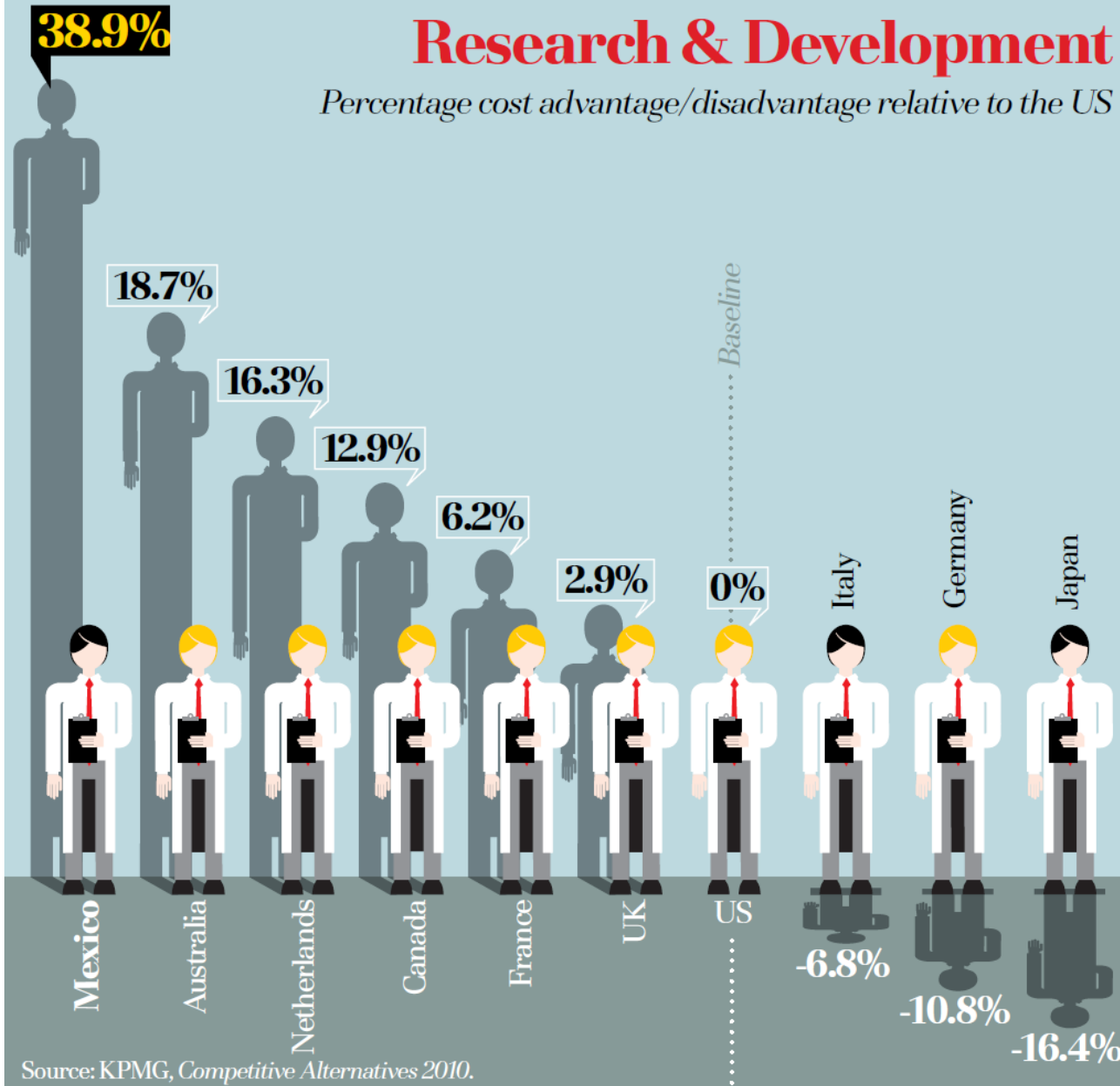
Evolution of Salaries in Mexico and China (US dollars)



Fact: Strong R&D capabilities

Research & Development

Percentage cost advantage/disadvantage relative to the US

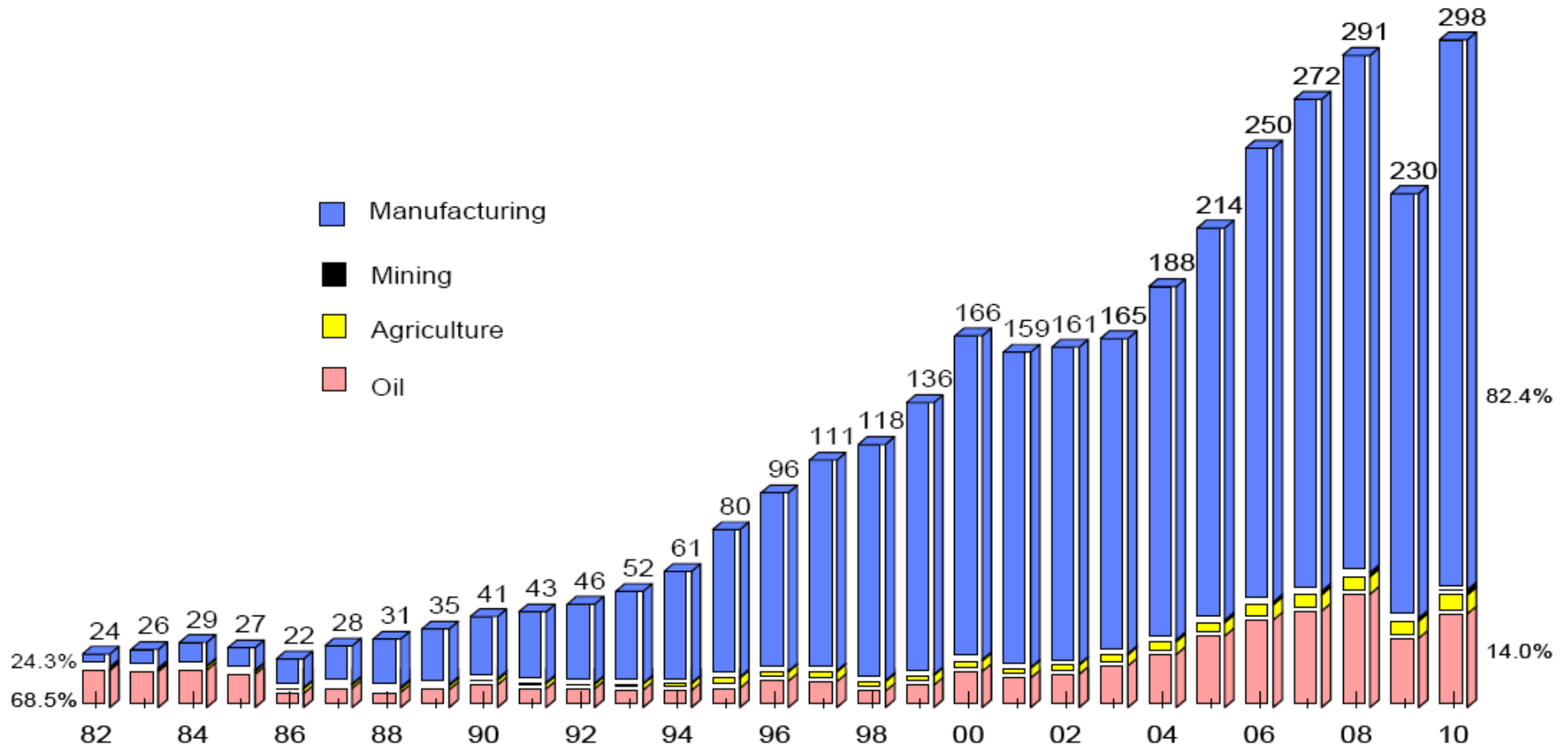


Source: KPMG, *Competitive Alternatives 2010*.

- 90,000 engineers and technicians graduate every year
- 2,539 higher education Institutions
- 900 post-graduate engineering and technology programmes
- -Mexico invests 7% of GDP in education

A trend that speaks for itself

Export volume (US\$ billion)

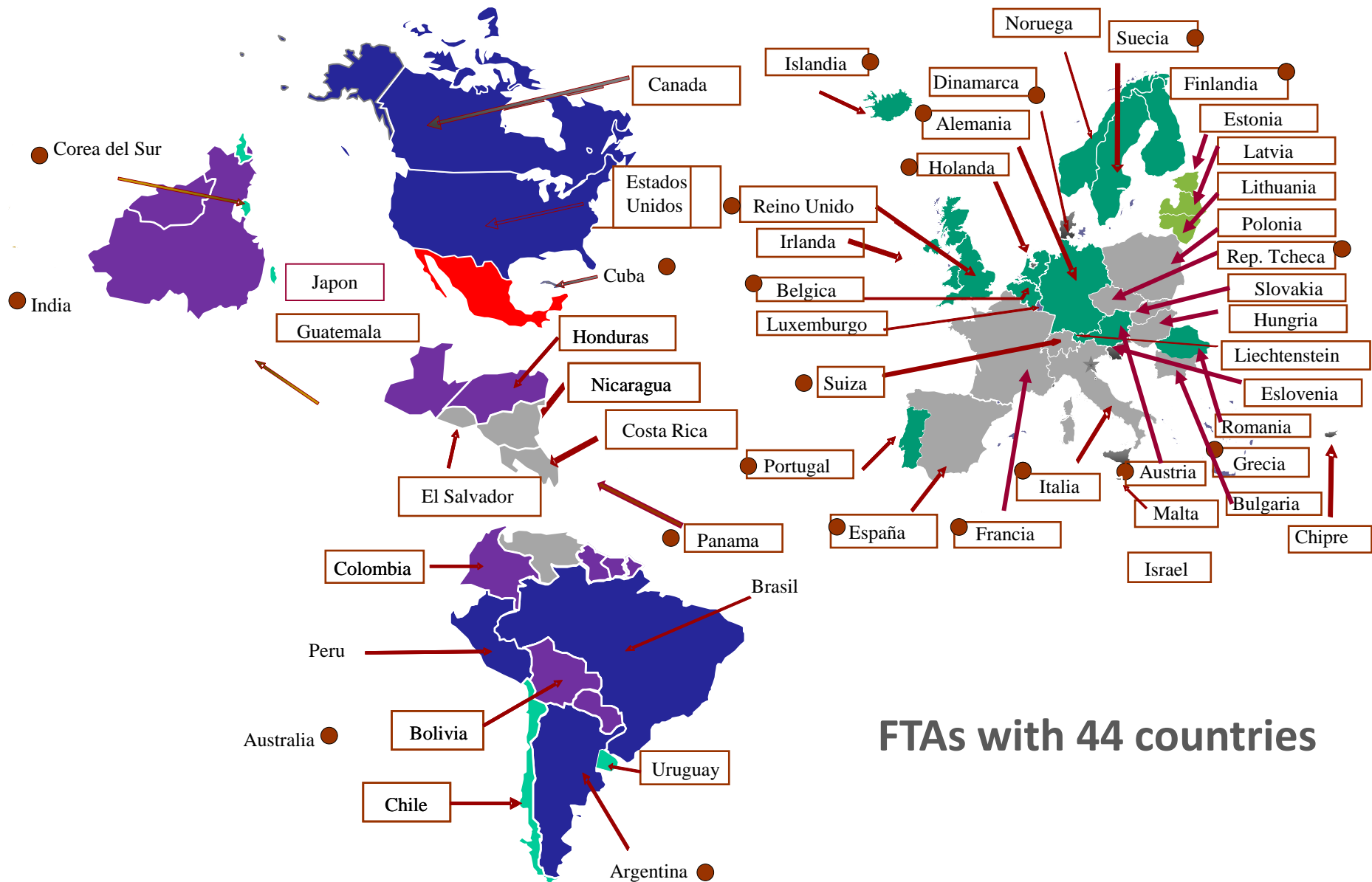


Fact: Mexico is a strategic platform



Source: Ministry of Transport and Communications (SCT)

Unmatchable Foreign Trade Agreements' network

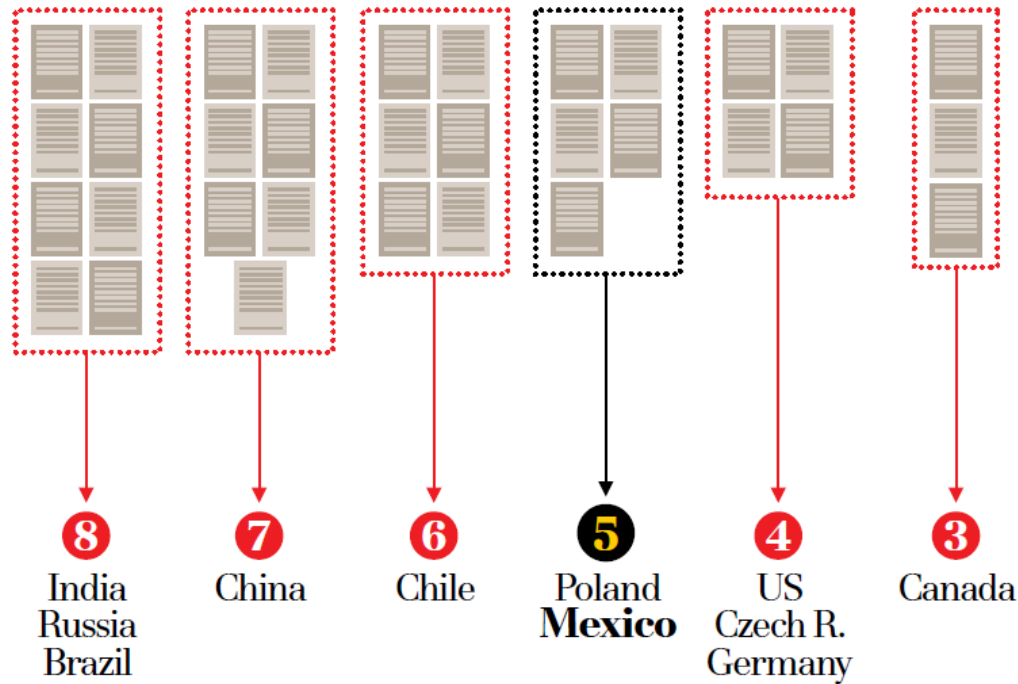


FTAs with 44 countries

We are simplifying processes

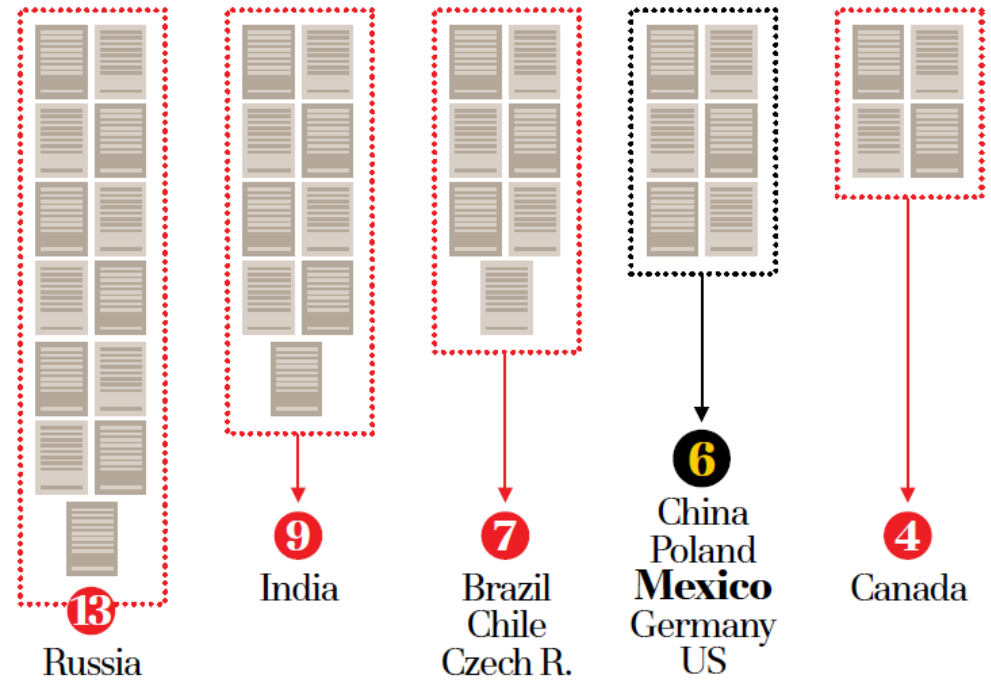
Exporting from Mexico

Documents Required to Export



Importing to Mexico

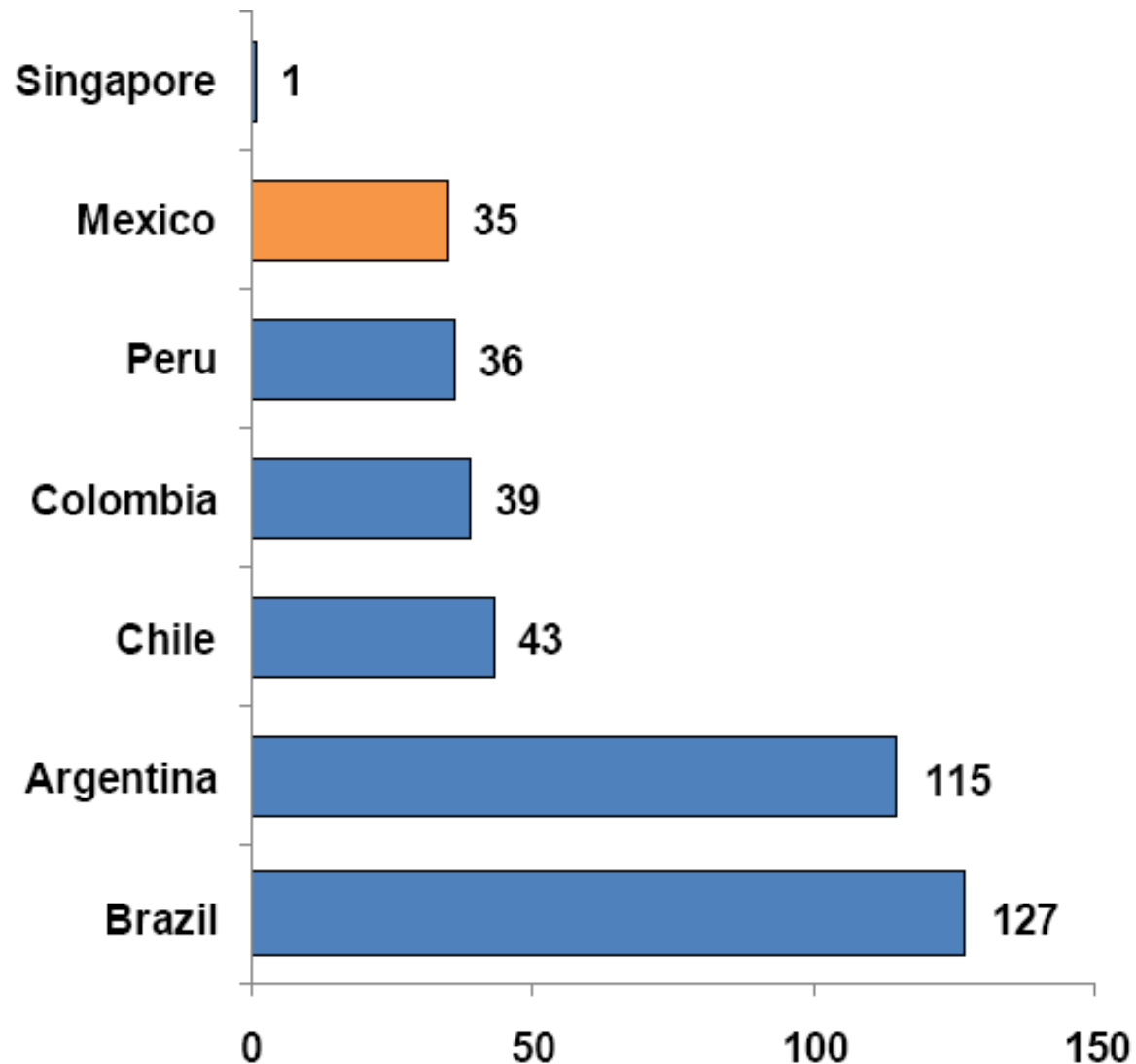
Documents Required to Import



Source: World Bank, Doing Business 2009-2010

Fact: The world recognises our business appeal

Mexico: Doing Business Ranking 2011

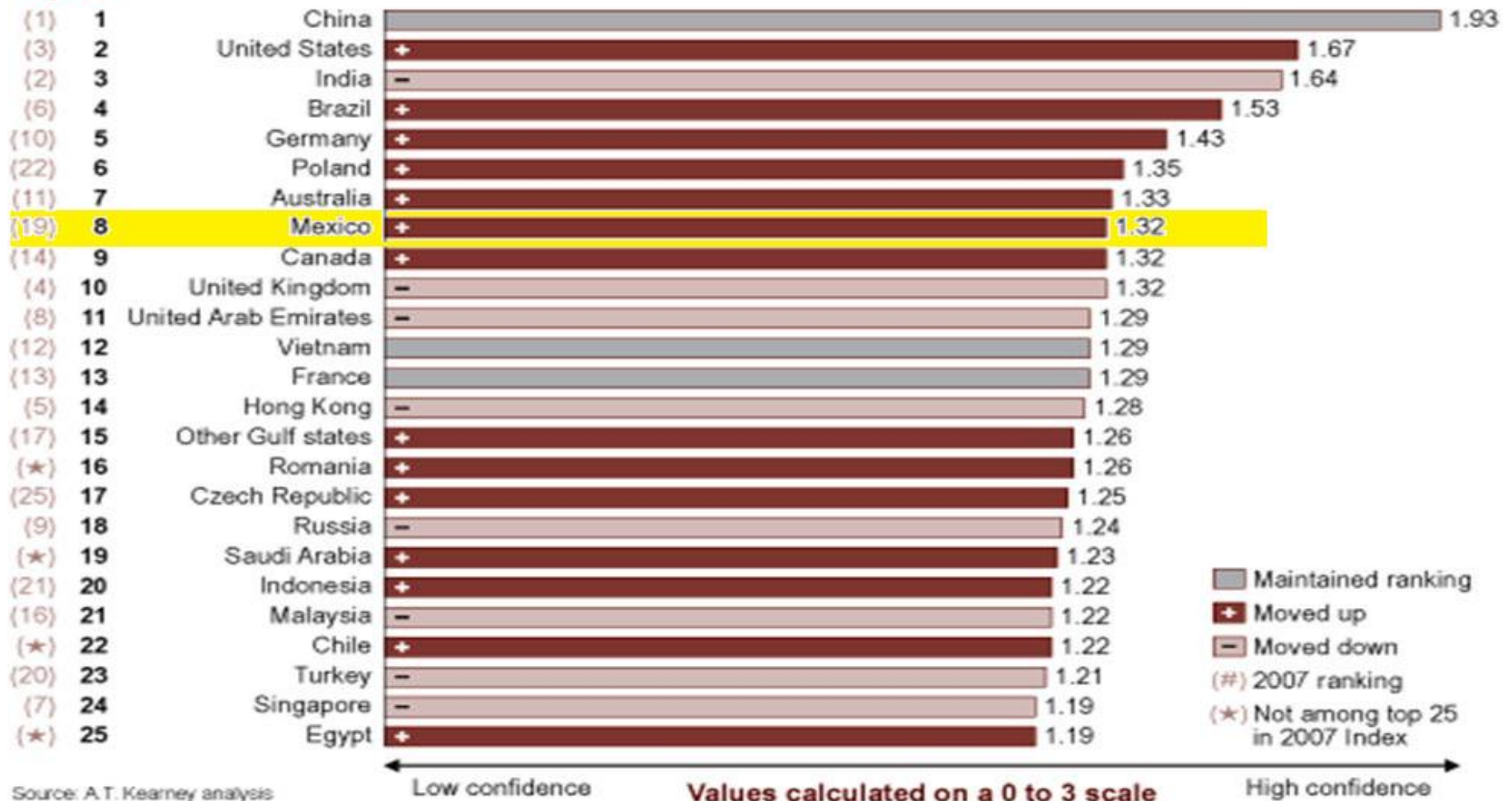


Source: World Bank, Doing Business Index

Fact: Mexico, number 8 in the FDI Confidence Index

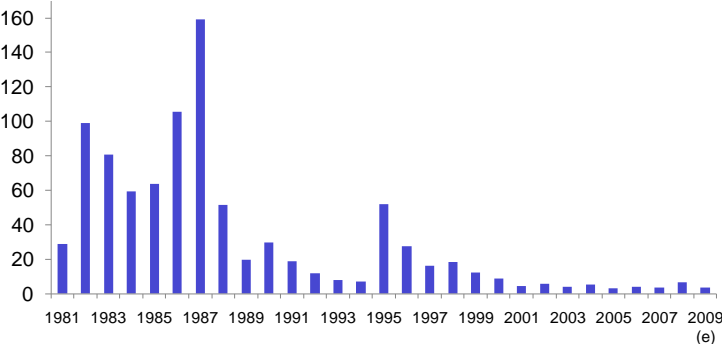
2010 FDI Confidence Index®

Top 25



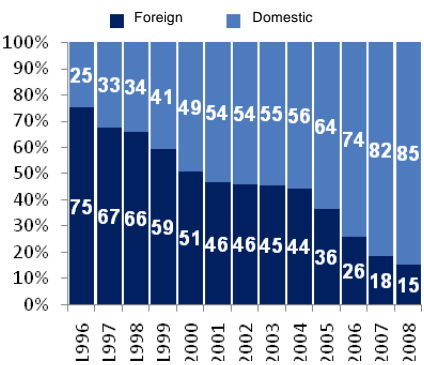
Do the math!

Mexican inflation since the 80's



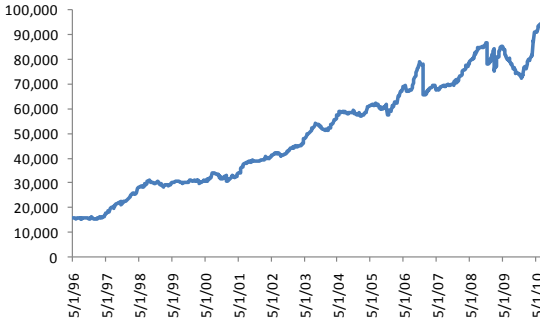
Low inflation

Foreign vs. domestic debt (% of total)



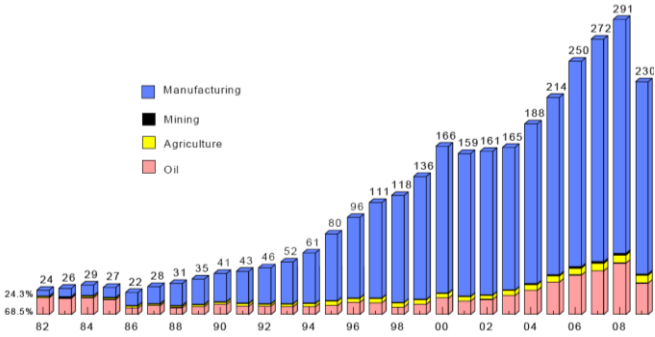
Internal financial market

International reserves (US\$ mm)

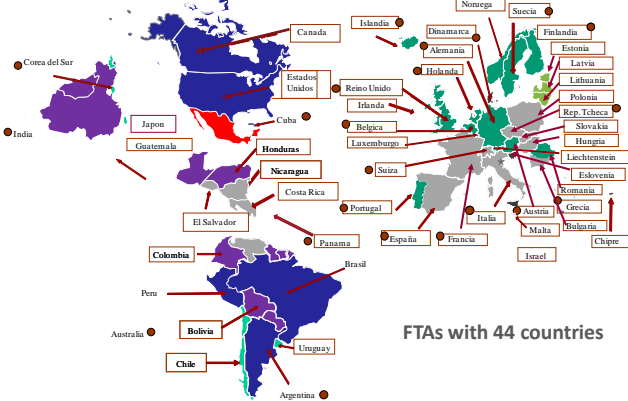


Historical reserves

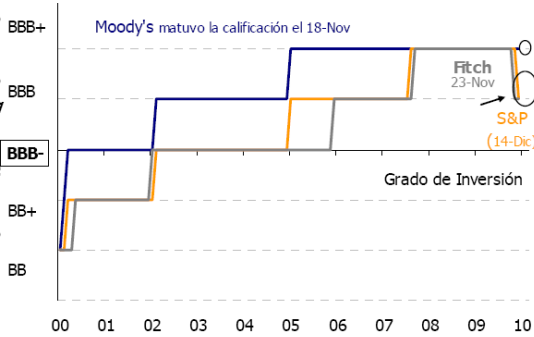
Export volume (US\$ mm)



Manufacturing, not commodities



FTA – 44 countries



* Para Moody's BBB+=Baa1, BBB=Baa2, BBB=Baa3, BB+=Ba1, y BB=Ba2

Investment grade

Mexico will be the 5th largest economy in the world





Gracias!