



U.S. Embassy—Mexico City Auto Industry Factsheet

Mexico is the 8th largest automaker and the 4th largest exporter.

Important Facts:

- Mexico is the 8th largest automaker worldwide. It is predicted they will move to 7th in 2014.
- The United States continues to be the main destination for Mexico's car exports, with around 67%.
- In 2013, Mexico remains the fifth largest worldwide automobile exporter.
- There are currently nine automotive producers in Mexico: Ford, Chrysler, GM, VW, Toyota, Nissan, Mazda, Honda, and Fiat.

The automobile industry represents approximately 4% of Mexico's GDP, 20% of national manufacturing output, and 23% of total exports. Mexico exports 82% of its total vehicle production. To date the total value of exports has reached USD55 billion and the industry supports more than 600,000 direct and indirect jobs according to the Secretariat of Economy.

Mexico is the world's eighth largest automotive producer. Auto production increased approximately 13% in 2012, but growth has been modest in 2013. As of October 2013, Mexico's automakers have produced approximately 2.5 million cars, a 3% increase over 2012 for the same time period. Overall production has grown 11% compared to the same period in 2012 according to data by the Mexican Auto Industry Association (AMIA).

Mexico's auto exports

have declined as a result of the export quotas adopted in 2012 by Brazil and Argentina causing shipments to South American countries to plunge. Exports to Latin America, Mexico's second largest market after the United States, declined 50% in the first half of the year.

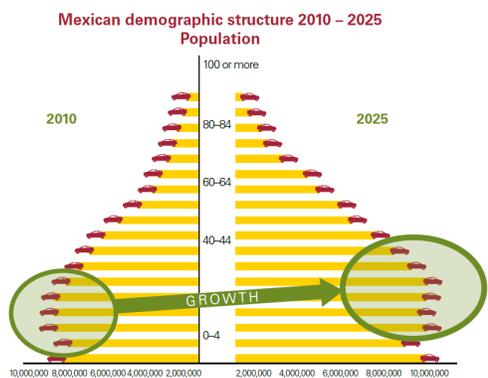
To date, auto exports in 2013 are on pace to slightly surpass 2012 numbers, according to AMIA. The United States continues to be the main destination for Mexico's car exports, with around 67% of the total (though total exports to the United States are still down following the global financial crisis) as of August 2013. Mexico is expected to replace Japan as the second-largest automobile exporter to the United States by the end of 2014. However, Mexico continues to diversify and grow its market share in other countries. In 2013, Mexico saw healthy growth in Asia (57%) and Canada (21%) compared to 9% growth in the United States, and negative growth in Latin America and Africa.

Ranking	Country	Total Production	Share	Increase vs. 2012
1	China	10,751,683	24.69%	12.80%
2	USA	5,665,485	13.01%	5.40%
3	Japan	4,660,946	10.70%	-11.20%
4	Germany	2,867,121	6.58%	-3.10%
5	South Korea	2,283,884	5.24%	-4.10%
6	India	2,029,589	4.66%	-8.70%
7	Brazil	1,856,805	4.26%	18.10%
8	Mexico	1,546,243	3.55%	4.40%
9	Thailand	1,340,910	3.08%	27.70%
10	Canada	1,205,614	2.77%	-6.80%

*Data represents the 1st 6 months of 2013

Country	2012 (Jan-Oct)	2013 (Jan-Oct)	Growth	Share
United States	1,254,725	1,371,569	9.3%	67.3
Canada	135,368	163,074	20.5%	8.0
Latin America	318,677	260,705	-18.2%	12.8
Africa	26,608	22,847	-14.4%	1.1
Asia	38,194	59,942	56.9%	2.9
Europe	179,619	131,052	-27.0%	6.4
Others	27,786	27,813	0.1%	1.4

Source: AMIA and OICA



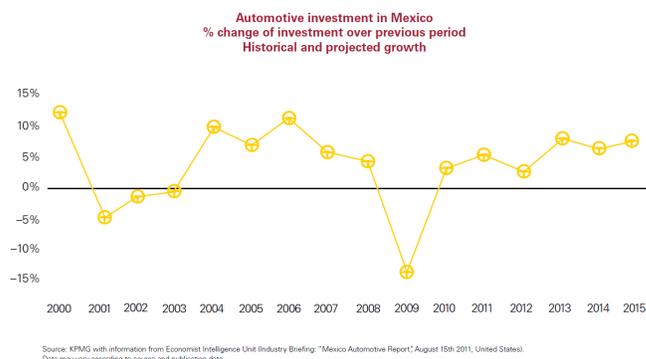
Source: KPMG with information from the National Population Council (CONAPO)

Domestic Sales

Although domestic sales have grown 6% in 2013, Mexico's domestic sales market remains weak. According the Economist Intelligence Unit, vehicle penetration is only one quarter of that in most OECD countries, which allows room for expansion of domestic car ownership and registration. Industry analysts forecast growth as Mexico's middle class continues to increase and demographics begin to shift towards a concentration of the population in the 24 to 44 age group (see table at left). Nevertheless, Mexican banks lending practices will have to loosen for strong growth in the domestic market to occur and Mexico's used car market is also very competitive.

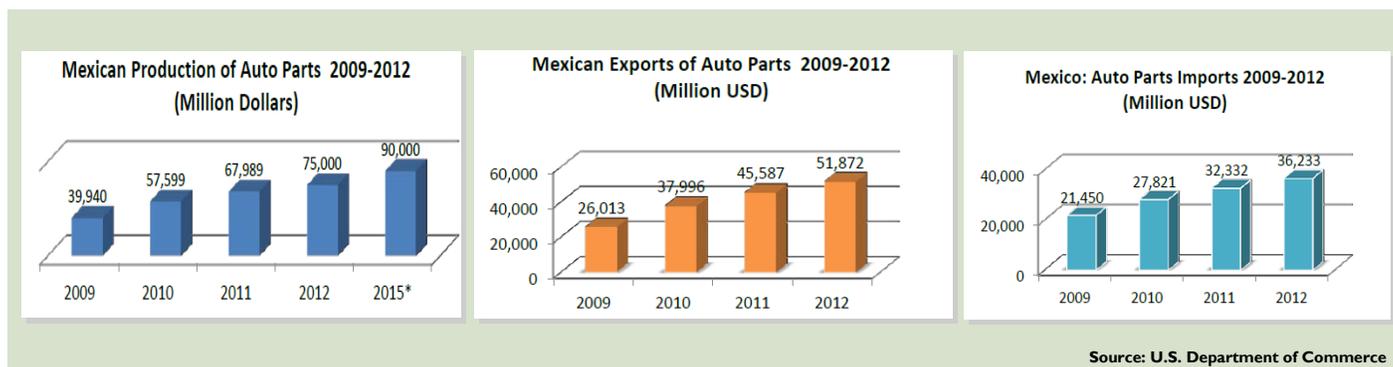
Foreign Direct Investment

Mexico continues to attract foreign direct investment (FDI) in its automotive industry as existing and new auto companies seek to expand operations or enter the Mexican market. Automakers invested approximately USD 2.4 million in the first six months of the year and accumulated investment announcements for 2013 and 2014 are over USD2 billion according to the Secretariat of Economy. Industry analysts project FDI to remain steady over the next two years (see table to right).



Mexico is the world's fifth largest producer of auto parts.

Last year, Mexico became the fifth largest worldwide exporter. Auto parts production reached USD75 billion in 2012 and 90% of auto parts are exported to the United States. There are over 1,500 auto part companies in Mexico including major Japanese, U.S., German, and French manufacturers.



Electric cars: Moving forward

Analysts, researchers, and CEOs of some automotive brands indicate that this technology is still expensive in Mexico as it raises the price of a car by at least USD10,000. In addition, they note that there are several factors that make it impractical to offer electric cars in the country and most still believe that the car of the future will remain internal combustion.

The Nissan LEAF (Leading, Environmentally Friendly, Affordable, Family car) is the first electric car launched internationally. It began sales in the United States and Japan in 2010 and arrived in Mexico in 2012 as a pilot program for green taxis. In May of 2012, Nissan Aguascalientes introduced 50 electric Leaf compact cars in coordination with the government of Aguascalientes, which invested MXP 35 million in the acquisition of these units and MXP 1.5 million to install 58 electrical outlets to arm the world's largest Recharge Center.

The primary obstacle experts say, in addition to high costs and insufficient infrastructure, is that the country has a lack of tax incentives for auto makers, such as a special electricity tariff for owners of these vehicles.