



U.S. Embassy—Mexico City Foreign Direct Investment Factsheet

Mexico ranked 18th among the largest worldwide FDI destinations.

Important Facts:

- From 2000 through 2012, U.S. foreign direct investment in Mexico totaled USD291.7 billion (51.4%), concentrated largely in the manufacturing (43%) and financial sectors (20%).
- The United States tops the list as the origin of purchases made by Mexican companies with 13 operations.
- From 2000 through 2012, the states that received the largest FDI inflows were: Mexico City, with 55% of the total, followed by Nuevo Leon (10%), Mexico State (5%), and Chihuahua (5%)— three states that also have some of the highest violence rates in Mexico.

Proximity to the United States, and macroeconomic stability make Mexico an attractive location for foreign direct investment (FDI). Additional reforms to improve competition, labor regulations, and education quality are needed to increase competitiveness and encourage more FDI. Mexico ranked 18th among the largest worldwide investment destinations and 7th among developing countries according to World Investment Report 2013 by the United Nations Conference on Trade and Development (UNCTAD) (see table below).

In 2012, Mexico received a total of the USD12.66 billion in FDI, 34.9% less than what was originally reported in the same period of 2011 (USD19.43 billion). Of this total, 55.7% was channeled to the manufacturing industry, 20% to retail, 12.9% to the construction sector, and the rest to other sectors. The FDI came mainly from the United States (58.5%), Japan (13.1%), Canada (8.2%), Germany (5.9%), Netherlands (5.7%), and France (2.6%).

| | 2010 | 2011 | 2012 | Growth Rate |
|----------------|----------------|----------------|----------------|---------------|
| | Billion USD | | | 2011-2012 |
| World | 1,381.0 | 1,604.2 | 1,310.7 | -18.3% |
| United States | 197.9 | 226.9 | 146.7 | -35.3% |
| China | 114.7 | 124.0 | 119.7 | -3.5% |
| Hong Kong | 82.7 | 96.1 | 72.5 | -24.6% |
| Brazil | 48.5 | 66.7 | 65.3 | -2.1% |
| United Kingdom | 50.6 | 51.1 | 62.5 | 22.3% |
| France | 30.6 | 40.9 | 58.9 | 44.0% |
| Singapore | 48.6 | 64.0 | 54.4 | -15.0% |
| Australia | 35.2 | 65.8 | 48.5 | -26.3% |
| Canada | 29.1 | 41.4 | 47.2 | 14.0% |
| Ireland | 42.8 | 11.5 | 39.6 | 244.3% |
| India | 24.2 | 31.6 | 27.3 | -13.6% |
| Chile | 15.4 | 17.3 | 26.4 | 52.6% |
| Luxembourg | 27.7 | 14.4 | 22.6 | 56.9% |
| Belgium | 85.7 | 103.3 | 19.3 | -81.3% |
| Indonesia | 13.8 | 19.2 | 19.2 | 0.0% |
| Saudi Arabia | 29.2 | 16.3 | 18.8 | 15.3% |
| Spain | 40.8 | 29.5 | 17.5 | -40.7% |
| Mexico | 21.0 | 20.8 | 17.4 | -16.3% |

Green Font: Developed economies; Blue font: developing economies.

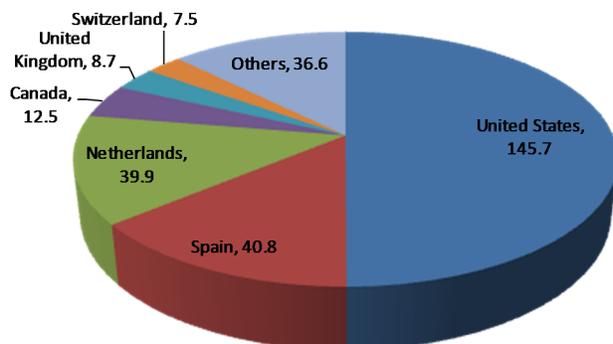
Of the total FDI received in 2012, 23% were new investments, 35.5% re-investments, and 41% to transactions between companies.

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From January to December 2012, Mexico's Foreign Investment Committee (FIC) authorized 13 projects totaling USD12.6 billion. The projects be implemented in the beverage and tobacco industry; construction of civil engineering works; oil and gas extraction; and professional and scientific services (See table below).

| Industry | # Projects | USD Million | # Jobs |
|--------------------------------------|------------|-------------|--------|
| Tobacco and soft drinks | 1 | 11,333.10 | 1550 |
| Construction | 4 | 1458.9 | 1953 |
| Gas and oil extraction | 1 | 109 | 581 |
| Professional and scientific services | 4 | 3.4 | 164 |
| Educational services | 1 | 3.0 | 107 |
| Credit intermediation institutions | 2 | 0.7 | 30 |

FDI stock by country of origin, 2000-2012 (USD Million)



Mexico has a net FDI deficit

The difference between the FDI received by the country in 2012 and the amount made by Mexicans abroad was negative by USD4.73 billion, according to the Economic Commission for Latin America and the Caribbean (ECLAC). Mexico ranked as one of only two countries in the region with an FDI deficit. In 2012, Mexico received the lowest net foreign capital flows among 30 economies of Latin America and the Caribbean.

Net Foreign Direct Investment, 2012 (USD Million)

| | |
|---------------------|----------------|
| Peru | 17,874 |
| Argentina | 6,401 |
| Panama | 2,823 |
| Trinidad and Tobago | 1,688 |
| Ecuador | 578 |
| Paraguay | 239 |
| Haiti | 124 |
| Venezuela | (759) |
| Mexico | (4,730) |

Numbers in () indicate negative values.

Mexican Investment 2012

Mexico's outward investments totaled USD25.6 billion in 2012. Mergers and acquisitions (M&A) show that Mexican investment is primarily focused in the United States and other Latin American markets, while also expanding into Europe and other regions. In 2012, Mexican companies participated in 140 M&A, valuing USD41.3 billion, equivalent to 3.44% of Mexico's GDP and more than twice the expected FDI for 2012. The 140 transactions recorded in 2012 are significantly higher than the 87 transactions reported in 2011. The same applies to the dollar amount, since in 2012 the 140 transactions were valued at USD41.3 billion, while in 2011, the amount was USD19.9 billion, according to figures from TTR (Transactional Track Record), a company specializing in M&A information. The United States tops the list acquiring 13 Mexican companies, followed by Spain, with 8.

FDI Projects in Mexico per Industry, 2012

| Mexican acquisitions abroad | | Acquisitions of foreign companies in Mexico | |
|-----------------------------|---|---|----|
| United States | 5 | United States | 13 |
| Peru | 3 | Spain | 5 |
| Germany | 2 | Brazil | 4 |
| Argentina | 2 | Japan | 3 |
| Brazil | 2 | Canada | 2 |
| Colombia | 2 | France | 2 |
| Netherlands | 2 | Switzerland | 2 |
| Ecuador | 1 | Netherlands | 2 |
| Spain | 1 | Germany | 1 |
| Venezuela | 1 | Argentina | 1 |
| United Kingdom | 1 | Colombia | 1 |
| Chile | 1 | Singapore | 1 |
| Belgium | 1 | South Korea | 1 |