

FDI REPORT: MEXICO



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MEXICO

SUMMARY OF THE COUNTRY:

As global economic dynamics evolve, Mexico has emerged as a key destination for foreign direct investment (FDI), leveraging its geographic proximity to the United States and its strategic position in supply chain realignment. Nearshoring has become a cornerstone of the country's investment appeal, attracting inflows from the United States as well as from other nations looking to capitalise on Mexico's strong commercial ties with the US.

This shift towards nearshoring is driven by a convergence of factors:

- Rising labour costs in China.
- Disruptions to global supply chains caused by the Covid-19 pandemic.
- Geopolitical tensions between China and the United States.
- The USMCA agreement, which modernised and replaced NAFTA.

While the reallocation of investments and supply chains marks a transition from offshoring to nearshoring, and Mexico is well-positioned due to its geographic proximity to the United States, concerns remain about whether the country can foster a business environment robust enough to unlock its full potential as a destination for foreign capital.

Data from the Secretariat of Economy highlight this challenge. In the first half of 2024, Mexico recorded a historic US\$31 billion in foreign direct investment. However, of this total, only US\$909 million constituted new investments, with the remainder comprising reinvested earnings within the country.

FIG. 1: Number of projects (until July 2024)

3,891

TOTAL NUMBER OF PROJECTS

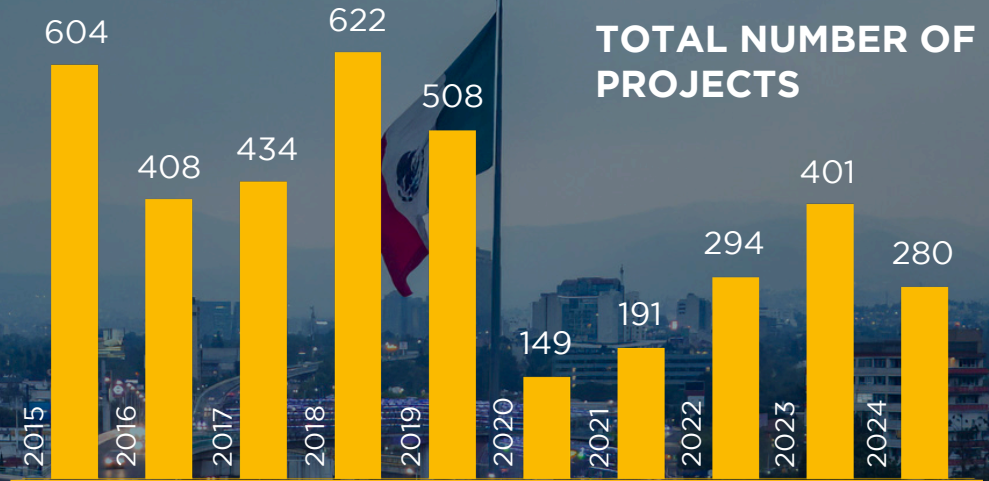
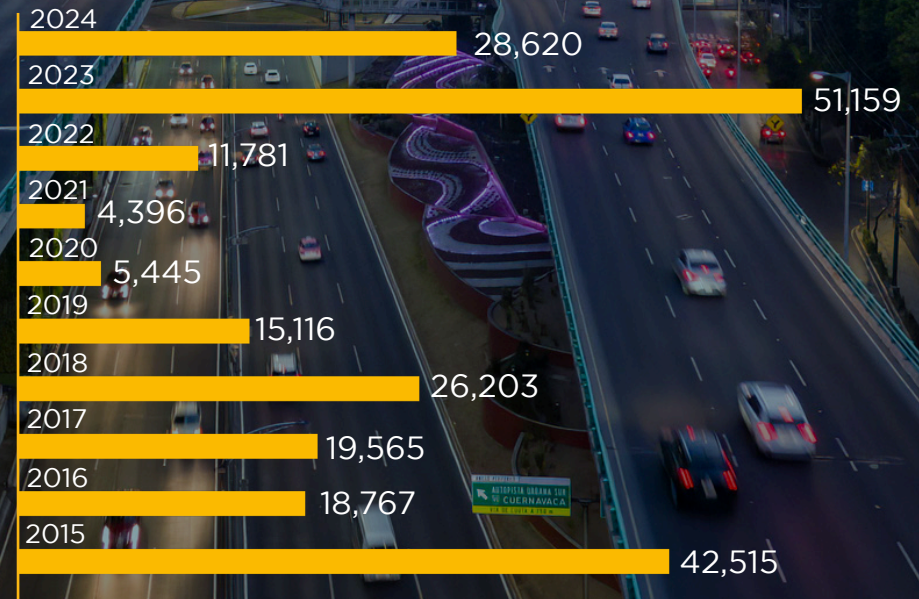


FIG. 2: Total capital expenditure US\$m (until July 2024)



KEY TRENDS (JANUARY TO JUNE 2024)*:

For the purpose of this report, only announced and already executed projects were considered (also were not considered reinvestment of profits earned in operations abroad and intercompany loans).

- **The United States leads foreign direct investment**, with increased contributions from Germany, Japan, and Canada.
- **The manufacturing sector dominates in terms of projects**, particularly in:
 - Transport equipment
 - Beverages and tobacco
 - The chemical industry
- **Top investment destinations include Mexico City**, followed by Nuevo León, Baja California, and Estado de México.

*source of data: Orbis Crossborder Investment

FIG. 3: SOURCE (% PROJECTS)



ECONOMY OUTLOOK:

INDICATOR	2021	2022	2023	2024f	2025f	2026f
REAL GDP GROWTH (%)	5.7	3.9	3.2	2.3	2.1	2.0
INFLATION (%)	5.7	7.9	5.5	4.1	3.5	3.5
CURRENT ACCOUNT BALANCE (% of GDP)	-0.3	-1.2	-0,3	-0.4	-0.6	-0.8
DEBT (% of GDP)	49.2	47.8	46.8	48.8	49.4	49.7

Source: World Bank
Note: f=forecast

INDUSTRY SECTOR - TOP 10 (2013 UNTIL May 2023)	# OF PROJECTS	TOTAL CAPITAL EXPENDITURE US\$m
RETAIL	5,975	542
BUSINESS SERVICES	21,582	413
TRANSPORT MANUFACTURING/AUTOMOTIVE MANUFACTURING / non-OEM	20,641	403
TRAVEL, PERSONAL & LEISURE/TRAVEL	5,232	250
COMPUTER SOFTWARE/WEB HOSTING & INTERNET	10,954	205
TEXTILES & CLOTHING MANUFACTURING/ TAILORING	492	187
TRANSPORT MANUFACTURING/AUTOMOTIVE MANUFACTURING/OEM	45,897	187
WHOLESALE	5,181	143
INDUSTRIAL, ELECTRIC & ELECTRONIC MACHINERY/ ELECTRONIC & ELECTRICAL COMPONENTS	12,270	136
COMPUTER SOFTWARE/SOFTWARE SERVICES	2,360	124



RECENT PROJECTS HIGHLIGHTS:

- **Google (USA)** to open data center in Queretaro. Deal value: US\$128,8 million (announced).
- **Amazon (USA)** to open distribution center in Guadalajara. Deal value: US\$42,7 million (announced).
- **Fictiv (USA)** opens 3D printed industrial components manufacturing plant in Santa Catarina. Deal value: 56,8 (completed).
- **AGCO (USA)** to expand agricultural equipment manufacturing plant in Queretaro. Deal value: 45 million (announced).

SOURCE REGION: NORTH AMERICA

INVESTOR/ACQUIROR INDUSTRY (TOP 10)	# OF PROJECTS AND DEALS
INDUSTRIAL, ELECTRIC & ELECTRONIC MACHINERY	358
BUSINESS SERVICES	342
TRANSPORT MANUFACTURING	326
RETAIL	310
TRAVEL, PERSONAL & LEISURE	257
COMPUTER SOFTWARE	251
CHEMICALS, PETROLEUM, RUBBER & PLASTIC	246
MINING & EXTRACTION	211
BANKING, INSURANCE & FINANCIAL SERVICES	194
TRANSPORT, FREIGHT & STORAGE	178

SOURCE REGION: WESTERN EUROPE

INVESTOR/ACQUIROR INDUSTRY (TOP 10)	# OF PROJECTS AND DEALS
BUSINESS SERVICES	295
INDUSTRIAL, ELECTRIC & ELECTRONIC MACHINERY	291
TRANSPORT MANUFACTURING	289
CHEMICALS, PETROLEUM, RUBBER & PLASTIC	212
RETAIL	194
TEXTILES & CLOTHING MANUFACTURING	180
COMPUTER SOFTWARE	174
BANKING, INSURANCE & FINANCIAL SERVICES	159
METALS & METAL PRODUCTS	124
TRAVEL, PERSONAL & LEISURE	115

SOURCE REGION: LATIN AMERICA AND THE CARIBBEAN

INVESTOR/ACQUIROR INDUSTRY (TOP 10)	# OF PROJECTS AND DEALS
BUSINESS SERVICES	129
TRANSPORT MANUFACTURING	103
COMPUTER SOFTWARE	101
RETAIL	82
CHEMICALS, PETROLEUM, RUBBER & PLASTIC	69
INDUSTRIAL, ELECTRIC & ELECTRONIC MACHINERY	63
BANKING, INSURANCE & FINANCIAL SERVICES	60
TRANSPORT, FREIGHT & STORAGE	48
FOOD & TOBACCO MANUFACTURING	38
METALS & METAL PRODUCTS	38

According to Orbis website:

“Orbis Crossborder Investment looks at globalization via projects and deals and delivers information on the companies behind these investments – both listed and private. It tracks information daily, and monitors announced, completed and cancelled/withdrawn projects and deals, as well as rumours and intentions. These include:

- Greenfield FDI projects – such as a company setting up (or expanding) a physical presence in a foreign market.
- Crossborder M&A deals – defined as having more than 10% foreign ownership and including acquisitions, mergers, demergers, joint ventures and minority stakes”





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