

PAACE automechanika

MEXICO

July 18 - 20, 2012

Centro Banamex, Mexico City, Mexico

Market Information Spotlight: Mexico

Did You Know?

- With a population of approximately 105 million inhabitants, Mexico is the 2nd largest market in Latin America and one of the largest markets worldwide.
- The automotive industry represents the 2nd most important sector in Mexico.
- The average vehicle life cycle in Mexico is 14 years compared to 5.7 years in the U.S.
- There are more than 30 million motor vehicles in circulation in Mexico.
- There are more than a thousand auto part producers in Mexico.

The Mexican Market - An Overview

The Mexican automotive industry is one of the fastest growing sectors in Mexico. Due to its geographic location and large population of over 100 million people, Mexico is well known for its outstanding opportunities in the automotive industry. Mexico is the world's 10th largest automotive producer, with over 2 million units produced in 2010. The auto parts and suppliers industry in Mexico generates approximately 7.5% of the country's GDP. Mexico's automotive production has grown at an astounding rate—approximately ten percent per year over the past three years.

As the Mexican automotive industry experiences tremendous growth, so do the opportunities that exist in the market. Consistent increases in vehicle circulation, parts and accessories imports make Mexico a very lucrative market for business.



Market Information Spotlight: Mexico

Page 2

Main OEM's in Mexico's Market

- VW
- GM
- Daimler Chrysler
- Honda
- Nissan
- BMW
- Toyota

Show Facts

EDUCATION —

Largest educational program in the country with more than 42 technical seminars attended by over 8,000 buyers.

SHOW FLOOR —

Largest automotive industry event in Mexico with approximately 500 companies and more than 20,000 visitors.

SUPPORT—

Endorsed by APRA, MEMA, SEMA, Andellac, Aridra, EGEA and the US Commercial Service.

Investing in the Mexican Market

VW spent US\$ 410 million dollars, which is part of their US\$1 billion investment to increase by 25% its local production capacity. The company is developing new products, including the successor of the Beetle for 2011. They have invested US\$550 million for an engine plant in Silao, Guanajuato with an engine capacity of 330,000 units to be completed in 2013.

FORD has 85 years in Mexico. They re-opened their plant in Cuautitlan in the state of Mexico to produce the Fiesta vehicle with a cost of US\$1 billion dollars in the plant remodeling.

CHRYSLER and FIAT announced an investment in Mexico of more than US\$550 million dollars to produce the Fiat 500 for the United States and Latin America. In 2012 this vehicle will be fully produced in Mexico and Chrysler is also developing an electric version of it.

NISSAN will invest US\$600 million to produce the new Micra for 2011. The early production stage will be in their Aguascalientes plant and aims to produce 50,000 units.

GM has 75 years in Mexico. They plan to expand in the country and hope to strengthen their presence in the compact car segment and manufacturing of transmissions.

Cessna is completing a fourth expansion, in the city of Chihuahua, Mexico, that will bring factory floor space to 10 times its initial size, Bloomberg Markets magazine reports in its October issue.

"Mexico is very well positioned to take advantage of U.S. growth," says Edgardo Sternberg, an emerging-market debt strategist at Boston-based Loomis Sayles & Co. which manages about \$140 billion in assets. The U.S. economy expanded 3 percent in the second quarter from a year ago after contracting 4.1 percent during the same period last year.

Volkswagen Group production continues on its growth path in Mexico . . . opening a new section at the Puebla plant of Volkswagen de México. This is where the new Jetta will be built using state-of-the art manufacturing technology.

According to Otto Lindner, CEO of Volkswagen de México, *"More than 70 percent of the parts installed in the Jetta come from Mexican suppliers.* Volkswagen's high degree of localization supports the development of the supplier industry in Mexico and therefore makes a contribution to economic and social development in the entire region," he underscored. <http://www.theautochannel.com/news/2010/07/07/486049.html>

The auto industry is an example of how *Mexico has gained favor as a manufacturing base for North America,* Zuniga says. Chrysler Group LLC, Ford Motor Co. and General Motors Co. have increased production in Mexico

In the first six months of 2010, *Mexico exported 887,872 vehicles, outpacing the 836,202* during the same period in 2008 and posting an 83 percent increase since 2009. <http://www.bloomberg.com/news/2010-09-08/mexico-beats-china-for-u-s-companies-undaunted-by-drug-wars.html>

The City

Mexico City is most important economic, industrial and cultural center in the country. In the last national census (2005) Greater Mexico City had a population of 19.2 million people, making it the largest metropolitan area in the western hemisphere and the fifth largest in the world by population.

Mexico has the 12th largest economy in the world as measured in gross domestic product in purchasing power parity. According to Goldman Sachs BRIMC review of emerging economies, by 2050 Mexico will have the 5th largest economy in the world.

