THE MEXICAN AUTOMOTIVE INDUSTRY: LEADING THE WORLD
Worldwide Offices

North America

Boston
boston@promexico.gob.mx
Chicago
chicago@promexico.gob.mx
Dallas
dallas@promexico.gob.mx
Detroit
detroit@promexico.gob.mx
Houston
houston@promexico.gob.mx
Los Angeles
losangeles@promexico.gob.mx
Miami
miami@promexico.gob.mx
Montreal
montreal@promexico.gob.mx
New York
ny@promexico.gob.mx
Phoenix
phoenix@promexico.gob.mx
San Francisco
sanfrancisco@promexico.gob.mx
Seattle
seattle@promexico.gob.mx
Toronto
toronto@promexico.gob.mx
Vancouver
vancouver@promexico.gob.mx
Washington, D.C.
washington@promexico.gob.mx

Latin America

Bogota
colombia@promexico.gob.mx
Buenos Aires
argentina@promexico.gob.mx
Guatemala
guatemala@promexico.gob.mx
Havana
havana@promexico.gob.mx
Lima
peru@promexico.gob.mx
Santiago de Chile
santiago@promexico.gob.mx
Sao Paulo
brazil@promexico.gob.mx

Europe and Africa

Bern
bern@promexico.gob.mx
Berlin
berlin@promexico.gob.mx
Brussels
belgium@promexico.gob.mx
Casablanca
Casablanca@promexico.gob.mx
Frankfurt
Germany@promexico.gob.mx
Istanbul (Pacific Alliance)
turkey@promexico.gob.mx
London
uk@promexico.gob.mx
Madrid
spain@promexico.gob.mx
Milan
italy@promexico.gob.mx

Asia-Pacific

Beijing
beijing@promexico.gob.mx
Doha
doha@promexico.gob.mx
Dubai
dubai@promexico.gob.mx
Hong Kong
hongkong@promexico.gob.mx
Kuala Lumpur
kualalumpur@promexico.gob.mx
Melbourne
melbourne@promexico.gob.mx
New Delhi
newdelhi@promexico.gob.mx
Seoul
korea@promexico.gob.mx
Shanghai
shanghai@promexico.gob.mx
Singapore
singapore@promexico.gob.mx
Taipei
taiwan@promexico.gob.mx
Tokyo
japan@promexico.gob.mx
The Mexican automotive and auto parts industries are leading the world and are surrounded by good news: today Mexico is the fourth largest exporter and seventh largest vehicle manufacturer in the world. Furthermore, from 2013 to date over 23.2 billion dollars in new investments in the sector have been announced or put to use.

The motor of our success stems from the testimony of hundreds of companies whose stories have begun with a visit to our country; soon they became witnesses of the excellent business opportunities that our country offers, proof of our competitiveness and quality.

The competitive advantages of Mexico—that have allowed us to harbour 100% of the world’s leading OEMs in our territory—are mainly the availability of highly qualified human capital, competitive operating costs, our strategic geographical location, an attractive domestic market, legal certainty, an export platform to more than 45 countries, an extended supply chain and decades of experience in the sector.

The strong link that this industry has in the NAFTA region is also a stronghold. To assemble a single car, the parties must cross the border between Canada, the USA, and Mexico eight times. In fact, in 2014 the trade of vehicles and parts between Mexico and the USA totaled 126 billion dollars. In context, this figure is similar to the total trade between Mexico and the European Union, Latin America, and the Caribbean together.

In Mexico, this sector has been a platform of economic development and a source of prosperity. It provides employment to over 66,000 people, representing 3% of our GDP and generating 32% of our total exports.

In this edition of Negocios ProMéxico we offer a look at the relevance of the automotive industry in Mexico, through the analysis of strengths, progress and success stories in our country, as well as the influence it has had on other sectors.

Looking ahead, the road traced by the Mexican automotive industry allows us to move towards a more prosperous horizon, where estimates project we will be the fifth largest producer by 2020, with five million vehicles a year. Mexico has taken a new step from a sector of advanced manufacturing towards one of development and innovation, with a better position in the global value chain of the manufacturing industry.

Let us continue advancing at full-throttle to attract more investment and further advance the success story of the Mexican automotive industry in the world.

Welcome to Negocios ProMéxico!
Table of Contents  April 2015

Special Report
The Global Consolidation of Mexico as a Manufacturer of Light Vehicles
INTERVIEW WITH MARÍA TERESA DEGUI

Mexico in the World
AMJU
Toys for the 21st century
INTERVIEW WITH ROCIO CONDEÑA LARA AND CHANTAL ARAYA-PÉREZ

Mexico in the World
SINGHAI
Getting closer to the far east

COVER FEATURE
THE MEXICAN AUTOMOTIVE INDUSTRY: A SUCCESS STORY WITH A PROMISING FUTURE
ARMANDO CORTÉS GALICIA

From
ProMéxico

BRIEFS

Guest Opinion
AMIA
INTERVIEW WITH EDUARDO HILDE BÁRCENA

Mexico’s Partner

22
BMW
26
Brose
30
Thyssenkrupp Précisa
32
ISGIO Manufactura
34
Remetec
36
Metalmod
38
Interfil
40
Tecmor

FIGURES

Carlos Mijares Bracho
The Masterful Craftsman

SADI
Smart Truck

IPN Students
Develop Electric Car

Dunes
The Unique Charm of Fashion Made in Mexico

RICARDO SECO
Mexican Avant-Garde and Traditional Fashion on International Catwalks

Alejandro Capín
The Youngest Driver at the 2016 Indy Car

Formula 1
Grand Prix Returns to Mexico
Para exportadores

Hong Kong
Una nueva experiencia de negocios
POR SERGIO TORREYDESA

Licenciatura en Negocios Internacionales
Exigencia del entorno actual
POR CONCE

BREVES

De ProMéxico

85

87

Advertencia
negocios@promexico.gob.mx

Cover Photo
Archivo

PROMÉXICO
Francisco N. González Díaz
CEO
Karla Manzetti Bueno
Communication and Image
General Coordinator
Felipe Gómez Antúnez
Director of Publications and Content
felipe.gomez@promexico.gob.mx
Jorge Arturo Montes Becerra Contreras
Editorial coordination:
jorge.montes@promexico.gob.mx

El País de Negocios ProMéxico es una publicación mensual editada por ProMéxico, Camino a Santa Teresa número 1679, colonia Jardines del Pedregal, delegación Álvaro Obregón, CP 01900, México, DF. Teléfono: (52) 55 5447 7000.

Portal en Internet: www.promexico.gob.mx; correo electrónico: negocios@promexico.gob.mx.


ISSN: 2007-1795.

Negocios ProMéxico año 8, número IV 2015, abril 2015, se imprimió un tiraje de 8,000 ejemplares. Impresa por Cía. Impresora El Universal, S.A. de C.V. Las opiniones expresadas por los autores no reflejan necesariamente la postura del editor de la publicación. Queda estrictamente prohibida la reproducción total o parcial de los contenidos e imágenes de la publicación sin previa autorización de ProMéxico. Publicación gratuita. Está prohibida su venta y distribución comercial.

ProMéxico es not responsible for inaccurate information or omissions that might exist in the information provided by the participant companies or its economic advisability. The invitation might or might not agree with an author’s statement; therefore the responsibility of each text falls on the writers, not on the institution, except when stated otherwise. Although this magazine verifies all the information printed on its pages, it will not accept responsibility derived from any omissions, inaccuracies or mistakes. April 2015.

Download the PDF version and read the interactive edition of Negocios ProMéxico at negocios.promexico.gob.mx.

This publication is not for sale. Its sale and commercial distribution are forbidden.

EDITORIAL COUNCIL

Elideleto Guajardo Villarreal
Francisco de Rosenweig Mendialdua
Eugenio Javier Rojo
Francisco N. González Díaz
Embaquador Alfonso de María y Campos Castellón
Luis Miguel Pando Leyva
Francisco Javier Méndez Aguillo
Rodolfo Balbín
Guillermo Wolf
Jaime Zabludovsky
Gabriela de la Riva
Adolfo Labrador Corracho
Silvia Nieves García
María Cristina Rosas González
Uriel Granados Quintero
Karla I. Mawcinitt Bueno

CONSEJO EDITORIAL

Ildefonso Guajardo Villarreal
Francisco de Rosenweig Mendialdua
Enrique Jacob Rocha
Francisco N. González Díaz
Embajador Alfonso de María y Campos Castellón
Luis Miguel Pando Leyva
Francisco Javier Méndez Aguillo
Rodolfo Balbín
Guillermo Wolf
Jaime Zabludovsky
Gabriela de la Riva
Adolfo Labrador Corracho
Silvia Nieves García
María Cristina Rosas González
Uriel Granados Quintero
Karla I. Mawcinitt Bueno
**BRIEFS**

**AUTOMOTIVE**

**HITACHI EXPANDS IN THE ESTADO DE MÉXICO**

The Japanese firm Hitachi Automotive Systems México announced an 85 million dollar investment in a plant in the Lerma municipality of the Estado de México. The company will manufacture high-tech aluminum pistons to supply its affiliates in North and South America; these in turn will distribute to automotive assemblers such as Fiat, Ford, Honda, General Motors, Mazda, Nissan, and Volkswagen, among others.

This new plant will generate 300 jobs and will have a staff of mechanical, industrial and electromechanical engineers graduated from the Autonomous University of the Estado de México and the Regional Technological school in Toluca. Through this investment, the company will spur the national automotive industry's economic development by manufacturing new products for export.

www.hitachi-automotive.co.jp

**MEXICO REGAINS ITS MANUFACTURING LEADERSHIP**

Mexico has regained its status as the main high-productivity and low-cost manufacturing center, according to the Boston Consulting Group's Global Manufacturing Cost-Competitiveness Index. Mexico and the USA are leaders in global manufacturing, generating average production costs that are lower than in China, according to a study by the National Bank of Foreign Trade (Bancomext) that looked at 25 of the most important exporting economies in the world. According to these reports, manufacturing productivity increased by more than 50% in the past decade in countries such as Mexico, India, and South Korea. Bancomext states that companies that are moving from China to the USA and Mexico consider that their relocation could reduce their operation costs by between 5 and 20%.

www.bcg.com.mx
www.bancomext.com.mx

**MEXICO COULD PRODUCE MORE THAN FIVE MILLION AUTOS BY 2020**

The president of the Mexican Automotive Industry Association (AMIA), Eduardo Solís Sánchez, reported on the production expected for the sector that could surpass 5 million manufactured units by the year 2020. While announcing the expected production of 3,450,000 units by the end of 2015, the AMIA president said that, if this trend continues, the Mexican industry could strengthen and improve its global position as a vehicle manufacturer. The production of automobiles increased by 10.7%, for a record of 1,132,481 units manufactured in Mexico during the first quarter of 2015.

www.amiac.com.mx

**BRIEFS**

**AUTOMOTIVE**

**JAGUAR PLANS TO BUILD PLANT IN MEXICO**

The subsidiary of the Indian group Tata Motors would be the fourth brand of luxury cars to settle in Mexico after Audi, BMW and Mercedes-Benz.

On March 25, 2008 Ford Motor Company sold the brands and technology of Jaguar and Land Rover to Tata Motors for close to 2.3 billion USD. Mexico has attracted investment for the production of high-end cars from the German companies BMW, Volkswagen (Audi) and Daimler (Mercedes-Benz), the Japanese Company Nissan (Infiniti), and the American company Ford (Lincoln MKZ).

Jaguar's plans occur at a time when many reports have surfaced indicating that Toyota Motor Corp will install an automobile plant in Mexico, and that Korea’s Hyundai will assemble units at the factory its affiliate Kia Motors is building in Nuevo León. ProMéxico has stated that the country will play an important role in exporting luxury vehicles to emerging or mature markets.

www.jaguar-mexico.com.mx

**MANUFACTURE**

Apart from Jaguar's projects, since 2012 Tata Motors has explored building a plant in Mexico to assemble low-price models and supply Latin America with them. Tata is known for its luxury models and sports cars, market segments where it has been since the 1930s.

Tata Motors took advantage of the strong profitability of British brands that Ford purchased while suffering a decline in sales of automobiles in the USA domestic market. Last year, the Jaguar and Land Rover brands sold 434,000 vehicles.

For the Mexican automotive industry, this success story began in 2012, when Volkswagen unveiled its plans to build a plant for Audi in San José Chapa, Puebla, which will produce the Q5 model starting in 2016, with an investment of 1.3 billion USD. Next, a new 1.36 billion USD Mercedes-Benz plant in Aguascalientes-Infiniti was announced, and finally a one billion USD investment by BMW in San Luis Potosí. Following the Audi announcement, Ford also revealed that it would invest 1.3 billion USD to expand production of the Fusion sedan and the luxury car Lincoln MKZ in their plant in Hermosillo, Sonora.

“Mexico will continue to be the basis of export and the protagonist in Latin America and the world as a producer of highly competitive vehicles,” said Fausto Cuevas, CEO of the Mexican Automotive Industry Association (AMIA).

According to AT Kearney, installing luxury car plants is an opportunity to increase value in vehicles produced in Mexico, given the recent arrival of new foreign auto parts suppliers.

www.jaguar-mexico.com.mx
**FORD WILL INSTALL TWO PARTS MANUFACTURING PLANTS IN MEXICO**

Ford Motor Company will invest 2.5 billion dollars to expand one of its plants in Mexico, and build two new plants. A new production line will be built at Ford’s plant in Chihuahua, requiring a work force of 1,300 people. The other plant will be built in Guanajuato. Joseph Hinrichs, President of Ford Motor Company for the Americas, made the announcement, and added that the new facilities will employ 3,800 direct workers.

**GOODYEAR INVESTS 550 MILLION DOLLARS IN SAN LUIS POTOSÍ**

Goodyear Tire & Rubber announced an investment of 550 million dollars for the construction of one of the largest high-tech tire plants in the Northern-Central state of San Luis Potosí. The plant will have a production capacity of 6 million units per year. The 403,000 square meter facility will open in 2017, and will create around 1,000 direct and 5,000 indirect jobs. The goal for the new plant is to manufacture high value added tires. Goodyear arrived in Mexico in 1940, and has other facilities in Nuevo León.

**BARCELÓ EXPANDS INVESTMENTS IN MEXICO**

Barceló Hotels & Resorts will invest 30 million dollars in Mexico in 2015 for remodeling projects at all their hotels in the Caribbean and Pacific. Also, the Spanish firm will concentrate its efforts on finding new business opportunities in urban hotels in Mexico, particularly in the downtown and business areas of large cities.

**THE IFT GRANTS 20 LICENSES FOR TELECOMMUNICATIONS AND BROADCASTING SERVICES**

The Federal Telecommunications Institute (IFT), the regulating body for telecommunications in Mexico, granted 20 new licenses for commercial and social telecommunications and sound broadcasting services. Regarding broadcasting, the IFT granted seven licenses in several locations throughout the country, to use and exploit frequency bands of the social radio-electrical spectrum for services in modulated frequency (FM) sound broadcasting. Notably, a unique social use license was granted for the first time to a civil society organization.

**BOSCH INVESTS 40 MILLION PESOS IN SONORA**

The German company Bosch invested 40 million pesos in its new plant in Hermosillo, in the Northern state of Sonora. The new facilities will spearhead the company’s expansion project to cover the North and South American regions. It currently employs 130 people at this plant, and is planning to quadruple its production capacity in its sound equipment line and, in the near future, in speakers. Bosch has been in the region for over 20 years. Sources within the company say that theses facilities are among the most efficient in the world, thanks to the high-quality of its Mexican workforce, its specialized infrastructure and its geographical location.

The German company began operations in Mexico in 1955 with a sales office. Today the company is booming, with plans to maintain its rhythm of investment in the country and take advantage of the competitive edge that the country offers multinational firms. The company already has ten plants in Mexico, devoted to manufacturing electronic, automotive, aerospace, sound equipment, surveillance and electronic security products. Bosch Mexico has over 12,000 employees nationwide. Notably, 31% of total Mexican sales are destined for the domestic market, while the rest is exported to other countries where the company is present.
THE MEXICAN AUTOMOTIVE INDUSTRY
A SUCCESS STORY WITH A PROMISING FUTURE

The automotive industry has become one of Mexico’s most dynamic sectors. It generates 3% of GDP, 17% of manufacturing GDP, and 32% of the country’s total exports. This unprecedented success in Latin America can be explained by the sum of many factors that have contributed to the ultra-dynamism of Mexico’s automotive industry. This article addresses some of these issues, as well as recent trends in this strategic sector.

ARMANDO CORTÉS GARCÍA, AUTOMOTIVE INDUSTRY COORDINATOR, PROMÉXICO

MEXICO AS A STRATEGIC PARTNER OF THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

Twenty-one years after its enactment, the economic data associated with the NAFTA is still surprising. In 2013 the combined Gross Domestic Product of Mexico, the USA and Canada reached approximately 19 trillion dollars, while the European Union (EU) totaled around 17 trillion dollars. In geographical terms, NAFTA is five times larger than the EU. As a reference of these territorial extensions, the distance between the cities of Moscow and Barcelona in Europe—approximately 3,000 kilometers—is similar to the distance between Tijuana and Mérida; two cities located in the extreme Northwest and Southeast across Mexico.

The automotive industry is without doubt NAFTA’s most representative success story. In 2014, the USA sold 16.4 million units of light vehicles, while Europe as a whole sold only 1.3 million. The growth rate during 2010-2014 for this market was slightly over 41% for the USA, while Europe recorded -5%. These figures reflect the big opportunity for investment in Mexico, considering that over 70% of our domestic production of vehicles is exported to the USA and Canada.

FREE TRADE AS A CENTRAL PART OF AUTOMOTIVE PUBLIC POLICY

In addition to NAFTA, Mexico has boosted a singular public policy of free trade as a basic source of competitiveness. Although solid infrastructure and competitive costs are important factors for businesses, the existence of free trade agreements with 45 countries has become one of the main reasons to invest in Mexico. Harald Krueger, General Director of BMW Group, and Rupert Stadler, General Director of Audi AG, have declared that our extensive network of trade agreements is a singular public policy of free trade as a basic source of competitiveness. Although solid infrastructure and competitive costs are important factors for businesses, the existence of free trade agreements with 45 countries has become one of the main reasons to invest in Mexico. Harald Krueger, General Director of BMW Group, and Rupert Stadler, General Director of Audi AG, have declared that our extensive network of trade agreements as a basic source of competitiveness. Although solid infrastructure and competitive costs are important factors for businesses, the existence of free trade agreements with 45 countries has become one of the main reasons to invest in Mexico. Harald Krueger, General Director of BMW Group, and Rupert Stadler, General Director of Audi AG, have declared that our extensive network of trade agreements as a basic source of competitiveness. Although solid infrastructure and competitive costs are important factors for businesses, the existence of free trade agreements with 45 countries has become one of the main reasons to invest in Mexico. Harald Krueger, General Director of BMW Group, and Rupert Stadler, General Director of Audi AG, have declared that our extensive network of trade agreements as a basic source of competitiveness. Although solid infrastructure and competitive costs are important factors for businesses, the existence of free trade agreements with 45 countries has become one of the main reasons to invest in Mexico. Harald Krueger, General Director of BMW Group, and Rupert Stadler, General Director of Audi AG, have declared that our extensive network of trade agreements as a basic source of competitiveness. Although solid infrastructure and competitive costs are important factors for businesses, the existence of free trade agreements with 45 countries has become one of the main reasons to invest in Mexico. Harald Krueger, General Director of BMW Group, and Rupert Stadler, General Director of Audi AG, have declared that our extensive network of trade agreements

In 2013, China continued as the number one vehicle manufacturer in the world for the third consecutive year; followed by the United States and Japan.

Based on the International Organization of Motor Vehicle Manufacturers (OICA) 40 country ranking, Mexico remained in the eighth place among the world’s leading manufacturers, above countries such as France, Russia, the United Kingdom, Belgium and Spain.

<table>
<thead>
<tr>
<th>#</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2nd Quarter 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China – 19.8</td>
<td>China – 18.2</td>
<td>China – 18.8</td>
<td>China – 19.2</td>
<td>China – 22.1</td>
<td>China – 23.9</td>
</tr>
<tr>
<td>2</td>
<td>Japan – 7.9</td>
<td>Japan – 9.6</td>
<td>USA – 8.6</td>
<td>USA – 10.3</td>
<td>USA – 11.0</td>
<td>USA – 11.9</td>
</tr>
<tr>
<td>3</td>
<td>USA – 7.7</td>
<td>USA – 6.9</td>
<td>Japan – 6.3</td>
<td>Japan – 9.9</td>
<td>Japan – 9.9</td>
<td>Japan – 11.3</td>
</tr>
<tr>
<td>4</td>
<td>Germany – 5.3</td>
<td>Germany – 6.9</td>
<td>Germany – 6.1</td>
<td>Germany – 5.6</td>
<td>Germany – 5.7</td>
<td>Germany – 3.1</td>
</tr>
<tr>
<td>5</td>
<td>South Korea – 3.5</td>
<td>South Korea – 4.2</td>
<td>South Korea – 4.6</td>
<td>South Korea – 4.5</td>
<td>South Korea – 4.5</td>
<td>South Korea – 2.3</td>
</tr>
<tr>
<td>6</td>
<td>Brazil – 3.1</td>
<td>India – 3.5</td>
<td>India – 3.8</td>
<td>India – 4.1</td>
<td>India – 3.8</td>
<td>India – 1.9</td>
</tr>
<tr>
<td>7</td>
<td>India – 2.8</td>
<td>Brazil – 3.1</td>
<td>Brazil – 3.4</td>
<td>Brazil – 3.1</td>
<td>Brazil – 3.1</td>
<td>Mexico – 3.7</td>
</tr>
<tr>
<td>8</td>
<td>Spain – 2.3</td>
<td>Spain – 2.3</td>
<td>Mexico – 3.8</td>
<td>Mexico – 3.9</td>
<td>Mexico – 3.0</td>
<td>Brazil – 1.3</td>
</tr>
<tr>
<td>9</td>
<td>France – 2.0</td>
<td>Mexico – 2.3</td>
<td>Spain – 2.3</td>
<td>Thailand – 2.4</td>
<td>Thailand – 2.5</td>
<td>Spain – 1.3</td>
</tr>
<tr>
<td>10</td>
<td>Mexico – 1.6</td>
<td>France – 2.2</td>
<td>France – 2.2</td>
<td>Canada – 2.4</td>
<td>Canada – 2.4</td>
<td>Canada – 1.2</td>
</tr>
</tbody>
</table>

Source: OICA

NOTE: For purposes of ranking, the production recorded by OICA is considered. In the case of Mexico there can be differences with the data of manufactured units recorded by the Mexican Automotive Industry Association (AMIA) and the National Association of Manufacturers of Buses, Trucks and Tractor-Trucks (ANPACT).
The automotive industry is without doubt NAFTA's most representative success story. In 2014, the USA sold 16.4 million units of light vehicles, while Europe as a whole sold only 13 million. The growth rate during 2010-2014 for this market was slightly over 41% for the USA, while Europe recorded -5%.

The establishment of assembly plants has increasingly strengthened the automotive supply chain in Mexico, which has boosted the emergence of regional clusters. The automotive industry is without doubt one of the industries which has been attracting the interest of multinational companies, and with this interest, it has been possible to see a significant increase in the automotive sector in the country. The automotive industry is a sector that has been growing in Mexico in recent years, and this growth has been accompanied by the emergence of regional clusters. These clusters have been formed by the concentration of manufacturers, suppliers, and support services that are located in the same region and that are specialized in the production of automotive parts and components.

Recent investment announcements by BMW, KIA Motors and Toyota, as well as an increased production estimated by assembly plants operating in Mexico, will raise the production of light vehicles in Mexico to almost five million annual units by 2020. Production levels in 2014 already reached 3.2 million units. This significant increase in production will necessarily require the development of a local supply chain. Therefore, assembly plant suppliers will need to settle in Mexico in order to maintain their competitiveness.

Recently, Bernd Martens, a member of the board of Audi AG, stated the company's intention to purchase 17 billion dollars in parts and components from regional suppliers during the next six years, as part of their North American localization strategy. Their goal is to achieve 90% regional input by 2020. Similarly, last March KIA Motors announced the arrival of 15 Korean auto part companies that will relocate to Nuevo León in order to supply its plant located in Pesqueria.

Mexican Automotive Industry Association (AMIA), the National Association of Manufacturers of Buses, Trucks and Tractor-Trucks (ANPACT), and the National Auto Parts Industry (INA)—are cooperating with these clusters.

PRODUCTION OF LIGHT VEHICLES WILL INCREASE 50% BY 2020

Recent investment announcements by BMW, KIA Motors and Toyota, as well as an increased production estimated by assembly plants operating in Mexico, will raise the production of light vehicles in Mexico to almost five million annual units by 2020. Production levels in 2014 already reached 3.2 million units. This significant increase in production will necessarily require the development of a local supply chain. Therefore, assembly plant suppliers will need to settle in Mexico in order to maintain their competitiveness.

Recently, Bernd Martens, a member of the board of Audi AG, stated the company's intention to purchase 17 billion dollars in parts and components from regional suppliers during the next six years, as part of their North American localization strategy. Their goal is to achieve 90% regional input by 2020. Similarly, last March KIA Motors announced the arrival of 15 Korean auto part companies that will relocate to Nuevo León in order to supply its plant located in Pesqueria.

Also, the new Toyota plant in Apaseo el Grande, Guanajuato, will implement a similar strategy.

A PREMIUM PROFILE INDUSTRY

In 2012, Audi announced a 1.3 billion dollar investment for the construction of a manufacturing plant in San Jose Chia-pa, Puebla that will exclusively manufacture the Q5 model for the global market. The announcement marked a significant change in this country's automotive industry. For the first time a premium automotive company decided to settle down in Mexico. The Volkswagen Group has powerful reasons to do so, based on its long relationship with the country since 1964. Its assembly plant in Puebla has become a fundamental pillar for their North American operations. In recent years Mexico's numerous competitive advantages have allowed this plant to become one of the most important operations in North America, in terms of output. Additionally, the Q5 model was Audi's top selling car in the USA during 2014, an indicator that suggests that the new San Jose Chia-pa plant will strengthen Audi's competitive strategy in North America.

This new premium profile in Mexico's automotive industry was reasserted last year when BMW announced a one billion dollar investment for building a new plant in San Luis Potosí, while Daimler...
and Nissan-Renault revealed a strategic alliance to build a new plant in Aguascalientes with an investment of one billion euros. It is officially unknown what models will be assembled in these plants, but it is possible to foresee that they will most probably be entry-level luxury cars, in order to successfully compete in one of the segments with the greatest growth potential in North America.

Given the low profit margins that the production of this type of models supposes, it is of fundamental importance to assure a high-quality production at competitive costs. Without doubt, Mexico’s manufacturing operations are a necessary and irreplaceable source of competitiveness for original equipment manufacturers.

**HUMAN CAPITAL, A KEY PART OF SUCCESS**

According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), in 2011 the percentage of graduates of engineering and manufacturing schools was higher in Mexico than in Brazil, Germany, Spain, the United Kingdom and the United States. On the other hand, during the same year, the total number of graduates in engineering, manufacturing and construction was just over 690,000 people (approximately 10% in the automotive terminal industry, and 90% in the auto parts sector).

Human capital is one of the main sources of competitiveness in Mexico’s automotive industry, because of its high quality and specialization. There are facilities such as the Dual Job Training Center (CEDUAL) in Puebla, which provides industrial training based on Germany’s dual system, which combines theoretical classes with practical training for a three-year period. Also, the National College for Technical Professional Education (CONALEP)—a prestigious public institution—offers specific programs designed for the automotive industry in several locations throughout the country. These efforts in training have allowed automotive plants in Mexico to achieve one of the highest levels of productivity in the world.

Recent investment announcements by BMW, KIA Motors and Toyota, as well as an increased production estimated by assembly plants operating in Mexico, will raise the production of light vehicles in Mexico to almost five million annual units by 2020.

---

**SALES PER MANUFACTURER (HEAVY VEHICLES IN MEXICO)**

Kenworth was the top-selling manufacturer with 28.3%, followed by International with 20.0% and Freightliner with 18.2%. These three companies accounted for 66.5% of sales in Mexico in 2013.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>SALES (UNITS)</th>
<th>% SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenworth</td>
<td>113,066</td>
<td>28.3%</td>
</tr>
<tr>
<td>International</td>
<td>78,121</td>
<td>20.0%</td>
</tr>
<tr>
<td>Freightliner</td>
<td>7,321</td>
<td>18.2%</td>
</tr>
<tr>
<td>Mercedes-Benz</td>
<td>5,703</td>
<td>8.8%</td>
</tr>
<tr>
<td>Volvo</td>
<td>2,393</td>
<td>5.6%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>7,749</td>
<td>100%</td>
</tr>
<tr>
<td>Others</td>
<td>3,844</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>38,074</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: ProMéxico, with data from AMPACT, 2013

**CHALLENGES FOR THE FUTURE**

Despite the great success of the automotive industry in Mexico, important challenges for the future remain, such as the development of more research and development centers, local design for automotive components, and the attraction of high added value industrial processes such as stamping, forging and foundry. This is the business agenda of ProMéxico. The new automotive plants that will be installed in Mexico, as well as its supply chain, will allow us to focus on these areas of opportunity.

In ProMéxico we are convinced that the best way to contribute to the development of the automotive industry in Mexico is by providing the necessary links between academia, the different levels of government, and private businesses. Our dedicated work with potential investors has been rewarded with the arrival of unprecedented investments to the country. I invite you to become a part of this success story, by taking advantage of the great opportunities that our automotive industry offers. The competitiveness of our automotive companies is closely related to an effective global presence. That is why today, as never before, Mexico is an irreplaceable partner.

Human capital is one of the main sources of competitiveness in Mexico’s automotive industry, because of its high quality and specialization.

www.promexico.gob.mx
THE GLOBAL CONSOLIDATION OF MEXICO AS A MANUFACTURER OF LIGHT VEHICLES

There are projects conceived by the government that favour the formation of highly qualified human capital in Mexico. The federal government identifies areas of opportunity and coordinates efforts between the industry and academia.

INTerview with María Verónica Orendain de los Santos, General Director of Heavy and High Technology Industries of the Ministry of Economy, by Raquel Rival

Mexico maintains a solid presence in the world as a major manufacturer of light vehicles. Proof of this is that last year it occupied the seventh place, surpassing even Brazil, a market with a great capacity for competition.

“Factors such as Mexico’s geographic location—its proximity to the world’s largest vehicle market—, competitive costs in terms of manpower, and an extensive network of free trade agreements represent advantages for attracting foreign investment. The automotive sector has been an area of opportunity,” says María Verónica Orendain de los Santos, General Director of Heavy and High Technology Industries of the Ministry of Economy.

The government official also states that, in addition to these comparative advantages, Mexico has become one of the main global automotive manufacturing centers and exporter of vehicles and auto parts, due to its extensive network of domestic and foreign suppliers with global reach in the first link of the automotive chain, together with industrial conglomerates in various regions of the country that work to consolidate the production chain and improve the competitiveness of the sector. That is why certain states—such as Aguascalientes, Chihuahua, Coahuila, the Estado de México, Guanajuato, Nuevo León, Puebla, Querétaro and San Luis Potosí—have promoted the establishment of automotive clusters.

MEXICO’S COMMITMENT TO HUMAN CAPITAL

“The workforce represents one of the competitive advantages that Mexico has to attract investment towards the automotive sector,” says Orendain. She explains that they are currently involved in training these workers in several specific processes of the automotive industry at a technical level, such as in areas of forging, machining and input supplying.

“In short, every effort along the entire production chain should be aimed at promoting activities of higher value creation, such as those associated with technological development, design and innovation.”

The study carried out by the international consulting firm AT Kearney, regarding the Inventory of national capacities for automotive technological development 2014, points out that Mexico has capabilities across all vehicle systems, and that the level of technological development presents a significant area of opportunity, both in human capital and infrastructure, and project implementation.

The consulting firm points out that there are more than five thousand employees working in research and development; that the industry devotes a high amount of time to training; that equipment utilization levels are low; that 95% of the organizations surveyed are open to sharing their equipment with third parties; and that there exists an important link between industry, academia and government that significantly favors the industry.

Orendain says that among the government projects for training highly qualified human capital in Mexico is the National Group of Academic Institutions and Research for the Automotive Industry, “a coordinated effort between industry and academia, accompanied by the federal government, to identify areas of opportunity in this sector.”

PARTNERSHIP FOR PROGRESS

Given the high growth rates of the complex automotive sector, both suppliers and government have had to implement measures that address industry requirements.

“Priority status has been given to the development of suppliers for levels 2 and 3 of the chain. The development of these suppliers is guided by the requirements of the level 1 companies. Participating federal agencies such as the Ministry of Economy, the National Institute for Entrepreneurship, ProMéxico, the National Council on Science and Technology (Conacyt), National Financial (Nafin)—Mexico’s largest development bank—and the National Bank of Foreign Trade (Bancomext), have developed support programs aimed at training and specializing human capital, and other sharpshooting devices such as process certification, access to financing and technical assistance.”

Orendain informs that the Ministry of Economy is providing support to interested companies in order to facilitate their access to federal programs from all public agencies involved.

Projects are prioritized that promote the integration of the national companies to the automotive value chain, increasing their capacity to adopt new technologies and participate in higher value-added activities. Support for human capital specialization, certification of productive and human capacities, generating specialized information and technology transfer and development, among other programs, are also awarded.

www.economia.gob.mx

Mexico has become one of the main manufacturing and export centers of automotive vehicles and parts, thanks to its extensive network of domestic and foreign suppliers with global reach in the first link of the automotive chain, and with industrial clusters in various regions seeking to consolidate the production chain and increase the productivity of the sector.
MEXICO AS AN INTERNATIONAL LEVEL VEHICLE MANUFACTURER AND EXPORTER

Leading indicators, and the importance of the industry in the country.

- Largest producer of vehicles in general (3.39 million vehicles)
- Largest producer of light vehicles (2.64 million vehicles)
- Exporter of light vehicles
- Over 300 TIER 1 suppliers of the terminal industry
- 21 major automakers have a presence in 14 states

- Participation of the automotive and auto parts industries:
  - 3% of national GDP
  - 17% of manufacturing GDP
  - 20% of Foreign Direct Investment
  - 32% of total exports

PRODUCTION AND SALE OF HEAVY VEHICLES IN MEXICO (THOUSANDS OF UNITS)

In the heavy vehicle segment, production reached record levels in 2014.

EXPORT OF LIGHT VEHICLES IN MEXICO (MILLIONS OF UNITS)

According to Global Insight, in 2015 Mexico will become the first supplier of light vehicles to the USA, displacing Japan and Canada.

ANNOUNCED INVESTMENTS IN THE SECTOR

- 2.0 billion USD For the third Nissan plant in Mexico
- 1.3 billion USD For vehicle plant expansion in Sonora
- 1.2 billion USD For manufacturing 300,000 units of Infiniti and MB brands
- 1.2 billion USD For manufacturing the ProMaster model
- 1.0 billion USD For a new plant in San Luis Potosí
THE AUTO PARTS INDUSTRY IN MEXICO

Mexico has more than 2,500 companies engaged in manufacturing auto parts located in 19 states. In 2014, the auto parts industry registered a record figure, reaching a value of $61.4 billion dollars. It is estimated that in 2014 the production of parts for original equipment reached $56.9 billion dollars.

In 2014, electric auto parts contributed to the increased participation of the sector with 22%.

The average annual growth rate was 7% from 2008 to 2014.

In 2014 the USA was the main destination for Mexican exports, with a 90% share. Canada, Brazil and China were the second, third and fourth destinations for Mexican exports.

Northwest Region
- 70 plants
- Products/Systems: Air conditioning and heating systems, interior components, accessories and electrical systems for automobiles.

Bajío Region
- 142 plants
- Products/Systems: Brakes and brake parts, rubber products, engine parts and transmissions for automobiles.

Northeast Region
- 198 plants
- Products/Systems: Air conditioning, automotive systems, plastic parts, parts for electrical systems, engine parts and machines.

Central Region
- 101 plants
- Products/Systems: Seats, air conditioning, fluid type hydraulic jacks, interior components, engine parts, prints and suspensions.

Exports1: $41.9 billion dollars
Imports1: $46.5 billion dollars
Consumption value2: $58.8 billion dollars

Auto parts production in Mexico 2008-2014 (billions of dollars)

Auto parts exports from Mexico 2008-2014 (billions of dollars)

SUPPORT PROCESSES FOR THE AUTOMOTIVE SUPPLY CHAIN

COAHUILA
CNC Machining / 35 companies
Pressure injection / 9 companies
Light welding / 32 companies
Smelting / 14 companies
Die-cut stamping / 28 companies
Molds and dies / 8 companies
Assembly / 32 companies
Forging / 4 companies

NUEVO LÉON
CNC Machining / 68 companies
Pressure injection / 9 companies
Light welding / 96 companies
Smelting / 31 companies
Die-cut stamping / 47 companies
Molds and dies / 18 companies
Assembly / 47 companies
Surface treatments / 32 companies
Plastic injection / 32 companies
Forging / 11 companies

SAN LUIS POTOSÍ
Pressure injection / 5 companies
Die-cut stamping / 18 companies
Molds and dies / 8 companies
Assembly / 35 companies
Surface treatments / 4 companies
Plastic injection / 9 companies
Forging / 4 companies

QUERÉTARO
CNC Machining / 25 companies
Pressure injection / 7 companies
Molds and dies / 9 companies
Assembly / 13 companies
Plastic injection / 9 companies
Forging / 5 companies

DISTRITO FEDERAL
CNC Machining / 22 companies
Pressure injection / 7 companies
Smelting / 15 companies
Die-cut stamping / 26 companies
Molds and dies / 7 companies
Assembly / 13 companies
Plastic injection / 12 companies
Forging / 9 companies

JALISCO
Smelting / 16 companies
Surface treatments / 7 companies

GUANAJUATO
Surface treatments / 5 companies

ESTADO DE MÉXICO
CNC Machining / 37 companies
Light welding / 38 companies
Die-cut stamping / 22 companies
Assembly / 24 companies
Surface treatments / 7 companies
Plastic injection / 9 companies

Prints, electrical components, brakes and brake parts, rubber products, engine parts and transmissions for automobiles.

Leading supplier to the USA
Production value1: $81.4 billion dollars
Exports1: $41.9 billion dollars
Imports1: $46.5 billion dollars
Employed persons1: 740,544

Mexico has more than 2,500 companies engaged in manufacturing auto parts located in 19 states.
BMW MEXICO, A PROMINENT PLACE IN THE STRATEGY

At present, BMW is one of the most reputable auto companies not only in Mexico but also in the world, a fact that the team is well aware of. “During our 20-year presence in Mexico. We have stood out by placing the country in a prominent place as a world-class automobile manufacturer, and we have also collaborated with the cultural and educational development of the country,” says Helder Boavida.

Interview with Helder Boavida, Executive Director of BMW Group in Mexico, by Negocios ProMéxico

BMW’s history in Mexico began in 1987, when businessman Eduardo Henkel acquired Grupo Bavaria and for eight long years became the exclusive importer of BMW motorcycles (which today maintains the exclusivity of the Rolls-Royce brand).

Between 1991 and 1993, while Grupo Bavaria achieved record sales in Latin America—a feat it would repeat in the year 2000—, BMW was convinced of the success it would have if it decided to assemble vehicles in Mexico. As a result, in late 1994 a BMW subsidiary was established in the country, with a team of 25 employees. Despite the difficult situation that the country was going through that year, due to the economic crisis caused by the lack of international reserves that led to the devaluation of the Mexican peso, the German company looked at Mexico as an emerging market with potential for their products and premium services, and in addition to founding the subsidiary, BMW AG decided to assemble vehicles in Mexico.

“AT present, BMW is one of the most reputable auto companies not only in Mexico but also in the world, a fact that the team is well aware of. “During our 20-year presence in Mexico, we have stood out by placing the country in a prominent place as a world-class automobile manufacturer, and we have also collaborated with the cultural and educational development of the country,” says Boavida. He adds that, since their establishment in the country, the development of BMW Group Mexico has been organic and consistent with the needs of their customers.

“We have known how to deploy our strengths with unmatched efficiency in the automotive industry, from research and development to marketing and sales,” adds the Executive Director of the company, “BMW Group Mexico is committed to the highest quality standards in all our products and services. In 2015 we will continue with the expansion and renovation of our distribution network, in order to meet the current market demand and with a commitment to attain our customers’ total satisfaction. In the coming months we will continue working with our distributors in renovation projects and new start-ups.”

The advantages of Mexico

The German brand of luxury cars par excellence considers Mexico as a key and strategic cornerstone in the North American Free Trade Agreement (NAFTA) region, and because of the increase in demand for their products the country is a bridge between North and South America. “Mexico is an ideal location for the BMW Group, and the new plant will be essential for our production.
acceptance of its products throughout the country. It currently sells the BMW, MINI and BMW Motorrad brands in Mexico. It has 35 distributors, of which 25 sell the MINI brand, while 20 focus on BMW Motorrad. These distributors are located in the Mexico City Metropolitan Area, as well as in other major cities throughout the country: Aguascalientes, Cancún, Chihuahua, Cuernavaca, Guadalajara, Hermosillo, León, Mérida, Monterrey, Morelia, Oaxaca, Pachuca, Puebla, Querétaro, Saltillo, San Luis Potosí, Tampico, Tijuana, Toluca, Torreón, Veracruz and Villahermosa.

Furthermore, BMW Group Mexico controls the Purchasing and Supplier Network Mexico for America, which officially initiated operations in October of 2008. “The main task of the network is to encourage auto parts suppliers across America to participate in greater proportion with the global automotive industry,” explains Boavida. The group seeks to establish partnerships with the North and Central American and suppliers, partners must meet the four pillars of our ‘Number One’ supply chain strategy: quality, cost, flexibility and, above all, innovation,” explains Helder Boavida.

He also lists the main achievements of the Purchasing and Supplier Network Mexico since its installation: identifying, evaluating, and qualifying more than 610 suppliers in the region; consolidating a network of 80 suppliers in Mexico (that produce auto parts in 106 plants throughout the country); obtaining an investment close to 90 million dollars between 2010 and 2012 by suppliers; developing suppliers with competitive quality indicators compared to Asia, the USA and Europe; ensuring that, between 2011 and 2012, around 80% of regional suppliers met the quality requirements, and planning and executing more than 15,000 hours of workshops and training programs for the BMW Supplier base in the region.

THE BET FOR 2023
In 2014 the volume of exports of this German brand reached 2.1 billion US dollars, equivalent to approximately 2.6% of the total exports of the automotive sector. Evidently, this figure will increase with the launching of the new plant in San Luis Potosí. As Helder Boavida explains, such investments benefit the country's economy, in addition to creating jobs in the medium term, and strengthening the chain of Mexican exports that help adjust the country's trade balance.

The company already produces the BMW X5 Security, and the BMW X5 Security Plus at its plant for armored vehicles in Toluca, but the interviewee explains that it is still too early to know exactly what vehicles will be manufactured in San Luis Potosí. What he does know is that the new plant will produce 150,000 units and will be equally important than the Spartanburg plant that manufactures 420,000 units, or other plants in Germany. The new facility in Mexico will include assembly, bodywork and painting processes. “More than a challenge, we have the opportunity to promote the Mexican economy with significant investments like this that contribute to the growth of the automotive industry, while strengthening the presence of BMW in the American market,” concludes Boavida.
BROSE

A NOT QUITE “INVISIBLE” AUTOMOTIVE SUPPLIER

Brose has manufactured products in Mexico for 22 years and considers this country as a strategic expansion hub. The automotive supplier is currently planning a fourth location in Mexico. Negocios ProMéxico spoke with Harald Röck, Plant Manager of Brose Puebla, about the company’s story and development in Mexico.

Founded in Germany in 1908, Brose is today an independent, family-owned company in the third and fourth generation. Brose is a design partner, manufacturer and supplier for the international automotive industry. They are in the top group of global automotive suppliers worldwide on a daily basis. Millions of car drivers probably use their products whenever they activate their window regulator, open their car door or lift gate, or yet adjust their seat. Because window regulators, door systems and seat adjusters carry out their function invisibly, these products are to a greater extent unknown. Every third new vehicle worldwide is equipped with at least one Brose product.

Brose is currently the market leader worldwide in window regulators, door systems, latch modules, motors for electric braking systems (EBS), drive train actuators, HVAC blowers and cooling-fan modules. The company supplies more than 80 vehicle brands and leading suppliers worldwide on a daily basis.

Negocios ProMéxico spoke with Harald Röck, Plant Manager of Brose Puebla, about the company’s story and development in Mexico.

—When did you begin to operate in Mexico?

In 1993. We started production in Querétaro the same year we established our headquarters in North America (in Auburn Hills, Michigan). We produced window regulators for Volkswagen.

—What advantages does Mexico offer in comparison to other countries in the region?

Mexico has become a strategic market for the company in recent years. Mexico has proven its competitiveness in cost and quality. An increasing number of original equipment manufacturers (OEMs) have localized operations in Mexico to supply the Mexican and North American markets. Audi, BMW, Daimler, and Kia will soon join the ranks of long-established OEMs such as Ford, GM, Chrysler, Volkswagen and Toyota.

—Who are your most important clients in Mexico?

Brose supplies more than 80 vehicle brands and leading suppliers worldwide on a daily basis. Our key customers in Mexico are Volkswagen, Ford, Chrysler, BMW and General Motors.

Our largest customer is Ford.

—What percentage of your input is of domestic origin? From which countries does the remainder come from?

Mexico represents 29% of our input, Europe 31%, the USA 32%, and China, Canada and Brazil account for the remaining 8%.

—in is it feasible to produce in Mexico some of the supplies that you are currently importing?

We always evaluate local sourcing when establishing our supply chain. It is the most cost-effective way. But our primary objective is to maintain quality. Thus, sometimes we have to select suppliers outside our production location. We always analyze the cost-benefits of the in-house production for components, but at the moment it still makes sense to buy some externally.

—Brose has existed for over 100 years. Which have been the most popular innovations throughout your history?

In 1956 we developed the window regulator with electric drive. Next, in 1963 the first electric window regulator was built into the BMW 3200 Coupé series. In 1968 we developed seat fittings for adjusting backrests (selected by BMW). In 1979 we became the first producer in Europe to develop and manufacture power seat adjusters (selected by Mercedes for the S-Class). In 1986 we developed the world’s first electronic control-unit for power window regulators. And in 1987 we built the modular vehicle door (first used in the Audi 80 Coupé). Two years before our centennial anniversary, in 2006, we created a plastic door system with integrated window regulator guide rails for weight reduction; and in 2013 Brose received the Pace Award for its hands-free liftgate opening solution.

—What percentage of your income do you allocate to research and development?

In 1993 we started production in Querétaro the same year we established our headquarters in North America (in Auburn Hills, Michigan). We produced window regulators for Volkswagen.

—What percentage of your income do you allocate to research and development?

In 1993 we started production in Querétaro the same year we established our headquarters in North America (in Auburn Hills, Michigan). We produced window regulators for Volkswagen.

—What percentage of your income do you allocate to research and development?

In 1993 we started production in Querétaro the same year we established our headquarters in North America (in Auburn Hills, Michigan). We produced window regulators for Volkswagen.

—What percentage of your income do you allocate to research and development?

In 1993 we started production in Querétaro the same year we established our headquarters in North America (in Auburn Hills, Michigan). We produced window regulators for Volkswagen.

—What percentage of your income do you allocate to research and development?

In 1993 we started production in Querétaro the same year we established our headquarters in North America (in Auburn Hills, Michigan). We produced window regulators for Volkswagen.
employees work in research and development worldwide.

—How do you discover Mexican talent? We foster relationships with local universities to make sure young talent is aware of Brose. We focus on increasing our brand awareness and name recognition so job seekers want to work for us.

—What are your investment, growth and expansion plans in the short and medium term? The North America region is forecast to grow 26% by 2020 and it will require additional production capacity. We are currently planning two new facilities across Mexico and North America.

—What is the main challenge of participating in this industry? I think there are three main challenges: 1) to have the right people; 2) to be involved in the development phase of new products and technologies with customers; and 3) to maintain an effective continuous improvement process and production system.

—Can you describe the most difficult challenge that Brose has faced in Mexico? There have been several: cherry picking and price reduction from our customers; finding the competitive local supply base even with the disadvantage of lower volumes than in Europe and Asia; achieving administration effectiveness even with bureaucratic processes required by the government; for example: electronic invoicing.

—Have you received any support from this institution? Yes, we have received very professional help with the analysis for new possible locations, specially information regarding new industrial parks, as well as infrastructure information. ProMéxico has had the availability to support us.

—Is there any support, service or consultancy provided by ProMéxico that could be of interest to your company? ProMéxico is a good facilitator of contacts with the government and we will consider them for our next project as a partner.

www.brose.com
THYSSENKRUPP PRESTA
GERMAN TECHNOLOGY FROM MEXICO TO THE WORLD

The free trade agreements, geographical location and labor are benefits that, along with institutional support and the pursuit of product innovation, are the main reasons why ThyssenKrupp Presta plans to continue investing in Mexico.

An Interview with Marco Cerón, Administrative and Financial Director of ThyssenKrupp Presta, by María Nidia Azúmez and Luis Fernando Sáez

ThyssenKrupp Presta (TKP) is a company of German origin that manufactures cold forging parts, steering columns and intermediate steering shafts. It supplies Volkswagen in Mexico and Germany, Audi, Ford BMW, and other car brands. Although the company is backed up by more than a century in the steel industry, it has been in the auto parts industry for only a decade and a half.

In the last 20 years Mexico has signed free trade agreements with different countries and has a privileged geographical position that allows it to quickly reach the most important markets worldwide, in any direction. According to Marco Cerón, TKP exports 70% of its production: to the USA (30%), Europe (20%), Liechtenstein (10%), Brazil (5%) and China (5%), while the remaining 30% stays in the domestic market.

ThyssenKrupp recently announced a 150 million dollar investment to install a plant in an area of 200,000 square meters, which will specialize in the production of electronic steering columns for the whole world, generating between 750 and 800 jobs. Contracts have already been signed with BMW and Mercedes Benz.

**The Importance of Certification**

Ceron states that all major global enterprises require from their suppliers a commitment to quality through a series of certifications, and TKP submits to those requirements to guarantee a management system that ensures the quality of its products. ThyssenKrupp has several certifications:

- ISO 16949:2009 helps the company implement solid and effective management systems in relation with the design, development, production, installation and maintenance of all automotive industry related products.

- ISO 14001 establishes the guidelines of a company or other organization to create an effective environmental management system that can measure and improve its environmental impact to employees, clients and suppliers.

- OHSAS 18001 specifies requirements for a safety and healthy management system in the workplace (occupational health and safety assessment series). Its application allows any company or organization to reduce accidents and increase productivity in the workplace.

- “Having a proper way to work and control processes guarantees quality—says Cerón—Furthermore, we can trace faults accurately and discover their origin.”

The salaries of executive and managerial positions are competitive at TKP, as in any other location in the world. These positions require the command of languages and knowledge of the industry, among other skills. The company channels resources to research and development that amount to 4% of annual sales. Hence, it has negotiated agreements with local universities, including the Technology school in Puebla.

TKP innovations are generated, precisely, at the plant in Puebla. “We have very skilled people there. For example, over 50% of our sales are parts that are developed in Puebla, and we continue to invest there.” Referring to the arrival of new assembly plants in the automotive industry, Cerón said that comes at a good time; they represent more competition but also an opportunity for growth. In general, the economy is moving, and there are more jobs. This suits Mexico.”

ThyssenKrupp is facing challenges such as reorganizing its administrative and production processes, improving each year and, of course, developing more technology, according to Cerón. Some obstacles have been overcome, including complicated decisions such as having to carry out “technical shutdowns” in times of recession, that have allowed workers to keep their jobs, but not their complete salaries as in times of economic growth.

According to Marco Cerón, TKP exports 70% of its production: to the USA (30%), Europe (20%), Liechtenstein (10%), Brazil (5%) and China (5%). The remaining 30% stays in Mexico.

The executive of this German company made reference to the services of ProMexico when they mounted the cold forging plant, a process that this company has pioneered in Mexico. In 2013 they received 1.7 million pesos and in 2014 another 1.7 million. Cerón recalled, “We substituted imports and that’s how we were able to access those resources. ProMexico’s support was valuable, and that’s why we don’t hesitate in recommending the institution. Recently a Chinese company approached us because they wanted to know how to open a factory in Mexico; we directed them to ProMexico.”

The administrative and financial director of TKP values the institutional support that ProMexico has offered the company, especially regarding certifications. That’s why, he concludes, they will again turn to ProMexico for their next investment project.

ThyssenKrupp announced a 150 million dollar investment for the construction of a 200,000 square meter plant, specializing in the production of electronic steering columns that will reach the world market in 2018, generating between 750 and 800 jobs.
ISGO MANUFACTURA
A COMMITMENT TO QUALITY

Among the many companies that are surfing the automotive manufacturing wave is ISGO from Monterrey, a manufacturer of plastic components by injection.

**Interview with Ismael Gómez Charles, General Director of ISGO, by Luis Fernando Villas**

Tier 2 companies are indirect suppliers of key parts and materials for the terminal automotive industry. Ismael Gómez Charles, General Director of ISGO Manufactura explains that, due to the environmental restrictions new vehicles must comply with, plus the arrival of more telecommunications technology, manufacturing countries have to catch up. “Cars require by the client,” he says.

ISGO Manufactura is a 30-year-old Mexican company that supplies several automobile brands that recognize its outstanding quality and precision, as well as its delivery record. The company Polienvases started operations in 1967 with products focused on the consumer, with injection molding, overmolding and thermoforming processes. In response to changes in different market segments and to the patent growth of the company, in 2002 Polienvases became ISGO Manufactura, a company that would first grow in the consumer sector, and later in the electronic and automotive segments.

According to Gómez Charles, the company serves the following sector:
- **Automotive:** Through a variety of products, including decorative and functional interior and security components.
- **Electronic:** Experience, teamwork and customer focus have formed the strategy for growth. ISGO is ready and able to respond to ongoing changes in the electronic segment.
- **Packaging:** At ISGO the customer’s needs and requirements are met with high quality and low cost in different applications. Constant use and personal care plastic products stand out, as well as kits for the cosmetic industry.
- **Appliances:** Many products used daily by thousands of consumers are manufactured by ISGO. With a wide range of tonnage, the company has the ability to manufacture almost any part required by the client.

With a plant in Nuevo León, one in San Luis Potosí and an engineering center in Detroit, Michigan, the Mexican company provides lower-priced products. “For us, our customers come first, so we will do everything necessary to meet their needs and exceed their expectations,” says Gómez Charles.

ISGO Manufactura has a team of skilled workers in plastics. Part of the strategy is that this talent focuses on the development and improvement of manufacturing products that have a direct impact on the cost of the product. “Our experience has allowed us to become the supplier with the lowest cost nationwide.”

Ismael Gómez Charles says: “This has given us the opportunity to grow rapidly. We integrate new tools and update processes, which has been key to ensure the preference of our new customers and to maintain long-term relationships.”

ISGO Manufactura has a strong presence in North America in the appliances segment, playing an important role in molding and assembly for four major international clients. “Our goal is to become the best supplier for our customers, meeting the expectations of timely deliveries, high quality, excellent service and competitive prices.”

Certifications are a priority issue for the company. “Not only do we have them because they are a requirement of our customers, but because they are beneficial to our own processes.” Thus, the company has three certifications: ISO 9002, 1994 QMS9000, and 2008 TS16949.

Innovation is also critical. Hence, the company has established an engineering center in the heart of the automotive world: Detroit. “We have a team of engineers and experts who develop methods, applications, trends and cutting-edge techniques that help us keep up. **www.isgo.com.mx**

**ISGO MANUFACTURA MAIN INFORMATION**

| Founded (year) | 2005 |
| Owned | Private |
| Installed Capacity | 100 Molding Machines 35-1300T |
| Current Production | Monterey, San Luis Potosí |
| Markets Served | Auto, Electronic, Appliance |
| Headcount | 62 |
| Sales in Dhs (Total) | 36 Million |
| Raw Materials | TPE, PP, GF PP, Nylon, Acetals, ABS |
| Certifications | ISO / TS 16949 |
| Products | Assembly Pedals, Assembly and Molding Components |
| Main Customers | MWV, Magna, Faurecia, GM |
| Technologies | Injection Overmolding, Injection Molding |
REMETEC EXPERIENCE AND ADVANCED TECHNOLOGY

The automotive industry in Mexico is going through its best moment ever. Remetec is aware of the big opportunity presented by the arrival of prestigious automotive OEMs to Mexico.

Remetec, dedicated to machining components for the automotive and aerospace industries, as well as the industry in general, is a Mexican company with German ancestry.

The foundation of the company began to take shape after the 1957 arrival in Mexico of Helmut Huber, a young mechanic from Germany who headed the call of the Mercedes Benz factory in Mexico. By 1965 he was skilled enough to establish Remetec, a workshop devoted to manufacturing valve guides, for both the original equipment and spare parts markets. This first company enjoyed great success and was the precursor of Remetec.

When in 2010 the automotive industry expanded its participation in Mexico, and with it came a demand for more complex and precise supplies, the Huber family detected the imminent need to create a new company to meet the growing demand for parts and components. Remetec was finally established in July of 2013.

Huber runs the company and says that the biggest problem he has had to face is financing. “Establishing the credibility that a Mexican family business could achieve what other European and American companies could do was a big challenge. But we have been able to overcome the economic crises that Mexico has experienced in the last 50 years,” he says.

According to Huber, Mexico’s strategic location, in addition to the free trade agreements in the region, the growth of the automotive and aerospace industries and the skilled labor in this country, have contributed to the company’s prosperity, with customers such as Bocasa, Dynacast, Robert Bosch, VCST, ZF and others.

“Remetec has the flexibility to work with large or small batches. The important thing is to meet the required specifications of our clients,” says Huber, explaining that the company focuses on the production of parts of medium to high complexity, made of different materials with state-of-the-art equipment.

“Remetec has the flexibility to work with large or small batches. The important thing is to meet the required specifications of our clients,” says Helmut, explaining that the company focuses on the production of parts of medium to high complexity, made of different materials with state-of-the-art equipment.

He also stresses the importance that ProMéxico has had in the development of the company: “They have supported several projects, including certifications, counseling, and missions abroad to promote our company. We are very grateful for the strong support ProMéxico has always offered to us. Working with them we have established a good relationship, we have relied on them on the development of several projects, and they have promoted us in Mexico and abroad.”

PLANNING, THE BASIS FOR GROWTH
The automotive industry in Mexico is going through its best moment ever. Proof of this is the recent arrival of prestigious automotive OEMs. Remetec is aware of the great opportunity that this represents. “Automakers are asking their Tier 1 suppliers to settle in Mexico, near them. In turn, Tier 1 companies also require local suppliers and that’s where Remetec enters the picture, as a Tier 2 supplier. We have the market experience and the cutting-edge technology to satisfy the requirements that these companies are requesting,” says Huber.

Currently, Remetec is developing plans for growth in the short and medium terms, and is investing in state-of-the-art equipment that will allow the company to meet the requirements of the new projects it is already committed to. “At the same time, we’re quoting and implementing projects for the new generation of platforms that will be manufactured in Mexico in the coming years. Usually these projects are quoted two to three years before production start. Once customers accept the projects, we invest in new generation of equipment to meet their requirements.”

To achieve its mission, the company directed by Huber has obtained the ISO 9001: 2008 certification and is working on procuring the ISO TS 16949 (quality management for the automotive industry), AS9000 (aerospace) and ISO 14001 (environmental) certifications as well, because he knows that these acknowledgements open doors for the creation of new business opportunities and allow companies to expand, thanks to the confidence of these new potential clients. “Certification is the approval of the system we have implanted in the company, and ensures compliance with our customer’s requirements. This document gives the customer confidence to establish a long-term business relationship with us, their supplier,” explains Huber.

RESEARCH AND DEVELOPMENT
Remetec also believes in the importance of investing in R&D in order to expand the business. The company is currently investing up to 8% of its income to this area, by partnering with the Technological Institute of Monterrey for Superior Studies (ITESM), Querétaro Campus, as well as the Technological University of Querétaro, to do research for the company, and train technicians who will be given the opportunity to develop their careers in the company.

The automotive industry in Mexico is going through its best moment ever. Proof of this is the recent arrival of prestigious automotive OEMs. Remetec is aware of the great opportunity that this represents.
METALMOD
THE CHALLENGE OF GROWTH

Metalmod, a manufacturing machined parts and rubber-metal for the automotive industry, started to grow in 2004, after its first certification, but two years later they had a major setback when their main client went broke. Since then Metalmod has continued on the path to growth.

The first trade Agustín Martínez Rangel learned was as a machinist, manufacturing rubber parts and rubber-metal for the automotive industry. Over the years he founded his own workshop and in 1996 created the company Metalmod Mexico, that manufactures precision machine and injection parts made of rubber and rubber-metal.

Five of his children currently work for the company, which have evolved from a small family business to a corporation with 138 workers.

For Agustín Martínez Corona, the General Director of Metalmod and founder’s son, “a family business is a big challenge. Today, our vision is clearer.” But he has not been easy. “In Mexico, machining hasn’t had a big development as in other countries, so the opportunities we have here are really big. That’s why we decided to invest in this sector. In the beginning, everything was uphill. We started to grow in 2004, after our first certification, but two years later we had a major setback when our main client went broke. Since then we’ve continued on the path to growth.”

Obtaining the first certification was a big challenge for the company, both in economic and cultural terms. “It made us take a 180 degree turn,” says Martínez Corona, who recognizes that the certifications they have received are their main letters of introduction and basic prerequisites for negotiating with international customers.

“Certifying different systems, either quality or environmental, allows us to standardize our methods and protect the environment. In Mexico, unfortunately, the culture of order, cleanliness, discipline and standardization is not normally instilled in our youth, but certification brings about a change in culture. Today I can say that being certified gives my customers Peace of mind and confidence.”

Martínez Corona recognizes that the company made a great effort to obtain its first certification—ISO 9001:2008, focused on their quality management system—and it was vital for a family business such as theirs, because now they have become suppliers for customers such as Robert Bosch, Master Lock, Isringhausen, Vi-braco and ZF Lemforder, among others.

Later, Metalmod obtained two more certifications: ISO/TS 16949:2009, specifically for the automotive sector, and ISO 14001:2004, an environmental management system required today by all automotive sector companies, ever since commitment to the environment has increased.

Martínez Corona acknowledges the support his company has received from the government of the State of Mexico and ProMexico to arrive where the company is now: “They took us to the Apex Show in Las Vegas, and that detonated our foray into the international market. ProMexico has been one of our major showcases, thanks to the support we have received to reach several customers abroad. They’ve also helped us with reimbursement of travel expenses, support for certification, countless invitations to attend seminars, reunions, conferences, as well as trade shows and visits to potential customers. Definitely, without the support of ProMexico, we would not be where we are today, because we would need a very big structure—which we don’t have—to promote our business in Mexico and the world.”

DOGGING THE CRISIS

In 2007 Metalmod was already exporting to the USA, and despite the 2008 crisis, the company was able to emerge stronger because it applied healthier and more strict policies to control expenses, and because it segmented its market in order to reduce risks. “Recently, with the help of the National Institute for Entrepreneurship (Inadem), we have strengthened our capacities for taking advantage of opportunities that otherwise, without our current technology, would be impossible,” says Martínez Corona.

The company’s largest investment was made in 2011: they purchased land in the Doña Rosa industrial park, where they built their own plant. And currently, the company is investing in state-of-the-art technology: machining, inspection, cleaning and residual particle analysis equipment, as well as in the recertification of this new plant in the three quality systems mentioned above.

The arrival of automotive OEMs in Mexico has generated a boom of opportunities and enormous development potential. This company expects to grow by 50% in the next five years, and it believes that, by continuing to make investments, “it could feasibly surpass that forecast.

The current challenge for the company is to maintain high quality standards, good service and competitive prices. For Agustín Martínez Corona, “to remain valid we must constantly update our processes, and keep ahead in terms of machinery, quality equipment and personnel training, as well as in covering all tax and legal requirements.”

For Agustín Martínez Corona, the General Director of Metalmod and founder’s son, “a family business is a big challenge. Today, our vision is clearer.” But the road has not been easy.
INTERFIL HIGH QUALITY FILTERS

Interfil is one of the largest manufacturers of automotive filters in Latin America. It is a 100%-owned Mexican company, operated and managed by a new generation of Mexicans with a global business outlook.

INTERVIEW WITH EMILIO ISAIAS MÁRQUEZ, SALES AND MARKETING DIRECTOR OF INTERFIL, BY LOIS FERNANDO ISLAS

Interfil began producing filters for gasoline in 1980. Then it added air, oil, transmission and cabin filters. Along the way, the company acquired an additional company, and now has a complete range of products on top of its recent incursion in manufacturing heavy equipment.

“The challenge in the automotive segment is being at the forefront in terms of quality and service,” says Emilio Isais Márquez, Sales and Marketing Director of Interfil. In this regard, three decades later Interfil has shown that, as a Mexican company, it has all the technological capacities to meet the specifications required by foreign automakers installed in Mexico.

CERTIFICATIONS

Interfil customers are recognized automobile assemblers that are located in the USA, Europe, Central and South America, as well as Mexico. “Our products require high performance and can even be used in cars that run on the NASCAR circuit,” he says.

This year the company turns 35 and the satisfaction achieved has been enormous. Interfil started out with three employees, and now has a workforce of 750.

For Isais Márquez, certifications are important because they help maintain a formal quality system, “which documents all activities of the company and allows monitoring, measuring and the improvement of all the performance indicators of the organization.”

Part of the Interfil success story is due to its quality system, based on ISO/TS 16949, which is essential for companies that accept the challenge of aspiring to develop original equipment for large OEMs. Other relevant Interfil certifications are ISO 14001 (required for exporting to Europe), Q1 for Ford Motor Company and Nissan’s Master in Quality. Interfil has also received the National Export Award.

CONSTANT GROWTH

The arrival of new automotive assembly plants to Mexico “has opened a window of opportunity for us to participate in new projects as Tier 1 or Tier 2 suppliers; the major providers of automotive systems in the business,” explains Isais Márquez, who adds that the constant growth of the company is based on the development of new products that meet the requirements of its customers.

For example, less than five years ago Interfil entered the market for heavy equipment; an expansive gesture aimed at diversifying their production lines. “It was a logical step in order to continue growing.” Their acknowledgement in the new segment of the market was favorable, and they have maintained the quality of filters for light vehicles.

The next step is to invest in three new production lines for cabin filters, which protect occupants from external pollution. Other production lines that the company already provides are filters for agriculture and heavy equipment, as well as metal components for air suspension systems.

Innovation is essential in the automotive industry. Interfil is aware of this and it spends 2% of its income on R&D.

According to Isais Márquez, one of the most difficult challenges Interfil has faced is competitiveness, “because unfortunately the supply chain at the second and third levels is very scarce and uncompetitive.”

Interfil ranks as a leader in several segments of the Mexican market in which it participates:

• Fuel filters, 80%
• Air filters, 35%
• Oil filters, 4%
• Cabin filters, 60%

In 2013 Interfil acquired Power Fil, which since its inception has specialized in the development and manufacture of automotive air filters designed to cover the requirements of the aftermarket in Mexico. “This integration has allowed us to be in other market segments where a wide variety of products is required, at very competitive prices,” says Interfil’s Sales and Marketing Director.

Thus, the company assists the assemblers in Mexico with precision and quality, and provides suppliers for distributors in the automotive market in a timely fashion.
TECMUR
A COMMITMENT TO QUALITY

This company manufactures and assembles casting products with export quality at competitive prices for the global automotive market.

José Murra sees two basic advantages within his company, which are replicated throughout the automotive industry: the quality of the workforce and the proximity to the USA.

Murra stresses two basic advantages within his company, which are replicated in the automotive industry in general: the quality of the workforce and the proximity to the USA. The first advantage is due to the large number of young people willing to work, whose basic training is very good and are highly qualified to join the industry. “In the north, where we operate, there are many young people who want to work in our industry. We may not be producing all the engineers we require, but the availability of both engineers and technicians is high and they are willing to receive further training in order to fit in our industry,” says the executive.

The second advantage is the proximity to the USA, as well as the free trade agreements that Mexico has subscribed with several other countries. Tecmur exports its total production either directly or indirectly to the USA (70%) and Europe (30%). “We’re close to the USA, about 500 kilometers south of the border, but we’re also 700 kilometers away from the Bajío Region, which is growing rapidly, and 300 kilometers from the Saltillo-Monterrey industrial zone, where we have customers who export to directly. The Laguna Region has a very interesting geographical position,” says the director of this company specialized in casting and assembling hydraulic components and spare parts for diesel engines.

DIVERSIFICATION

Tecmur has a portfolio of clients such as John Deere Power System, Caterpillar, as well as several Emerson Group companies. It obtained the ISO TS 16949:2009 certification—which is the standard for quality management systems in the automotive industry—and has the goal of continuously improving, with an emphasis on preventing errors and reducing waste from the production phase.

“Obtaining this certification was important for the benefit of our customers, but also for us because it showed us that we control the entire production process and that we’re on the right track,” says Murra.

Tecmur employs 320 workers who receive regular training programs according to their respective job descriptions. At present, the company is making an effort to encompass new industrial fields with the intent of occupying its total production capacity, and is investing between 3 and 4% of its total sales to the development and adaptations of new casting and machining technologies for the company.

“We deliver products ready for integration into assembly lines. We work in a similar way as the major suppliers of the automotive industry, but we work closer with customers who require medium and low volumes with high mix.”

As for his experience with ProMéxico, José Murra says that the institution has been helpful in finding suppliers and participating in trade shows, “which we have attended together. We were in Europe and we were always aware of promotions with large buyers. We met several of our customers with the help of ProMéxico,” he said.

Tecmur is a consolidated company in the automotive sector and exports to countries such as Argentina, the USA and France.

“We deliver products ready for integration into assembly lines. We work in a similar way as the major suppliers of the automotive industry, but we work closer with customers who require medium low volumes with high mix.”

José Murra, General Director of Tecmur, went into the casting industry for import substitution, so we there were good opportunities in the northwest Mexico. “Back then we were always aware of promotions with large buyers. We met several of our customers with the help of ProMéxico,” he said. Tecmur is a consolidated company in the automotive sector and exports to countries such as Argentina, the USA and France.
Claut
One of the first clusters formally established

Automotive clusters have two main characteristics: one is that their production chain is highly vertical; the second is that certain supplies for the industry have a high level of specialization.

Manuel Montoya Ortega—General Director of the Automotive Cluster of Nuevo León (CLAUT)—says that this type of automotive organization is formed by what is called a “triple propeller.” The main objective is to drive competitiveness and growth of the automotive sector in the region through collaboration, connection and synergy between government, academia and business. “Companies benefit because they can jointly solve problems and become more competitive in their sector,” he says.

The companies that form the cluster focus their participation in eight working committees: innovation, operations, finance, supplier development, human development and Tier 2. In these meetings, common projects are defined and new opportunities arise.

Clusters help identify market failures, as well as other problems that affect everyone involved in the industry by reducing their competitiveness. “Clusters seek to identify and define the best strategy to solve these problems,” Montoya explains. “On many occasions we have to seek help from the government, academic institutions or research centers to find an adequate solution.”

A cluster is born
In 2005, the government of Nuevo León had the initiative of forming a city council that suggested the creation of an automotive cluster. Then, in 2007, CLAUT was established as a civil association comprised by 11 institutions belonging to the aforementioned triple propeller: government, academy and business.

The cluster is currently comprised of 90 organizations: 75 are private companies and 15 belong to the government sector, academic institutions and research centers. The companies that belong to CLAUT produce vehicles, auto parts and auto part components.

“Many of the companies are focused on metalworking, plastic and assembly processes, but in the Northern region we work in all areas,” says the director of the Nuevo León CLAUT. “We have an industry in Nuevo León that has produced steel for over 100 years; we share a border with the United States; and, besides, most automotive companies with Mexican capital are already located in this state.”

CLAUT facilitates integration into value chains; meaning for example that tractor companies purchase from suppliers located throughout the region and the country. “We also help smaller companies become suppliers integrated into the chain process (through certifications and consultancies, among others),” says Montoya.

Claut, local manufacturers
The main contribution of CLAUT is to facilitate the integration of local and national manufacturers to the value chains of multinational corporations. Teaching courses to form specialized capital, particularly at the level of technicians and design engineers, “has helped us promote the Mexican automotive industry in other countries,” according to Montoya.

CLAUT is one of the first clusters formally established as such. The companies within the industry have taken the leadership of the cluster, and the government of Nuevo León has maintained a stable commitment to the industry for the past eight years. The challenge is to attract new investments to the region, such as KIA Motors Corp., in order to obtain specialized personnel and integrate local suppliers to their value chain.

“In the medium term—says Montoya—, our goal is to strengthen development programs for industry technicians. And in the long term we will improve the design and engineering produced in Nuevo León for the automotive industry, attracting engineering and design centers belonging to cluster member companies, or developing more sophisticated technology.”

Where they go
The principal destinations of the final products manufactured at CLAUT are mainly the USA and Canada, and exports are also sent to Brazil, Colombia and several European countries.

The main contribution of CLAUT is to facilitate the integration of local and national manufacturers to the value chains of multinational corporations.
The third pillar of interest to foreign capital is that Mexico has a strong supply chain that makes it the fifth producer and sixth largest exporter of auto parts in the world, as well as the leading supplier to the USA: Mexico sells to the USA one third of all the auto parts it purchases abroad.

Mexico’s geographical location favors the emergence of technical workers and engineers that can be trained in a sector that requires highly qualified and skilled labor. The fifth element pointed out by Solís is the government: “It has been a partner in the production and development of this sector, by maintaining a framework of economic stability that is essential for attracting new foreign investment projects to several states in the country.”

INDUSTRY CHALLENGES

Despite these positive numbers to the outside, the automotive sector observes difficulties in the domestic market. This year the industry began to set up a remarkable 20% growth, but is still at very low levels compared with similar countries, such as Brazil and Argentina, where domestic sales exceed 15 cars per thousand people, while Mexico, with a similar per capita income than these two countries, sells only 10 vehicles.

“The domestic market is depressed— says Solís Sánchez—. And although it is growing, it is still below the level it should be at, according to studies by international consulting firms indicating that our market has the potential of up to 1.8 million units. I believe we have the potential to reach two million units. However, this year will close with only 1.025 million units.”

In addition to the need for accelerating growth in the domestic market, Eduardo Solís states that a major future challenge is to reach the year 2020 with 5 million units produced in Mexico. Therefore, it is vital for the country to prepare a large contingent of human resources to ensure that the industry will be capable of absorbing this exponential growth and overcome its challenges, not to mention the logistical issues related to the expected sharp increase in units.

“We have to work on these important logistic and human resource challenges, but I am confident that we can face them and reach the year 2020 with this expected growth.”

Mexico’s geographical location is a big draw for foreign investors because it not only offers the possibility of manufacturing for the domestic market, but it also makes the USA market more accessible.

<table>
<thead>
<tr>
<th>RANKING OF MEXICO’S MAIN EXPORT DESTINATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 2014, light vehicles sold outside Mexico were sent mainly to the USA, representing 71% of total exports. The second destination was Canada, with 10.1%, and Brazil was third, with 3.9%. These three countries held the same position in the 2013 ranking, although exports to Brazil decreased 25.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>USA</td>
<td>1,844,959</td>
<td>1,875,175</td>
<td>70.5%</td>
<td>11.9%</td>
<td>2,080,226</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>Canada</td>
<td>194,713</td>
<td>187,317</td>
<td>9.7%</td>
<td>37.3%</td>
<td>228,520</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>Brazil</td>
<td>116,443</td>
<td>112,822</td>
<td>4.9%</td>
<td>42.6%</td>
<td>145,414</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>Germany</td>
<td>118,876</td>
<td>116,817</td>
<td>3.3%</td>
<td>27.3%</td>
<td>122,839</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>China</td>
<td>133,060</td>
<td>126,320</td>
<td>2.8%</td>
<td>20.9%</td>
<td>131,992</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>Colombia</td>
<td>51,227</td>
<td>50,804</td>
<td>2.5%</td>
<td>18.5%</td>
<td>51,337</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>Argentina</td>
<td>41,624</td>
<td>25,720</td>
<td>1.0%</td>
<td>48.8%</td>
<td>35,944</td>
</tr>
<tr>
<td>8</td>
<td>8</td>
<td>Arabia</td>
<td>28,852</td>
<td>23,138</td>
<td>0.9%</td>
<td>386.8%</td>
<td>15,456</td>
</tr>
<tr>
<td>9</td>
<td>9</td>
<td>Chile</td>
<td>20,587</td>
<td>22,140</td>
<td>0.5%</td>
<td>29.9%</td>
<td>6,449</td>
</tr>
<tr>
<td>10</td>
<td>10</td>
<td>Peru</td>
<td>7,367</td>
<td>12,779</td>
<td>0.4%</td>
<td>70.8%</td>
<td>4,459</td>
</tr>
<tr>
<td>11</td>
<td>11</td>
<td>Other</td>
<td>41,817</td>
<td>50,922</td>
<td>1.9%</td>
<td>27.5%</td>
<td>99,095</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total exports</td>
<td>2,628,084</td>
<td>2,664,887</td>
<td>100.0%</td>
<td>5.8%</td>
<td>2,838,032</td>
</tr>
</tbody>
</table>

Source: AMIA
The leader of the National Auto Parts Industry (INA) talks about the important times that the Mexican automotive industry is experiencing. He states that Mexico is the fifth largest auto parts manufacturer in the world, and that in the next five years the market will grow by 60%.

—Why do you think Mexico is experiencing the current investment wave in the automotive sector?

We recovered from the crises of 2008, 2009 and 2010. During those three years, 60% less cars were sold worldwide, mainly in North America. The problem was not technological, but a lack of cash in the market. This discouraged people from buying new cars.

Now people are renovating because we’re no longer suffering the financial crisis. We are experiencing a hunchback effect in the market, in addition to the positive economic conditions in the USA. Normally, automotive cycles last around 10 years. Every decade we see the automotive industry collapse, and then it gets up on its feet again. If the current cycle is accomplished rigorously, it will end in 2018, but we believe that this time around the USA and Mexican industries are surfing on a wave of good news, and we are hoping to reach the top of the crest beyond 2020.

—Beside Mexico, what other countries are looking good?

China and the USA, who continue to grow mainly thanks to their domestic markets. But only China and Mexico are experiencing important growth digits in the automotive industry.

—How much does the National Auto Parts Industry contribute in generating foreign currency in Mexico?

We generate about 8% of the manufacturing gross domestic product, and around 23 billion dollars in foreign currency.

—Can you share your data for 2014?

In 2014 the automotive industry in Mexico generated 17% of manufacturing GDP, and the auto parts industry accounted for half of that percentage. The other half corresponded to automobile and tractor-truck production. The auto parts industry exports 70% of its production, mainly to the USA (90%). Other relevant markets for the auto parts industry are Brazil and Canada.

—Since when do you cover these two markets?

We’ve always sent auto parts to Canada because several of the so-called big three plants (Chrysler, Ford and General Motors) are located there. Many of the seatbelts, seats, air bags, motors and transmissions that we manufacture are shipped to plants of these companies mainly in North America.

But we barely started to do business with Brazil seven years ago, and our exports to that country have been increasing. We started exporting around 150 million dollars, and now we’re close to 1 billion dollar business in exports. In seven years we’ve almost multiplied by seven our volume of exports to Brazil. One of the reasons is that the competitiveness of Mexican auto parts companies has increased compared to their Brazilian counterparts, due to the high manufacturing costs in Brazil and the exchange rate of the real and the peso vis-à-vis the dollar.

—How competitive are Mexican companies and labor in respect to Brazil?

Mexican auto parts are 30% cheaper than in Brazil. Brazil’s labor force is also very expensive, and it is very hard for them to equal us in terms of quality. In respect to auto parts manufacturers, Mexico surpasses not only Brazil but also many other countries. The quality of Mexican auto parts and automobiles is highly recognized in the world.

—How is the national sector of auto parts organized? How big are the companies?

65% of the auto parts manufacturers are global enterprises mainly from the USA, Japan and Germany. The Mexican manufacturers can be divided into three groups:

1) Global Mexican companies that sell products to all sorts of automobile plants around the world and that, besides having manufacturing plants in Mexico, also have affiliates in other countries. These are obviously represented by a small number of companies: no more than 10.

2) Large and recognized auto part manufacturers, that sell only in Mexico. Part of their output is for original equipment, but a very significant part is for the replacement and spare parts market. This sub-group includes companies that have not ventured into the world of exports, either by being part of the assembly of vehicles in Mexico or by directly exporting to other markets.

3) Medium and small companies usually grouped under the large multinational als as Tier 2 and Tier 3 enterprises. They are mostly medium-sized. Some of them are very successful and others are still in a development stage, and they require training and domestic stimuli in order to excel.

This third group doesn’t know—but cause of many distractions—that it must grow. Their goals are short term and there are many threats that surround them. These threats come from multinational companies that can easily and quickly substitute their production for cost or technology reasons. These companies must both grow and become adults, or they will lose their place in an ever more competitive market.

That’s why we concentrate our efforts in terms of promotion, certification and training on these last two groups, in order to assist them and avoid having some global manufacturer come and replace them.

—What does this sector have to do to take advantage of the current investment wave and become consolidated?

We have to think of the automotive industry as a balloon that inflates and deflates. When lean periods arrive, we must ensure that we are already invested efficiently in more profitable equipment that consumes less energy. We have to take advantage of these times by training our human resources, who are truly scarce goods at this time in the automotive industry, in order to have a staff of skilled people, with a global vision and committed to this industry.

—What are the benefits of the “triple propeller” approach to work in the industry?

We have two strong propellers in Mexico: industry and government. We have to improve the third propeller: academia. The academic level of the regional technological and Co-nalep (technical professional) schools and universities is low. A recently graduated mechatronics, electronic or mechanical engineer cannot immediately enter a production line. The terminal industry and the auto part companies have to train these new graduates for six to 18 months before they’re ready for a job.

The automotive industry in Mexico has become the educator of the last semesters in several engineering and technical careers. This amounts to a cost that is not paid for by the industry in other countries. That is why we have to strengthen our relationship with academia, so that schools and universities will accede to the level that we require. We have already started to do this in Mexico, but we have to make sure that the industry will take one or two generational cycles.

www.ina.com.mx
ANPACT
NAFTA: TRIGGER OF AUTOMOTIVE DEVELOPMENT

The National Association of Manufacturers of Buses, Trucks and Tractor-Trucks (ANPACT) is experiencing one of its best moments, with a very favorable performance in the export market of heavy vehicles.

According to the ANPACT, the momentum that the heavy vehicle sector is experiencing is thanks to the North American Free Trade Agreement (NAFTA). “Before NAFTA—states Miguel Elizalde Lizarraga, executive president—we used to export 1,000 heavy vehicles. Now, 20 years later, we export 120,000 vehicles.”

The subsequent free trade agreements also benefited the industry by creating incentives for manufacturing in Mexico and exporting to the USA and other countries.

“It is very attractive that we are among the leading exporters of vehicles to the USA, because it allows manufacturers from the USA and Canada to establish some of their production lines in Mexico, while creating new opportunities for exporting.”

Mexico has an extensive network of free trade agreements with 45 countries, as well as agreements for reciprocal promotion and protection, and limited scope agreements with the Latin American Integration Association, positioning Mexico as a gateway to a potential market of more than one billion consumers and 60% of global GDP.

On top of that, Elizalde reminds us that Mexican labor is highly qualified, another feature that has helped boost the industry.

TIME RECORD
“In 2014 we broke our manufacturing record high, by increasing exports of heavy vehicles,” says Elizalde. According to data provided by the body that he presides, Mexico is the second largest exporter of tractor-trucks in the world. Increasing figures show that 2015 has also been a good year for manufacturing and exporting heavy vehicles.

Elizalde explains that this decline is not because Mexican products are not accepted, but rather because Colombia has not renewed its fleet of heavy vehicles. When the South American country considers its domestic priorities, Mexico will resume its dominance in this market.

Another challenge the industry faces is the domestic market, which has remained unchanged. “Sales levels in Mexico are similar to those of 20 years ago and, even though the growth potential in this country is good, we are 37% under the level we had in 2007, which was our best year.”

In this sense, ANPACT has developed a program to reactivate the fleet, by which it seeks to promote purchasing new units and disposing of over 10 year-old used vehicles, through a series of tax incentives to encourage the carriers.

“The scrappage program that was announced a few months ago is very attractive because it increases the fiscal stimulus from 161,000 to 250,000 pesos. Moreover, it is a more transparent program and promotes that these incentives directly reach the carrier, who needs them most.” Through this strategy, Elizalde believes the industry will recover these 37 percentage points that the domestic market has lost since 2007.

“In 2014 we broke our manufacturing record high, by increasing exports of heavy vehicles,” says Elizalde. According to data provided by the body that he presides, Mexico is the second largest exporter of tractor-trucks in the world. Increasing figures show that 2015 has also been a good year for manufacturing and exporting heavy vehicles.

Elizalde explains that this decline is not because Mexican products are not accepted, but rather because Colombia has not renewed its fleet of heavy vehicles. When the South American country considers its domestic priorities, Mexico will resume its dominance in this market.

Another challenge the industry faces is the domestic market, which has remained unchanged. “Sales levels in Mexico are similar to those of 20 years ago and, even though the growth potential in this country is good, we are 37% under the level we had in 2007, which was our best year.”

In this sense, ANPACT has developed a program to reactivate the fleet, by which it seeks to promote purchasing new units and disposing of over 10 year-old used vehicles, through a series of tax incentives to encourage the carriers.

“The scrappage program that was announced a few months ago is very attractive because it increases the fiscal stimulus from 161,000 to 250,000 pesos. Moreover, it is a more transparent program and promotes that these incentives directly reach the carrier, who needs them most.” Through this strategy, Elizalde believes the industry will recover these 37 percentage points that the domestic market has lost since 2007.
THE AUTOMOTIVE INDUSTRY IN MEXICO
A MOTOR OF DEVELOPMENT

Mexico is the fourth largest player worldwide, having exported more than 2.6 million vehicles.

Mexico’s automotive industry has become increasingly important in the world. With a total of 3.2 million automobiles in 2014, we occupy the first place in Latin America in terms of production of vehicles, and the seventh place worldwide, according to data provided by the International Organization of Motor Vehicle Manufacturers (OICA).

Mexico is the fourth largest player worldwide, having exported 2.6 million vehicles, and is close to surpassing South Korea’s third place, according to the Mexican Automotive Industry Association (AMIA).

In fact, based on the announced automotive industry investments and the production forecasts for new manufacturing plants, by 2020 Mexico will be the sixth largest global manufacturer, and number two in terms of global exports after Germany.

The USA is currently the principal market for vehicles exported by Mexico; seven out of ten units are destined for that market.

The size of the automotive industry positions it as a strategic sector in the Mexican economy, comprising 10% of the nation’s direct foreign investment in 2014, and representing 4% of GDP; 23% of the manufacturing GDP; and 19% of total Mexican exports.

Accordingly, additional to official Bank of Mexico information, the automotive industry is the main source of foreign currency in the country. The trade balance of this sector closed 2014 with a surplus of 47.5 billion dollars. This revenue is higher than other items such as oil, tourism and remittances.

Regarding the domestic market, more than 1.1 million vehicles were sold in Mexico in 2014. Around 47% of the domestic market is supplied by local production, while the other half is imported from North America, Mercosur (the South American Common Market formed by Argentina, Brazil, Paraguay and Uruguay), Europe and Asia.

Automotive industry domestic sales have steadily grown since 2009. However, the industry has barely reached the level of sales prior to the 2008 crisis. That is why the development of the domestic market remains one of the principal challenges of the industry.

GENERAL MOTORS IN MEXICO

In 2015 General Motors celebrates its 80th anniversary in Mexico, having arrived in 1935. The current operations of General Motors de Mexico also include the regions of Central America and the Caribbean.

With central offices in Mexico City, GM operates four manufacturing complexes in the states of Mexico (Toluca), Coahuila (Ramos Arizpe), Guanajuato (Silao) and San Luis Potosi (SLP). These complexes consist of 14 manufacturing plants devoted to assembling vehicles, building motors and transmissions, metal casting and stamping.

In the states where General Motors has manufacturing operations, it represents an average 8.1% of their GDP, 15% of their direct foreign investment, 21% of their exports and 4.4% of their total employment, including direct and indirect jobs.

Additionally, General Motors de Mexico has a post-sale center in Toluca and a regional engineering center (TREC), where over 800 specialized engineers work in developing interior and electrical components, as well as thermal systems that support the production of vehicles in North America, China and Europe.

In 2013, General Motors generated around 15,000 direct jobs and more than 105,000 indirect jobs. Also, women represent 19% of total jobs.

In 2014, General Motors represented 21% of the total nationwide production of vehicles, with 678,000 manufactured units, a 5% increase in respect to 2013.

This company is the number one exporter of vehicles in Mexico, accounting for 21% of national automobile exports, with a total of 533,500 units sold in foreign markets during 2014, a 5.3% growth compared to 2013.

In 2014 the value of General Motors purchases from local suppliers reached 14 billion dollars, a new record after eight decades operating in Mexico. This figure represents a 16% increase compared to the almost 12 billion dollars that the company purchased from Mexican suppliers in 2013, and 16.4% of total global purchases.

General Motors has over 550 Tier 1 suppliers in Mexico, that send over 500 million components annually to our manufacturing centers in Mexico, while around 600 million components are distributed to the rest of the world.

In Mexico, General Motors markets four brands: Chevrolet (our most traditional brand with the highest volume of sales), Buick (our premium automobile and crossover brand), GMC (a brand specializing in SUVs, pickups and crossovers, built under the Professional Grade philosophy), and Cadillac (our luxury brand which represents the fusion of art and science).

The company has an experienced network of distributors spread throughout the country, which sold around 217,000 vehicles of GM brands in 2014. Our brand penetration has positioned one of our vehicles manufactured in San Luis Potosi—the Chevrolet Aveo—as the top seller in the Mexican market for three consecutive years.

General Motors is also a leader in seven market segments: economy (Spark), compact cars (Aveo), sports vehicles (Camaro), small SUVs (Trax), large pickups (Silverado 2500), large SUVs (Suburban), and large luxury SUVs (Escalade).

Last December, at the Los Pinos Presidential Residence, General Motors announced investments for a total of 3 billion dollars in Mexico for the 2013-2018 period. These investments will be primarily for modernizing and expanding manufacturing plants in Ramos Arizpe, San Luis Potosi, Saltillo and Toluca.

With the right economic conditions, these investments will translate into 5,600 new direct jobs, which will also create around 40,000 new jobs in other related industries.

www.gm.com.mx
THE INDUSTRY IN MEXICO
Some of the light vehicles manufactured in Mexico
AMIJU TOYS FOR THE 21ST CENTURY

AMIJU hosted this year’s reunion of the world’s toy associations, organized by the International Council of Toy Industries (ICTI), presided by Roland Earl, who is also the representative of the British Toy and Hobby Association.

Mexico occupies third place in worldwide toy exports, after China and Brazil. This industry exported $36 million dollars worth of toys in 2014.

Mexico has become one of the most attractive destinations for direct foreign investment, thanks mainly to its geographic location, which makes negotiations with the USA more accessible. According to the President of the AMIJU, Mexico should continue encouraging toy manufacturing and exports to surpass its third place in the world. In order to do so, the industry will participate directly in international fairs held in Germany, Hong Kong and New York.

Martin González announced that the AMIJU hosted this year’s reunion of the world’s toy associations, organized by the International Council of Toy Industries (ICTI), presided by Roland Earl, who is also the representative of the British Toy and Hobby Association. The meeting dealt with the performance and perspectives of the worldwide toy industry, and representatives from Argentina, Australia, Brazil, China, France, Japan, Spain, Sweden, and the United States, participated.

The meeting took place on May 5th at the Fiesta Americana Coral Beach Hotel in Cancún, Quintana Roo, with the presence of Francisco González Díaz, General Director of ProMéxico, who spoke about the importance of the toy industry and why it is a good idea to invest in Mexico.

CHALLENGES: INNOVATION AND DEVELOPMENT

The leader of the Mexican toymakers said that one of this year’s most important challenges is the innovation and development of new products, as well as engineering and applications in all—including electrical and electronic—novelties in the toy industry.

He expressed that “this will be achieved together with solid income growth by toy manufacturers that are open to different technological options and who diversify their new products in order to coexist with new trends and remain valid for today’s children. Several companies have allowed their traditional toys to interact with popular mobile devices such as smartphones and tablets, that are now a part of every household.”

One strategy that must be on the foreground, explained Martín González, is government and industry working together, “so that we may comply with international treaties issued by the United Nations regarding children’s right to play, and promoting awareness of the benefits that toys bring to education and children’s development. We must take advantage of these concepts in order to offer high quality toys, and in this way encourage the acquisition of national products.”

The Mexican toy industry, according to Miguel Ángel Martín González, is opening new channels in social media to promote the use of toys as educational materials. “We have launched several campaigns in coordination with the government seeking to sensitize parents and children by exchanging war toys for those that help them better develop their skills. Our member’s products are certified under safety and quality norms. They are also submitted to toxicity tests, and this guarantees our commitment, as an industry, to the well-being of children, who are our final consumers.”

One of the principal factors that are marking a trend for the production, sale and acquisition of toys in the movie industry. “In response to the children’s movie of the moment, toys are being produced thanks to the high demand for them. This is a worldwide phenomenon that we are also taking advantage of in Mexico,” said Martín González.

The President of the AMIJU also stressed the fact that the industry is manufacturing toys that are mountable, didactic and scientific; promotional, musical and sports toys; dolls and action figures; games; puzzles, games, etc., with the permanent conviction that they must be purposeful, creative, with background, and above all attractive, because toys can leave a formative imprint on children.

Martin González trusts that the country’s new structural reforms will bring sustained growth to Latin America, and a sizeable market that represents enormous potential for toy sales. However, it is necessary to instill know-how adapted to the peculiar characteristics of this industry, so that local companies may grow and take advantage of this new context. In this sense, he recognized the work of ProMéxico, which has ventured into this sector internationally through its participation at international fairs, market studies and with international business representatives abroad, among other institutional strategies.

Currently, the AMIJU is developing a design center for members interested in this particular industry, so that they can use the necessary tools and equipment to translate their creativity by designing new toys that capture children’s imaginations. “It is important that we as an industry understand that these times are different and we must bring our companies up to date according to the needs of the market, through innovation, commitment to our industry and to the growth that our country demands.”

That is why the Mexican Association of the Toy Industry’s main objectives are to provide information on everything related to the toy sector, from regulation, toy classification, promotion of the use of products manufactured by the members of this association through research, advertising, exports and marketing in general, to seeking alliances and commercial agreements among several manufacturers.

“The AMIJU—says Martín González—has been recognized for our participation in several activities in benefit of the industry with different public bodies, such as the Treasury Department (the General Customs Administration), the Economy Department, the Health Department (the Federal Commission for Protection against Health Risks, or Comepro), the Public Security Department, several institutions such as the Federal Attorney’s Office for the Consumer (Profeco), the Legislative Assembly of the Federal District, as well as the Federal Attorney’s Office for the Consumer (Profeco), the Legislative Assembly of the Federal District, as well as the Federal Attorney’s Office for the Consumer (Profeco), the Legislative Assembly of the Federal District, as well as the Federal Attorney’s Office for the Consumer (Profeco), the Legislative Assembly of the Federal District, as well as the Federal Attorney’s Office for the Consumer (Profeco), the Legislative Assembly of the Federal District, as well as the Federal Attorney’s Office for the Consumer (Profeco), the Legislative Assembly of the Federal District, as well as the Federal Attorney’s Office for the Consumer (Profeco),

Mexico in the World | ProMéxico

Reprinted with permission of ProMéxico, which has ventured into this sector internationally through its participation at international fairs, market studies and with international business representatives abroad, among other institutional strategies.

Currently, the AMIJU is developing a design center for members interested in this particular industry, so that they can use the necessary tools and equipment to translate their creativity by designing new toys that capture children’s imaginations. “It is important that we as an industry understand that these times are different and we must bring our companies up to date according to the needs of the market, through innovation, commitment to our industry and to the growth that our country demands.”

That is why the Mexican Association of the Toy Industry’s main objectives are to provide information on everything related to the toy sector, from regulation, toy classification, promotion of the use of products manufactured by the members of this association through research, advertising, exports and marketing in general, to seeking alliances and commercial agreements among several manufacturers. “The AMIJU—says Martín González—has been recognized for our participation in several activities in benefit of the industry.
SHANGHAI GETTING CLOSER TO THE FAR EAST

The time is ripe for establishing ideal conditions to boost tourism between China and Mexico.

BY ROBERTO CONTRERAS LARA AND CHANTAL ARRAHAN PEÑA, PROMÉXICO COUNSELOR IN SHANGHAI AND FIRST SECRETARY IN SHANGHAI

In recent years we have witnessed a rapprochement between China and Mexico. This coming together is the result of growing economic and cultural interests between both nations. There is no denying the commercial importance of today’s China, and the growth and development that Mexico faces. This has aroused interest between both countries, home to ancient cultures and large recipients of tourism from all over the world.

There is no denying the commercial importance of today’s China, and the growth and development that Mexico faces. This has aroused interest between both nations, home to ancient cultures and large recipients of tourism from all over the world.

There is no denying the commercial importance of today’s China, and the growth and development that Mexico faces. This has aroused interest between both nations, home to ancient cultures and large recipients of tourism from all over the world.

Lately, the number of Chinese citizens traveling to Mexico is increasing. But even though Chinese tourism in Mexico grew by 25% in 2014, it is still relatively low, with only 76,000 tourists visiting our country. For this reason, the Ministry of Tourism of Mexico (SCT) is collaborating with the National Tourism Administration of China, whose President, Li Jinhao, visited our country recently and held a meeting with our Tourism authorities.

Last November the President of Mexico, Enrique Peña Nieto, paid a state visit to People’s Republic of China. During a meeting with his counterpart, President Xi Jinping, several agreements were signed. One of them referred to cooperation between the two Tourism ministries, and 2015 was declared the Year of Tourism between Mexico and China, highlighting both countries’ interest in prioritizing tourism as part of the bilateral agenda.

On occasion of this agreement, a special strategy to promote tourism in the Chinese market was announced by our authorities, which will use traditional media and social networks. Thus, potential consumers will see advertising of Mexico in taxis, airports and print ads, among others, as well as Chinese high penetration social networks.

Both governments agreed to narrow our cooperation, increase tourism promotion, improve airline connectivity and stress cultural rapprochement. Within this cooperation, it was also agreed to facilitate the visa process for Chinese nationals wishing to visit Mexico.

Incentives for airlines of both countries are sought to explore new markets, because poor airline connectivity is a limiting factor for tourism. Aeroméxico, the only Latin American airline that flies to Asia, has recently increased the number of flights between Mexico City and Shanghai. The next challenge will be to get a Chinese airline to fly to Mexico, a project that is already underway.

Tourism is one of the most relevant industries for Mexico, representing annual revenues of more than 16 billion dollars. It is a very dynamic industry and still has great potential for growth in development and investment, making it an important engine of progress.

In recent years, the growth rates of tourism in Mexico have declined, and the country’s tourism competitiveness has also been losing to the tourism efforts of emerging countries such as Russia, Thailand and Turkey.

According to the American financial organization Morgan Stanley, it is expected that Chinese tourists will spend over 134 billion dollars in 2015, mostly in hotels, food and entertainment. However, shopping is also very important, with an average spending of $1,000 dollars a day per person.

The Year of Tourism between Mexico and China opens a window of opportunity of great potential between the two nations. It must be taken advantage of to attract possible tourism and investment opportunities and position Mexico as a friendly destination for Chinese tourists. Growth in tourism between the two countries would also increase the economic spillover and promote investment and development.

However, it is necessary to ask whether Mexico is ready to cater to the Chinese because these tourists have special interests and look for different attractions from Europeans or Americans. The Chinese value other things, and their destination choices differ greatly from the ordinary tourist. It is necessary to understand their desires as travelers, and serve them providing quality service.

While it is not necessary to make major structural changes, it is important to adapt in order to take advantage of what Mexico can offer in terms of culture and hospitality. Among the various barriers for attracting Chinese tourists is the great distance that separates our two countries, our unfamiliarity with the Chinese language, and the lack of basic information in Mandarin. These obstacles can be overcome if the necessary measures are taken to achieve substantial growth in Chinese tourism. Simple changes such as adding Mandarin to the signs in museums or airports can mean a big difference in attracting and winning over these visitors.

Mexico, as a tourist power, should not overlook this opportunity and underestimate the importance of the Chinese economy in the world. Today, the Chinese are traveling and spending more each day. Our country must seize the unique opportunity provided by the Year of Tourism between Mexico and China to reinforce its leadership in this area and ratify the excellent reputation of Mexican hospitality.
JAPANESE MANUFACTURING COMPANIES
OVERSEAS BUSINESS OPERATIONS,
OUTLOOK FOR MEXICO


INTRODUCTION
The Japan Bank for International Cooperation (JBIC) has conducted a “Survey Report on Overseas Business Operations of Japanese Manufacturing Companies” since 1989, in order to identify current trends as well as the future outlook of overseas business operations by Japanese manufacturing companies with an extended record of overseas business. This year’s survey is the 26th since the first survey. The results of this survey reveal a trend that Japanese manufacturing companies continue to expand overseas business operations, but there have been changes in the past five years on the rankings of promising countries and the attitude of medium-term business operations, including Mexico’s 6th place following Asian promising countries in the rankings of this survey. Following is a description of the current state and prospect of overseas business operations of Japanese companies mainly with a focus on their operations in Mexico.

OUTLINE OF THE SURVEY
The companies covered in this survey are, in principle, manufacturing companies having three or more overseas subsidiaries and affiliates. The survey was conducted by sending questionnaires to 1,021 companies, which were responded by 617 companies (with the response rate of 60.4%). The period of the survey spanned from July through September 2018 (questionnaires were sent in July and returned through September, while conducting interviews on the background of the results of this survey).

Sponsors by visiting some companies). As a notable point with respect to the survey period, we would like to inform in advance that since the results of the survey are based on the state of affairs in FY2013 and the first half of FY2014, they do not reflect the continuance of yen depreciation and decline in crude oil prices, recent international affairs and so forth.

In regard to the content of the survey, 3 questions—“prospects for overseas and domestic business operations”, “evaluations of overseas business performance” and “promising countries or regions for overseas business operations”—are posed every year and thus they are examined at a fixed point. In this year’s survey, in addition to these questions, “competitiveness of Japanese manufacturing companies and trends in global production systems” and “involvement of Japanese manufacturing companies in overseas infrastructure-related business” were selected as individual themes.

SUMMARY OF THE RESULTS OF THE SURVEY
1) The Prospect of Overseas Business Operations of Japanese Companies
First, let us examine each indicator of the overseas sales ratio, the overseas production ratio, and the overseas income ratio for the overseas business operations of Japanese manufacturing companies.
In FY2013, the overseas production ratio increased by 2.3 percentage points to 35.2%, compared to the actual ratio of FY2012 (32.9%), and the overseas sales ratio increased by 2.1 percentage points to 37.5% compared to the actual ratio recorded in the previous year (35.4%). Both figures achieved a record high over the past. This trend has not changed in the projected ratios for FY2014, with the overseas production ratio rising to 39.5%, which will reach a projected level of almost 40% over the medium term (FY2017). In addition, the overseas income ratio was added as a survey item from this survey. Its actual ratio in FY2013 is 33.7%, which is the level comparable to the overseas sales ratio. From these results, it can be said that the relative importance of overseas business operations is ever increasing for Japanese manufacturing companies (Figure 1).

FIGURE 1. TREND OF OVERSEAS SALES RATIOS (NOTE 1), OVERSEAS PRODUCTION RATIOS (NOTE 2) AND OVERSEAS INCOME RATIOS (NOTE 3)
Next, we describe the degree of satisfaction with profits per country and region, which companies that responded extended their business operations (the fiscal year covered by the survey is FY2013). A grade 5 evaluation was applied and if the initially planned target was fulfilled, the evaluation of 3 was given. The 2.65 average across all the industries exceeded the previous survey (2.56). When we look into the degree of satisfaction with profits in the Americas, including Mexico, the rankings are North America (2.83), Mexico (2.64) and Brazil (2.42) (Figure 2). And when we look into the degree of satisfaction with profits in Mexico by 4 major industries, the rankings are: chemicals (2.83), electrical machinery and electronics (2.68), automobiles (2.60) and general machinery (2.43).

2) Promising Countries or Regions for Overseas Business Operations over the Medium Term

We asked the respondent companies to pick the 5 most promising countries or regions for their overseas business development over the medium term (the next 3 years or so) and Figure 3 shows the results. We can see the change of rankings following the previous survey, and India, for which there are high expectations for expanding the local market, ranked number one for the first time since the survey started.

Indonesia, which ranked first in the previous survey, ranked second in this one, and China, which ranked fourth in the previous survey, ranked third this time. The difference in votes among India, Indonesia and China was not large, and the voting ratios of these top 3 countries were nearly 45% and balanced out.

Next, when we look into the top 3 countries individually, India increased votes from 213 companies in the previous survey to 229 companies, with 85% of the companies that responded “promising”. The 5th “future growth potential of local market” as the reason. The way the respondents pointed out “promising” reasons “the future growth potential of local market" as the reason. We can understand that India, ranked in 1st place in this survey, continues to be highly appealing as a market. India had been ranked in 2nd place since the FY2005 survey, and its relative promise has been well regarded. This does not mean that the expectations increased sharply in the wake of the change of government last year. On the other hand, 51.6% of the respondent companies pointed out “underdeveloped infrastructure”, and we heard many voices regarding expectations for improvement of such issues as underdeveloped infrastructure and various institutional matters in the results of interviews with sources.

Indonesia ranked 2nd place in this survey with only one vote short of India, although the number of votes increased from 219 companies in the previous survey to 228 companies. 85.6% of respondent companies pointed out “future growth potential of the local market” as the reason for ranking this country as “promising”. Indonesia is in continuous to receive high evaluation. However, companies concerned with “rising labor costs” as a significant issue with year-by-year increases reached 44.1% of the respondent companies, and it can be said that this country’s attraction as a low-cost production base has been slightly declining.

Regarding China, which ranked 3rd place, 88.2% of the respondent companies pointed out “future growth potential of the local market”, and 57% of them indicated “the current size of the local market” as the reason for ranking this country as “promising”. At the same time, the respondent companies pointed out significant issues such as “rising labor costs” (73.4%), “intense competition with other companies” (58.8%), “execution of legal system unclear” (54.3%), and “insufficient protection for intellectual property rights” (47.2%).

Mexico, which ranked 7th place in the previous survey (with 84 companies), moved up to 6th place (with 101 companies) taking over Brazil that had ranked 6th place in the previous survey. Mexico was not in the top 10 countries in the 2010 and 2011 surveys (it was located in 12th place in both years), but moved up year by year. The respondent companies pointed out “promising” reasons “the future growth potential of local market” (63.6%), “supply base for assembling” (50.5%), “inexpensive source of labor” (32.3%), “as an export base to third countries” (25.3%).

Mexico has entered many FTAs with various countries and has been evaluated as a supply base for mainly North America. With regard to issues, the respondent companies pointed out problems mostly “rising labor costs” (32.3%) and “as an export base to third countries” (25.3%).

Looking at the ranking of promising countries by 4 major industries, Mexico ranked within the top 10 countries in all industries. It is noted that it ranked 4th place (with 43 companies) closely followed by China (3rd place with 44 companies) in automobile industry (the number of total respondent companies was 89).

3) Prospects for Overseas Business Operations by Region (Focusing on Mexico)

By looking at the prospects for overseas business operations by region, the response ratio of “strengthen/expand” for “ASEANs” was 57.4%. Also, both response ratios of “strengthen/expand” for “Rest of Asia and Oceania”, including India and Vietnam, and for “Latin America”, including Mexico and Brazil, were almost 70%. In “Middle East and Africa”, the response ratio of “strengthen/expand” increased to nearly 60% in this survey from less than 50% in the previous survey, and many companies had a stake of strengthening of sales functions including the use of sales agencies.

The response ratio of “strengthen/expand” for Mexico increased to 71.8% in the current survey, from 65.3% in the previous survey (Figure 4). Also, 78 companies responded for “strengthen/expand” in terms of production, and 101 companies responded to strengthen existing production bases.

SUMMARY

From the results of this survey, it appears that Japanese manufacturer’s evaluation of Mexico as a promising country has been increasing, but the results of the survey was based on the state of affairs in FY2013 and the first half of FY2014. Therefore, they do not reflect the cumulative of yen deprecation and decline in crude oil prices, recent international affairs and so forth. JBC continues to accompany the business development of Japanese manufacturers in Mexico.

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>No. of Companies</th>
<th>Percentage Share%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. India</td>
<td>229</td>
<td>45.9</td>
</tr>
<tr>
<td>2. Indonesia</td>
<td>238</td>
<td>47.5</td>
</tr>
<tr>
<td>3. China</td>
<td>186</td>
<td>37.5</td>
</tr>
<tr>
<td>4. Thailand</td>
<td>176</td>
<td>35.3</td>
</tr>
<tr>
<td>5. Vietnam</td>
<td>155</td>
<td>31.2</td>
</tr>
<tr>
<td>6. Mexico</td>
<td>138</td>
<td>27.2</td>
</tr>
<tr>
<td>7. Brazil</td>
<td>83</td>
<td>16.6</td>
</tr>
<tr>
<td>8. Russia</td>
<td>66</td>
<td>13.2</td>
</tr>
<tr>
<td>9. Myanmar</td>
<td>56</td>
<td>11.0</td>
</tr>
<tr>
<td>10. Philippines</td>
<td>39</td>
<td>8.0</td>
</tr>
<tr>
<td>11. Malaysia</td>
<td>46</td>
<td>9.2</td>
</tr>
<tr>
<td>12. Turkey</td>
<td>26</td>
<td>5.3</td>
</tr>
<tr>
<td>13. Singapore</td>
<td>25</td>
<td>5.0</td>
</tr>
<tr>
<td>14. Cambodia</td>
<td>20</td>
<td>4.0</td>
</tr>
<tr>
<td>15. Korea</td>
<td>20</td>
<td>4.0</td>
</tr>
<tr>
<td>16. Taiwan</td>
<td>19</td>
<td>3.8</td>
</tr>
<tr>
<td>17. Germany</td>
<td>12</td>
<td>2.4</td>
</tr>
<tr>
<td>18. France</td>
<td>7</td>
<td>1.4</td>
</tr>
<tr>
<td>19. Saudi Arabia</td>
<td>7</td>
<td>1.4</td>
</tr>
<tr>
<td>20. South Africa</td>
<td>7</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Looking at the ranking of promising countries by 4 major industries, Mexico ranked within the top 10 countries in all industries. It is noted that it ranked 4th place (with 43 companies) closely followed by China (3rd place with 44 companies) in automobile industry (the number of total respondent companies was 89).
Before turning to the world of fashion, Ricardo Seco worked for a decade in a customs agency, and then at the renowned brand of shoes and clothing Converse.
Several of the works by Mexican architect Carlos Mijares Bracho stand out, such as the factory for Vehículos Automotores Mexicanos (Toluca, 1964), the Perpetuo Socorro parish church in Ciudad Hidalgo (Michoacán, 1977), the chapel in the Jungapeo cemetery (Michoacán 1982), and the Christ Church in Mexico City (1988-1990). All these buildings have a common feature: the virtuous use of bricks.

In 2013 Mijares received the Bellas Artes Medal in recognition of this brilliant career. Before, he had also received the Luis Barragán prize for excellence in professional practice (1994), and the National University of Architecture and Design Prize (2001). He used to say, “architecture is the only art that is present in human life 24 hours a day.” And he considered architecture as “particularly complex, intriguing and marvelous.”

During his childhood, Carlos would contemplate Mexico City from the east window of his bedroom. “Every morning, when I opened the window, I would look at the volcanoes hovering over the city spread across a valley surrounded by mountains. This daily spectacle allowed me to appreciate nature and architecture, and I gradually understood that this profession has much in common with life.”

Mijares was a precocious boy. He started working at a company where he met the engineer Manuel González Flores, the inventor of the control piling, and even before that he witnessed the construction of a building supervised by the architect Manuel Parra, a relative on his father’s side. Mijares would remember: “As a child I loved to draw. My father was also an excellent draftsman. He studied to become a mining engineer at the Mining Palace, but he never devoted himself to that career. He was a great fan of architecture. When I was a kid, we would go to many places and see churches, convents and buildings. He liked that, and he liked that I liked that too.”

Mijares believed that architects were like poets, if they learned their craft well. For him, it was very important to respect the natural landscapes that could inspire the creation of architectural works. He knew that an ill-conceived building could terribly affect the surroundings, and at best, if well conceived, it could sanctify those surroundings.

In an interview published in the newspaper La Jornada, Mijares said that one of the main problems in Mexico and the world is that we have no clear awareness that architecture creates unity: “In the past half-century, architecture has been more preoccupied with the object, instead of with the object’s relation to people and other objects. We as humans have not yet built an identifiable, stimulating and contemporary city.”

A great deal of Mijares’ work is characterized by his extraordinary use of brick, a material that he considered modest, but a condenser of the four primordial elements (earth, water, fire and wind), “I have a special affection and respect for the brick. We’ve had a love affair for many years. Even before I was married, my wife knew about it.”

As the author of a select work of religious and civil buildings, Mijares used to say: “Architects should allow people who live in our buildings to interact with them and express themselves.”

Carlos Mijares Bracho was born in Mexico City on April 26, 1930. He studied at the UNAM’s National School of Architecture and graduated in 1952. From 1954 and for the rest of his life, he gave lectures and conferences, taught courses, and directed seminars throughout America and Europe.

In 2004 Mijares donated his personal archives to the UNAM. This collection—formed by architectural plans, photographs, booklets, and models—as located in the Mexican Architects Archive at the university’s Faculty of Architecture. Mijares was a fellow of the Mexican Academy of Architecture and an emeritus creator of Conaculta’s National System of Art Creators.

Architect Carlos Mijares Bracho passed away in Mexico City on March 19, 2015. He was 84 years old.
Sistema BEA—a Mexican company that develops technological solutions for modernizing urban transport—is strengthening its supply to the USA market with an intelligent state-of-the-art moneybox on board buses.

**BEA INNOVATING PUBLIC TRANSPORT**

Sistema BEA—a Mexican company that develops technological solutions for modernizing urban transport and its operation, access control, intelligent fare collection, online monitoring and management for transitioning to integrated transport systems—is strengthening its supply to the USA market with an intelligent state-of-the-art moneybox on board buses.

“We have developed an intelligent moneybox that allows multiple payment methods. You can pay with an intelligent card, bills, coins, magnetic bands and even smartphones with a QR or NFC code. Our innovation has been well received, because there is no other intelligent moneybox that allows you to pay will cell phones in both modalities. We introduced it at the American Public Transportation Association (APTA) conference in Houston,” says Pedro Jiménez Ochoa, General Director of BEA in the USA.

The company—through its affiliate in the USA, BEA Transit Technologies (BEATT)—created an alliance with DigiSone and GlobeSherpa to develop next-generation technology. Soon, urban transport users will be able to generate prepaid mobile electronic tickets by means of an app. Jiménez explains: “We have learned that alliances are very important in global markets, where competitors sometimes become your partners.”

The company opened a sales office in 2012, at the Technology Business Accelerator (TechBA) located in Silicon Valley, near San Jose, California. According to Jiménez, this year 2015 the company is prepared to conquer the USA market: “First, it was very complicated: we went through three years of learning and adapting to the USA market. It is different from ours because they have regulations that stipulate that, if you want to sell to the USA government, your products have to be made in the USA. That’s why we started by opening a sales office there. We develop the product in Mexico but we will manufacture it in the USA.”

In 2015 BEA plans to make a $100 thousand dollar investment for its development and growth in the USA market. It is currently in the launching phase of this nearly half a million dollar first round of investment in order to satisfy the demand for its projects. The company expects that by marketing this product in the USA it will be able to increase its profitability by more than 50%.

The company employs 200 workers in Mexico and another 200 abroad.

Among BEA’s direct clients in Mexico are the Mexico City Metrobus system, the Light Train of Guadalajara, and public and private dealers. It has also developed several projects for government institutions.

BEA’s direct competitor in the USA is Genfare.

**EXTRA DATA**

- Mexico accounts for 50% of BEA’s total sales. The other half is divided into North, Central and South America.
- The company expects a 35% increase in global sales in 2015, and 30% in the next three years.
- The company employs 200 workers in Mexico and another 200 abroad.

**SADI SMART TRUCK**

One of the highest costs in the aerospace industry is fuel consumption. The improvement of fuel management and provision technology, as well as more effective monitoring systems, is therefore vital in order to avoid waste and reduce costs.

The vehicles that currently provide fuel to aircraft do not register the quantity of fuel they supply, and require qualified personnel to adjust a complex valve system, according to the characteristics of each airplane.

Diana Gayosso, director of Sadi, says that after meeting with the Mexican Air Force authorities to understand their requirements, and after working for a year in collaboration with the Autonomous University of Querétaro (UAQ), the company built a prototype that will resolve five primary requirements: transit, security and control measures for supplying fuel; supply registration controls; unit location controls; and communication controls between the unit and its base, even while in transit through remote areas.

The director of Sadi was able to implement this “smart truck” idea thanks to the support of the National Entrepreneur Institute (Inadem), as well as the Mexico-United States Foundation for Science (Funesm) microsystems program. The smart truck improves efficiency in the fuel supply process through an automated system that uses a virtual reality interface with integrated sensors that measure and monitor fuel supply in real time.

In respect to security controls and measures, the UAQ designed software that controls all supply valves, preventing supply lines saturation and impeding erroneous valve selection, thus avoiding possible accidents. The smart truck is also provided with a state-of-the-art satellite tracking system. These vehicles have been structurally redesigned to face eventual road problems by optimizing the location of the truck’s pipes, storage tank and chassis.

After introducing this prototype in Mexico, it will also be marketed in Canada and the USA, which face similar aircraft fuel supply problems.
IPN STUDENTS DEVELOP ELECTRIC CAR

**BY NEGUICOS PROMEXICO**

The new car is not only a graduation project, but also a contribution to sustainable mechanical engineering that is creating awareness in the student community. The idea for the project was born on January 7, 2014, during a class of Engineering Prospective Development. The students Kelmi Torres, Arlin Acosta, Ivette Luvianos, Emilio de la Torre and Daniel Ordaz formed a team to design and assemble a vehicle that could circulate in Mexico City on a daily basis and contribute to the reduction of exhaust pollution. De la Torre’s father, also an engineer, financed the project.

During an interview with the National Council for Science and Technology (Conacyt) agency, the IPN students described their graduation project. “The use of a VW chassis reduced our design and manufacturing costs,” said Kelmi Torres.

Mexico already has a large vehicle fleet and our project will allow the recoveration of non-polluting cars. Instead of buying a new car, you can convert the one you have into an electric car,”

Arlin Acosta said that the main advantage of this prototype besides the fact that it is recycled and it reduces environmental noise and fuel emissions is the reduction in the price and maintenance of an electric automobile, “which is quite high in Mexico.” An advantage is that the car batteries are rechargeable by plugging into any electrical outlet, without having to use special platforms or adapters like the ones that are currently in use in the electric vehicle market.

Daniel Ordaz explained that the prototype has a direct current engine with independent excitation, that runs at a range of 36 to 92 volts, powered by a bank of six deep-cycle lead acid batteries, each with eight volts. “Energy flow is determined by an alltrax controller that supports up to 500 amperes peak, equivalent to a 15 horsepower engine.” The car can reach a speed of 70 kilometers per hour, and the battery can last a distance of 45 kilometers before recharging.

**COSTS AND MAINTENANCE**

The budget was one of the main problems that these entrepreneurs had to face, because the approximate cost of the project was 180,000 pesos. And since it was a prototype, many tests were carried out with different materials in order to make improvements.

Still, the team estimates that, in order to compete with compact cars, the eventual market price for the vehicle would be near 140,000 pesos (less than 70% of the price of a brand-new agency-purchased electric car).

Regarding maintenance, De la Torre says it is almost nonexistent: it only requires a battery change every three years. And, of course, replacement of brake linings or fuses, because of the VW chassis.

**OVERCOMING DIFFICULTIES**

According to these IPN students, the body of the car required a lot of work. Ivette Luvianos said that the regular VW bodywork is too heavy, which undermines speed and range. “We finally decided to replace the body with the structure of a fiberglass VW ‘Buggy’, which is a model that was never marketed.” The current bodywork weighs 120 kilograms.

The car is a prototype design, and its creators are well aware that there still is much to do to improve it. “As with any other project—states Daniel Ordaz—we’re still in the development phase. It is a process of constant innovation, reinvestment and engineering that will eventually result in a finished product.”

Victor Román Reyes González is the engineer that supervised the student team during the creation process of this prototype. He says his students are a source of pride for the IPN: “They have motivated their peers, because their momentum and constant work broke paradigms and everybody could see that their project was something real. It proves that the IPN is still standing.”

---

**DUNES: THE UNIQUE CHARM OF FASHION MADE IN MEXICO**

In this interview, María Patricia Jiménez Dalziel, General Director of Dunes Relaxed Fashion, shares her company’s story and export strategy.

INTERVIEW WITH MARÍA PATRICIA JIMÉNEZ DALZIEL, GENERAL DIRECTOR OF DUNES RELAXED FASHION

**BY FRANCISCO JAVIER HERNÉZ, CONSULTANT FOR COMICE**

—How did your business start?

In the early 1970’s, my mother—an American citizen—moved to Mexico with her two small children. She settled in Guadalajara where she founded the first waffle restaurant in the city, which still exists, near the offices of the USA Consulate. In order to supplement our family income, after closing the restaurant every night my mother would sew dresses that she designed with Mexican handmade fabrics. She would exhibit these dresses on the walls of the restaurant, and several American clients became interested in this alternative fashion with a Mexican personality. It came the day when she sold more dresses than waffles, so my mother decided to change her line of business. That is how our dressmaking microenterprise was born. I represent the second generation, and to date we continue this tradition.

—Why did you choose to manufacture these specific products?

We manufacture clothes at Dunes for a reason. They are unique garments made from natural fibers in an avant-garde style, designed by a woman who admires Mexico and its traditions; our commitment is with Mexico and women. Not only do we make our products with Mexican materials and labor: we rescue the essence and identity of this country through fabrics and colors, a legacy of the artisanal looms so typical of some regions of Mexico. They are given a modern twist without losing their essence. Dunes is a company that mainly employs women, and at the same time we manufacture clothing for women of all ages and anatomies, that highlight their femininity and their best attributes.

—When did you start to export?

Our first exports date back to the 70s. As my mother recalls, one of the diners at the restaurant was the owner of a boutique in Baltimore. She ordered a dozen skirts. At that time, it seemed like a gigantic order, but the true challenge came when the client asked her to send the order to the USA. My mom managed to fulfill that order, which became our first export registration.

—What is your sales strategy abroad?

We participate in several international trade shows and fairs, directly or through our own representatives abroad; that’s how our dressmaking microenterprise was born. I represent the second generation, and to date we continue this tradition.
In 2013, Dunes’ exports represented 63.7% of their total sales. By the end of 2014 they had climbed to 79.06%. Today, the company exports to Canada, Chile, Costa Rica, Spain, the USA, England and Puerto Rico, and is currently evaluating new markets in France, Hawaii, Italy and Panama.

How do you conquer a foreign market?
First you have to know who your potential clients are: what do they want and where do they buy it. Then you have to determine the most appropriate distribution channel to reach them, and make the product adaptations they require to guarantee success and the conquest of the target market.

How important is your participation in international trade shows?
In short: entrepreneurship, hard work and courage to take on challenges.

What are the main problems you have encountered when exporting?
We have gone from being a microenterprise to a small exporting company. Because of our size, the budget issue is key for us. However, the lack of information regarding uses, customs and regulations in the target countries makes exporting a very hard road to travel. The same occurs with transport logistics and the impact this has on the final price.

Have you established joint ventures or similar alliances?
In 2013, Dunes had been engaged in manufacturing a US brand, with Mexican labor and materials. This alliance has been beneficial in many ways.

What does an exporting company have to do to recover the Value Added Tax (VAT)?
To request a refund of VAT on supplies and inputs used in manufacturing garments for export, certain documentation must be collected, such as the informative declaration of operations with third parties (DIOT), provisional tax payments (where a credit balance in your favor is requested), 7 and 7A formats, and copies of your bank statements.

How have you benefitted from technology?
When we started to increase our sales, we had to innovate certain production methods, and we also integrated the use of digitized design patterns. We are currently working on automating our production processes through an enterprise resource planning system, aimed at increasing our capacity without significantly increasing costs, and thus becoming more competitive vis-à-vis countries where labor is cheaper.

What is the key to your success?
In short: entrepreneurship, hard work and courage to take on challenges.

What is the most important lesson you’ve learned?
That there are universal values. That quality and hard work don’t have borders, and that in every part of the world there are people ready to acquire a Mexican product, if it is made with these two ingredients.

What kind of support does an exporter require?
A small exporter needs all kinds of support, including financial support. Sometimes the right information and training are just as valuable and profitable thanks to the number of mistakes they help to avoid.

What message would you give to young entrepreneurs?
Never stop trying, and maintain high quality standards, not only for your products but for yourself as well. Understand that there are institutions such as Pro-México and Inadem, among others, that can accompany, advise and support entrepreneurship.

Is there anything else you would like to add?
I would like to express my gratitude to all our employees and to the COMCE, Pro-México, JALTRADE, and to all institutions that have valued and supported our work at Dunes.

www.dunes.com.mx

---

Ricardo Seco, fashion designer born in Torreón, in the northern state of Coahuila, knows what it means to reinvent himself. He has done so on several occasions. “But I never lost my creative instinct,” he says.

Today, thanks to his perseverance and ingenuity, he is a world-class designer, an artist. His creations paraded in the 2015 Fashion Week in Paris, and he will be opening stores in London, Mexico and New York soon.

“I’m from the North. Over there they are either lawyers or engineers. That’s why I studied a degree in Industrial Relations,” Ricardo explains over the telephone from New York, where he spends much of his time. Seco already had a taste for fashion. But after his studies (he had already abandoned previous architecture and computing studies), he moved to the border, Ciu-
dad Juárez, and worked for a decade in a customs agency. The agency gave him financial security and stability, “but I wasn’t entirely happy,” he admits. So at 33 years of age he took the risk of doing something new. “Everything was against me. People would say that I was too old to reinvent myself, that things would go bad for me, but I wanted to do something that I liked.” So he quit his job and studied two courses in fashion design, one in Milan and the other in Paris.

Ricardo is convinced that as a designer he has two assets working for him: his creativity on the one hand, his ability to do business on the other. “A designer is a person who must have a clear vision of where, how and whom to reach out to. Fashion isn’t superficial. It is a serious industry that creates jobs and strengthens countries economically. That’s how I see it.”

BACK TO MEXICO

When he returned, Ricardo worked for the shoe and clothing company Converse for a long spell. Now he was closer to what he liked to do, but still felt he needed more. Then, at a benefit dinner in New York, all of the pieces of the puzzle came together. During the reception, he spoke with many of the biggest names in the fashion world: investors and designers. They all asked him about Mexico. “That day I knew I had to take a big risk.” So once again he quit his job—leaving his economic comfort and security behind—and moved to New York City. There he started to design and develop his project: “Yo soy México” (“I am Mexico”), and presented it at the New York Fashion Week to encourage Mexican talent. Seco invited creative people from the fields of photography, graphic design, video and architecture and presented them at his parades with a modern, avant-garde, unique image of Mexico. “Totally made in Mexico.” To date, Seco has presented seven editions and has worked with more than twenty Mexican talents.

INTERNATIONAL RECOGNITION

Dreams is one of Ricardo Seco’s latest collections. “With Dreams I wanted to introduce a touch of Mexico. I was inspired by the Huichol culture.” Ricardo worked with a community of Huichol Indians, and lived among them for a time, learning their customs, philosophy and concerns. He spent a lot of time with Huichol craftsmen and artists. He invited several of them to Mexico when he told them he wanted to incorporate part of their art in his creations. He created a foundation, Walking Together, responsible for creating artisan houses and organizing trade originating in the Huichol community. Ricardo designed products for the New Balance brand, by incorporating designs and colors of the Huichol Indians into urban sneakers.

Then came his latest collection, Real, maintaining the thread of the Huichol idea, but with a more refined, monochromatic touch, in black and white. “Fashion runs fast—says Seco—. Real is the collection that allowed me to present in New York, Paris and Mexico (after four years of not participating in Mexican cat-walks). The collection was well received by the critics, and gave me the opportunity to establish a stronger alliance in commercial terms.”

In the spring of 2015, Ricardo Seco participated in the Paris Fashion Week. It was his first step in Europe, where the fashion industry is very important. The organizers warned Seco that his parade was going to overlap with Alexander McQueen’s. He wasn’t worried: “I didn’t go to Paris to compete. It was my first time, my introduction. I knew that people would have the opportunity to meet me and see my work, and then word of mouth would do the rest. The fashion parade was packed!”

Ricardo believes that, since he moved to New York, his collections are more consistent, global, commercial and authentic. “These collections have my DNA. They are my identity as a designer. And from there more business will come.”

Ricardo has also worked for Disney (designing sneakers and T-shirts), and the tequila producer Casa Cuervo. The designed two labels for the “Tradicional” brand. He is now in talks with a department store in Mexico, aiming to develop a more commercial line of business, in addition to the upcoming opening of his own stores. W

www.ricardoseco.com
ALEJANDRO CAPÍN
THE YOUNGEST DRIVER AT THE 2016 INDY CAR

“In order to find the limit, you must surpass it. Even if this is difficult, it must be accepted as part of your learning curve,” says the young Mexican driver Alejandro Capín in an interview with Negocios ProMéxico. This conviction, he adds, has led him to grow personally and professionally and to better position himself in international motorsports.

INTERVIEW WITH THE MEXICAN DRIVER ALEJANDRO CAPÍN, BY MAYRA REÑA AGUÍRRE

For some time, it has been Alejandro’s goal to race in the 2016 Indy Car competition, which will be celebrating its one-hundredth anniversary with this edition. “To reach my goal, I’ve concentrated one hundred percent on this project, which has helped me to better understand what I want to achieve. I believe the Indy Car category is the most important motorsport in the USA, among other things because it hosts a race like the Indianapolis 500.”

Capín is 23 years old and will be the youngest driver in the 2016 Indy Car race and, although other Mexican drivers have participated in previous races, Capín is the only Mexican participant this time around. He has already been selected for the Road to Indy program, for drivers in development.

During his career in karting, Capín has participated in categories like Shifter 123 cc and 80 cc, Formula A, ICA 100, World Formula and Easy kart 100 cc. Later he raced in the T4 series, a NASCAR Mexico support category, and was also selected to join the Ron Sutton Development Program NASCAR Talents, and at 17 he won the 2009 NASCAR Mexico Stock Car rook-ies championship. “To date I’m still the youngest driver to have won that race.”

As for his preparation prior to an international race such as Indy Car, Capín stresses that it is undoubtedly very important to be physically and mentally prepared. “Many people think that being a driver just means getting into a car, turning on the air conditioning and spinning around. The truth is that you need a great deal of fitness. A competition can make you lose 4 or 5 kilos just because of the heat, among other factors. Mental preparation is also essential, because during a race you’re subjected to a great deal of pressure: you know you can’t fail, that you’re alone against 32 other cars that are seeking the same objective, so I have to stay focused on how to take a curve, how to overtake the guy in front of me, and so on.”

On the other hand, Alejandro Capín says that “contrary to what many people think, racing is a team sport. From the start you need a sponsor who believes in you, like ProMéxico in my case, by believing in my project and staying at my side, looking for business sponsorships. I’m very grateful to ProMéxico, and I’m proud to carry its name, its colors and the name of Mexico, helping these images to be recognized abroad.”

Capín recognizes that “the USA and Canada are the countries with the most support from their sponsors to invest in motorsports,” and in the case of Brazil—another country with a large number of participating drivers—it has grown thanks to its approach to these two major economies. “In my case, I work with an engineer and a group of mechanics who are responsible for supervising up to the smallest detail long before the competition, and during the race they are alert at all times.”

In addition to sponsors, the driver mentions that an entire team is required to keep the car in the best possible conditions. “In my case, I work with an engineer and a group of mechanics who are responsible for supervising up to the smallest detail long before the competition, and during the race they are alert at all times.”

As for the risks involved, Capín says that the sport itself is inherently risky. “However, there is safety equipment for the driver and for the racetrack. Everybody is prepared in case of any accident. Security teams arrive less than 15 seconds after any crash that might occur.”

Throughout his career, Capín has been involved in several car wrecks. He particularly recalls his first accident at NASCAR. “I had never crashed in an oval. When you crash in a circuit, there’s grass and you crash against tires. But at NASCAR it’s different, because you race around an oval, and when you crash the wall slows you down. You’re on the track and you crash against the wall. I remember the terrible sensation of losing control in the oval, and the noise of cars crashing directly against the wall. It was an important lesson for me.”

Capín shares the emotion of his career advancement in motorsports, in overcoming set backs and in counting on the support of his family. His father introduced him to the world of motor racing, a sport that in the past was considered for rich kids, “but is a profitable sport for those who decide to invest in it. I invite entrepreneurs to look at this sport as a business opportunity.”

On the other hand, Alejandro Capín says that “contrary to what many people think, racing is a team sport. From the start you need a sponsor who believes in you, like ProMéxico in my case, by believing in my project and staying at my side, looking for business sponsorships. I’m very grateful to ProMéxico, and I’m proud to carry its name, its colors and the name of Mexico, helping these images to be recognized abroad.”

"Many people think that being a driver just means getting into a car, turning on the air conditioning and spinning around. The truth is that you need a great deal of fitness," says Capín.

"Many people think that being a driver just means getting into a car, turning on the air conditioning and spinning around. The truth is that you need a great deal of fitness," says Capín.

Capín is 23 years old and will be the youngest driver in the 2016 Indy Car race and, although other Mexican drivers have participated in previous races, Capín is the only Mexican participant this time around.

"Many people think that being a driver just means getting into a car, turning on the air conditioning and spinning around. The truth is that you need a great deal of fitness," says Capín.

Capín is 23 years old and will be the youngest driver in the 2016 Indy Car race and, although other Mexican drivers have participated in previous races, Capín is the only Mexican participant this time around.

"Many people think that being a driver just means getting into a car, turning on the air conditioning and spinning around. The truth is that you need a great deal of fitness," says Capín.

Capín is 23 years old and will be the youngest driver in the 2016 Indy Car race and, although other Mexican drivers have participated in previous races, Capín is the only Mexican participant this time around.

"Many people think that being a driver just means getting into a car, turning on the air conditioning and spinning around. The truth is that you need a great deal of fitness," says Capín.

Capín is 23 years old and will be the youngest driver in the 2016 Indy Car race and, although other Mexican drivers have participated in previous races, Capín is the only Mexican participant this time around.
FORMULA 1 GRAND PRIX RETURNS TO MEXICO

After 23 years, the motorsport showpiece returns to Mexico City in all its glamour to turn the minds of fans and investors.

BY ÓSCAR HERNÁNDEZ

The Formula 1 Grand Prix returns to Mexico City after an absence of more than two decades. The Hermanos Rodríguez racetrack will dress up for this year’s grand party, from October 30th to November 1st.

Last July, Formula One Management CEO Bernie Ecclestone announced that the Grand Prix would return to Mexico City at the right moment for Formula 1, the city and especially for racecar fans. Formula 1 had been held regularly in Mexico from 1962 to 1970, and from 1986 to 1992, so the expectation remained the city and especially for racecar fans.

The Corporación Interamericana de Entretenimientos (CIE) signed a five-year contract for holding this event in the nation’s capital, which will entail an important economic benefit, both in tourism and in advertising and services, and consequently it will also translate into thousands of new jobs.

THE HISTORY

In 1962, motorsport’s elite category ignited engines for the first time in the five-kilometer “Aztec Speedway” built especially for this race at the Magdalena Mixhuca racetrack, as it was formerly called, which was won by the British driver Jim Clark of the Lotus-Climax team.

From 1973 onwards the racetrack was renamed Hermanos Rodríguez as a tribute to the legendary Mexican drivers, brothers Pedro and Ricardo Rodríguez, who achieved great victories on international racetracks in the sixties.

In addition to the unforgettable Rodríguez brothers, several outstanding Mexican drivers have participated in Formula 1 history, such as Moses Solana and Héctor Alonso Rebague, and more recently Sergio “Checo” Pérez and Esteban Gutiérrez, who have had the opportunity to perform in the maximum category for the first time in Mexico.

This will be a main attraction for the competition, because the onset of Pérez on the international circuit has renewed enthusiasm for high-level racing in Mexico. Following his departure from McLaren, Checo joined the Force India team, and has said that the return of F1 to Mexico is a sign that we can achieve anything. “It is a great opportunity to show the world what our country can do,” he said.

A PROFITABLE INVESTMENT

According to a study based on the days of participation and the number of races, the Formula 1 Grand Prix is the top billing sports event, thanks to revenues from circuit, television, advertising, equipment and public fees.

In 2014 Mexico City failed to comply with all the requirements of the International Automobile Federation to host the “Grand Circus” (so called because of its similarities to the ancient tradition of the Roman Circus, and because in the beginning, all F1 participants and equipment paraded around the circuits before the races, as it was customary in circuses). This year it will be possible thanks to a major joint venture between the public and private sectors, estimated at 360 million dollars, of which the government will provide 210 million and CIE the remaining 150 million.

In a report prepared for the Mexican Stock Market (BMV), CIE states “as part of the total investment, the company plans to disburse an approximate amount of 50 million dollars over the next 12 months to modify and adjust the Hermanos Rodríguez race track.” Security is a priority issue for the organizers, and therefore part of the circuit had to be retraced and modified in certain sections.

The Ministry of Tourism (Sectur) expects that the Formula 1 Grand Prix will generate an economic impact of 2 billion dollars and 18,000 direct and indirect jobs in the service and tourism sectors in Mexico City during the five editions of the competition that will be held here.

Francisco Mazas Peña, Undersecretary for Quality and Regulations of Sectur, says the Grand Prix represents a major boost to tourism and the development of the country, as it consolidates the two main sector strategies: to increase foreign currency earnings, as well as the flow of visitors. Only during the week of the competition, revenues of 190 million dollars are expected, plus 45 million dollars in hotels, restaurants and shopping.

So once again the remodeled Hermanos Rodríguez racetrack is getting ready for the roar of the fastest engines in the world.

www.formula1.com

Formula 1 had been held regularly in Mexico from 1962 to 1970, and from 1986 to 1992, so the expectation remained of hosting the ultimate race on the Mexican circuit that would undoubtedly attract new generations of fans.
Los frutos del proceso de transformación que México ha emprendido comienzan a madurar. Es precisamente el caso del sector automotriz y de autopartes, un sector tradicional, pero dinámico. Las ventajas competitivas que ofrece nuestro país en el entorno global –disponibilidad de capital humano altamente capacitado, costos de operación competitivos, ubicación geográfica estratégica, atractivo mercado interno, certidumbre jurídica, plataforma de exportación a más de 45 países, entre otras– han atraído flujos de inversión extranjera al sector. El dinamismo con el que han respondido los distintos integrantes del sector ha permitido que las inversiones se consoliden y amplíen, lo que no sólo ha dado como resultado un crecimiento constante, sino también desarrollo e innovación. La industria automotriz se encuentra en un proceso de consolidación y expansión: de un sector meramente manufacturero a uno también de innovación y desarrollo. Hoy contamos con más de treinta centros de ingeniería y diseño automotriz. Otro de los resultados notables del sector es el robustecimiento de las cadenas de suministro; hoy contamos con alrededor de 1,200 proveedores para el sector. La labor que corresponde a los empresarios mexicanos relacionados con las cadenas de producción del sector automotriz y de autopartes debe mantenerse dinámica a fin de responder a los nuevos retos que se presentan con la llegada de más inversiones.

En esta sección de Negocios ProMéxico pueden leerse, entre otras notas de interés, un interesante artículo que analiza los consorcios en Italia y las asociaciones en México, modelos susceptibles de beneficiarse mutuamente uno del otro; también se presenta la experiencia de una representante de negocios en Hong Kong, quien nos ofrece detalles e información útil para tener éxito en este importante mercado.

Espero que estos contenidos sean de su interés.

¡Bienvenidos a Negocios ProMéxico!
MÉXICO FOOD FAIR IMPULSA LAS EXPORTACIONES MEXICANAS A EUA

La creciente demanda de alimentos e ingredientes mexicanos en todo EUA, particularmente en California, ha logrado impulsar la única feria para productos mexicanos celebrada en el extranjero, llamada México Food Fair, en la ciudad de Los Ángeles. Del 21 al 23 de agosto un centenar de productores de alimentos mexicanos presentarán sus mejores creaciones en el Centro de Convenciones de Los Ángeles, ante compradores de cadenas de tiendas y de restaurantes, distribuidores de alimentos, bodegas, restaurantes independientes, tiendas delicatessen, hoteles y casinos, que buscan enriquecer su oferta de productos. Los artículos que se presentarán son muy diversos, van desde tequila, mezcal y sotol, hasta moles, salsas, aderezos, condimentos y múltiples productos derivados del maíz, el nopal, el aguacate y el frijol. México Food Fair también ofrecerá a sus visitantes demostraciones de cocina impartidas por chefs de renombre, como Lizette Galicia, Eduardo Plascencia, Josefina Santacruz y Alfredo Villanueva, quienes contribuirán a enaltecer la imagen de México en el extranjero, ya que presentarán a públicos especializados las tradiciones y costumbres que han logrado que la comida mexicana haya sido distinguida por la UNESCO como Patrimonio Cultural Intangible de la Humanidad.

www.mexico-foodfair.com

COMERCIO EXTERIOR

OAXACA SE UBICÓ COMO EL SEXTO PRODUCTOR DE MIEL EN EL PAÍS

El estado de Oaxaca se consolida en el ámbito nacional e internacional como uno de los principales productores de miel orgánica, ya que distribuye sus productos en países como Alemania, Bélgica, Inglaterra y Noruega. En 2014 el estado del sureste se ubicó como el sexto productor de miel en el país, con 3,767 toneladas y una derrama económica de 141,672 millones de pesos, siendo la región de la Mixteca y la Costa las de mayor producción, de acuerdo con cifras de la Oficina Estatal de Información para el Desarrollo Rural Sustentable. Cabe destacar que en Oaxaca se encuentra la planta de extracción y envasado de miel Itunovico, ubicada en la comunidad de Herencia de La Muralla, en la Región Mixteca. En 2014 esta planta exportó 192 toneladas de miel orgánica a Europa, lo que representa un incremento de 320% respecto a 2013, según datos de la SAGARPA. Esta planta es la primera en el estado en contar con la certificación del Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria, para vender no solo en el mercado europeo, sino también en Canadá y EUA. En Oaxaca se podrán encontrar algunos de los productos más reconocidos e icónicos de esta región, como la miel orgánica, la cebolla y el nombre propio de la Mixteca, entre otros.

Entre los proyectos que la cooperativa tiene en puerta destaca el de la cría de reinas, producción de núcleos, producción y transformación de productos de la colmena, aunado a la capacitación constante para el manejo sanitario.

www.sagarpa.gob.mx/saladeprensa/2012/Paginas/2012819.aspx

AUTOMOTRIZ

CON 40 MDD LLEGA EMPRESA JAPONESA

La empresa Nachi-Fujikoshi Corporation, de origen japonés llegó a Querétaro con una inversión de cuarenta millones de dólares para fabricar rodamientos para la industria automotriz. La planta se ubicará en el parque industrial Aerotech, en una extensión de terreno de setenta mil metros cuadrados, en un edificio de diez mil metros cuadrados. Esta nueva factoría será el primer punto de producción de Nachi en México. Arranca operaciones en 2016 con trescientos trabajadores para producir mensualmente cuatro mil rodamientos, llegando a diez mil en el 2018. Tsutomu Kurosawa, director de la división de Rodamiento, comentó que “la fabricación de los rodamientos jugará un papel importante por el crecimiento de la producción de automóviles. Actualmente suministramos los rodamientos prefabricados en Japón y Estados Unidos a México; una vez construida la planta los produciremos localmente”.


HAITÍ Y MÉXICO SUSCRIBEN ACUERDO PARA PROMOVER INVERSIONES

Representantes del sector empresarial de Haití y México suscribieron en la ciudad de Puerto Príncipe un acuerdo para promover inversiones y negocios entre ambos países. El acuerdo fue suscrito por la directora del Centro de Facilitación de Inversiones (CFI) de Haití, Norma Powell, y el director de ProMéxico, Francisco González Díaz. El tratado busca impulsar un nuevo enfoque en el desarrollo del comercio entre las dos naciones, con el objetivo de incrementar el crecimiento económico. Entre los sectores involucrados están la construcción, el turismo, la manufactura textil y la agricultura. A mediados del año pasado ambos gobiernos celebraron el 85 aniversario del establecimiento de relaciones diplomáticas, cuyo intercambio comercial asciende a 69 millones de dólares.

www.mexico-haiti.colmex.mx/mexico_haiti350.html

AGROALIMENTOS

EUROPEO DEMANDA MÁS AGUACATE MEXICANO

El creciente consumo de aguacate en EUA abre la puerta a la exportación de la producción jalisquense de este fruto. El director de la Asociación de Productores Exportadores de Aguacate de Jalisco, Ignacio Gómez, espera que en 2016 la entidad pueda aumentar a 60% las exportaciones del producto, es decir, duplicar la actual cantidad de venta a otros países. En 2014, Jalisco cosechó 87,000 toneladas de aguacate, de las cuales 30% se envió al extranjero. Los principales mercados de este producto jalisquense son Japón y Canadá. El valor de la venta en el extranjero fue de 73,878 millones de dólares, según cifras del Instituto de Información, Estadística y Geografía de Jalisco. El aguacate jalisquense está a un paso de llegar al mercado de EUA luego de que diez de sus municipios fueron declarados libres de plagas por el Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria de la República Mexicana. En 2014 el estado del sureste se ubicó como el sexto productor de aguacate, de acuerdo con cifras de la Oficina Estatal de Información para el Desarrollo Rural Sustentable. En el estado de Jalisco existen alrededor de 1,300 productores de este fruto, de los cuales entre cincuenta y cien están en posibilidades de empezar a exportar al vecino país. Cabe destacar que la entidad ya exporta aguacate procesado a EUA.

www.senasa.gob.mx
El Secretario de Economía, Eufemio Guajardo Villarreal inauguró cuatro empresas dedicadas a la fabricación de colorantes naturales y aditivos para la industria alimentaria, producción de quesos, tiesto para la confección de sillones de autos, bolsas y tejidos, así como la manufactura de carros de carga ferroviaria. La planta Altea -ubicada en Huamantla- es una empresa dedicada a elaborar colorantes naturales y aditivos para la industria alimentaria, así como a la producción de ingredientes en el área de lácteos. La inversión será de treinta millones de pesos y generará más de noventa empleos directos.

Los conservos en el modelo italiano son asociaciones voluntarias de empresas que efectúan en conjunto ciertas actividades para mantener su propia autonomía jurídica, financiera y de gestión, a diferencia del modelo exportador, que integra a empresas que desean aprovechar los beneficios de carácter técnico de ser parte de un consorcio, como la desgravación fiscal, los apoyos financieros, administrativos y financieros, los apoyos económicos para promoción, la posibilidad de acceder a formas de protección del crédito, consultoría fiscal y legal gratuita, y ayuda en la búsqueda de incentivos.

LOS MODELOS DE CONSORCIOS EN ITALIA Y EN MÉXICO
UNA MANERA DE CRECER EN CONJUNTO

Ventrabaja y desarrollo para las pymes al facilitar su entrada a los mercados internacionales.

Por: Lida Yoshim y Francisco Petrelli, PRF -eker Italiana

Los consorcios de la industria alimentaria en México son una alternativa para las empresas que deciden exportar bienes y servicios de sus miembros en el extranjero, ya sea para acceder a mercados de mayor tamaño o para adquirir nuevas ventajas competitivas en el camino hacia la internacionalización. En este sentido, es relevante destacar que los consorcios en el mercado internacional se caracterizan por la formación de redes que facilitan la comercialización de productos, la generación de ingresos y el desarrollo económico.

En México, los consorcios de exportación se han ido desarrollando a lo largo de la historia del país, con diversas etapas y formas de organización. En la actualidad, los consorcios de exportación en México pueden considerarse como una forma de cooperación empresarial que busca maximizar las ventajas de la internacionalización.

Los consorcios de exportación en México se pueden clasificar de varias formas. Por ejemplo, pueden ser consorcios formados por empresas de la misma industria o consorcios formados por empresas de diferentes sectores. También pueden ser consorcios formados por empresas que compiten en el mercado o consorcios formados por empresas que cooperan en el mercado.

En los consorcios mexicanos, es común que las empresas participantes compartan la tareas de comercialización, la negociação de contratos, la financiación, el control de calidad, la logística, la promoción y la difusión de la marca. Además, los consorcios de exportación en México trabajan en conjunto para identificar oportunidades de negocio, compartir información y recursos, y promover la internacionalización de las empresas miembros.

En resumen, los consorcios de exportación en México son una forma efectiva de promover la internacionalización de las empresas, ya sea para las pymes o para las empresas más grandes. Estos consorcios permiten a las empresas de México acceder a nuevos mercados, aumentar su competitividad, y mejorar su posición en el mercado internacional. Es importante destacar que los consorcios de exportación en México son una herramienta valiosa para las empresas que buscan internacionalizar sus productos y servicios.
Convenios de Exportación en Jalisco, esta alianza representa una oferta exportable atractiva, variada, completa, que busca continuamente la innovación y mejora para satisfacer las exigencias del mercado mundial. Otro ejemplo, igualmente importante, es el Corporativo Tecnológico de Jalisco S.A. de C.V. (CTJ), una agrupación de empresas de tecnología de la información (TI), que procura sumar capacidades, conocimientos, experiencia, tecnología y esfuerzos para contar con la personalidad y presencia necesarias para la búsqueda del éxito individual y de conjunto en proyectos de gran magnitud e importancia en TI.

El CTJ encuentra la cobertura del mercado y el reconocimiento de las habilidades de este grupo para fortalecer en principio las capacidades individuales de cada una de las empresas y la del grupo, a través de la atracción y la atracción y, posteriormente, el interés de posibles clientes por las fortalezas y ventajas que este corporativo representa, otorgándole solidez, calidad, competitividad y complemento tanto en lo individual como en conjunto en los servicios, productos y soluciones de TI que se ofrezcan.

Un ejemplo más de consorcio mexicano es Creamoda Export S.C., una agrupación de exportación de moda, creada en 2010, que integra empresas representantes de los principales sectores de la moda: vestidos de novias y quinceañeras, trajes de ceremonia para caballeros, línea boutique para damas y caballeros, uniformes empresariales, ropa de playa, marroquinería, accesorios para mamás, artículos deportivos, sin olvidar una extensa gama de calzado casual, calzado de novia y de gala para damas.

Además de dichos ejemplos, los objetivos más comunes para los consorcios en México son la promoción y venta de los productos de las empresas participantes al gerente del consorcio la autoridad para hacer negocios en su nombre. Los mecanismos que acabamos de mencionar son las bases para poder desarrollar una red de exportación. Esto es exactamente lo que hace ProMéxico, que impulsa un plan nacional de creación y consolidación de redes de exportación con el objetivo de apoyar las exportaciones de los pueblos mexicanos, consistente en formar una alianza formal entre empresas del mismo sector y con el mismo canal de distribución, con el objetivo de incrementar su competitividad y promover en forma conjunta su oferta exportable a otros países, a fin de reducir los riesgos y costos del proceso exportador.

### Comercio Internacional de las Industrias Textil, del Vestido y del Cuero de México

<table>
<thead>
<tr>
<th>MILLONES DE DÓLARES</th>
<th>ENERO JUNIO 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MILLONES DE DÓLARES</th>
<th>EXPORTACIONES</th>
<th>IMPORTACIONES</th>
<th>DEFICIT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Este red de exportación son una estructura fuertemente comparable a la que emplean los consorcios italianos, que utilizan principalmente para promover su productos al extranjero; el primer objetivo de estas sociedades es difundir en otros países los productos producidos y vendidos por los consorcios y organizar roadshows, juntas B2B entre consorcios locales y extranjeros, esto gracias también a fondos europeos. En México el modo de promover los productos de consorcios en el extranjero es muy similar a la manera italiana, aunque se haga más mediante la organización de eventos y encuentros en México, invitando consorcios y empresas extranjeras, ofreciendo sus productos e inspirando a los productores y consumidores extranjeros a considerar los productos promovidos por consorcios mexicanos.

En suma, los consorcios son una forma de colaboración que sigue en desarrollo, y para continuar haciéndolo podrían aprovecharse las diferentes oportunidades. La más importante será, sin duda, la creación de consorcios en la industria manufacture, servicios e industrias creativas, conside-rando que México ocupa el primer lugar en América Latina en dichos sectores.

### Hong Kong

**Una nueva experiencia de negocios**

Hong Kong posee un puerto libre de impuestos, es decir, las empresas no pagan arancel de importación, excepto tabaco, hidrocarburos, alcohol этх и bebidas alcohólicas, éstas últimas sólo a exceder el 3% de alcohol.

El 27 de febrero de 2014 fue seleccionada para desarrollar un proyecto como Representante de Negocios Internacionales en Hong Kong; ésta ha sido una de las mejores experiencias de mi vida. Es importante compartir que dentro de los más de cuarenta proyectos que se encontraban disponibles, tuve la oportunidad de estar a cargo de uno relacionado con la exportación de productos cárnicos de México a Hong Kong. El proyecto tenía como objetivo realizar un estudio de mercado completo y prospección de clientes, así como participación en ferias internacionales tanto en Hong Kong como en China, todo esto con la finalidad de conocer y entender el mercado, de qué forma penetrar y cómo hacer llegar el producto de acuerdo con las necesidades del cliente y requisitos y exigencias del país.

En la ciudad de Hong Kong duró seis meses, en los cuales viví algunos choques culturales muy concretos. Por ejemplo, la forma de vida de la gente, ya que muchos de ellos vivían con un gran número de personas en casas o departamentos compartidos. Otro aspecto importante es que las citas de negocios deben ser agendadas al menos tres semanas antes de la fecha, ya que el tiempo en Hong Kong es muy importante y los empresarios nor-teños no esperan ser llamados con menos de una semana de antelación.

En el tema de negocios, las reuniones con una persona de Hong Kong fue diferente, sobre todo porque al inicio de cada junta se llevaba a cabo el intercambio de tarjetas de presentación sin importar el número de personas por empresa ni su relación, todas entregan su tarjeta y a todas se les debía entregar una, lo contrario significaba una falta de respeto. Otro aspecto importante es que en Hong Kong es muy importante y los empresarios nor-teños no esperan ser llamados con menos de una semana de antelación.

El proyecto tenía como objetivo realizar un estudio de mercado completo y prospección de clientes, así como participación en ferias internacionales tanto en Hong Kong como en China.
Negocios ProMéxico | Para Exportadores

86

1. Negocios en Hong Kong.

La ciudad de Hong Kong, conocida a nivel mundial por su actividad financiera y su posición como centro de comercio, es un lugar donde la gran cantidad de empresas chinas continentales están cada vez más adoptando de forma oficial la lengua de China que pese a ser la lengua oficial, el inglés, además del cantonés y el mandarín, es el más utilizado en negociaciones y los negocios, el idioma oficial es el inglés. En este contexto, es especialmente relevante saber cuáles son los aspectos que se tienen muy en cuenta y que, tanto en las reuniones de negocios como en las presentaciones de productos y servicios, son relevantes y es el punto que mayor atención capta entre los asistentes.

El precio final debe tener un rango para la negociación. Nunca se debe ofrecer el mejor precio inicialmente. Los negocios se enfocan más al precio que a la calidad. Sin embargo, el tiempo y puntualidad, tanto en las reuniones de negocios como en la entrega de un producto o servicio son aspectos que se tienen muy en cuenta y que determinan la satisfacción del cliente en el momento de negociar.

A pesar de la diferencia de cultura, tanto en la forma de vivir como en la alimentación, y los negocios, el idioma oficial es el inglés, además del cantonés y el mandarín, que pese a ser la lengua oficial de China continental es cada vez más adoptada debido a la gran cantidad de empresas chinas en Hong Kong.

Mi estancia en Hong Kong duró seis meses, de los cuales, desde el primero de ellos viví “choques culturales” muy concretos. Por ejemplo, la forma de vida de la gente.

PUERTO LIBRE DE IMPUESTOS

Otro punto que consideré ventajoso no sólo para mi proyecto, sino para las empresas interesadas en dicho mercado, es que Hong Kong posee un puerto libre de impuestos, es decir, las empresas no pagan aranceles de importación, con excepción de tabaco, hidrocarburos, alcohol etílico y bebidas alcohólicas, sólo si éstas exceden el porcentaje de 3% de alcohol.

Permanecer en Hong Kong se facilita, dado que las autoridades de este país permiten la estancia hasta tres meses sin visa y sus políticas migratorias son ampliamente flexibles.

Una ventaja que impacta a cualquiera que visita esta ciudad, es su ubicación estratégica a menos de cuatro horas de vuelo de los mercados con mayor potencial en Asia (China, Japón, Singapur, Malasia, Corea del Sur, Filipinas e Indonesia). Tiene una amplia variedad de hoteles y restaurantes internacionales, entre ellos mexicanos que no pierden la esencia de los restaurantes típicos y los puestos de comida callejera de venta de muchos tradicionales.

Hong Kong es un centro financiero donde hay un flujo constante de divisas extranjeras e inmigrantes de diversas nacionalidades, lo que se realizan numerosos eventos internacionales. Esto propicia la facilidad de posicionarse una empresa extranjera dentro del país, hasta inscribirse al padrón de registro de empresas y realizar un pago anual. La división de Hong Kong se mantiene estable todo el año, un ejemplo es el cambio de 7.75 HKD/USD de 2014 a 7.95 HKD/USD en 2015.

El apoyo de la Oficina de Representación en el Exterior de ProMéxico (OREX) en Hong Kong fue de gran ayuda para la realización del proyecto, debido a que me proporcionaron herramientas de apoyo.

Mi estancia en Hong Kong fue de gran ayuda para mi desarrollo personal y profesional. Estar tan lejos de mi país y regresar con éxito tras haber logrado los objetivos, me brindó, así como vivir una experiencia totalmente diferente y única que permitirán contribuir mis vivencias una y otra vez. N

LICENCIATURA EN NEGOCIOS INTERNACIONALES

EXIGENCIA DEL ENTORNO ACTUAL

La Universidad Anáhuac México Sur responde a la creciente demanda de profesionales en este campo.

POR CONCISE

El universo de los negocios internacionales resulta cada día más próximo y cotidiano. Estudiar, analizar y evaluar su complejidad y cambio es una de las exigencias de esta época. Desde 1964 la Universidad Anáhuac México Sur creó la licenciatura en Comercio Internacional, la cual se fue transformando hasta perfilar ahora como licenciatura en Negocios Internacionales.

La misión de esta carrera implica la formación integral de profesionales de clase mundial, capacitados y habilitados para la toma de decisiones en los diversos ámbitos de la negociación internacional, y todo ello en una sociedad cada vez más globalizada, competitiva y multicultural. La Universidad Anáhuac México Sur se caracteriza por formar líderes capaces de ejercer una influencia positiva al poner sus talentos al servicio de los demás.

Los egresados de la carrera emplean la tecnología de punta para la gestión estratégica de los recursos de la empresa; así mismo, identifican, estructuran y valoran oportunidades de negocios locales e internacionales en ambientes multiculturales, dinámicos e inciertos, generan valor no sólo para la empresa sino también para la comunidad, conocen su contexto histórico y cultural y res-
petan otras culturas y formas de pensar y de hacer, desarrollando continuamente su capacidad de liderazgo y de trabajo en equipo.

La licenciatura en Negocios Internacionales cuenta con un programa de estudios práctico. La teoría se aplica en el mundo de las empresas nacionales e internacionales mediante una serie de convenios, a fin de que los alumnos tengan acceso a diversas prácticas que involucren viajes, seminarios y cursos en otros países. El programa responde a la necesidad de las empresas de formalizar y consolidar su plataforma comercial exterior. En este sentido, ofrece la especialización en diferentes áreas: aduanas, mercados y temas selectos de negocios internacionales. Al formar parte de la Facultad de Economía y Negocios, la carrera comprende materias económico-administrativas que ayudan a quienes las cursan a apoyarse también en estos conocimientos una vez insertos en el ámbito laboral.

Los egresados de esta licenciatura ocupan hoy en día posiciones estratégicas en consorcios de comercio exterior, agencias aduanales, organismos económicos e instituciones financieras internacionales, embajadas y oficinas de representación comercial en el extranjero.

En cuanto a los retos por venir, la Universidad desarrolla el programa de doctorado en Logística y Negocios Internacionales para dar cumplimiento a las metas empresariales y, a la vez, consolidar las exportaciones y las importaciones en México. Por último, el club de emprendedores de la Anáhuac ampliará sus funciones al área internacional para que los alumnos interesados en crear una empresa cuenten con las mejores prácticas en este sentido.

La Universidad Anáhuac México Sur es consciente de que el universo de los negocios internacionales resulta cada día más próximo y cotidiano, por ello, estudiar, analizar y evaluar su complejidad y cambio es una de las tareas más demandadas de esta época.

Para el logro de los objetivos de la licenciatura en Negocios Internacionales, la Universidad Anáhuac México Sur ha establecido convenios con diversas instituciones:
- Universidad de Texas A&M.
- Escuela de Short Sea Shipping (los alumnos pueden acudir para participar en cursos relacionados con comercio internacional).
- Salem State University.
- Doble titulación de licenciaturas entre la Facultad de Negocios y la Universidad de Wisconsin.
- Doble titulación con la Universidad Abat Oliva, en Barcelona, España.
- Doble titulación con la EADE, en España.

www.uas.mx
# Oficinas en México

<table>
<thead>
<tr>
<th>COORDINACIÓN REGIONAL CENTRO</th>
<th>COORDINACIÓN REGIONAL NORESTE</th>
<th>COORDINACIÓN REGIONAL SUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Juan Arturo Cuevas Tovar</td>
<td>Edmund González Herrera</td>
<td>Leonardo Enrique Peña Jacobo</td>
</tr>
<tr>
<td>(55) 5447 7000 Ext. 1162</td>
<td>(55) 5447 7000 Ext. 8105</td>
<td>(55) 5447 7000 Ext. 8102</td>
</tr>
<tr>
<td><a href="mailto:juan.cuevas@promexico.gob.mx">juan.cuevas@promexico.gob.mx</a></td>
<td><a href="mailto:edmund.gonzalez@promexico.gob.mx">edmund.gonzalez@promexico.gob.mx</a></td>
<td>leonardo.peñ<a href="mailto:a@promexico.gob.mx">a@promexico.gob.mx</a></td>
</tr>
</tbody>
</table>

**Distrito Federal**
- **Gerson Garduño Chavero**
  - (55) 5447 7000 Ext. 1167
  - gerson.garduño@promexico.gob.mx

**Tecamachalco, Estado de México**
- **Carlos Antonio Mayer Herrera**
  - (55) 4336 8637
  - carlos.mayer@promexico.gob.mx

**Toluca, Estado de México**
- **Sergio Hernández Nava**
  - (722) 2195 660
  - sergio.hernandez@promexico.gob.mx

**Pachuca, Hidalgo**
- **Gabriela Lugo Méndez**
  - (771) 717 8119
  - gabriela.lugo@promexico.gob.mx

**Querétaro, Querétaro**
- **Laura Maritza Greetel Chable García**
  - (442) 295 0679
  - greetel.chable@promexico.gob.mx

**Aguascalientes, Aguascalientes**
- **Héctor Sergio Gama Herrera**
  - (449) 145 2396
  - hector.gama@promexico.gob.mx

**Silao, Guanajuato**
- **Fabián Gamba Labastida**
  - (472) 215 2000 Ext. 1168
  - fabian.gamba@promexico.gob.mx

**Guadalajara, Jalisco**
- **Ana Luisa Cuelar**
  - (331) 200 2519
  - ana.cuelar@promexico.gob.mx

**Morelia, Michoacán**
- **Susana González Marroquín**
  - (443) 232 0764
  - susana.gonzalez@promexico.gob.mx

**San Luis Potosí, S.L.P.**
- **Carlos Alejandro Guillén Baltazar**
  - (444) 151 0345
  - carlos.guillen@promexico.gob.mx

**Tijuana, Baja California**
- **Eduardo González Díaz de León**
  - (664) 216 1571
  - eduardo.gonzalez@promexico.gob.mx

**Chihuahua, Chihuahua**
- **Eduardo Ernesto Villa Maciel**
  - (614) 2477 475
  - eduardo.villa@promexico.gob.mx

**Ciudad Juárez, Chihuahua**
- **Judas Díaz de León Salas**
  - (656) 207 0583
  - judas.diaz@promexico.gob.mx

**Culiacán, Sinaloa**
- **Javier Olguín Luna**
  - (667) 721 5127 Ext. 8011
  - javier.olguin@promexico.gob.mx

**Hermosillo, Sonora**
- **Rigoberto Yáñez Germán**
  - (662) 208 0485
  - rigoberto.yanez@promexico.gob.mx

**Cuernavaca, Morelos**
- **Lizbet Gutiérrez Rodríguez**
  - (777) 230 2229
  - lizbet.gutierrez@promexico.gob.mx

**Oaxaca, Oaxaca**
- **Thalía Fríjolos Reyes**
  - (951) 205 7021
  - thalia.frigilos@promexico.gob.mx

**Puebla, Puebla**
- **Iván Jorge Villa Arnaiz**
  - (222) 403 3387
  - ivan.villa@promexico.gob.mx

**Tlaxcala, Tlaxcala**
- **Marco Antonio Guarino Benítez**
  - (222) 516 0419
  - marco.guarino@promexico.gob.mx

**Xalapa, Veracruz**
- **Luís Manuel Cuevas Padilla**
  - (228) 167 0462
  - luis.cuevas@promexico.gob.mx

**Campeche, Campeche**
- **Claudio Cetina Gómez**
  - (981) 144 7528
  - claudio.cetina@promexico.gob.mx

**Tuxtla Gutiérrez, Chiapas**
- **Daniel Molina Enriquez**
  - (994) 223 2936
  - daniel.molina@promexico.gob.mx

**Cancún, Quintana Roo**
- **Sergio Donovan Riveroll Andapá**
  - (998) 8875 099
  - sergio.riveroll@promexico.gob.mx

**Mérida, Yucatán**
- **José Manuel Rodríguez Chauviere**
  - (999) 254 0418
  - josemanuel.rodriguez@promexico.gob.mx
WE GIVE THE WORLD REASONS TO INVEST IN MEXICO

In Mexico there are close to 1,200 suppliers to the automotive industry and over 30 automotive engineering and design centers.