



ELECTRIC INDUSTRY



GLOBAL INDUSTRY¹

In 2012, the global production of the electric industry was 1,682,518 million USD and generated as follows:

GLOBAL ELECTRIC INDUSTRY PRODUCTION, 2012

SEGMENT	PRODUCTION (MD)
Wire, cables and batteries	978,378
Electrical motors and generators	371,770
Electricity, distribution and control equipment	332,370
Total	1,682,518

Source: ProMéxico with data by Global Insight.

It is estimated that the global production of the electric industry will grow at an average annual rate of 10.5% between 2013-2020. In the same period, electrical motors and generators segment will experience the highest average annual growth rate of 12.1%.

WHICH PRODUCTS CAN BE CONSIDERED PART OF THE INDUSTRY

The category of electric motors and generators includes: manufacture of alternating current (AC) generators, DC motors or generators, universal AC/DC motors, rotary converters, electrical transformers of all sizes and types, static converters, within others.

Electricity, distribution and control equipment includes: manufacture of electrical apparatus for switching, protecting circuits, and for making connections; boards, panels, consoles, plugs, fuses, within others.

The category of wire, cables and batteries includes: manufacture of accumulators, primary cells and primary batteries, electric lamps and lighting equipment, and other electrical equipment.

GLOBAL PRODUCTION IN THE ELECTRIC INDUSTRY, 2012 (MILLION USD)

Region	Electrical motors and generators	Electricity, distribution and control equipment	Wire, cables and batteries	Total production
Asia-Pacific	277,528	175,793	590,032	1,043,353
European Union	46,821	71,339	188,377	306,537
North America	25,127	31,768	97,425	154,319
Latin America	6,929	4,311	24,518	35,758
Others	15,365	49,159	78,027	142,551
Total	371,770	332,370	978,378	1,682,518

Source: ProMéxico with data by Global Insight

The biggest share of the global production was Asia-Pacific region with 62%, followed by European Union with 18.2%, North America with 9.2%, Latin America with 2.1% and the rest of the world with 8.5%.

MEXICO

PRODUCTION

In 2012, the total production of the industry accounted for 28,843 million dollars.

It is estimated that the production of the industry in Mexico grow at an average annual rate of 7.9% between 2013-2020.

There are a total of 1,060 economic units* throughout Mexico that specialize in the electric industry. The industry employed 127,252 people in 2012.²

CONSUMPTION³

Total industry consumption in 2012 reached 31,955 million dollars. During the period 2002-2012 the consumption registered an average annual rate of 3.1%.

1. ProMéxico with data by Global Insight 2. ProMéxico with data by EMIM, INEGI

3. ProMéxico with data by Global Insight and Global Trade Atlas

*Includes: companies, manufacturer plants, distribution center and point sales, within others

MEXICO

INTERNATIONAL TRADE

During 2012, the Mexican exports of the industry reached a total value of 21,749 million dollars. In the same period, the imports accounted for a total value of 24,852 million dollars.⁴

The United States is one of the main markets for Mexican products in the electric industry.⁵

MEXICO AS A STRATEGIC SUPPLIER OF THE UNITED STATES

Product	Imports of US from Mexico (md)	Position of Mexico as supplier of US	Main competitors
Lighting accessories	396	2 ^o	Canada, Germany and China
Equipment of distribution and generation of electric energy	8,795	1 ^o	China, Japan and Germany
Others electricity equipment and accessories	5,045	2 ^o	China, Japan and Germany

Source: ProMéxico with data by US Department of Commerce.

FDI (FOREIGN DIRECT INVESTMENT)⁶

The electric industry accounted a cumulative investment of 5,907 million dollars between 2000 and 2012. The segment that registered the highest contribution was: others electricity equipment and accessories with 69% of the FDI registered.

SUCCESS STORIES⁷

SIEMENS

The Siemens company will invest 50 million dollars in the construction of centers for research and development for high-voltage equipment in Querétaro. The project is estimated to create more than 500 jobs by 2015.

Schneider Electric

During 2012, Schneider began the construction of the Center of Development and Technologic Innovation in Monterrey, N.L.; the investment will be of 65 million dollars generating 300 direct employees.

COMPANIES IN MEXICO



4. ProMéxico with data by Global Trade Atlas

5. ProMéxico with data by U.S Department of Commerce

6. Ministry of Economy 7. Media



ELECTRIC INDUSTRY

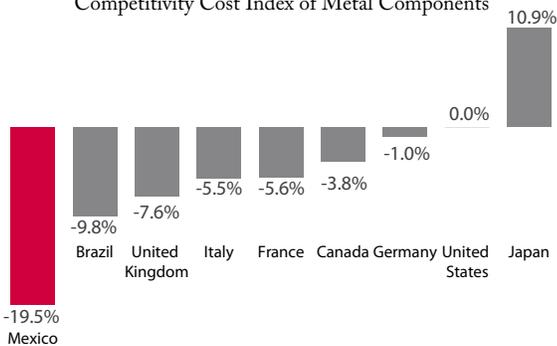


COMPETITIVENESS

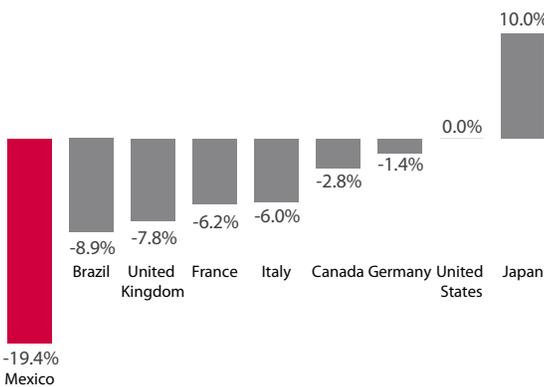
According to estimations from Alix Partners in 2012, Mexico is was the most competitive country worldwide in terms of manufacturing costs, with approximately 21% less than USA, 11% less than China and 3% less than India.⁸

In 2012, according to KPMG, Mexico offered 19.4% savings in metal components costs and 19.5% savings in plastic components manufacturing compared to the United States.⁹

Competitivity Cost Index of Metal Components



Competitivity Cost Index of Plastic Components Manufacturing



According to the World Bank, Mexico is ranked 48th in the world for doing business, **over** the BRICs and leading the TIMBIs.¹⁰

Only **9 days** and **6 procedures** are required to start a new business, which makes this process much easier than in the BRICs.¹⁰

In 2012, approximately more than 110 thousand engineering and technology students graduated from Mexican institutions.¹¹

A MESSAGE FOR INVESTORS

México is the Latin America largest producer of the electric industry.¹²

The country is the main supplier of equipment of generation and distribution of electric energy for the US.

As a result of 12 Free Trade Agreements (FTAs) signed with 44 countries, Mexico has access to a potential market of 1,200 million consumers and more than 60% of the world's GDP, positioning it as an important export platform.

8. Alix Partners 2011 (Multiple Variable Scenario) 9. ProMexico with data by KPMG
 10. Doing Business 2012 11. Source: CONACYT. 12. ProMexico with data by Global Insight

A MESSAGE FOR INVESTORS

According to The Atlas of Economic Complexity, Mexico ranks 20th from 128 countries. Mexico is the best positioned country in Latin America and the Caribbean region, and over the BRICs.

México is a safe place for foreign investment. Our country has signed **28 IPPAs** (Investment Promotion and Protection Agreements) and **DTTs** (Double Taxation Treaties) with more than 40 countries.¹³

Shelter Services: these allow businesses to start operations more easily, as they issue the necessary permits for them to begin operations without having to worry about customs, legality and administrative topics.

SUPPORT PROGRAMS

Refund of Taxes on Imports and Exports (Drawback)

In a case where the producer has imported materials which are incorporated into merchandise for export, the program offers the possibility of a refund of the general import tax on these materials.

Sectorial Promotion Programs (PROSEC)

In a case where the producer has imported materials which are incorporated into merchandise for export, the program allows the import of such materials at a preferential ad-valorem rate.

Manufacturing Industry, Bonded Assembly and Export Services (IMMEX)

It simplifies the procedures and requirements of the bonded assembly regime for those companies which already have a structured business plan. It allows for the temporary importation of goods or services used in the industrial process; it is geared towards the development, transformation or repair of imported foreign merchandise.

Mexico is an excellent investment destination and a major manufacturing center, the country has positioned as one of the leading suppliers in the United States, Canada and Central America.

CHAMBERS & ASSOCIATIONS

National Council for the Bonded Assembly and Export Manufacturing Industry (CNIMME)

An organization which represents more than 1,200 established businesses, employing 80% of the work force in the bonded assembly (maquiladora) industry.

National Chamber of Electrical Manufacturing (CANAME)

An organization of business representation at a national level in the industrial sectors of electrical manufacturing and facilities.

13. Source: Ministry of Economy/Ministry of Finance and Public Credit (SHCP)