



Mexico: One of the world's most attractive destinations for foreign direct investments & Mexico - Japan Relations



Carlos Almada
Ambassador of Mexico to Japan

H.E. Mr. Carlos Almada was appointed as Ambassador to Japan in March 2015. He was born in Mexico City. He obtained a PhD at the University of Law, Economy and Social Sciences of Paris. He has held several positions at federal and state levels among them Ambassador to Portugal from 1997-1999.

Mexico is one of the world's most important countries in almost all economic, trade, investment, tourism, area, demographic, cultural, automotive and oil categories, among them:

<i>Indicator</i>	<i>Values in 2014</i>	<i>Position worldwide</i>
GDP (ppp)	2,150 billion dollars (bdd)	11
GDP (nominal)	1,280 bdd	15
Exports	398 bdd	15
Imports	412 bdd	14
FDI received	22.8 bdd	13
Tourists received	29.1 million	10
Territorial Extension	1.964 million sq	13
Population	119.7 million	11
World Heritage Sites	33	6
Production of light motor vehicles	3.2 million	7
Exporter of light motor vehicles	2.6 million	4
Oil producer	2.3 million of barrels per day	13

For Mexico bilateral relations with Japan are among the most important we have in the world. This relationship is one of the oldest my country has dating back over 400 years since the first contacts at the beginning of Edo Period in 1609.

Nowadays, relationship between Mexico and Japan is at its best moment in all fields, especially in the politic and economic ones. Mexican President, Enrique Peña Nieto, and Japanese Prime Minister,

Shinzo Abe, began their tenures almost simultaneously in December 2012 having met five times during their first 18 months in office. Both Heads of Government already paid official visits to the other country: President Peña Nieto visited Japan in April 2013 (his first visit to Asia) while Prime Minister Abe visited Mexico in July 2014 (his first visit to Latin America). This is a clear evidence of the importance both leaders give to bilateral relationship.

In the economic field, in 2014 our trade, investment and tourism relations registered record levels. Last year, we had a bilateral trade of 21.9 billion dollars (Japan is our third trade partner); we received 1.43 billion dollars of Japanese direct investment; and more than 107,000 Japanese citizens visited Mexico and almost 30,500 Mexicans visited Japan.



Our relationship has been boosted since the entry into force of the bilateral Economic Partnership Agreement (EPA) in April 2005, which has proven itself to be a success story and mutually beneficial for both Mexico and Japan. Since the signing of the Agreement, bilateral trade has grown 71%.

But the real winner has been investments, both from Mexico to Japan -since the entry into force of the Agreement more Mexican companies have established in Japan- and especially from Japan to Mexico thanks to the complementarity of our economies; our countries combine their reciprocal advantages to produce in Mexico for the global markets.

Japan is our third investment partner in the world and the first from Asia. In the first 9 months of 2015 Japanese companies invested 930 million dollars in Mexico which represents 4.3% of the 21.6 billion dollars invested by foreign companies in the period.

Nowadays more than 930 Japanese companies have investments in Mexico. Since the entry into force of the bilateral EPA Japanese companies have invested 19.6 billion dollars including energy projects. Mexico has become the favorite destination of Japanese investors among developing countries outside its neighborhood. Almost every week it is announced at least one new Japanese investment in Mexico.

Japanese companies have taken advantage of the many factors that make Mexico one of the 10 most attractive worldwide destinations for foreign investments according to important international organizations and consulting companies. Among these factors are:

- Its strategic geographical location (access to the most competitive markets, in particular to the United States);
- close integration between North America countries;
- extensive network of Free Trade Agreements (11 Agreements with 46 countries). Mexico is one of the most open economies in the world;
- skilled and competitive manpower, technicians and managers;
- young population (average age: 27 years);

- size of internal market (around 120 million inhabitants);
- competitive operating costs;
- legal certainty and full respect for intellectual property;
- the 11 structural reforms enacted in the last three years; and
- macroeconomic stability and fiscal responsibility

Additionally, Mexico and Japan are partners in the Trans-Pacific Partnership (TPP) whose negotiations recently concluded. Once this Agreement enter into force our bilateral relations will be fostered even more by creating more opportunities for businessmen of both countries.

Nowadays, the automotive sector is the motor of our bilateral economic relationship. Nevertheless, Mexico wishes a greater diversification in its relations with Japan in order it to have several motors as solid as the automotive one. In the short and medium term there are two sectors with wide possibilities: the aerospace industry and energy, while in the long term we consider that high value added and high-tech industries like robotics, biotechnology and nanotechnology have the potential to become new motors.

The presence of Japanese companies in Mexico is highly encouraged not only due to its evident economic component and the jobs they create but also due to the learning of the Japanese labor culture and management style, the transfer of technology and their outstanding contribution to improving living conditions of the communities where they are established.

For this reason, it is a top priority for the Government and Embassy of Mexico in Japan to attract more Japanese investments. I consider we are on the right track although I must acknowledge that a great deal of work still remains to be done. We are working on it!

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