

Ministry of Economy of Mexico Concludes MOU with JOI

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On July 18th of 2017, the Ministry of Economy of Mexico and the Japan Institute for Overseas Investment (JOI) concluded a memorandum of understanding (MOU) to strengthen their partnership aiming at promoting Japanese direct investment into Mexico.



Right: Minister Guajardo, Ministry of Economy
Left: President Kondo, JOI

than 45 countries, including North America, economies in Europe, and Latin America, among others. Furthermore, Mexico is working to expand its preferential market access, and currently is negotiating other important agreements including the TPP (11), as well as FTA's with countries like Turkey and Jordan.

Mexico is also in the process to modernize the North America Free Trade Agreement with United States and Canada, as well the FTA with the European Union.

Thanks to Mexico's macroeconomic and political stability, as well as the trade liberalization policies, the country has become one of the most competitive emerging economies in the world, and is attracting a large amount of Foreign Direct Investment (FDI) in diverse economic sectors.

Investment Climate in Mexico

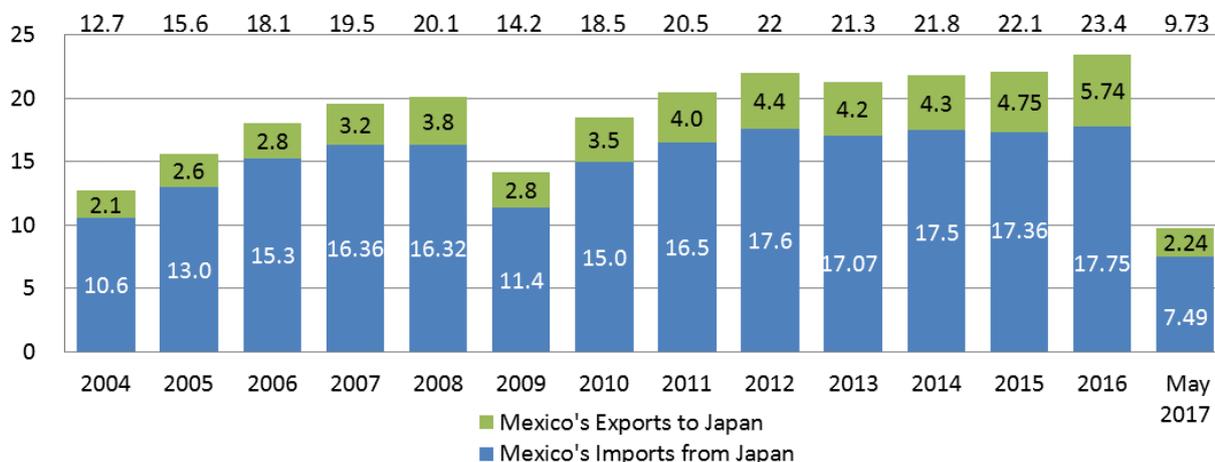
Mexico is one of the most open economies in the world for trade and investment. It's extended free trade network give Mexico market access to more

Mexico-Japan EPA

On April 1st of 2017, Mexico and Japan commemorated the 12th Anniversary of the entering into force of their Economic Partnership Agreement (EPA), with positive results for both

Mexico-Japan Bilateral Trade

Unit: USD Billion



Source: Office of Ministry of Economy of Mexico in Japan, with data from the Bank of Mexico and the Japan's Ministry of Finance
*Data is based on registered imports in both countries.

countries in terms of trade and Investments.

Since the EPA was signed in 2004, bilateral trade between Mexico and Japan increased 84.2%, from USD 12,752 million to USD 23,499 million in 2016. Mexican exports to Japan during the same period increased 164.9%, from USD 2,169 million in 2004 to USD 5,747 million in 2016. In this period, Japanese exports to Mexico grew 67.7% from USD 10,583 million in 2004 to USD 17,751 million in 2016.

During the First five months of 2017, bilateral trade between Mexico and Japan reached USD 9,733 million, with an increment of 3.8% compared with same period of 2016.

In this period, Mexican exports to Japan registered USD 2,240 million, with an increment of 8% compared with the same period of 2016. Main

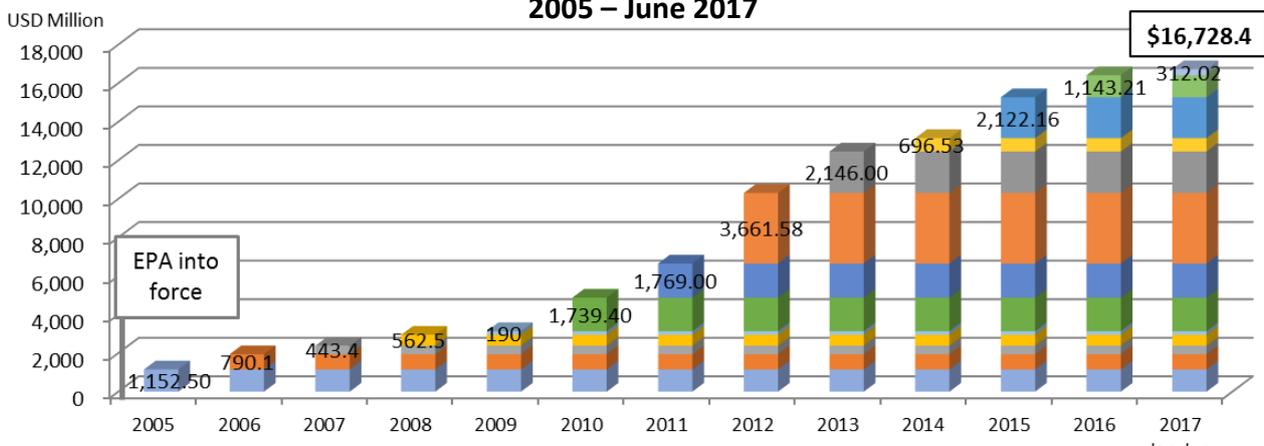
Mexican products exported to Japan were crude oil and their products, auto parts, electrical machinery, electronic components and device for telephony, scientific precision and optical instruments, agricultural goods and commodities.

Meanwhile Japanese exports to Mexico in the January-May period of 2017 accounted for USD 7,493 million, representing an increment of 2.7% on annual basis. Main Japanese products sent to Mexico include vehicles, auto parts, precision tools and instruments, and electronic boards.

Japanese Direct Investment into Mexico

Since the signing of EPA, Japanese companies have exponentially increased their participation in the economy of Mexico, thanks to the legal certainty provided by the EPA, as well as to the political and economic stability offered by the country.

Accumulated Japanese Direct Investment into Mexico reached more than USD 21.99 billion, including Energy 2005 – June 2017



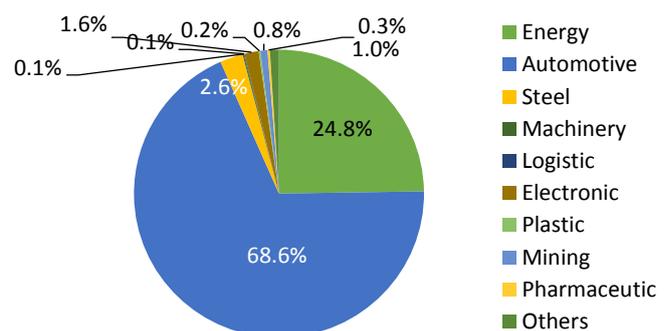
Source: Office of Ministry of Economy of Mexico in Japan, with data from the Bank of Mexico and the Japan's Ministry of Finance
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Total Japanese Direct Investment into Mexico

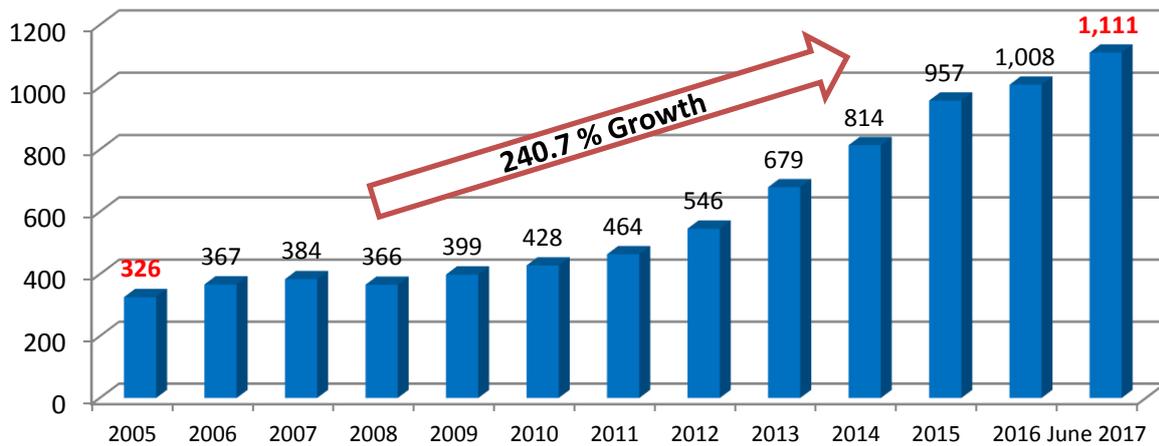
| | |
|--------------------------------|----------------------|
| Direct Investment | USD 16,728.40 |
| Public Tenders and Concessions | USD 5,261.60 |
| TOTAL INVESTMENT | USD 21,990.00 |
| 2005-2017 Jan-Jun | |

Source: Representative Office in Japan of the Ministry of Economy of Mexico, based on Press releases of Japanese companies and media.

Total Japanese Direct Investment into Mexico by Sectors



Japanese Companies in Mexico 2005 – 2017 June



Source: Representative Office in Japan of the Ministry of Economy of Mexico (ME), with data from ME and the Embassy of Japan in Mexico.

Since the entry into force of the Agreement, Japanese companies have announced investment projects for more than USD 21,990.1 million in key sectors for the country's economy such as Automotive, Energy, Electrical-Electronic, Steel, among others, in which Japanese companies play a fundamental role in its development.

The number of Japanese companies established in Mexico increased 240.7%, from 326 companies registered in 2005 when the EPA entered into force to 1,111 companies registered in June 2017.

Automotive Industry

Mexico gained competitiveness as an important automobile producer and exporter. Leading Automotive companies such as Toyota, Nissan, Volkswagen, General Motors, Audi, BMW, Honda,

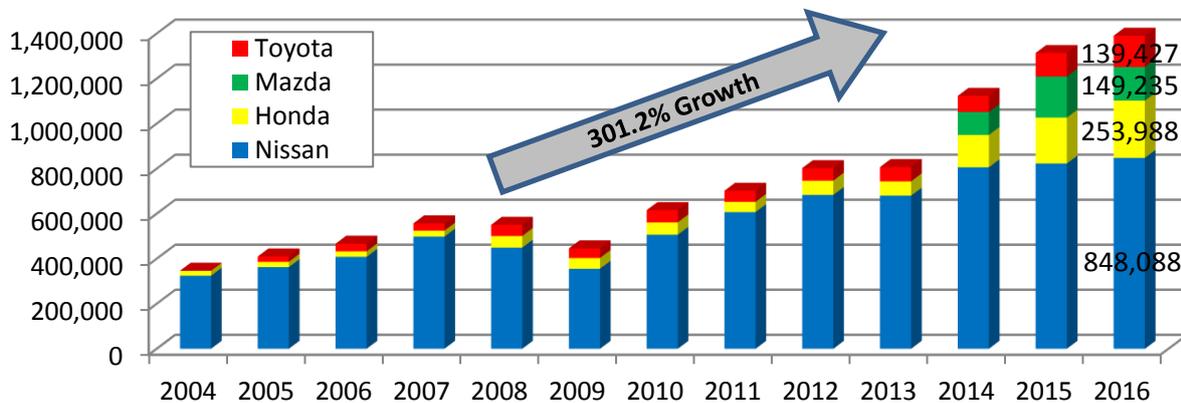
Mazda, Fiat Chrysler, among others, have increased their production or established new manufacturer plants in Mexico.

Energy Industry

As for the Energy Sector in Mexico, this is one of the most attractive for Japanese companies thanks to the implementation of the Energy Reform.

Since the entry into force of the EPA in 2005, Japanese companies have won Public Concessions and Tenders within the energy sector in Mexico for approximately USD 5,261.6 million, where companies such as Mitsui & Co., Mitsubishi Heavy Industries, Sumitomo Corp., Mitsubishi Corp., Toshiba, Chubu Electric Power, among others, have made significant investments.

Production of Japanese OEM's in Mexico reached 1.39 million units in 2016



Source: Representative office in Japan of the Ministry of Economy of Mexico, with data from AMIA
*Data is based on registered imports in both countries.

Investment Opportunities

Mexico's competitive advantages

- Geographical location
- Political and macroeconomic stability
- Emerging economy
- Extensive FTA network
- Domestic market
- Growing number of entrepreneurs and new companies
- Competitive production cost
- Skilled and young labor force
- High-end manufacturing sector

Most attractive sectors for foreign companies in Mexico

- Energy: Oil & Gas
- Automotive and auto parts
- Electric and electronics
- Electric power plants
- Telecommunications
- Renewable energy and clean technologies
- Chemical and metallurgic
- Infrastructure
- Machinery
- Aerospace
- Agro business

Investment Incentives in Mexico

Investment incentives in Mexico are available in many sectors of the economy. Mexico's government is very supporting to foreign investment since it complement domestic investment for creating employment, furthering technological development, and increasing the quality and quantity of exports from Mexico to the most important markets in the world.

Representative Office in Japan of the Ministry of Economy of México

Representative Office in Japan of the Ministry of Economy of Mexico was established in 2005, after Mexico and Japan implemented their Economic Partnership Agreement (EPA) to facilitate trade, investment and bilateral cooperation.

Mission

Represent Mexico's commercial interests in Japan through participation in negotiations forums, and follow-up the implementation of the commitments on investment and trade issues. The Office also have a strong commitment to Promote Mexico in the Japanese market and support both, Japanese companies that want make business in Mexico and Mexican companies looking for opportunities in Japan.

Main Activities:

- Administration of the Mexico-Japan Economic Partnership Agreement (EPA).
- Support the work of EPA's different Committees and Sub-committees.
- Promote the expansion of Mexico-Japan trade and investment.
- Increase bilateral cooperation in areas such as trade facilitation measures, support for small and medium size companies, technology exchanges, among others.
- Organize Promotion Seminars focused on Mexico-Japan economic relations and business opportunities.
- Promote reciprocal business Missions between Mexico and Japan.
- Maximize institutional and operative channels to promote and defend the commercial interests of Mexico in Japan.

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