

## **Mexico attracts US\$ 6 billion in Japanese investments since 2005. Mazda and Honda to build new car plants in the country**

by

Bruno Ferrari Garcia de Alba  
Minister of Economy

Mexico and Japan continue to foster their economic relationship by expanding commerce and investment. In 2010, bilateral trade registered US\$ 18.5 billion, and this year it may top US\$21 billion, marking a new record. Sales of Mexico's agricultural products to Japan during the first semester of 2011 expanded to US\$ 439 million, a 28.4 percent increase over the same period last year. Overall, Mexican exports to the Japanese market reached US\$ 2 billion to June this year.

Mexico is one of Japan's most important suppliers of agricultural products such as mango, avocado, melon, pork, sardine, and zucchini (cabocho); and, it is one of the main suppliers of industrial products such as salt, fluorite, cellulose, silver, car seats, remote control devices, and electric shavers.

The successful economic relationship between our two countries is anchored on the Mexico-Japan Economic Partnership Agreement (EPA), which came into effect in 2005, to the benefit of producers, consumers, and exporters alike.

The EPA has also promoted Japanese investments in Mexico, particularly in the automotive sector. Almost US\$ 6 billion dollars in cumulative investments by Japanese firms have been announced in Mexico since 2005. Some of the most attractive sectors for Japanese firms are infrastructure related projects, automotive and auto parts, and electronics.

Currently, there are over 470 Japanese firms operating in Mexico in sectors ranging from automotive to food processing and energy related infrastructure. Japanese car companies such as Nissan, Honda and Toyota export Mexican-made automobiles to more than 70 countries around the world. Companies in the clean energy industry are looking for opportunities in new projects, including wind, solar and thermal energy.

In June, Mazda announced a US\$ 500 million dollar investment to produce up to 140,000 vehicles in Mexico starting in 2013. In August, Honda also announced the construction of a new automobile plant in Mexico—it's second in the country—with an initial investment of US\$ 800 million, which will produce 200,000 vehicles per year for the Mexican and North American markets.

Most importantly, the presence of Japanese automakers has led to the arrival of dozens of Japanese autoparts suppliers to set up production facilities in Mexico. Those auto suppliers, along with several dozen Mexican firms are creating the most important supply base for car production in North America.

In February, more than 250 businessmen and women from Japan and Mexico gathered in Mexico City for the 29<sup>th</sup> Mexico-Japan Business Committee meeting. The large gathering sponsored by the Mexican Council for Foreign Trade (COMCE) and the Nippon Keidanren, underscored the importance identifying new business opportunities through trade and investment.

During this meeting, the President of Mexico, Felipe Calderon Hinojosa, highlighted the growing importance of Japanese investments in Mexico, and expressed his satisfaction with the growth of trade in both directions. The President also commented on how the deregulating process Mexico has undertaken has led our country to improve its standing in the World Bank's 2011 Doing Business Report

Finally, I would like to refer to the tragedy that struck Japan last March, causing losses of life and property. The Mexican people joined their brothers and sisters of Japan in this time of deep sorrow. Despite the enormous difficulties, we are confident that Japan will fully recover, as it has done it in the past from previous disasters. There are important lessons to be drawn from this natural disaster, not only in Japan, but in Mexico and the whole world as well. We in Mexico are confident that the Japanese people, its industries, and its culture will continue to thrive and exert their positive influence for the benefit of mankind.