

**SE**

SECRETARÍA  
DE ECONOMÍA



SECRETARÍA  
DE ECONOMÍA

**SE**

# **Efforts to promote Mexico-Japan Complementarities in the Aerospace Sector**

**Office of the Mexico-Japan Economic Partnership Agreement**  
*Embassy of Mexico*  
*Tokyo, Japan*

**September, 2009**

# Japanese Aerospace Executives visited Mexico

- ❖ In February 2008, a mission of Japanese aerospace companies visited Mexico. A very successful milestone event
- ❖ It was the first mission of aerospace companies from Japan to ever visit Mexico



SE



# Japanese Aerospace Executives visited Mexico



SE

- ❖ 28 company representatives learned about Mexico's SECRETARÍA DE ECONOMÍA aerospace sector. Among the companies they visited:
  - ✓ Bombardier Aerospace (Queretaro)
  - ✓ Honeywell Aerospace (Chihuahua)
  - ✓ Textron, Cessna (Chihuahua)
  - ✓ Frisa Aerospace (Nuevo Leon)



# Mexico-Japan EPA



SECRETARÍA  
DE ECONOMÍA

SE

- ✓ **Japan's first comprehensive FTA ever negotiated. It included market access provisions for Mexico's agricultural products in the Japanese market**
- ✓ **The EPA has expanded bilateral trade from US\$ 12.8 billion in 2004 to US\$ 20 billion in 2008**
- ✓ **Overall, Japanese company investment announcements in Mexico have totaled US\$ 3.3 billion since 2006.**

**•The aerospace sector is one of Mexico's priorities to promote in the Mexico-Japan EPA**

# Mexico-Japan complementarities in the aerospace sector



- ❖ Mexico-Japan EPA grants **preferential market access** to aerospace parts and components traded between the two countries
- ❖ Trough NAFTA, Mexico's aerospace products are being exported **duty free** to the U.S. and Canada
  - Today Mexico ranks as the **9th largest supplier** of aerospace products to the **U.S. market**, above China, Singapore, Taiwan, South Korea and Malaysia
- ❖ Mexico is now producing complete fuselages and landing-gear systems, with plans to **fully assemble aircraft** by Mexico's Bombardier Aerospace

# What advantages Mexico offers to Japanese aerospace companies?

- ❖ Japanese suppliers to aerospace manufacturers such as Boeing, Bombardier, and other North American OEM's face **increasing shipping costs and long delivery times (weeks if components are transported by ship)** from their plants in Japan, China or elsewhere in Asia
- ❖ Migration to Mexico of some Japanese production of key parts and components in high demand by the OEM's in the United States and Canada, could be a viable option and a **cost effective alternative for Japanese firms**



SE

SECRETARÍA  
DE ECONOMÍA

# A recent study by the firm AlixPartners shows Mexico as having the biggest cost advantage for foreign companies eyeing the U.S. market



SECRETARÍA  
DE ECONOMÍA

SE

In 2005, the cost of Chinese-made parts delivered to the U.S. were 22% cheaper on average than the cost of those produced in the U.S. By the end of 2008, however, the average cost gap had dropped to 6%

## Change in Manufacturing Cost Ranking

| 2005 Cost Ranking | 2008 Cost Ranking |
|-------------------|-------------------|
| 1. China          | 1. Mexico         |
| 2. India          | 2. India          |
| 3. Mexico         | 3. China          |
| 4. Brazil         | 4. United States  |
| 5. United States  | 5. Brazil         |

Source: SE with data from AlixPartners

Depreciation of the Mexican currency, low transportation cost to the U.S., and free-trade status favored Mexico to surpass China in cost advantage in 2008. Prevailing global economic conditions determine that Mexico will continue to be the most cost competitive country for manufacturing outsourcing this year.

**Manufacturing cost savings of producing in Mexico improved from 18% in 2005 to 25% in 2008 compared to production costs in the U.S.**

# Mexico's competitiveness in the aerospace sector



SECRETARÍA DE ECONOMÍA

SE

- Specific policies and incentives by the Federal and local governments support the development of this strategic industry
- A growing pool of highly qualified engineers and technicians
- Mexico offers near shore proximity to the United States in the manufacturing of aerospace parts and components

For Japanese aerospace companies that supply major US manufacturers, Mexico is a cost effective production platform. Mexico's aerospace manufacturing is certified in its production quality and safety by the BASA agreement signed by the U.S. and Mexico in 2007

# Mexico's Support guidelines for the aerospace industry

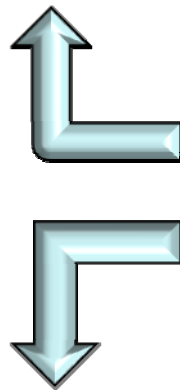


SECRETARÍA DE ECONOMÍA

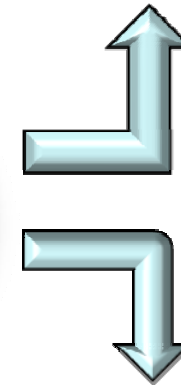
SE

**Certification**

**Training**



**Aerospace Industry**



**Trade Facilitation and Promotion**

**Innovation and Technology**



# BASA



SE

- ❖ In 2007 Mexico and the United States signed a Bilateral Aviation Safety Agreement (**BASA**)
- ❖ With the **BASA** in place, Mexico's aeronautical authority certifies parts, components, aeronautical systems, and even complete aircraft manufactured and assembled in Mexico destined for the United States and other markets
- ❖ **BASA** is making Mexico more attractive to joint ventures and new investments in this industry

# Cooperation and Coordination between Academia and the Aerospace Industry



SECRETARÍA  
DE ECONOMÍA

SE

- A network of academic institutions under the **Mexican Council of Aerospace Education (COMEA)** set standards to graduate technical operators and aeronautical, electrical, mechanical and software and electronic engineers to meet the industry's demands
- Example: the Monterrey Tech (ITESM) has developed four regional research centers (CEDIA) which are partnering with aerospace companies to develop human resource capabilities
- In 2007, the **Mexican Federation of the Aerospace Industry (FEMIA)** was constituted

# Promotion of Mexico's aerospace sector in Japan



SECRETARÍA

SE

- ❖ The Embassy of Mexico supports visits to Japan by aerospace delegations from various Mexican states:
  - ❖ Sonora, 2007, 2008 and 2009
  - ❖ Nuevo Leon, 2006, 2008 and 2009
  - ❖ Jalisco, 2007 and 2008
  - ❖ Chihuahua, 2006 and 2008
  - ❖ Baja California 2007 and 2008
- ❖ Also, in October 2008, Mexico participated in the Japan International Aerospace Exhibition with the presence of nine Mexican states



# Promotion of Mexico's Aerospace Sector in Japan



SECRETARÍA  
ECONOMÍA

SE



In September 2009, a Mexican Mission of **13 company executives** visits Tokyo and Nagoya. The mission will:

- Visit three manufacturing plants
- Have five meetings with individual companies and SJAC
- Engage in a business matching with 17 companies
- Participate in two seminars with a **total audience of 226**

# THANK YOU!



SECRETARÍA DE ECONOMÍA

SE

July-August, 2009

Mexico-Japan  
**EPA News**  
Economic Partnership Agreement メキシコ日本経済連携協定

SE  
SECRETARÍA DE ECONOMÍA  
No. 17

発行：メキシコ日本経済連携協定オフィス、メキシコ経済省駐日代表部、メキシコ大使館  
〒100-0014 東京都千代田区永田町2-2-1 TEL 03-3506-6681 FAX 03-3506-6722 Email: comunicatokio@economia.gob.mx  
Office of Mexico-Japan Economic Partnership Agreement, Mexico's Secretary of Economy, Embassy of Mexico, 2F 8-15, 8-16, Higashi-cho, Chiyoda-ku, Tokyo 100-0014

### エネルギー転換および持続可能なエネルギー資源利用に関するメキシコの国家戦略

2050年までに温暖化ガスの排出量を2002年比で50%削減するとの目標を受け、メキシコは化石燃料の使用を減らし、低炭素社会となるための包括的な戦略を導入しています。メキシコは石油の純生産国であるため、国内のエネルギー消費量の8割以上を化石燃料に依存しています。国家のエネルギーの安定供給に危機をもたらすこの石油への過剰依存を減らすべく、メキシコは省エネ技術の活用と再生可能エネルギーの開発を推進しています。メキシコの気候変動対策特別計画では、2012年までに国内の電力の25%を再生可能な資源により生産することを目指しています。省エネ、再生可能エネルギーに対するメキシコの取り組みを支援するために、世界銀行はクリーンテクノロジー基金(CTF)からメキシコに5億ドルの融資を行い、よりクリーンな都市交通システム、風力および太陽光発電、省エネといった国内の複数のプロジェクトを資金面からサポートすることを発表しました。



Source: NYTimes.com  
Almost 92% of Mexico's surface area gets a sunlight intensity of 5kWh/m<sup>2</sup> per day.

世界銀行によれば、メキシコでは大都市の交通機関により排出される温暖化ガスは、国内の排出量全体の18%にあたります。都市交通が環境に及ぼす影響を軽減するため、メキシコでは低炭素型メトロバスシステムおよび近郊電車の採用が進んでいます。2005年にはメキシコシティでメトロバスのインスルヘンテス路線が稼働を開始しました。この首都圏の陸上交通機関は、世界銀行による融資および先進国へのカーボンクレジットの販売を財源として実現しました。2009年1月にはメトロバスの第2路線である「Eje 4」が稼働し、従来の路線に20kmの新ルートが加わりました。このメトロバスは一日あたり50万人以上が利用しており、年間で百万トンもの二酸化炭素の排出削減に貢献していると推定されています。他の複数の地方自治体もこの流れを追い、ハイブリッドバスなどの低炭素型輸送技術を採用しています。また、低炭素型バスを導入し旧式のバスと入れ替える地方自治体に対しては、グリーンアツク

(次頁へ続く)

(Continued on next page)

Please visit our website : [www.mexicotradeandinvestment.com](http://www.mexicotradeandinvestment.com)



## Office of Mexico-Japan Economic Partnership Agreement Embassy of Mexico

Tokyo, Japan

Tel: 03-3506-6681

[www.mexicotradeandinvestment.com](http://www.mexicotradeandinvestment.com)  
[comunicatokio@economia.gob.mx](mailto:comunicatokio@economia.gob.mx)