

# Mexico's growth drivers over the next 25 years

## Competitiveness: Catching the next wave

With a thriving manufacturing base, ample energy reserves, a growing labor pool and sizeable access to global markets, Mexico's industry outlook looks bright, provided the government carries out needed economic reforms and can rebuild trust.



### Manufacturing



Poised to be Mexico's strongest growth sector

- Accounts for almost 50 percent total FDI, 80 percent of total trade.
- Boosted growth in electronic and aerospace industries.
- Several U.S. companies are relocating their factories to Mexico.

### Automobile



Seventh-largest auto producer in the world, projected to rise to fifth-largest by 2020

- Additional \$15 billion investment in automotive capacity anticipated before 2020.
- High-priority sector in Mexico's growth plans.
- Many global automakers setting up operations in Mexico, thanks to lower-cost labor, leading-edge technology and production.

### Energy



Lower oil prices and energy costs could propel this sector's growth

- U.S. natural gas exports to Mexico doubled between 2010–2013.
- Influx of cheap gas allows for significant reductions in electricity rates, improving competitiveness.

### Telecommunications



Government reforms critical for innovation, economic growth in this sector

- Newly implemented broadband reforms open competition and reduce costs for consumers, while undermining long-entrenched media monopolies.

### Tourism



Additional employment and investment could transform this industry as a significant growth driver

- Mexico ranked tenth worldwide in tourism, with visitors surpassing 29 million in 2014.
- Medical tourists expected to reach 650,000 by 2020.
- Growth in housing market and retirees' economy fuelled by U.S. economic recovery.

### Policy



- Rapidly rising working-age population and strong demand for technical skills in the workforce position education as a top government priority, critical to Mexico's economic growth.
- Mexico's vast informal economy, often regulated with petty corruption, poses challenges for combating bribery and corruption.
- Recent government procurement corruption cases drew attention for more stringent anti-corruption policies, which Mexico's government is taking steps to combat.