

Mexico Economics

Manufacturing magnet lures FDI

27 March 2012

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Issuer of report: HSBC México, S.A., Institución de Banca
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- ▶ **Mexico is one of the most active trading nations: we estimate exports plus imports could reach 69% of GDP in 2012 and 85% by 2017**
- ▶ **FDI into Mexico has fully recovered from the post-2008 decline and we anticipate continued strength in manufacturing from autos and aerospace to keep up with US and world demand**
- ▶ **With manufacturing exports growing at current rates, we expect Mexico to displace China as the top US trading partner by 2018, as China's labor cost advantage shrinks**

Manufacturing magnet lures FDI

Mexico is the most open economy among the largest countries in the world and we project it will increase its exports and imports in the coming years.

The country has specialized in the automotive sector, which represents 28% of total manufacturing exports or 7% of GDP. Its exports have grown more diverse, however, and it has attracted significant foreign direct investment. It is also the world's first exporter of refrigerators and the second-largest supplier of electronic products to the US market, computer equipment and parts, and telecommunications.

We believe Mexico is well-positioned to expand its export platform as the gap between Mexican and Chinese wages has shrunk and due to its proximity to the American markets, which lowers transportation costs. Mexico's salaries were at USD2.1 per hour in 2011 up from USD1.72 in 2001, a 19% increase. In contrast, China had an average wage at USD1.63 in 2011 from USD0.35 in 2001, almost four times more. The gap has been reduced to a few cents in favor of China.

Our projections mean that Mexican exports may more than double in six to eight years. Under this scenario, FDI must increase to support such export growth.

FDI magnet: more to come

- ▶ Mexico is a very open economy and its stable economy and numerous trade agreements have contributed to its development as an important export platform
- ▶ Mexico has attracted significant levels of foreign direct investment (FDI), with much of its aimed at manufacturing exports to the US and to the world
- ▶ The Mexican economy has the potential to attract growing levels of FDI as its competitive position relative to China improves

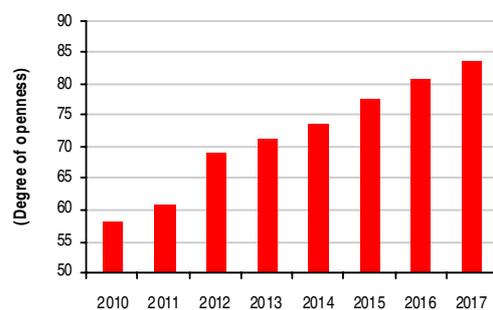
An export platform

Trading nation

Although Mexico is a large economy, the twelfth-largest in the world¹, it relies heavily on trade for generating its GDP. Even as its domestic consumption base has grown, its external trade has grown even more quickly. Exports plus imports as a percentage of GDP indicate the degree of openness of an economy; in the case of Mexico, this percentage was 58.6% in 2010. The equivalent values within parenthesis for the largest economies in the world are the following: Russia (41.9%), Canada (51.7%), US (21.6%), China (47.9%), Brazil (18.5%), Australia (33.3%), and India (34.3%)². Therefore, among the largest economies, Mexico is the most open economy in

the world and we estimate it will keep opening even more. We estimate that Mexico may reach 69% of GDP for exports plus imports in 2012 and close to 85% in 2017.

Degree of openness (exports plus imports as a % of GDP)



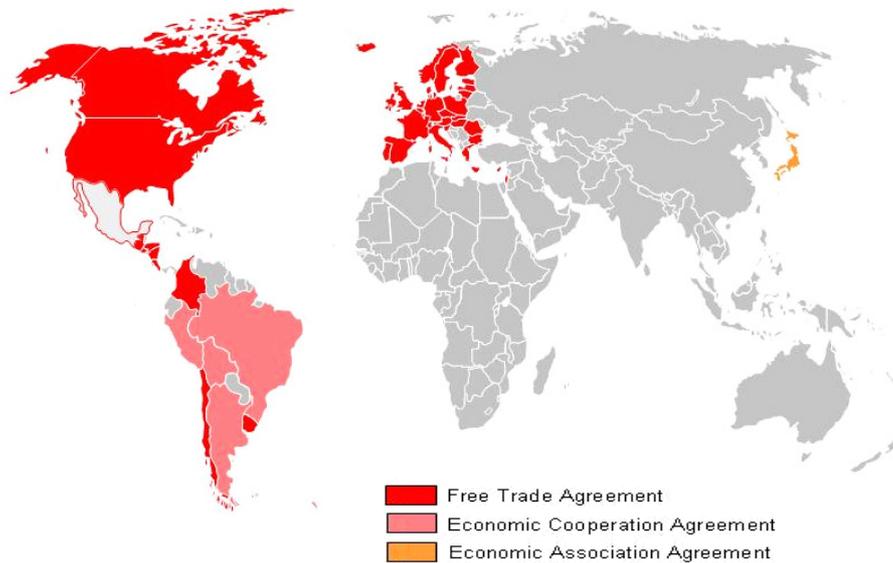
Source: INEGI, HSBC estimates

¹ That is, in terms of GDP, adjusted by purchasing power parity. HSBC economics projects it will become the eighth-largest economy in 2050 behind China, US, India, Japan, Germany, UK, and Brazil. Source: HSBC The World 2050

² Source: HSBC calculations with CIA, World Factbook data, 2010.

This high level of trade is derived from Mexico's closeness to the US and has been reinforced with the North American Free Trade Agreement (NAFTA) enacted in 1994. Mexico has deepened its trade relationships beyond North America,

Mexico has Free Trade Agreements with 42 countries and other agreements



Source: Ministry of Economy, HSBC

having negotiated free trade or commercial agreements with 42 countries since the 90s. These countries represent two-thirds of the global GDP and include the most important countries in the world with the exception of China, India, and Brazil. Through this path, Mexico has become the country with the highest number of trade agreements in the world.

Highly competitive

Mexico has several characteristics that make it highly competitive:

First, the political system is open, democratic, with free media and with an independent Congress, Supreme Court, and electoral authorities; it also possesses a legal framework that helps to safeguard foreign investment and property rights.

Second, it has developed a market-friendly environment with a stable macroeconomic framework. Strong economic institutions exist such as its autonomous central bank. In addition, the Fiscal Responsibility Law was adopted in 2006, which set the conditions that guarantee

fiscal discipline. Mexico also enjoys membership to the major international organizations such as IMF, World Bank, OECD, WTO, and so on. At the same time, it is has a market-determined floating exchange rate.

Third, the economy possesses solid and sophisticated financial institutions and markets that can cover the needs of foreign capital at the worldwide level.

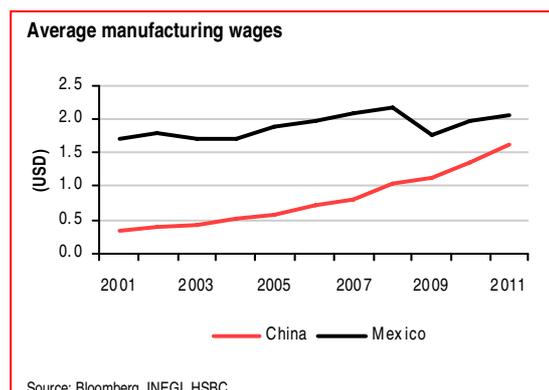
Fourth, its business culture is highly compatible with the US, Europe, and other developed countries, where most executives speak English and make use of business best practices.

Labor: a key dimension

When China became part of the World Trade Organization in 2001, it was highly competitive in terms of wages with respect to Mexico. At that time, this resulted in a decrease of Mexican exports, since both countries specialize in the production of manufactured goods. In effect, Mexican exports of goods declined 4.4% in 2001 and only grew an average of 2.0% in 2002 and 2003, while the average growth rate in the

previous five years was 16%. At the same time, China increased its market share in US total imports to 12% from 9%, while Mexico's declined to 11.0% from 11.5%. However, Mexico's disadvantage has been steadily fading.

Currently, Mexican average wages in the manufacturing industry are quite comparable to those in China. Indeed, Mexico's salaries were at USD2.1 per hour in 2011 from USD1.72 in 2001, a 19% increase. In contrast, China had an average wage at USD1.63 in 2011 from USD0.35 in 2001, almost four times more. That is, the gap has been reduced to a few cents in favor of China, when before it was almost five times.



Looking forward, the recent announcement from the Chinese government in which it reduced the medium-term growth target to 7.5% would imply structural changes geared towards the strengthening of its domestic market that might be accompanied by minimum-wage increases. This would imply that the wage gap between Mexico and China may even close faster.

With respect to the negative impact of high wages in China, HSBC economist Frederic Neumann wrote that countries such as Indonesia, Thailand, and Malaysia "...have regained a competitive niche as wages in China soar..." (see [Little Asia vs Big Asia, Asian Economics Comment](#), 19 March 2012).

Additionally, this view of high labor costs and diversification to other smaller Asian countries is confirmed by *The Economist* telling us "...the era of cheap China may be drawing to a close"³; adding that "Costs are soaring" indicating that labor is the biggest factor behind this shift. Opinions of the analysts quoted in this article indicate that manufacturer costs in China show a trend toward substantial increases in the near future, as much "twofold or even threefold by 2020". One analyst is quoted as saying that "labor costs... for blue collar workers in Guangdong rose by 12% a year, in USD-terms, from 2002 to 2009; in Shanghai, 14% a year, from 2002 to 2009 a comparable figure was only 8% in the Philippines and 1% in Mexico".

We find that some production diverted from China is not only going to other smaller Asian economies but also coming to Mexico, because of labor and transportation costs, as well as Chinese currency appreciation.⁴

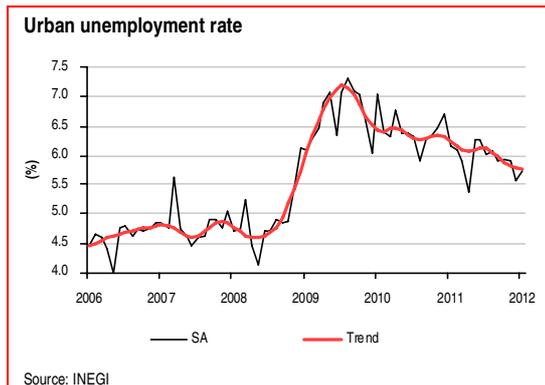
In addition, Mexico's labor market still possesses a degree of slack, which allows space for job creation. Although new jobs have been created in the past years, employment generation hasn't been able to soak up the increase in the labor force. A recent factor that increases this labor supply is the reduction of Mexican emigration to the US to around 250,000 workers per year from 500,000 workers because of security concerns at the border and anti-immigrant sentiment and laws.

Moreover, although the urban unemployment rate has followed a moderately downward trend since 2009 when it peaked; this slow improvement has left the overall rate still above pre-crisis levels.

³ *The Economist*, 10 March 2012, pp 75

⁴ R.C. Archibald (*New York Times*, 10 July 2011) quotes entrepreneurs who indicate that "...rising cost of labor, transportation, and the renminbi have made some companies to reconsider Mexico instead of China"

We believe Mexico's slack in the labor market suggests salary growth that will remain modest, contributing to reduce even more the difference between Mexico and China's salaries.



Additionally, CNY appreciation will contribute negatively to China's competitiveness; as wage growth will be magnified when measured in USDs. HSBC forecasts the CNY will maintain a consistent appreciation and reach the CNY/USD5.95 level in 2013 from the CNY/USD6.30 reached in 2011.

In the case of Mexico, the current free floating exchange rate regime creates a competitive MXN because it adjusts to trade disequilibria. Additionally, under the assumption of a constant real exchange rate, a standard assumption, the projected MXN may likely remain competitive. However, importantly, Mexico's competitiveness does not depend much on MXN, but on factors such as low labor costs, demographics, reliable supply chain, and its distance to the US.

Supply chain and transportation

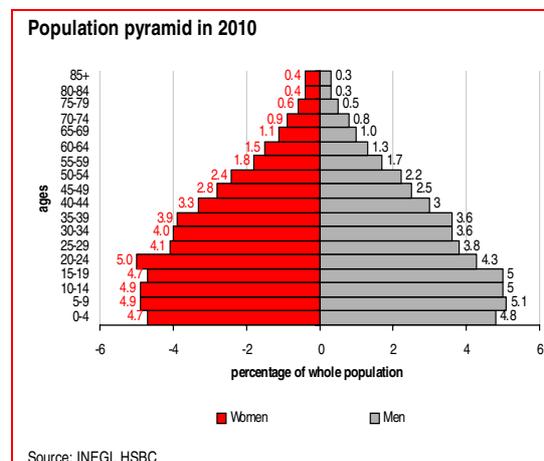
Competitiveness, however, is not only about labor costs. Another key factor is an effective supply chain that has access to quality inputs at international prices and in timely fashion, exactly when the production process needs them, no earlier, nor later. That is one of the advantages of the Mexican manufacturing sector. The best example is the auto industry in which satellite part factories follow the big firms. Moreover, the multiple trade agreements

and low tariffs support, as well as transportation, creates easy access to inputs.

Another competitive advantage that Mexico has over China and other countries comes in terms of transportation costs. Low transportation costs in Mexico are the result of a shorter distance to the US and Latin American countries as well as the subsidized oil prices.

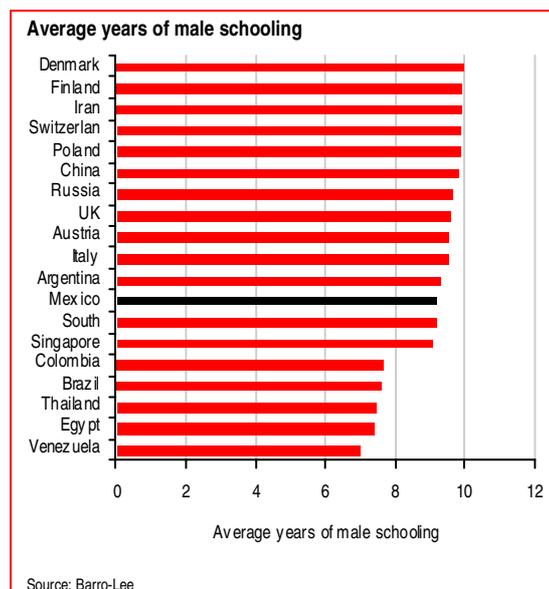
Demographic bonus

Mexico possesses a young, relatively well-educated and healthy population within the context of a favorable demographic structure. In effect, the proportion of the working-age population is significant in relation to other age groups, particularly the old-age group. This represents an opportunity window in terms of working population and small old-age and infant population, for Mexico started in 2006 and will end in 2028⁵. Additionally, the estimated trends of the working-age population may be underestimated in the United Nations' projections because the mentioned Mexican immigration to the US is being reduced almost to half. According to the National Statistics Institute, Mexican emigration to the US reduced to around 300,000 workers per year in 2011 from 500,000 workers in 2009.



⁵ UN, Demographic transition, demographic bonus and ageing in Mexico, August 2005, National Council on Population, Mexico

The Mexican education system is not efficient from a cost-benefit point of view. The Mexican government channels an adequate amount of financial resources to the system, but quality has not improved much. Nonetheless, we find that illiteracy in urban areas is non-existent and, most important, the number of college graduates each year increases giving a critical mass of educated people to satisfy the demand for workers. The average years of male schooling at almost nine years is comparable to other emerging and developed economies.



According to the United Nations the life expectancy for Mexico in 2012 is 76.6 years, which is relatively close to the US figure of 78.5 years. Within the 221 rated countries, Mexico is located at 72nd place, while the US is located at 50th place. The life expectancy around the world ranges from 48.7 years to 89.7 years.

Geopolitical situation

Mexico is located at the border of the US and close to Canada. It can also extend trade with Central and South America because of cultural and language links.

Mexico is connected to North America through railroad, highways, and seaports. The available infrastructure makes trade transportation easy both for exports and for imported inputs used in export production. Many production facilities are located at border cities, but also in the interior, forming a NAFTA corridor, where distances to the border have a maximum of 1,100 kilometres (665 miles).

Relative proximity, cultural, and economic links to Central America and South America make these markets natural extensions of the Mexican market. In this respect, direct investment coming from Mexico is flowing to this region either by foreign firms making Mexico their hub or large Mexican firms. Examples of the former are Wal-Mart and automotive firms; examples of the latter are America Movil, Femsa, Bimbo, and Grupo Mexico.

Export activity

Mexico is the fifth-largest exporter among emerging markets, only behind China (including Hong Kong), South Korea, Russia, and Singapore⁶.

Mexico's total exports, at USD350bn in 2011, were mainly concentrated in manufacturing goods, with close to 81% of total exports' revenues. Oil exports, on the other hand, accounted for about 15% of total exports or 4.9% of GDP.

However, this has not always been the case. As an explicit development policy, Mexican authorities decided to accelerate the trade liberalization in the 1990s and benefit from the proximity of the US and its potential demand. In the last thirty years, Mexico has modified significantly its trade's pattern as exports were mainly concentrated in oil products at 61.5% back in first half of the 1980s. With the passage of time, exports have stopped being dependant on oil and specialization around manufacturing goods started to take place and non-oil exports have reached 80.9%. Moreover,

⁶ CIA, *The Fact Book*

we project that non-oil exports will likely be 90% of total exports in five years, in spite of high oil prices, which will support oil exports.

Nowadays, the automotive sector is the most important export sector, as it represents 28% of total manufacturing exports or 7% of GDP.

Mexico. Exports by sector (% of total exports)		
	Average (1980-1984)	Average (2007-2011)
Oil	61.5	15.3
Non-oil	38.5	84.7
Agricultural	5.9	2.9
Manufacturing	30.2	80.9
High technology	3.5	24.5
Mining	2.3	0.8

Source: Banxico

It is well-known that Mexico has specialized in the automotive sector, being the world's ninth-largest producer and the fifth-biggest exporter of cars. However, the country also manufactures high-demand products worldwide other than automobiles.

For example, according to the global trade atlas, Mexico is the world's largest exporter of refrigerators in 2010. In addition, it is the second-largest supplier of electronic products to the US market, computer equipment and parts, and telecommunications in 2010. Also, in 2009, Mexico was the largest exporter of flat screen TVs in the world and the third-largest exporter of cell phones in the world. In addition, Mexico is the world's fifth-largest producer and the second-largest exporter of beer in 2010.

Mexico: Main export goods	
	% of total exports
Automobiles	7.7
Televisions	5.4
Automobile parts	4.8
Data processor machines	4.7
Telephones	4.6
Medical machines	3.1

Source: Banxico, HSBC

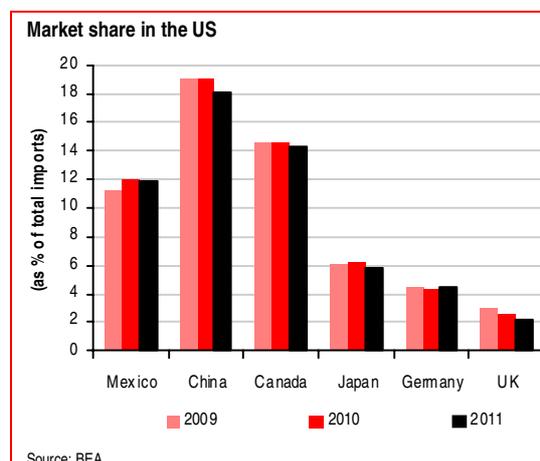
With respect to agricultural products, Mexico stands as the world's largest exporter of tomatoes, avocados, onion, papayas, eggplants, lemons, organic coffee, and peppers, according to the Ministry of Economy.

Mexico is projected to become the largest major US trading partner

Since 2009, among the major US trading partners, Mexico has been the only country that has gained a notable market share, while the rest of these trade partners, including China, have lost a bit. The Chinese share declined last year to 18% from 19%, a trend that may continue.

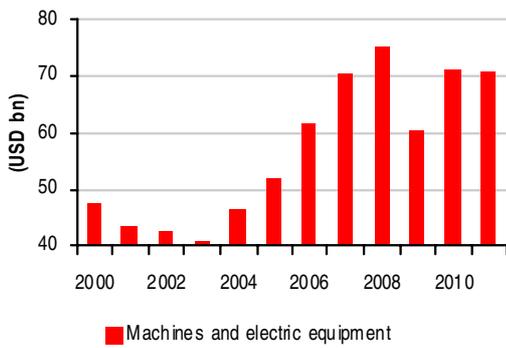
In order to have an idea of magnitude, a 1.9% gain in US imports' market share in the last five years represented USD44bn more of exports to the US, or 14% of total Mexican exports in 2011.

Our estimate of market share gain for the Mexican economy in the US imports is 0.5% to 1% per year, based on our export projection dynamics for the medium term. This means that if China loses between 1% and 2% in market share in the next six to eight years on the back of its loss of competitiveness in wages and currency appreciation, as well as more expensive transportation costs, Mexico could catch up with China and Canada, becoming the top US trading partner, with a market share at about 16.0% of US imports by 2018.



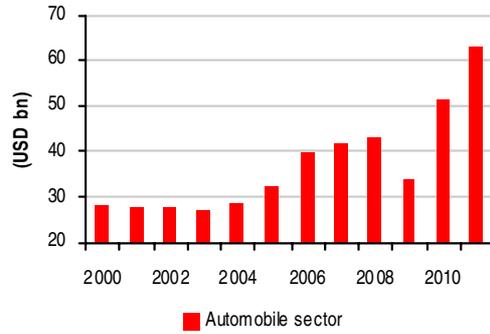
Mexico: Six sectors which generate 75% of total export revenue

1) Machines and electric equipment: TVs, phones, electric conductors, motors & transformers, microphones, radios...



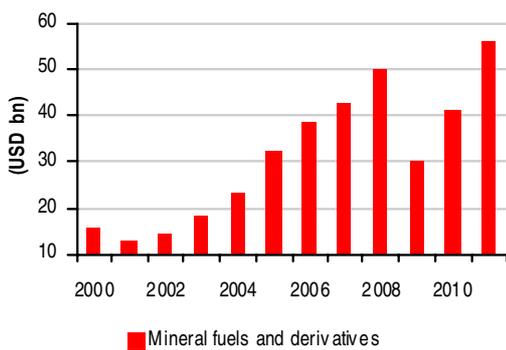
Source: INEGI, HSBC

2) Automobile sector: cars, auto parts and accessories, tractors



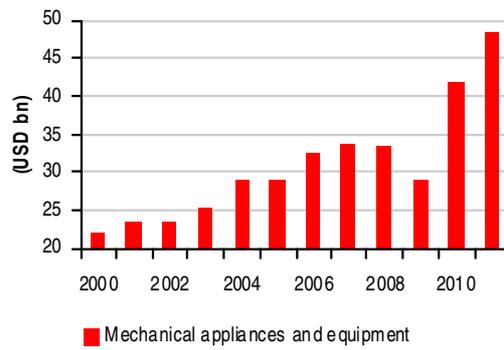
Source: INEGI, HSBC

3) Mineral fuels and derivatives: crude petroleum, petroleum oil



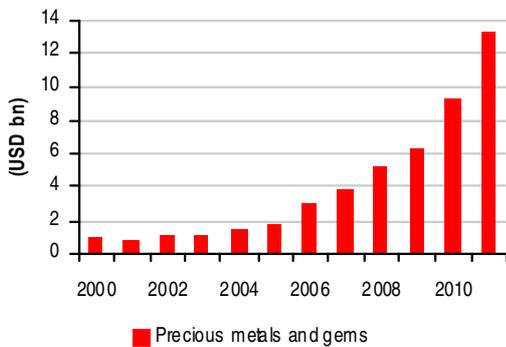
Source: INEGI, HSBC

4) Mechanical appliances and equipment: data processing machines, motors, plumbing accessories, air conditioning



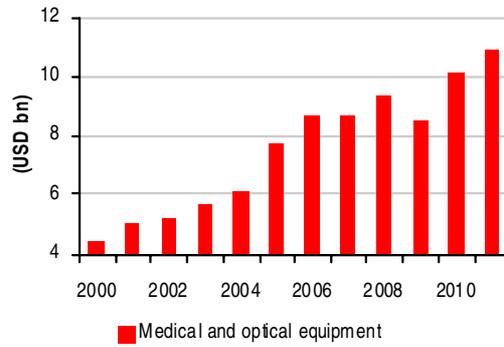
Source: INEGI, HSBC

5) Precious metals and gems: silver, gold, jewellery



Source: INEGI, HSBC

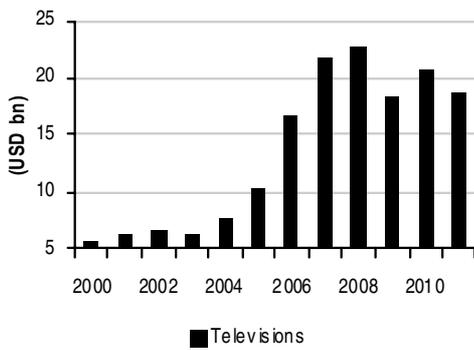
6) Medical and optical equipment: Medical machines, veterinary equipment, optical and orthopaedic accessories



Source: INEGI, HSBC

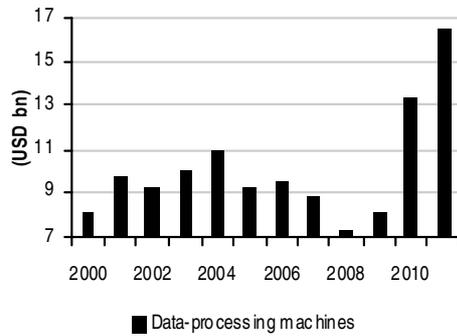
Mexico. Main products exported

Mexico holds the world's 1st place in exporting flat screens



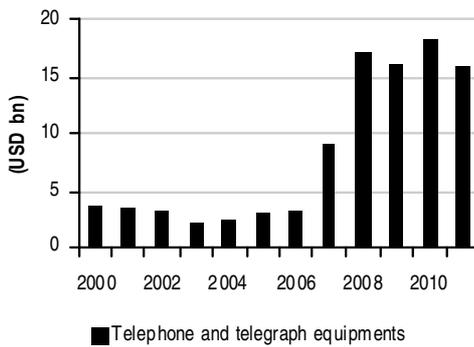
Source: INEGI, HSBC

Mexico is the third largest manufacturer of computers in the world



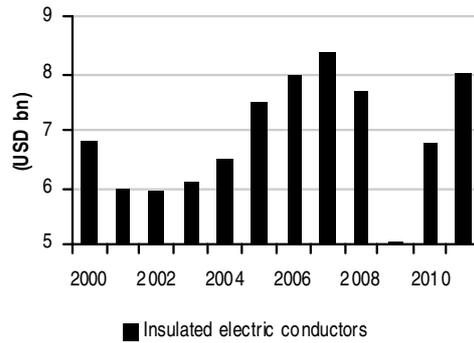
Source: INEGI, HSBC

Mexico holds the world's 3rd place in exporting mobile phones and the world 1st place in blackberrys



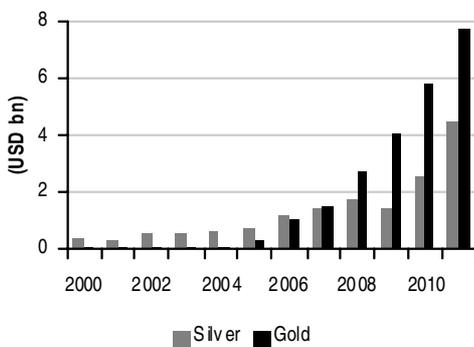
Source: INEGI, HSBC

Mexico produces important components for manufacturing production



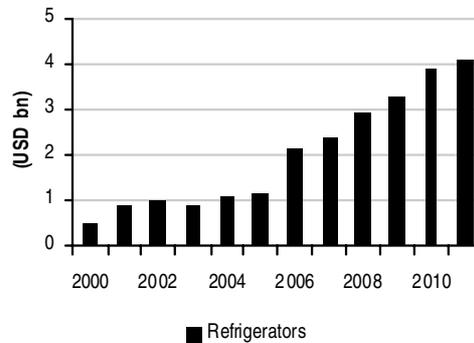
Source: INEGI, HSBC

Mexico is the world's 1st exporter of silver



Source: INEGI, HSBC

Mexico is the world's 1st exporter of refrigerators



Source: INEGI, HSBC

FDI magnet

Mexico is the fourth-largest economy among emerging markets in terms of attracting FDI, only behind China (including Hong Kong), Brazil, and Russia⁷. India is the emerging economy that follows in importance after Mexico in terms of attracting FDI.

The analysis of the BRICs indicate that only China is a real competitor for Mexico in terms of FDI that is oriented to manufacturing exports, rather than to produce for the domestic market or to export commodities, which is the case of Brazil and Russia. This is also true with respect to Mexico's main market, the US. Neither Brazil nor Russia is an important competitor in the US economy, where Mexico is the third-largest US trading partner, only behind China and Canada. The case of India, which is behind Mexico in attracting FDI, does not represent a threat to take away FDI from Mexico because the lack of competitive advantages such as geopolitical location and infrastructure.

It is important to note that foreign investment in Mexico is relatively diversified, but somewhat concentrated on manufacturing. In contrast, FDI in other emerging economies is concentrated in the extraction of natural resources such as oil or minerals.

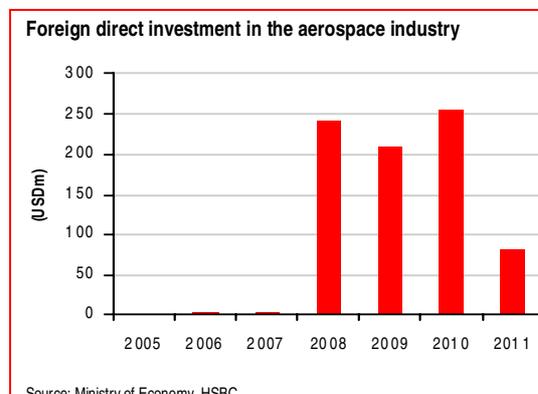
Foreign direct investment by sectors and subsectors

	2010		2011	
	USDm	As a % of total	USDm	As a % of total
Agriculture	64	0.3	17	0.1
Mining	955	4.7	830	4.3
Construction	152	0.7	1,240	6.4
Manufacturing	11,542	57.1	8,572	44.1
Food manufacturing	6,082	30.1	1,968	10.1
Computer and electronic products	1,343	6.6	617	3.2
Transportation and equipment	908	4.5	1,025	5.3
Wholesale trade	904	4.5	1,078	5.5
Retail trade	1,805	8.9	776	4.0
Financial services	1,833	9.1	3,504	18.0
Rest	2,952	14.6	3,424	17.6
Total	20,207		19,440	

Source: Ministry of Economy, HSBC

Around 50% of total foreign direct investment inflows are destined for the manufacturing sector.

Within manufacturing activities, the most attractive for foreign investors in recent years have been: food manufacturing, computer and electronic products and transportation, and equipment. However, it is worth noticing that Mexico has started to look attractive for new sectors. This is the case of the aerospace industry, which is a high knowledge-intensive sector capable of producing one of the highest added values. This sector did not have presence in the country five years ago, but since 2008 has gained ground.



⁷ CIA, *The World Fact book*. It refers to stock of FDI at home.

In terms of FDI inflows by country, the available data shows that the US is the main investor in Mexico. FDI from the US in the past 10 years, with the exception of two years, has represented more than 40% of total FDI inflows. However, the European countries have also a long history of foreign direct investment in our country. For example, Spain has concentrated in the lodging sector.

Foreign direct investment by main countries (USDm)

Country	2009	2010	2011
United States	7,237	5,519	10,699
Spain	2,680	1,460	2,911
Netherlands	2,069	8,919	1,306
Canada	1,621	1,243	668
Germany	46	307	230
UK	347	554	41
Rest	1,958	2,205	3,585
Total	15,959	20,207	19,440

Source: Ministry of Economy, HSBC

The case of the US is explainable given the strong economic ties with Mexico and the proximity with our country. Mexico has a close trade relationship with the US because of its proximity and the size of this economy, almost 10 times larger. In effect, 78% of Mexico's exports go to the US. While this concentration may be reduced a bit more as some diversification takes place⁸, the bias that FDI introduces at using Mexico as an export platform to the US makes a progressive diversification a remote possibility.

FDI perspectives

The Mexican economy has the potential to increase FDI inflows based on the current competitiveness of the country. We should expect that FDI recovers in the future to the levels close to 3.0% of GDP seen in 1999-2008, before the crisis. However, FDI in Mexico is

related⁹ to the economic growth in advanced economies, which have at best second-rate trajectories. In particular, this is an obstacle since the main sources of FDI in Mexico are the US and the European countries. This circumstance may slow down to some extent the potential of greater FDI in Mexican economy.

The recent announcements of FDI projects made by companies as Coca Cola, Nissan, and Hella illustrate that exports may increase considerably. The investments have the objective to export mainly to the US, but also to Latin America.

We are optimistic about the FDI announcements by important firms. Nonetheless, in our view, most important is the increase in the capabilities to produce, generate employment, increase exports, and the attraction of satellite industries around industrial automotive clusters. For instance, NISSAN, Honda, Mazda, GM, Ford, Chrysler, and Volkswagen announced investments of around USD6bn will imply an increase of c50% of automotive production within the next three to five years. That is, Mexico can increase auto exports in that proportion plus auto parts (engines and other parts). Therefore, we expect automotive export to almost double exports to USD145bn in 2016 from USD80bn in 2011.

We believe that it is important to say that we estimate similar behavior for non-oil and non-auto exports, reflecting the potential of the Mexican economy as an export platform.

Our trade projections mean exports may more than double in six to eight years. Under this scenario, FDI must increase in tandem to support such export growth

⁸ In effect, in the last decade, the exports to countries different than the US has more than double to 22% currently, from 10% in 2000, the peak of concentration of trade with the US.

⁹ Correlation coefficient of FDI in Mexico and GDP growth in advanced economies is 0.7 (being 1.0 perfect association)

Some of the investment projects announced

Year	Company	Amount	Description
2012	Coca-Cola	USD1,000m	This is part of the previously 5-year announced USD5,000m investment
	Nissan	USD2,000m	The company announced the construction of its third plant in Aguascalientes, with a production capacity of 175,000 automobiles
	Hella	USD100m	Hella will construct a new plant in the State of Guanajuato for the production of tail lights. The plant will start to operate in June 2013
	FIAT-Chrysler	No specified	The company will construct a new plant in the state of Coahuila, which will generate approximately 600 new direct employments
2011	Microsoft	USD690m	This inversion is geared towards the support in innovation and entrepreneurial capacity
	Honda	USD800m	The construction of a new plant in the State of Jalisco to produce efficient subcompact cars for Mexico and North America. This plant will start to operate in 2014, producing 200,000 cars per year
	Mazda-Sumimoto	USD500m	The companies will construct a plant in the state of Guanajuato to produce total cars and motor vehicles.
	GM	USD540m	GM will invest in a plant in the State of Mexico for the production of two new models
	DuPont	USD500m	The company will expand its current plant to increase the production of titanium dioxide
	Eurocopter	USD550m	Investment to produce helicopter and airplane parts
	Nissan	USD1,050m	The company announced that it will expand its current plants in Cuernavaca and Aguascalientes for new projects
	SCA	USD210m	The company will construct a new plant to produce toilet-tissue

Source: Different newspapers such as Reforma, El Universal, Milenio and so on

Challenges ahead for economic growth

We can see two important challenges for the Mexican economy in order to materialize its export capabilities and grow at higher rates than the historical average at 3.0%. The first challenge is the frequently mentioned structural reforms such as energy sector, fiscal sector, labor market, anti-monopoly crusade, and educational system, while the second challenge is the security issues.

Medium term growth and presidential elections

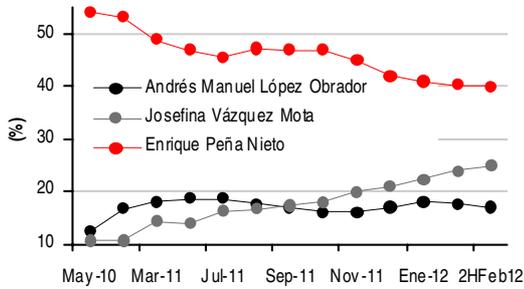
The Mexican economic growth averaged 2.8% in the last fifteen years. However, growth could be higher if structural reforms in the energy sector, fiscal sector, labor market and educational system were passed in Congress and implemented. The incumbent administration has tried hard to push such reforms, but faced political obstacles and negotiations to approve comprehensive reforms have failed.

A new administration will arrive at the end of this year, as presidential elections will be held on 1 July. The presidential candidates from the

PRI, Enrique Peña Nieto, and the ruling party PAN, Josefina Vazquez Mota, have repeatedly stated their support of greater private involvement in the oil industry. In addition, both parties have shown their intentions to attack tax evasion, widen the tax base and increase efficiency of fiscal expenditures. Meanwhile, the candidate from the left-wing party, Andres Manuel Lopez Obrador, has put emphasis on increasing taxes on the rich, reducing salaries of high-earners in the public sector, and combating corruption.

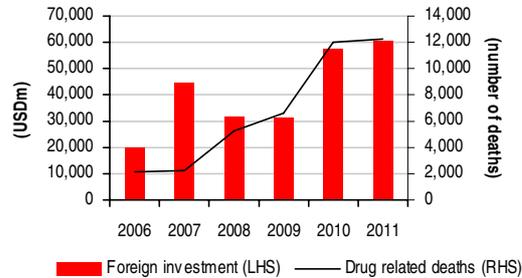
The recent polls show that the PRI's candidate, Enrique Peña Nieto continues to lead the preferences, although with a downward trend. Josefina Vazquez Mota, from the PAN, holds the second place, with a recent improvement. Andrés Manuel Lopez Obrador is stagnant in the third place. In this sense, it is going to be key the composition of the congress, however, we believe that the PRI, PAN and PVEM could band together, possibly making reforms more likely.

Electoral preferences for president



Source: Mitofsky

Foreign direct & portfolio investment and drug-related deaths



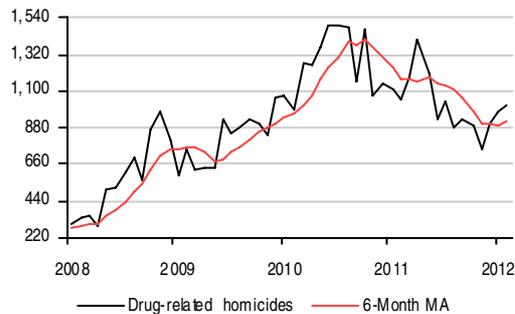
Source: Banxico, Reforma

Security concerns don't stop investment inflows

The security issues are one of the main challenges. So far, foreign investors have been neutral in this respect. An illustration of this is that foreign investment continued to behave favorably in spite of the strong surge of violence in 2010. In 2009 and 2010, the most violent years, portfolio investment averaged USD22.4bn, while the average in the previous ten years was USD3.4bn, c7 times more. Despite that this increase was associated to global liquidity; it shows the confidence due to Mexico's sound macro framework. The FDI decreased in 2009 due to the global downturn; however, the recovery in 2010 was notable. In 2011, the investment inflows remained firm, confirming our premise that violence has not really affected investment decisions.

The security concerns are definitely a risk factor that might hinder investment in the country, but encouraging news is the reduction of drug-related homicides. If we look at the peak of this problem in June-July 2010 in comparison to the average of the last three months the reduction is 43%. This suggests that the situation had already peaked in 2011 and will improve gradually in the following years.

Drug-related homicides



Source: Reforma newspaper

Disclosure appendix

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