



GOBIERNO DE  
**MÉXICO**

**ECONOMÍA**  
SECRETARÍA DE ECONOMÍA

# Invest in Mexico

Your best option  
for the long term







**Secretariat of Economy**

Undersecretariat of Foreign Trade  
Global Economic Intelligence Unit

First version, March 2023

***“Invest in Mexico: your best option today for the long term”***

This publication is in the public domain. Reproduction in whole or in part is authorized. While permission to reproduce this material is not required, the citation must be: Secretaría de Economía, Subsecretaría de Comercio Exterior. Invest in Mexico: your best option today for the long term, Mexico City, 2023.

For copies of this report, please write to:  
gestionuieg@economia.gob.mx

This publication is also available on the website of the Secretariat of Economy at: <https://www.gob.mx/se/>



# INVEST IN MEXICO














Your best option for  
the long term





## TABLE OF CONTENTS

	Page				
 ●	<b>Introduction</b> .....	9	 <b>Young and skilled workforce</b> .....	22	
 1	<b>Economic stability</b> .....	10	 7	<b>Sufficient and clean energy</b> .....	24
 2	<b>Political and social stability</b> .....	14	 8	<b>Tax incentives</b> .....	26
 3	<b>Foreign direct investment</b> .....	16	 9	<b>Investor's Single Window (VUI)</b> .....	30
 4	<b>The Agreement between Mexico, the United States, and Canada</b> .....	18	 10	<b>MSMEs Development</b> .....	32
 5	<b>Connecting infrastructure</b> .....	20			



### Interactive brochure

Interact with the table of contents to navigate through the document. You can return to the table of contents by clicking on the header of each page.





## Invest in Mexico

Your best option for the long term

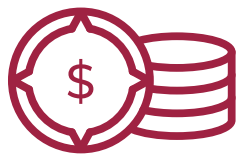
# INTRODUCTION

Mexico is in an unbeatable historical moment to attract investment. Political, economic and social stability, together with the nearshoring phenomenon, position us, at an international level, as one of the most attractive and competitive countries.

Nearshoring consists of companies relocating their production chain, or part of it, to a point closer to the end consumer in order to reduce risks, time and costs.

Throughout this Decalogue, we will show you why Mexico is the best destination for your investment.





**Economic**  
stability



## Invest in Mexico

Your best option for the long term



México is the  
**15th largest  
economy**  
in the world<sup>1</sup>

México had a Gross Domestic Product (GDP) of **1.273 trillion dollars** in 2021.<sup>2</sup>

In 2022, the GDP's increase was **3.1 %**<sup>3</sup> while, as a reference, that of the United States was **2.1 %**.<sup>4</sup>

Our country has 14 Free Trade Agreements with 50 countries and 30 Agreements for the Promotion and Reciprocal Protection of Investments with 31 countries,<sup>5</sup> which gives us access to **1.3 billion of potential consumers**.

In addition to being an open economy, the domestic market alone is attractive for investment, as it comprises **126 million consumers**<sup>6</sup> whose purchasing power increases yearly

For example, cumulative sales in self-service stores, in 2022, were equivalent to 73.7 billion dollars (\$1 billion), **8 % higher** than in 2021.<sup>7</sup>

**As of January 2023, we are consolidated as the main trading partner of the United States of America (U.S).**<sup>8</sup>

<sup>1</sup>World Bank | GDP (current US\$).

<sup>2</sup>Idem.

<sup>3</sup>INEGI. Comunicado de prensa No. 131/23 del 24 de febrero del 2023.

<sup>4</sup>BEA | Gross Domestic Product, Fourth Quarter and Year 2022 (Second Estimate).

<sup>5</sup>Secretaría de Economía | Comercio Exterior, Países con Tratados y Acuerdos firmados con México.

<sup>6</sup>INEGI - Población 2020

<sup>7</sup>ANTAD | Ventas diciembre 2022 – ANTAD.

<sup>8</sup>United States Census Bureau | Top Trading Partners - January 2023.

## Invest in Mexico

Your best option for the long term

### Know our macroeconomic data:



The Mexican peso is one of the most stable currencies and one of the two that has appreciated the most in the last year. In 2022, it closed with an appreciation of **4.9 %** against the U.S. dollar.<sup>9</sup>



Mexico has solid international reserves, with a growth of **14.6 %** during the six-year term, starting with **\$173,775 million dollars**<sup>14</sup> in November 2018 and reaching **\$199,094 million dollars**<sup>15</sup> in December 2022.



Inflation in Mexico at the end of 2022 was **7.8 %**.<sup>10</sup> This figure is below the average forecast by the International Monetary Fund for other regions, such as the G20 (**8.5 %**),<sup>11</sup> the Euro Zone (**9.2 %**)<sup>12</sup> and the Organization for Economic Cooperation and Development (OECD) (**9.4 %**).<sup>13</sup>



Public debt in Mexico represented **49.4 %** of GDP in 2022,<sup>16</sup> while in the United States, it was **124 %**.<sup>17</sup>

<sup>9</sup>Banco de México - Portal del mercado cambiario.

<sup>10</sup>INEGI | Índice Nacional de Precios al Consumidor. Diciembre de 2022.

<sup>11</sup>Secretaría de Economía.

<sup>12</sup>Eurostat | (2023, January 18). Annual inflation down to 9.2 % in the euro area.

<sup>13</sup>Secretaría de Economía.

<sup>14</sup>Banxico | Boletín Semanal sobre el Estado de Cuenta del Banxico | 4 diciembre 2018

<sup>15</sup>Banxico | Boletín Semanal sobre el Estado de Cuenta del Banxico | 3 enero 2023

## Mexico has sound public finances:



The Mexican government has made a **historical payment** of interest on foreign debt to reduce pressure on public finances in the medium term.



Tax collection levels in 2022<sup>18</sup> were even higher than in the years before the pandemic and are a record in the country's history. **Mexico increased** its collection despite the COVID-19 health emergency, a sign of taxpayers' confidence and commitment.



**61.1 billion dollars**  
Planned investment  
spending by 2023<sup>19</sup>

**21 %**

more than  
in 2022

<sup>18</sup>Gobierno de México | Comunicado No. 9 Informes sobre la Situación Económica, las Finanzas Públicas y la Deuda Pública al cuarto trimestre de 2022 | Secretaría de Hacienda y Crédito Público | Gobierno | gov.mx (www.gob.mx).

<sup>17</sup>Fiscal Data - treasury.gov

<sup>18</sup>SAT | Recaudación | Ingresos tributarios del Gobierno Federal.

<sup>19</sup>Transparencia Presupuestaria | Gasto de Inversión.  
Nota: Inversión Pública.



## **Political and social stability**



The democratization of the Mexican political system and a solid anti-corruption policy provide certainty to economic actors. This administration focuses on fighting problems at their root causes and prioritizes people and regions historically excluded from the country's economic development.

**Never before has so much of the public budget been invested in the social justice agenda.**

Out of **35 million** families in the country, **30 million** receive directly, through public and private banks, a portion of the general budget through Welfare Programs<sup>20</sup> Such economic transfers have increased consumption power and allowed more and more Mexicans to access financial services.



### Priority programs:

- Youth Building the Future (Jóvenes Construyendo el Futuro).
- Seeding life (Sembrando Vida).
- Benito Juárez Scholarships.
- Support for Children of Working Mothers.
- Pension for the Welfare of Persons with Disabilities.
- Assistance for the Welfare of the Elderly.

<sup>20</sup>Programas de Bienestar | [programasparaelbienestar.gob.mx](http://programasparaelbienestar.gob.mx) (4 de febrero 2023).





# Foreign Direct Investment





## Invest in Mexico

Your best option for the long term

Mexico has incomparable characteristics that make us one of the most competitive economies in the world.



**35 thousand  
292 million dollars**<sup>21</sup>

Cumulative **Foreign Direct  
Investment** in 2022.

PRELIMINARY FIGURE

**11.9 %**

higher than  
2021

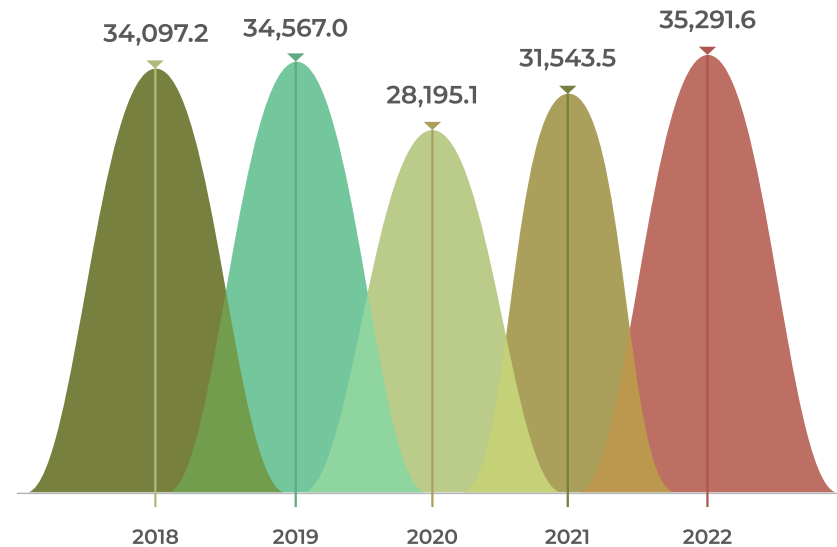
These figures show that relocation is a reality and not a short-term project.



Mexico is among the  
**ten countries  
that receive the most**  
Foreign Direct Investment

**It is worth noting that even during the pandemic, FDI in Mexico continued to increase.**

FDI in Mexico (million dollars)



<sup>21</sup>Secretaría de Economía | Registro Nacional de Inversiones Extranjeras (RNIE).

Source: Secretaría de Economía. Preliminar data.



# **The agreement** between Mexico, the United States, and Canada



## Invest in Mexico

Your best option for the long term

Three decades of trade integration have consolidated North American production chains. In addition, the modernization that gave rise to the T-MEC, as of July 1 2020, places this trade zone at the forefront of labor and environmental standards.<sup>22</sup>

Thanks to the T-MEC, companies setting up in Mexico can access:



**370 million**  
of potential consumers in the  
**United States and Canada**<sup>23</sup>

**To measure the magnitude of the relationship, the three partners trade around US\$15 million with the world every minute.**

**US\$7.7 trillion**



The total value of North American trade globally in 2022<sup>24</sup>

Given the lessons of the pandemic, geopolitical changes, and increased logistics costs, the T-MEC provides certainty to investors seeking to reduce risks by relocating their production chains closer to their final consumers.

**With T-MEC Decision 5**



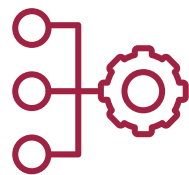
**Mexico, the United States and Canada** coordinate and they ensure supply chains in the event of any emergency<sup>25</sup>

<sup>22</sup>Secretaría de Economía | (2020, 1 de julio) T-MEC.

<sup>23</sup>World Bank | Total population.

<sup>24</sup>US Census Bureau | Government of Canada Report Trade Data Online | Banco de México. Información Revisada de Comercio Exterior, diciembre de 2022.

<sup>25</sup>USMCA Free Trade Commission Decision No. 5.



**Infrastructure**  
that connects



## Invest in Mexico

Your best option for the long term

Efficient connectivity is crucial in making trade work. Mexico also stands out for its rail infrastructure, airports, seaports and highways.

Mexico has **103 ports**,<sup>30</sup> among which the most traded are Manzanillo, Lázaro Cárdenas, Veracruz, Coatzacoalcos and Altamira. In 2022, **287 million tons**<sup>31</sup> were mobilized in all ports.



The national railroad network totals **23,389 kilometers (km)** and it is divided into:

- 17,360 km of primary and secondary roads under concession.
- 4,474 km of auxiliary road.
- 1,555 km of private roads.<sup>26</sup>



Mexico has more than **187,905 km** of highways and commercial routes

- 50,798 km of federal high.
- 103,053 km of state highways.
- 23,131 km of roads (municipal and private).
- 10,923 km of concessional high.<sup>32</sup>

We have **1,512 airfields**, **554 heliports**<sup>27</sup> and **78 airports**,<sup>28</sup> of which the most relevant are Tijuana, Monterrey, Guadalajara, Cancun, and Mexico City. The latter handled more than **46 million passengers** in 2022 and more than **571 thousand tons of cargo**.<sup>29</sup>

Mexico shares **3,153 km of border** with the United States, with 47 entry crossings.<sup>33</sup> Transit times from Mexico to the United States are the most competitive:



Shanghai to Los Angeles → 17 day  
Tijuana to Los Angeles → 3 hours

<sup>26</sup>Sistema Ferroviario Mexicano | Agencia Reguladora del Transporte Ferroviario | Gobierno.

<sup>27</sup>Base de Datos de Aeródromos y Helipuertos | Agencia Federal de Aviación Civil | Gobierno.

<sup>28</sup>Sistema Aeroportuario Mexicano | Agencia Federal de Aviación Civil | Gobierno.

<sup>29</sup>AICM en cifras | Diciembre 2022 | Actualización 30 de enero 2023.

<sup>30</sup>Secretaría de Marina | Prontuario\_2022.pdf

<sup>31</sup>Secretaría de Marina | Informe Estadístico Mensual 2021-2022.

<sup>32</sup>Red Nacional de Caminos | Instituto Mexicano del Transporte | Gobierno.

<sup>33</sup>SECTUR | Programa México Norte.



**Young and skilled**  
workforce



## Invest in Mexico

Your best option for the long term

We are the **tenth most populated** country in the world. Of the **126 million inhabitants**,<sup>34</sup> nearly half are part of the active labor force,<sup>35</sup> so the country's commitment is to education.

In the last two decades, average schooling increased from **7.5 to 9.7 years**.<sup>36</sup> By 2023, investment in this sector is expected to reach **47 billion dollars**.<sup>37</sup>

Mexico is one of the ten countries of the Organization for Economic Cooperation and Development (OECD) that graduates more professionals in science, technology, engineering, and mathematics every year.

Every year, more than one million graduates are ready to join the productive activities arriving with nearshoring.

Currently, there is a coordinated effort between the Secretariats of Economy, Public Education, Labor, and Social Welfare, the National Council of Science and Technology, and the productive sectors to update curricula by discipline, promote specialties per industry relocated and guarantee that investments have an adequate profile of the available Mexican talent.



**29 years old**

The average age of the Mexican population



**+60 million**

are part of the active labor force



**The availability of the labor force, legal reforms, and productivity made Mexico one of the ten most attractive labor markets globally in 2022.**

*(Workforce de Manpower Index).*



<sup>34</sup>INEGI. Población.

<sup>35</sup>INEGI. Empleo.

<sup>36</sup>INEGI. Educación.

<sup>37</sup>Transparencia Presupuestaria | Clasificación Funcional | Desarrollo Social.



**Sufficient and**  
clean energy





## Invest in Mexico

Your best option for the long term

Mexico has accelerated its move to the green energy transition while ensuring grid reliability with sufficient energy at affordable prices. According to the Secretariat of Energy figures, in 2021, **29.5 %** of the energy generated came from clean sources (**96,850 GWh**).<sup>38</sup>

One of the advantages of the Mexican energy system is its diversified matrix: the confluence of hydroelectric, natural gas, oil, and nuclear energy and the growing presence of solar and wind energy sources allows the supply network to not depend on a single basis.



**Nearly one-third**  
of energy comes from  
clean sources



### Diversified energy matrix:

- Hydroelectric plants
- Natural gas
- Oil
- Nuclear energy
- Geothermal
- Photovoltaic
- Bioenergy
- Solar and wind power sources with a growing presence

<sup>38</sup>Secretaría de Energía | Anexoll.pdf (energia.gob.mx).



8



## Tax incentives



## Invest in Mexico

Your best option for the long term

Mexico has a series of incentives and development programs that help to attract investment. These include tax incentives to promote regional development in the Northern Border and in the South-Southeast.



### Value-added tax (VAT)

It consists of a tax credit of **50 %** of the VAT, which is applied directly to the 16 % rate, so the reduced rate is **8 %**.<sup>39</sup>

Applies to:

- Individuals and legal entities.
- Acts or activities consisting of the alienation of goods.
- Provision of independent services.
- Granting of the temporary use or enjoyment of goods in branches, premises, or establishments located at the borders.
- Residents that tax under the income accrual option.

### Income tax (ISR)

It consists of a tax credit equivalent to **one-third of the income tax** incurred in the fiscal year or in provisional payments, which is applied against the year's income tax or in its provisional payments, as applicable, in proportion to the income obtained.<sup>40</sup>

The beneficiary taxpayers are:

- Individuals with business activity.
- Legal entities.
- Foreign residents with a permanent establishment in Mexico.
- Those who receive income at the borders from business activities

<sup>39</sup>Secretaría de Hacienda y Crédito Público | Estímulos fiscales para la región fronteriza norte y sur (sat.gob.mx).

<sup>40</sup>Idem.

### Development programs

#### Manufacturing, Maquila, and Export Service Industry Program (IMMEX)<sup>41</sup>

IMMEX is an export promotion instrument used by companies that import goods temporarily and carry out an industrial or service process for manufacturing, transforming, repairing, or providing services.

This program offers the possibility of importing goods under a temporary regime, **deferring the payment** of the **general import tax**, the **value-added tax (VAT)**, and, if applicable, the **countervailing duties**, as long as the companies carry out an industrial or service process intended for the manufacturing, transformation, repair or rendering of export services.



**This applies to legal entities**

- Producers
- Export service providers

**Residents in the national territory**

<sup>41</sup>Secretaría de Economía | Servicio Nacional de Información de Comercio Exterior (SNICE) | Programas de fomento. IMMEX.

## **Sector Promotion Programs (PROSEC)<sup>42</sup>**

PROSEC is an instrument that benefits legal entities that produce certain goods.

They are allowed to import various goods used in the production of specific products **at a preferential tariff**, regardless of whether the final products are destined for export or to the domestic market.

The benefits are only for the imported goods for the participant sectors; however, PROSEC program holders may request their incorporation into new sectors, provided they can prove that they manufacture the goods corresponding to such industries.



**This applies to  
manufacturers  
of goods in**

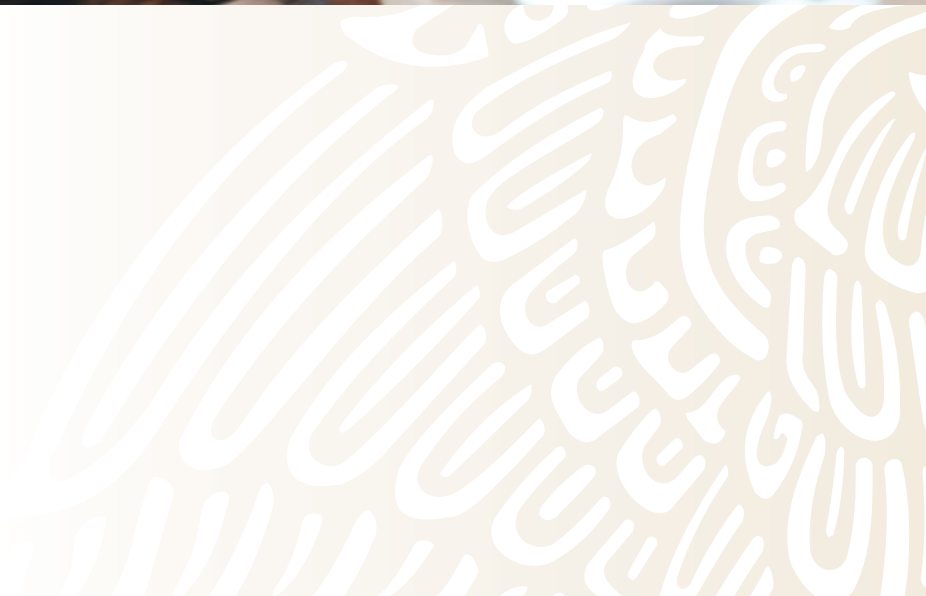
● **24 PROSEC  
sectors**

● **Article 4  
PROSEC Decree**

<sup>42</sup>Secretaría de Economía | Servicio Nacional de Información de Comercio Exterior (SNICE) | Programas de fomento. PROSEC.



## **Investor's** Single Window



## Invest in Mexico

Your best option for the long term

In response to the needs of potential investors, the Mexican government, through the Secretariat of Economy, as the agency responsible for generating policies to attract and promote foreign investment, offers the **Single Window for Investors** (VUI by its acronym in Spanish) as a mechanism for the attention and support of those interested in investing in Mexico.

The objective is to provide transparency and guide investors in the procedures to be carried out for their installation in our country, to be a point of contact, and to facilitate communication with the government and the various strategic partners at the national level.

The Single Window for Investors has a specialized support team to provide immediate attention.

**By 2023, the goal is to position Mexico as a country with a policy to attract foreign investment based on reliable and efficient tools that provide legal certainty to investors.**

The Single Windows are tools created to promote FDI, as an internationally recommended practice, by facilitating investments and guiding the procedures of the investment cycle.

According to UNCTAD information (Global Enterprise Registration), 170 countries have digital information portals, and 76 countries have Single Windows.



### Among the recognized advantages of the VUI are the following:

- Provide transparency in rules and procedures.
- Simplification of procedures.
- Promote public awareness and stimulate public-private dialogue on standards and procedures.





# **MSMEs** Development





## Invest in Mexico

Your best option for the long term

The Micro, Small and Medium Enterprises (MSMEs) play an essential role in the Mexican economy. According to the latest 2019 Economic Census, there are 4.7 million.



**99.8 %**

of the country's  
establishments are  
MSMEs<sup>43</sup>

**7 out of 10**

employed person  
work in a MSME<sup>44</sup>

As the most significant percentage of economic units, MSMEs are an investment niche in multiple sectors such as tourism, agro-food, and chemicals. Their high level of adaptability and the use of various resources throughout the different geographical areas of the country characterize them.

Manufacturing MSMEs with export capacity concentrate on economic activities related to the automotive, food, and textile industries. We are working with the companies that are relocating to secure their supply.

**The Secretariat of Economy, through various actions, works hand in hand with MSMEs to include them in regional supply chains to meet the input demands of companies relocating to Mexico.**

<sup>43</sup>INEGI | Estadísticas a propósito del día de las micro, pequeñas y medianas empresas datos nacionales (25 de junio 2020).

<sup>44</sup>INEGI | Estadísticas del Censo Económico 2019.







GOBIERNO DE  
**MÉXICO**

**ECONOMÍA**  
SECRETARÍA DE ECONOMÍA