



PRO MÉXICO
Trade and Investment



10 good reasons to invest in Mexico

Strong and promising economy



Gross domestic product

- 14th world's largest GDP
US\$ 893 bn (World Bank)
- Highest GDP per capita in Latin America
US\$ 7,870 GDP (World Bank)
- International Reserves of US\$ 80.7 bn
(Mexican Central Bank)

Risk indicators

- BBB+ investment grade (S&P)
- Lowest country risk in LatAm
EMBI+ 196 bp Sept. 5 (JPMorgan)

Economic potential

- To become the 5th largest economy in the world by 2040 (Goldman Sachs)

Great place to do business



Doing Business Index (World Bank)

- Mexico ranks 44th place on the ease of doing business
 - Brazil 122nd
 - India 120th
 - Russia 106th
 - China 83rd

Days to start a business (World Bank)

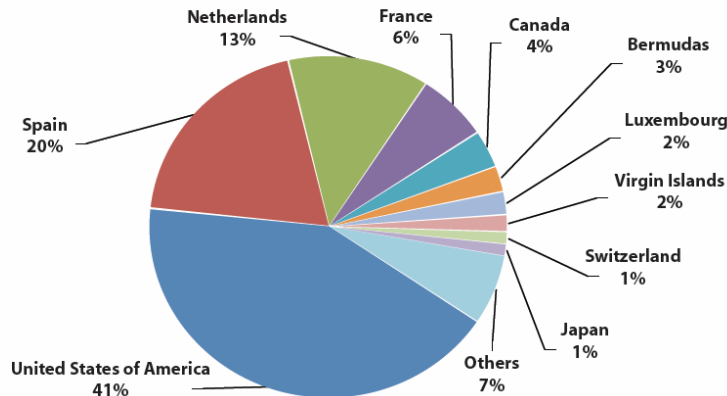
- In Mexico it takes 27 days
European average: 32 days

Business environment (EIU)

- Mexico ranks 2nd in Latin America

Real trade & investment player

Foreign Direct Investment by countries 2007



Source: ProMexico with data from the Ministry of the Economy

Inward investment (UNCTAD)

- 2nd receptor in LatAm (\$24.7 bn in 2007)
- Bilateral Investment Protection and Promotion Agreement signed in 2006
- Attractive set of incentives (trade, fiscal, labour, innovation and technology)

Trade (Ministry of Economy)

- 234 bilateral treaties
 - 122 multilateral treaties
 - 12 free trade agreements
- } 44 countries
- Possibility of benefiting from both NAFTA and MEFTA simultaneously (correct combination of rules of origin)

Politically mature country

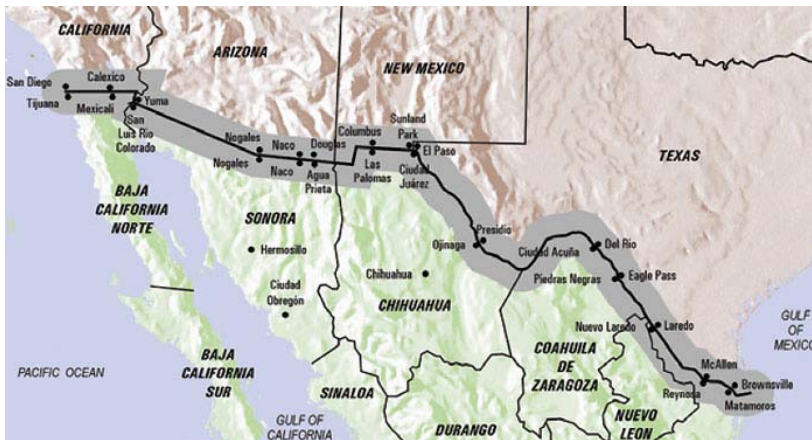


Democracy

- Functioning democratic system with separation of powers
- Multiple political parties
- Rule of law
- Protection to intellectual property
- IFAI guarantees access to public information (higher accountability)

Conveniently located

Geographic location



- Between North America and Central and South America
- Three large cities near the US border
 - Tijuana (1.3 million habs.)
 - Ciudad Juárez (1.4 million habs.)
 - Monterrey (1.1 million habs.)
- 53 crossing points along the border
- Punta Colonet, a US\$ 4 billion port with a direct railroad access to the US aiming to complement trade logistics in Los Angeles and Long Beach (Banobras)

Attractive tax environment

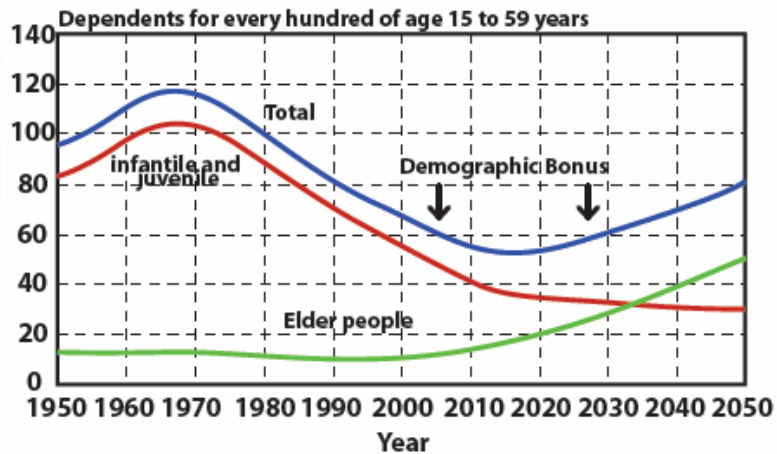


Low tax rates and fiscal incentives

- Corporate tax rate was reduced from 33% to 30% in 2005, and further to 28% in 2007 (EIU)
- Alternatively, companies can pay a flat rate of 16.5% introduced in 2008 (EIU)
- These rates are highly competitive given that in the UK the top corporate rate was 28% from April 2008 (UKTI)
- Fiscal benefits to FDI (Ministry of Finance)
 - Accelerated depreciation
 - Income tax incentives for non permanent establishments
 - Fiscal credit for R&D

Positive demographic bonus

Demographic Bonus of Mexico, 1950-2050

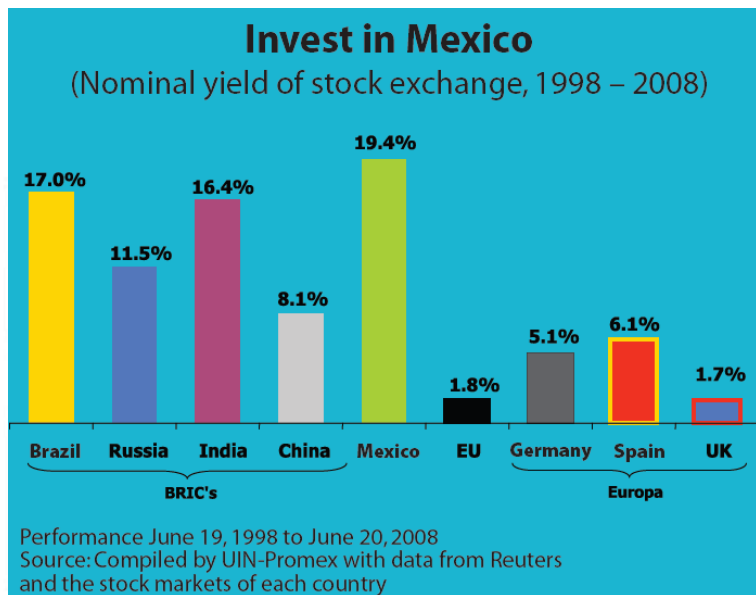


Source: National Council of Population

Demographic forecast

- In the next 30 years the working population will reach 88 million
- By 2025 the non-working population will reach a historical minimum of 46.1%. (National Council of Population)

Profitable stock market



Stock Market

- Between 1998 and 2008 the Mexican stock market's nominal yield in dollars came to a rate of 19.4%
- Higher than those reached by markets like:
 - United States (S&P500, 1.8%)
 - Germany (5.1%)
 - India (16.4%)
 - Brazil (17.0%).

Source: Compiled by Promexico with data from Reuters and the stock markets of each country.

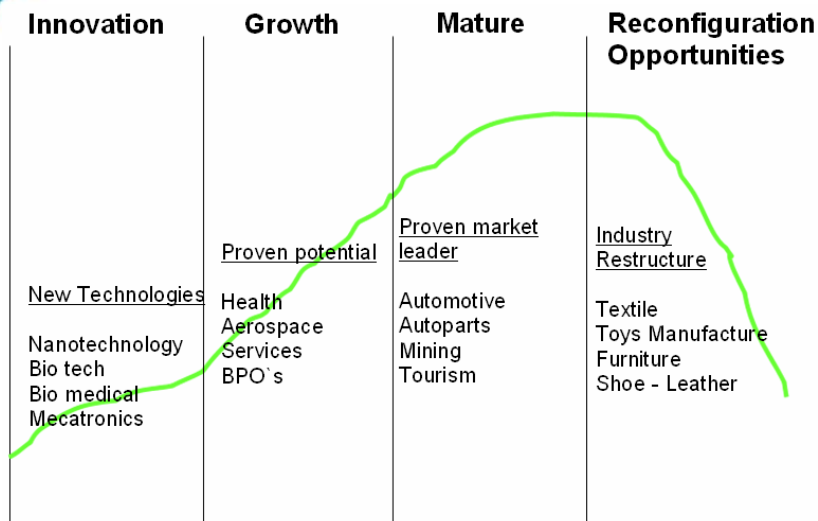
US\$ 250 bn invested in infrastructure



National Infrastructure Programme

- Increase from 3.2% of GDP to 6% (NIP)
- Ports: 5 new ports, expansion of a further 22 and 13 new cruise-ship docks
- Railroads: 1,418 km of railroads, a suburban train, 64 overpasses, and 4 border rail crossings
- Airports: 3 new airports expanding facilities at 31 other airports
- Water: US\$ 18 billion to be invested
- Funding: About 50% of the National Infrastructure Plan will be funded by the private sector (space for PPPs)

Industries with high growth



Aeronautical & aerospace industry

- 186 aerospace companies
- Manufacture of engine components, landing. audio and video systems, harness and cables, machines

Automotive sector

- 10th exporter of automobiles worldwide
- Manufactures 1/8 of cars sold in the US

Information technology

- 2,095 IT companies
- More than 500,000 it professionals each year with 65,000 new each year



PRO MÉXICO
Trade and Investment

www.promexico.gob.mx

uk@promexico.gob.mx