



2016 Top Markets Report **Industrial Automation** Country Case Study

Mexico

Mexico ranks first in this Industrial Automation Top Markets Report. With a highly developed industrial base and virtually zero market access barriers, Mexico surpassed Canada in 2015 as the largest purchaser of U.S. automation exports. With strong growth projected through the near and long-term, Mexico will continue to be a strategic market for U.S. manufacturers.

Overall Rank 1	U.S. Exports: 1st	Export Growth: 8th
	2012 UNIDO Industrial Competitiveness Ranking: 16th	UNIDO Industrial Competitiveness Growth Ranking: 10th

Subsector Rankings

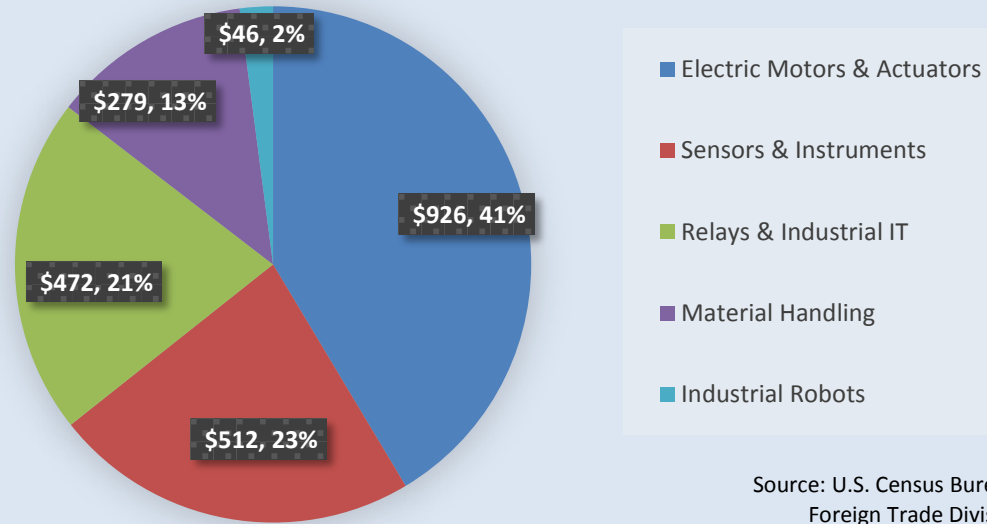
Sensors and Instruments: 2nd	Electric Motors and Actuators: 1st	Electrical Relays and Industrial Controls: 1st	Material Handling: 2nd	Industrial Robots: 1st
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ITA expects U.S. industrial automation exports to Mexico will continue to increase through 2017. Between 2009 and 2015, exports to Mexico grew at an average annual rate (CAGR) of 10.8 percent. Exports to Mexico have grown every year since 2009. ITA projects that this trend will continue as Mexican companies continue to adopt more productive and

efficient manufacturing techniques in response to increased global demand for consumable and durable goods.

Country Overview

Figure 1: U.S. Industrial Automation Exports to Mexico, 2015
(in USD Dollars)



Source: U.S. Census Bureau
Foreign Trade Division

Mexico is a strategic market for U.S. industrial automation exporters. Over the past 21 years since entering into the North American Free Trade Agreement (NAFTA), Mexico’s economy has increasingly oriented itself away from agriculture and more towards an export-driven manufacturing economy. Between 2002 and 2012, Mexican automotive exports increased by 152 percent from \$27.9 billion to \$70.3 billion, and electronics increased by 73 percent from \$43.3 billion to \$74.9 billion.ⁱ

Mexico’s major industrial hubs are the metropolitan areas surrounding Mexico City, Guadalajara, and Monterrey. Mexico’s 1,900-mile shared border with the United States has also seen an outgrowth of industrial activity, especially as multinational corporations aim to create vertical supply chains made possible by NAFTA. As a signatory of NAFTA, Mexico has virtually zero market access barriers for U.S. exports. Mexico is a net importer of automation products, and the United States is Mexico’s largest import partner. According to latest available U.N. data, in 2014, U.S. products accounted for 43.7 percent of all imported automation equipment into Mexico, followed by China with 21.2 percent and Germany at 6.2 percent.

Export Overview

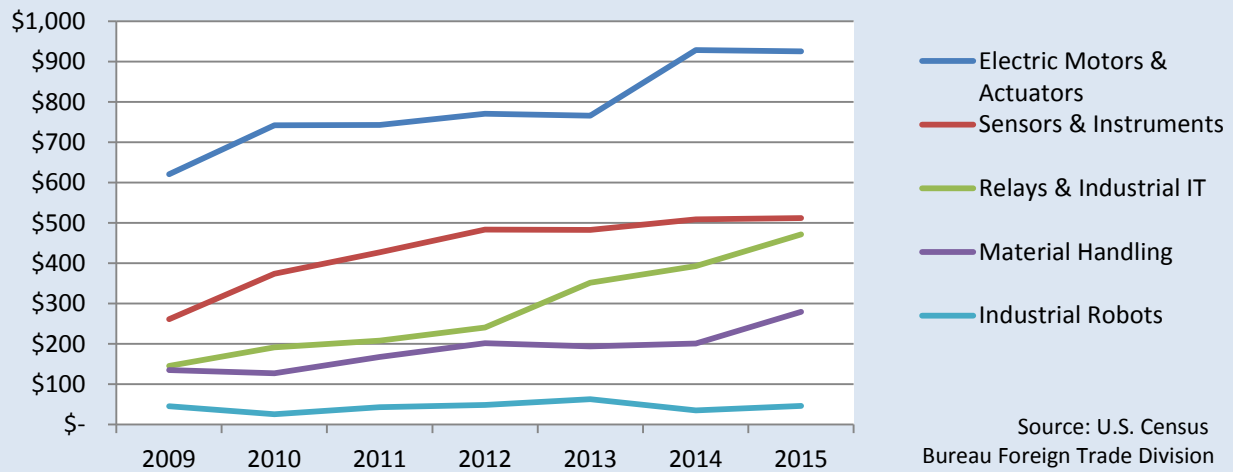
Mexico is the largest export market for three of the Industrial Automation product categories. To begin, Mexico is by far the largest destination for U.S.-

made electric motors and actuators. In 2015, Mexico accounted for over one-fifth of all U.S. exports in the subsector, which totaled \$926 million. This was down slightly from the \$928 million total in 2014, but average annual growth (CAGR) has been just under 7 percent between 2009 and 2015. ITA projects that sales in this subsector will continue to grow.

Mexico was also the largest purchaser of U.S.-made electrical relays and industrial controls. Not only did Mexico receive the largest volume, totaling \$472 million in 2015, but the subsector was also the fastest growing in the Mexico market, growing at an average annual rate (CAGR) of 21.6 percent. Growth has been substantial in programmable controllers (under 1,000 Volts), which totaled \$197 million in 2015. This was up nearly eight times the value of shipments in 2009. In relays of less than 60 Volts, sales in 2015 were \$84 million, up more than four times the amount in 2009.

Industrial Robots accounted for the smallest proportion of sales to Mexico out of the five subsectors. In 2015, however, Mexico received the greatest volume of all U.S.-exported robots and end-of-arm tooling, totaling \$46 million. Sales were driven especially by parts and tooling, which typically make up more than half of U.S. exports in the subsector. Given Mexico’s free trade agreements with powerhouses like Japan, home of FANUC, Yaskawa and others, competition against U.S. producers is particularly strong in the country. Much

Figure 2: Annual U.S. Industrial Automation Exports to Mexico, by Subsector (In USD Millions)



of this is driven by the Mexican automotive and consumer electronics industries, which draw heavily from mass-produced components.

Mexico is the second largest U.S. export market for sensors and instruments. Sales of process control instruments and other regulating apparatuses in this product category were \$512 million in 2015. ITA predicts that purchases from Mexico will continue to increase through 2017, likely surpassing Canada as the leading destination for U.S.-made products in this category.

Sales of material handling equipment used for automation were \$279 million in 2015, making Mexico the second largest purchaser of U.S. products in this subsector. Purchases of conveyors and elevating equipment have grown significantly between 2009 and 2015, increasing by an average of 12.9 percent per year (CAGR).

Challenges and Barriers

Mexico is a NAFTA signatory and has eliminated virtually all tariffs on U.S. industrial automation products. U.S. companies may provide a Certificate of Origin to claim preferential tariff treatment for exports under NAFTA.

The United States and Mexico continue to engage regularly on technical barriers to trade through the NAFTA Committee on Standards-Related Measures. In the past they have also cooperated through the U.S.-Mexico High Level Regulatory Cooperation Council,ⁱⁱ as well as the USAID-ANSI Standards

Alliance.ⁱⁱⁱ Mexico provides official standards called *Norma Oficial Mexicana* (or NOMs) as well as voluntary standards (NMX) through the Mexican Standards Catalog.^{iv} The U.S. Department of Commerce maintains one of four Standards Attachés worldwide in Mexico City, and most U.S. standards developing organizations (SDOs) are engaged with Mexican counterparts.

Know Your Buyer

Due to its close geographical and cultural proximity to the United States, the Mexican market is quite similar to the U.S. market in many respects. Direct sales and sales agents are widely used by companies because of close proximity and low shipping costs. Owing to the country's geographic size, it may behoove exporters to work with distributors in multiple hub cities like Mexico City, Guadalajara or Monterrey, as well as population centers along the 1,900-mile stretch of border with the United States.

Government procurement is decentralized, and Mexican government agencies buy through their own purchasing offices. As a result, government tenders vary between agencies. Public tenders are published in the *Diario Oficial* and are published through an online system.^v

National and Regional Trade Shows

[MC]² Conference
 April 19-21, 2016—Dallas, TX, USA
<http://mc2conference.com/>

Fabtech Mexico
May 4-6, 2016–Mexico City, Mexico
<http://mexico.fabtechexpo.com/>

Expo Pack Mexico
May 17-20–Mexico City, Mexico
<http://www.expopack.com.mx/2016/en/expopack>

IMTS 2016
September 12-17, 2016–Chicago, IL, USA
<http://www.imts.com/>

The Assembly Show 2016
October 25-27, 2016–Rosemont, IL, USA
<http://www.theassemblyshow.com/index.php>

Pack Expo International
November 6-9, 2016–Chicago, IL, USA
<http://www.packexpointernational.com/>

Fabtech 2016
November 16-18, 2016–Las Vegas, NV
<http://www.fabtechexpo.com/fabtech-2016/>

TECMA
March 7-10, 2017–Expo Bancomer Santa Fé, Mexico
City, Mexico
<http://www.tecma.org.mx/>

Promat 2017
April 3-6, 2017–Chicago, IL, USA
<http://www.promatshow.com/>

FEIMAFE
June 5-10, 2017–Anhembi, São Paulo, Brazil
<http://www.feimafe.com.br/en/>

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<http://www.forbes.com/sites/stratfor/2015/04/08/mexicos-manufacturing-sector-continues-to-grow/>

ii <http://trade.gov/hlrcc/>

iii <http://standardsalliance.ansi.org/>

iv <http://www.economia.gob.mx/standards/mexican-standards-catalog>

v

<https://compranet.funcionpublica.gob.mx/web/login.html>