Marketing ONE Group

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Mexico's Automotive Strategic Landscape

墨西哥嘅汽車戰略格局

香港汽車零部件工業協會

Hong Kong Auto Parts Industry Association

hkpc

January 2025

Mexico's Automotive Sector as a Global leader and major contributor to the economy

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1st
Generator of foreign currency

1st
Exporter of tractor trucks in the world

1st
Supplier of vehicles and auto parts to the United States

4th
Exporter of Heavy vehicles in the world

4th
Producer of auto parts in the world

2.1
Million jobs generated by the industry

5th
Producer of Heavy cargo vehicles

6th
Producer of buses

6th
Exporter of light vehicles

7th
Producer of light vehicles globally

12th
Largest vehicle consumer market in the world

Source: AMDA, AMIA, ANPACT, INA

Production, Exports and Domestic Sales of the Automotive Industry 2023

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	Production	Export	Internal Sales
	3,779,234 units 14.23% Vs 2022	3,300,876 units 15.19% Vs 2022	1,361,433 units 24.36% Vs 2022
	222,813 units 10.99% Vs 2022	177,539 units 6.39% Vs 2022	52,488 units 32.16% Vs 2022
	$121,158 million dollars 16.52% Vs 2022	$105,561 million dollars 18.31% Vs 2022	$15,596 million dollars 5.70% Vs 2022

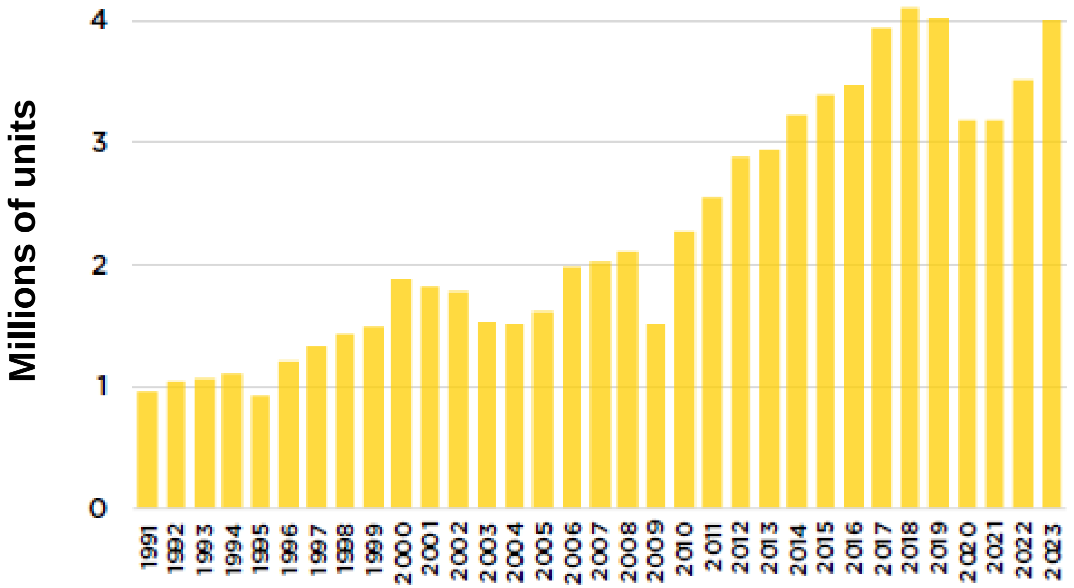
Source: INEGI & INA

The Automotive Industry of Mexico

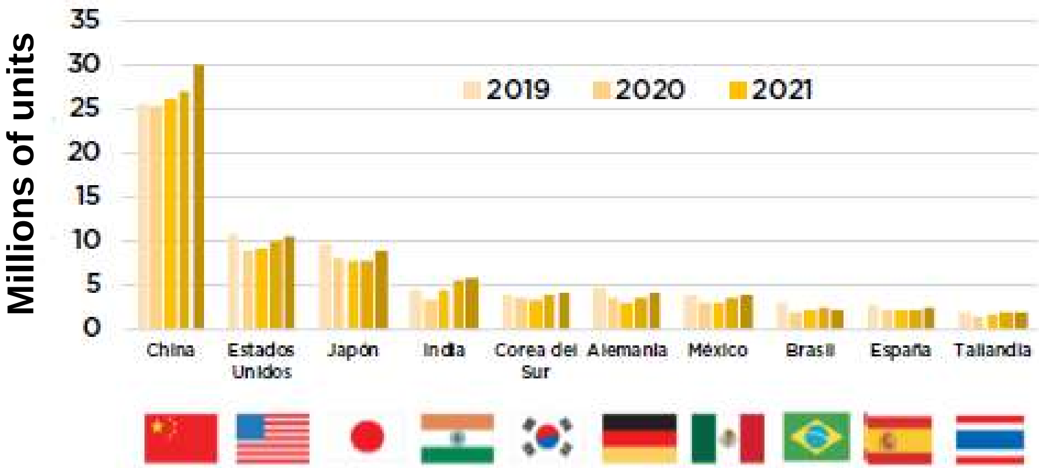
Dynamic and competitive in the production of light and heavy vehicles

- 7th global vehicle producer and 1st in Latin America, during 2023.
- Mexico produced 4 million motor vehicles in 2023, which represented a growth of 14.0% versus 2022.
- In 2023, of every 100 vehicles produced in the world, 4.3 were assembled in Mexico.

Vehicle Production in Mexico



Global Vehicle Production



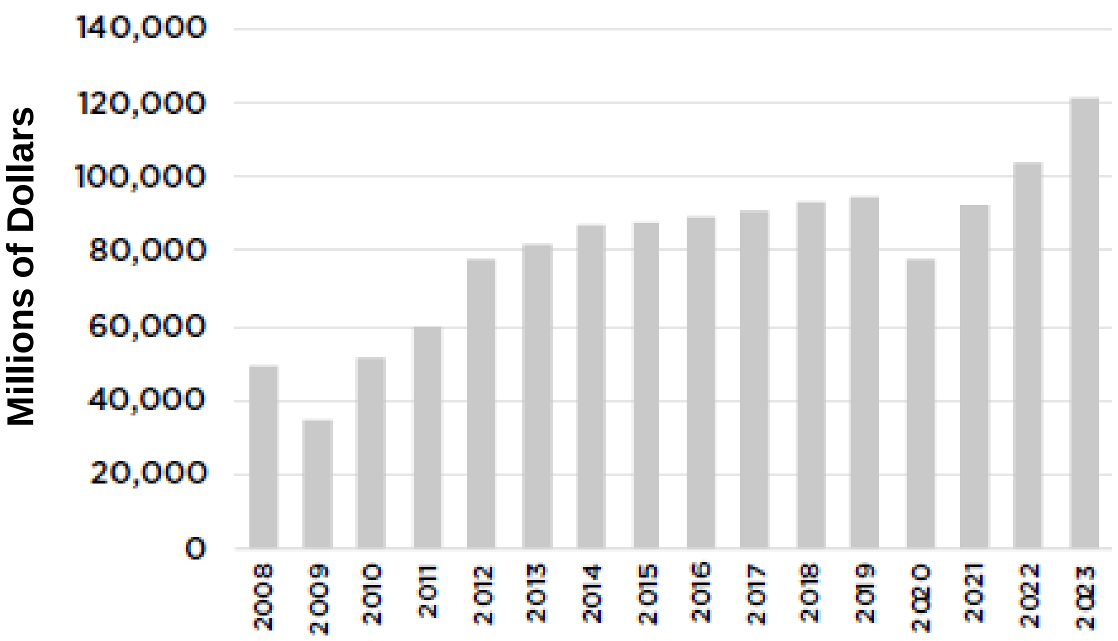
2023	1	2	3	4	5	6	7	8	9	10
2022	1	2	3	4	5	7	6	9	8	10
2021	1	2	3	4	5	7	6	9	8	10
2020	1	2	3	6	5	4	7	8	9	10
2019	1	2	3	5	7	4	6	9	8	10

Source: OICA e INEGI.

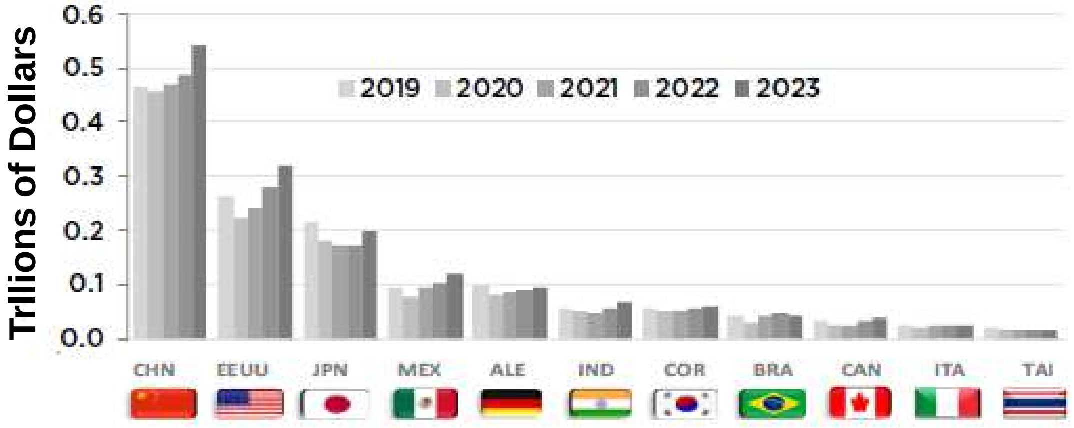
Positioning of Mexican auto parts production at a global level

- 4th producer of auto parts globally and 1st in Latin America in 2023.
- 87.1% of the total production is destined for the export markets.
- Mexico represents 42.5% of the total auto parts imports made by the United States in 2023.

Production of Auto Parts in Mexico



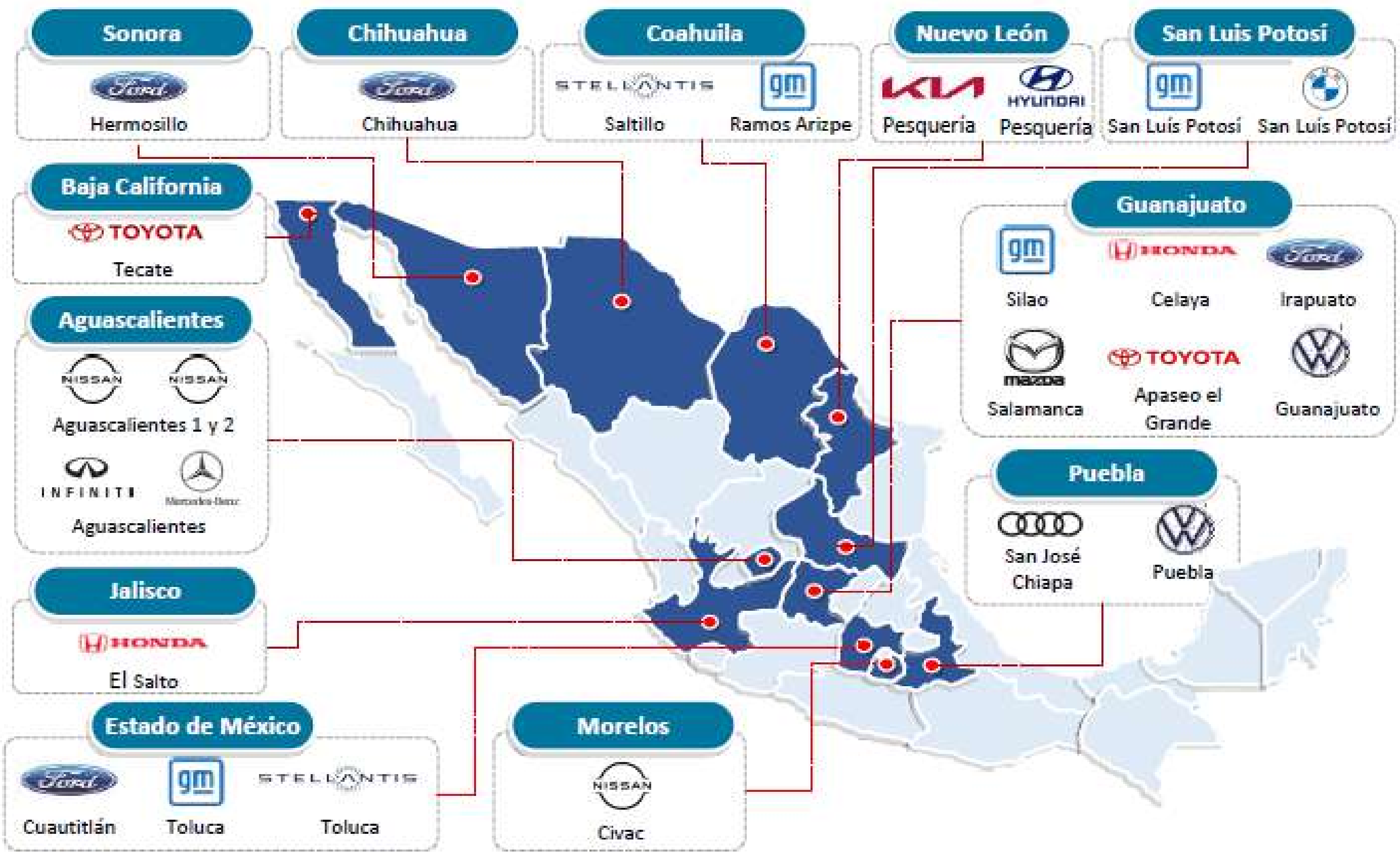
Global Auto Parts Production



2023	1	2	3	4	5	6	7	8	9	10	11
2022	1	2	3	4	5	6	7	8	9	10	11
2021	1	2	3	4	5	7	6	8	9	10	11
2020	1	2	3	5	4	7	6	8	9	10	11
2019	1	2	3	5	4	6	7	8	9	10	11

Source: INA with information from INEGI, Includes Maquila, US Bureau of Economic Analisis, Statistic Canada, Sindipecas, Eurostat, ACMA.

Manufacturing Plants for Light vehicles, Engines and Transmissions



37 Plants
20 vehicles
10 engines
7 transmissions

13 Brands

12 States

Note: The map only considers plants from brands affiliated with AMIA. The Infiniti – Mercedes Benz plant in Aguascalientes is joint (COMPAS). Source: AMIA with information from the companies.

Heavy vehicle manufacturing plants and engines 2023

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15 brands

14 Assembly
1 Engines

Presence in **10** States

12 Manufacturing plants

Source: ANPACT, with publications from the companies

Production of auto parts by state 2023 (Millions of dollars)

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- More than 77% of production is within a 10-hour drive to U.S. Border, with heavy concentration within the maquila border industrial parks.

Northern Zone	$52,302 = 43.2%
Coahuila	$ 18,452
Nuevo León	$ 14,800
Chihuahua	$ 10,648
Tamaulipas	$ 5,094
Sonora	$ 3,307

Bajio Zone	$ 42,794 = 35.3%
Guanajuato	$ 15,918
Querétaro	$ 9,551
San Luis Potosí	$ 8,245
Aguascalientes	$ 5,350
Jalisco	$ 3,730

Central Zone	$ 19,491 = 16.1%
Puebla	$ 8,046
Edo. México	$ 7,821
Morelos	$ 1,717
Tlaxcala	$ 993
Ciudad de México	$ 913

State	Ranking
Coahuila	$ 18,452
Guanajuato	$ 15,918
Nuevo León	$ 14,800
Chihuahua	$ 10,648
Querétaro	$ 9,551

$121,158
Million dollars

+20
States

1st
Supplier of USA in auto parts

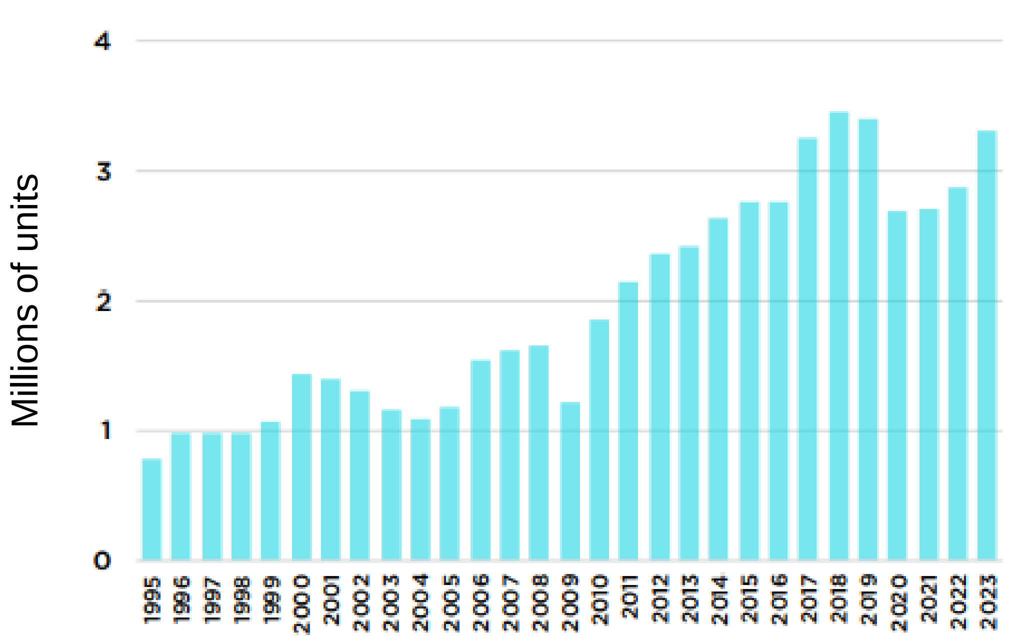
+2,000
Facilities

Source: INA with information from INEGI. Includes auto parts that are considered in other Branches of the NAICS Code (2019 – 2020).

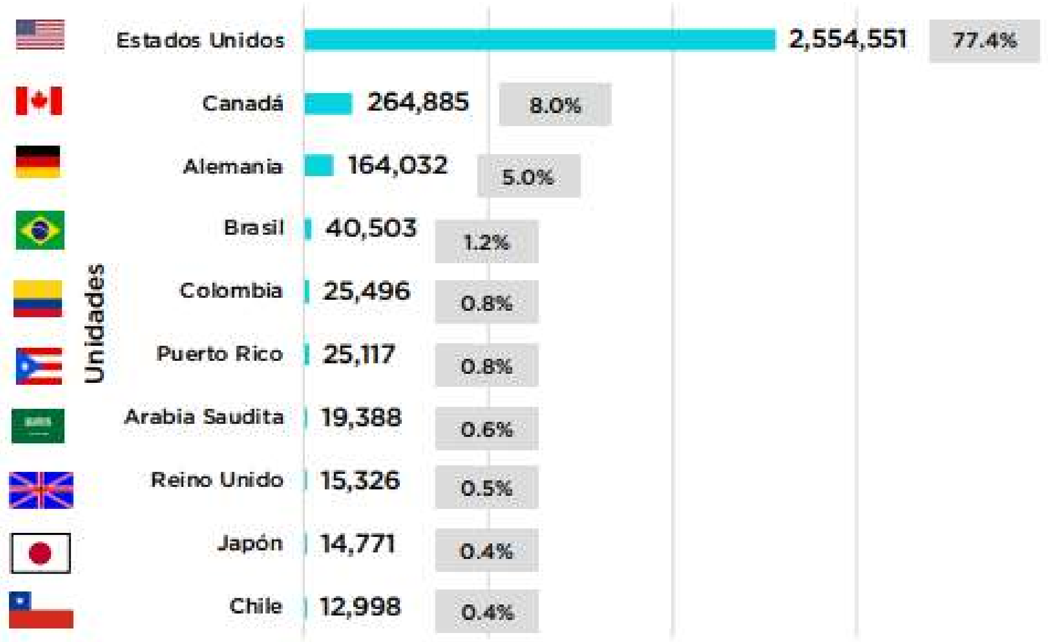
Mexico has positioned itself as one of the main global light Vehicle Eporters

- 6th world exporter of light vehicles and 1st in Latin America in 2023.
- Mexico exported 3.3 million light vehicles, which represented a growth of 15.2% compared to the previous year.
- In 2023, of every 100 light vehicles manufactured in Mexico, 87 units were exported, having trade with 130 countries.

Mexican export of light vehicles



Main destinations of Mexican exports of light vehicles 2023

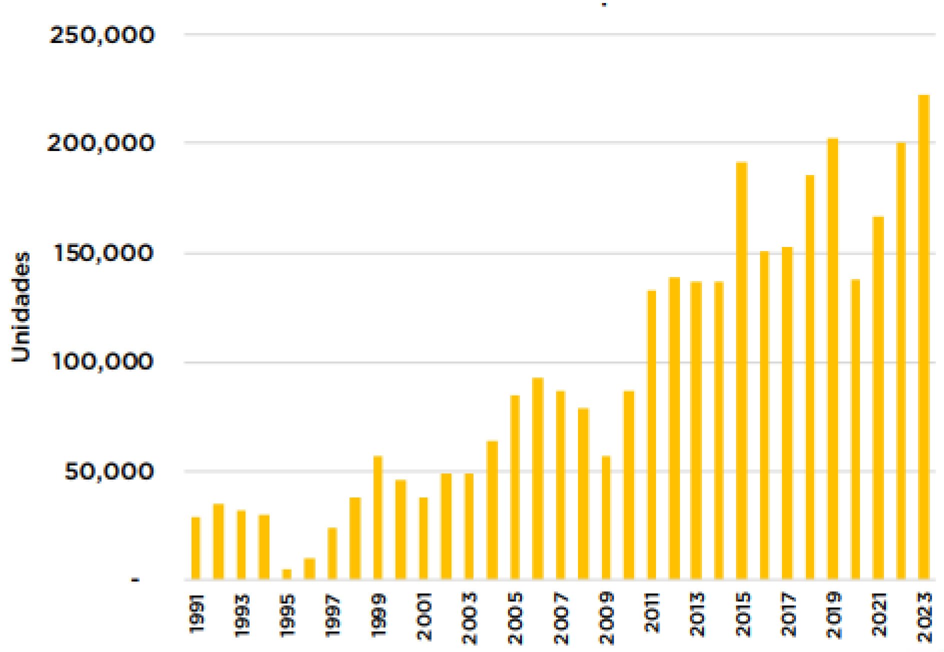


Source: INEGI

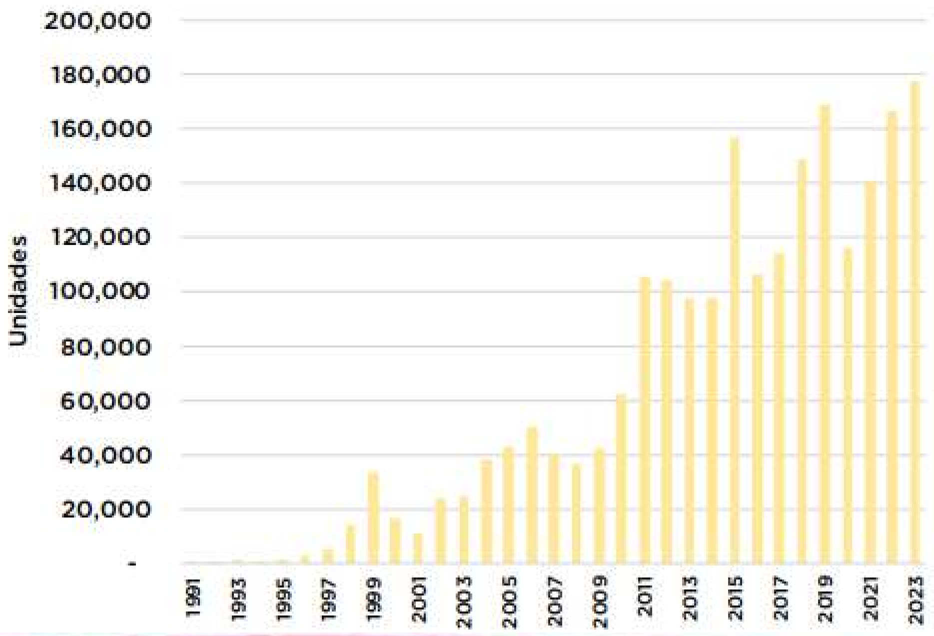
Mexico: 4th exporter and 5th world producer of heavy vehicles

- Mexico is a world leader in the production and export of heavy vehicles. In 2023, 222,813 units were produced, of which 177,541 were destined for export markets, 79.7% of the production.
- In 2023, of every 100 heavy vehicles manufactured in Mexico, 80 units were exported to 16 countries.

Heavy vehicle production



Export of heavy vehicles



Source: INEGI & ANPACT

Mexico an economy open to the world a key driver for Automotive Industry

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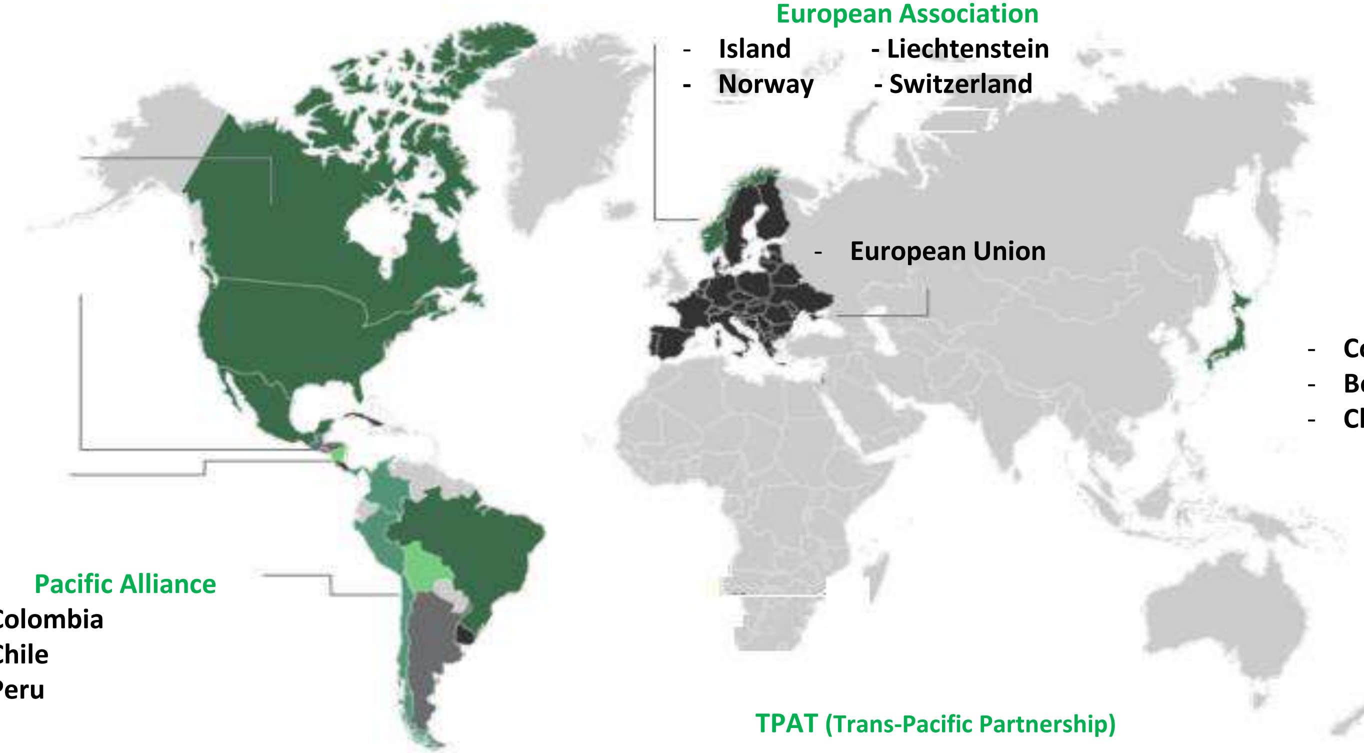
- Mexico has preferential access to 50 markets, 14 free trade agreements and 9 limited scope agreements.
- **Mexico and Hong Kong have a double taxation agreement and new "Investment Promotion and Protection Agreement" (IPPA) in effect since June 16, 2021**



North America
- EEUU
- Canada

Northern Triangle
- Honduras
- El Salvador
- Guatemala

Central America
- Costa Rica
- El Salvador
- Guatemala
- Honduras
- Nicaragua
- Panama

Pacific Alliance
- Colombia
- Chile
- Peru

European Association
- Island - Liechtenstein
- Norway - Switzerland

- European Union

Economic Complemetation Agreements
- Argentina
- Brazil
- Uruguay
- Paraguay
- Cuba

Bilateral FTA's
- Colombia - Uruguay -Israel
- Bolivia - Peru -United Kingdom
- Chile - Panama -Japan

Pending Agreements
- Turkey
- Jordan
- Ecuador
- Others

TPAT (Trans-Pacific Partnership)

- Australian - Brunei - Canada - Chile -Japan - Malaysia -Peru - Singapore - Vietnam

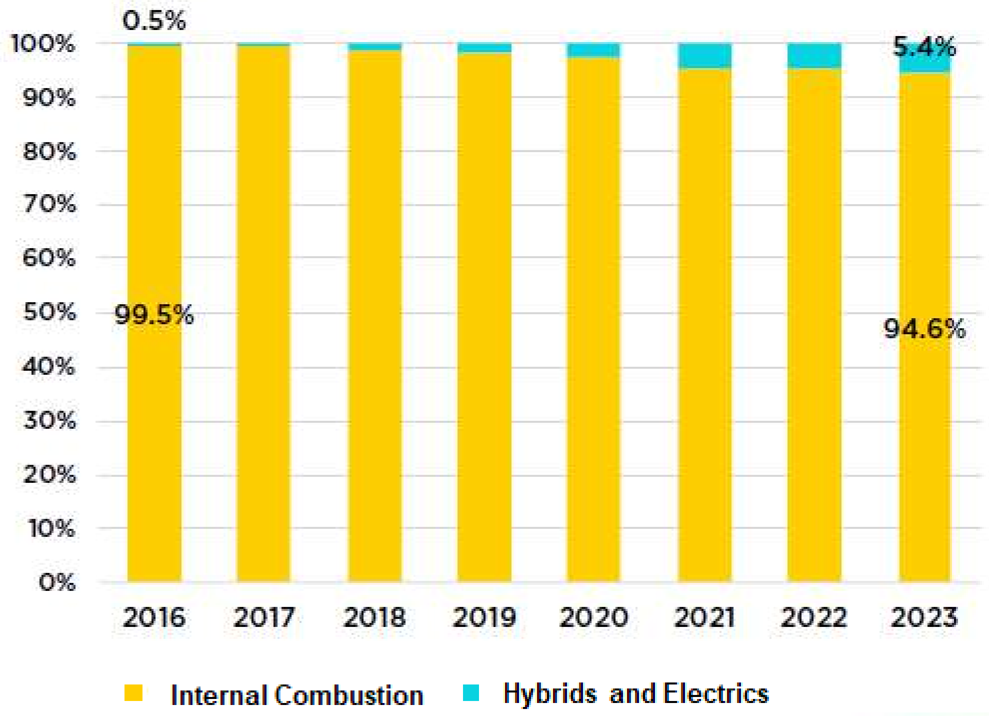
Source: Secretary of Economy

Path to Decarbonization: Domestic Market of Light Vehicles

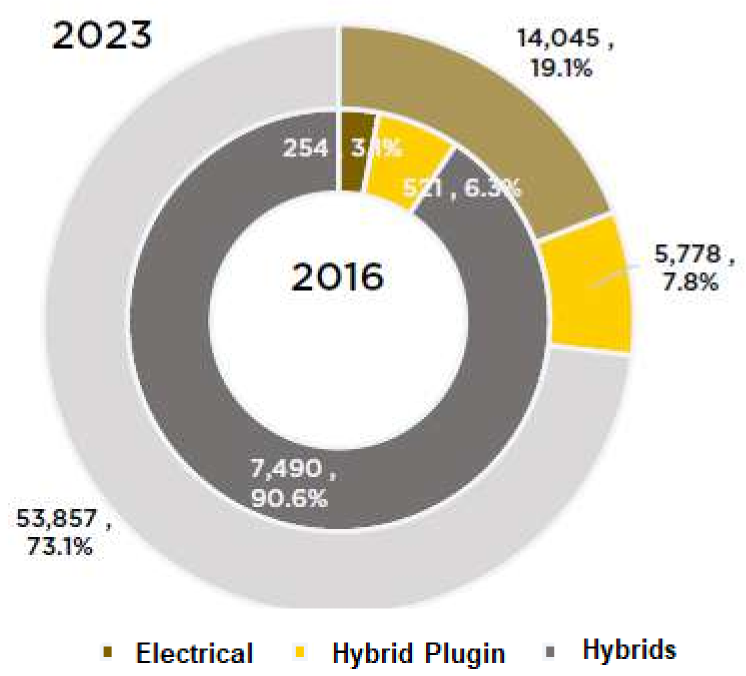
- Sales of hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs) and electric vehicles (BEVs) in 2023 accounted for 5.4% of the total domestic market.
- HEVs represent 73.1%, BEVs 19.1% and PHEVs 7.8%.
- Mexico is still far behind in developing infrastructure for this market, no government initiatives to accelerate process.

Participation in total sales

Hybrids



Market structure of HEV, PHEV and BEV



Source: INEGI. Electric vehicles include extended-range electric vehicles

Path to Decarbonization: Domestic Market for Heavy Vehicles

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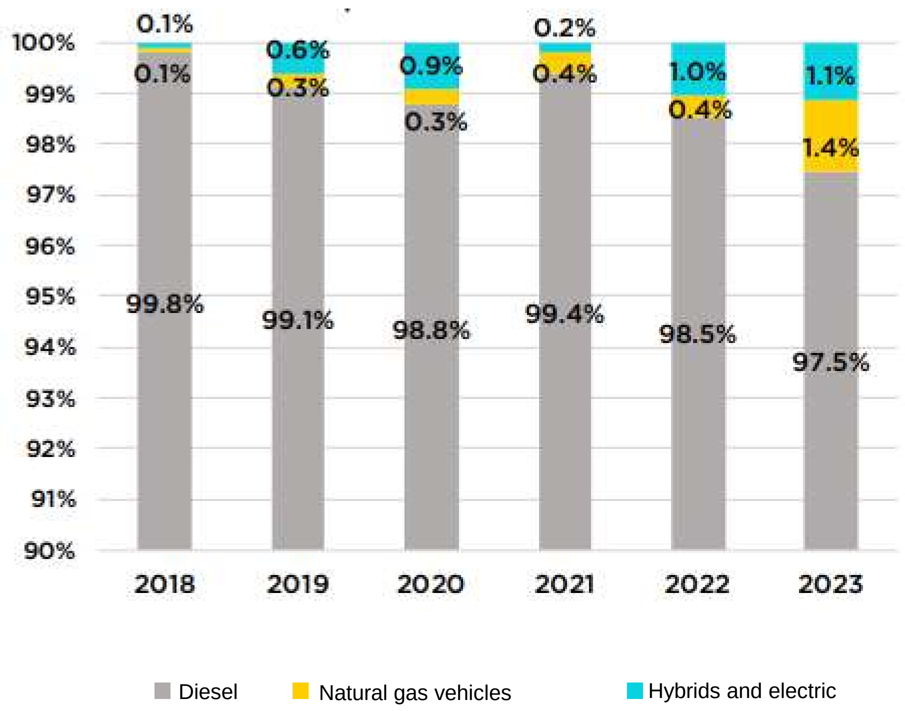
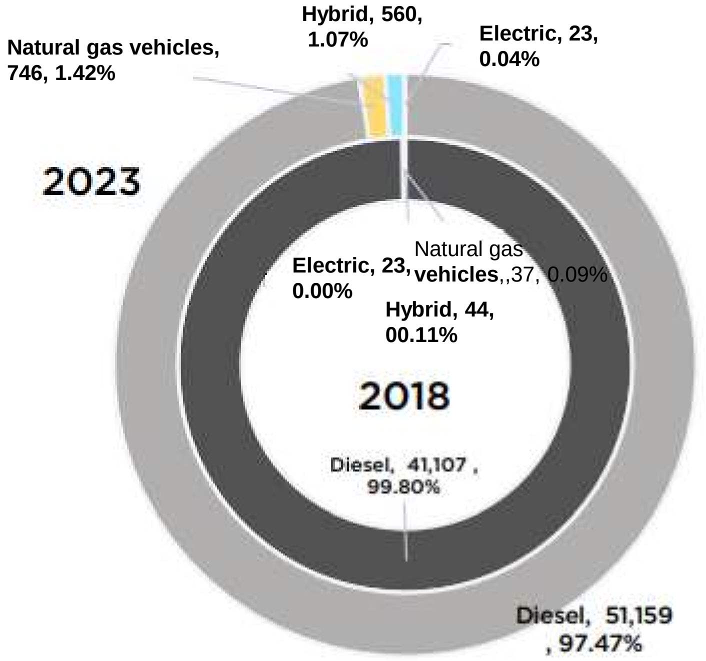
- The sale of hybrid and electric vehicles in 2023 represented 1.1% of the total domestic market.
- Hybrid vehicles represent 1.07%, electric vehicles 0.04% and natural gas vehicles 1.42%.

Participation in total sale



Hybrid and Electric market structure



Source: INEGI, Refers to vehicles weight of 6,351 kg or more

Auto Parts Production Forecast

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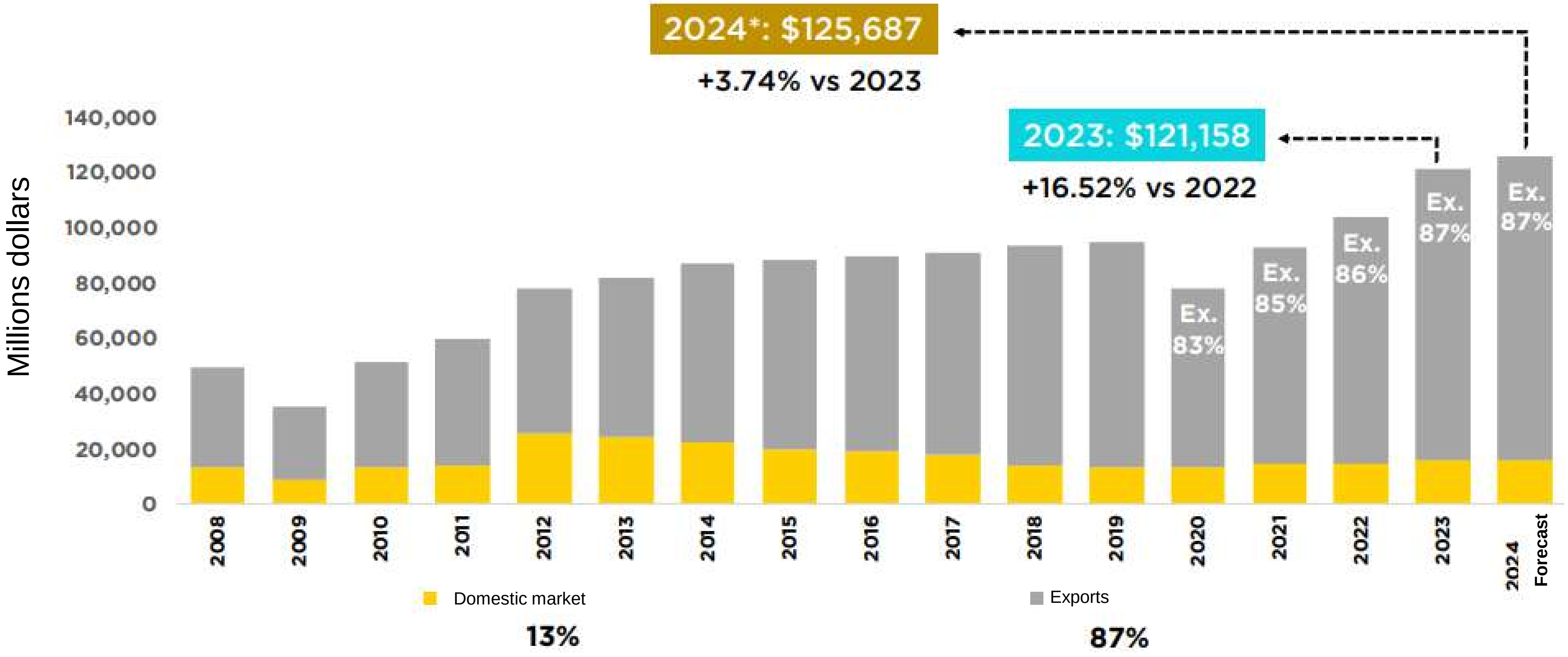

Source: INA with information from INEGI. Includes auto parts that are considered in other Branches of the NAICS Code (2019-2020)

New Vehicle Dealerships in Mexico 2023

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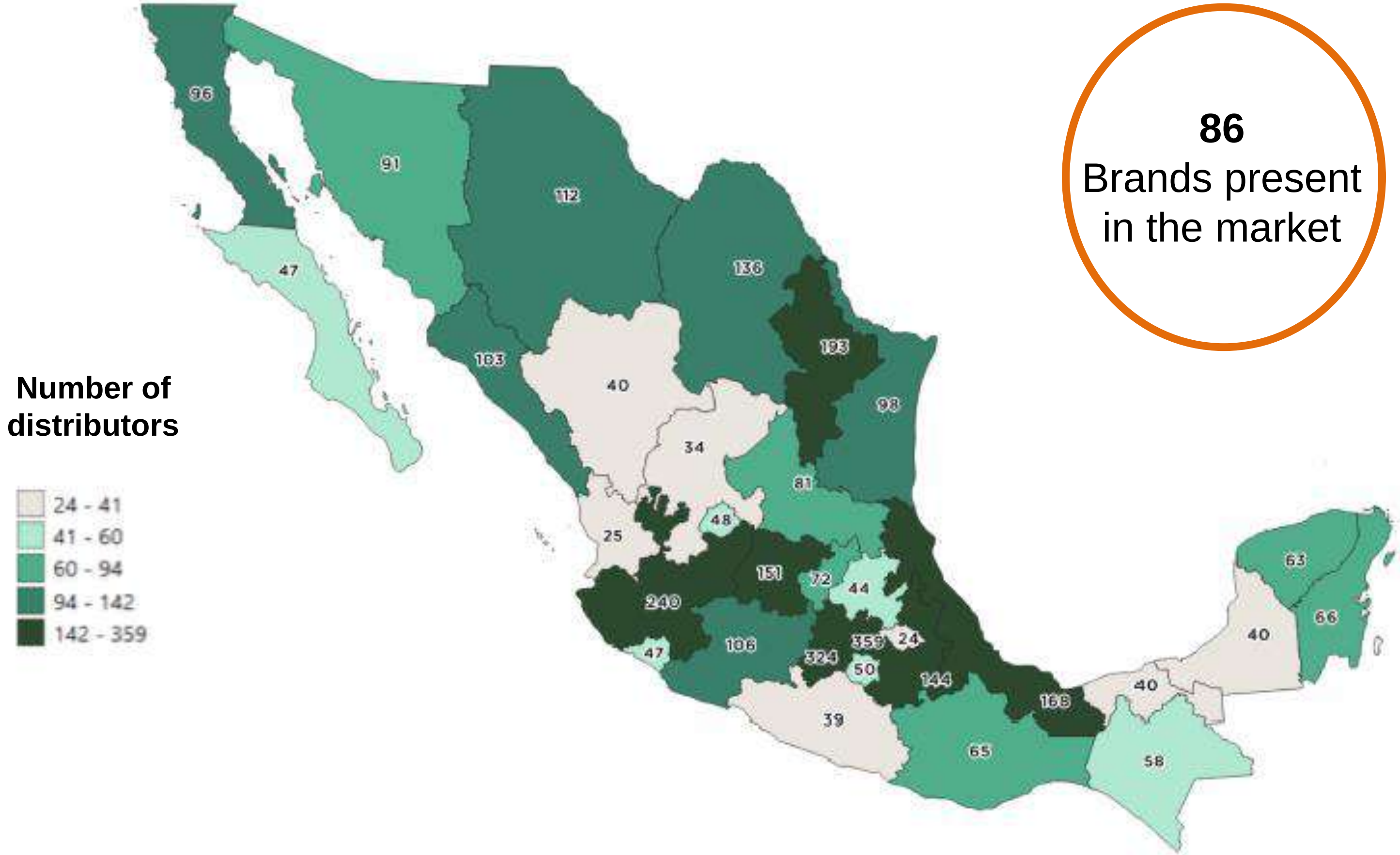


86
Brands present in the market

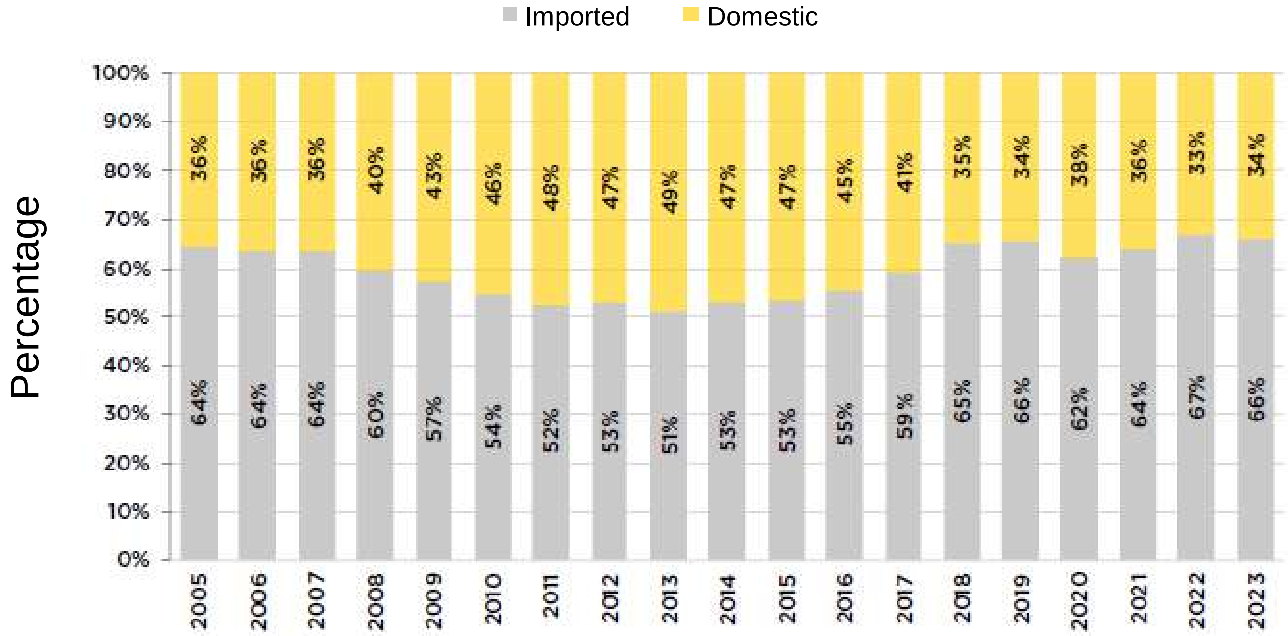
3,204
Dealerships

National Coverage
In 32 States

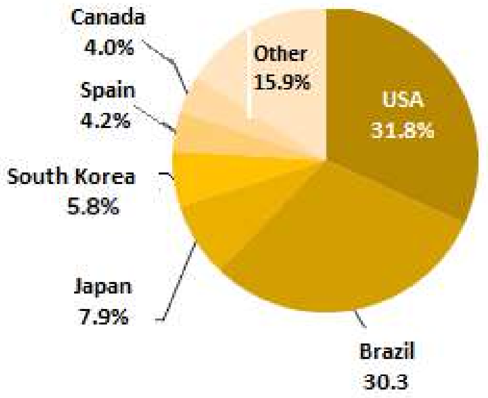
Source: Prepared by AMDA with information from Brand Associations and Official Websites.
Notes: The intervals correspond to stratification by quantiles. The information includes light and heavy vehicles (headquarters, branches and points of sale)

Structure of the Domestic Light Vehicle Market

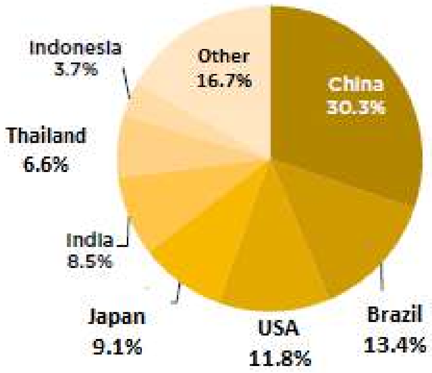
- A total of 1,361,433 light vehicles were sold in 2023 a strong increase of 24.4% compared to 2022.
- Domestic demand was dominated by imports representing 66% of the market.
- Chinese vehicles imports are leading the market with over 30% of the imports market.
- China began sales in 2017 and today there are more than 19 brands, it is expected that Chinese vehicles sales in Mexico will account for 1/3 of total sales around 500,000 units in 2025.



Imports by country 2005



Imports by country 2023



Source: INEGI

Market Share of the Domestic Vehicle Sales

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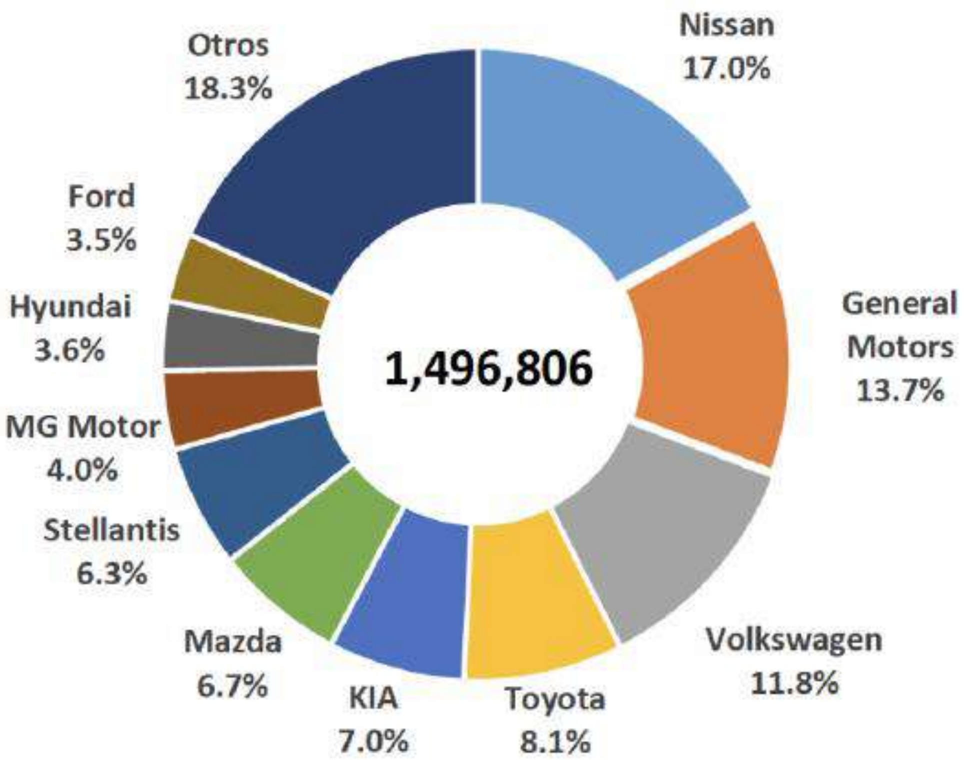
- According to figures published by INEGI, in December 2024 the sale of new light vehicles was 146,365 units, 1.9% higher than the number of units sold in December 2023
- Total sales for 2024 amounted to 1,496,806 new light vehicles, which represented an increase of 9.8% vis-a-vis 2023.

Chinese Brands

1. MG Motor
2. JAC
3. BYD
4. Chirey Motor
   - Chirey
   - Omada
   - Jaecoo
5. Motornation
   - Changan
   - JMC
   - BAIC
   - Dask
   - Seres
6. Jetour
7. Great Wall Motor
   - Haval
   - Poer
   - Tank
   - Ora
8. Geely

Light Vehicle Sales January-December 2024



Source: INEGI

Accumulated FDI of the Automotive Industry in Mexico by Country of Origin

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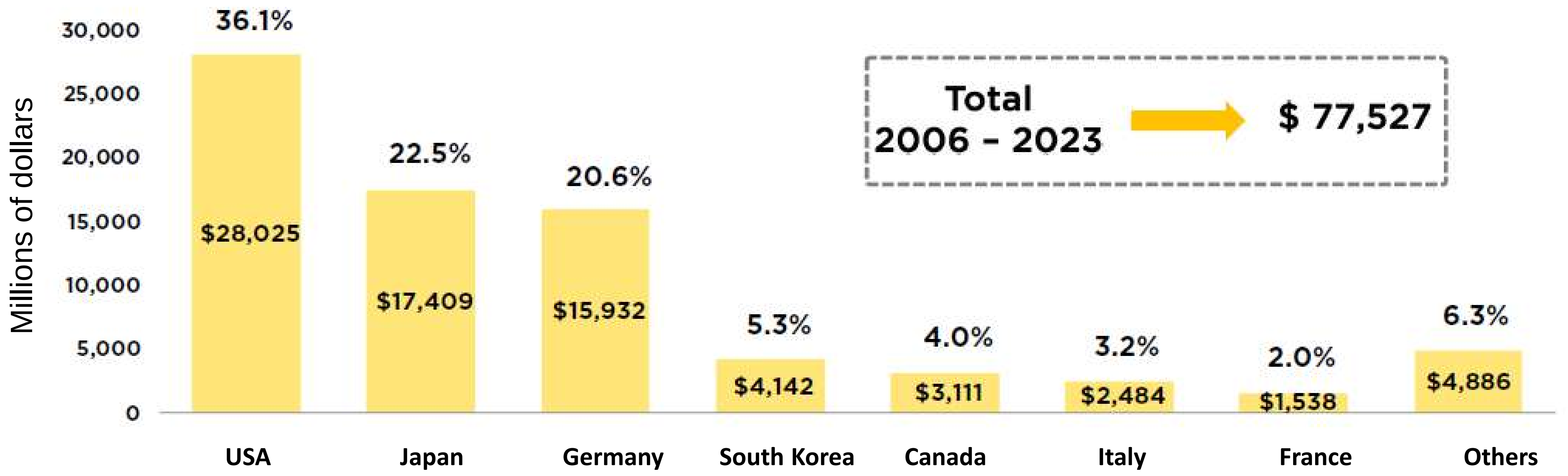
- The participation of Mainland China companies in Mexico's FDI has been incipient until recently with no major OEM Brand established with production facilities in Mexico and only accounting for 1% of total FDI in the Auto Parts sector
- There are only 33 Chinese Auto Part companies established in Mexico forma total universe of 815 companies.
- The northern State of Nuevo León leads the country in Chinese auto part manufacturing facilities, representing 27.3/ of total Mainland investments in the sector, followed by Mexico City, San Luis Potosí, Coahuila and Puebla.



Source: Ministry of Economy, Branches 3361, 3362, 3363 of SCIAN of INEGI. Accumulated FDI of the Automotive Industry in Mexico by country of origin 68

Accumulated FDI in Auto Parts in Mexico by country of origin

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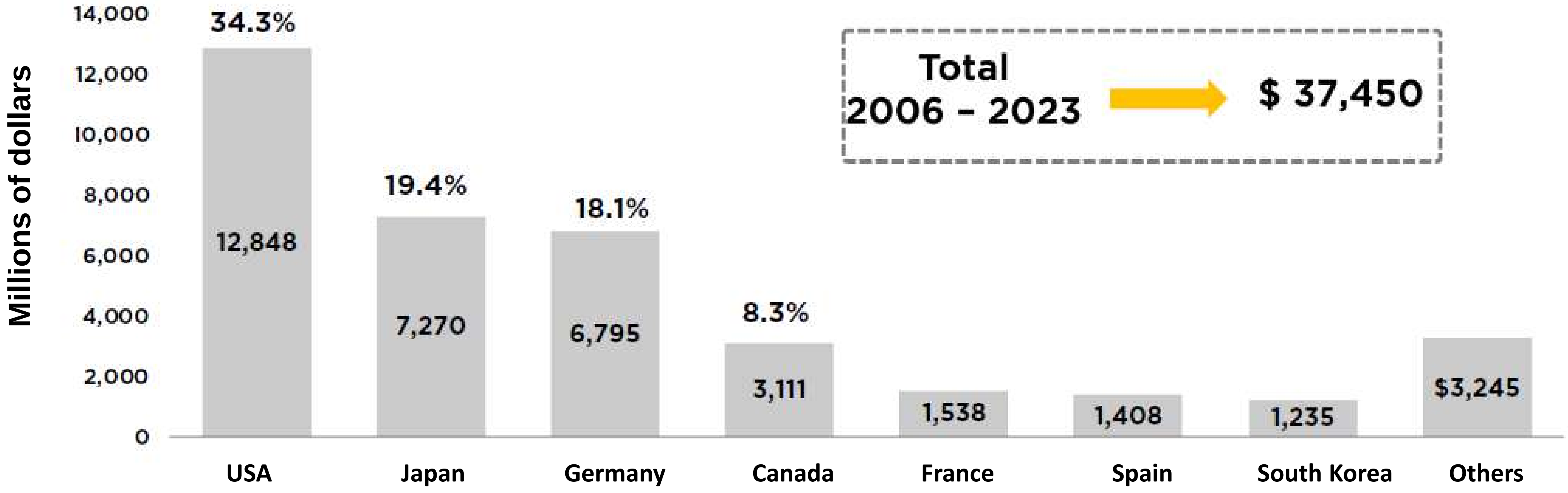
- In 2024 China occupied for the first time the second position in the Auto Parts FDI in Mexico with over $2.2 Billion dollars in 20 investment projects, representing 18.3% of total FDI and an increase of 53% versus 2023, which was led by Germany with a market share 19.3%.
- There are many opportunities to establish auto part sales in Mexico mainly at supplying a shortage in spare parts for Chinese Vehicles, situation that has made a couple of major insurers to temporarily stop insurance sales for many Chinese brands.



Source: INA with information from the Ministry of Economy

Opportunities & Threats

- BYD is the only major Chinese Vehicle manufacturer that has announced its intention to open a manufacturing major plat in Mexico to produce the electric BYD Yuan Pro, however there is no set date, amount or location for the invest, as the company is still scouting Mexico.
- Thera are significant growing opportunities to supply OEM and replacement parts for Chinese brands where there is supply shortage in a rapidly growing marketplace.
- Non double taxation and agreement and “Investment Promotion and Protection Agreement” (IPPA) with Mexico.
- The US-Mexico-Canada Agreement (USMCA) with regional content rules than can be done in Mexico to export to U.S. and Canadian markets, along with other free trade agreements such as with the EU.
- Mexico as a gateway to enter the U.S. market with highly qualified labor and with over 3,000 kilometers of border.
- President Elect Trump has declared potential 25% import tariffs on vehicles produced in Mexico, specially targeting Chinese companies with additional potential duties.
- Tesla has suspended its $5.-10 Billion giga factory project in Nuevo Leon until President Trump defines course of action with Mexico.
- USMCA will be revised in 2026 with a high chance of changing regional content policies in the Automotive Industry.
- Lack of infrastructure in Mexico to continue pace of nearshoring, mainly energy and port infrastructure.
- Potential shift on recent pro China access to the Mexican Automotive market pressured by the Trump Administration.

Key Industry Contacts

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Asociación Mexicana de Distribuidores de Automotores A.C.

www.amda.mx

- Facebook: AMDA – Asociación Mexicana de Distribuidores de Automotores
- YouTube: @AMDAMX
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ANPACT — Asociación Nacional de Productores de Autobuses, Camiones y Tractocamiones, A.C.

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Thank You! 多謝

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