



# **MEXICO'S** AUTO

## **INDUSTRY SUMMIT**

Industry Analysis • Opportunities for Suppliers

**Conference • B2B • Plant Visits**

**Leon, Guanajuato, MX**  
**December 3-4, 2014**  
**Poliforum Leon**

**MEXICO NOW**



**Industria Nacional  
de Autopartes, A.C.**

# INA

## □ VISION:

Being the most important Organization representing companies in the automotive parts sector with manufacturing interests in Mexico.

## □ MISSION:

Supporting growth and sustainable development of its members through the promotion of the global market and manufacturing of automotive and auto parts industry in Mexico.

## □ GOAL:

Leaning on the importance of the sector and the companies that comprise it, to achieve the best representation with government authorities (with special emphasis on the federal government), the automotive sector, academia and society in order to promote growth and development of auto parts industry in Mexico.

# INA MEMBERS

We group the largest Automotive parts manufacturers worldwide with presence in Mexico.

## LIGHT COMMERCIAL VEHICLE



## AFTERMARKET



## HEAVY COMMERCIAL VEHICLES



## AFFILIATES, NON-AUTOMOTIVE



# STRATEGIC ALLIANCES

INA has created a group of working with various associations of the automotive sector in Mexico with this, we can achieve a better representation of Mexican automotive sector.



INA has cooperation agreements with associations worldwide



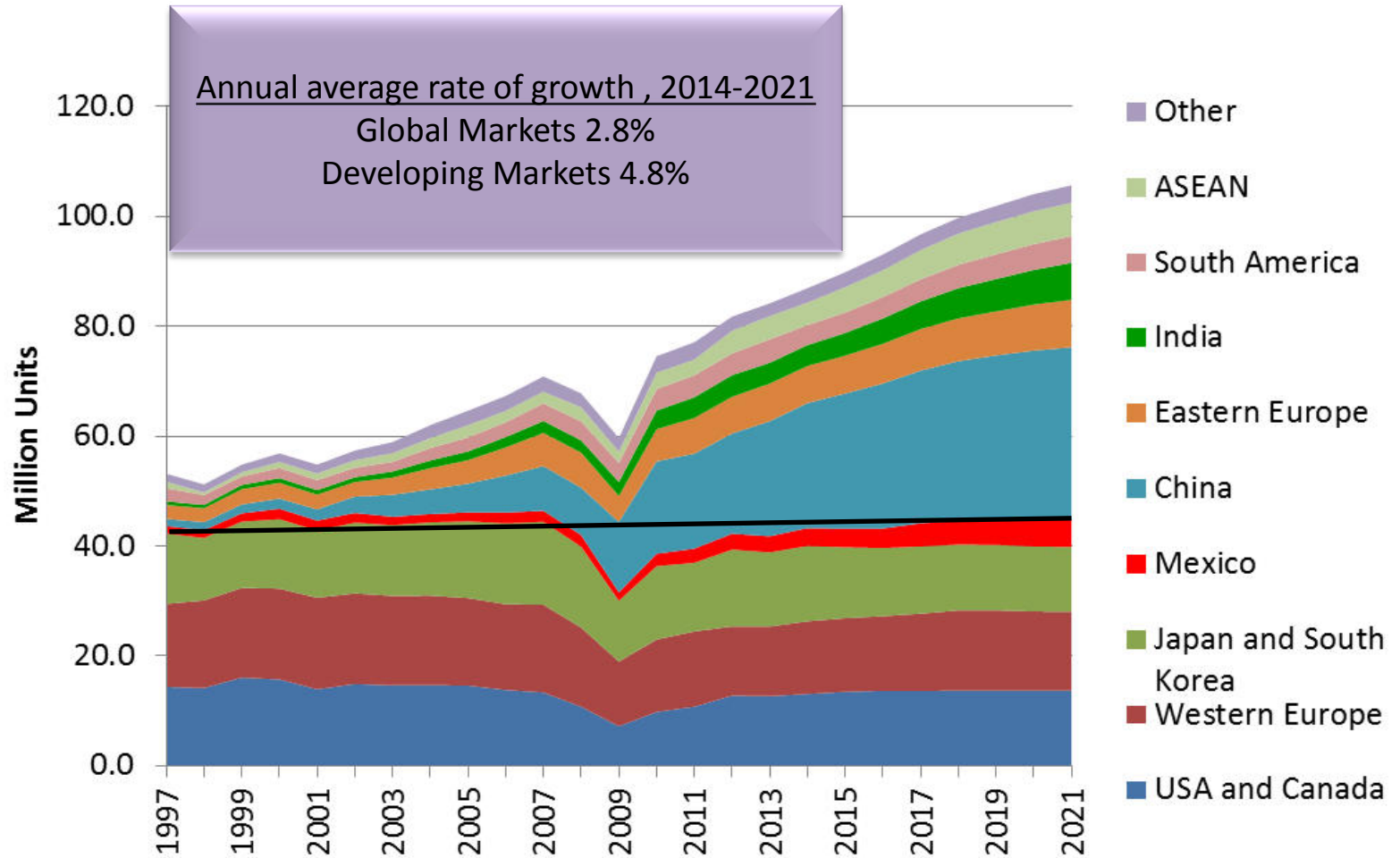
*30 Años de Responsabilidad Social Empresarial*



# Present and Future of the Supply Chain in Mexico

# 1. International Perspective

# Production of vehicles in the World, 1997-2021

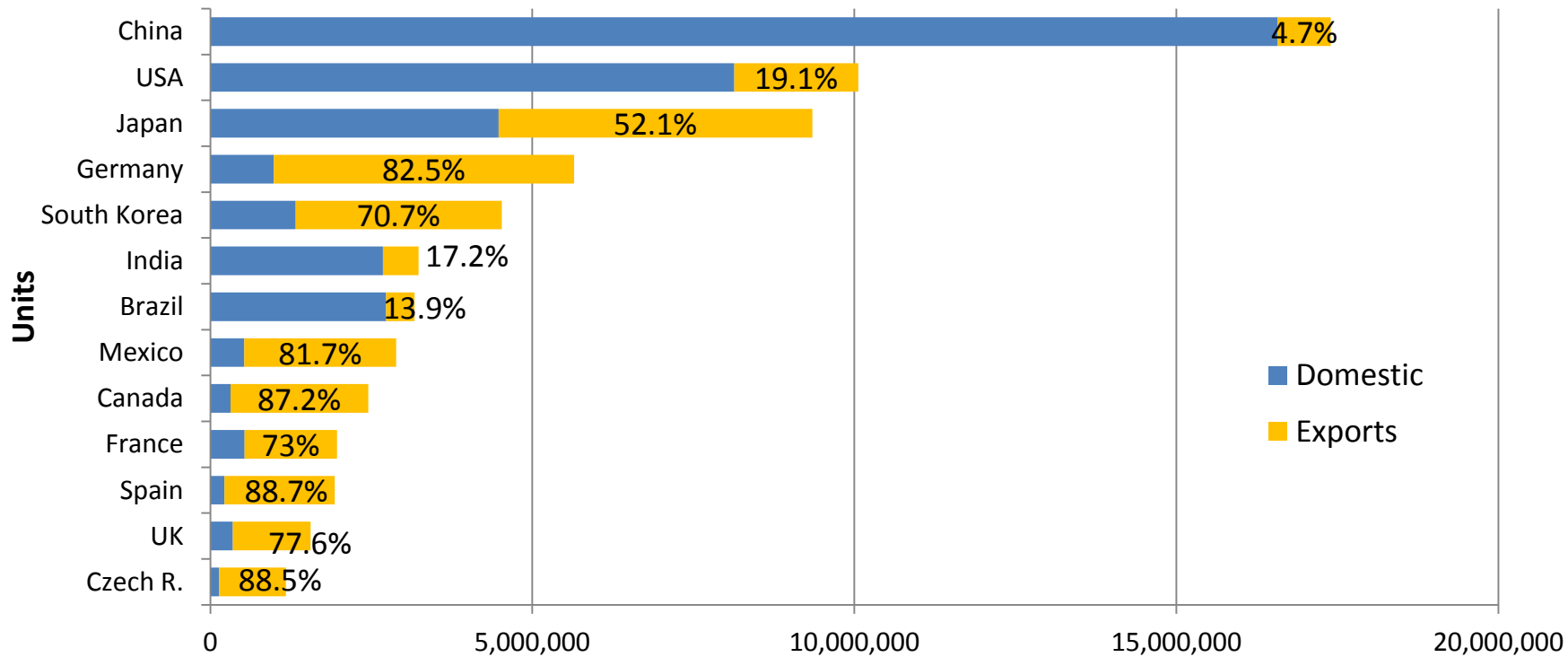


Source: IHS Global Insight



# Production Export/Domestic Market Ratio, 2013

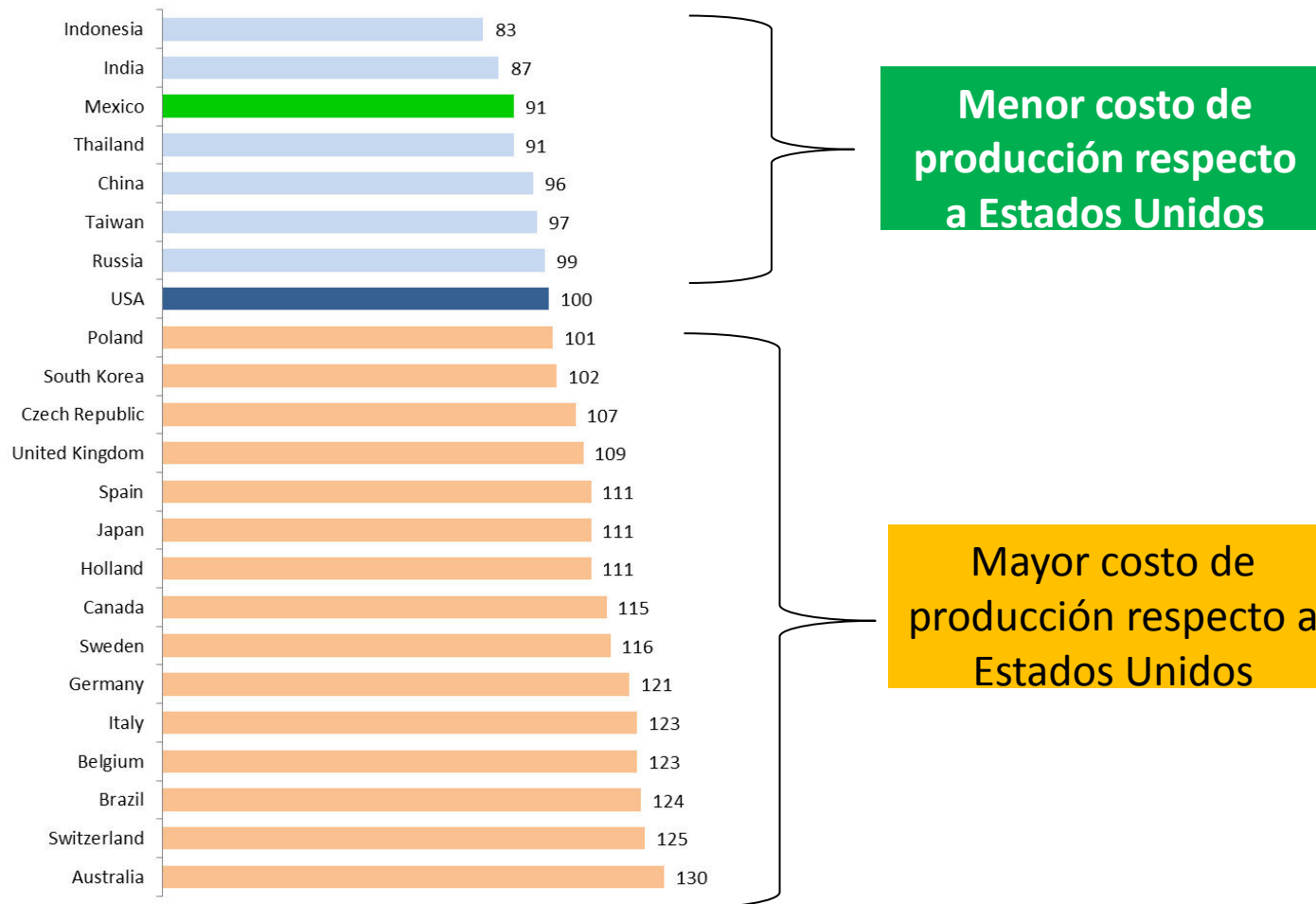
- Mexico exports up to 81.7% of its vehicle production output, therefore it becomes important to understand its free trade agreements network.



Source: ProMexico with information from OICA, Global Trade Atlas, ANFAVEA, AMIA and CAAM

# Advantages in costs of manufacturing production

- Mexican cost production is 10% lower than USA

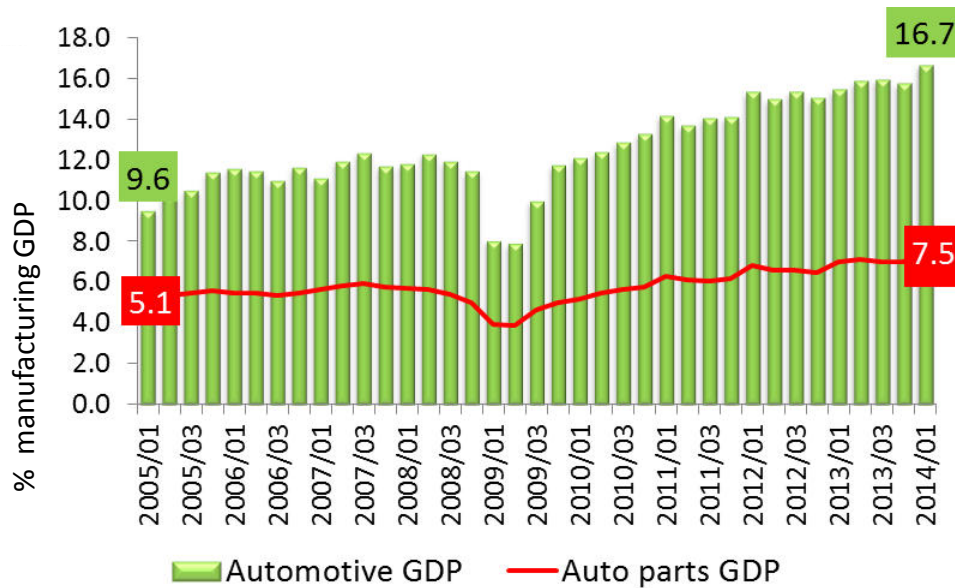


Source: Boston Consulting Group

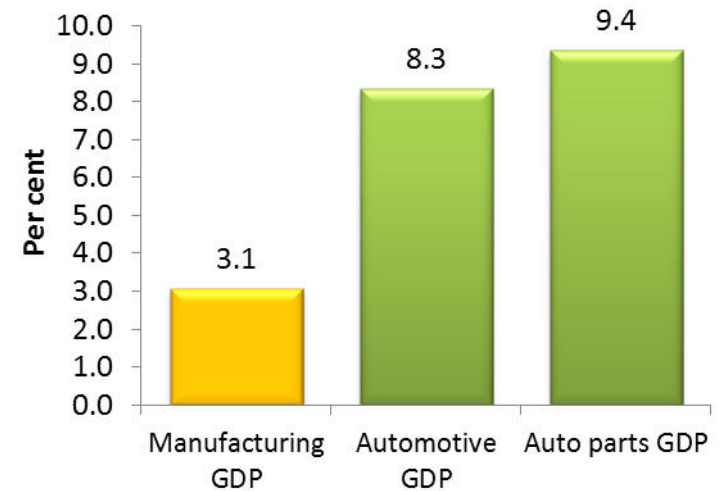
## 2. Mexico Perspectives

# Automotive and Auto parts GDP

## Automotive and Auto parts GDP, 2005-2014



## Annual Average Rate of Growth, 2011-2014\*

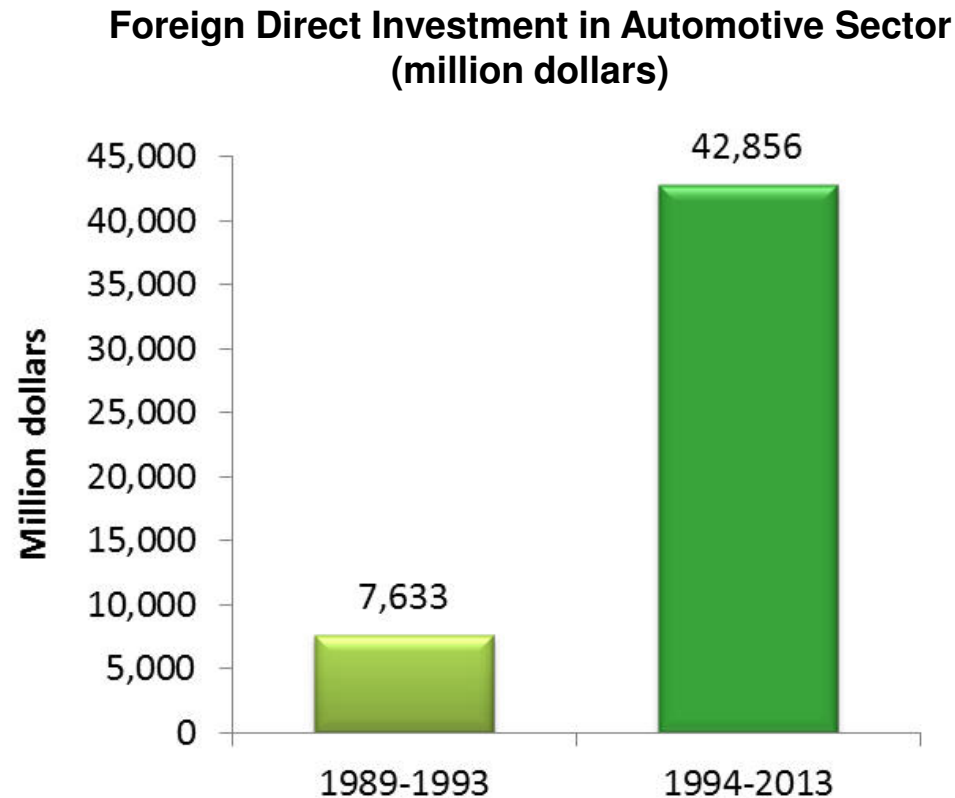


\*Rates were calculated between third quarter of 2011 and 2013

Source: INA with information from INEGI

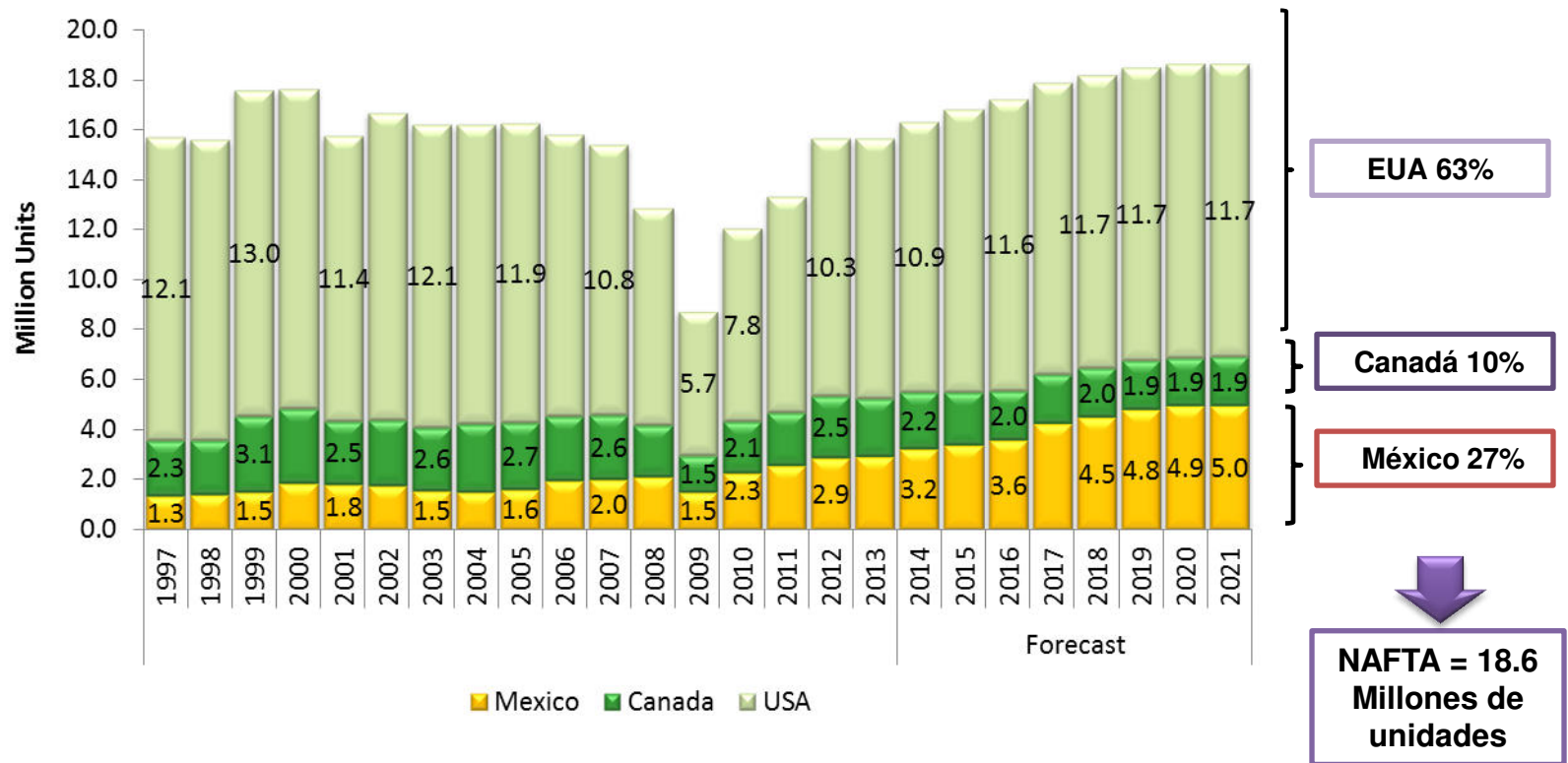
# Foreign Direct Investment

- ▶ After the enactment of the North America Free Trade Agreement (NAFTA), Foreign Direct Investment amounted more than 42 billion dollars.



Source: Kasso & Asociados with data from Mexican Ministry of Economy and Mexican Central Bank

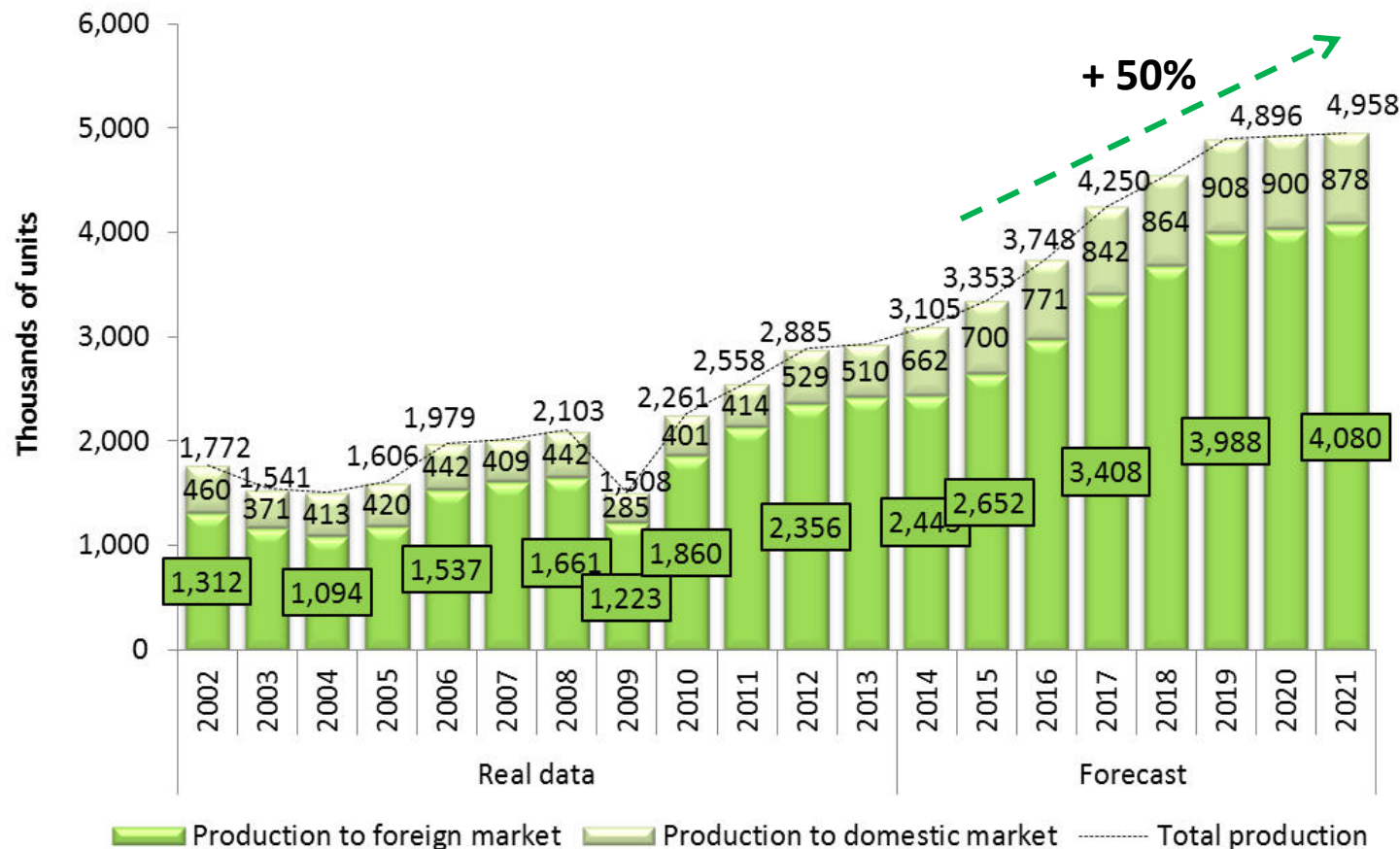
# Light Vehicle Production in NAFTA Region



\*From 1997- 2013 data from AMIA for Mexico and OICA for USA and Canada. From 2014- 2019 forecast from IHS Global Insight.

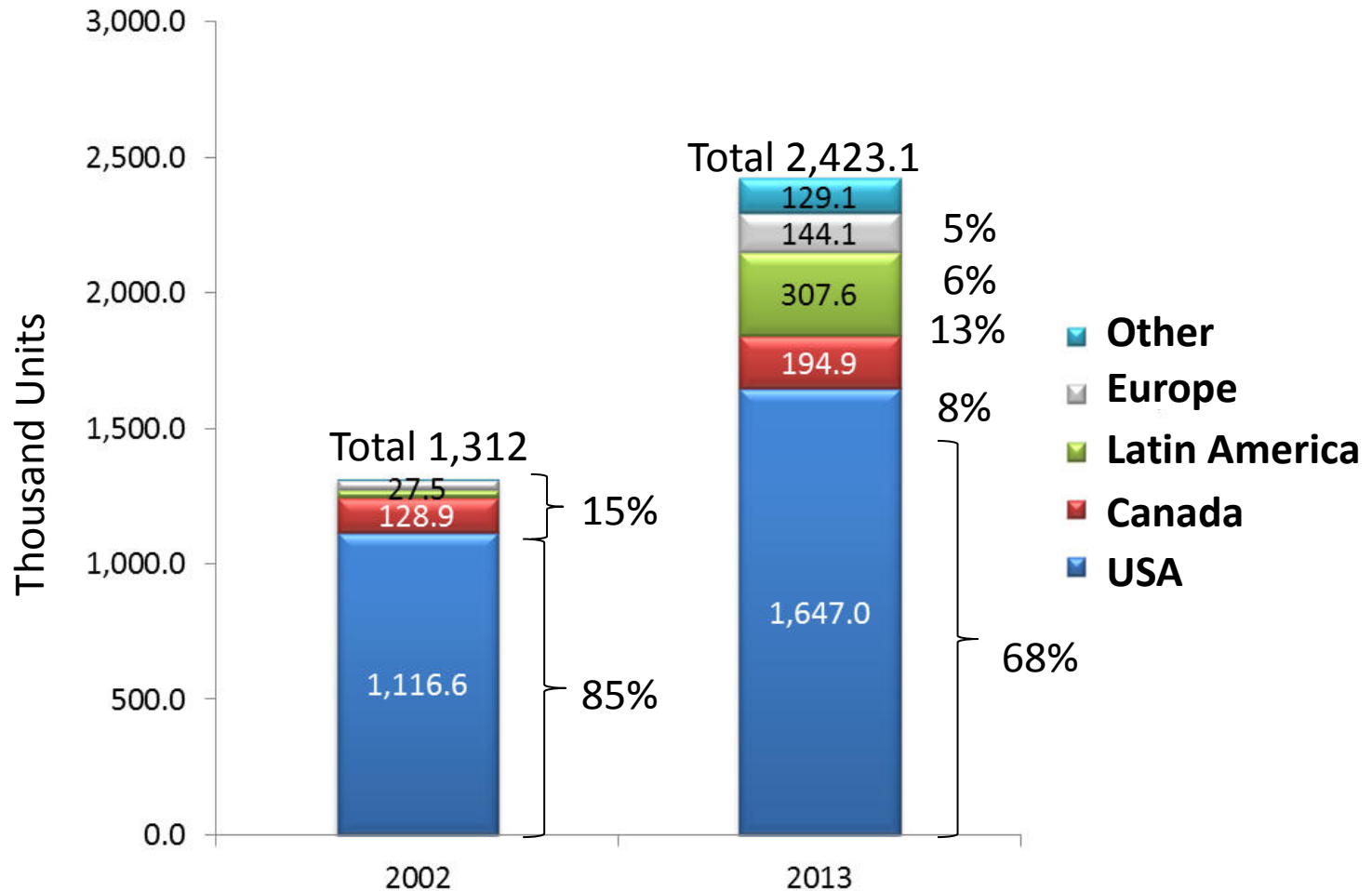
Source: INA with information from AMIA, IHS Global Insight and OICA

# Production of light vehicles in Mexico 2002-2021



Source: INA with information from AMIA

# Exports of light vehicles per region 2002 vs 2013



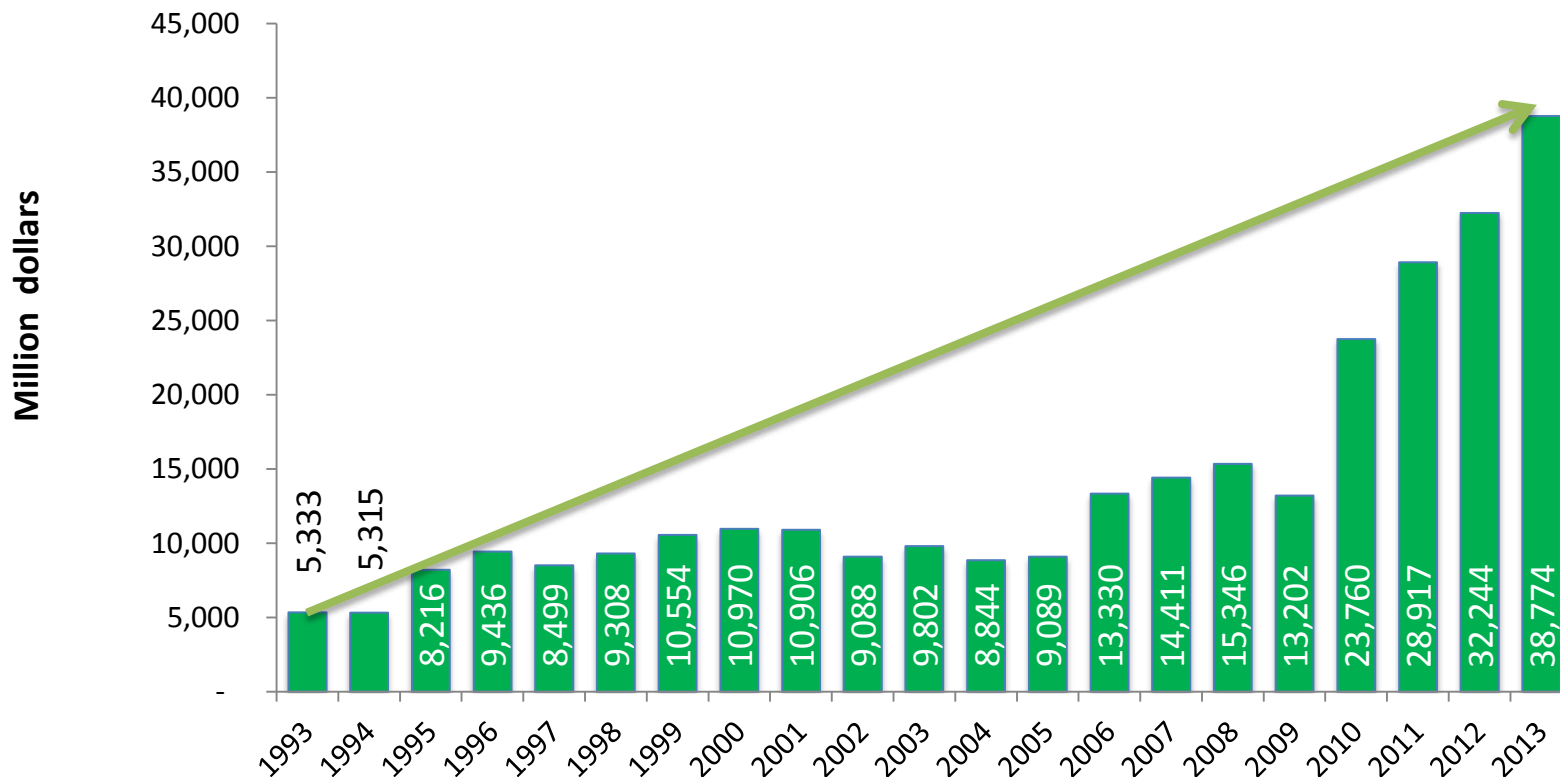
Source: INA with information from AMIA



# Balance Trade of Automotive Sector

- During 2013, balance trade of automotive sector reached a surplus of 38,774 million dollars.

## Balance Trade of Automotive Sector



Source: Mexican Central Bank (BANXICO).

\* Automotive includes: 8702 - motor vehicles for the transport => 10 people; 8703 - tourism cars; 8704 - vehicles for transportation of goods; 8706 - Chasises with engine; 8707 - Bodies; 8708 - vehicle parts and accessories; and 8711 - motorcycles.

# Forecast of Light Vehicle Production in México, 2014-2019

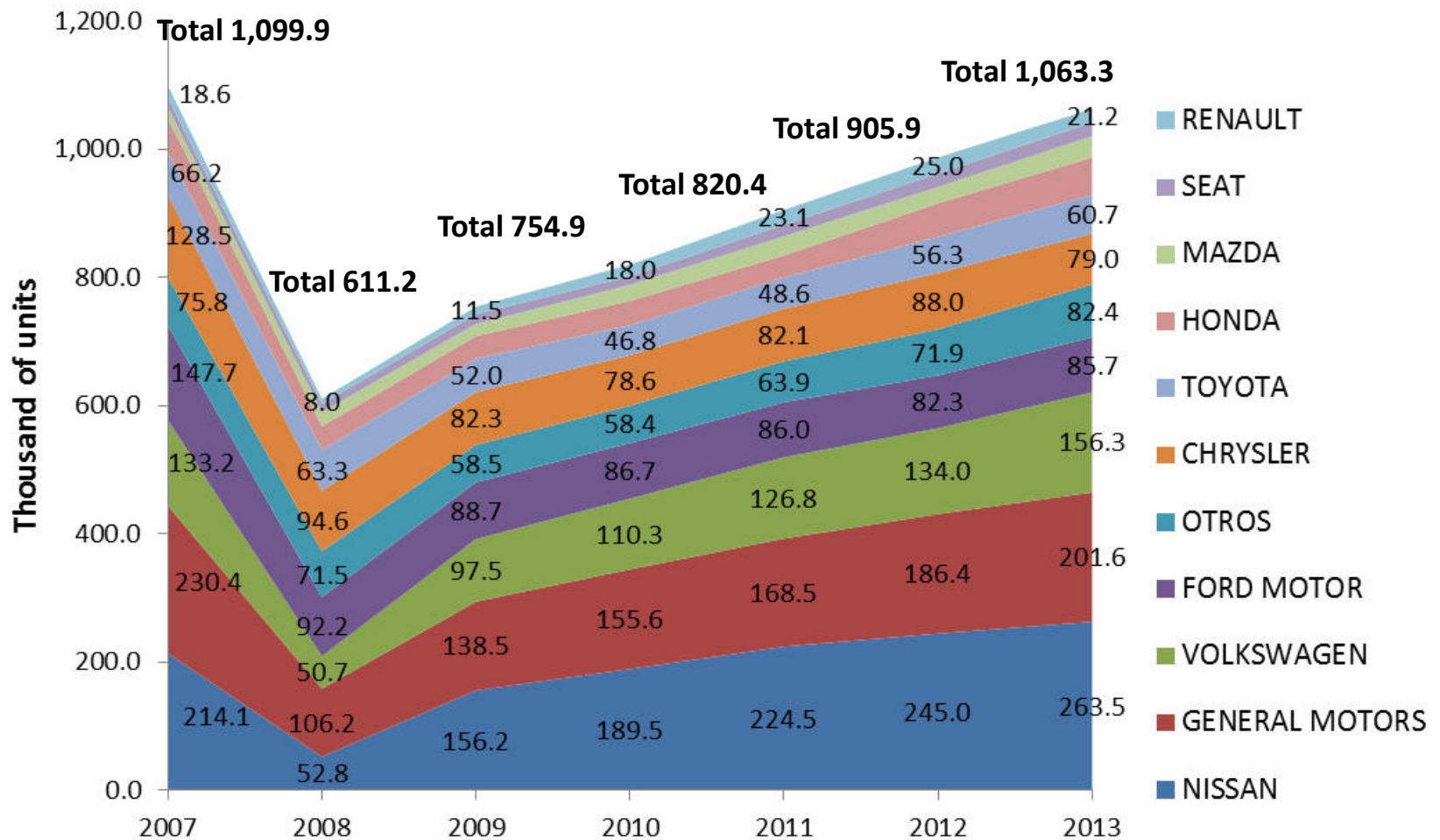
Forecast of production of light vehicles in Mexico, 2014-2019

(units)

OEM	2014	2015	2016	2017	2018	2019
Nissan	643,686	683,770	762,841	884,158	922,294	939,069
General Motors	670,988	670,185	621,438	760,621	786,997	781,662
Volkswagen	537,840	554,204	603,346	617,047	611,667	649,607
Chrysler	375,373	417,947	586,641	544,818	562,147	555,425
Ford	471,551	456,968	432,410	355,867	442,292	530,676
Honda	170,722	251,950	279,427	322,326	321,022	318,748
Mazda	89,696	178,972	200,129	253,245	257,192	236,283
Toyota	54,682	71,557	154,723	160,235	168,589	164,398
BMW	0	0	0	0	0	150,000
Audi	0	0	72,503	131,270	155,300	149,837
Infiniti	0	0	0	51,237	49,863	46,708
Mercedes Benz				19,071	68,836	73,554
Fiat	90,160	67,014	24,366	0	0	0
KIA			10,000	150,000	200,000	300,000
<b>Total</b>	<b>3,104,698</b>	<b>3,352,567</b>	<b>3,747,824</b>	<b>4,249,895</b>	<b>4,546,199</b>	<b>4,895,967</b>

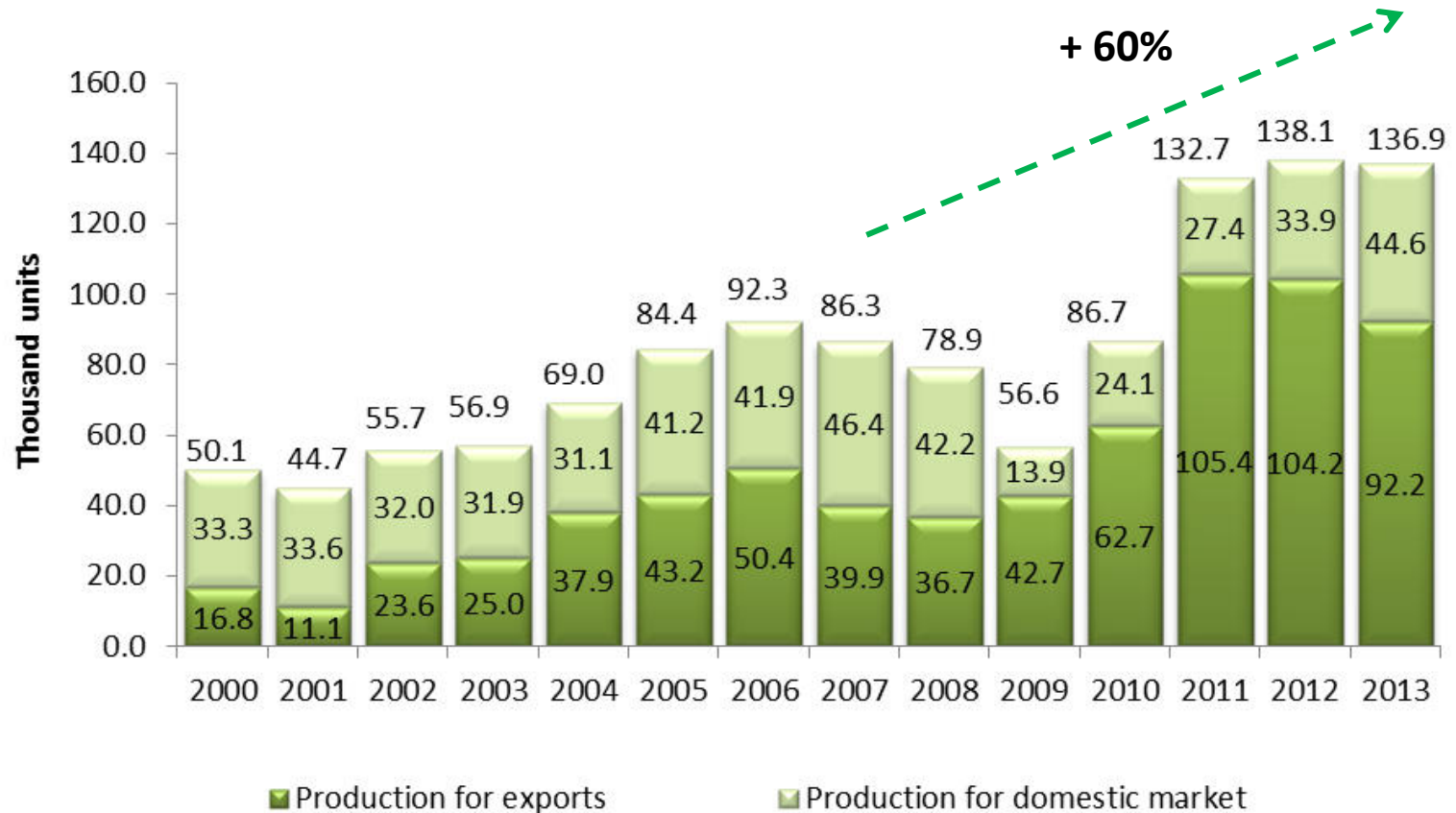
Source: INA with information from IHS Global Insight

# Light Vehicle Sales in Mexico per OEM



Source: INA with information from AMIA

# Production and exports of heavy vehicles, 2000-2013\*



\* Forecast to 2013

Source: ANPACT

## **2.1 Mexico Auto Parts Perspectives**

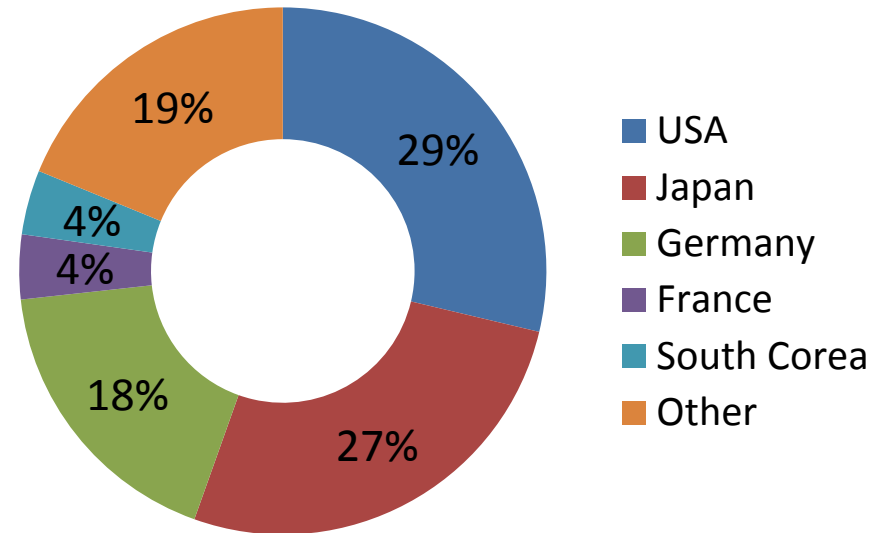
# Most important manufacturers are located in Mexico

- The location of the most important auto parts around the world strengthens Mexican productive chain.

Main auto parts manufacturers in Mexico



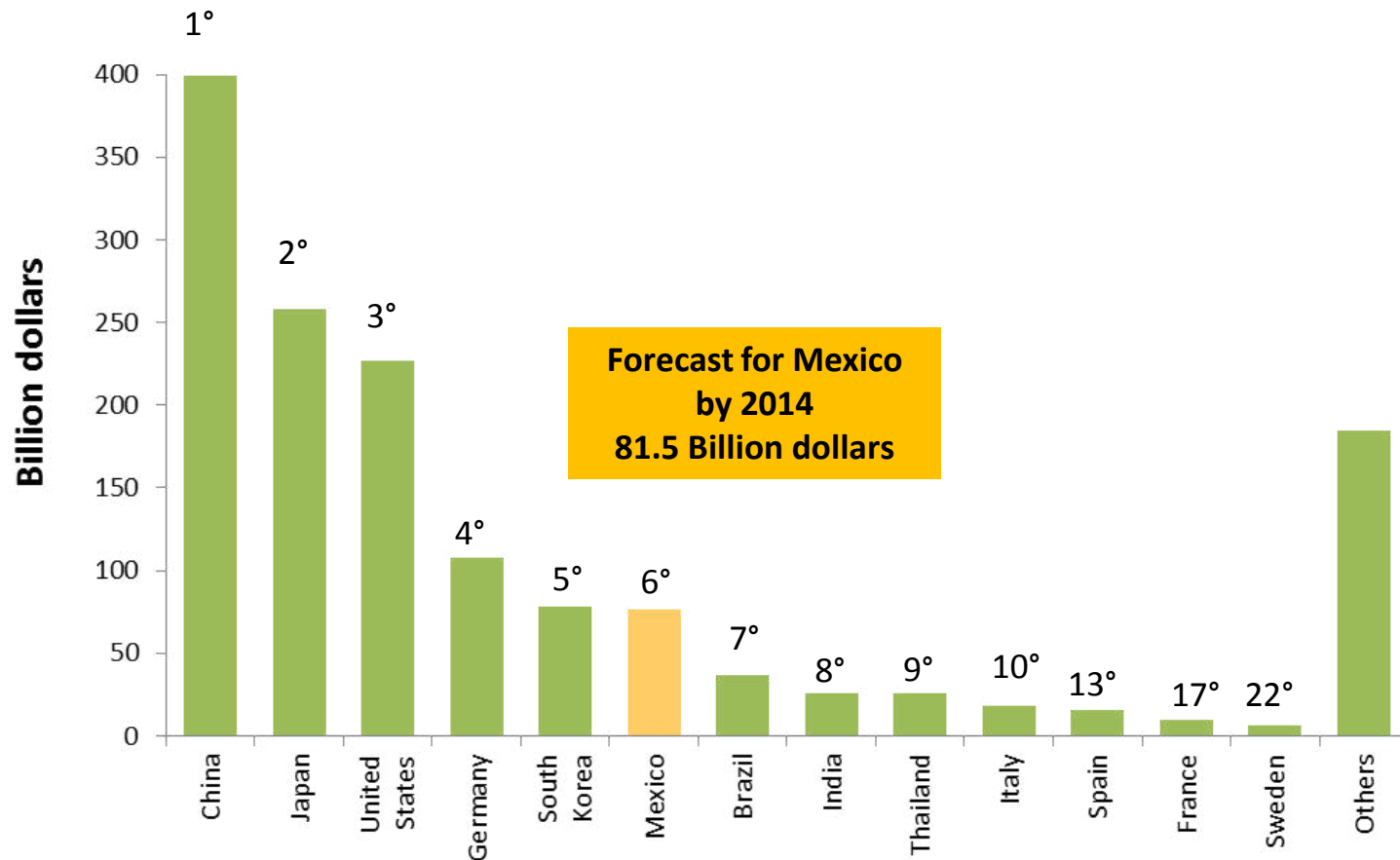
Origin of the auto parts manufacturers located in Mexico



Source: ProMéxico

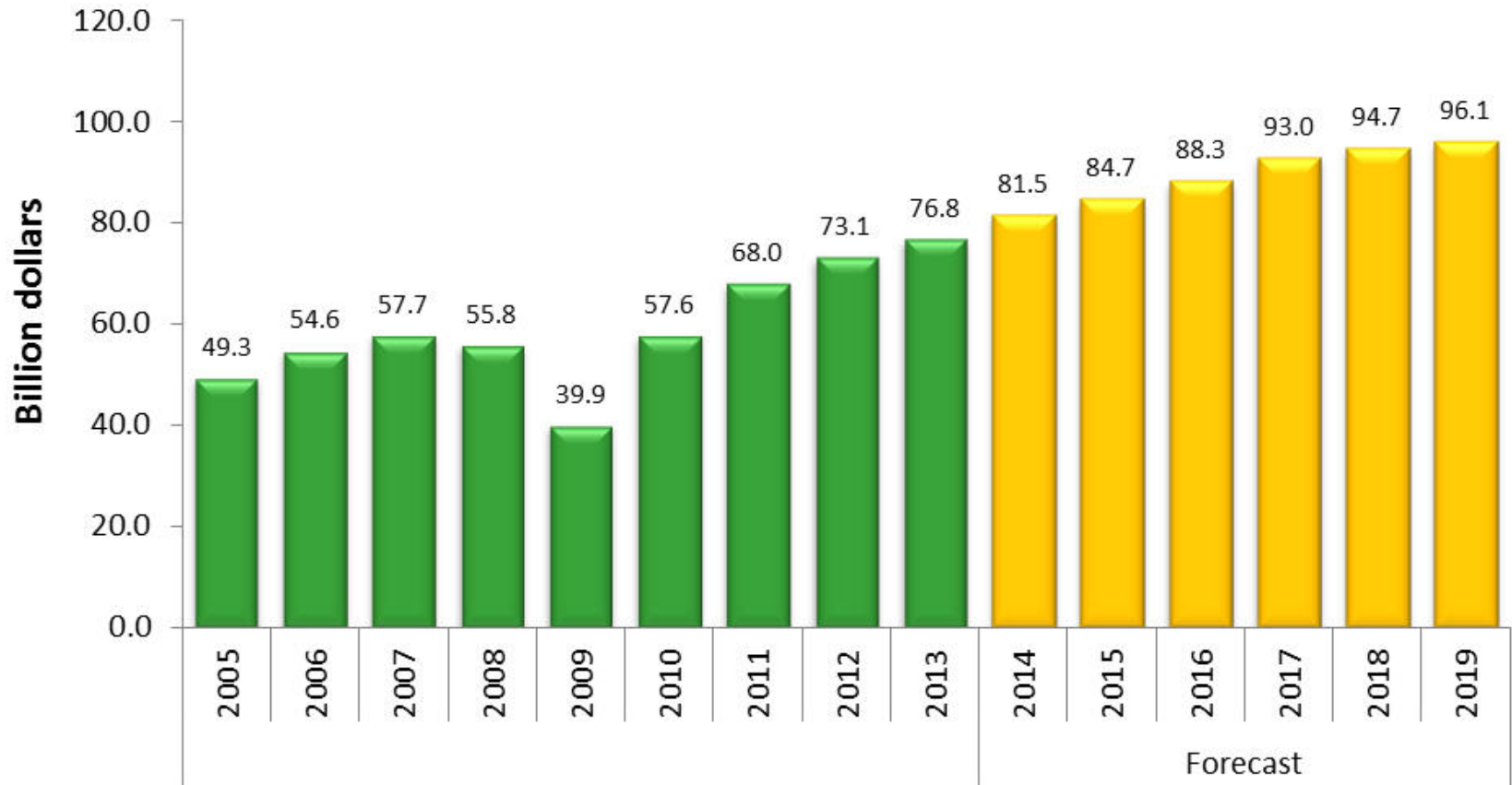
# Auto parts production by country 2013

- During 2013 Mexico was the sixth largest producer of auto parts in the world with a production value of 76.8 billion dollars.



Source: ProMéxico with information from Global Insight and INEGI.

# Auto Parts Production

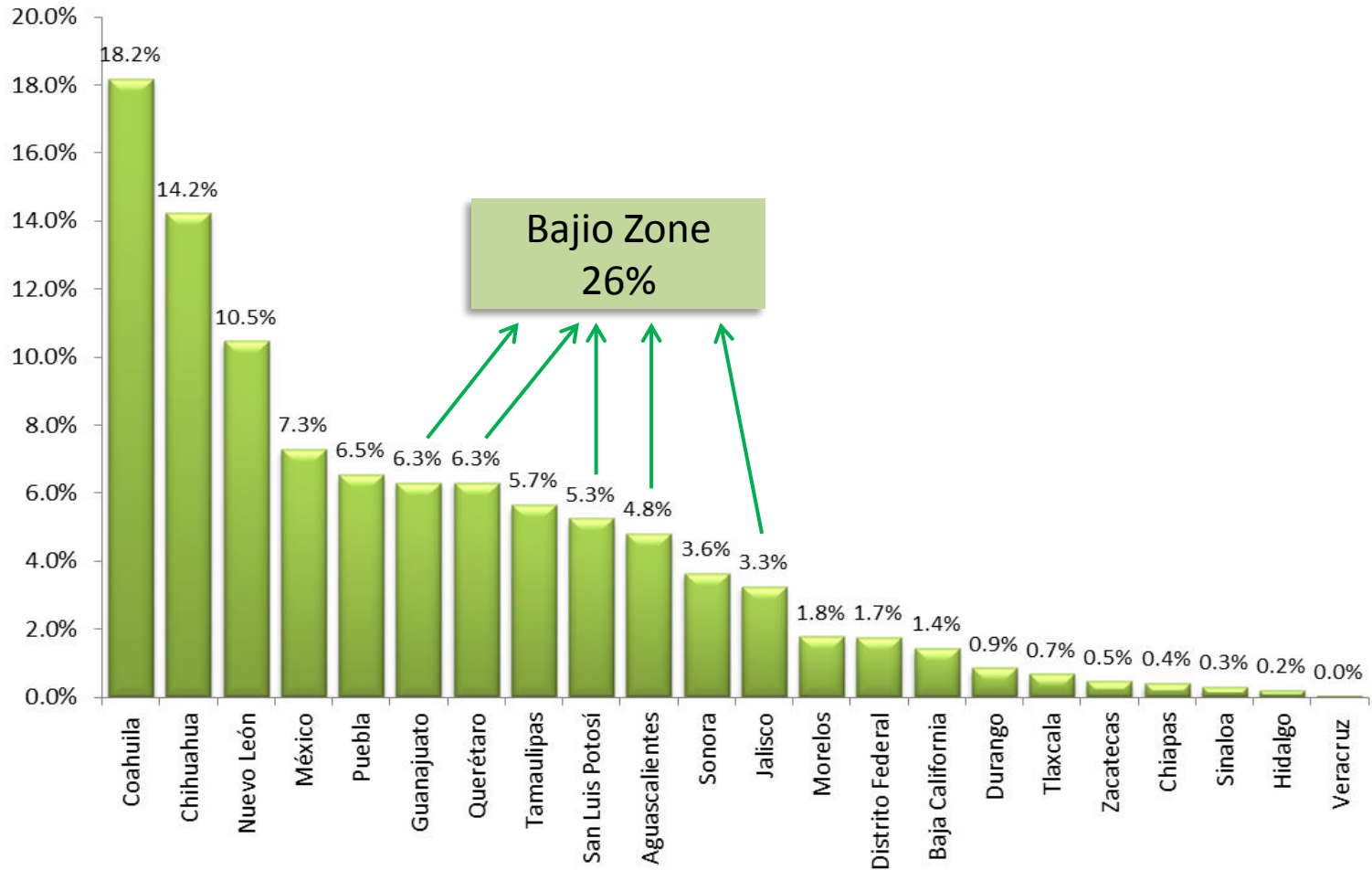


Source: INA with information from INEGI, AMIA and IHS Global Insight



# Auto Parts Production per State, 2013

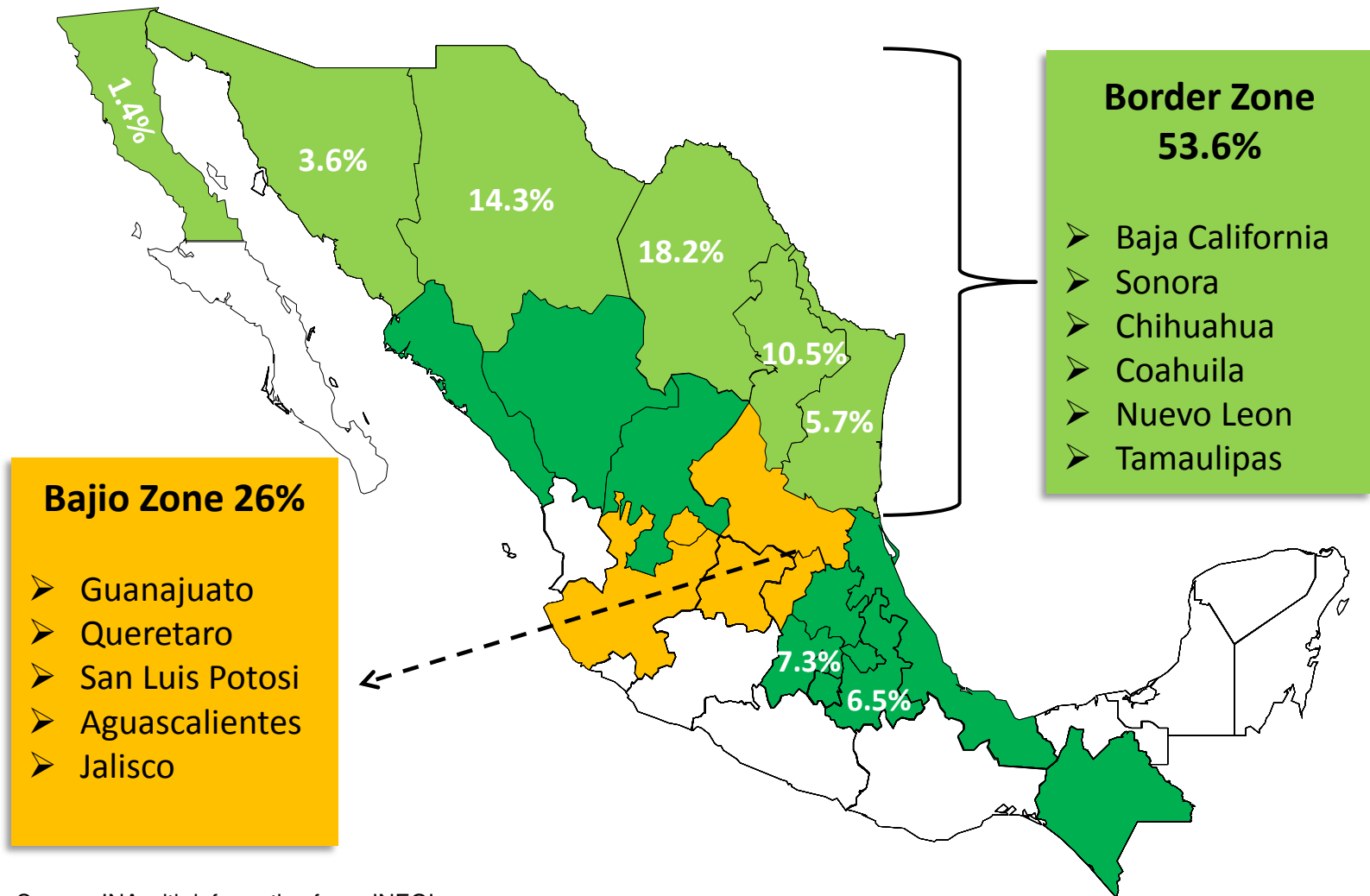
(includes engines and transmissions)



Source: INA with information from INEGI

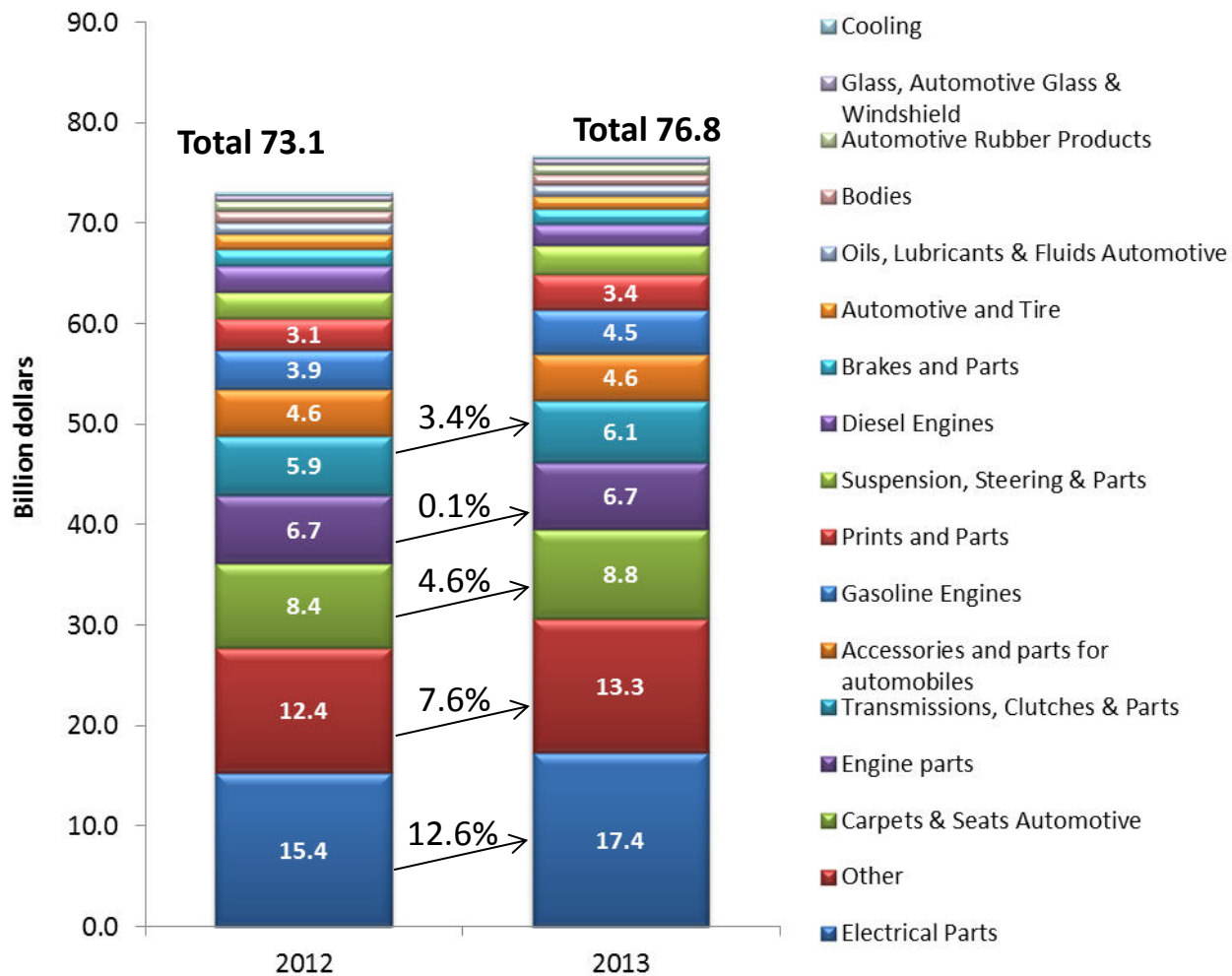
# Auto Parts Production per State, 2013

(includes engines and transmissions)



Source: INA with information from INEGI

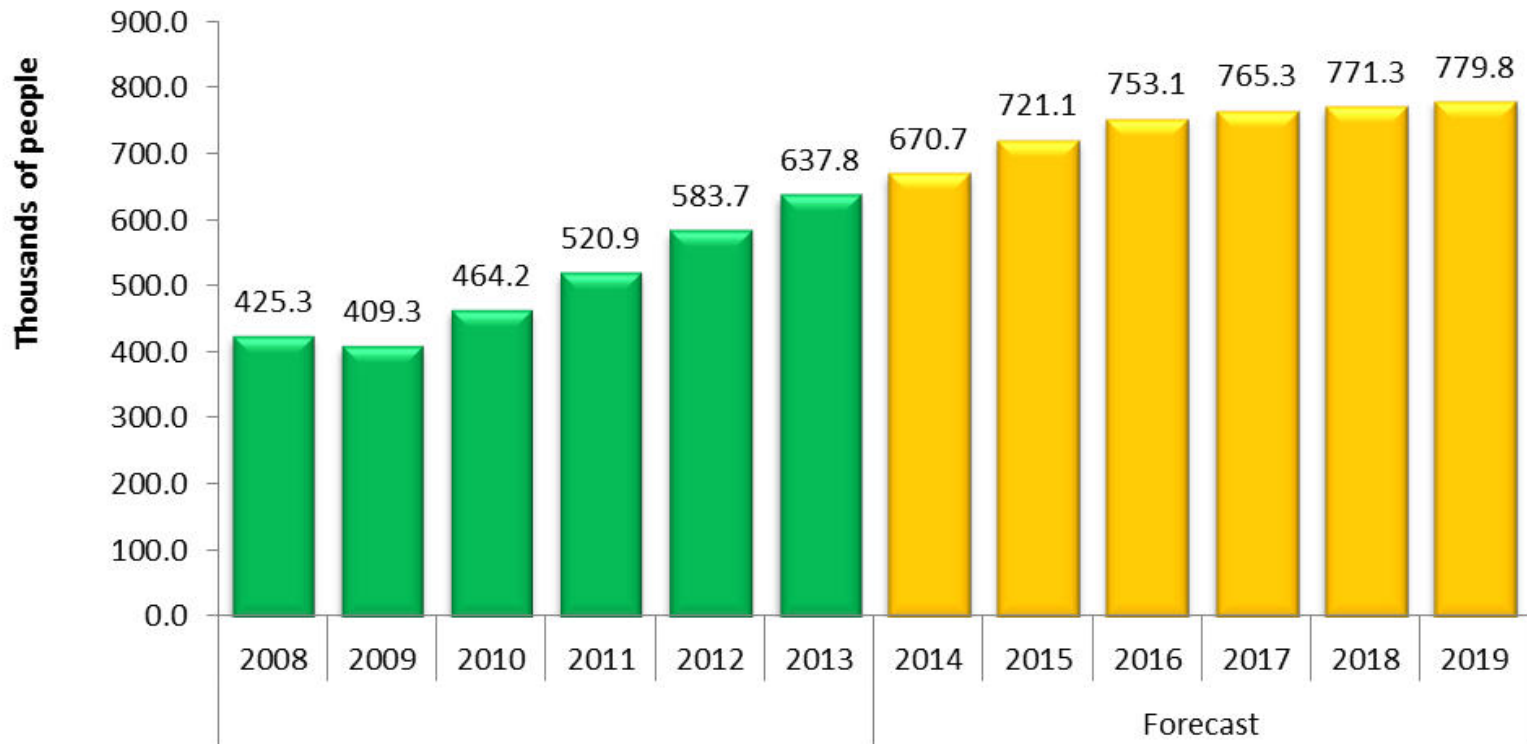
# Production of autoparts per sistem, 2012-2013



Fuente: INA con información de INEGI

# Employment in Auto Parts Sector

## Employment in Auto Parts Sector



Source: INA with information from INEGI, AMIA and IHS Global Insight

# World Trade of Auto Parts 2013

- Mexico is the **5th largest exporter / importer** of auto parts on a global level

Countries	Exports 2013 (million dollars)	%	Countries	Imports 2013 (million dollars)	%
Germany	130,898	15%	USA	145,996	17%
USA	93,151	11%	Germany	95,532	11%
China	81,936	9%	China	49,161	6%
Japan	74,705	8%	Canada	44,579	5%
<b>Mexico</b>	<b>57,833</b>	<b>7%</b>	<b>Mexico</b>	<b>38,897</b>	<b>5%</b>
South Korea	41,474	5%	United Kingdom	37,314	4%
France	39,197	4%	France	34,364	4%
Italy	32,263	4%	Spain	30,443	4%
Czech Republic	26,830	3%	Russia	27,161	3%
Rest of the world	303,547	34%	Rest of the world	336,207	40%
<b>Total</b>	<b>881,834</b>	<b>100%</b>	<b>Total</b>	<b>839,654</b>	<b>100%</b>

Source: ProMéxico with information from Global Trade Atlas

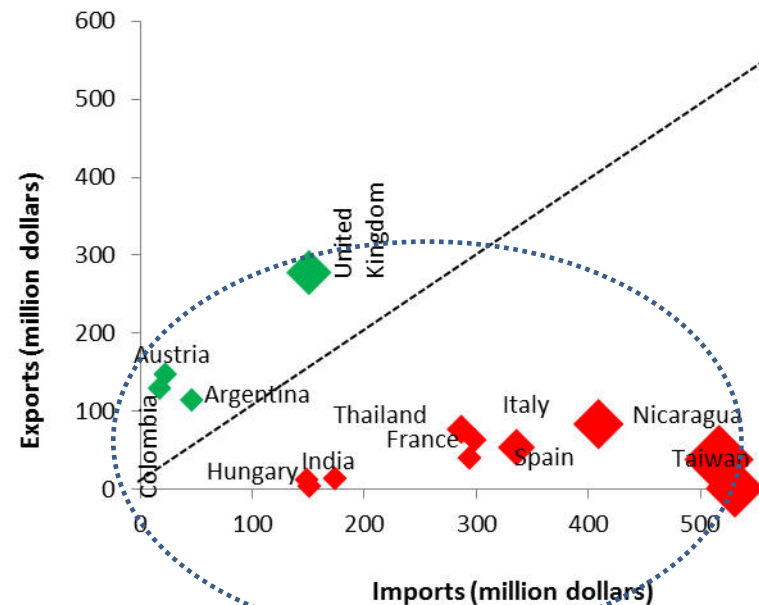
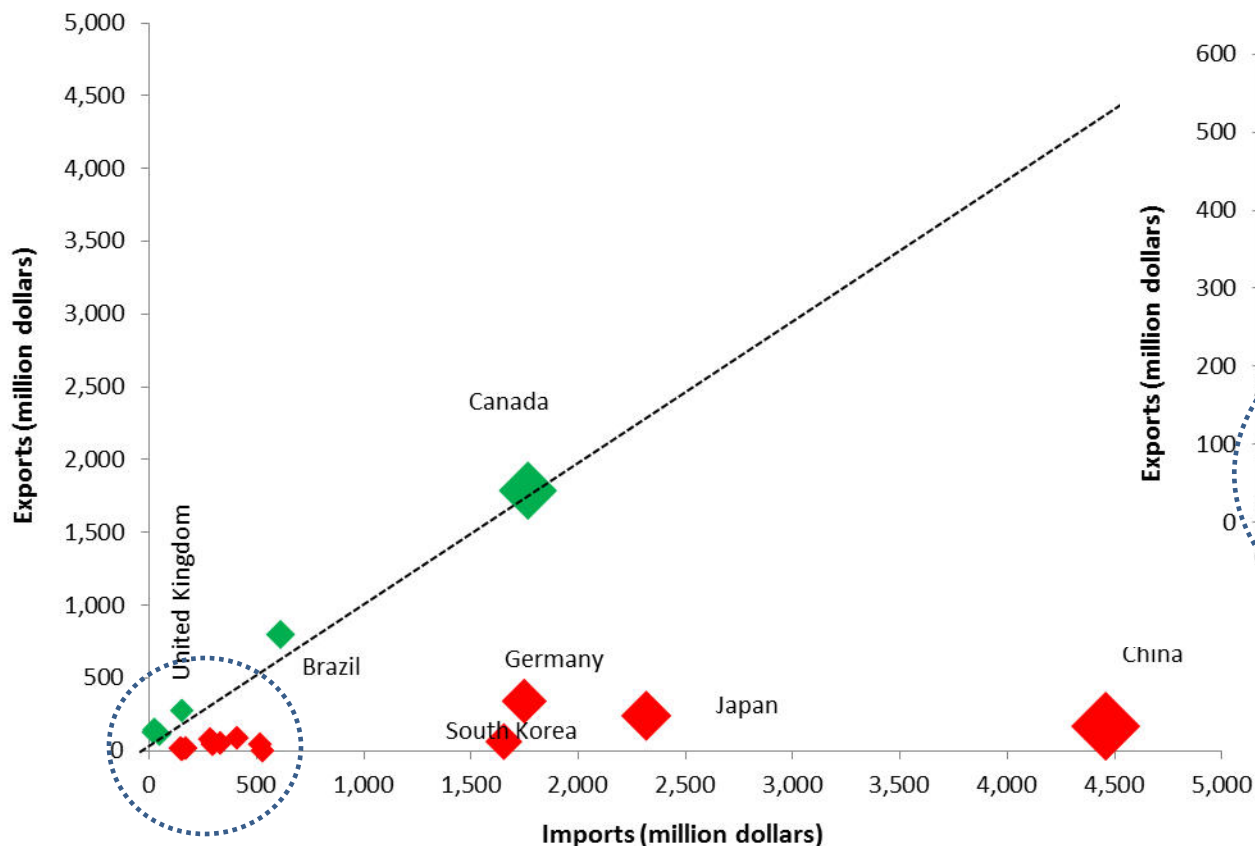
# Mexican Exports & Imports of Auto Parts per Country

## Exports and imports of auto parts in Mexico, 2013

Country	Exports	%	Country	Imports	%
USA	52,031	90.1%	USA	20,872	54.6%
Canada	1,547	2.7%	China	4,488	11.7%
Brazil	825	1.4%	Japan	2,317	6.1%
Germany	398	0.7%	Canada	1,774	4.6%
China	388	0.7%	Germany	1,737	4.5%
United Kingdom	236	0.4%	South Korea	1,713	4.3%
Japan	185	0.3%	Brazil	606	1.6%
South Korea	184	0.3%	Spain	539	1.4%
Thailand	148	0.3%	Nicaragua	519	1.3%
Nicaragua	147	0.3%	Taiwan	516	1.1%
<b>Total</b>	<b>57,833</b>	<b>100%</b>	<b>Total</b>	<b>38,897</b>	<b>100%</b>
<b>Balance trade</b>	<b>18,936</b>				

Source: ProMéxico with information from Global Trade Atlas

# Mexican exports and imports of auto parts in selected countries, 2013 (Excludes USA)



Source: INA with information from Global Trade Atlas

# Main Auto Parts Exported, 2013

## Main auto parts exported by Mexico, 2012-2013

Auto Parts	TOTAL 2012 (Million USD)	TOTAL 2013 ( Million USD)	Growth (%)
Harnesses	4,981	5,970	20%
Seats for vehicles and their parts	3,993	4,531	13%
Airbags (security system)	1,177	1,452	23%
Radio-broadcast receivers, including those with bluetooth and USB ports	910	1,164	28%
Electric conductors of copper, aluminum and their alloys for a voltage not exceeding 80v	934	1,101	18%
Automatic gearboxes	848	994	17%
Catalytic converters	659	833	26%
Drive axles with differential, whether or not provided with other transmission components and their parts	676	792	17%
Steering wheels	588	655	12%
<b>TOTAL EXPORTS</b>	<b>52,054</b>	<b>57,833</b>	<b>11%</b>

Source: INA with information from Global Trade Atlas



# Main Auto Parts Imported, 2013

Main auto parts imported by Mexico, 2012-2013			
Auto Parts	TOTAL 2012 (Million USD)	TOTAL 2013 ( Million USD)	Growth (%)
Wires and cables of copper, aluminum and their alloys	1,616	1,786	10%
Seats for vehicles and their parts	1,082	1,222	13%
Tires	1,659	1,630	-2%
Harnesses	381	904	137%
Engines for Vehicles, cylinder apacity between 1,000 cm3	257	663	158%
Parts for steering system, including columns (except axles)	563	554	-2%
Mechanisms for disc brakes and their parts, including booster and its parts	455	534	17%
Seat belts and retractors devices and their parts	378	462	22%
Driveshafts and crankshafts	372	423	14%
<b>TOTAL IMPORTS</b>	<b>36,431</b>	<b>38,897</b>	<b>7%</b>

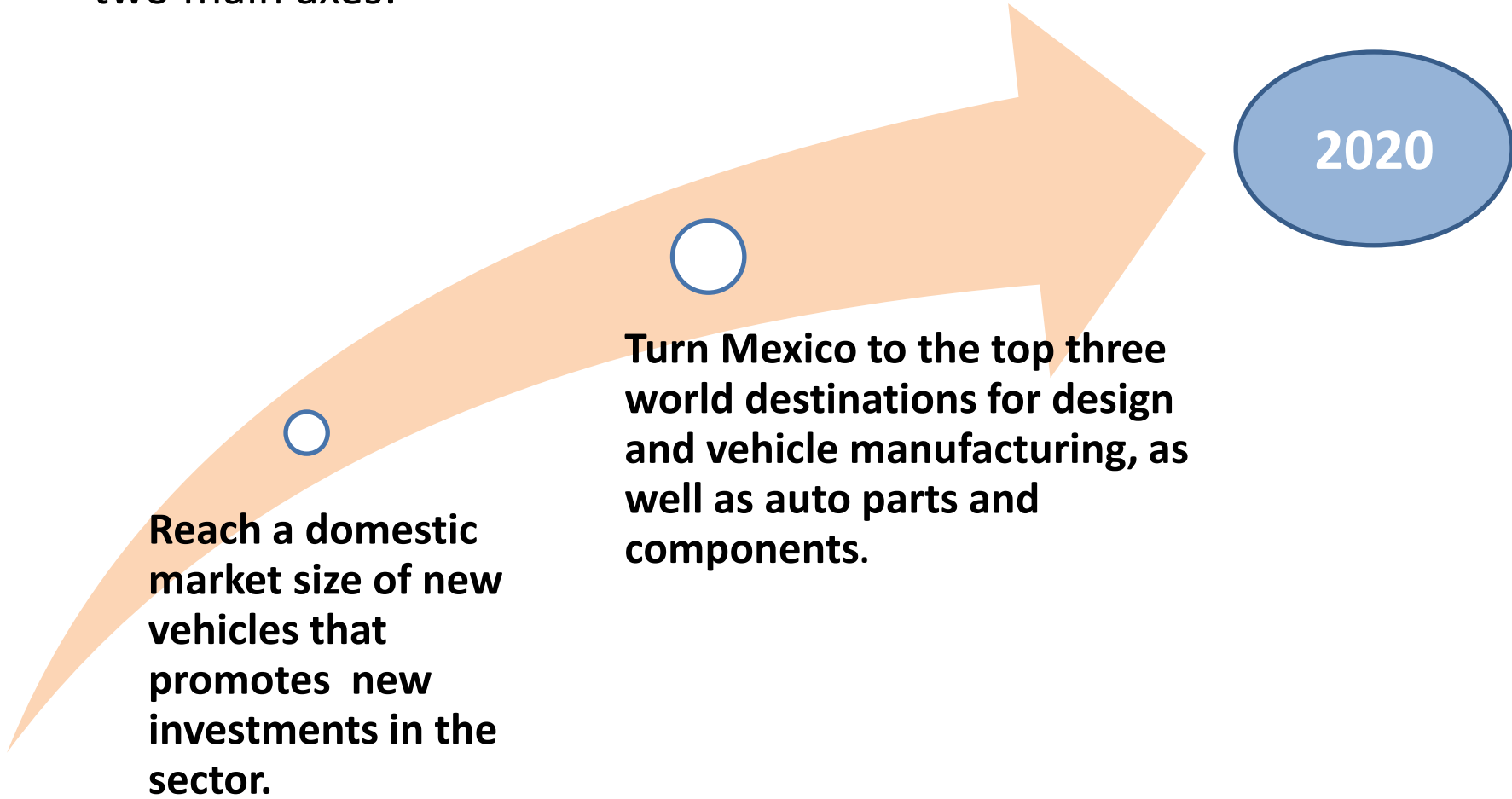
Source: INA with information from Global Trade Atlas

### **3. Program to Develop the Domestic and Export Market.**

***“Strategic Program of the Automotive Industry:  
2020 Vision”***

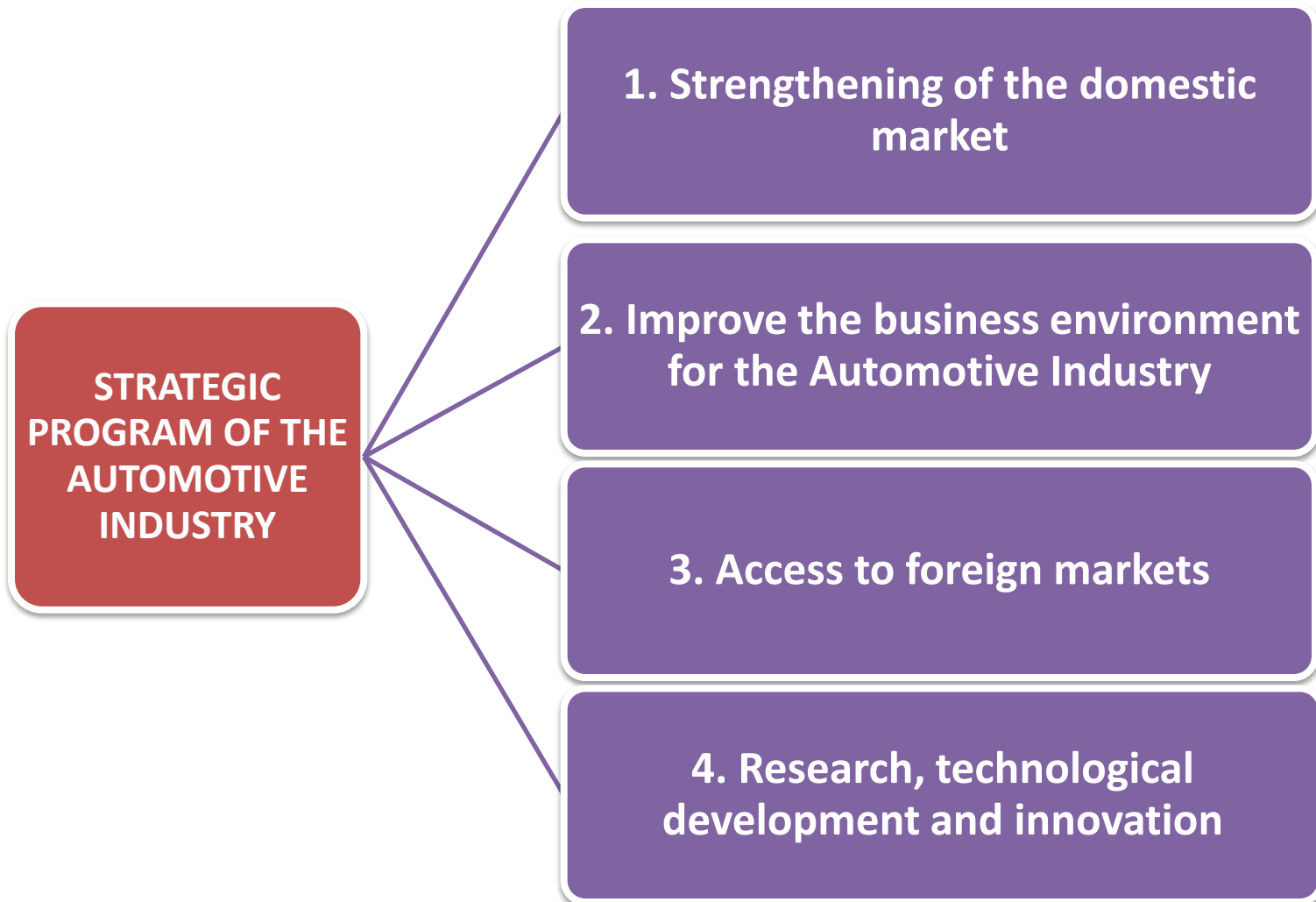
# Program Vision

- The vision of the Mexican Automotive Industry is integrated by two main axes:

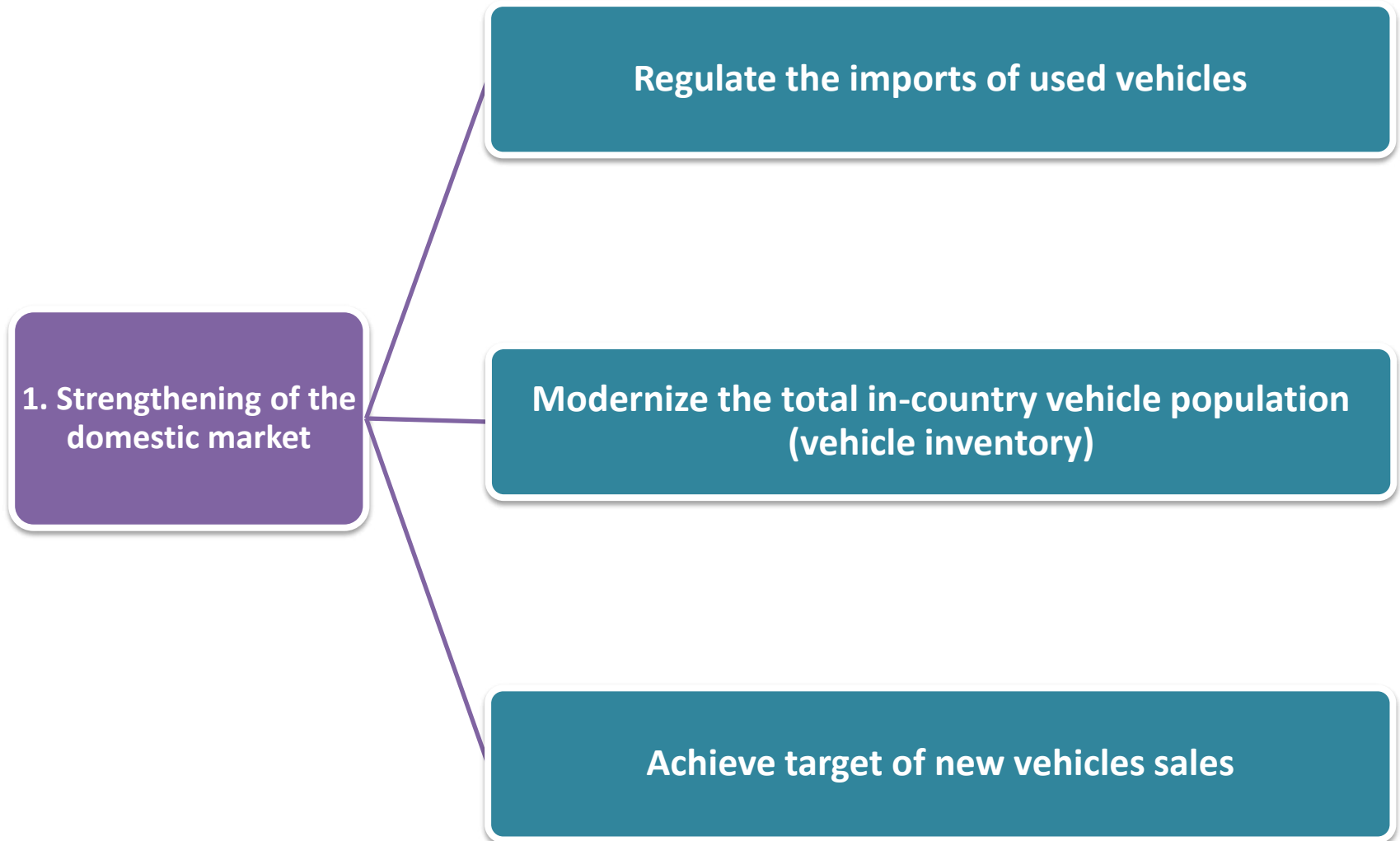


# Pillars of the Program

- It was agreed to work on 4 pillars :



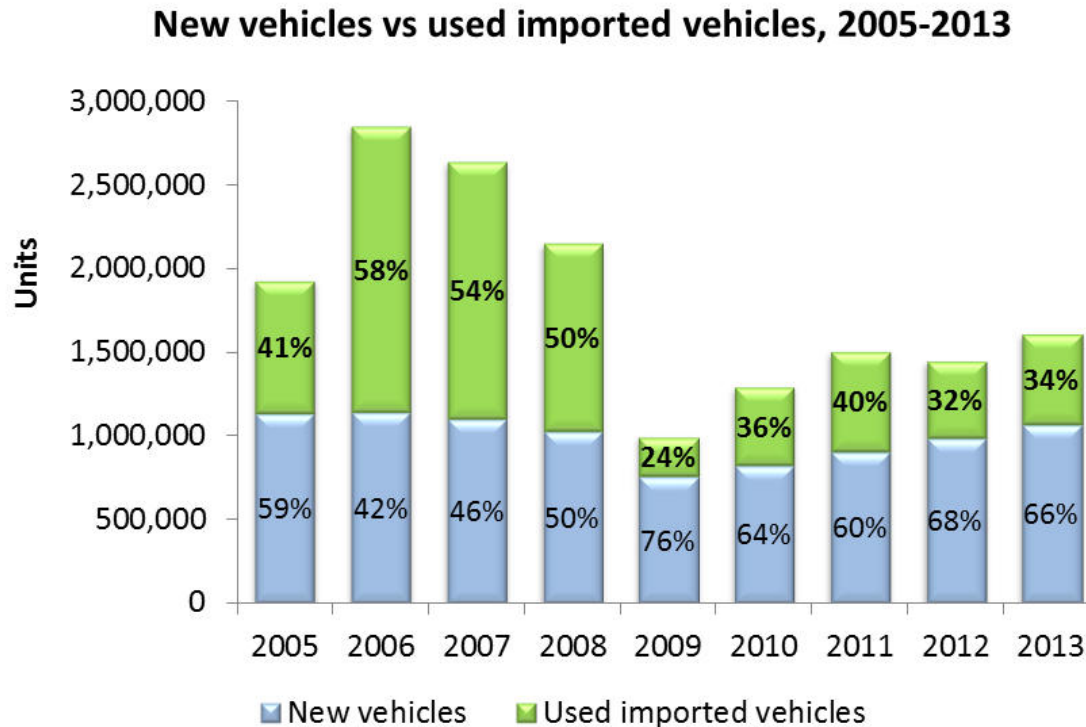
# 1st Pillar of the Program



# Action Items

## Regulate the imports of used vehicles

- Apply emission norms to imported used vehicles.
- Apply physical/mechanical conditions test to imported used vehicles.
- Strengthen legal regulations on the imported used vehicles.



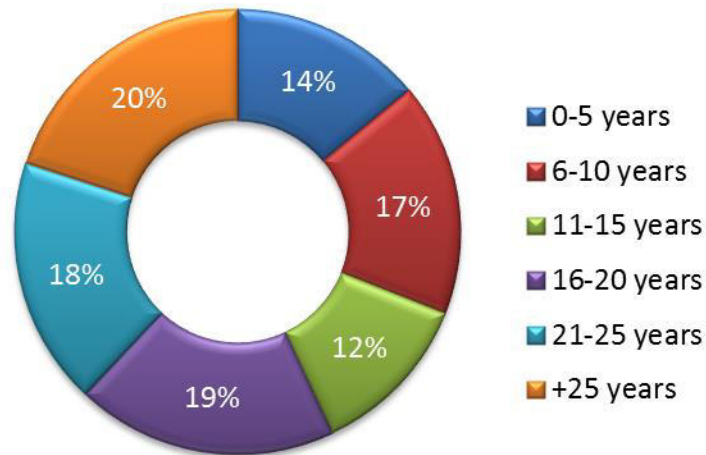
Source: INA with information from AMIA and AMDA

# Action Item

## Modernize the total in-country vehicle fleet/population

- Promote a light vehicles scrapping program to remove 100,000 vehicles per year

### Light vehicle inventory

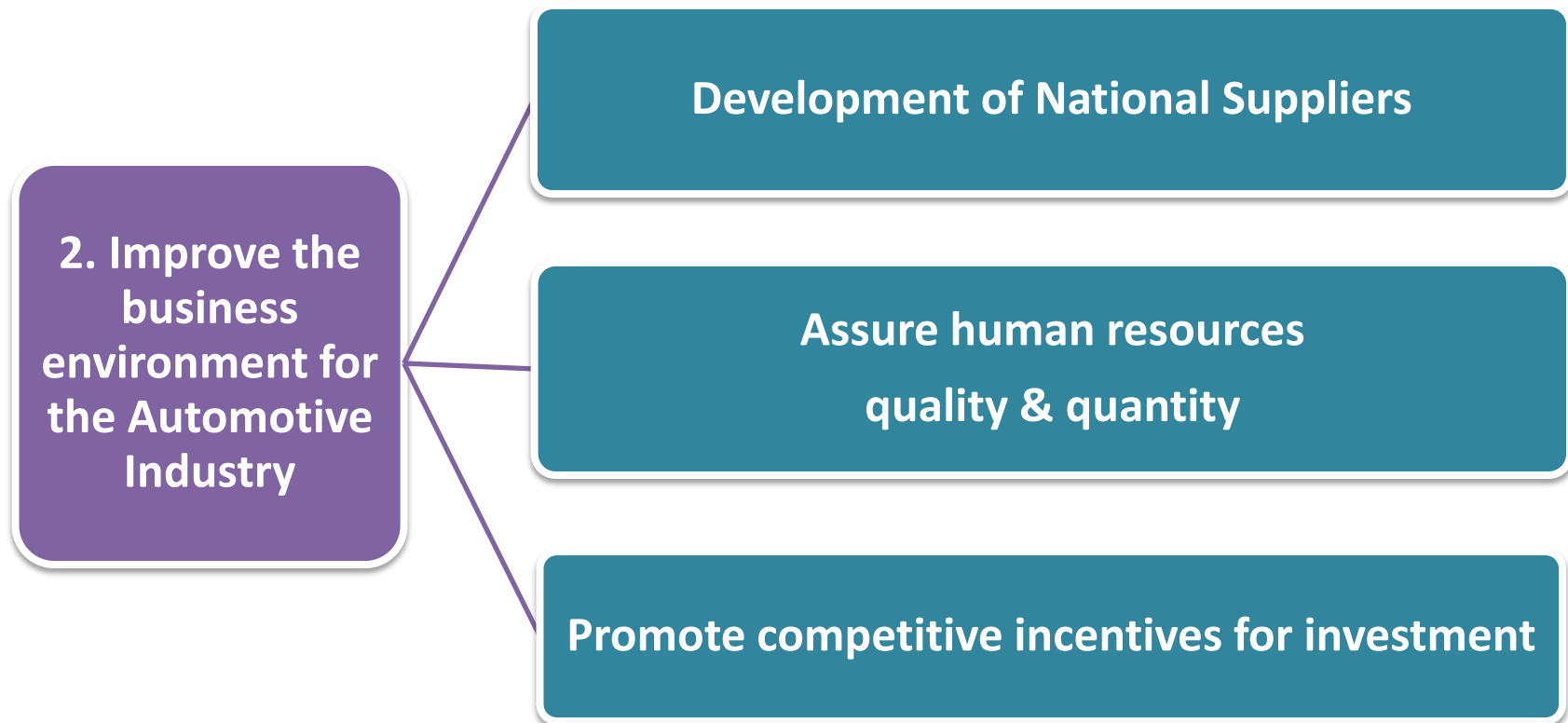


Source: KASO y Asociados

## Achieve target of new vehicles sales

- Promote legal/adm changes to facilitate collateral enforcement by banks/lenders in case of defaulting leases/credit.

## 2<sup>nd</sup> Pillar of the Program





# Certification Programme ISO / TS- 16949

## Main Objective

- Quality Certification to auto parts manufacturers who wish to be providers of a Tier I or an OEM.

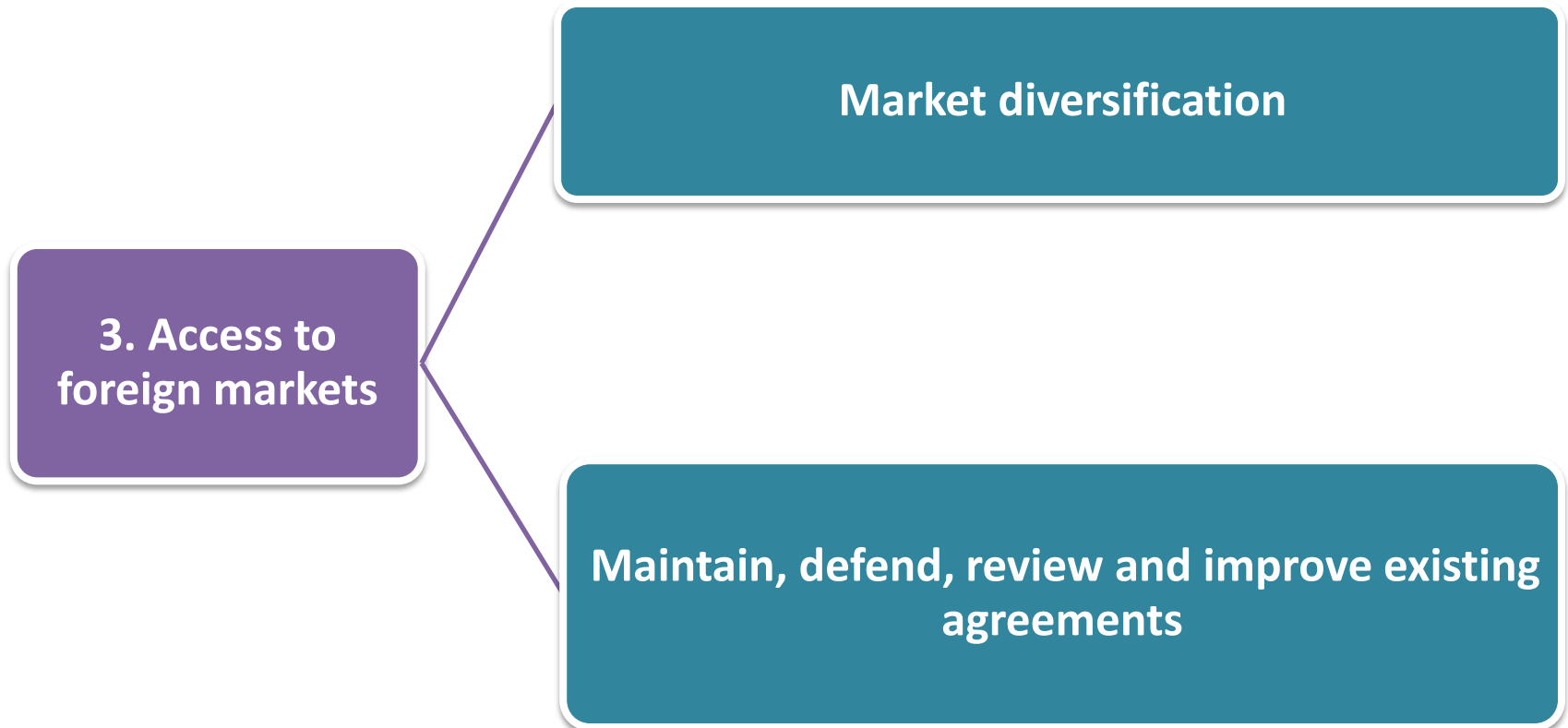
## Support

- Auto parts manufacturer Tier I, Tier II y Tier III.

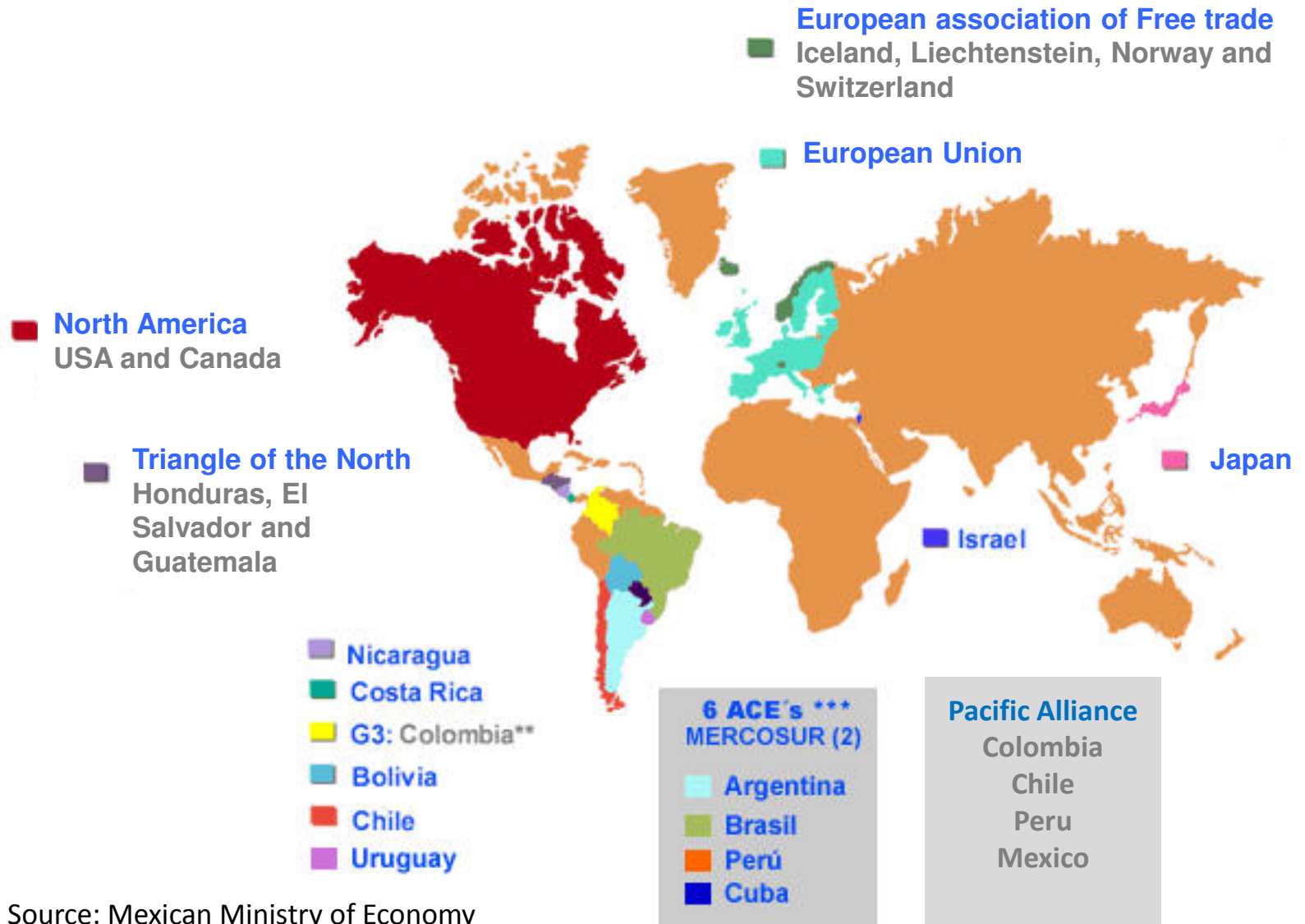
## Benefits

- It provides 50% of the total cost for certification ISO / TS-16949 .

# 3rd Pillars of the Program

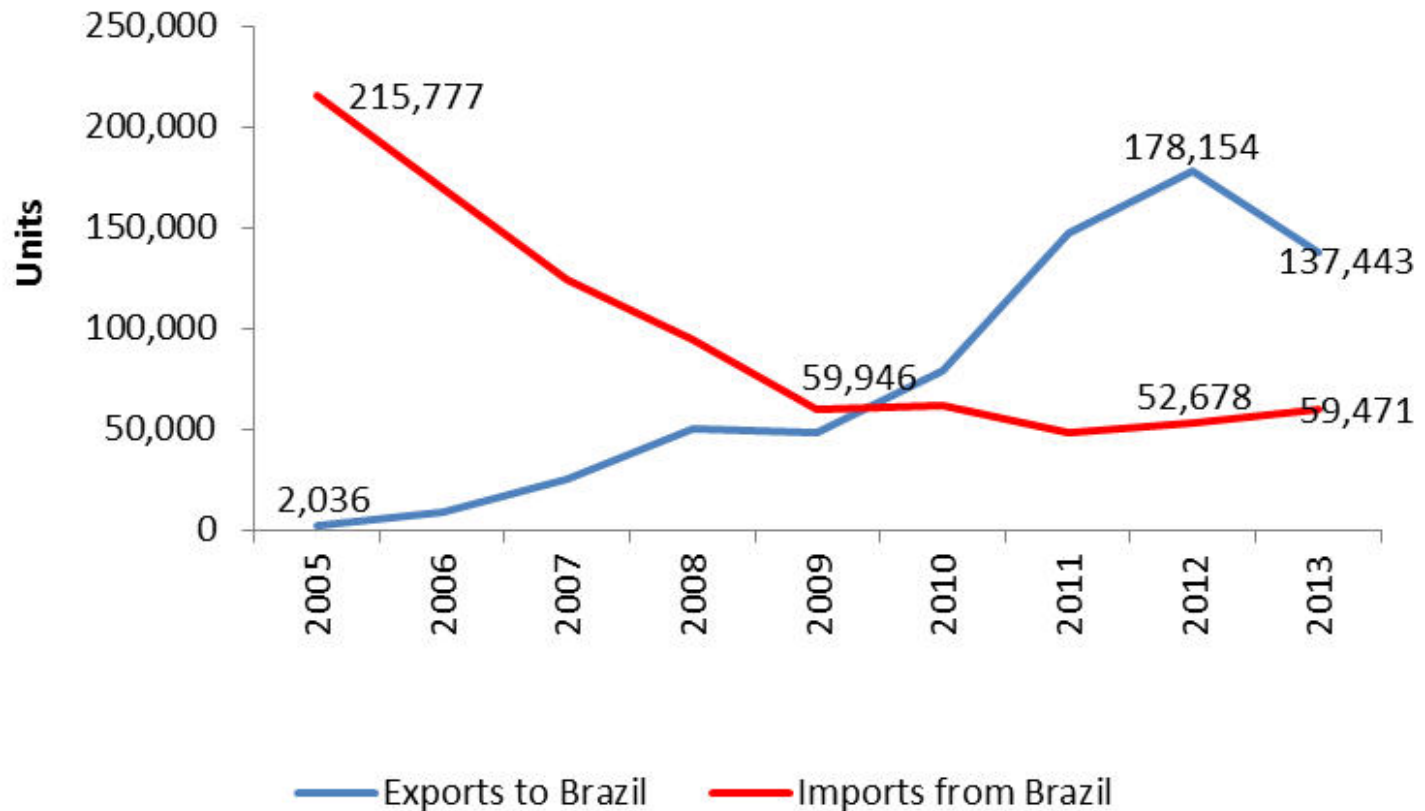


# Mexico's Free Trade Agreements



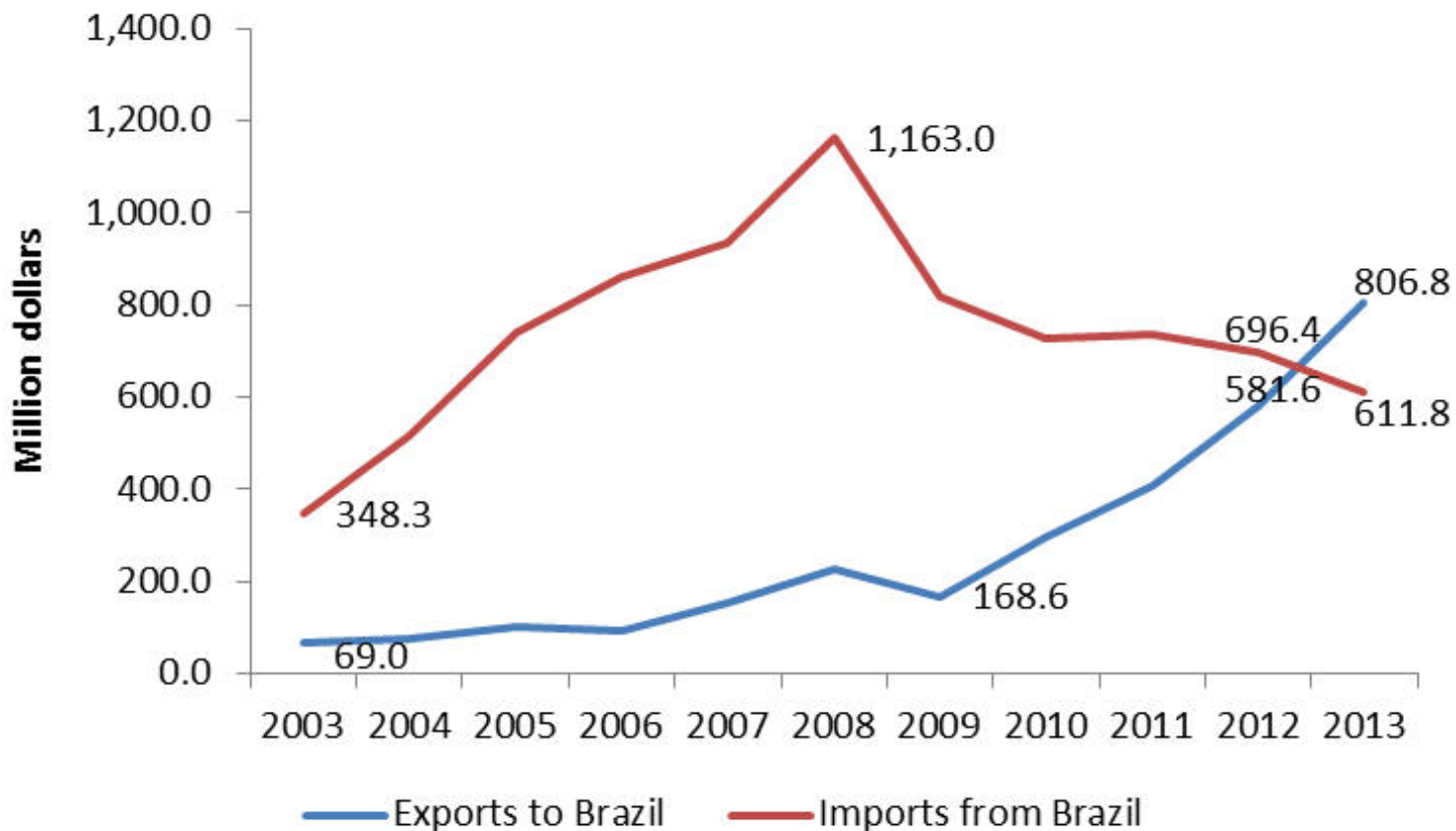
Source: Mexican Ministry of Economy

# Trade of Light Vehicles between Mexico and Brazil, 2003-2013



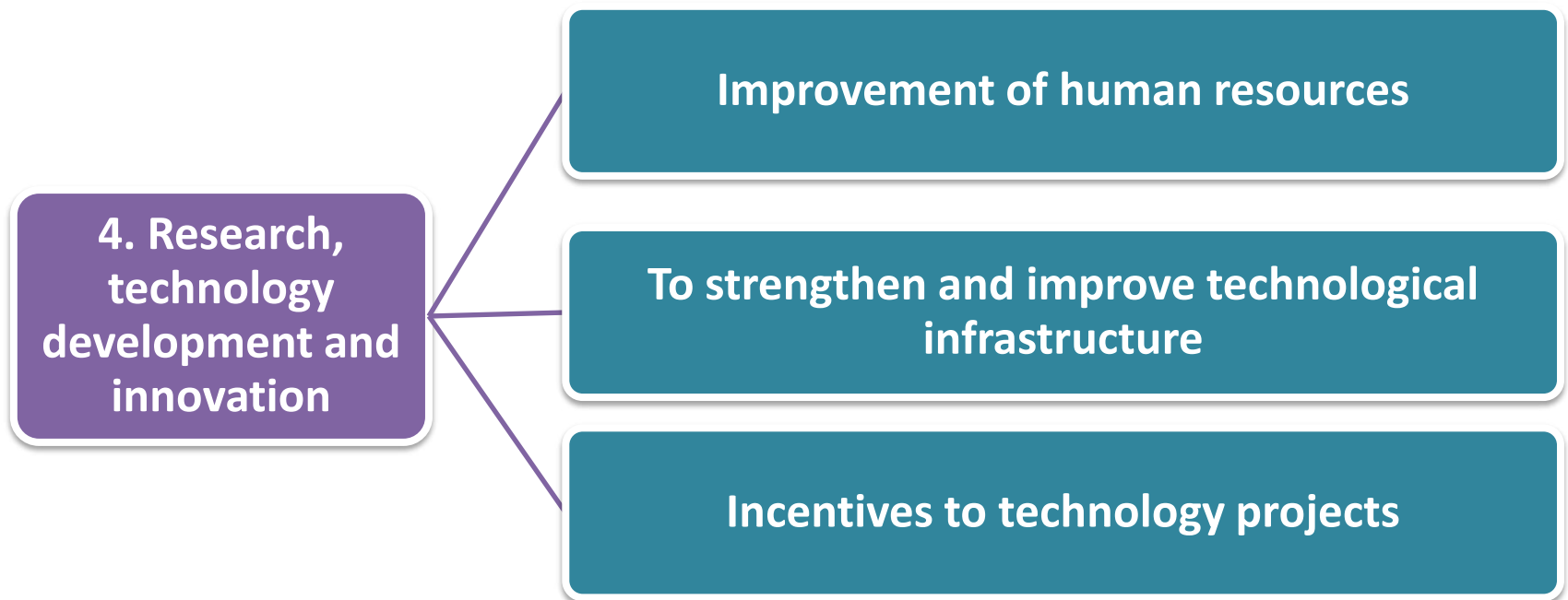
Source: INA with information from AMIA

# Trade of Auto Parts Between Mexico and Brazil, 2003-2013



Source: INA with information from Global Trade Atlas

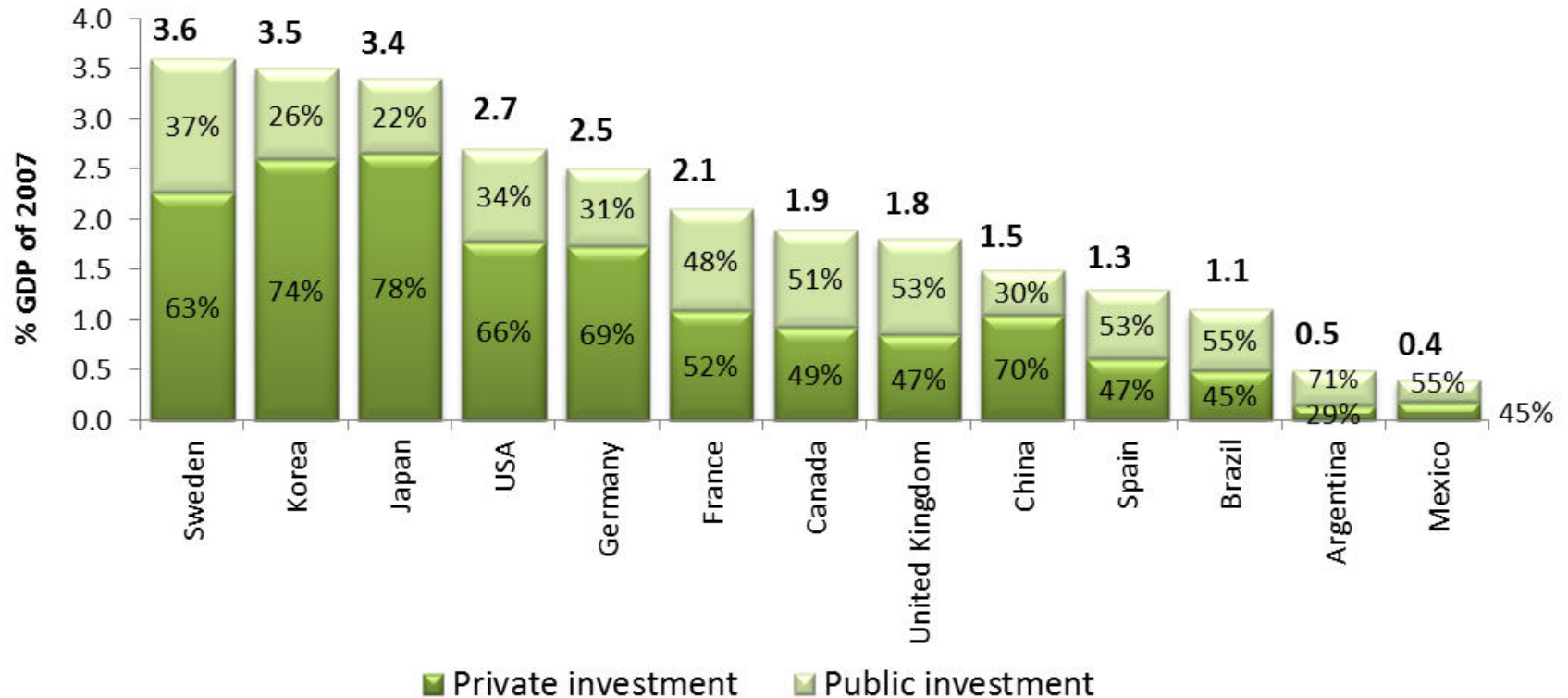
# 4<sup>th</sup> Pillar of the Program



# Main OEM's and Tier One Supplier with Design Engineering Centers in Mexico

Enterprise?	Number of Engineers?
FORD	800
Chrysler	500
General Motors	600
Volkswagen	600
Nissan	700
Delphi	1,500
Continental	700
Faurecia	300

# Investment in research and development in selected countries



Source: AT Kearney with information from OCDE and CONACYT



Thank You

Ing. Oscar Albin  
President

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