

Industry for the Generation & Distribution of Electricity Equipment

Global Industry¹

In 2010 power generation and distribution sector global production was **566,526 million USD**. These figures were reached as follows:

Power Generation and Distribution sector Global Production 2010	
Segment	Production Million USD
Equipment for distribution and monitoring of electricity	359,680
Electric motors and generators.	206,845
Total	566,525

The global production of equipment for distribution and monitoring of electricity is expected to grow at an average annual rate of **13.4%** during 2010-2015, while the electric motors and generators segments is expected to see an average annual growth of **12.9%** in the same period.

Products Considered Part of the Sector

The category of electric motors and generators includes: direct and alternating current generators (DC), alternating current generators (AC), universal motors (AC/DC), synchronous converters, electric transformers of all types and sizes and static converters, among others.

The segment of equipment for distribution and monitoring of electricity includes: electrical devices to connect or protect electrical circuits, devices for cutting, sectioning, and protection of electric circuits, boards, panels and consoles, among others.

1. Source: Global Insight

* Includes companies, plants, commercial and sales offices.

2. Source: National Institute of Statistics and Geography (INEGI) Economic Census 2009.

Global Production in the Power Generation and Distribution Sector, 2010 (Million USD)			
Region	Electric Motors and Generators	Equipment for Distribution & Monitoring of Electricity	Total Production
Europe	56,346	95,267	151,613
North America	20,558	40,417	60,975
Asia	119,648	214,036	333,685
Others	10,293	9,959	20,253
Total	206,845	359,680	566,525

The biggest share of the global production was Asia-Pacific region with 58.9%, followed by Europe with 26.8% and North America with 10.8%.

Mexico Production

In 2010, the total production of the sector was **13,123 million USD**, which is comprised of two segments: equipment for distribution and monitoring electricity, and electric motors and generators.¹

Power Generation and Distribution Sector Production in Mexico 2010 Million USD	
Segment	Production
Electrical power distribution and monitoring equipment	7,789
Electric motors and generators	5,334
Total	13,123

Source: Global Insight

Production of equipment for distribution and monitoring of electricity is expected to grow at an average annual rate of **11%** during 2010-2015. In the same period, the electric motor and generator segment will show an average annual growth of **10.62%**.¹

There are a total of **305 economic units*** throughout Mexico that specialize in the power generation and distribution industry. The sector **employed 67,128 people** in 2009.²



Consumption¹

Total industry consumption in 2010 reached **11,991 million USD**.

The consumption of equipment for distribution and monitoring of electricity equipment in 2010 was reported at **7,245 million USD**. Moreover, it is estimated that this will grow at an average annual rate of **10.9%** in the 2010-2015 period, while the consumption of electric motors and generators is expected to grow at an average of **11%** during the same period.

International Trade

In 2010, **exports** from the sector reached a total value of **9,301 million USD**. In the same year, **imports** from the industry of generation and distribution of electricity showed a total of **8,169 million USD**.¹

The United States is the main market for Mexican products in this sector.³

Mexico Ranking as a U.S. Supplier			
Product	Imports from USA 2010 million USD	Place occupied by Mexico as supplier of the US	Main competitors
Power distribution and transformer products	1,039.3	1	Korea, China & Canada
Motors and generators	2,287.7	1	China, Japan and Germany
Other motors and equipment	2,431.1	1	Japan, Germany and China
Turbines and generators	476.2	3	Denmark, Japan and Canada
Equipment for mechanical energy and transmission	190.4	4	Japan, Germany and China
Accelerators and gears	159.0	6	Germany Japan and China
Total	6,583.70		

Source: US Census Bureau

Foreign Direct Investment (FDI)⁴

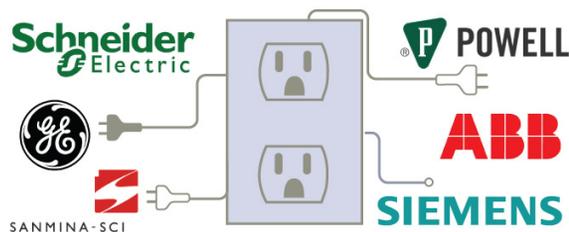
Between 2000 and 2010 the accumulated FDI amounted to **1,232 million USD**.

IED en 2010 por país de origen		
Origen de la IED	% FDI	FDI 2010 million USD
USA 	83%	181.8
France 	12%	26.5
Japan 	2%	4.2
Others	3%	5.6
Total	100%	218.2

Source: Secretariat of Economy

Success Stories⁵

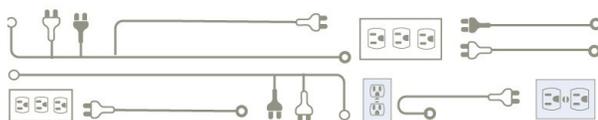
Major Companies



The Siemens company plans to invest **50 million USD** in the construction of centers for research and development for high-voltage equipment in Querétaro. The project is estimated to create more than **500 jobs** by 2015.

SIEMENS

Competiveness



3. Source: US Census Bureau.

4. Source: Secretariat of Economy.

5. Source: Bonded Assembly Portal [Maquila Portal].

6. Source: Alix Partners 2010.

Mexico is the most competitive country in the world in terms of **manufacturing costs** which are approximately **25%** lower than in the United States and even lower than in the BRIC countries.⁶

According to the World Bank, **Mexico is the best** country in **Latin America** for doing business, and also is ranked 35th in the world.

Only **9 days** and **6 processes** are required to start a new business, and this performance is demonstrably better compared to all Latin America region and the BRICs (Brazil, Russia, India and China)⁸

Mexico is one of the most open economies in the world, as its international trade is equal to **58%** of the **GDP** and represents more than 40% of the total trade in Latin America.⁷

In the past decade, the average annual growth rate of engineering graduates in Mexico was **7%** which places it above the population growth rate.¹⁰ In 2010, the number of engineering graduates in the country totaled approximately **114,000**.¹¹

A Message to the Investor



Mexico is the main supplier of the United States, in products for the distribution of energy and transformers, motors and generators and other motors and equipment, and number three in turbines and generators.³

Mexico's proximity to the US, Canada and Latin America allows the reduction in logistical costs for products, due to their weight and volume, are more costly to transport and store. Also, Mexico's access to the Atlantic and Pacific Oceans distinguish it as a strategic location to do business and exchange goods with Europe and Asia.

As a result of free trade agreements (FTAs) with **more than 40 countries**, Mexico has access to a **potential market** of more than one thousand million consumers, and 63% of the world GDP, positioning it as an important export platform.

México is a safe place for foreign investment. Our country has signed **28 IPPAs** (Investment Promotion and Protection Agreements) and **DTTs** (Double Taxation Treaties) with more than 40 countries.¹²

Mexico is the **8th** most **attractive** country for foreign **investors'** worldwide.⁹

7. Source: Global Trade Atlas

8. Source: Doing Business, The World Bank [WB] 2010

9. Source: Foreign Direct Investment [FDI] Confidence Index, A.T. Kearney, 2010

10. 1.4% annual average in the period 2000-2010, National Institute of Statistics and Geography (INEGI)

Shelter Services: these allow businesses to start operations more easily, as they issue the necessary permits for them to begin operations without having to worry about customs, legality and administrative topics.

Support Programs⁴

Refund of Taxes on Imports and Exports (Drawback)

In a case where the producer has imported materials which are incorporated into merchandise for export, the program offers the possibility of a refund of the general import tax on these materials.

Sectorial Promotion Programs (PROSEC)

In a case where the producer has imported materials which are incorporated into merchandise for export, the program allows the import of such materials at a preferential ad-valorem rate.

Manufacturing Industry, Bonded Assembly and Export Services (IMMEX)

It simplifies the procedures and requirements of the bonded assembly regime for those companies which already have a structured business plan. It allows for the temporary importation of goods or services used in the industrial process; it is geared towards the development, transformation or repair of imported foreign merchandise.

Chambers & Associations

National Council for the Bonded Assembly and Export Manufacturing Industry (CNIMME)

An organization which represents more than 1,200 established businesses, employing 80% of the work force in the bonded assembly (maquiladora) industry.

National Chamber of Electrical Manufacturing (CANAME)

An organization of business representation at a national level in the industrial sectors of electrical manufacturing and facilities.

10. 1.4% annual average in the period 2000-2010, National Institute of Statistics and Geography (INEGI)

11. Source: National Institute on Science and Technology (CONACYT).

12. Source: Secretariat of Economy/Secretariat of Finance and Public Credit (SHCP).