

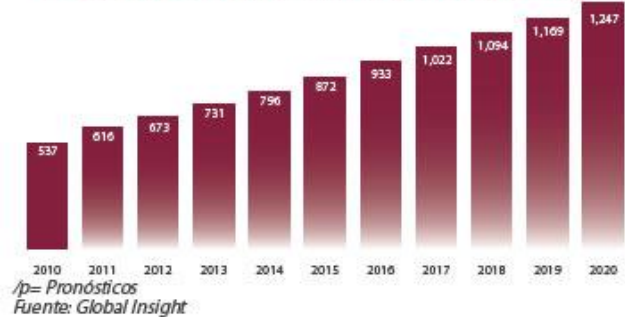


THE MEXICAN SECTOR OF MEDICAL DEVICES

25 years ago, Mexico started its road to economic openness, particularly supporting international free trade and promoting direct investment. Today, Mexico has an attractive business environment, legal certainty; one of the largest free trade agreement networks in the world; well-developed economic sectors and competitive production costs.

Furthermore, Mexico continues to advance its infrastructure to become a world class logistic platform and to promote deregulation to facilitate business operations.

Perspectiva de la producción mundial de dispositivos médicos en miles de millones de dólares (mmd)



BAJA CALIFORNIA: SUCCESS STORY

There is a cluster of medical products located in Baja California that added to the cluster in San Diego conform the most diverse and sophisticated bi-national concentration in North America in this sector. Baja California has more than 67 medical devices exporter companies in its territory, including Smiths, Tyco Healthcare, Cardinal Health, Pall Life Sciences, Medtronic, Gambro, Medimexico, ICU Medical Inc., Hudson Aci, Dj Ortho, CLP, Sunrise Medical, and North Safety Products.

In recent years, Mexico is ranked as the 6th exporter of instruments and devices used in the medical, surgical, dentistry and veterinary industries (Global Trade Atlas).

In 2011, the medical device's industry production generated 616 billion USD and between 2011 and 2020 is expected to grow at an average annual rate of 8.1%. In the same year, the medical device's industry consumption amounted to 639 billion USD and is expected to grow to 1.3 trillion USD by 2020 at an average annual rate of 8.5%.

MEXICO'S COMPETITIVENESS IN THE MEDICAL DEVICES SECTOR

Mexico is currently the 11th medical device exporter in the world, the main exporter in Latin America and the leading supplier to the US. Mexico is:

- The leading exporter of wadding, gauze and bandages in Latin America.
- The third largest exporter of tubular metal and suture needles
- The fifth largest exporter of instruments and appliances used in medical, surgery and dentistry instruments.

AlixPartners estimates that in 2012, Mexico will offer savings of 21% on manufacturing costs and logistics compared with US, a 11 points over China and 3 points over India, considering to US as a target market.

In 2011, according to KPMG, Mexican manufacturing costs in medical devices are 23.3% lower than US.

WHAT TYPE OF GOODS MEXICO EXPORTS?

Mexico's main export goods are:

Product	Exports 2010 million USD	Share of Exports
Medical, surgical and odontological instruments	4,669	77%
Orthopedic devices	616	10%
Respiratory therapy equipment, mechanical and messages	354	6%
Others	433	7%
Total	6,072	100%

Source: GlobalTrade Atlas