



U.S. - Mexico At a Glance

Foreign Direct Investment

June 2009

U.S. foreign direct investment (FDI) in Mexico totals more than \$120 billion, concentrated largely in the manufacturing and banking sectors.

U.S. firms have an important presence in Mexico. One such company, Wal-Mart, is the largest private sector employer in the country, with more than 170,000 Mexicans on its payroll.

Mexico has Agreements for Mutual Promotion and Protection of Investment (APPRI) with 27 countries, and Double Taxation Agreements with 34 countries.

NAFTA, proximity to the United States, and continued political and economic stability make Mexico an attractive location for foreign direct investment (FDI). In recent years, Mexico has passed tax, pension and energy reforms. Additional reforms to improve competition, education and labor conditions within Mexico are needed to increase competitiveness and encourage more FDI. Overall FDI is expected to fall in 2009 as a consequence of the global economic downturn.

- Overall FDI flows into Mexico for 2008 were \$18.6 billion, with \$8.9 billion coming from U.S. sources.
- The U.S. currently provides 41% of all FDI in Mexico, benefiting more than 21,139 companies.
- The U.S. provides up to 68% of the total investment in manufacturing and assembly plants, and 51% of the total investment in the financial and banking sector. In 2008, FDI was the third largest provider of foreign currency income to the Mexican economy, behind petroleum and remittances.
- In 2008, approximately 40% (\$3.5 billion) of U.S. investment in Mexico was directed to the six Mexican border states. These states, the location of the majority of maquiladora firms, receive 58% of all U.S. manufacturing investment in Mexico.

