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# Incorporating Mexico into Global Value Chains

José Rogelio Garza Garza, Ministry of Economy's Undersecretary of Industry and Commerce, on Mexico's economic and industrial perspectives

## **What are Mexico's expectations for HANNOVER MESSE and the role of Partner Country?**

Our expectations are to strengthen and promote the international trade relations of Mexico and our industry capabilities, and to foster the relations with the European Union (EU). The face with which Mexico appears before the world has been completely transformed. In the last three decades, Mexico has radically changed its economic model, the model of how it works. We have changed it from a closed economy in the 80's to a current open economy, from 38 percent of exports related to industrial to 83 percent. In this sense, our goals as the partner country 2018 are:

- To present Mexico as a high technology manufacturing exporter

- To portrait the iconic multinational companies in Mexico who have developed successful innovation projects
- To present Mexico as an ally in terms of innovation and design
- To increase investment in Mexico in Research and Development Projects

## **What is the perspective of the trade relations between Mexico and the EU with Germany as a major market?**

Mexico and the EU stand up for the idea of global and open trade and cooperation. In particular, Mexico's trade policy focuses on diversification, pursuing an ambitious global trade agenda. Thus, furthering trade and investment relations with the EU is a priority in such an agenda.

Regardless the fact that under the trade part of the EU - Mexico Global Agreement trade and investment flows expanded, both parties engaged in talks to better mirror other more ambitious trade deals that each side has negotiated since then. Germany, among the EU Member States, has been very supportive of the modernization process of this agreement. Under such an agreement, both countries have cemented excellent economic relations. Germany is Mexico's first trading partner and the fourth source of foreign investment among the EU Member States.

**„A modernized agreement would take Mexico's economic relations with Germany fully into the 21st Century.“**

We are convinced that a modernized trade part of the Global Agreement will strengthen Mexico-Germany trade and investment relations, opening new business opportunities for German companies in Mexico. In our view, a modernized agreement, broader and far reaching, would take Mexico's economic relations with Germany fully into the 21st Century.

**How would you describe the role of Mexico in the global value chain?**

In the last three decades, Mexico has shown a significant increase in the volume of international trade, as well as a transformation in the nature and composition of the cross-border exchange of goods. Mexico has found itself in a privileged position to insert itself into international networks of production. Considering this, the industrial policy that we have followed in Mexico is based on several pillars, one of which is the productive chain. We have worked on the productive chain in two fundamental aspects. The first is to incorporate more Mexican companies into global value chains. Global and Mexican companies working to implement models on how to strengthen value chains should generate greater added value in Mexico. The second aspect within the productive chain is to generate efficiency and competitiveness within the value chains. The work to adopt technology and incorporate new processes and models also aims to generate greater added value.

**„We have worked on the productive chain in two fundamental aspects. The first is to incorporate more Mexican companies into global value chains. The second aspect is to generate efficiency and competitiveness within the value chains.“**

**What is Mexico's view on Industry 4.0 and international competitiveness?**

Mexico considers the digitalization of industries a big step towards the enhancement of productivity and competitiveness. We have opted for the inclusion of Mexico in Industry 4.0, proof of this is the active participation in global forums such as the World Economic Forum (WEF), the OECD and Hannover Messe. Many efforts have been promoted to position the country in the Industry 4.0. In this regard, the WEF invited Mexico to participate in the Shaping the Future of Production initiative, which was launched as a response to the government's necessity of having the adequate tools to face this new industrial revolution. Mexico and Kazakhstan serve as Co-champions for the construction of a deliverable toolkit of public policies for the new productive vision. This tool seeks to take advantage on the industry diagnosis and value chains, and to share good practices and successful study cases that facilitate the design of public policies which can face the new productive model. In addition, the Minister of Economy, Ildefonso Guajardo, presented the Industry 4.0 MX Platform, which is the national strategy that will allow creating real synergy and benefits between the industry, the government and the academia.

**„Hannover Messe will allow us to show what we are doing in Mexico in terms of Industry 4.0 and to learn from the best“**

**Are there sectors and Industry 4.0 technologies which we will be able to see at HANNOVER MESSE?**

High-tech industries established in Mexico are net exporters due to their high quality standards and level of specialization achieved. Among them, the automotive industry stands out for its global competitiveness. Also, the Ministry of Economy has supported a cross-industry strategy with the establishment of 17 Industrial Innovation Centers across the country on diverse sectors and specializations, for example Tooling, Textile and Design, Automotive, Agroindustry, Medical devices-molds, Textiles and Clothing, Plastic molds. Our expectation is that Mexican and German companies will work together to increase the collaboration. Both countries have a lot to offer to each other. Hannover Messe will allow us not only to show what we are doing in Mexico in terms of Industry 4.0 and to learn from the best and most qualified, but also to integrate our own entrepreneurs into a sector in which our country is considered to become one of the leaders.

**What is Mexico's industrial policy to foster human capital and cluster development?**

The Industry 4.0 MX Platform is the main strategy for the Ministry of Economy and it will operate with a High Level



## R&D Centers in Mexico

Source: Promexico

Council and one specific working group in Education and Training. This Group will have the objective of the development of a roadmap and action plan in terms of education, developing new capabilities and training. Mexican Government is playing a fundamental role in helping Mexico capitalize the opportunities presented by the Industry 4.0. This program promotes the establishment of Innovation Eco-systems through Industrial Innovation Centers which seek among many other things the generation and specialization of human capital in the Industry 4.0, the knowledge transfer through the train-trainers program and the joint work with Mexican Universities to update study plans. These advances are due to a policy of economic development that articulates government spending, investment, science and technology with actions to attract investments in technological sectors with high added value.

State	Centers in Total	Public Centers	Private Centers
1. Aguascalientes	4	3	1
2. Baja California	3	3	0
3. Campeche	1	1	0
4. Chiapas	1	1	0
5. Chihuahua	1	1	0
6. Coahuila	3	3	0
7. Durango	2	2	0
8. Ciudad De México	21	21	0
9. Estado De México	3	2	1
10. Guanajuato	4	4	0
11. Hidalgo	2	2	0
12. Jalisco	3	2	0
13. Michoacán	1	1	0
14. Nuevo León	1	1	0
15. Puebla	2	1	1
16. Querétaro	10	8	2
17. San Luis Potosí	2	2	0
18. Morelos	5	5	0
19. Nayarit	1	1	0
20. Oaxaca	1	1	0
21. Tabasco	3	2	1
22. Tamaulipas	2	2	0
23. Tlaxcala	1	1	0
24. Veracruz	3	2	1
25. Yucatán	2	2	0
26. Zacatecas	1	1	0