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EUROPE AND MEXICO'S BAJIO REGION

A relationship with potential

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ANALYSIS

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Introduction

The trade relations between the European Union and Mexico, which for over two decades have been governed by the current European Union-Mexico Free Trade Agreement (the TLCUEM, for its initials in Spanish) is highly relevant for both parties. In Mexico, the total amount of trade flows with the EU represents 7% of the country's total trade (4% of Mexico's exports are destined for the region, and 10% of the imports originate therefrom), and the investment arising from the region has contributed 30% of the Foreign Direct Investment (FDI) received by Mexico during the last decade.

The importance of EU-Mexico relations is particularly evident in the Bajío region, whose states represent around 1/5 of Mexico's economy, and where Europe's investment weight is high –in certain states it may reach 44% of the total FDI received. This has caused that sectors such as transport equipment manufacturing, the beverage industry and financial institutions grow dynamically during the last decades, while boosting the state's economies and facilitating the creation of new business and jobs.

The Bajío region from a domestic stance (% of domestic GDP)

The Bajío Region is composed of the states of Aguascalientes, Guanajuato, Querétaro, San Luis Potosí, and Zacatecas. Some areas of Jalisco and Michoacan are also part of the region.



Source: Prepared by IMCO with data taken from the INEGI. The Gross Domestic Product between 2016 and 2020 is considered. Percentages consider the weight of the total economy of each state in the national GDP.

The relevance of the European Union for Mexico's economy and for the Bajío region is an element that is considered in assessing the potential of the bilateral relation in the future, and stresses the importance of moving forward with the execution of a modern TLCUEM. In this context, the Instituto Mexicano para la Competitividad (IMCO) and the Friedrich Naumann Foundation (FNF) highlight the results of Europe's investment in Mexico and identify investment growth opportunities in the Bajío region.

Mexico and the European Union have maintained a close trade and investment relationship for decades. Since 1997, when the Economic Partnership, Political Concentration and Cooperation Agreement between the United Mexican States and the European Community¹ was signed, both regions have sought

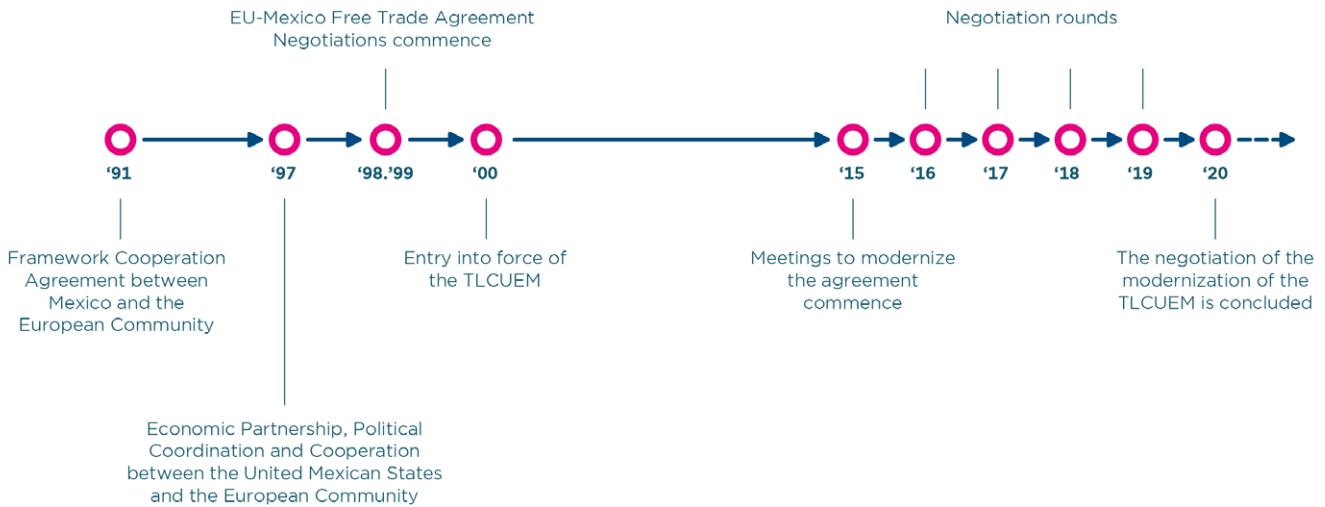
to strengthen their trade and economic (as well as political) relations. These efforts even preceded the official formation of the European Union (EU) in 1993 - since in 1991 the "Framework Cooperation Agreement between Mexico and the European Community"² was signed - and culminated in the entry into force of the Free Trade Agreement between the European Union and Mexico (TLCUEM) in July 2000³. The TLCUEM established the progressive and reciprocal liberalization of trade in goods, the opening of markets and cooperation mechanisms for dispute resolution and competition, as well as the liberalization of trade in services.

¹ Foreign Trade Information System. http://www.sice.oas.org/tpd/mex_eu/Negotiations/Firma_s.pdf

² Secretaría de Economía (Ministry of the Economy). <http://www.economia-snci.gob.mx/sicait/5.0/doctos/acuerdoMEXUE.pdf>

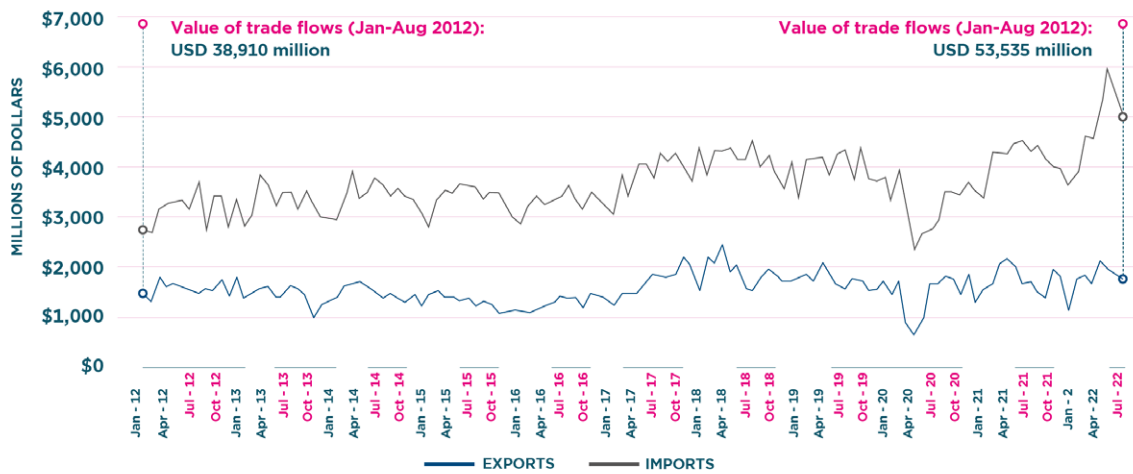
³ Foreign Trade Information System. http://www.sice.oas.org/tpd/mex_eu/Negotiations/entrada_s.pdf

Europe - Mexico relations



Bilateral trade between Mexico and the European Union

Mexican exports to the European Union have increased at a slower rate than imports from the region.



Source: Prepared by IMCO with data taken from the Bank of Mexico. Figures are in millions of current dollars.

In the 22 years of the TLCUEM, trade between Mexico and the EU has increased substantially: while between January and August 2000 bilateral trade amounted to USD 12,177 million, by the first 8 months of 2022 this amount had multiplied and reached USD 38,910 million. 10 years later, the value of trade flows exchanged between January and August 2022 was even higher, exceeding USD 53 billion. As a result, **trade with the European Union represents more than 7% of Mexico's total trade with the world.**

In the context of this increase in bilateral trade, the Mexican Ministry of the Economy and the Trade Commissioner's

Office of the European Commission initiated meetings in 2015 with the aim of modernizing the TLCUEM⁴. Following the formalization of the renegotiation process, Mexico and the European Union held the first round of negotiations during June 2016 in Brussels, Belgium⁵, followed by a second round in November of the same year in Mexico City⁶. New negotiation

⁴ Secretaría de Economía, 2015. <https://www.gob.mx/se/prensa/visita-del-secretario-de-economia-a-bruselas-belgica>

⁵ Secretaría de Economía, 2016. http://www.sice.oas.org/tpd/mex_eu/modernization_process/1st_neg_round_s.pdf

⁶ Secretaría de Economía, 2016. [https://www.gob.mx/se/articulos/segunda-ronda-de-negociaciones-para-la-modernizacion-del-pilar-comercial-del-acuerdo-global-mexico-union-europea-83467?state=published#:~:text=Del%2022%20al%2025%20de,M%C3%A9xico%20\(TLCUEM\)](https://www.gob.mx/se/articulos/segunda-ronda-de-negociaciones-para-la-modernizacion-del-pilar-comercial-del-acuerdo-global-mexico-union-europea-83467?state=published#:~:text=Del%2022%20al%2025%20de,M%C3%A9xico%20(TLCUEM))

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rounds, during which topics such as competition, SMEs, transparency and sustainable development were addressed, were held in 2017 and 2018. **After four years, the negotiations for the modernization of the TLCUEM were concluded on April 28, 2020⁷**, and included new disciplines such as energy, raw materials, good regulatory practices and anti-corruption, as well as conventions on the reciprocal opening of public procurement markets, among other matters.

However, two years after the conclusion of the negotiation process, and although in June 2020 target dates were set

for execution in late 2020 or early 2021⁸, **the modernized agreement has not been executed, nor has it entered into force.** The procedures necessary for the entry into force of the new TLCUEM have not yet been completed, including the legal review of the agreement by both parties, as well as its translation into all EU languages and the proposal by the European Commission to the Council and the European Parliament for signature and ratification. Modernization is still pending to reinforce the opportunities that the Agreement represents for both economies.

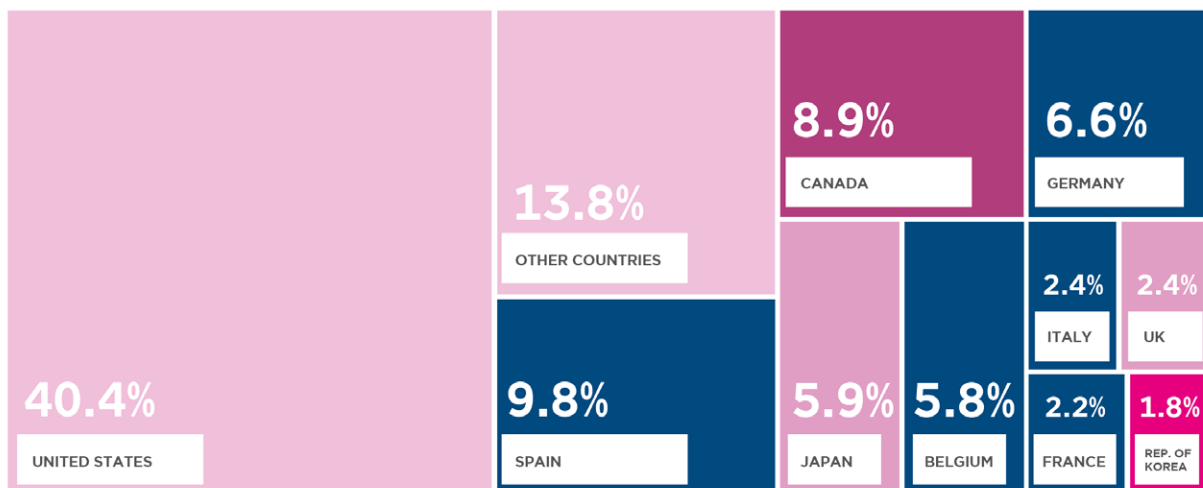
EU Foreign Direct Investment in Mexico

Along with the boost to bilateral trade between Mexico and the European Union, the TLCUEM has also triggered increased Foreign Direct Investment from European countries into the Mexican economy. Today, the European Union is the second largest investor in Mexico, and over the last decade has contributed 30% of the FDI coming into the country; only the United States has had a greater share, contributing 40%. Although European investment in Mexico has grown in

recent decades (it represented 25% of the total in 1999), the increase has been greater in investment from countries such as Germany (which in two decades went from contributing 3.0% to 6.6% of FDI in Mexico) and Italy (0.2% to 2.0%). In the last decade, the EU countries with the greatest participation as investors in the country were Spain (9.8%), Germany (6.6%) and Belgium (5.8%).

Source countries of Foreign Direct Investment in Mexico

The European Union is the second largest investor in Mexico, after the United States. In the last decade, it has contributed 30% of FDI coming into the country.



Source: Prepared by IMCO with data taken from the Ministry of the Economy. The proportions correspond to the cumulative FDI between 2012 and 2021.

⁷ Secretaría de Economía, 2020. <https://www.gob.mx/se/prensa/mexico-y-la-union-europea-concluyen-proceso-de-negociacion-de-la-modernizacion-del-tlcuem-241207>

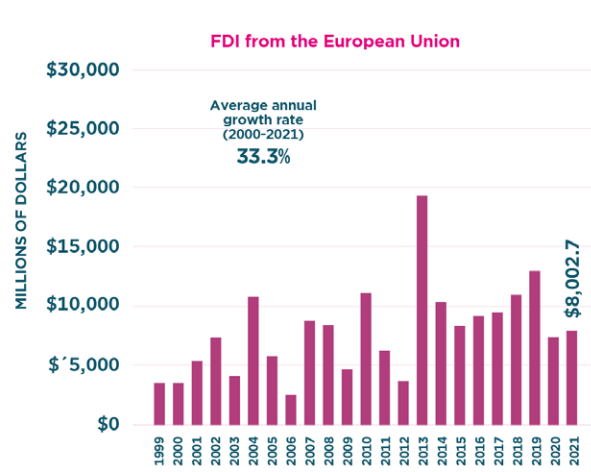
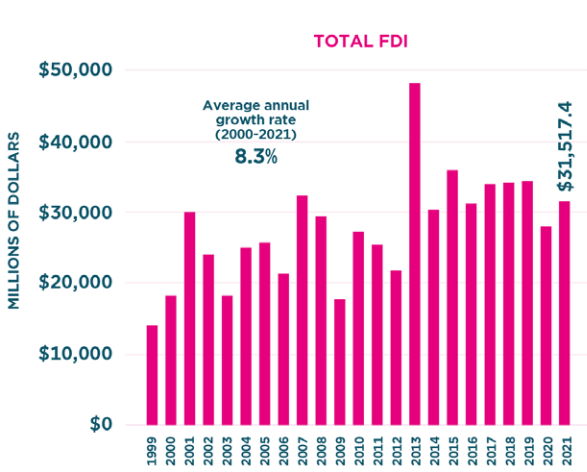
⁸ Secretaría de Relaciones Exteriores, 2020. <https://www.gob.mx/sre/prensa/xiii-comite-conjunto-mexico-ue?idiom=es>

The greater weight of European FDI in the country reflects the dynamism of investments over the last decades: between 2000 and 2021, FDI from the European Union grew at an average annual rate of 33.3%, while domestic FDI growth

averaged 8.3%. While the EU average rate reflects isolated substantial increases during periods such as 2007, 2010 and 2013, it also shows the upward trend observed between 2016 and 2019 (as well as the slowdown observed in 2020).

The evolution of European investment in Mexico

Foreign Direct Investment from the European Union has had a more volatile performance than the total FDI received by Mexico



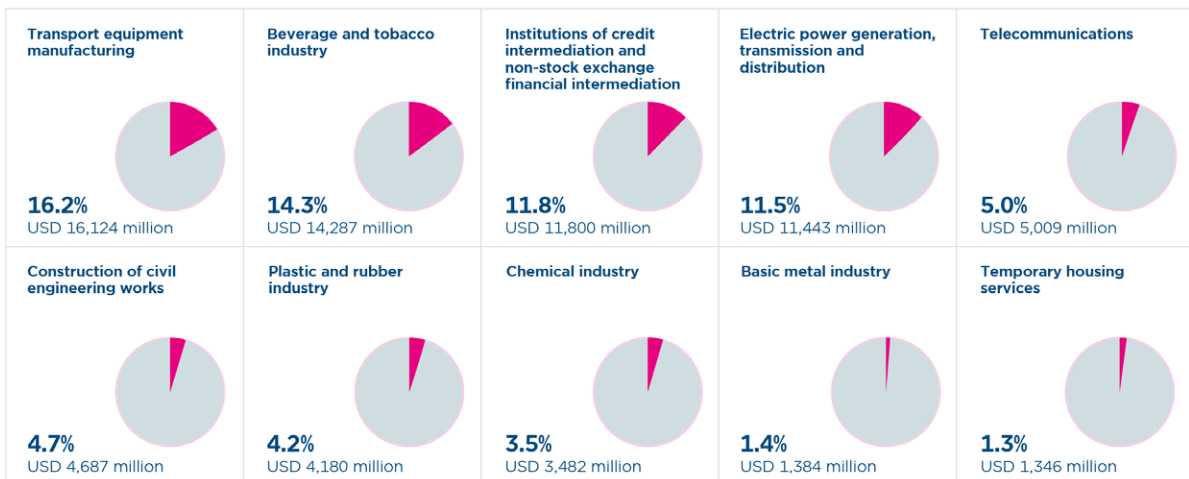
Source: Prepared by IMCO with data taken from the Ministry of the Economy. The European Union's FDI consist of data from 15 countries reported by the Ministry of the Economy: Germany, Austria, Belgium, Denmark, Spain, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, the Czech Republic, and Sweden.

In recent years, EU investment has been concentrated in certain strategic sectors. Nearly 75% of cumulative FDI between 2012 and 2021 has been directed to ten economic sectors, with more than half concentrated in four sectors: transport equipment manufacturing, the beverage and

tobacco industry, credit and financial institutions, and electric power generation and distribution. Other strategic sectors for European investment in Mexico have been telecommunications, the plastic and rubber industry, the chemical industry and temporary housing services.

Strategic sectors for European FDI in Mexico

74% of the Foreign Direct Investment from the European Union to Mexico during the last 10 years has been concentrated in one of ten economic sectors.

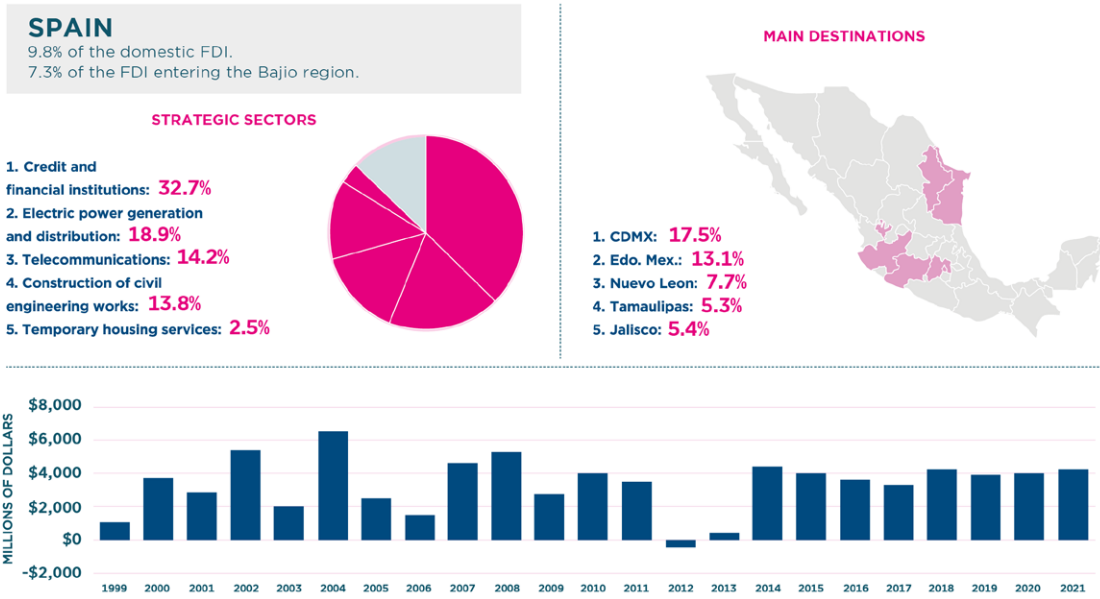


Source: Prepared by IMCO with data taken from the Ministry of the Economy. The proportions correspond to the cumulative FDI between 2012 and 2021.

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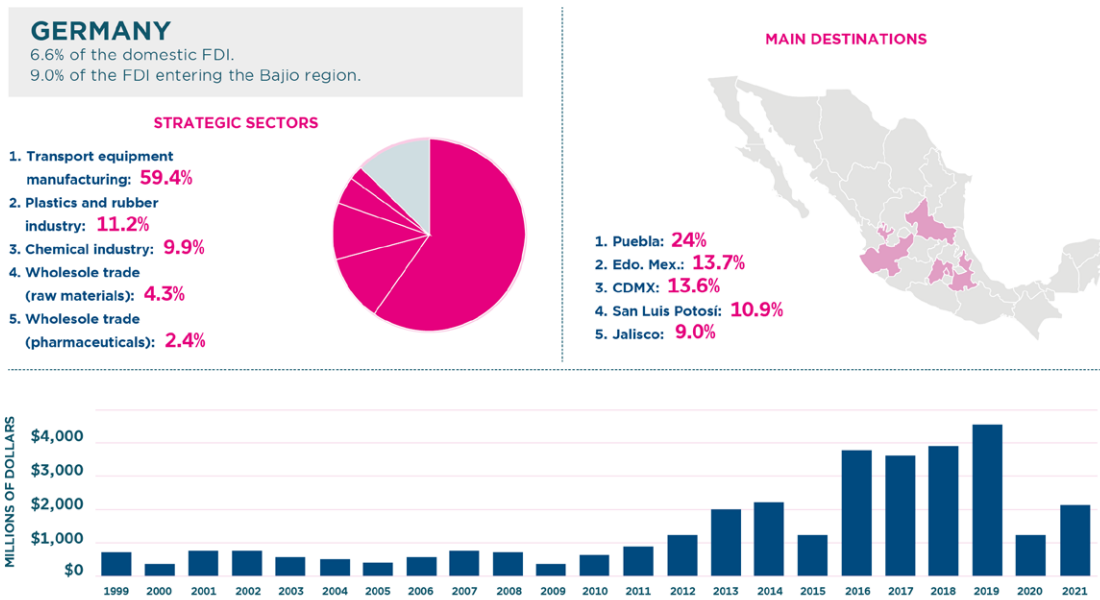
Within the investments from the European Union, there are differences between the profiles of each country as an investor in Mexico. In particular, the five countries with the greatest relevance in EU investments in the country (Spain, Germany, Italy, France, and the Netherlands) show different concentration degrees in the country's economic sectors, as well as in the states to which they direct their resources. Moreover, while investment from Germany or Italy has shown dynamism in the last years, the performance of Spanish or French FDI has differed.

a. Spain, the largest European investor in Mexico, contributes almost 10% of the FDI entering the country during the last decade, and more than 30% come from the European Union. Concentrated mainly in credit and financial institutions, almost 90% of Spanish FDI has been concentrated in 5 sectors, including electric power and telecommunications. Although its main destination has been Mexico City, it has also targeted states such as Nuevo Leon, Tamaulipas and Jalisco, and despite having a presence in all of the country's states, this has been lower in states such as Aguascalientes and Zacatecas, where just 0.5% of Spanish FDI has been directed between 2012 and 2021.



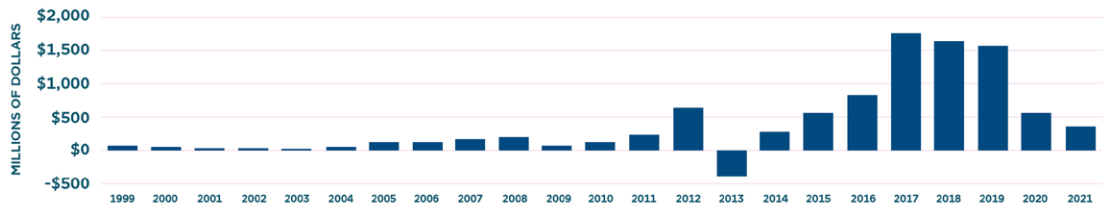
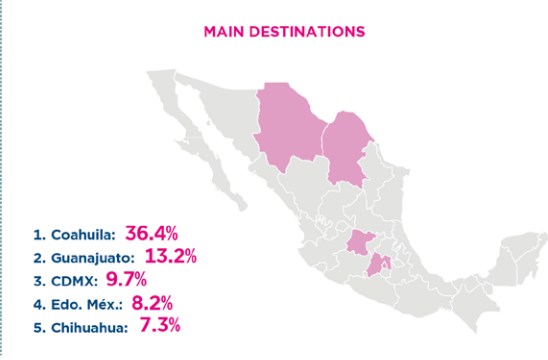
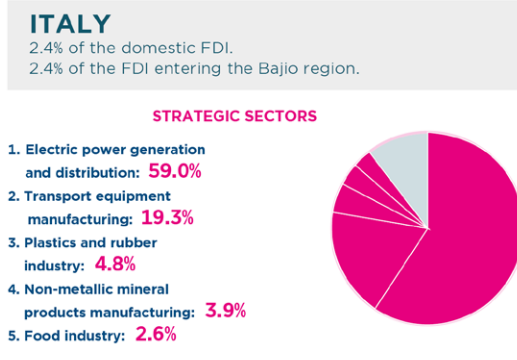
b. Germany, the second most important European investor in Mexico, has a different composition: almost 60% of German FDI has been directed to a single productive sector, the manufacture of transport equipment. Industries such as plastics and rubber and chemicals also receive German FDI, although to a lesser extent (11.2% and 9.9% of the total, respectively). In regional

terms, FDI from Germany is also concentrated in a few regions: almost a quarter goes to Puebla, while the State of Mexico and Mexico City receive more than 13% each. San Luis Potosi and Jalisco also receive between 9% and 11% of FDI, but Germany's presence is lower in other states and almost nil in states such as Colima, Durango, Chiapas and Guerrero.



c. Foreign investment from **Italy**, which contributes 2.4% of the total coming into Mexico, is also highly concentrated, as 59% has been directed to the electric power generation and distribution sector, while another 19% has been directed to the transport equipment manufacturing; together, 5 sectors have gathered

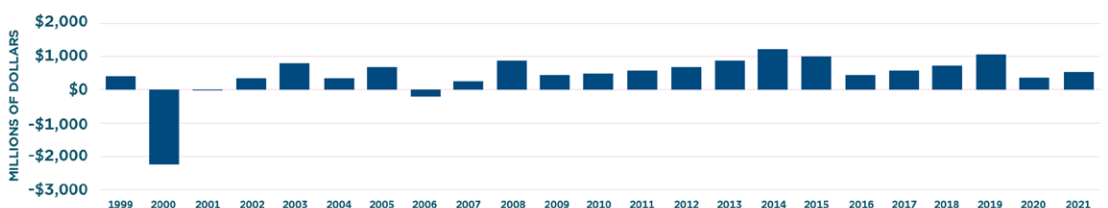
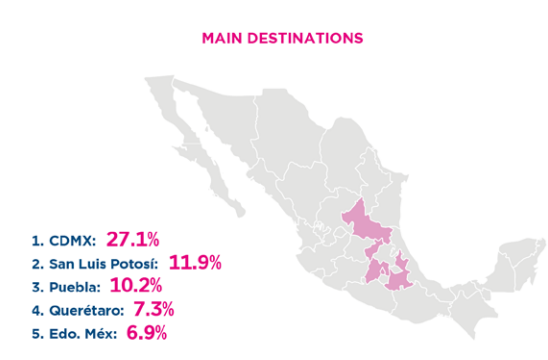
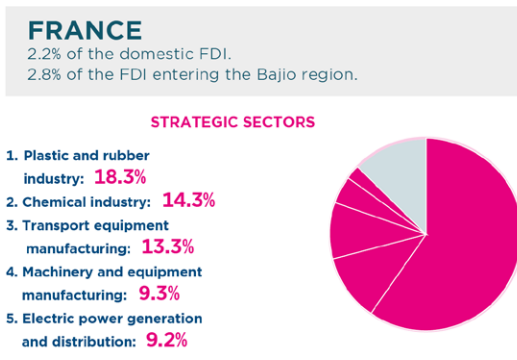
90% of Italian FDI over ten years. Its main destination has been Coahuila, which has received 36% of the investment between 2012 and 2021; and Guanajuato has been the target of 13% of FDI in such period. States such as Mexico City, Chihuahua and San Luis Potosi have received more than 5% of the investment.



Source: Prepared by IMCO with data taken from the Ministry of the Economy. The above figures consider FDI inflows between 2012 and 2021.

d. Moreover, **France's** FDI (2.2% of the domestic total) has shown greater diversification among economic sectors, with a presence in the plastic, rubber and chemical industries, as well as in the manufacture of transport equipment, machinery

and equipment, and electric power generation. Although most of it goes to Mexico City, San Luis Potosi receives 12% of the total, and Queretaro 7.3%.



Source: Prepared by IMCO with data taken from the Ministry of the Economy. The above figures consider FDI inflows between 2012 and 2021.

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e. The diversification of FDI by economic sector is even greater in that from the **Netherlands**: about 18% of the investment between 2012 and 2021 was directed to the beverage and tobacco industry, but temporary housing, professional and real estate services also received more than 5% of FDI; more than 2% was directed to the chemical, paper and metal

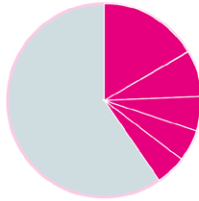
product manufacturing industries, respectively, as well as to the manufacture of communication equipment. Nuevo Leon received most of the Dutch investment, followed by Mexico City, Veracruz and Tamaulipas. Aguascalientes, Guerrero and Zacatecas received 0.1% of the FDI or less.

THE NETHERLANDS

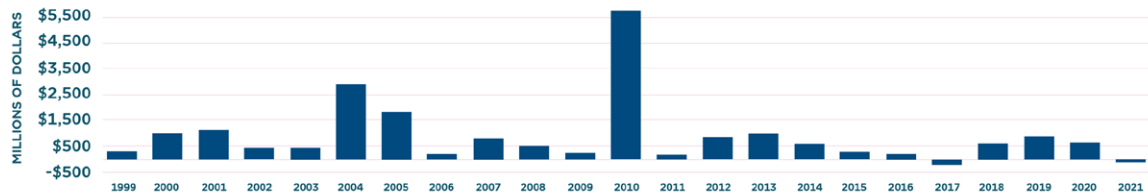
1.5% of the domestic FDI.
0.5% of the FDI entering the Bajío region.

STRATEGIC SECTORS

1. Beverage and tobacco industry: **17.5%**
2. Temporary housing services: **7.3%**
3. Professional, scientific and technical services: **5.6%**
4. Real estate services: **5.4%**
5. Oil and gas extraction: **4.6%**



MAIN DESTINATIONS



Source: Prepared by IMCO with data taken from the Ministry of the Economy. The above figures consider FDI inflows between 2012 and 2021.

FDI in the Bajío region

EU Foreign Direct Investment per state

26% of FDI from the European Union between 2012 and 2021 went to one of the seven states in the Bajío region, with Guanajuato, Jalisco and San Luis Potosi together receiving 18%.

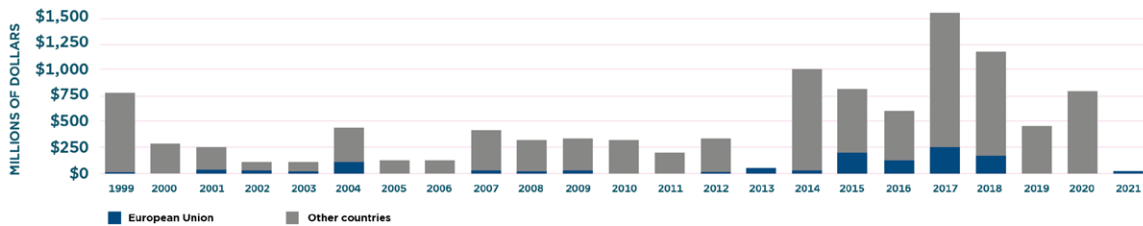
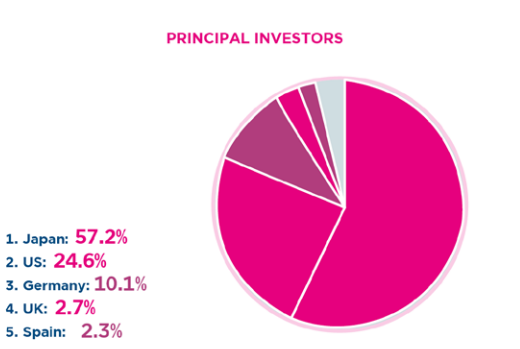
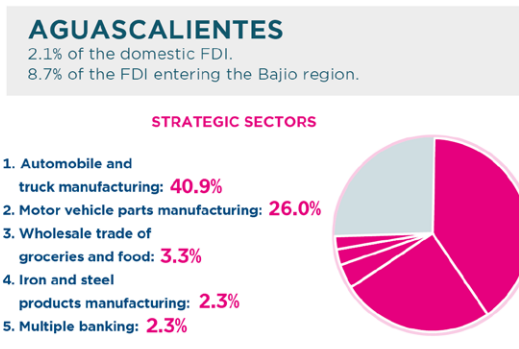


Source: Prepared by IMCO with data taken from the Ministry of the Economy.

Within Mexico, the Bajío region stands out as a recipient of Foreign Direct Investment from the European Union. Between 2012 and 2021, 26% of European FDI went to the region; overall, 24% of the FDI that Mexico receives from the world goes to one of the seven states in the Bajío region. **The main destinations for European FDI in the region are Jalisco, San Luis Potosi and Guanajuato.** Jalisco and Guanajuato are the two largest economies in the region, which is reflected in their perception of foreign investment: Jalisco contributes 7.1% of the domestic economy and receives a slightly smaller proportion of European FDI (6%); Guanajuato's economy represents 4.3% of the domestic economy and receives 5.8% of EU investment. Investment directed to San Luis Potosi, however, exceeds its share as part of the Mexican economy: the

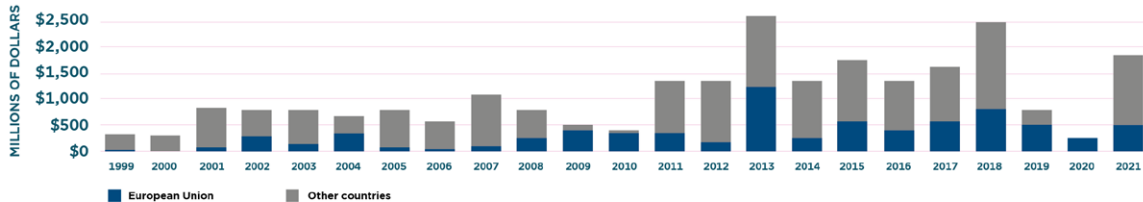
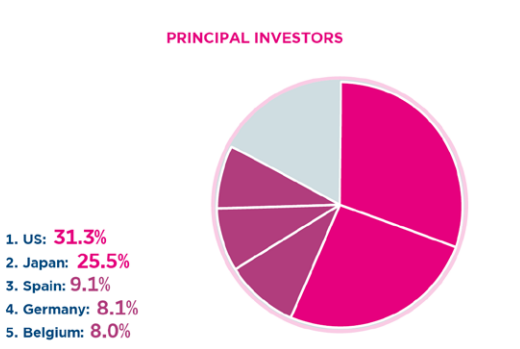
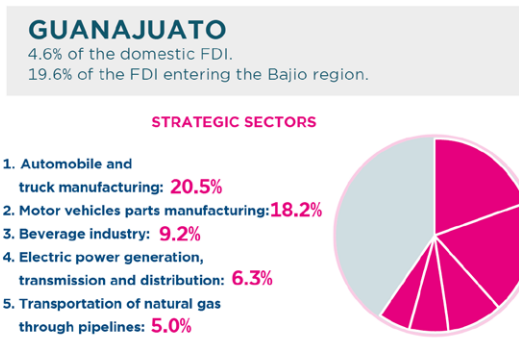
state's GDP contributes 2.2% of the country's GDP, but receives 5.9% of investment from the European Union.

As it is observed in the case of FDI from different countries, FDI directed to the different states of the Bajío region also has varied compositions. **Although automotive-related sectors have been important targets for investment in states such as San Luis Potosi, Queretaro, Guanajuato and Aguascalientes during the last decade, the beverage industry and multiple banking are more important in Michoacan, Jalisco and Zacatecas.** Furthermore, the participation of Europe as an investor also varies: while in San Luis Potosi 44% of FDI comes from the EU, in Aguascalientes this proportion is only 12%.



a. As the destination of 2.1% of FDI coming into the country, **Aguascalientes** received almost 7 billion dollars in foreign resources between 2012 and 2021. Most of this amount was directed to the automotive sector: more than 65% of FDI was directed to the manufacture of automobiles and trucks or to the manufacture of parts for these vehicles. Although European

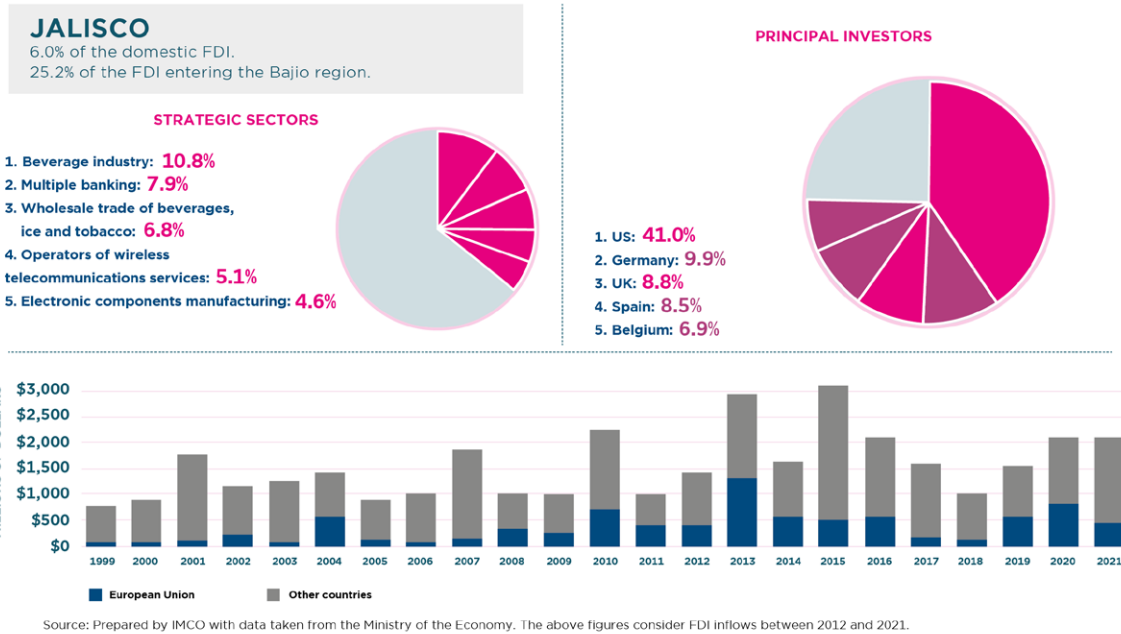
investors had a presence in the Aguascalientes economy (particularly Germany and Spain), the EU contributed only 12% of the state's FDI; Japan was the main investor, accounting for more than half of the foreign investment, while the United States provided almost 25% of it.



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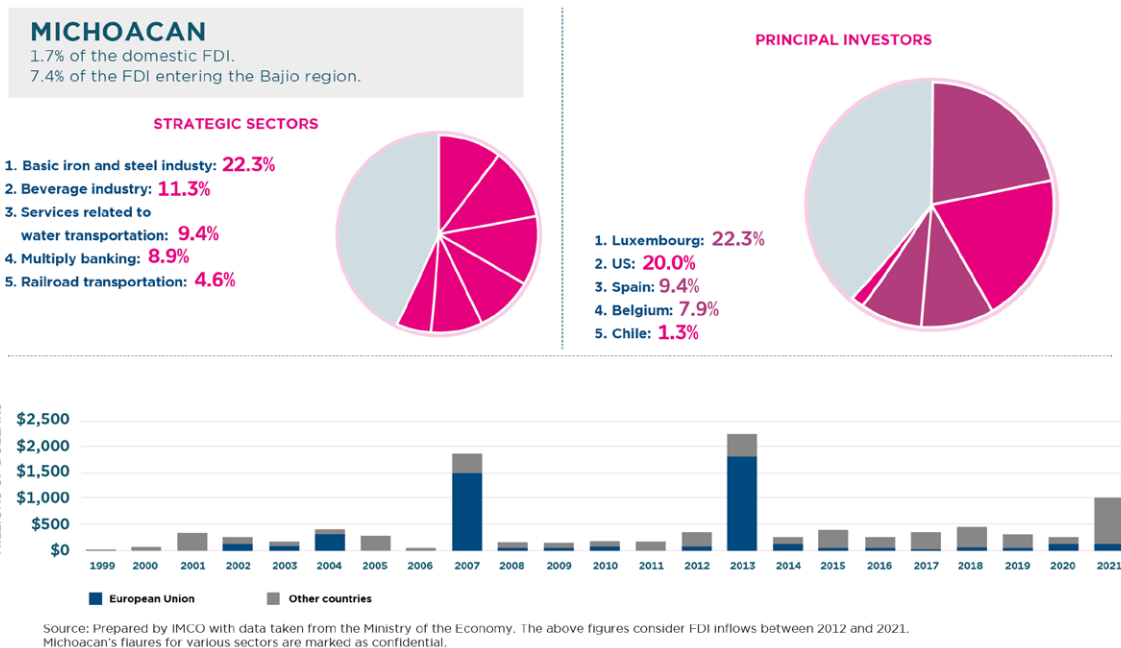
b. Although it received a higher proportion of national FDI in the last decade (4.6%), **Guanajuato** had similarities with Aguascalientes: the two sectors with the highest investment were also automotive manufacturing (they received 39% of the total), and the main

investors were the United States and Japan. However, the FDI received by Guanajuato had greater European participation: 35% of the total came from an EU country, particularly Spain, Germany and Belgium.



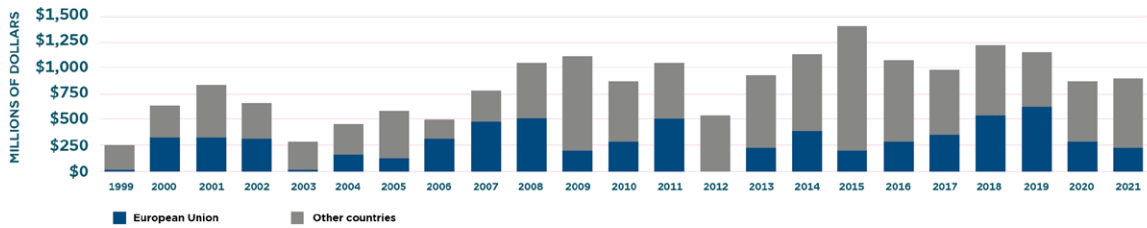
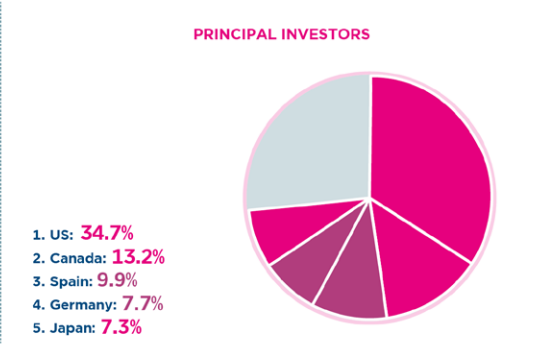
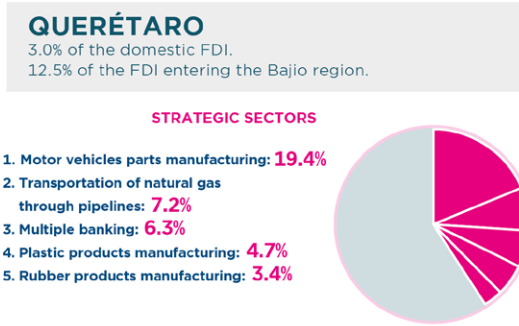
c. **Jalisco** received 6% of the country's FDI (and 25% of FDI received by the Bajío); these resources came mainly from the United States (41%), but also from Germany, the United Kingdom and Spain (all contributed more than 8.5% of the foreign investment); in total, the EU contributed 28% of FDI in Jalisco. This was allocated mainly to the beverage industry,

multiple banking and the wholesale trade of beverages, ice and tobacco. However, funds were also directed to the wireless telecommunications services sector and the manufacture of electronic components, as well as to the manufacture of pharmaceuticals and temporary housing services.



d. In **Michoacan** (which received less than 2% of the country's FDI), 3 of the top 5 investors were European: Luxembourg, Spain and Belgium accounted for almost 40% of the total investment received. Overall, the EU contributed 42% of the

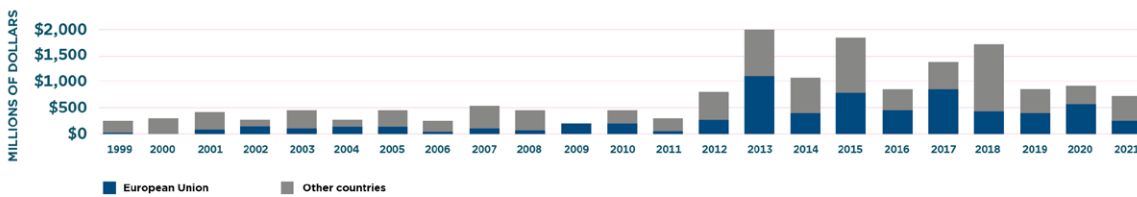
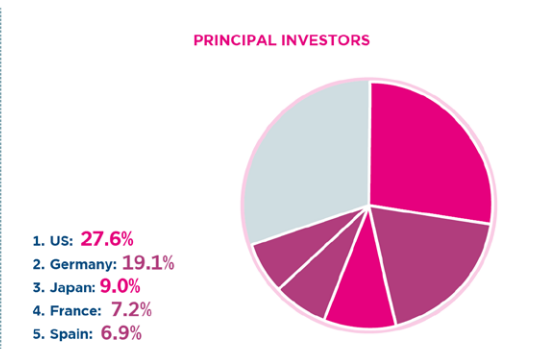
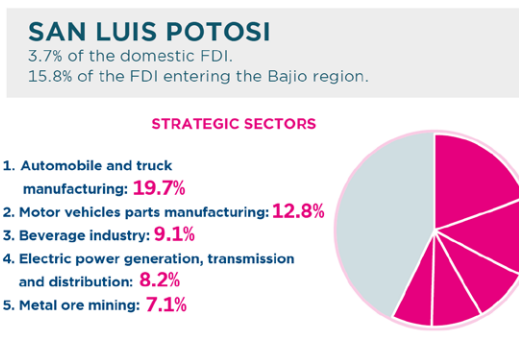
state's FDI, which was directed mainly to the iron and steel industry, the beverage industry and services related to water transportation, as well as multiple banking.



Source: Prepared by IMCO with data taken from the Ministry of the Economy. The above figures consider FDI inflows between 2012 and 2021.

e. **Querétaro**, destination of 3% of the national FDI and almost 13% of the investment received by the Bajío region, had the United States and Canada as its main investors (which together contributed almost half of the total FDI), although it also received European resources (particularly from Spain

and Germany); the EU contributed 28% of the total investment received by Querétaro. This was aimed at various sectors, such as the manufacture of parts for motor vehicles, natural gas transportation, multiple banking, and the manufacture of plastic and rubber products.

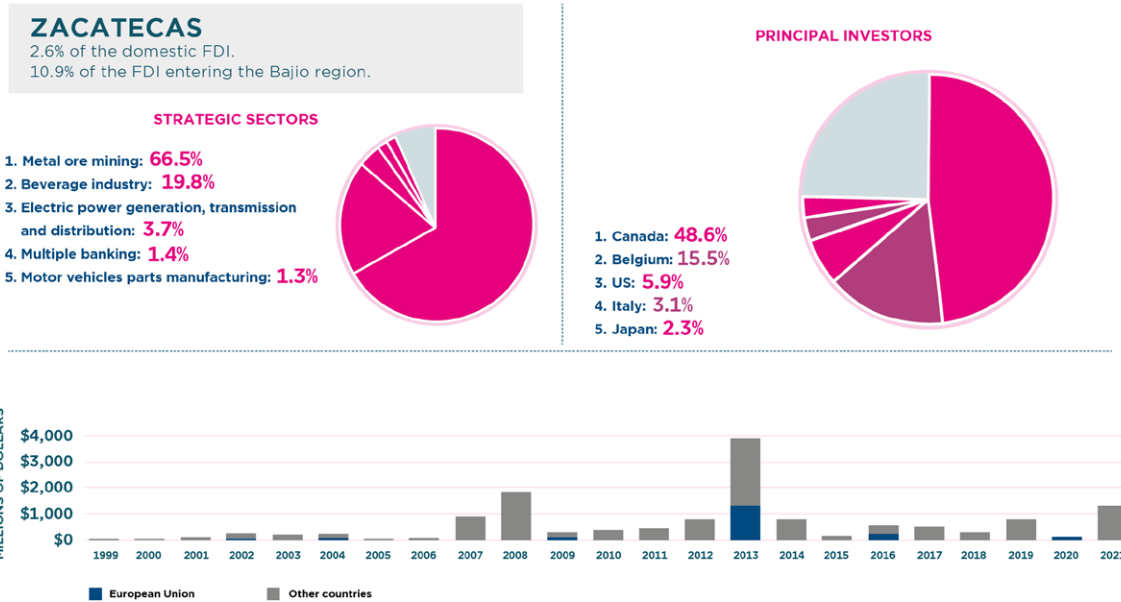


Source: Prepared by IMCO with data taken from the Ministry of the Economy. The above figures consider FDI inflows between 2012 and 2021.

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f. In **San Luis Potosi**, European investment was greater: the EU was responsible for 44% of the FDI directed to the state. Germany was the second largest investor, while France and Spain were the fourth and fifth largest. Although more than

30% of FDI was directed to the automotive sector, investments were also made in the beverage, electric power and metal ore mining industries, as well as in rubber products manufacturing, multiple banking and wireless telecommunications services.



g. Finally, foreign investment in **Zacatecas**, which represented 2.6% of the national total, showed the highest concentration during the last decade: 93% of FDI went to only 5 sectors: metal ore mining (with more than 66% of the total), the beverage industry, electric power, multiple banking and

automotive parts manufacturing. Moreover, almost half of these resources came from a single country (Canada), although the European Union, particularly Belgium and Italy, contributed 21% of the state's FDI.

Economic performance of EU strategic sectors

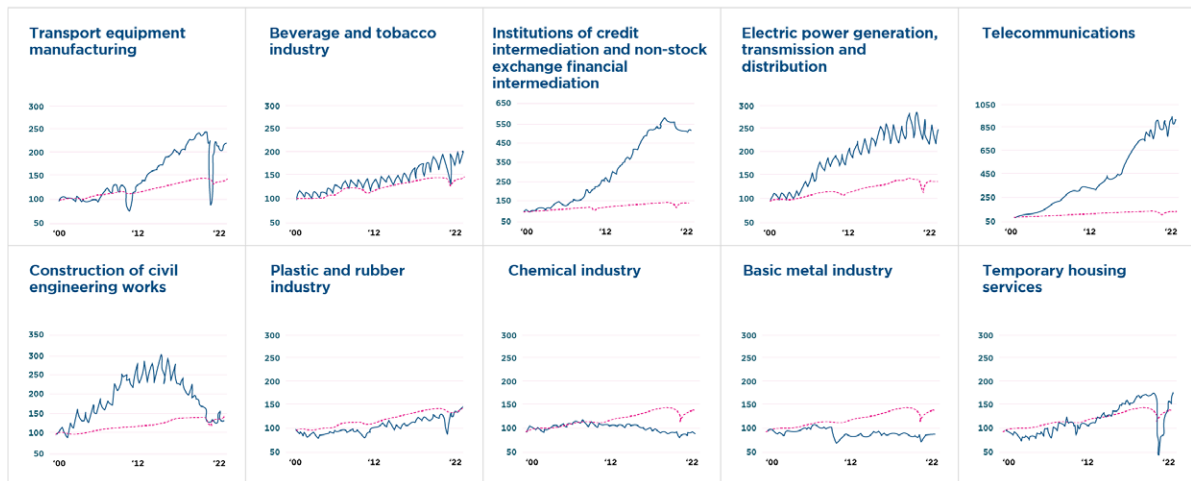
Two decades of Foreign Direct Investment from the European Union to Mexico have provided a boost to economic growth both in the states and in the sectors to which these funds have been directed. Although their economic performance reflects several variables beyond European FDI, the states to which the EU has allocated a greater proportion of investment (including Mexico City, Puebla and Nuevo Leon, as well as San Luis Potosi, Guanajuato and Jalisco) have shown higher average annual growth rates than those observed at the national level over the last 20 years⁹.

Similarly, the sectors that have been strategic for European investment in Mexico have shown greater dynamism than the domestic economy in recent years: **7 of the 10 sectors that have received a higher proportion of investment from the EU have grown at a higher rate than that observed at the national level.** In particular, credit and financial institutions, telecommunications and transport equipment manufacturing, as well as electric power generation, have shown upward trends in recent decades, above the trend observed in the country's GDP.

⁹ Figures of the state's Gross Domestic Product, 2001-2020. INEGI.

The growth of strategic sectors for the European Union

7 of the 10 strategic sectors for Foreign Direct Investment from the European Union have shown more dynamic growth than that observed at the national level during the last decades.



Source: Prepared by IMCO with data taken from the INEGI. The red line represents the country's GDP trend. All series are normalized, with 100 = the level in 1Q2000.

Potential European investment in the Bajío region

Evaluating economic performance and growth in the states and sectors that have been priorities for European investment over the last decades is useful to know the expectations for future investments in the country. However, other state-level economic performance variables, as well as information on

the skills acquired by young people joining the labor force in each state, provide a clearer picture of the competitiveness and investment opportunities in each state and, in particular, in the Bajío region.

Opportunities for European investment in the Bajío region: AGUASCALIENTES		
Skills for the future (Proportion of current enrollment in higher education, 2022)	Dynamic sectors (Economic sectors with the highest growth, 2010-2019)	Countries with low participation (European Union countries with share of state FDI <0, 2012-2021)
Business administration: 13.4%	Chemical, plastic and rubber industries and oil-related and coal products: 12.8%	Luxembourg
Industrial engineering: 8.4%	Computer, electronic and electrical equipment manufacturing: 12.4%	Poland
Law: 6.1%	Financial and insurance services: 11.8%	Portugal
Electronic engineering: 5.5%	Information in mass media: 11.4%	Czech Republic
Mechanical engineering: 4.0%	Paper industries: 8.9%	Italy

Source: Prepared by IMCO with data taken from the Ministry of the Economy and the INEGI.

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Opportunities for European investment in the Bajío region: GUANAJUATO		
Skills for the future (Proportion of current enrollment in higher education, 2022)	Dynamic sectors (Economic sectors with the highest growth, 2010-2019)	Countries with low participation (European Union countries with share of state FDI <0, 2012-2021)
Business administration: 15.1%	Beverage and tobacco industry: 24.2%	Poland
Industrial engineering: 11.0%	Computer, electronic and electrical equipment manufacturing: 14.1%	Portugal
Law: 6.3%	Information in mass media: 12.1%	Czech Republic
Electronic engineering: 5.4%	Financial and insurance services: 9.9%	Sweden
Mechanical engineering: 4.9%	Generation and supply of electricity, gas and water: 12.8%	The Netherlands

Source: Prepared by IMCO with data taken from the Ministry of the Economy and the INEGI.

Data on the **education accessed by young people with higher education** in each region indicate the vocation that the workers of the future may have, such as: business administration and law, which are common degrees at the national level, but

industrial engineering, electronic engineering and mechanical engineering, as well as chemistry, are among the most frequently studied degrees in the Bajío states.

Opportunities for European investment in the Bajío region: JALISCO		
Skills for the future (Proportion of current enrollment in higher education, 2022)	Dynamic sectors (Economic sectors with the highest growth, 2010-2019)	Countries with low participation (European Union countries with share of state FDI <0, 2012-2021)
Business administration: 8.6%	Financial and insurance services: 9.6%	Austria
Law: 7.9%	Information in mass media: 9.1%	Luxembourg
Medicine: 5.8%	Computer, electronic and electrical equipment manufacturing: 8.3%	Poland
Business and trade: 4.7%	Wholesale trade: 6.2%	Portugal
Accounting: 4.5%	Beverage and tobacco industry: 4.8%	Czech Republic

Source: Prepared by IMCO with data taken from the Ministry of the Economy and the INEGI.

Opportunities for European investment in the Bajío region: MICHOACAN		
Skills for the future (Proportion of current enrollment in higher education, 2022)	Dynamic sectors (Economic sectors with the highest growth, 2010-2019)	Countries with low participation (European Union countries with share of state FDI <0, 2012-2021)
Law: 7.6%	Financial and insurance services: 11.7%	The Netherlands
Business administration: 7.3%	Information in mass media: 10.6%	Italy
Chemical engineering: 5.5%	Beverage and tobacco industry: 8.2%	Austria
Agricultural/livestock production: 4.8%	Wholesale trade: 6.4%	France
Accounting: 4.8%	Agriculture, animal husbandry and fishing: 4.7%	Portugal

Source: Prepared by IMCO with data taken from the Ministry of the Economy and the INEGI.

Information on the most dynamic sectors in each state of the region points to the economic activities with the greatest potential; information in mass media and financial services have shown high growth rates in practically all the states, but there has also been significant growth in sectors such as the chemical industry, the beverage industry or wholesale trade.

In addition, there are countries with low participation in the FDI of each of the states - even those that invest in other regions of Mexico -. Italy, for example, has a low presence in Aguascalientes and Michoacan, despite being one of the main investors in Zacatecas. France invests little in Michoacan, although it is the fourth largest investor in San Luis Potosi.

Opportunities for European investment in the Bajío region: QUERÉTARO		
Skills for the future (Proportion of current enrollment in higher education, 2022)	Dynamic sectors (Economic sectors with the highest growth, 2010-2019)	Countries with low participation (European Union countries with share of state FDI <0, 2012-2021)
Industrial engineering: 8.6%	Financial and insurance services: 13.5%	Finland
Business administration: 8.4%	Computer, electronic and electrical equipment manufacturing: 11.5%	Ireland
Law: 6.8%	Information in mass media: 11.3%	Luxembourg
Business and trade: 6.4%	Wood industry: 6.8%	Poland
Electronic engineering: 5.4%	Wholesale trade: 6.5%	Czech Republic

Source: Prepared by IMCO with data taken from the Ministry of the Economy and the INEGI.

Opportunities for European investment in the Bajío region: SAN LUIS POTOSI		
Skills for the future (Proportion of current enrollment in higher education, 2022)	Dynamic sectors (Economic sectors with the highest growth, 2010-2019)	Countries with low participation (European Union countries with share of state FDI <0, 2012-2021)
Industrial engineering: 15.0%	Computer, electronic and electrical equipment manufacturing: 13.9%	Ireland
Business administration: 10.6%	Information in mass media: 12.7%	Luxembourg
Law: 6.9%	Financial and insurance services: 10.4%	Poland
Electronic engineering: 6.2%	Chemical, plastics and rubber industries and oil-related and coal products: 5.8%	Portugal
Business and management: 5.0%	Business support services and waste management: 5.4%	Sweden

Source: Prepared by IMCO with data taken from the Ministry of the Economy and the INEGI.

Opportunities for European investment in the Bajío region: ZACATECAS		
Skills for the future (Proportion of current enrollment in higher education, 2022)	Dynamic sectors (Economic sectors with the highest growth, 2010-2019)	Countries with low participation (European Union countries with share of state FDI <0, 2012-2021)
Law: 8.1%	Computer, electronic and electrical equipment manufacturing: 17.3%	Germany
Industrial engineering: 6.7%	Information in mass media: 10.9%	Denmark
Business administration: 6.4%	Financial and insurance services: 10.4%	Finland
Accounting: 5.9%	Chemical, plastics and rubber industries and oil-related and coal products: 6.3%	Luxembourg
Electronic engineering: 5.2%	Wholesale trade: 4.8%	Portugal

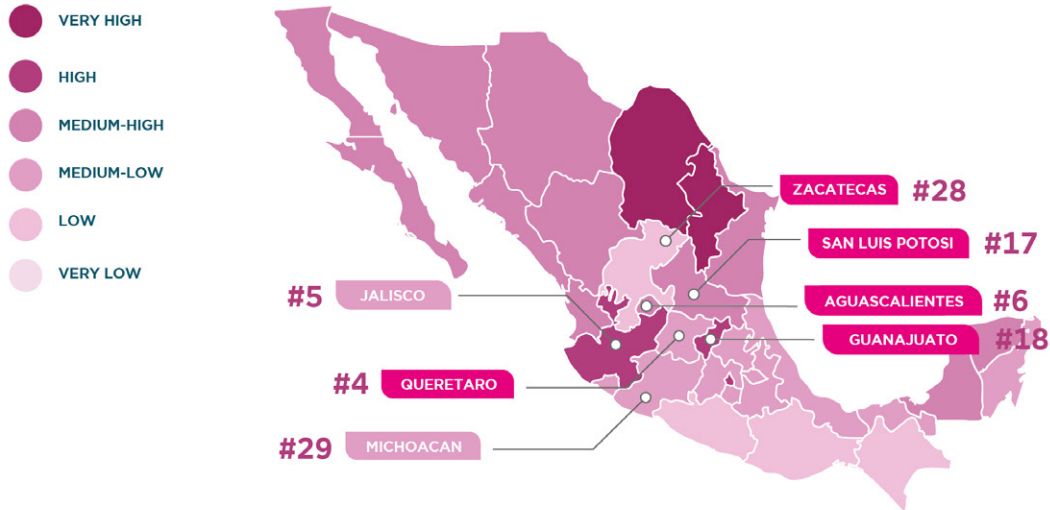
Source: Prepared by IMCO with data taken from the Ministry of the Economy and the INEGI.

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Along with these indicators, the figures on competitiveness in each of these states (measured using the State Competitiveness Index prepared by IMCO¹⁰) complete the outlook of opportunities and pending issues for European investment in Mexico and the Bajío region.

Although two Bajío states (Queretaro and Jalisco) showed a high level of competitiveness in the 2022 edition of the Index and other two had a medium-high level (Aguascalientes and San Luis Potosi), Guanajuato showed medium-low competitiveness, and Zacatecas and Michoacan a low level.

Level of competitiveness



Source: Prepared by IMCO.

Rather than discouraging investment, the figures facilitate efforts between the public and private sectors to address the challenges that competitiveness faces in each of the states (such as a more stable economy in Aguascalientes and Zacatecas, a more inclusive society in Michoacan or a more efficient factor market in Guanajuato), and also represent an opportunity to ensure the success of future projects in each of these regions.

Together, the information on dynamic sectors, skills for the future and competitiveness in each of the states allows us to chart a path for greater integration between the European and the Bajío region's economies, driven not only by a higher level of investment, but also by a joint effort to create a more competitive region that will benefit the bilateral relation.

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Economist by the Instituto Tecnológico Autónomo de México (ITAM), she has studies at the University of California at San Diego, Harvard Kennedy School, the Organization of American States and the U.S. Department of Commerce. She is head of the Foreign Trade and Labor Market areas at the Mexican Institute for Competitiveness (IMCO, for its initials in Spanish), responsible for two competitiveness observatories, organizes the creation of studies and papers on topics related to both areas, and develops proposals on competitiveness, trade and employment. . Additionally, she lectures to academic, business and civil society audiences on behalf of IMCO. Previously, she was Research Coordinator at Mexico, ¿cómo vamos? (Mexico, how are we doing?), a civil society organization focused on tracking national and state economic figures.

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