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Market Report:
**UNITED MEXICAN
STATES** March 2020

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Country Profile:

Capital:	Mexico City
Population:	133,477,123 million (2019)
Area:	1,972,550 km ² (13th biggest country in the world)
Official Language:	Spanish
Currency Unit:	Mexican Peso (MXN) 1 USD = 22.79 MXN (Mar 2020)
GDP (Current, 2018):	\$1.223 trillion (2018)
GDP per capita (2018):	\$ 9,673.4
GDP Growth Rate (2018):	2.0%
Inflation Rate (2018):	4.9%
Unemployment Rate(2018):	3.3%
Tax Revenue	(% of GDP): 10.08
Imports of Goods and services	(% of GDP): 41.15
Exports of Goods and services	(% of GDP): 39.28



* (Source World Bank Data)

General Facts:

The Mexican economy is based on a free market model. Currently Mexico is the second largest economy of Latin America after Brazil and the 15th largest economy in the world. It ranks 11th in the world in terms of population size.

In addition to this Mexico is the 9th largest export economy in the world and the 21st most complex economy according to the Economic Complexity Index (ECI).

Mexico has signed 12 Free Trade Agreements (FTAs) with 46 countries in total. Clearly, these FTAs has positive impact on the economy. More than 90% of its trade is carried out with the countries where the FTA has signed. The Pacific Alliance and the Trans-Pacific Partnership have become prominent in recent years as part of Mexico's efforts to diversify its foreign trade.

According to IMF, the GDP is forecasted to be 0.960 % in Dec 2020, however the Economic impact of Covid-19 is yet to be considered on the projection.

Mexico Tax general data

Corporate tax: 35%

Income Tax: 1.92% to 30%

Standard VAT rate: 16% in most of the country & 11% in borders areas

Mexico's fiscal policy aims to extend the taxpayers base and improve collecting system's efficiency. It has consistently increased the tax revenue while reducing dependence on oil revenues. It's proposed to have a primary surplus of 0.7% of GDP by 2020

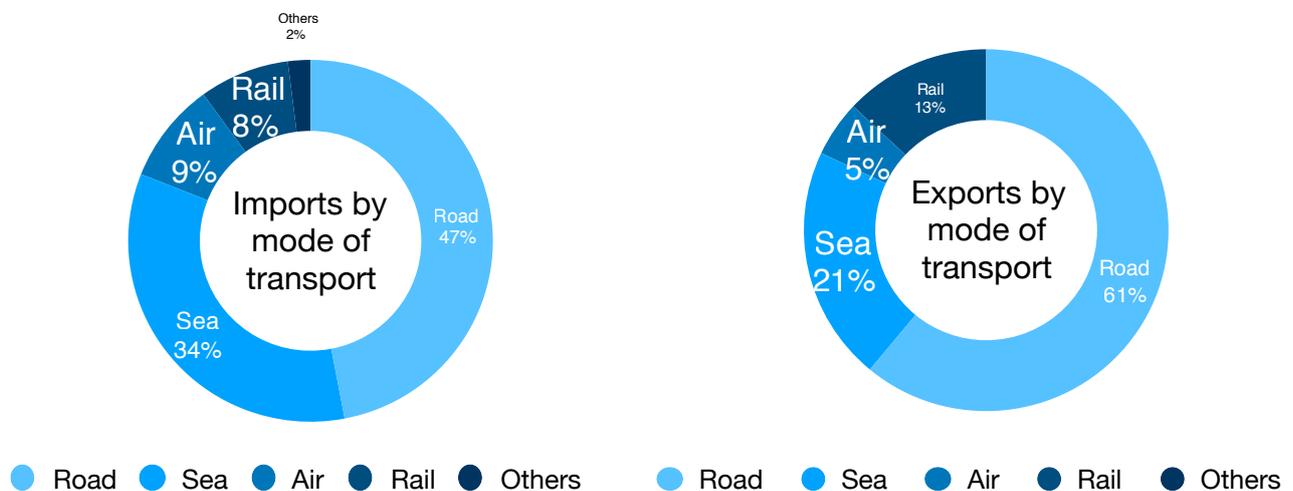
* (Source: Bank of Mexico)

National Volumes per mode of Transport

Transporte mode	Volume (M.T)	Percentage %
	556.4	55.5
	317.0	31.6
	128.0	12.8
	0.8	0.1
Total	1002	100

* Source: CANACAR (Camara Nacional Del Autotransporte de Carga)

Import and Export Transport Modes



* Source: CANACAR (Camara Nacional Del Autotransporte de Carga)

EXPORT MARKET

Export Trade Volume (2018): 450,532 billion USD (10% increase)

Top Commodities: Cars, Crude Petroleum, automotive main and supplier industries, electrical-electronics, tractors, furniture, medical devices, gold, silver, alcoholic beverages, avocados, tomatoes, biscuits, beef, sugary products, coffee, cotton, walnut and sugar cane.

Top Destination Countries: USA, Canada, China, Germany, Japan

IMPORT MARKET

Import Trade Volume (2018): 464,268 billion USD (10% increase)

Top Commodities: Vehicle Parts , Refined Petroleum , Cars, Computers, storage units,, natural gas, electrical equipment, steel mill products, agricultural machinery, aircraft and aircraftparts.

Top Origin Countries: USA, China, Germany, Japan, South Korea .

Mexican Ocean Ports

Mexico has a strategic position in the region. Along with 11,000+ kilometers of coastline with access to two oceans, the Pacific and Atlantic (throughout the Gulf of Mexico) in addition to the Caribbean Sea and Sea of Cortez. Land transportation remains the most used transportation mode explained by the proximity and shared land border with Mexico's 1st Trade partner: USA. Mexico however is increasing focus on new container terminals and develop maritime logistics especially after increasing business relationship with S.Korea and Japan for Electronics and Automotive industries.

Main Ports: Manzanillo, Lazaro Cardenas, Veracruz, Altamira, Ensenada

Mexico's ports' capacities have increased by more than 56% from 260 million tonnes in 2012 to 406 million in 2017.

The main shipping lines that provide regular container services to Mexican ports: MSC, Hapag-Lloyd, Hapag-Lloyd, Hamburg Süd Line, CMA CGM, ZIM



* Source: SCT Secretaria De Comunicaciones y Transportes

Here's an overview on the top 5 ports in Mexico.

Market Size in TEUs:

Main Ports	Volume (TEUs) 2018
Manzanillo COL	3.078.505
Lazaro Cardenas, Mich	1.314.798
Veracruz, VER	1.176.253
Altamira, TAMPS	820.092
Ensenada, B.C.	272.258

* Source: CANACAR (Camara Nacional Del Autotransporte de Carga)

1. Port of Manzanillo

Mexico's largest port, the Port of Manzanillo, is located in the state of Colima along the Pacific coast and handles the Pacific Ocean cargo for the Mexico City area. Most imports destined for central Mexico come through the Port of Manzanillo, and given its location, it acts as an important port for Asian importers and exporters. The port handled over 1.58 million TEUs in 2016, 41% more than second-placed Lazaro Cárdenas.

Most of the port's exports are shipped to neighboring United States, Canada, Guatemala, and Colombia, but also to farther off countries including Japan, China, India, Malaysia, and Singapore. Its main exports include beer, cars, cement, sugar, copper, steel tubes, carbon, glucose and resin.

Following the expansion of the Port of Lazaro Cárdenas, the Port of Manzanillo is also currently undergoing its own expansion works. Its SSA Mexico's terminal is already operating nearly at full capacity, and its expansion is likely to increase its container volume by 17% from 1.8 million TEUs to 2.1 million TEUs. The project also includes a new berth to increase the overall terminal area by approximately 30%.

This is in parallel with a current project involving the construction of a tunnel that will provide freight trains round-the-clock access to the port. Port authorities are hoping this will help to increase the port's rail volumes two fold

2. Port of Lazaro Cárdenas

The port of Lazaro Cárdenas is located on Mexico's Pacific Ocean basin and is one of the largest seaports in the area. In 2016, the port handled over 1.11million TEUs, making it the country's second-busiest port.

This deepwater seaport is equipped to accommodate post-panamax vessels, and handles containerized cargo, dry bulk, and liquid cargo. A new semi-automated terminal, opened in 2017, has the capability to handle more than 1.2million containers per year. With that, the port's capacity is expected to increase from 27 million to 29 million tonnes.

Due to congestion at the US west coast ports of Long Beach and Los Angeles, the Port of Lazaro Cárdenas is expected to act as an alternative gateway for shippers looking to reach US markets, making it an important container facility.

The port is well-connected to Mexico City, located just some 620 km away, and the US through the Kansas City Southern de Mexico rail network.

3. Port of Veracruz

500km to the south of the Port of Altamira lies Mexico's third largest port - the Port of Veracruz. Also located on the country's eastern coast with direct access to the Gulf of Mexico, the Port of Veracruz handled 965,290TEUs in 2016. This port was Mexico's largest until 2005, when it was overtaken by the Port of Manzanillo.

The port of Veracruz dates back to Spanish colonization, when it was used to import African slaves to work in shipyards and sugarcane fields. During its colonization, it was the country's most important port, exporting turkeys, corn, beans, avocados, and cotton to Spain, and importing wheat, rice, cattle, pigs, fabric, wine and other goods.

Today, the Port of Veracruz is the country's oldest and most historically-significant port. And as the first port to be equipped to handle automobile shipments, it's one of the most important ports for Mexico's automotive industry. Through well-connected railways and highways, the port serves all of central and southern Mexico, with connections to as far north as the US state of Illinois. And given its strategic location on the Gulf, it provides ocean freight services to North, Central, and South America, Europe, and Africa.

The port is currently undergoing a \$160 million expansion, which includes the construction of Latin America's longest breakwater at 4.3km long. The new facility will accommodate five terminals and around 35 berths, which will help to increase capacity from 28 million tonnes to 95 million tonnes per year. The project is set to conclude in June 2018.

4. Port of Altamira

The Port of Altamira is located on Mexico's eastern coast facing the Gulf of Mexico. It's connected to 125 ports, most of which lie along the Atlantic coast. Domestically, its land and rail connections link the port directly to the northern and central parts of the country, including important cities such as Monterrey, Saltillo, Reynosa, Guadalajara, Mexico City, etc.

In 2016, the port handled 684,930TEUs. Most of the port's cargo include general, dry and liquid bulk, petrochemicals, LNG, containers, and oversized automobiles. Half of its cargo have origins and/or destinations in the port's northern zones of Tamaulipas, Nuevo León, and Coahuila, whereas 28% go to or come from the central regions of San Luis Potosí, Zacatecas, Jalisco, Guanajuato, and Querétaro.

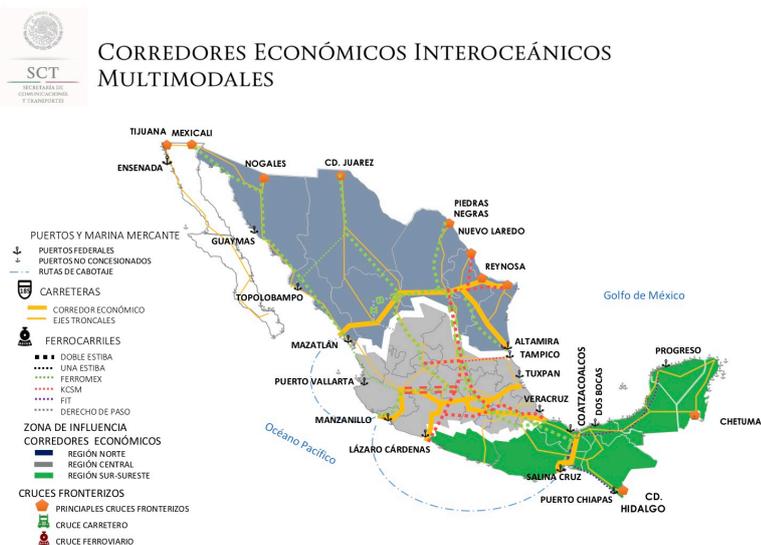
5. Port of Ensenada

The Port of Ensenada is a deepwater port on the western coast of the Baja California region, just 110km from the US state of California. It has cargo and cruise terminals and accommodates the unloading of containers at its docks.

In 2016, the port registered more than 191,000TEUs in cargo throughput. Given its strategic location on the Pacific Coast, it has direct connections to 64 ports in 28 countries. Most of the ships calling at the port hail from Asia, North America, and South America.

The three most important land routes for the transport of merchandise to and from the port are the Tijuana – Ensenada highway and the Tijuana – Ensenada and Tecate – Ensenada federal highways. Most of the cargo arriving at and departing from the Port of Ensenada use these three routes, which also connect to the key highways in the US. Plus, these routes offer direct connections to the cities of Tijuana, Tecate, and Mexicali, which are major US border crossings.

Land Transportation



* Source: SCT Secretaria De Comunicaciones y Transportes

The roadway network in Mexico is wide with most areas in the country are well connected, despite the geographic difficulties to connect all cities and towns. The roadway network in Mexico has an extent of 366,095 km (227,481 mi), of which 116,802 km (72,577 mi) are paved, making it the largest paved-roadway network in Latin America. Cargo trucking is the most dynamic modality in the entire sector transport.

The economic weight represented 3.2% of Gross Domestic Product (GDP) and contributes 50% of logistics GDP in Mexico which amounts to 6.5%.

Represents an important source of jobs, approximately six million families, depend directly and indirectly on cargo motor transport.

Mobilizes 556 million tons of products, this equals 81.3% of the land cargo, 55.5% of the cargo total domestic.

The population of cargo motor transport units, made up of 982,856 units is made up of 496,057 motor units with an average age of 18 years and 486,335 units trawling with an age of 17.8 years, being imperative to promote the renewal of the vehicle fleet.

Regarding the business structure, the number of licensees amounts to 152,487, where:

- Micro Carrier 1 to 5 vehicle units Number of Permittees: 123,073; 80.7% Total vehicles: 231,956; 23.6%
- Small Carrier 6 to 30 vehicle units Number of Permittees: 25,189; 16.5% Total vehicles: 290,265; 29.6%
- Medium Carrier 31 to 100 vehicle units Number of Permittees: 3,183; 2.1% Total vehicles: 161,520; 16.4%
- Large Carrier Company More than 100 vehicle units Number of Permittees: 1,042; 0.7% Total vehicles: 299,115; 30.4%

In 2018 alone, 61.2% of the total the value of Mexico's exports were transported by road and imports represented 47.2% Of the exchange between Mexico and the States of the goods transported by land, cargo motor transport represented 82% of total trade accounted for between both nations. • By means of cargo motor transport, 8,582,870 crossings were made through the northern border between Mexico and States United.

Air Transportation



Sistema aeroportuario, Talleres y Centros de Capacitación



* Source: SCT Secretaría De Comunicaciones y Transportes

The airport system consists of 77 airports, 64 of them international.

Cargo Volumes Growth in Years

Year	Domestic (in 1,000 metric tons)	International (in 1,000 metric tons)	Total
2008	120.5	447.8	568.3
2013	121.3	495.7	617.0
2018	170.8	739.0	909.8

In 2018, goods transported by air marked a record high for the fifth consecutive year, reaching 910 thousand tons.

In the last five years, freight transport grew 47.4%, with an Average Annual Growth Rate (TMCA) of 8.1%. The increase in 2018 was 12.8% over the year previous.

Between 1993 and 2018 the structure of the air transport of merchandise in Mexico has changed significantly since that despite the growth of cargo transported in service regular domestic, regular international cargo transportation It has significantly increased its participation, from 61.1% of the market to 77.0%

Main Routes(2018):

		Volumes (in 1,000 metric tons)	Share
Mexico	Los Angeles	60.97	8.3%
Mexico	Frankfurt	46.28	6.3%
Los Angeles	Guadalajara	40.09	5.4%
Mexico	Doha	27.52	3.7%
Memphis	Guadalajara	27.05	3.7%
Mexico	Madrid	26.41	3.6%
Mexico	HongKong	25.90	3.5%
Mexico	Amsterdam	25.89	3.5%
Toluca	Memphis	24.65	3.3%
Mexico	Bogotá	21.92	3.0%
Others		412.31	55.8%
Total (International only)		738.98	100.0%

International merchandise transported in regular and charter service

Three Mexican airlines mobilize 29.8% of the merchandise transported in international service, two of them exclusive (Aerounión and Más Air).

62.3% of the market share is held by American, European and Asian airlines.

In the last 10 years Asian companies have earned 14% points in the freight transport market international.

The 10 most important international cargo routes mobilize 44.2% of the total merchandise.

Seven of the ten most important transport routes international cargo have as origin or destination the City from Mexico.

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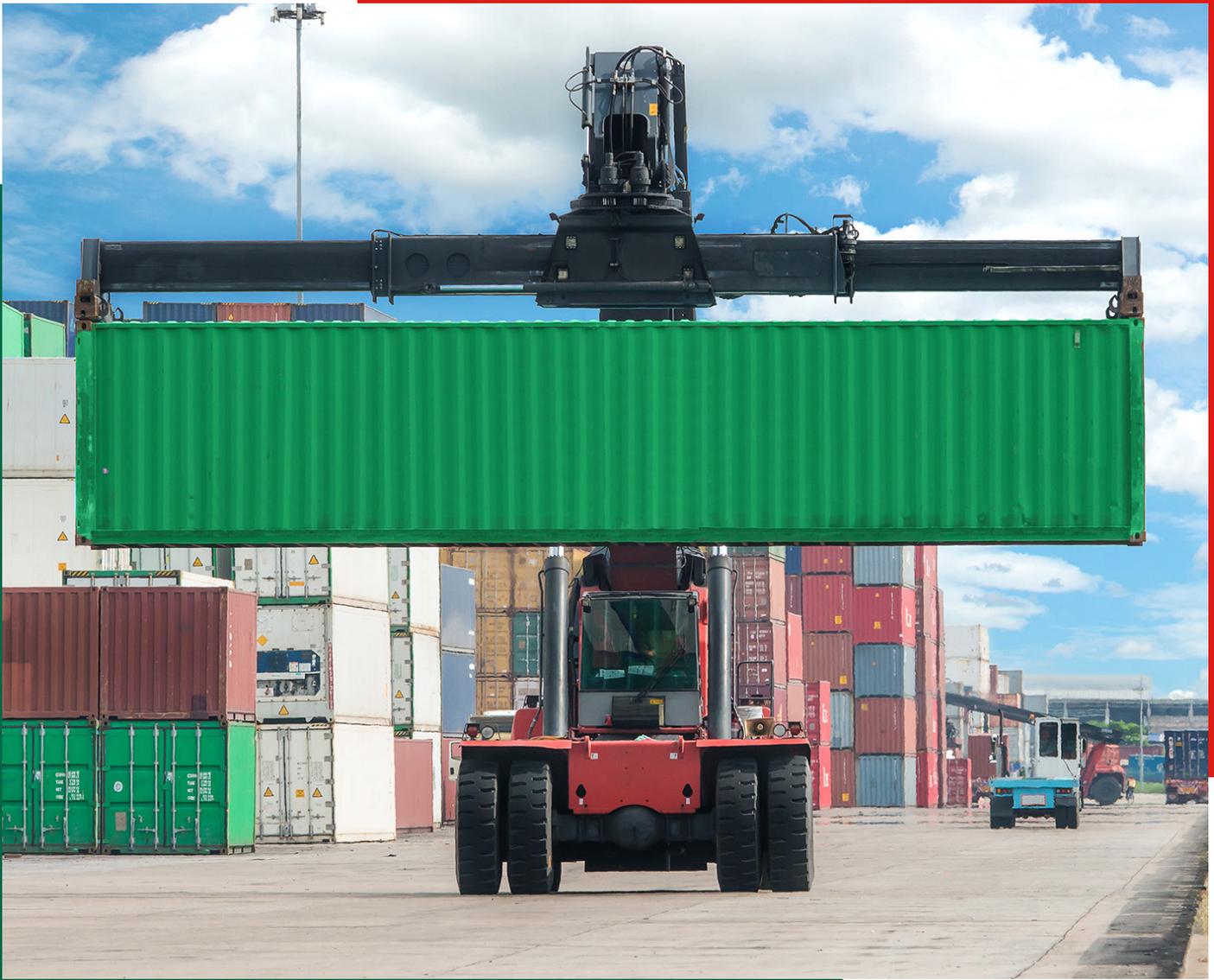
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