

APCO Update: Mexico-U.S. CEO Dialogue Summit

OVERVIEW

Mexico's new president, Claudia Sheinbaum, hosted the Mexico-US CEO Dialogue on Tuesday, October 8, to promote investment and collaboration between business leaders from both countries. After the expedited approval of a series of constitutional reforms in the last couple of months, which left many investors worried about the future of the business environment in Mexico, President Sheinbaum capitalized on this event to strengthen the country's perception and reaffirm its interest and commitment towards foreign direct investment. During the Summit, the new President highlighted Mexico's robust economic indicators, such as low unemployment, significant job growth and the country's new investment strategy. Attendees included representatives of over 300 CEOs from major companies, and many of them used the Summit as a platform to announce investment commitments in Mexico.

TAKEAWAYS

Several companies announced commitments to continue investing in Mexico, with total investments exceeding \$20 billion. These commitments suggest that Sheinbaum's message of stability and assurance in the country's legal processes, as well as her focus on protecting foreign investments, has successfully continued to attract foreign direct investment into Mexico.

- Mexico Pacific announced a \$1.5 billion investment towards building a liquefied natural gas export plant in the nation. It will contribute to Mexico's energy regulation commitments.
- Royal Caribbean is set to invest \$1.5 billion on an excursion site in southern Quintana Roo state, contributing to what Marcelo Ebrard called a hub for Mexico's "touristic development."
- Amazon plans to invest \$6 billion over the next two years to boost its digital transformation in Mexico.
- Woodside Energy and Pemex are considering a \$10 billion joint investment for the Trion deepwater oil project, boosting Mexico's economy through oil production.

Sheinbaum emphasized the importance of the United States-Mexico-Canada Agreement (USMCA), describing it as a foundation for regional economic cooperation and a means of strengthening Mexico's position in global trade and fostering closer ties among the three nations.

Sheinbaum also promised judicial reform while maintaining the separation of powers. She reassured investors that the reform of the judicial branch would not lead to executive overreach. Instead, she argued that a less corrupt judiciary would create a more favorable environment for foreign private investment. A key focus of her presentation was the creation of the Agency for Digital Transformation and Telecommunications, designed to streamline investment processes and improve digital services. This initiative is expected to reduce bureaucratic delays and facilitate quicker investment approvals, making Mexico more attractive for businesses.

IMPLICATIONS FOR BUSINESS

Mexico strengthens investor confidence through economic stability. Sheinbaum's emphasis on maintaining a stable economy and implementing transparent regulatory frameworks is expected to boost investor confidence. By minimizing regulatory uncertainties brought up by Mexico's recent judicial reforms, she encourages both domestic and foreign investment in Mexico

Strategic focus on infrastructure development to attract businesses. The administration's proposed national public investment strategy places a significant focus on the development of infrastructure, particularly in housing, transportation and renewable energy. Sheinbaum expects this strategic investment to serve as a catalyst for broader economic growth and positive implications for supply chain and transportation costs and efficiency.

The administration will use enhanced digital development as an incentive for investment. President Sheinbaum addressed a question on whether there would be additional financial incentives for companies looking for nearshoring opportunities in Mexico. To this, the president stated they are only planning to continue with existing incentives. However, she emphasized the administration's investment in the establishment of the Agency for Digital Transformation and Telecommunications serves as a primary incentive for companies because it will represent a reduction in the time and resources needed by investors interested in Mexico. It is anticipated to streamline processes and more efficiently facilitate investment.