Changes in the dynamics of Mexicans multinationals vis-á-vis the reforms on finance, energy and telecommunications in the midst of the crisis

Mexico City and New York, June 4, 2015

The Institute for Economic Research (IIEc) of the National Autonomous University of Mexico (UNAM) and the Columbia Center on Sustainable Investment (CCSI), a joint center of Columbia Law School and the Earth Institute at Columbia University in New York, are releasing the results of their sixth survey of Mexican multinationals today.[1] The survey, conducted during 2014, is part of a long-term study of the rapid global expansion of multinational enterprises (MNEs) from emerging markets.[2] The present report focuses on 2013 data.

Highlights

In 2013 the 20 largest Mexican MNEs had foreign assets of US$ 142 billion (Table 1), foreign revenue of US$ 98 billion, and 313,147 foreign employees (Annex I, Table 1). The two largest companies (América Móvil and CEMEX) together controlled US$ 88 billion, constituting 62% of total foreign assets of the MNEs on the list. The largest four MNEs (including Grupo México and Grupo FEMSA) held US$ 116 billion, representing 82% of the total. In terms of number of companies, the food and beverage industry leads the list with five firms, followed by diversified companies with four.

Only two companies are not listed on a stock market: PEMEX, an oil company wholly-owned by the Mexican State, and XIGNUX, a family-controlled conglomerate.

The 20 MNEs have 311 subsidiaries overseas. Since the 1990s, the highest concentration of subsidiaries has been in Latin America, followed by North America, primarily the United States; but this year Western Europe appears in second place (see Annex I, Figure 2, denoted "Other Europe"), slightly over North America, a continuation of the trend observed in our last EMGP report **"Updated Features of Large Mexican Multinationals, 2012".**

[1] This report was prepared by Dr. Jorge Basave Kunhardt and Dr. María Teresa Gutiérrez-Haces, Senior researchers at IIEc, UNAM. The authors of this report ask that this work be cited properly. Technical support was provided by Carmen Irene Rodríguez, Carmen Uribe Rangel and Iris Velasco.

[2] Known as the Emerging Market Global Players" (EMGP) project, led internationally by CCSI.

Eastern Europe and Central Asia is in fourth place followed by South-East and Pacific Asia. None of the ranked firms are present in sub-Saharan Africa.

Table 1. Mexico: The top 20 non-financial[a] multinationals, by foreign assets, 2013 (US$ million)[b]

Rank	Name	Industry	Status[c]	Foreign Assets
1	América Móvil	Telecommunications	Listed (Nil)	56,000
2	CEMEX	Non-metallic minerals	Listed (Nil)	32,234
3	Grupo México	Mining	Listed (Nil)	14,083
4	Grupo FEMSA	Beverages	Listed (Nil)	13,604
5	Grupo BIMBO	Food products	Listed (Nil)	7,094
6	Mexichem	Chemical& petrochemicals	Listed (Nil)	4,229
7	Grupo ALFA	Diversified	Listed (Nil)	3,054
8	GRUMA	Food products	Listed (Nil)	2,388
9	PEMEX	Oil & gas	Unlisted (100)	1,786
10	ARCA	Beverages	Listed (Nil)	1,554
11	Industria CH	Steel & metal products	Listed (Nil)	1,445
12	Cementos Chihuahua	Non-metallic minerals	Listed (Nil)	1,041
13	XIGNUX	Diversified	Unlisted (Nil)	922
14	Grupo ELEKTRA	Retail trade	Listed (Nil)	721
15	ICA	Engineering & construction services	Listed (Nil)	697
16	KUO	Diversified	Listed (Nil)	603
17	Grupo CARSO	Diversified	Listed (Nil)	426
18	ALSEA	Food products	Listed (Nil)	184
19	Altos Hornos de México	Steel & metal products	Listed (Nil)	164
20	San Luis Corp.	Auto parts	Listed (Nil)	147
	Total			**142,376**

Source: Basave and Gutiérrez-Haces, IIEc-CCSI survey of Mexican multinationals, 2014, and company reports and websites.

[a] Financial firms are excluded from the ranking as per the methodology of the Emerging Market Global Players project.
[b] The exchange rate used is the IMF rate of December 31, 2013: US$ 1= Pesos 13.0098.
[c] The percentage in parentheses shows the percentage of state-owned shares.

Profiles of the top 20 MNEs

- **Changes to the list**

Between 2012[3] and 2013 there were no changes in the first half of the list of the top 20 MNEs but there were various changes in the second half of the list. The most significant ones are: Industrias CH (steel and metal products), which climbed four notches, from 15th to 11th place; VITRO (non-metallic minerals), which fell out of the top 20 and is now ranked 25th (Annex I, Table 1a); Bachoco (food products), which similarly fell out of the top 20 and is now ranked 21st; and ALSEA (food products) and San Luis Corp. (auto parts),

[3] IIEc and CCSI, Update Features of Large Mexican Multinationals, 2012, (December 11, 2013), Annex I, Table 1.

which both entered the top 20 in 18th and 20th places respectively. Other changes are the climb by Altos Hornos de México (steel and metal products) from 20th to 19th place, and the falls by ICA (engineering and construction services) from 13th to 15th, XIGNUX (diversified) from 12th to 13th, and Cementos Chihuahua (Non-metallic minerals) from 11th to 12th.

In order to present additional information on Mexican MNEs, Annex I, Table 1a, contains the same information as Annex 1, Table 1, but for the five runners-up that did not make it into the top 20. On this list appear Bachoco (food products) in 21st place and four other MNEs that were similarly part of this same runners-up list in 2011: Interceramic (non-metallic minerals), Accel (food products), VITRO (non-metallic minerals) and Bio Pappel (paper). HOMEX (construction) that appeared in our 2013 report was not included in this ranking because it did not provide relevant information.

- **Driving factors of Mexican outward FDI**

Outward FDI from Mexico continued expanding into various markets. Nevertheless, in contrast to the previous year, 2013 was relatively conservative. In comparison with the 2012 ranking, acquisitions by Mexican MNEs in 2013 were fewer but still significant.

The purchases made by some MNEs highlight the tendency of companies to diversify their investments in different industries. For example, FEMSA (beverages) has entered the food industry through the purchase of "Gorditas Doña Tota".[4]

The main determinant of Mexican FDI continues to be broadening markets; however, Mexican MNEs also made various investments in the United States and Europe in order to increase the quality of their products through the acquisition of more sophisticated technological know-how. For instance, Mexichem, which belongs to the petrochemical industry and has acquired assets at a strong pace, increased its growth in markets where it had little participation through such transactions as the acquisition of US company PolyOne.[5]

During 2013, three ranked Mexican MNEs – América Móvil, FEMSA and ALSEA – continued acquiring companies in Latin America, which undoubtedly constitutes a regional expansion plan.

- **Main industries**

[4] It is worthwhile mentioning that this family-owned company operates 204 units in Mexico and 11 in the state of Texas in the US. Out of the total, 30% operates with the franchise model, thus implying that FEMSA is looking for a higher participation in the market of southern US and in the north of Mexico.

[5] According to Carlos Manrique, CEO of Mexichem chlorine-vinyl division, this purchase represents participation in the US market with highly specialized and specific market niches. Also, one of the attractions of this purchase is the technological development of solutions tailored for different customers and the range of special resins which will significantly complement Mexichem's product portfolio. He explained that the acquisition of PolyOne furthers Mexichem's strategy of vertical integration with a focus on higher value-added products, for which currently Mexichem has a small market share.

Annex I, Figure 1, shows the distribution of foreign assets of the ranked MNEs per investment industry. Mexican FDI is most significant in the telecommunications industry (39%), which reflects the weight of America Móvil in the top 20, followed by the non-metallic minerals industry (23%), showing mainly the weight of CEMEX. Third place is occupied by the beverages industry with 10.6% (FEMSA and ARCA) and fourth place goes to mining with 9.8% (Grupo México). In fifth place is the food industry with 6.7% (BIMBO, GRUMA and ALSEA). Sixth place is represented by diversified MNEs with 3.5% of the foreign assets and the highest number of companies (ALFA, XIGNUX, KUO and CARSO). The other industries included are chemicals and petrochemicals (2.9%), oil and gas (1.2%), steel and metal products (1.1%), engineering and construction (0.5%), retail trade (0.5%) and auto parts (0.1%).

- **Geographical distribution of subsidiaries**

Almost all the investments and acquisitions of the ranked MNEs in 2013 were either domestic or within the Americas, except for América Móvil which acquired 10.8% of the assets of Shazam, an English IT company; and ALFA, which acquired Campofrío, a Spanish foods company.

Together, the top 20 firms in this 2013 ranking held 311 foreign subsidiaries (Annex I, Table 1). Of these, 156 foreign affiliates were located in Latin America and the Caribbean, while another 50 were in North America. Western Europe was home to 53 subsidiaries, Eastern Europe and Central Asia to 25, and other regions of Asia (developed Asia Pacific, Southeast Asia and Eastern Asia and the Pacific), to 22. In North Africa and the Middle East there were 5 subsidiaries.

Mexichem is the Mexican MNE with the highest number of subsidiaries, accounting for 48, followed by CEMEX and ICA with 38 each, BIMBO and ALFA with 28 each, América Móvil and Grupo Carso with 27 and 26, respectively (Annex I, Table 2).

Of the top 20, 11 MNEs have a regional character and 9 are global companies, defining "global" MNEs as those that have a presence in at least one region in addition to the American continent. In this 2013 ranking, global MNEs included CEMEX, with presence in seven out of the eight regions; GRUMA, six regions; and BIMBO, ALFA and Mexichem, with five regions each.

- **Transnationality Index**

The Transnationality Index (TNI) is calculated as an average of the three following ratios: foreign assets over total assets, foreign sales over total sales and overseas employees over total employees. It is expressed as a percentage (i.e. 41 instead of 0.41). The highest TNI belongs to CEMEX with 80 (Annex I, Table 1). In addition to CEMEX, another four MNEs have an index higher than 50%: GRUMA (69%), Cementos Chihuahua (60%), and Grupo México and Grupo BIMBO (each with 57%). This year it was not possible to thoroughly calculate the TNI for seven companies due to insufficient information on the number of employees, sales and/or assets abroad. These seven companies are Mexichem, ALFA, XIGNUS, ICA, KUO, AHMSA and San Luis Corp., most of which belonged to the diversified sector.

- **Ownership status**

PEMEX is the only MNE fully owned by the Mexican State. It and XIGNUX, a family-owned company (Garza-Herrera), are the only two MNEs in the ranking that are not listed on the Mexican Stock Exchange (BMV). The rest of the 18 MNEs are listed on the Mexican Stock Exchange and seven of them are also listed on the New York Stock Exchange and/or Latibex, the Spanish Stock Exchange (Annex I, Chart 3).

- **The ten largest mergers and acquisitions (M&As), 2011-2013**

The most important purchases in 2013 were those of FEMSA (2), which acquired Grupo Spaipa S.A and Companhia Fluminense de Refrigerantes in Brazil; and Mexichem (1) acquiring PolyOne Corp in the United States. Most (5) of the largest acquisitions occurred in 2012: América Móvil (2) in the Netherlands with KPN N.V and in Austria with Telecom Austria A.G.; Grupo ELEKTRA (1) in the United States with Advance America; FEMSA (1) in the Phillipines with Coca-Cola Bottlers Philippines Inc.; Mexichem (1) in the Netherlands with Wavin; and ARCA (2) in the United States and Ecuador, respectively, with Wise Foods Inc and Inalesa (Annex I, Chart 4).

- **The 10 largest greenfield investments, 2010-2012, 2011-2013**

The largest greenfield investments were by América Móvil with eight deals from 2011 to 2013 in Chile, Argentina, Brazil and Puerto Rico with an approximate total value of US$ 6.5 billion. The other two greenfield investments in this ranking were conducted by Grupo ALFA in the US and TV Azteca in Colombia.

- **Location of headquarters and official language**

Ten of the top 20 MNEs are headquartered in Mexico City, six in Nuevo León, one in Chihuahua, two in Estado de México and one in Coahuila (Annex I, Graph 3). The official language for all of the companies is Spanish.

- **Changes in volume of assets, sales, and number of employees**

As can be seen in Table 2 below, between 2011 and 2013 the foreign assets of the 20 largest Mexican MNEs increased by 11%. While significant, this is less than the growth in total assets, which rose by 19%. The ratio of foreign assets to total assets in 2013 was 57%, more than the ratio in 2012 (55%) but still below 2011 (61%).

In 2013 the ratio of foreign sales to total sales was 56%, four points higher than that in the previous two years. In the three years from 2011 through 2013, the MNEs' foreign sales increased by 34%, eleven points over the growth in total sales, which rose by 23%. These results reflect the increasing importance of foreign markets to Mexican MNEs.

In terms of employment, from 2011 to 2013, foreign employment grew by 17%, against a reduction of 16% in total employment. In 2013, the ratio of foreign employment was 37%, a substantial increase as compared to previous years.

Table 2. Mexico: A snapshot of the top 20 multinationals, 2011-2013 (US$-million)[a]

Variable	2011	2012	2013	% change, 2011-2013
Assets				
Foreign	126,376	131,475	140,590	11.25
Total	208,106	240,308	247,792	19.07
Share of foreign in total (%)	60.72	54.71	56.74	
Sales				
Foreign	73,369	92,158	98,450	34.18
Total	142,115	177,265	174,491	22.78
Share of foreign in total (%)	51.63	51.99	56.42	
Employment				
Foreign	266,715	273,998	311,447	16.77
Total	1,010,532	958,912	850,142	(15.87)
Share of foreign in total (%)	26.39	28.57	36.63	

Source: Basave and Gutiérrez-Haces, IIEc-CCSI survey of Mexican multinationals, 2014, and company reports and websites.

[a] PEMEX is excluded from all three variables in order to avoid distortions due to the considerable weight that it represents in the aggregate data. If it were included, the share of foreign assets in total would be 40% in 2011, 34% in 2012 and 38% in 2013. In the case of employment, Mexichem, ALFA, XIGNUX, ICA, KUO, Altos Hornos and San Luis were excluded in 2013, Industria CH, KUO, ICA, XIGNUX and Altos Hornos in 2012, ALFA, XIGNUX, KUO, VITRO and Altos Hornos in 2011, because information on their foreign employment was unavailable.

The Big Picture

Mexican MNEs have been pursuing international expansion for more than two decades and, with a few exceptions, continued this trend during the recent crisis. Many of the largest MNEs continued acquiring other companies, expanding their reach and potential in and out of Mexican soil.

The expansion of Mexican MNEs is a result of Mexico's stable economy and inward FDI that provides not only capital, but also knowledge and networks. Since 1994, Mexico has gained significant economic stability, which has been crucial for attracting foreign investments and developing certain economic sectors in the country, some of which represent strong and fast-growing sectors, such as auto parts, chemical, pharmaceutical, mining, telecommunications, and food and beverages.

FDI into Mexico has maintained relatively steady levels, providing a unique source of capital, knowledge and global networks for global expansion of Mexican MNEs. During 2013, FDI continued to flow to Mexico even when the economy did not grow as expected.

The GNP grew only 2% only and, according to the Bank of Mexico, has remained under 2.5% for 2014.

While the flows of FDI have remained relatively stable, the destinations have diversified slightly over the years, including by expanding into non-traditional sectors such as state-of-the-art technological services.

Reforms in Mexico

A series of legal reforms in Mexico have changed the institutional landscape of the Mexican economy and outward FDI activities. The most critical legislative economic reforms initiated during 2013 took place with regard to areas such as energy, taxes, finances and telecommunications. Significant political and education reforms were also adopted, including those related to transparency of government information.

Table 3. Selected Legal Reforms

Reforms	Description
Energy Reform	In August 2013, President Enrique Peña Nieto (EPN) presented a bill to reform the energy sector. In December 21, 2013 Congress passed a Constitutional amendment to overhaul the Mexican energy sector. On August 12, 2014, the energy reform in its entirety was implemented in Mexico. It includes nine new laws as well as amendments to existing laws, and establishes a new legal framework for Mexico's energy industry. The secondary legislation for the energy reform entered into force on October 31, 2014.
Telecommunications Reform	In March 11, 2013, President EPN introduced a bill to reform government regulations of the telecommunications industry. On May 22, 2013, Congress approved the reform law. It entered into force on June 10, 2013. In March 2014 the President EPN presented a bill to reform secondary legislation for the telecommunications industry. The secondary legislation for the telecommunications reform was implemented on July 14, 2014.
Financial Reform	The financial reform bill was filed on May 8, 2013 by President EPN under the Pact for Mexico.[6] Congress approved financial reform on November 27, 2013. The financial reform entered into force in January 2014.
Fiscal Reform	**Additional tax on dividends** (October 2013) Foreign residents and Mexican individuals were be subject to an additional tax on dividends of 10% of profits generated as from 2014. These are to be withheld by the corporation paying the dividend and shall be considered as a final payment. This additional tax also applies to Mexican individuals who receive dividends from companies abroad. The Double Taxation Treaties will provide relief from these payment obligations in many cases. **Excise Tax Law (IEPS) (**December 2013)

[6] The Pact for Mexico is an agreement signed between the main political forces and President Enrique Peña Nieto on December 2, 2012. Based on three central pillars – the strengthening of the Mexican state, political and economic democratization, and protection and expansion of social rights – and setting forth 95 principles, the Pact for Mexico aimed to advance approval of various reforms that had previously been obstructed by political gridlock.

	Non-staple food with caloric density of 275 kcal or more per 100 grams will be taxed at the rate of 8%. **Value Added Tax (VAT) Law** (December 2013) Acts or activities carried out in the border region will be subject to the general rate of 16% (increased from 11% at the border zones) **Mining rights (**December 2013) 7.5% applied to the positive difference (profit) defined as the profit income from the disposal or sale of minerals arising from extraction activities and allowable deductions in the income tax law, excluding deductions relating to investments (e.g., depreciation) other than those made for prospecting and exploration of minerals, and profitability.
Educational Reform	The President EPN presented the education reform bill in 2012. In February 2013, both Chambers adopted the reform. Congress adopted the reform. On August 13, 2013, the President was presented the three regulatory initiatives related to implementing education reform. In September they were implemented.
Political and Electoral Reform	The Political and Electoral Reform Bill was presented in 2013 by President EPN under the Pact for Mexico. The reform law entered into force on January 31, 2014 and was implemented on February 10, 2014.
Transparency Reform	President EPN presented the Transparency Reform Bill in 2013 under the Pact for Mexico. The reform law entered into force on February 7, 2014.

Fuente: Gutiérrez-Haces, Informes del congreso mexicano

Although most of these reforms were approved in 2013, in some cases the secondary laws are yet to be defined. When adopted, these will grant operational mechanisms and clear rules for each of the actors involved, among which are the majority of the enterprises analyzed in this ranking.

Two important reforms caused particularly heightened debate and significant moves at the Mexican Stock Exchange: the fiscal reform and the telecommunications reform. The tax reform directly affects the Mexican Stock Exchange and its investors since it places a 10% additional tax on individuals' profits from stock sales and dividends; according to some commentators, this may discourage both national and foreign portfolio investments. The telecommunications laws were reformed through an anti-trust law intended in part to limit the power of companies offering telephone and cable TV. This law will harm large MNE América Móvil in the medium term; the law and its secondary laws have been in force since late 2014.

In light of these changes, América Móvil took proactive steps to comply with the reform, making significant internal changes in his companies in order to not be considered as "preponderant". Under the reforms, a company is "preponderant" and subject to particularly strong regulation and government oversight if it controls "substantial market power" (a requirement that is automatically satisfied if the company controls at least 50 percent of the relevant market). In order to move below that 50 percent threshold, América Móvil has announced plans for the sale of a package of assets valued at more than US$ 20 billion.

Mexican Outward FDI (OFDI)

A key development that altered the markets and FDI in 2013 was the possibility that the US central bank would reduce its economic incentive program. This seriously disrupted the markets between the months of May and June of 2013 and, although uncertainty regarding such tapering by the US is still present, this fear has begun to gradually dissipate. While the data is mixed regarding the improvement of the world's biggest economy, recent data concerning the labor sector show that the United States is still recovering. In addition, as it has been noted previously, fears regarding the European crisis have continued. The slow recovery in that region has also led to a slowdown of economies like the Chinese. In addition, various MNEs decided to take advantage of the European crisis and penetrate its markets.

Undoubtedly, Mexichem represents one of the best examples of how a company can take advantage of the European economic situation and acquire companies. With the purchase of German Vestolit and Dutch Wavin in 2013, the petrochemical company will make Europe one of its main source of income abroad. From 2013, roughly a third of Mexichem's income came from their operations in Europe. CEMEX already reported similar numbers, likewise generating roughly one third of its income from European operations.

The legal battles of the Mexican MNEs abroad

As mentioned in previous reports, some Mexican MNEs have encountered serious problems with the governments in host countries in recent years. Nationalizations have given rise to conflicts affecting the assets of companies whose economic activities are in sectors especially sensitive in political and social terms, as is the case of the construction and food sectors. Companies like GRUMA and CEMEX resolved their disputes with Venezuela; however, these conflicts resulted in asset losses and millions of dollars of litigation expenses incurred in pursuing international arbitration. Those losses and costs unquestionably affected not only these companies' finances, but also their profit expectations.

CEMEX has been the Mexican MNE that has faced the highest number of severe adverse actions. Apart from issues it faced in Venezuela, it has encountered difficulties in other countries such as Egypt where, since 1999, it has owned a production plant with an installed capacity of 5.4 million tons every year. CEMEX's operations in Egypt represented 3 percent of its total sales in 2012, which amounted to US$ 461 million. In September 2012, CEMEX was notified of a decision issued by a civil court of first instance that invalidated CEMEX's purchase of its investment from the Egyptian government 13 years before. CEMEX challenged that decision and, as of December 31, 2014, still faced legal uncertainty regarding the validity of its purchase of the Egyptian company.

There are important distinctions between the issues faced by CEMEX in Egypt and those faced by CEMEX and GRUMA in Venezuela. CEMEX's challenges in Egypt arose out of a lawsuit by former workers of Assiut Cement Company who disagreed with the privatization of the parastatal company. The Egyptian government did not initiate the dispute, and there do not appear to be allegations that the government has improperly interfered with the courts' resolution of the case. In contrast, the challenges faced by CEMEX and GRUMA in Venezuela arose directly out of actions taken by the government through decisions to nationalize the firms' assets.

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Código de campo cambiado

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Emerging Markets Global Players Project

This report on Mexican multinationals was prepared in the framework of the Emerging Markets Global Players (EMGP) Project, an international collaborative effort led by the Columbia Center on Sustainable Investment (CCSI). It brings together researchers on FDI from leading institutions in emerging markets to generate annual reports on the leading multinationals in each participating country. Since 2007, reports have been published on 14 countries: Argentina, Brazil, Chile, China, Hungary, India, Israel, Republic of Korea, Mexico, Poland, Russia, Slovenia, Taiwan and Turkey. For further information, visit: http://ccsi.columbia.edu/publications/emgp/.

Institute for Economic Research, UNAM

The Institute for Economic Research (IIEc) is an academic institution of the National Autonomous University of Mexico (UNAM). Its main functions are research into, and circulation of, information on issues related to the economy. Participating in the IIEc are more than 110 academic specialists involved in 14 research units. Annually, the IIEc publishes three specialized journals on economic questions and several books. *For further information visit: www.iiec.unam.mx.* The UNAM is a public university and the largest in Latin America. *For further information visit: www.unam.mx.*

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Annex I, table 1: Mexico: The top 20 multinationals: Key variables, 2013 (US$ million[a] and number of employees)

(Ranked by foreign assets)

Rank	Name	Industry	Assets		Sales		Employment		TNI (%)	Number of foreign affiliates	Number of host countries
			Foreign	Total	Foreign	Total	Foreign	Total			
1	América Móvil	Telecommunications	56,000[(b)]	79,568	39,240	60,424	90,929	173,174	63	25	19
2	CEMEX	Non-metallic minerals	32,234	38,135	12,009	15,040	32,000	43,000	80	38	32
3	Grupo México	Mining	14,083[(b)]	20,307	7,311	9,398	7,200	29,980	57	3	2
4	Grupo FEMSA	Beverages	13,604	27,609	7,312	19,839	70,856	220,062	39	9	9
5	Grupo BIMBO	Food products	7,094	10,356	7,907	13,531	55,000	129,000	57	28	18
6	Mexichem	Chemical& petrochemicals	4,229[(d)]	7,885	3,324[(b)]	5,194	na	17,000[(d)]	(59)	48	39
7	Grupo ALFA	Diversified	3,054[(b)]	12,713	9,620	15,639	na	60,000	(43)	28	17
8	GRUMA	Food products	2,388	3,275	2,945[(c)]	4,159	12,245	19,202	69	16	16
9	PEMEX	Oil & gas	1,786[(b)(e)]	126,228	na	118,197	1,700[(b)]	155,022	1	1	1
10	ARCA	Beverages	1,554	5,100	1,296	4,640	7,683	39,273	26	2	2
11	Industria CH	Steel & metal products	1,445	3,062	1,288[(c)]	2,125	2,422	6,174	49	7	3
12	Cementos Chihuahua	Non-metallic minerals	1,041	1,673	438	646	1,283	2,628	60	6	1
13	XIGNUX	Diversified	922[(b)]	2,117	1,506[(c)]	2,823	na	18,352	(32)	5	6
14	Grupo ELEKTRA	Retail trade	721[(b) (f)]	13,434	1,394	5,437	18,874	84,334	18	7	7
15	ICA	Engineering & construction services	697[(b)]	7,802	608	2,272	na	31,982[(g)]	(12)	38	15

16	KUO	Diversified	603[(b)]	1,635	887[(b)]	1,886	na	17,203	(42)	8	5
17	Grupo CARSO	Diversified	426[(d)]	6,605	409	6,600	3,628[(d)]	70,953	6	26	16
18	ALSEA	Food products	184	952	324	1,208	9,327	32,362	25	8	3
19	Altos Hornos de México	Steel & metal products	164[(d)]	4,859	2	2,834	na	20,958[(d)]	(2)	4	2
20	San Luis Corp.	Auto parts	147[(b)]	705	630[(c)]	796	na	4,600	(50)	4	2
Total			142,376	374,020	98,450	292,688	313,147	1,175,259	33[(h)]	311	215

***Source*:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

[a] The exchange rate used is the IMF rate of December 31, 2013: US$ 1= Pesos 13.0098.

[b] Estimated.

[c] Exports included.

[d] As of 2012.

[e] Represents 50% of the joint venture with Shell Oil Co. in Deer Park Refining Ltd. of Texas.

[f] Financial assets excluded.

[g] Approximately 30% are permanent. By the nature of its activities, the number of temporary employees is very high.

[h] The TNI is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales and foreign employment to total employment. It is expressed as a percentage (i.e., “41” rather than “0.41”). When the TNI appears in parentheses, it has been calculated without the employment data

Annex I, Table 1a. Mexico: Key variables for runners-up, 2013 (US$ million[a] and number of employees)

Rank	Name	Industry	Assets		Sales		Employment		TNI (%)	Number of foreign affiliates	Number of host countries
			Foreign	Total	Foreign	Total	Foreign	Total			
1	Bachoco	Food products	138	2,212	655	3,052	3,082	24,486	13	2	1
2	Interceramic	Non-metallic minerals	136	415	157	513	554	4,320	25	1	1
3	Accel	Food products	127	236	270	318	283	2,117	51	2	1
4	Bio Pappel	Paper & paper products	75	1,329	171	901	185	8,120	9	1	1
5	Grupo VITRO	Non- metallic minerals	38[(b)]	2,570	52	1,656	600[(b)]	15,730	3	7	7
Total (average for the TNI percentage)			514	6,762	1,305	6,440	4,704	54,773	12[(c)]	13	11

***Source*:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

[a] The exchange rate used is the IMF rate of December 31, 2013: US$ 1= Pesos 13.0098.

[b] Estimated.

[c] The TNI is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales and foreign employment to total employment. It is expressed as a percentage (i.e., "41" rather than "0.41"). When the TNI appears in parentheses, it has been calculated without the employment data.

Annex I, Table 2. Mexico: The top 20 multinationals: Regionality Index, 2013 (percentages, except for the last column)

Company	Middle East & North Africa	East Asia & the Pacific	South Asia	Developed Asia Pacific	East Europe & Central	Other Europe	Latin America & the Caribbean	North America	Number of foreign affiliates
América Móvil						8	88	4	25
CEMEX	8	13	8		11	29	24	8	38
Grupo México							33	67	3
Grupo FEMSA				11			89		9
Grupo BIMBO		7			7	18	54	14	28
Mexichem		2	2	2	26	31	31	6	48
Grupo ALFA		7			14	32	18	29	28
GRUMA		13		6	19	19	38	6	16
PEMEX								100	1
ARCA							100		2
Industria CH							14	86	7
Cementos Chihuahua								100	6
XIGNUX							80	20	5
Grupo ELEKTRA							86	14	7
ICA						11	74	16	38
KUO		38				38		24	8
Grupo CARSO						4	92	4	26
ALSEA							100		8
Altos Hornos de México	50							50	4
San Luis Corp.							50	50	4
Total	58	80	10	19	77	190	971	598	311

***Source*:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

[a] The regionality index is calculated by dividing the number of a firm's foreign affiliates in a particular region of the world by its total number of foreign affiliates and multiplying the result by 100. Sub-Saharan Africa is not included among the regions as there is no Mexican presence there.

Annex I, Table 3. Mexico: The top 20 multinationals: Stock exchange listings, 2013

Company	Domestic	Foreign
América Móvil	Mexican Stock Exchange	New York Stock Exchange; Latibex in the Madrid Stock Exchange
CEMEX	Mexican Stock Exchange	New York Stock Exchange
Grupo México	Mexican Stock Exchange	None
Grupo FEMSA	Mexican Stock Exchange	New York Stock Exchange
Grupo BIMBO	Mexican Stock Exchange	None
Mexichem	Mexican Stock Exchange	None
Grupo ALFA	Mexican Stock Exchange	Latibex in the Madrid Stock Exchange
GRUMA	Mexican Stock Exchange	New York Stock Exchange
PEMEX	None	None
ARCA	Mexican Stock Exchange	None
Industria CH	Mexican Stock Exchange	None
Cementos Chihuahua	Mexican Stock Exchange	None
XIGNUX	None	None
Grupo ELEKTRA	Mexican Stock Exchange	Latibex in the Madrid Stock Exchange
ICA	Mexican Stock Exchange	New York Stock Exchange
KUO	Mexican Stock Exchange	None
Grupo CARSO	Mexican Stock Exchange	None
ALSEA	Mexican Stock Exchange	None
Altos Hornos de México	Mexican Stock Exchange	None
San Luis Corp.	Mexican Stock Exchange	None

***Source*:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

Annex I, Table 3a. Mexico: The runners-up multinationals: Stock exchange listings, 2013

Company	Domestic	Foreign
Bachoco	Mexican Stock Exchange	New York Stock Exchange
Interceramic	Mexican Stock Exchange	None
Accel	Mexican Stock Exchange	None
Bio Pappel	Mexican Stock Exchange	None
Grupo VITRO	Mexican Stock Exchange	None

***Source*:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

Annex I, Table 4. Mexico: Top 10 outward M&A transactions, 2011-2013 (US$ million)

Date	Acquirer's name	Target company	Target Industry	Target country	%of shares acquired	Value of transaction
12/2012	América Móvil	KPN N.V	Telecommunications	Netherlands	29.77	4,281
03/2011	Grupo FEMSA	Grupo Industrias Lácteas	Beverages	Panama	50	2,154
10/2013	Grupo FEMSA	Grupo Spaipa SA	Beverages	Brazil	100	1,855
12/2012	América Móvil	Telecom Austria A.G	Telecommunications	Austria	23.69	1,304
04/2012	Grupo ELEKTRA	Advance America	Consumer non-bank loans	USA	100	780
01/2012	Grupo FEMSA	Coca-Cola Bottlers Philippines, Inc.	Beverages	Philippines	51	689
05/2012	Mexichem	Wavin	Plastics	Netherlands	87	620
08/2013	Grupo FEMSA	Companhia Fluminense de Refrigerantes	Beverages	Brazil	100	448
11/2012	ARCA	Wise Foods Inc. and Inalesa	Food	USA & Ecuador	100	330
05/2013	Mexichem	PolyOne Corporation	Plastics	USA	100	250
Total						**12,711**

***Source*:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

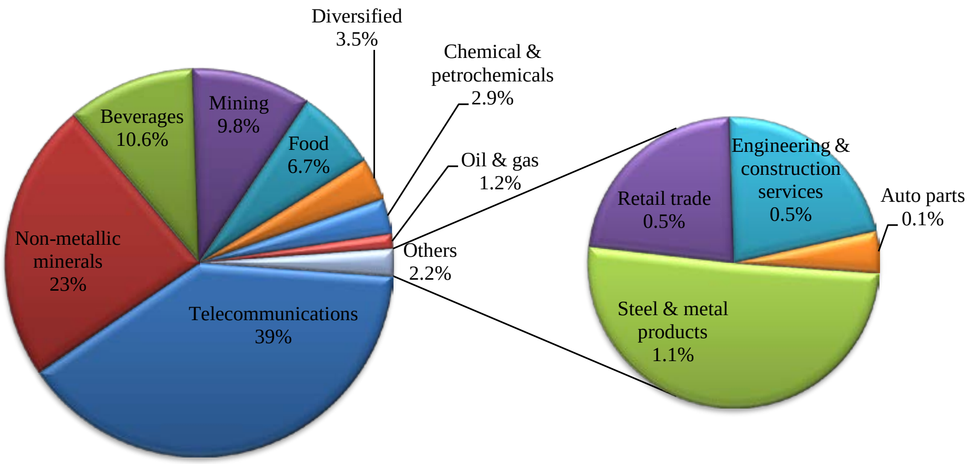
Annex I, Table 5. Mexico: Top 10 outward greenfield transactions announced[a], 2011-2013 (US$ million)

Date	Company	Destination	Industry	Value of transaction
04/2011	América Móvil	Chile	ICT & Internet infrastructure	2,000
04/2011	América Móvil	Argentina	ICT & Internet infrastructure	1,500
06/2011	América Móvil	Brazil	ICT & Internet infrastructure	1,200
07/2012	América Móvil	Brazil	ICT & Electronics	600.7
12/2013	América Móvil	Brazil	ICT & Internet infrastructure	562.4
08/2012	Grupo ALFA	United States	Plastics	400.0
07/2012	América Móvil	Argentina	ICT & Electronics	249.0
11/2012	América Móvil	Puerto Rico	ICT & Electronics	239.9
12/2013	América Móvil	Puerto Rico	ICT & Internet infrastructure	220.6
07/2013	TV Azteca	Colombia	Communications	199.3
Total				7,171.9

Source: Adapted from fDi Intelligence, a service from the Financial Times Ltd.

[a] Note that these transactions may not have materialized exactly as listed here.

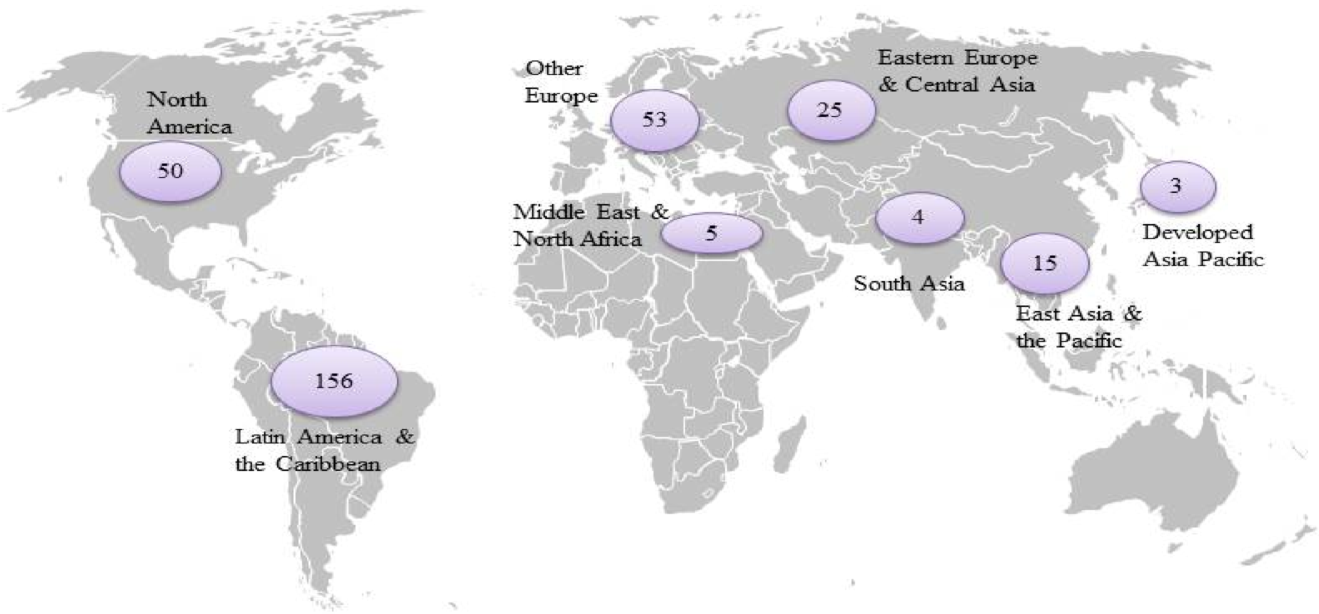
Annex I, figure 1. Mexico: Breakdown of the foreign assets of the top 20 multinational, by main industry, 2013 *(percentages)*



Industry	Foreign (US$ million)	Number of companies	Companies
Telecommunications	56,000	1	América Móvil
Non-metallic minerals	33,275	2	CEMEX, Cementos Chihuahua
Beverages	15,158	2	Grupo FEMSA, ARCA
Mining	14,083	1	Grupo México
Food	9,666	3	Grupo BIMBO, GRUMA, ALSEA
Diversified	5,005	4	Grupo ALFA, XIGNUX, KUO, Grupo CARSO
Chemical & petrochemicals	4,229	1	Mexichem
Oil & gas	1,786	1	PEMEX
Steel & metal products	1,609	2	Industria CH, Altos Hornos de México
Retail trade	721	1	Grupo ELEKTRA
Engineering & construction services	697	1	ICA
Auto parts	147	1	San Luis Corp.
TOTAL	142,376	20	

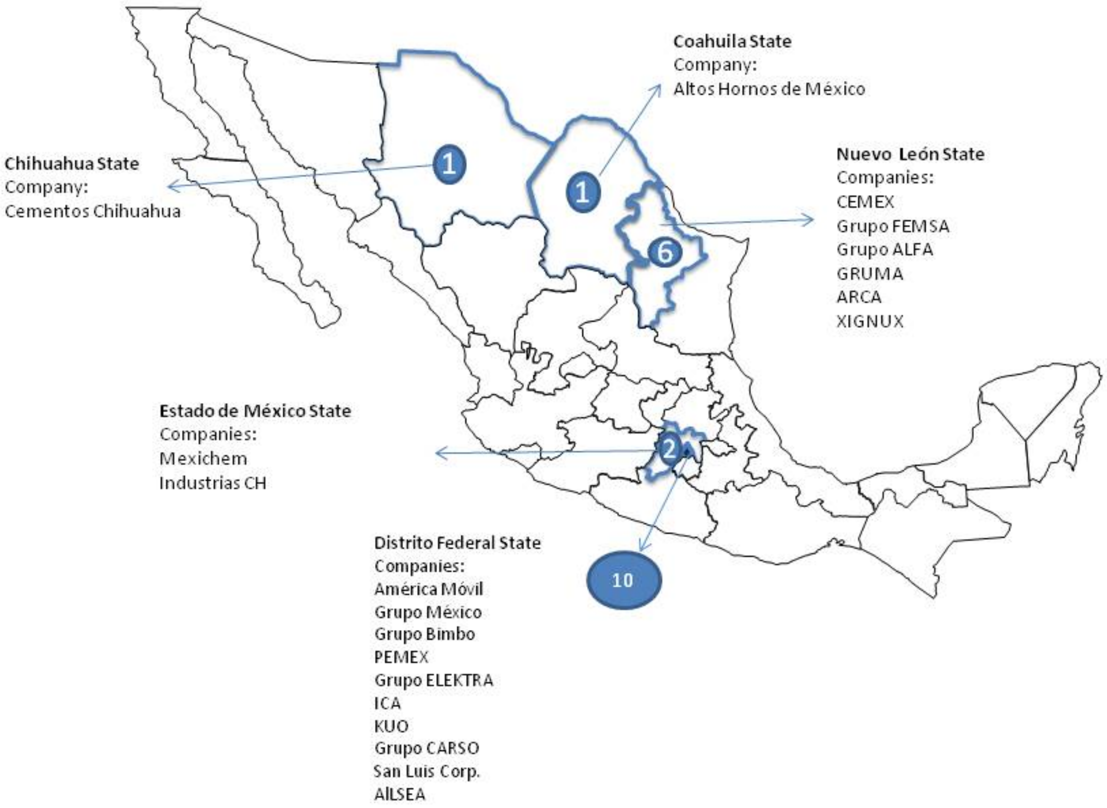
Source**:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

Annex I, Figure 2. Mexico: Foreign affiliates of the top 20 multinationals, by region 2013



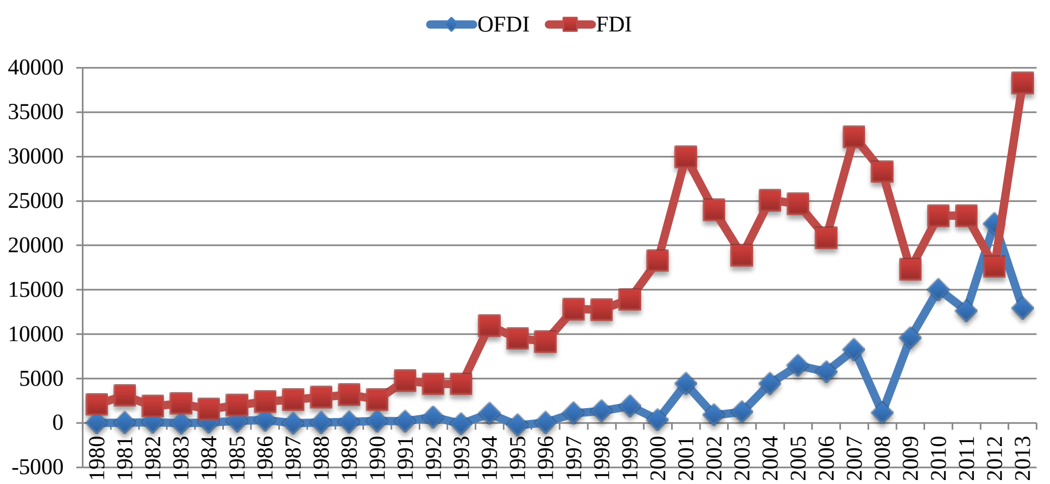
***Source*:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

Annex I, Figure 3. Mexico: Headquarter locations of the top 20 multinationals, 2013



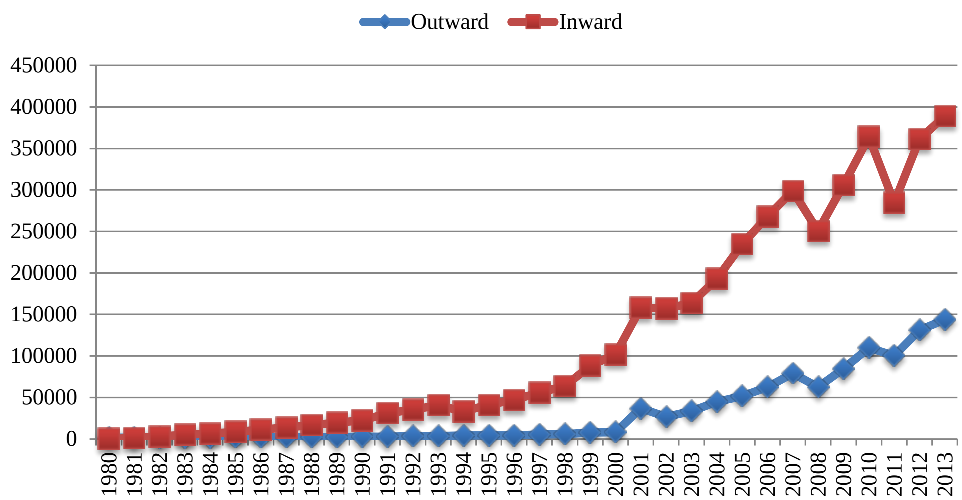
***Source*:** Basave and Gutiérrez-Haces, Survey of Mexican multinational, 2014, IIEc-CCSI, and consolidated company reports and websites.

Annex I, Figure 4. Mexico: Inward and outward FDI flows, 1980-2013 (US$ million)



***Source*:** United Nations Conference on Trade and Development (UNCTAD), FDI STAT On-line database, (Geneva: United Nations Conference on Trade and Development), http://unctadstat.unctad.org, accessed October 8, 2014.

Annex I, Figure 5. Mexico: Inward and outward FDI stock, 1980-2013 (US$ million)



***Source*:** United Nations Conference on Trade and Development (UNCTAD), FDI STAT On-line database, (Geneva: United Nations Conference on Trade and Development), http://unctadstat.unctad.org, accessed October 8, 2014