



First ranking survey of Mexican multinationals finds great diversity of industries

Report dated December 10, 2009

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Mexico City and New York:

The Institute for Economic Research (IIEC) of the National Autonomous University of Mexico (UNAM) and the Vale Columbia Center on Sustainable International Investment (VCC), a joint initiative of the Columbia Law School and the Earth Institute at Columbia University in New York, are releasing the results of their survey of Mexican multinationals today.¹ The survey is part of a long-term study of the rapid global expansion of multinational enterprises (MNEs) from emerging markets. The present report focusses on data for the year 2008.

Highlights of the report

The foreign assets of the 19 companies ranked in table 1 below totalled about USD 97 billion in 2008. Their overseas sales were about USD 58 billion and the number of their employees abroad was around 190,000.²

The company in first place, Cemex, is ranked 45th among the 100 largest non-financial multinationals in the world that UNCTAD's *World Investment Report* presented in its 2009 edition.³ In this same report, in addition to CEMEX, another four Mexican companies

¹ Dr. Jorge Basave Kunhardt, Director, and Dr. María Teresa Gutiérrez-Haces, Senior Research Professor, of the UNAM Institute for Economic Research are responsible for the present report and ranking. They wish to thank Carmen Uribe, Rocío Tapia, and Carmen Irene Rodríguez for the support they provided for this research.

² The foreign sales and jobs figures exclude three companies in the ranking for which data was unavailable.

³ UNCTAD, *World Investment Report, 2009* (New York and Geneva: United Nations, 2009), pp. 228-230. In UNCTAD's *World Investment Report 2008*, Cemex ranked first among the top 15 TNCs from developing economies ranked by the number of host economies of their affiliates (p. 30).

appear among the 100 largest non-financial multinational companies of developing countries.⁴

The most common industries among the 19 Mexican companies on the list are food and beverages (four firms) and non-metallic minerals and telecommunications (three each). The oldest company in the ranking is Cervecería Cuauhtémoc (today FEMSA), founded in 1890. All companies in table 1, with the exception of PEMEX, are privately owned and all, with the exceptions of XIGNUX and PEMEX, trade on stock markets.

Three companies on the list include banks among their Mexican subsidiaries: GRUMA with Banorte, Grupo ELEKTRA with Banco Azteca, and Grupo Carso with Banco Inbursa and Casa de Bolsa Inbursa.

The year 2008 was one of great dynamism in outward foreign direct investment (OFDI) for several of the listed companies. However, some have adopted austerity measures to face the world economic crisis: In Corporación Durango⁵ and XIGNUX,⁶ there was divestment of their international assets.

The geographical map of the OFDI of the listed companies reveals that the main destinations for their investment flows are the United States, especially the southern states, and Central and South America, followed by Europe.

Table 1. Ranking of Mexican multinational companies, 2008 (USD million)^a

Rank	Name	Industry	Foreign assets
1	Cemex	Non-metallic minerals	40,334
2	America Movil	Telecommunications	23,610
3	Carso Global Telecom	Telecommunications	11,768
4	Grupo FEMSA	Beverages	3,508
5	Grupo ALFA	Diversified	3,439
6	Grupo México	Mining	2,850
7	PEMEX	Oil & gas	2,090
8	Gruma	Food products	1,986
9	Grupo BIMBO	Food products	1,850
10	Grupo Televisa	Television, motion pictures, radio & telecommunications	1,614
11	Cementos de Chihuahua	Non-metallic minerals	952
12	Industrias CH	Steel & metal products	790
13	Mexichem	Chemicals & petrochemicals	730

⁴ They are América Móvil, FEMSA, Gruma, Teléfonos de México S.A. de CV (*World Investment Report, 2009*, pp. 231-233). The last of these companies, Teléfonos de México S.A. de CV, does not appear in our list in table 1 because a large part of it, Carso Global Telecom, was spun off since the UNCTAD report went to press.

⁵ Its subsidiary, McKinley Paper Co., sold its conversion plant to US Corrugated Co.

⁶ In December 2008, divestment began of the joint venture with Yazaki in XIGNUX-Yazaki in Brazil and Argentina.

14	Xignux	Diversified	723
15	Grupo ELEKTRA	Retail trade	520
16	Corporación Durango	Paper & paper products	250
17	Interceramic	Non-metallic minerals	151
18	San Luis Corp.	Automobile parts	114
19	Accel	Food products	48
Total			97,327

Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

^a The exchange rate used is the IMF rate of December 31, 2008: USD 1 = Pesos 13.8325. In discussing events that happened before or after December 31, 2008, the exchange rates used may be different from the IMF rate of December 31, 2008.

Table 2: Snapshot of the 19 selected Mexican multinational companies, 2008 (USD million and number of employees)

Variable	2008
<i>Assets</i>	
Foreign	97,327
Total	253,923
Share of foreign in total (%)	38.32
<i>Sales</i>	
Foreign	58,408
Total	206,772
Share of foreign in total (%)	28.24
<i>Employment</i>	
Foreign	195,583
Total	747,206
Share of foreign in total (%)	26.17

Source: IIEc-VCC survey of Mexican multinationals and company reports and websites.

The big picture

Evolution of Mexican business groups and outward investment

The first OFDI cycle for Mexican business groups occurred in the 1970s, after several decades of expansion of the Mexican economy. During that decade, some of the largest manufacturing firms in Mexico developed a broad strategy of purchasing competitor companies inside the country and diversifying their businesses, which in some cases included the acquisition of banks and other financial companies. They also embarked on an incipient process of internationalization through exports and OFDI.

This OFDI cycle during the 1970s coincided with that of several developing economies with high growth rates during that and the preceding decade. Other developing countries with important OFDI flows were India, Hong Kong, Brazil, and Argentina.

The peculiarity of the Mexican case was that, while in the other economies OFDI flows went into countries with common borders and/or similar or lower levels of economic development, a good part of Mexican OFDI was undertaken as south-north investment, in a market that was both much bigger and much more developed: the United States.

These flows were abruptly cut off with the foreign debt crisis of the 1980s. Companies even divested their entire international investment assets as part of a policy to strengthen their finances.

The second OFDI cycle occurred at the beginning of the 1990s, following (and feeding) the Mexican export boom. The actors were the country's largest business groups (as they had been in the 1970s) and, in several cases, also the oldest, dating back to the first quarter of the 20th century and even earlier. This second expansion, which is still continuing, has taken place mainly through cross-border acquisitions and the main target areas have been the United States and Central and South America.

Some of the investments in the United States, such as those undertaken by food and television-programming companies, have taken advantage of the market niches opened up by the growing Latino population in that country.

In the case of investments by steel, auto parts, and glass manufacturing companies, their linkages with multinational American auto and beverage companies located in the United States and in South America have been decisive.

The impact of the global economic crisis

The strong downturn of the U.S. economy that began in 2007 and accelerated in 2008 translated into, among other effects, a rapid fall in Mexican exports, which plummeted 58% in the case of oil and 21% for manufactured goods. The contraction in U.S. consumption also severely affected the Mexican tourism sector. At the same time, revenue from remittances sent by Mexicans who work in the United States also began to fall in 2008.

The global economic crisis had a deeper impact on Mexico than on other Latin American countries. On average, Mexican companies saw their earnings drop 45% in 2008.

All these factors have unquestionably had an impact on Mexico companies' performance, not only inside the country, but also abroad. Even when most Mexican multinational companies showed a trend toward growth in their foreign investments, several of them have been forced to undergo a restructuring in the process.

Given that the epicenter of the economic crisis emerged in the United States, and that Mexico has a strong dependence on the U.S. market, some Mexican companies with a traditionally outstanding performance in their operations abroad were displaced by other Latin American companies, particularly by Brazilian firms.

The sustained growth that all of the Mexican multinationals had experienced since the 1990s had also led to considerable leverage that, with the fall in sales and earnings, has forced them to engage in urgent renegotiations with their lenders.

One major case of the consequences of the crisis is the financial situation of *CEMEX*, the Mexican cement company with the highest ranking in foreign sales up to 2007. In 2008, it lost its leading international position, due to the bad results it posted in the United States, Spain, and Great Britain, countries where its operations were very substantial and where they were also very much affected by the crisis.

In June 2009, the company put its operations in Australia up for sale to the Swiss giant Holcim for USD 1.86 billion. The transaction involves 249 concrete plants, 83 aggregate quarries, and 16 plants that produce concrete tubes in Australia. The company's current debt of USD 14.50 billion has been renegotiated.

In the case of *America Movil*, the recession that many economies are facing is likely to limit the company's growth.⁷ In October 2009, the most significant move that the company has carried out occurred with the placement of a debt bond for USD 750 million with a 5.105% yield, 185 basis points above comparable U.S. Treasury instruments. For the rest of 2009, *America Movil* has covered the financing that it requires. Through CitiGrupo, it has coordinated long-term loans⁸ equivalent to USD 1.5 billion with export credit agencies from Finland and Sweden between November and March. In addition, the company has requested export financing that involves a € 500 million credit from Finnvera, as well as an additional € 300 million and USD 471.5 million from the Swedish agencies Exportkreditnämnden and AB Svensk. These credits were obtained through CitiGrupo with an 8.5-year maturity, with an average life of 5 years, and will finance the purchase of telephone equipment.

The global economic environment in 2008 led *Grupo Alfa* to post considerable declines due to the fall in automobile production, with losses reaching almost USD 132 billion dollars, as its businesses include auto-parts manufacturing. In 2009, the group has faced various problems with its auto-parts subsidiary, Nematik,⁹ since it has had to extend the

⁷ Growth projections remain moderate. It is estimated that the company will boost its earnings between 7.5% and 8% to around 2.53 billion dollars. Analysts predict sales growth of around 10% to 6.78 billion dollars, due to the recession in the countries in which the company operates.

⁸ Previously, the company, the largest cellular phone carrier in Latin America, had reported that it had obtained a 10-year credit line for USD 1 billion with the China Development Bank (CDB) and had placed bonds in the Chilean debt market for an additional USD 145 million.

⁹ Nematik produces high-tech aluminum components such as cylinder heads, engine blocks and transmission parts for the automotive industry and has plants in Mexico, the United States, Europe, and China.

maturities of Nemak's debts (amounting to USD 1.23 billion) with its bank creditors. The payment of the debt has been extended up to 2017.¹⁰ However, despite these problems, in the first six months of the year, the group posted profits of about USD 3.92 billion dollars, sales for USD 2.16 billion dollars, a 3% increase with respect to the same period of 2008.

A paradoxical case is that of the baking company *BIMBO*, which is number one in the food sector for Latin American sales. A good part of its excellent performance can be attributed to the production in its overseas plants and not that much to its activities in Mexico. However, *BIMBO* currently has a debt of USD 2.30 billion with six banks¹¹ for the purchase of Weston Foods Inc, (the US unit of a Canadian company) in December 2008, a deal which made *BIMBO* the leading coast-to-coast baking company in the United States, displacing the Japanese company Yamazaki. The Standard & Poor rating agency currently has a question mark over *BIMBO* on account of the future amortization of its debt. The company expects to refinance its bridge loan for USD 600 million and reduce its leverage in the next two years.¹²

Mexican multinational companies not included in the ranking

For the four companies in table 3 below, it was not possible to find precise data on their assets held abroad. However, it is clear that they have important direct investments outside the country. Taken together, during 2008, they reported foreign sales of USD 2.92 billion, which suggests that they would have been on our list of the top 20 Mexican multinationals had data on foreign assets been available, especially in the cases of Grupo Carso, Grupo Kuo, and Grupo Vitro. We thus consider it worthwhile to present the available data that shows their multinational character.

Table 3. Companies excluded from the ranking due to lack of data
(USD million and number of employees)

No.	Name	Industry	Assets		Sales		Employment		Number Foreign affiliates	Number Host countries
			Foreign	Total	Foreign	Total	Foreign	Total		
1	Grupo Carso	Diversified	NA	6,586	1,044	5,430	NA	76,674	21	14
2	Grupo KUO	Diversified	NA	1,498	981 ^a	2,042	NA	15,300	NA	9
3	Grupo VITRO ^b	Non-metallic minerals	NA	2,462	697	2,097	NA	19,385	NA	9
4	AHMSA	Steel & mining	NA	3,816	202 ^a	2,582	NA	18,961	5	2

Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

^aForeign affiliates include industrial plants and in some cases distributors.

^bIn 2008 Comegua, the Central and South American subsidiary, was deconsolidated.

¹⁰ Nemak's total debt, represents 51% of Alfa's total net debt.

¹¹ Bank of America, BBVA, BANAMEX/Citigroup, HSBC, ING, and Santander.

¹² *Expansión*, July 2009, pp. 96-97.

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Emerging Markets Global Players (EMGP) Project

The IIEc-VCC ranking of Mexican multinational enterprises was conducted in the framework of the Emerging Market Global Players (EMGP) Project, a collaborative effort led by the Vale Columbia Center on Sustainable International Investment. It brings together researchers on FDI from leading institutions in emerging markets to generate annual ranking lists of emerging market MNEs. For further information visit www.vcc.columbia.edu, or contact vcc@law.columbia.edu.

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. In 2005 it was ranked by the British newspaper The Times in 95th place among the world's 200 best universities and in July 2009 The High Council of Scientific Research of Spain placed the UNAM as number 44 on a world level. *For further information visit: www.unam.mx.*

Vale Columbia Center on Sustainable International Investment

The Vale Columbia Center on Sustainable International Investment (VCC), headed by Dr. Karl P. Sauvant, is a joint undertaking of the Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to FDI in the global economy, paying special attention to the sustainability dimension of this investment. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law. Its objectives are to analyze important, topical and policy-oriented issues related to FDI, develop and disseminate practical approaches and solutions, and provide students with a challenging learning environment. For more information, see www.vcc.columbia.edu.

Annex 1: Tables and figures

Annex table 1. Ranking of the 19 Mexican multinationals listed, key variables, 2008

(USD million^a and number of employees)

Rank	Name	Industry	Assets		Sales		Employment		Number of foreign affiliates	Number of host countries
			Foreign	Total	Foreign	Total	Foreign	Total		
1	Cemex	Non-metallic minerals	40,334	45,084	14,572	17,582	41,586	56,791	27	21
2	America Movil	Telecommunications	23,610	31,481	15,244	24,989	36,351	52,877	30	17
3	Carso Global Telecom	Telecommunications	11,768	24,085	5,414	14,324	12,381 ^e	56,624 ^e	29	6
4	Grupo FEMSA	Beverages	3,508	13,377	3,859	12,147	35,647 ^e	132,000	27	8
5	Grupo ALFA	Diversified	3,439	8,023	4,460	10,411	13,605	50,992	30	19
6	Grupo México	Mining	2,850	8,491	2,880	5,820	3,678	18,928	3	3
7	PEMEX ^b	Oil & gas	2,090	89,415	1,711	96,074	1,700	143,743	1	1
8	Gruma	Food products	1,986	3,212	2,299	3,239	11,792	19,060	13	14
9	Grupo BIMBO	Food products	1,850	4,230	2,125	5,951	25,000 ^g	108,000	22	17
10	Grupo Televisa	Television, motion, pictures, radio & telecommunications	1,614	8,881	491	3,468	1,660	25,423	2	2
11	Cementos Chihuahua	Non-metallic minerals	952	1,429	437	650	NA	2,892 ^d	18	2
12	Industrias CH	Steel & metal products	790	2,590	1,623	2,838	1,790	5,648	7	2
13	Mexichem	Chemicals & Petrochemicals	730 ^h	2,354	1,108 ^h	2,216	NA	NA	NA	14
14	Xignux	Diversified	723	1,659	1,196 ⁱ	2,234	NA	18,668	4	4
15	Grupo ELEKTRA	Retail trade	520	7,423	348	3,055	6,862	37,121	444	7
16	Corporación Durango	Paper & Paper products	250	1,118	226	739	200	8,500	3	1
17	Interceramic	Non-metallic minerals	151 ^c	417	161	408	724	3,885	5	3
18	San Luis Corp.	Automobile parts	114	511	163	503	1,294	4,122	3	2
19	Accel	Food products	48	143	91	124	1,313	1,932	2	1
Total			97,327	253,923	58,408	206,772	195,583	747,206	670	144

Source: IIEc-VCC survey of Mexican multinationals and company reports and websites.

^a The exchange rate used is the IMF rate of December 31, 2008: USD 1 = Pesos 13.8325.

^b PEMEX is a fully state-owned firm.

^c Approximately one-fourth of the assets are industrial plants and the remainder are distributors.

^d Not including Bolivian employees.

^e As of 2007.

^f Includes Telefonos de México 2007.

^g Minimum estimated.

^h CEPAL: "La inversión extranjera en América Latina y el Caribe", Naciones Unidas, Comisión Económica para América Latina, 2008, pag 49.

ⁱ Mexican exports included.

Annex table 2. Transnationality Index^a

Ranking	Name	Assets F / T	Sales F / T	Employment F / T	Transnationality Index
1	Cemex	0.89	0.83	0.73	0.82
2	America Movil	0.75	0.61	0.69	0.68
3	Carso Global Telecom	0.49	0.38	0.22	0.36
4	Grupo FEMSA	0.26	0.32	0.27	0.28
5	Grupo ALFA	0.43	0.43	0.27	0.37
6	Grupo México	0.34	0.49	0.19	0.34
7	PEMEX	0.02	0.02	0.01	0.02
8	Gruma	0.62	0.71	0.62	0.65
9	Grupo BIMBO	0.44	0.36	0.23	0.34
10	Grupo Televisa	0.18	0.14	0.07	0.13
11	Cementos de Chihuahua	0.67	0.67	NA	NA
12	Industrias CH	0.31	0.57	0.32	0.40
13	Mexichem	0.31	0.50	NA	NA
14	Xignux	0.44	0.54	NA	NA
15	Grupo ELEKTRA	0.07	0.11	0.18	0.12
16	Corporación Durango	0.22	0.31	0.02	0.18
17	Interceramic	0.36	0.39	0.19	0.31
18	San Luis Corp.	0.22	0.32	0.31	0.29
19	Accel	0.34	0.73	0.68	0.58

Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

^aThe transnationality Index 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.

Annex table 4. The listed Mexican multinationals: Regionality Index^a, 2008^b

Company	North America	Central America	Caribbean	South America	Europe	Asia	Oceania	Africa
Cemex	5	10	29	24	5	19	5	5
America Movil	6	22	17	44	—	—	—	—
Carso Global Telecom	—	40	—	60	—	—	—	—
Grupo FEMSA	—	—	—	100	—	—	—	—
Grupo ALFA	11	11	5	16	53	5	—	—
Grupo México	33	—	—	67	—	—	—	—
PEMEX	100	—	—	—	—	—	—	—
Gruma	7	36	—	7	29	14	7	—
Grupo Bimbo	5	26	—	42	21	5	—	—
Grupo Televisa	50	—	—	—	50	—	—	—
Cementos de Chihuahua	50	—	—	50	—	—	—	—
Industrias CH	100	—	—	—	—	—	—	—
Mexichem	7	43	—	50	—	—	—	—
Xignux	25	50	25	—	—	—	—	—
Grupo ELEKTRA	—	67	—	33	—	—	—	—
Corporación Durango	50	—	—	50	—	—	—	—
Interceramic	33	67	—	—	—	—	—	—
San Luis Corp.	50	—	—	50	—	—	—	—
Accel	100	—	—	—	—	—	—	—

Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

^aThe 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.

^bNote that this table assigns one foreign affiliate per host country to each company, since the exact number of foreign affiliates was not available for all companies. The regionality Index given here is thus no more than an approximation.

Annex table 5. The listed Mexican multinationals in stock markets

Company	Stock market
Cemex	Bolsa Mexicana de Valores New York Stock Exchange
America Movil	Bolsa Mexicana de Valores New York Stock Exchange Mercado de Valores Latinoamericanos (Latibex) de la Bolsa de Madrid, España
Carso Global Telecom	Bolsa Mexicana de Valores
Grupo FEMSA	Bolsa Mexicana de Valores New York Stock Exchange
Grupo ALFA	Bolsa Mexicana de Valores Mercado de Valores Latinoamericanos (Latibex) de la Bolsa de Madrid, España
Grupo México	Bolsa Mexicana de Valores ^a
PEMEX	Bolsa Mexicana de Valores New York Stock Exchange
Gruma	Bolsa Mexicana de Valores New York Stock Exchange
Grupo Bimbo	Bolsa Mexicana de Valores
Grupo Televisa	Bolsa Mexicana de Valores New York Stock Exchange
Cementos de Chihuahua	Bolsa Mexicana de Valores
Industrias CH	Bolsa Mexicana de Valores American Stock Exchange
Mexichem	Bolsa Mexicana de Valores
Xignux	Bolsa Mexicana de Valores
Grupo ELEKTRA	Bolsa Mexicana de Valores Mercado de Valores Latinoamericanos (Latibex) of the Madrid stock Exchange
Corporación Durango	Bolsa Mexicana de Valores
Interceramic	Bolsa Mexicana de Valores
San Luis Corp.	Bolsa Mexicana de Valores
Accel	Bolsa Mexicana de Valores

Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

^aSouthern Copper Corporation, a subsidiary of GMéxico, trades on the Bolsa de Valores de Lima and the New York Stock Exchange under the ticker symbol PCU.

Annex table 6. Major cross-border mergers and acquisitions, 2008
(USD million)

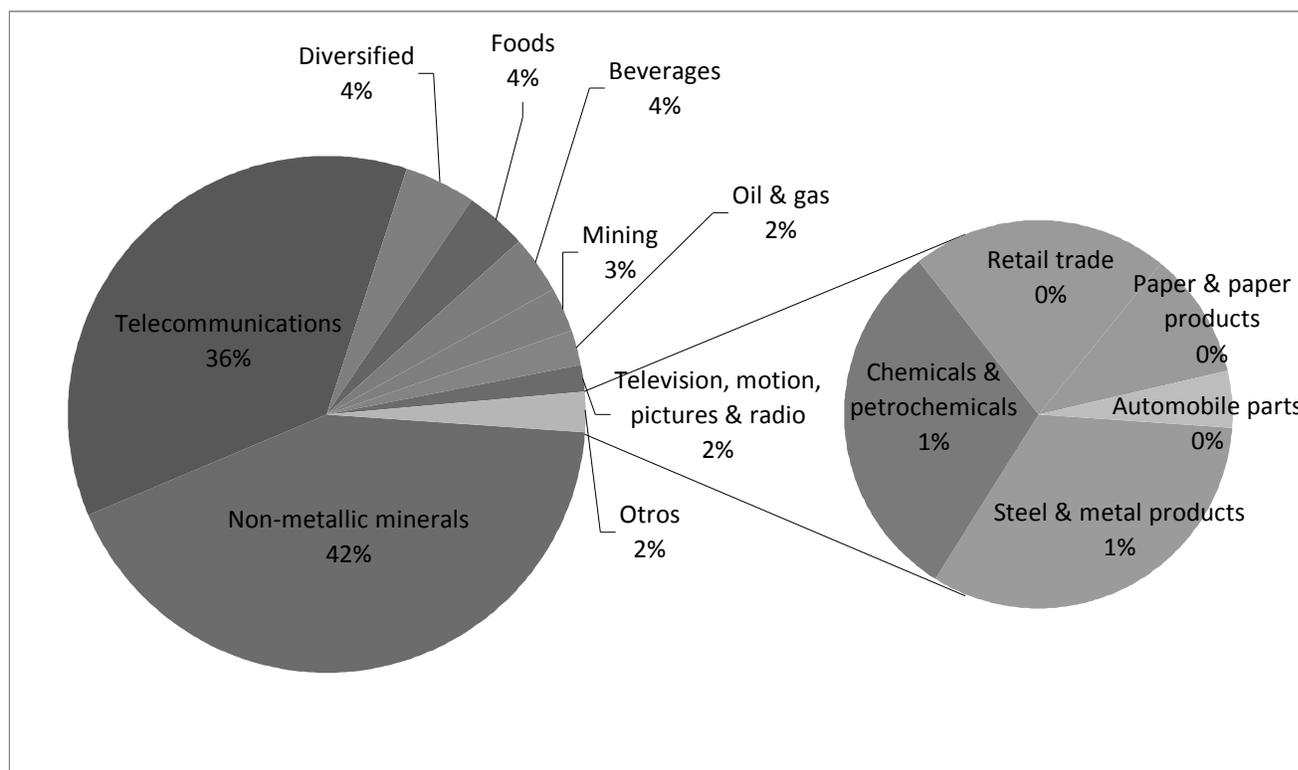
Date	Acquiring company	Target company	Target industry	Target country	% of equity acquired	Value of the transaction
21 December	Xignux	IndoTech	Manufacturer of Transformers	India	54.35	
7 to 8-December	Grupo Bimbo	Dunedin Holdings S.a.R.L. subsidiary of George Weston Limited (Canada) ^a	Food products	United States	100	2.3
28-November	Mexichem	Colpozos	Pumping equipment	Colombia		
7-August	América Móvil	Estesa Holding Corporation	Telecommunications	Nicaragua	100	47.8
July	Grupo ALFA	Braedt	Cold cuts producer	Peru	100	
20-June	Mexichem	Bidim	Geotextiles	Brazil	100	
30-April and 16-June	Grupo Bimbo	Nutrella Alimentos S.A.	Food products	Brazil	75	114.2
11-June	Mexichem	Geotextiles of the Peru	Geotextiles	Peru	100	
May	Grupo FEMSA	Refrigerating agents Minas Gerais (REMIL)	Bottling	Brazil	100	364.1
2-April	Grupo Bimbo	Plucky, CORP.	Food products	Uruguay	100	8.8
25-March	Grupo Bimbo	Lido Pozuelo, CORP.	Food products	Honduras	100	16.4
17-March	Cementos de Chihuahua	The Bosshart Company Inc.	Cement	United States	100	16.9
March	Cemex	Lime & Stone Production Company Ltd ^b	Cement	Israel	100	41
21-February	Grupo Bimbo	Firenze	Food products	Brazil	100	13.3
30-January	Mexichem	Dripsa	Irrigation equipment	Argentina	100	
25-January	Cementos de Chihuahua	American Cement Corporation, Inc	Cement	United States	100	11.8
23-January	Mexichem	Plastubos	PVC Pipe	Brazil	70	
17-January	Xignux	Consulting Services	Engineering services	Panama	100	
15-January	Cementos de Chihuahua	Alliance Concrete Inc.	Cement	United States	100	80.8
2-January	Grupo Bimbo	Panificio Laura, Ltda.	Food products	Brazil	100	14.6
Total						732

Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

^aWFI, located in the East Coast of the United States, geographically and commercially complements the operations that Grupo Bimbo had acquired in 2002: George Weston Inc. on the west coast of the United States.

^bDuring the second quarter of 2008, the remaining 50% of L&S was acquired. On December 31, 2008, Cemex Holdings (Israel) Ltd became the 100% owner of the Lime & Stone Production Company.

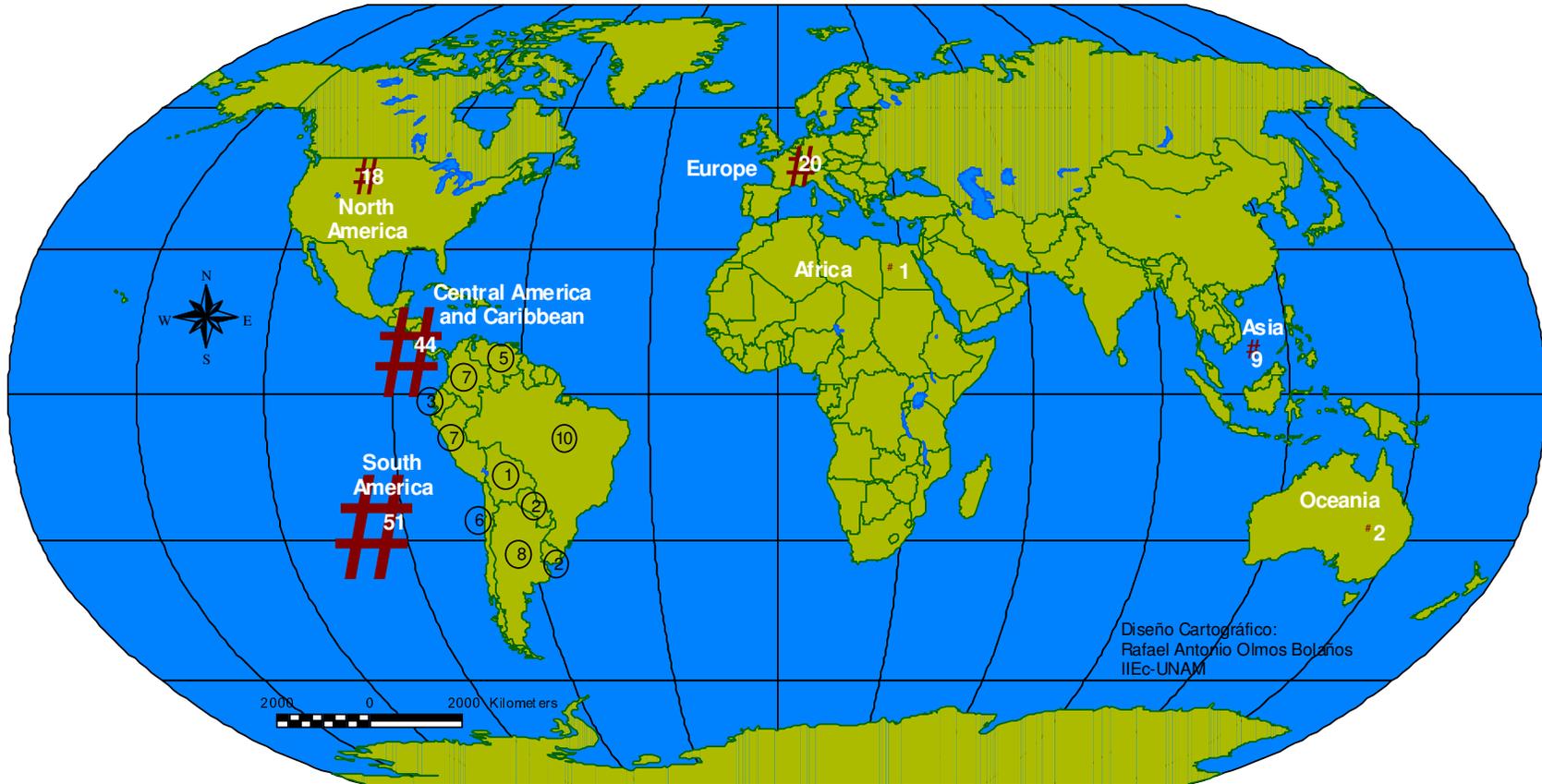
Annex figure 1. Breakdown of the foreign assets of the listed Mexican multinationals, by main industry, 2008



Industry	Foreign assets (USD million)	Number of companies	Companies
Non-metallic minerals	41,437	3	CEMEX, Cementos de Chihuahua, interceramic
Telecommunications	35,378	2	America Movil, Carso Global Telecom
Diversified	4,162	2	Grupo ALFA, Xignux
Foods	3,884	3	Gruma, Bimbo, Accel
Beverages	3,508	1	Grupo Femsa
Mining	2,850	1	Grupo Mexico
Oil & gas	2,090	1	PEMEX
Television, motion, pictures, radio & telecommunications	1,614	1	Grupo Televisa
Steel & metal products	790	1	Industrias CH
Chemicals & petrochemicals	730	1	Mexichem
Retail trade	520	1	Grupo Elektra
Paper & paper products	250	1	Corporación Durango
Automobile parts	114	1	San Luis Corp
Total	97,327	19	

Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

Annex figure 2. Foreign affiliates of the listed Mexican multinationals, by region, 2008^a
 (number of affiliates)



Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

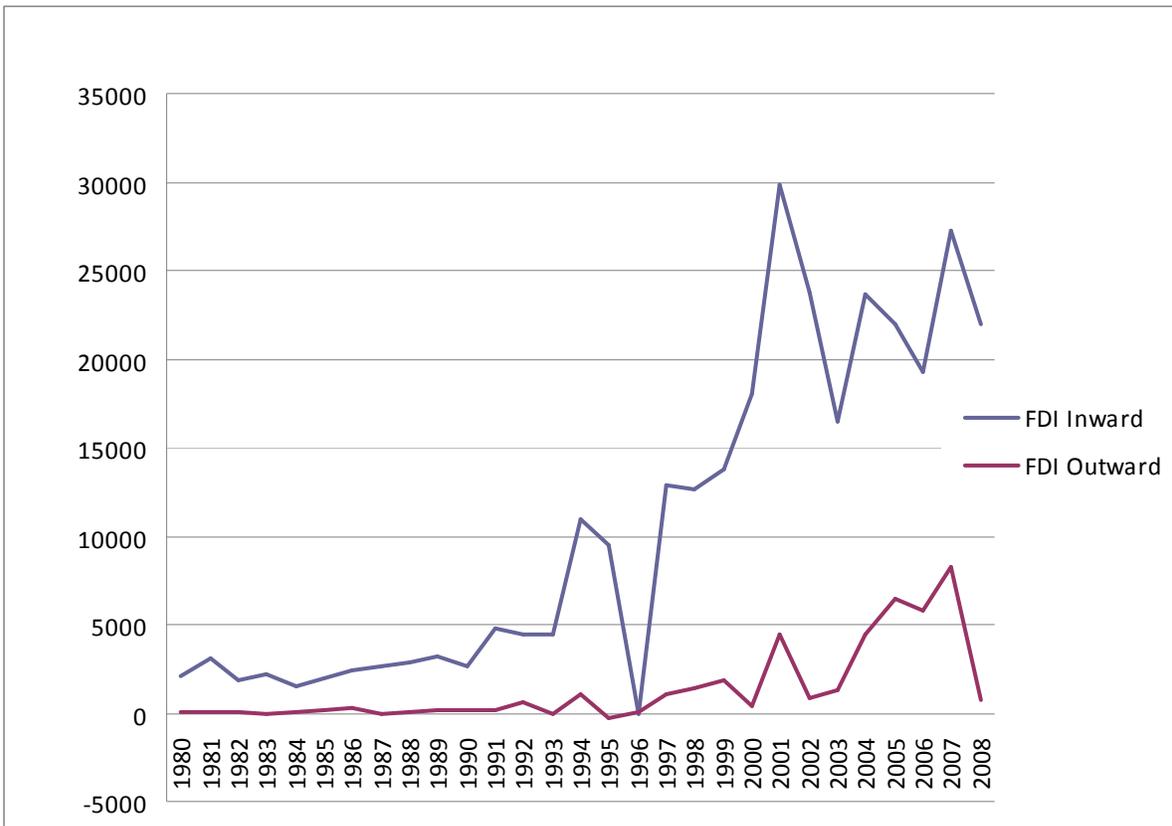
^aThe number of affiliates is taken to be one per host country, as the actual number was not available for all companies.

Annex figure 3. Head office locations of the 19 selected Mexican multinationals, 2008



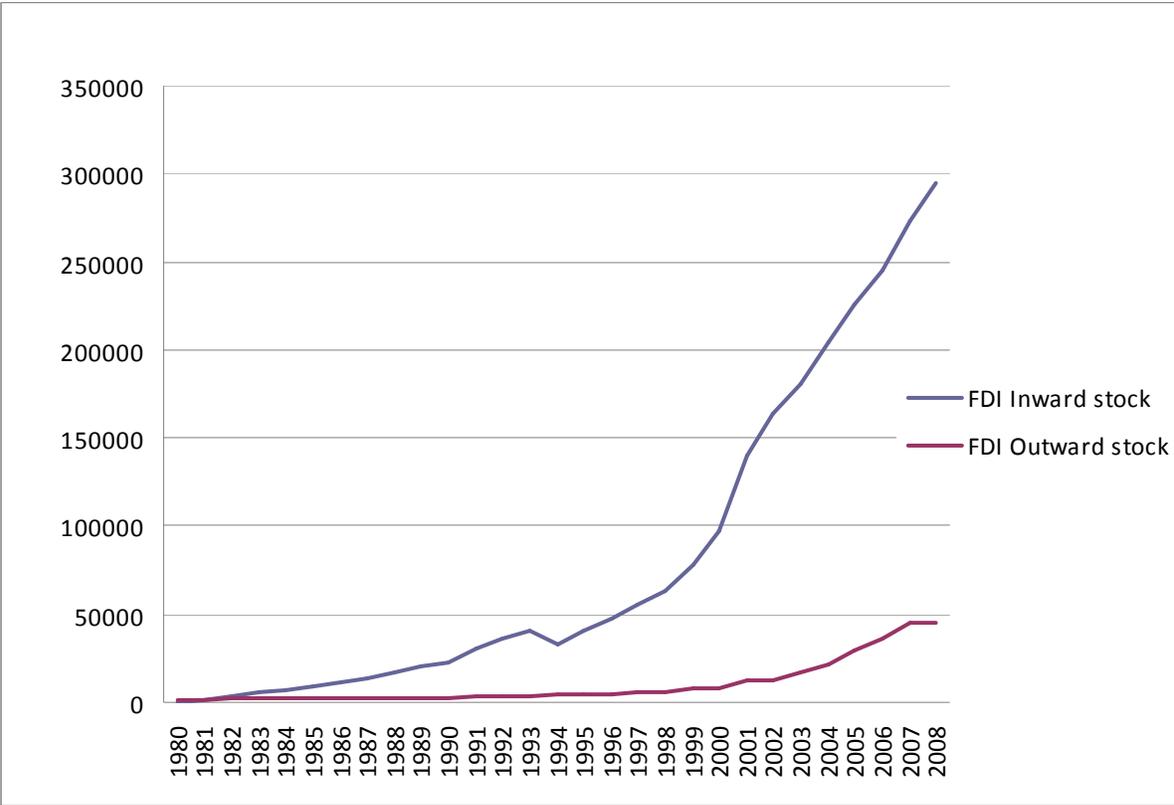
Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and website.

Annex figure 3. FDI inflows and outflows, 1980-2008
(USD million)



Source: United Nations Conference on Trade and Development (UNCTAD), *FDI STAT On-line database* (Geneva: United Nations Conference on Trade and Development), <http://stats.unctad.org/FDI/ReportFolders/reportFolders.aspx>, accessed November 17, 2009.

Annex figure 4. Inward and outward FDI stock, 1980-2008
(USD million)



Source: United Nations Conference on Trade and Development (UNCTAD), *FDI STAT On-line database* (Geneva: United Nations Conference on Trade and Development), <http://stats.unctad.org/FDI/ReportFolders/reportFolders.aspx>, accessed November 17, 2009.

Annex 2. Profiles of the top Mexican multinationals

I. Profiles of the top 19

CEMEX¹³

Cemex, founded in 1906 under the name Cementos Mexicanos, has been in operation for over 100 years. Since the merger with Cementos Portland Monterrey in 1931, the growth of what is today the world's third largest cement company¹⁴ has been constant. In 1973, CEMEX purchased Cementos Portland del Bajío, located in central Mexico, and three years later the company began to trade on the Bolsa Mexicana de Valores (BMV), the Mexican stock exchange, and also acquired Cementos de Guadalajara. Subsequently, it began to trade on the New York Stock Exchange (NYSE).

Through co-investments with U.S. companies, CEMEX was able to launch export operations in 1986. Its expansion continued the same year through the acquisition of Cementos Anáhuac and two years later Cementos Tolteca.

At the beginning of the 1990s, the company's growth allowed it to expand to the European market through the purchase of the Spanish companies Valenciana and Sansón. In 1994, CEMEX's operations expanded to the Western Hemisphere. In 1995, CEMEX acquired Cementos Nacionales in the Dominican Republic, Venceremos in Venezuela, Cementos Bayano in Panama, and Balcones in the United States. In 1996, it acquired Cementos Diamante and Semper in Colombia, in 1997 Rizal Cement, and one year later APO Cement in the Philippines. By 1999, it had initiated operations in Africa with the purchase of Assiut Cement Company in Egypt. That same year it acquired Cementos del Pacífico in Costa Rica.

In 2000, its growth continued with the purchase of Southdown, Inc. in the United States and the following year the Saraburi Cement Company in Thailand and the Puerto Rican Cement Company in Puerto Rico. In 2005, it acquired RMC in the United Kingdom and, two years later, the Australian cement company Rinker. The company's main shareholder is the Zambrano family.

America Movil S.A de C.V.

America Movil's main activity is cellular telephones and international telecommunications. It has close to 183 million subscribers in Mexico, Latin America, and the United States. It is the largest provider of wireless telecommunication services in Latin America and the third largest cellular phone company in the world. America Movil was created in September 2000 as a spin-off from Teléfonos de México (Telmex),¹⁵ controlled by the businessman Carlos Slim. Most of the international investments remained in America Movil.

¹³ All information about this company was obtained from the CEMEX website (www.cemexmexico.com).

¹⁴ After Lafarge and Holcim.

¹⁵ Originally state-controlled but privatized in 1990.

In the following year, the new company's stocks were distributed among Telmex shareholders. The company has subsidiaries and joint investments in the telecommunications sector in the United States, eight South American countries, seven Central American and Caribbean ones, and of course Mexico.¹⁶

By 2005, America Movil already had over 93 million users of wireless telecommunications. Its main shareholder remains Carlos Slim Helú.

Carso Global Telecom

Carso Global Telecom was originally part of Teléfonos de México (Telmex), a company under government control that was privatized in 1990.

In 2007, Telmex separated its operations in Latin America to give birth to Carso Global Telecom. In turn, Carso Global Telecom is a shareholder in Telmex Internacional (73.9%), with AT&T as its partner (22.2%).

Grupo FEMSA¹⁷ S.A. de C.V.

Originally known as Cervecería Cuauhtémoc, the company has been operating as FEMSA since 1980, specializing in the production of beer and soft drinks.

It is the integrated beverage company with the highest sales volume in Latin America. In operation since 1890 - when Cervecería Cuauhtémoc was founded - in 1918 it created a company to promote the educational and economic development of its personnel and their families, which led to the founding in 1943 of the Monterrey Technological Institute of Higher Education, one of the country's most prestigious institutions in this field. In 1954, it incorporated Cervecería Tecate in Baja California and, in 1978, entered the retail trade business through its Oxxo convenience stores. In 1979, it acquired a Coca-Cola franchise, which led to the acquisition of Coca-Cola in Buenos Aires, Argentina. In 2003, FEMSA acquired bottling companies in Central and South America and became Coca-Cola's largest bottler in the region. In 1985, it acquired Cervecería Moctezuma, which made it Mexico's second largest brewery and one of the biggest exporters of beer to the United States. Its main shareholder is the Garza Lagüera family.

Grupo Alfa

Grupo Alfa has its origin in a series of companies founded in the 1940s: Hojalata y Lámina S.A. (steel) and Celulosa y Derivados S.A., Nylon de México S.A. and Fibras Químicas S.A. (chemicals).

¹⁶ In Mexico, America Movil operates under the Telcel trademark and has 36 million users and nearly four-fifths of the market share. See CNNexpansión Ficha general; <http://www.cnnexpansion.com/empresas/america-movil-s-a-de-c-v>.

¹⁷ Fomento Económico Mexicano.

The group was founded in 1967 and, in 1973, took the name Grupo Alfa. At present it is comprised of four business divisions: aluminum auto parts, petrochemicals, telecommunications, and food products.

The group currently has plants in the United States, Germany, Canada, Costa Rica, El Salvador, the Czech Republic and Slovakia. Its exports go to 45 countries worldwide.

The group's operations are conducted through its subsidiaries: Alpek, in petrochemicals; Sigma, in refrigerated food products; Nematik, in aluminum and autoparts; and Onexa, which functions as the shareholder of the Mexican part of the Alestra telephone company. In addition, Alfa owns Terza and Colombin Bel, companies specializing in the production of carpets and polyurethane foam rubber. Its main shareholder is the Garza Sada family.

Grupo Mexico

This company originated as American Smelting and Refining, which in 1956 established ASARCO Mexicana and in 1978 created the Grupo Industrial Minera México holding company. The subsidiary that encompasses the group's mining operations is MEDIMSA. Since 1988, it has participated in public bidding processes, acquiring Minera de Cobre and Minera Cananea from the federal government. Among the minerals and chemicals that the company produces are copper (more than 50%), molybdenum, silver, zinc, sulfuric acid, gold, and lead.

The company has operations in Mexico and Peru (Southern Copper Corporation). In 1997, its subsidiary Infraestructura y Transportes de México, created the company Grupo Ferroviario Mexicano that acquired, through public bidding, total equity control in Ferrocarril Pacífico- Norte (currently Ferrocarril Mexicano).

Grupo México is listed on the BMV and its products trade on the London Metal Exchange and the New York Mercantile Exchange.

Petróleos Mexicanos (PEMEX)

The Mexican oil monopoly, PEMEX, founded in 1938 as a result of the nationalization of the oil industry, is the only state-owned company in the ranking, being 100% owned by the federal government.

Pemex contributes a third of the public treasury's revenue and it is one of the main suppliers of crude to the United States.

The company is organized in business divisions focused on exploration, refining, petrochemicals, and international activity. It exports around 80% of its crude oil production to the United States. One of its international divisions, PEMEX International Group, is a shareholder in PMI Norteamérica, which in turn is a 50% partner with Shell Oil Co. in the ownership of the Deer Park refinery in the state of Texas.

In the second quarter of 2008, the state-owned enterprise's oil exports averaged 1.410 million barrels per day (bpd), although this represents a 18.3% fall over the same period of the previous year.

Since 2008, Pemex has seen a decline in production at its gigantic but old Cantarell oil field, where output is now at one million bpd, half the level produced in its peak period in 2004. It does not trade on the stock market.

Gruma, S.A. de C.V

Founded in 1949, GRUMA is the world's largest producer of corn flour and tortillas. It mainly specializes in the production, marketing, distribution, and sale of corn flour, packaged tortillas, and wheat flour. It mostly operates through the following subsidiaries: Gruma Corporation, which produces corn flour and tortillas in the United States and Europe, and is 100% owned by GRUMA; Grupo Industrial Maseca (GIMSA), which produces corn flour in Mexico; Molinera de México, a wheat flour producer in Mexico; Gruma Centro América, based on Costa Rica; and Productos y Distribuidora Azteca, which produces packaged tortillas with operations in northern Mexico. In addition, GRUMA produces corn and wheat flour in Venezuela through MONACA and has operations in Europe, Asia, and Australia. The company has more than 19,000 employees and 74 industrial plants. About 43% of its sales are in the United States and Europe.

GRUMA owns 10% of the BANORTE bank. Its main shareholder is the González Barrera family.

Grupo Bimbo S.A. de C.V.

Grupo Bimbo is the world's third largest baking company. Founded in 1945 in Mexico City, it enjoyed such rapid growth that by 1978 it had 12 plants and had launched the operation of the company "Pasteles y Bizcochos" which would later change its name to "Productos Marinela". At the same time, the company launched the first production plants for "Ricolino" candies and chocolates and "Barcel" salted snack foods, and acquired "Controladora y Administradora de Pastelerías", which operates the "El Globo" pastry shop chain.

Grupo Bimbo began its international expansion in 1990, with exports of its products to the United States and the opening of its plants in Argentina, Brazil, Chile, Peru, Uruguay, Venezuela, Austria, the Czech Republic, and, recently China. Its sales force tops 40,000 employees who cover more than 20,000 routes and attend to approximately 550,000 points of sale.

Grupo Bimbo's main shareholder is the Servitje family.

Grupo Televisa S.A.

Originally known as Telesistema Mexicano, the company was founded in 1955, when the Azcárraga and O'Farrill families were granted concessions to operate the TV channels 2 and 4 in Mexico City as well as several stations elsewhere in the country. Grupo Televisa is a pure holding company whose subsidiaries are focused on the entertainment and media industry, making it the largest company in the sector in the Spanish-speaking world. Through its subsidiaries and strategic associations, Grupo Televisa operates television channels 2, 4, 5 and 9 in the Mexico City metropolitan area, in addition to 220 relay stations and 33 local channels. It produces and transmits television programs, operates restricted TV signals, distributes television programs for the domestic and international

markets, develops and operates direct satellite TV services for home viewing, operates publishing houses and the distribution of publications, provides cable TV, produces and broadcasts radio programs, promotes sporting events and special events, produces and distributes movies, and operates a horizontal web page. In Spain, the company owns slightly more than half of Radiópolis in a joint investment with the Spanish Grupo Prisa. Emilio Azcárraga Jean is the majority stockholder.

Grupo Cementos de Chihuahua

Founded in 1941, Grupo Cementos de Chihuahua produces, distributes, and markets Portland gray cement, mortar, premixed concrete, concrete cinder blocks, plaster and other building materials in Mexico and the United States, and has a 47% equity stake in Boliviana de Cemento, acquired in 2005. The company's annual production capacity is 4.0 million tons and it has more than 2,800 employees. In 2006 it acquired 100% of the equity in the American companies The Hardesty and Alliance Transportation, known as Midco, that joined the ranks of the company's plants in South Dakota, Colorado, and Minnesota.

Industrias CH

The company's origin dates back to 1934, when it was known as Herramientas S.A., specializing in the production of hand tools. In 1938, its name was changed to Campos Hermanos S.A. but it was not until 1960s that it entered its current activity. In 1991, the company was acquired by the current management.

Industrias CH produces and processes steel. It is the main producer of special steels in Mexico and the market leader in seamed pipe, steel structural profiles and commercial profiles. In July 2005, ICH, together with its main subsidiary, SIMEC, acquired 100% of the equity of Pav Republic, company leader in the special steels market in the United States. Through Pav Republic, ICH and SIMEC are now present in the world's largest automotive market. In terms of production capacity and sales volume, it has been one of the fastest-growing Mexican steel companies in the past few years. It has 15 plants in Mexico, the United States, and Canada that employ more than 5,600 workers.

Industrias CH's main shareholder is the Vigil González family.

Mexichem

Mexichem is a pure holding company, with two productive chains involving vinyl-chloride and fluorine. The company is a 100% Mexican group, comprised of chemical and petrochemical companies that are leaders in the Latin American market, and it exports to more than 50 countries. It is present in a wide variety of sectors such as construction, coolants, and auto. Mexichem had its origins in a company known as Cables Mexicanos, founded in 1953. In 1978, the Grupo Industrial Camesa holding company was created, which originally held equity control of Cables Mexicanos. In that same year, the company began to trade on the Bolsa Mexicana de Valores. In 1986, it incorporated Compañía Minera Las Cuevas, a company that produced fluorite. In December 2003, it increased its equity stake in Subsidiaria Mexichem, previously owned by the French company Grupo Total, from 50.4% to 93.79%.

The company has developed an expansion strategy that integrates its operations vertically and horizontally. Mexichem is the main producer of PVC resin in Latin America (40% of

the market) and PVC pipes (30% of the market). Its main shareholder is the Del Valle family.

Xingnux

Originally Conductores Monterrey, Xingnux was founded in 1956. It is comprised of three business divisions: electric cables, electric transformers, and food products. Its main shareholder is the Garza Herrera family.

Xingnux does not trade on any stock market.

Grupo ELEKTRA

Originally known as the Salinas y Rocha department store, the company was founded in 1906. Since 1950, it has specialized in the production of household appliances. Its first operations involved the production and marketing of radio transmitters in 1957, the year in which it opened the first Elektra store, a Grupo Salinas company. Its catalog of products and services has expanded to furniture, minor household products, and household and electrical appliances. In 2002, it received authorization from the Finance Ministry to operate a multiple banking institution, Banco Azteca, which was followed by an insurance company and a Pension Fund Manager. In addition to Mexico, Elektra has a presence in Central and South America with more than 1,000 stores.

Its main shareholder is Ricardo Salinas Pliego.

Corporación Durango

The origins of the company date back to a merger between a forest product transportation company and a regional wholesaler of construction materials in 1975.

Codusa is currently the country's largest producer of paper for packaging and corrugated boxes with 1.9 million short tons and more than 8,000 employees. It controls companies that operate in the lumber, cellulose, paper, and paper products industries. Its main products are kraft paper, sawed wood, chemical by-products, kraft cellulose, ctp cellulose, corrugated packaging, and paper bags. Among its main subsidiaries is the newsprint producer Pipsamex with an annual production of 142,000 short tons.

Its main shareholder is the family Rincón.

Interceramic

Founded in 1978, Interceramic is a company dedicated to the production and sale of enameled ceramic tile for floors and coverings and related products for their installation. It has four plants, three in Chihuahua and one in Garland, Texas, whose production is earmarked for the Mexican and U.S. markets. With operations dating back to 1978, today Interceramic has an installed capacity of 33 million square meters a year and employs more than three thousand workers in eight subsidiaries.

Its main shareholder is the Almeida family.

San Luis Corporación, S.A. de C. V.

In 1929, Rassini, the first company of the current group began operating in Mexico City. In 1967, Minas de San Luis was listed on the BMV. In 1979, a group of Mexican investors - headed by Antonio Madero Bracho- acquired most of the equity of Minas de San Luis, establishing Industrias LUISMIN as the holding company. In 1988, Minas de San Luis acquired Rassini, which already had a plant in Xalostoc; two others in Piedras Negras, Coahuila, and a design, engineering, and customer service office in the Detroit, Michigan area. In 1990, the expansion of the steel coil plant and the springs and torsion bar plant began operating, positioning itself as the world's largest manufacturing of such items with more than 10 million parts annually. In 1994, San Luis Corporación acquired a plant located in San Martin Texmelucan, Puebla, now known as Rassini-Frenos. In 2002, the holding company sold its mining division in order to concentrate on the auto parts business, which represents 88% of its revenue.

Its main shareholder is the Madero family.

Accel S.A.

Originally incorporated as Ponderosa Industrial S.A., the company emerged as a spin-off from Grupo Chihuahua in 1991. It is a group of companies largely focused on providing storage, logistics, real estate, and distribution services and producing candies. One of its two divisions offers solutions in the handling of both refrigerated and dry merchandise in warehouses, providing services for inventory management, freight consolidation and deconsolidation, platform crossing, selection and packaging, and marketing distribution and services. Accel has approximately 186,000 square meters for storage and distribution. The manufacturing division is comprised of Elamex, S.A. de C.V., a company with manufacturing operations and real estate activities in Mexico and the United States. Candy production takes place in Ciudad Juárez, Chihuahua, with a plant of nearly 17,000 square meters. The preparation, packaging, distribution, and sale of dried fruits and nuts (peanuts, almonds, pecans, pistachios, etc.) is carried out in the company's own facilities with a surface area of some 17,000 square meters in El Paso, Texas.

Accel's main shareholder is the Vallina family. The company trades on the Mexican stock exchange.

II. Profiles of the four excluded from the top 19 owing to a lack of data

Grupo Carso S.A. de C.V.

The company was established in 1980 as Grupo Galas. It emerged from a series of companies acquired by Casa de Bolsa Inbursa, controlled by Carlos Slim Helú between 1982 and 1988. The company acquired most of the equity in Cigatam, Artes Gráficas Unidas, Fábricas de Papel Loreto y Peña Pobre, Galas de México, Sanborn's Hermanos, FRISCO, Industrias Nacobre, and Porcelanite. In 1990, the company absorbed Corporación Industrial Carso through a merger, changing its name to Grupo Carso. In that year, in alliance with Southwestern Bell International Holding, France Cables et Radio and other investors, the company acquired control of Teléfonos de México (Telmex) through a public bidding process. Subsequently, Grupo Carso and Telmex separated. In 1991, Grupo Carso acquired 35% of Euzkadi and in the following years it invested in Condumex,

Grupo Aluminio, General Tire de México, Sears Roebuck de México, Conductores Latincasa, Controladora y Operadora de Pastelerías, FerroSur, CompuSA, JC Penney México, Pastelerías Monterrey, and Dorians. It also created Carso Infraestructura y Construcción and MixUp music and video stores. The group sold Euzkadi and General Tire, Controladora y Administradora de Pastelerías, Ferrosur, and Arte Gráficas Unidas.

This diversified business conglomerate is currently engaged in the tobacco, auto parts, aluminum, copper, mining, rubber, telecommunications, construction, and retail sectors. Its main shareholder is Carlos Slim Helú.

- **Grupo KUO**

Previously known as Grupo DESC, the company was founded in 1973. It has three industrial divisions: auto, chemicals, and consumer goods.

It is currently one of the country's most important industrial groups. Together its divisions control or maintain a majority interest in around 85 companies. About 40% of its sales correspond to the chemicals business, 35% to food products, 10% to the car parts branch, and 15% to its real estate division.

Its main shareholder is the Senderos Mestre family.

- **Grupo VITRO S.A de C.V.**

Founded in 1909 and originally known as Vidriera Monterrey, the company is one of the world's largest glass-producing conglomerates (for the most part containers for beverages, liquor, and the pharmaceutical industry, and sheet glass for the auto and construction industries). It is an export-oriented company that ships its products to more than 70 countries worldwide

Grupo Vitro's subsidiaries conduct business operations in the entire Western Hemisphere, with installations and distribution centers in countries located throughout the hemisphere and in Europe.

Vitro's companies produce articles for multiple markets that include glass for motor vehicles and construction; glass bottles for wine and liquor, cosmetics, pharmaceuticals, foods and beverages. Vitro also produces raw materials and machinery and equipment for industrial use, which are vertically integrated in the container business division.

Grupo Vitro's subsidiaries do business throughout the entire Western Hemisphere, with installations and distribution centers in eight countries, in North, Central and South America, and in Europe. Its main shareholder is the Sada family.

- **AHMSA**

The company, founded in 1942 as Altos Hornos de México, was under state management¹⁸ until it was privatized in 1991. It was acquired by Grupo Acerero del North

¹⁸ In the first year of the company's operations (1944), its annual capacity was 140,000 tons of steel liquid, which had risen to 2,000,000 tons by the end of 1960.

S.A de C.V with the coal and iron mine operations being incorporated into the steel company.

AHMSA specializes in steel production. In Mexico, its market share is 16.3% for steel, 32% for flat products, and 13.3% for exports of finished steel products. It has several subsidiaries¹⁹ that operate eight mines. The iron mines are operated by Minera del Norte S.A. and Cerro de Mercado S.A. Its other two subsidiaries, Minerales Monclova S.A. and Minera Carbonifera Río Escondido S.A., operate four coal mines whose production of thermal coal is used in electric power generation.

¹⁹ As of May 25, 1999, the company and its subsidiaries had suspended payments after having accumulated more than USD 800 million in debt and it was not until 2006 that it was able to rectify this situation.