

Robust foreign investment has Mexico growing at a healthy rate

Foreign investment from companies such as Kimberley Clark Corp., Honda Motor Co. and Volkswagen helped the Mexican economy grow at a 5.5% annual rate for the third quarter of 2011. For the year, Mexico is expected to post a growth rate of 4%. Last year, foreign direct investment in Mexico was around \$20 billion.

This year, according to an article in The Wall Street Journal by David Luhnow, "Mexico Economy Withstands Drug War," it should total the same amount. Particularly attractive for foreign investment in Mexico are the aerospace sector and the automobile industry, reports Luhnow.

Honda Motors is building a second plant in Mexico at a cost of \$800 million. Mazda is constructing a \$500 million facility.

Volkswagen opened facilities in Mexico to produce the new version of "The Beetle." Its Puebla plant is the largest automobile factory in the country, employing over 15,000 and manufacturing vehicles for both North and South American markets.

Mexico has many advantages, despite the drug carels, which lower overall economic growth by an estimated 1%. It has low inflation and low debt levels.

The country has a pleasant climate with a thriving tourist industry. It is rich in natural resources, such as gold and silver.

In addition, the peso has fallen in value, rendering to Mexico a cost advantage with other countries. Bordering the United Staes, Mexico has a logistical edge as it offers ready access to the world's biggest economy in addition to the other nations of South America.

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