

Seizing Mexico's moment

By **DOMINIC JERMEY OBE CVO**

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DOMINIC JERMEY joined the Foreign & Commonwealth Office (FCO) from investment bank J Henry Schroder Wagg in 1993. Whilst at the FCO he also served in the Balkans and Pakistan, and was head of the FCO's UN Peacekeeping Team, as well as serving as Deputy Ambassador in Madrid and Director of UKTI from 2004-07. He was appointed Head of UKTI's Defence and Security Organisation (DSO) in 2008, becoming acting Chief Executive of UKTI in 2009, and served as Ambassador to the United Arab Emirates from 2010-14, before assuming his current role.

The British Government has set some challenging ambitions for its international business agenda including, by 2020, doubling exports to £1 trillion and helping 100,000 more UK companies to export. It also aims to secure £1.5 trillion in Foreign Direct Investment (FDI) support and remain Europe's number-one destination for FDI. UK Trade and Investment (UKTI), the government department that helps UK-based firms export/grow overseas and international companies establish/expand in the UK, is at the heart of the drive to achieve these goals.

I have never seen a coalition of the willing across government quite as powerful in support of these ambitions – our challenge is to deepen that coalition across business; opening markets, identifying opportunities and creating the conditions for growth. Partnerships – between our governments and businesses working together – will be crucial to success.

I know it won't be easy – the UK needs to earn its way in the world. We estimate that around a third of the UK's medium-sized businesses (MSBs) do not yet export, while of those that do, just 17 per cent generate revenues outside of the EU, compared to 25 per cent in Germany and 30 per cent in Italy. This is a considerable missed opportunity. High-growth markets – including Mexico – all expect significant growth between now and 2020, due in part to the rise of the global middle class. We must seize this opportunity – and we can. In UKTI we are proud to be supporting over 3,000 UK SMEs to export through a special programme focused on their needs.

With a population of over 119 million and a growing middle class, Mexico represents the second-largest market in Latin America. It offers an attractive business climate, legal certainty, one of the largest free-trade agreement networks in the world, and highly developed industry groups. Furthermore, its strategic location gives the country the opportunity to act as a springboard into the region as well as being an attractive market in its own right. By 2050, Mexico could have the fifth-largest economy in the world, according to investment bank Goldman Sachs. That is one reason why we recognise its importance as a business partner.

As Mexico grows, its need for more infrastructure and transport links grows with it. Mexico's new

National Infrastructure Programme includes a number of modernisation and expansion projects in airports which are part of a £65 billion investment to develop transport infrastructure throughout the country. It is clearly a nation full of opportunities and there has never been a better time to consider it as a business destination.

The UK perception of Mexico is of a modern country with a dynamic economy. Total bilateral trade in goods and services has increased by 16 per cent since 2010, and UK exports to Mexico increased by 45.7 per cent from 2010 to 2013. Nevertheless, the UK's share in Mexico is less than 1 per cent. Clearly there is huge potential for these figures to increase.

The British Government is taking Mexico very seriously, which is why the country chose it for its first round of British Business Centres – subsidised temporary office spaces and soft-landing services for UK SMEs looking to establish themselves overseas. In Mexico, UKTI has identified opportunities in a range of sectors, including High Value Opportunities in infrastructure and energy, as well as other opportunities in automotive, aerospace, education, environment, financial services, healthcare, retail and the information economy.

However, not all British firms are aware of these opportunities. The possibilities for lively exchange and new connections between British and Mexican individuals and institutions are endless. The 'dual year' of 2015: The Year of the UK in Mexico and The Year of Mexico in the UK will be a chance to identify new opportunities for trade and investment and drive real interest in each other's goods and services, contributing not only to domestic economic growth but also to shared trade targets. Mexico and the UK already have strong ties – the dual year will enhance these and mark the beginning of an exciting collaboration.

With the Government's support for UK exports stronger than ever and the vast opportunities in Mexico, now is the right time for UK companies to look at this vibrant market. The two countries are recognised as innovative and creative, boasting an impressive array of world-renowned entrepreneurs and enterprises that have left their mark over time. Working together, the UK and Mexico can use the special partnerships of 2015 to build an economic legacy that will last for many decades.