

Supporting Mexico's growth

By **ALDERMAN ALAN YARROW**

LORD MAYOR OF THE CITY OF LONDON



ALAN YARROW graduated from Manchester Business School. He left Dresdner Kleinwort in December 2009 after 37 years with the group, latterly as Group Vice Chairman and Chairman of the UK Bank. He was formerly Deputy Chairman of the FSA Practitioner Panel, Chairman of LIBA, Director of Complinet, a member of the Takeover Panel and of the Council of the British Bankers Association. He was appointed Chairman of CISI (Chartered Institute of Securities and Investment) in September 2009. He was also a member of the Chancellor of the Exchequer's High Level Stakeholder Group and was appointed Lord Mayor of the City of London in November 2014.

It gives me great pleasure to be able to welcome President Enrique Peña Nieto to the City of London this week. The UK and Mexico have long shared a close and fruitful relationship; Mexico is one of the City's key markets and most important trade partners. The UK is already Mexico's 5th largest investor, investing over £5bn since 2000, but we have no intention of resting on our laurels: there are still many exciting opportunities to grow trade between our two countries. The City has much to offer in terms of exported knowledge and skills, and much to gain from working in partnership to support the development of the Mexican market as President Peña has outlined. Effective co-operation will be profitable for both our countries.

Mexico has come a long way in recent years and could potentially become the largest economy in Latin America in less than a decade. But openness and reform are crucial and will go a long way to determining the long-term sustainability of Mexico's growth. In today's globalised world, economies are intertwined as never before and no country can succeed in isolation. Inward investment is critical and the way to attract it is to cultivate an open and outward-looking business environment. President Peña's administration is right to make economic liberalisation one of his targets, and the City of London is ideally placed to help with this.

The City of London's financial services industry is world class. We are recognised globally as a leading financial centre and can provide the expertise that Mexico needs in order to support the huge growth it is experiencing in its financial services industry. For a strong financial services industry is crucial to supporting growth in the wider economy – providing loans for SMEs, driving entrepreneurship and expanding technologies. These are the building blocks for any economy and we have the expertise to help.

To deliver on the promise of its growing prosperity, Mexico needs 21st century infrastructure. This is another area where the UK can share global best practice across the range of services required throughout a project's lifecycle, from planning to financing to construction. The City has a track record of financing and delivering major schemes on time and on budget – as was memorably demonstrated by the Olympic and Commonwealth Games, and is now being demonstrated by Crossrail. This expertise in delivering bespoke solutions can now help support the Mexican government's ambitious investment plans in

transport, energy, housing and healthcare. Getting this investment right is vital if Mexico is to keep pace with its rivals, as current investment rates are below the regional and global averages. High quality infrastructure is a key driver of economic growth and foreign investment and by investing in its infrastructure Mexico can grow in stature on the world stage.

There are many more opportunities in a variety of other sectors – oil and gas, telecoms and energy – but these opportunities don't fall in your lap. To take advantage, a country must have high-quality, well-financed infrastructure, complemented by a strong financial services industry with experts in these areas. That combination will help every industry to reach its full potential, creating sustainable growth well into the future. London is the best place to find these experts – many of whom will be delighted to help Mexico capitalise on the increased opportunities available. These opportunities spring from a growing population of young and middle class citizens throughout Mexico – a demographic development which brings challenges too, but also vast opportunities, especially in financial services. As people begin to move away from the unbanked sector and consider the possibility of investing in financial products, a whole new market opens up. The City of London has both the expertise and the experience to help Mexican financial institutions harness these opportunities.

One key factor is Mexico's increasingly transparent financial services industry and open business environment. Transparency and openness are extremely attractive and have a direct impact on the scale of potential investments. The Free Trade Agreements Mexico now has with 44 countries continue to make it an even more attractive business destination and the City of London's expertise in IPOs should encourage more Mexican companies to list on the stock market.

Mexico and the UK are natural partners and we are keen to deepen our commercial relationships, bilateral ties and cultural understanding. I welcome all the work that has been done on those fronts so far – much of which I have mentioned already – and I believe that with continued commitment to transparency and reform from the highest levels of governance, this partnership can flourish even further. Events such as this serve to reaffirm our commitment to deepening our economic, cultural and personal ties. By working together, the economies of both our countries will grow.