

Mexico, US and China stay in pole position

THE AUTOMOTIVE COMPONENTS SECTOR HAS BEEN LARGELY DOMINATED BY THREE COUNTRIES – MEXICO, THE US AND CHINA – IN RECENT YEARS, WITH EMERGING LOCATIONS, INCLUDING INDIA, THAILAND, GERMANY AND THE UK, TRAILING BEHIND

The automotive components sector has performed steadily as a generator of crossborder greenfield investment in recent years, with project numbers and capital investment fluctuating very little since 2011. According to greenfield investment monitor fDi Markets, global project numbers were down slightly in 2015 – to 502, compared with 518 a year previous – but estimated capital expenditure increased to \$22.9bn from \$18.1bn.

The US has attracted the largest number of auto components FDI projects (510) in the period between the start of 2011 and the end of 2015, but neighbouring Mexico has mopped up the most capital investment in dollar terms – \$20.2bn compared with the US's \$18.3bn. China is in the middle, coming second to the US in terms of project numbers and third after Mexico and the US for capital investment.

In the driving seat

Two Chinese cities have bypassed their Mexican competitors though, with Chongqing and Shanghai having attracted more capital investment than Mexico's top-ranked city, Chihuahua, in the past five years. The Mexican cities of San Luis Potosi and Silao round out the list of top five destination cities worldwide for auto components. Among states and provinces, Mexico's Guanajuato comes out on top, beating Michigan (US), Jiangsu (China), Chihuahua (Mexico) and Tennessee (US). Three of the top 10 states are Mexican, three are Chinese and three American.

TOP DESTINATION COUNTRIES FOR AUTO COMPONENTS FDI, 2011-15

DESTINATION COUNTRY	PROJECTS	CAPEX (\$M)*	COMPANIES
US	510	18,276	345
China	390	15,308	237
Mexico	319	20,191	252
India	156	5,258	117
Germany	114	2,223	101
UK	111	3,305	79
Czech Republic	84	1,842	62
Romania	76	4,030	51
Russia	74	2,914	63
Thailand	73	3,278	65
Poland	72	2,765	59
Brazil	67	3,528	54
Hungary	65	2,038	45
Indonesia	46	1,109	43
Spain	38	600	27
Canada	36	697	30
Serbia	32	665	23
Turkey	32	925	29
Slovakia	31	729	28
Vietnam	30	958	24

Source: fDi Markets * includes estimates. Data for companies investing in the automotive components sector

It appears these three destination countries have a strong lock on FDI competitiveness for auto components. Among the other countries seeing success in this space are India, Germany, the UK, Romania, the Czech Republic and Thailand.

The largest generator of crossborder investment activity in the auto components sector is Japan, which has contributed the highest number of projects (669) and volume of investment (\$28.2bn) of any country globally since 2011. Other major source countries include Germany, the US, France and Canada. ■

TOP GLOBAL STATES FOR AUTO COMPONENTS FDI – CAPITAL EXPENDITURE, 2011-15

DESTINATION STATE	COUNTRY	CAPEX (\$M)*
Guanajuato	Mexico	4,699
Michigan	US	3,366
Jiangsu	China	3,270
Chihuahua	Mexico	2,992
Tennessee	US	2,601
Alabama	US	2,165
Eastern Thailand	Thailand	2,066
Shanghai Municipality	China	2,031
Coahuila	Mexico	1,871
Chongqing Municipality	China	1,868

Source: fDi Markets * includes estimates. Data for companies investing in the automotive components sector

TOP GLOBAL CITIES FOR AUTO COMPONENTS FDI – CAPITAL EXPENDITURE, 2011-15

DESTINATION CITY	COUNTRY	CAPEX (\$M)*
Chongqing	China	1,868
Shanghai	China	1,712
Chihuahua	Mexico	1,599
San Luis Potosi	Mexico	1,424
Silao	Mexico	1,402
Chonburi	Thailand	1,237
Pune	India	850
Toluca	Mexico	836
Tianjin	China	730
Wolverhampton	UK	704
Redford, Michigan	US	703
Monterrey	Mexico	664
Kaluga	Russia	655
Changshu	China	651
Nanjing	China	641
Celaya	Mexico	640
Anna, Ohio	US	618
Ciudad Juarez	Mexico	597
Cienega de Flores	Mexico	548
Birmingham, Alabama	US	530

Source: fDi Markets * includes estimates. Data for companies investing in the automotive components sector

TOP SOURCE COUNTRIES FOR AUTO COMPONENTS FDI, 2011-15

SOURCE COUNTRY	PROJECTS	CAPEX (\$M)*
Japan	669	28,191
Germany	591	22,528
US	383	17,230
France	161	4,680
Canada	93	3,904
South Korea	88	3,843
Italy	85	2,934
India	49	2,565
UK	80	2,397
China	75	2,157
Spain	69	1,905
Sweden	38	1,267
Hong Kong	12	953
Austria	43	854
Luxembourg	35	794
Mexico	19	700
Belgium	25	670
Switzerland	21	661
Taiwan	23	610
Netherlands	19	406

Source: fDi Markets * includes estimates. Data for companies investing in the automotive components sector



The US is the top destination country for auto components FDI, its strength in the field demonstrated by Fiat Chrysler's plant in Michigan (top); Guanajuato in Mexico is the leading state thanks to projects such as the recently opened Honda Motors factory in Celaya (middle); while Chongqing in China is the number one city, boasting investments such as its Changan Ford Mazda plant (bottom)