Interview: Francisco González Díaz – CEO, ProMéxico



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Francisco González, CEO of ProMéxico, the Mexican investment agency,

describes the strengths of Mexico's research and industrial base, untapped business opportunities in the pharmaceutical and healthcare sectors, and new export horizons in Africa and Asia.

Mexico currently displays a very interesting business context: the economy is back to robust growth and is further accelerating, the employment rate stands at an all-time high, while FDI in Mexico jumped 18 percent between 2014 and 2015, and also reached an all-time high at USD 7.9 billion for the first quarter 2016. As CEO of ProMexico, which is notably in charge of promoting exports and attracting foreign direct investment, you must be particularly satisfied with this positive outlook?

The current economic situation of Mexico is indeed very promising. More importantly, all ingredients are ready to expand this growth and further sharpen the competitiveness and attractiveness of our country in the upcoming years. Looking at advanced manufacturing exports for instance, Mexico is already among the top three countries in the world. This international leadership has an impact that goes beyond export performance, as advanced manufacturing expertise also bolsters a complete and highly-skilled eco-system of suppliers and service providers in return, which is paramount to strengthen our economy. To underscore the remarkable achievements of our country in this regard, I would like to remind you that the total exports of all Latin American countries put together only amount to 73 percent of the total Mexican exports.

Nevertheless, we don’t rest on our laurels, and we continue to look at nurturing the investment flow that will propel the competitiveness and the performance of Mexico in terms of advanced manufacturing, in which the pharmaceutical sector has a huge role to play. As part of our strategy, we want now to move forward on strengthening and developing more healthcare-related clusters across our country. By gathering drug manufacturers, their suppliers, the best research centers and medical devices companies altogether, we want to foster a sound interplay that will have a positive impact on advanced manufacturing, but also on clinical research developments and cross-sector innovation.

Do you feel that the current regional context, in which Brazil is facing economic difficulties and some political instability, also contributes to strengthen the attractiveness of Mexico in the region?

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Considering its substantial economic weight in Latin America, it is crucial that Brazil soon recovers in terms of the country’s economic situation. Nevertheless, it is also true that over the last decades Mexico has been strengthening its leadership and role model position within the region. Besides the strong and enduring economic performance, the cultural factor should not be overlooked to explain this deep and growing Mexican influence.

There is a powerful and natural linkage between Mexico and other South American countries by the simple fact that we share the same language. Communication is the first step toward integration and exchange, and this natural relationship fosters a very interesting expertise-based transfer between Mexican research centers and universities, which are among the best in all Spanish-speaking countries. As a matter of fact, most of Latin American leaders and scientists have studied in Mexican universities. This unique relationship is crucial to strengthen Mexico’s regional leadership in all knowledge-based industries in general, and in the pharmaceutical and healthcare sectors in particular.

Beside Latin America, Mexico is also nurturing economic and research flows with other fast-growing economies in the world. As an example, Mexico is the only Latin American country that offers direct flights to Asia, which greatly contributes to ease trade and knowledge sharing between the regional and global hubs that are Mexico City, Shanghai, and Tokyo.

Mexico’s economy already benefits from very strong economic ties with the United States and it is the leading exporter to Latin America. Beside these regions, what are the other areas and countries where you see untapped investment opportunities for

Mexico?

Alongside eleven other countries, Mexico is involved in the recently signed Trans-Pacific Partnership (TPP), which is awaiting ratification to enter into force. Given our recent improvements in terms of clinical trial registration processes, as well as Cofepris' international leadership, we believe that Mexico holds the potential to become a clinical trial and pharma registration hub in the TPP area. In the meantime, Mexico is currently negotiating new Free-Trade Agreements (FTA) with Turkey and Jordan.

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Besides these very promising and exciting developments, we are increasingly looking at new investment and export opportunities across the African continent as well as in the Philippines and Vietnam. We see that some of the products manufactured in Mexico would meet a huge demand in these countries. As a result of government efforts, Mexico displays one of the largest vaccine productions in the world, and we are now looking at international business opportunities to leverage the economic potential of this expertise and production capacity.

Considering the tremendous progresses of the Mexican pharmaceutical and healthcare sectors, both in terms of infrastructures and human resources, as well as the strong similarities between Mexico and some Asian or African countries in terms of infectious diseases, we have great expectations to easily identify new partners that would be particularly interested in our life-changing vaccines.

Between 2013 and 2016, ProMexico accompanied the development of more than 570 investment and export projects, generating more than 48 billion dollars and creating 255 267 direct jobs. What are you strategic priorities to further expand these successful achievements in the upcoming years?

We currently concentrate our efforts at three different levels of action. The first one relates to our participation in a variety of international conferences and seminars, where we get the opportunity to showcase the tremendous capacities of our country in different cutting-edge industries, such as the pharmaceutical sector. Our objective is then to first raise awareness about the attractiveness and competitiveness of Mexico, before engaging more closely with the related companies of these countries. If we are able to truly demonstrate the relevance of Mexico as an investment

destination, no doubt that they will take our country into consideration when drafting their next investment plans.

In the more active phase of our development activities, we are primarily engaged in two types of processes. The first one relates to the frequent and extensive review of the needs of our partners already implanted in Mexico, in collaboration with the pharmaceutical, healthcare, medtech and medical tourism sectors for instance. In a second phase, we also bind close partnerships with multinationals operating in Mexico. Our objective is to align on a strategic action plan and find common solutions that will ensure they continue to develop their activities in Mexico. With regards to pharmaceutical sector and the numerous multinationals already implanted in the country, we identify two remaining rooms for improvements on which we currently concentrate our efforts: favoring clinical research investments in Mexico and developing API manufacturing.

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Finally, we also leverage our international presence to help local players identify and follow the most impactful trends and dynamics occurring in the most mature markets. In parallel, we partner with the most prominent consultancies to review the best practices, latest innovations and new processes emerging in the different international markets, in order to better understand the next steps that our domestic industry should follow. Furthermore, we invited many domestic pharma players to the last BIO conference in San Francisco to help them evaluate the remaining gaps that they would have to fill in order to truly compete with the best players of the sector.

During the first quarter of 2016, investments from the United States represented 25 percent of the total FDI received by Mexico, while the US is by far the main foreign investor in the Mexican medtech and pharmaceutical sectors. What promising business opportunities could further stimulate this successful relationship between the two countries?

Without any hesitation: medical tourism. Although Mexico is already the world’s second-biggest medical tourism destination, there is still a huge potential to further develop medical services specifically targeting American patients. Beside our country’s proven capacity to provide both high-quality touristic and medical services, the price difference between the two countries clearly tip the scale in our favor, as medical operations can be up to 40 percent more affordable in Mexican health centers. Mexico is rapidly developing and improving the scope of services offered to these specific patients, while our services offer already goes way beyond plastic surgery or the classical operations usually associated with medical tourism. In addition to advanced manufacturing and our

overall export strategy, medical tourism undoubtedly stands as one of the key pillars of our development plan.

How would you describe the importance of the pharmaceutical and healthcare sectors within the export strategy of the country?

Pharmaceutical and medtech exports are among the fastest-growing areas of our entire economy. In fact, Mexican pharmaceutical exports already increased by 6% percent from 2010 to 2015, and according to Global Insight, this growth is set to further accelerate to reach an average annual rate of 8% percent between 2015 and 2018, highlighting the thriving international demand for pharmaceutical treatments manufactured in Mexico.

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Furthermore, wages in the pharmaceutical industry are almost three times more than the average salaries in other manufacturing sectors. ProMexico’s overarching objective is to bring welfare to our population. In this endeavor, the pharmaceutical sector undoubtedly stands as a very important and promising contributor.

In order to develop life-changing treatments, the pharmaceutical industry however relies on development timelines that are way longer than in other industries – and also longer than political cycles. In this vein, the development efforts of the healthcare industries must be protected and expanded year-on-year to really be able to see the outcomes of these investments.

Nevertheless, in Mexico we are lucky to have organizations like Cofepris that are continuously supporting the industry and promoting innovation. There has been a continuous focus on the health sector over the last decade in Mexico, and all stakeholders, including public partners, are perfectly aware that we need to continue to invest in these industries to bolster the economic development of our country.

You have been heading ProMexico since June 2013, after an extensive career in both the private and public sectors, in Mexico and at the international level. What is the most fundamental objective you want to achieve as the head of this organization?

I will endlessly strive to bring more quality jobs and promising opportunities to Mexican workers. As CEO of ProMexico, I will continuously intensify our efforts to ensure that Mexico can fully unlock its

economic potential. Thanks to thriving domestic and international players supported by opportune and strategic reforms, we can ensure that our country reaches the position it deserves in the global economy – for the benefits of our population.

What would be your final message to the global CEOs and key executives of the pharmaceutical industry that will read this report on Mexico?

One of Mexico’s key advantages lies in its diversity, whether it is related to the companies implanted here, the therapeutic specialties in which our research centers are among the best in the world, and the key export destinations in which our industries already hold a prominent positioning. Mexico emerges as a strong and rapidly growing global economic hub at the center of an impressive network of different cultural influences and international trade partnerships. Mexico already attracts the best talents in the world to meet the expectations of the most demanding industries and companies, and we will continue to look at implementing best practices and processes to strengthen our position as a global center of excellence.

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