

Aerospace Industry in Mexico - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Aerospace Industry in Mexico Market size is estimated at USD 11.20 billion in 2024, and is expected to reach USD 22.70 billion by 2029, growing at a CAGR of 15.18% during the forecast period (2024-2029).

Due to the COVID-19 pandemic, the Mexican economy ended 2020 with the largest drop in GDP since the Great Depression. The economy of the country also showed signs of slow recovery in 2021. Similar to various industries in the Mexican economy, in 2020-2021, the aerospace industry was severely affected by the COVID-19 pandemic. Mexican exports declined by more than 20%, thereby affecting the overall market revenues.

Before the advent of the pandemic, the Mexican aerospace industry has been experiencing excellent growth with significant foreign investment and job creation. Aerospace industrial exports from the country have been increasing over the last one and half decades, at a healthy growth rate of over 14% per annum.

The favorable ecosystem for the manufacturing sector and the low production costs in the country are attracting investments from aerospace manufacturing firms, thereby driving the market growth. According to the Federacion Mexicana de la Industria Aeronautica y Espacial or FEMIA, Mexico's aerospace sector grew from 100 manufacturing firms and organizations in 2004 to around 370 by 2020.

Factors like new initiatives to integrate smaller local suppliers into the Mexican aerospace industry, the support from the government to help smaller firms, and opportunities generated from trade agreements between the United States, Canada, and Mexico are estimated to improve the contribution of the aerospace sector toward the Mexican economy.

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Aerospace in Mexico Market Trends

Increasing Aerospace Exports From Mexico

The aerospace manufacturing sector in Mexico is a top-performing sector and contributes significantly toward the overall growth of the Mexican economy. Mexico is the 14th largest aerospace supplier globally, and the government is focusing on improving its rank to enter the top 10 by the end of the forecast period. According to FEMIA, the industry experienced 14% average annual export growth during 2004-2019 and accounted for USD 6 billion in accumulated direct foreign investment between 2007 and 2017. However, due to the COVID-19 pandemic, Mexican exports declined by more than 20% in 2020. Nevertheless, the industry is expected to rebound quickly with support from the government. The advent of major aircraft OEMs and suppliers, like General Electric, Airbus, Safran, Bombardier, and Latecoere Group, among others, into the country's manufacturing sector, driven by the low manufacturing costs in the country, has significantly contributed to the growth in exports from the country over the years. Each year, about 80% of the production of the aerospace industry in Mexico is exported to the United States, while the rest of the exports are to countries like Canada, France, Germany, and other foreign countries. Aerospace manufacturing capabilities in Mexico range from engines and engine parts to fuselages, cargo doors, landing gear assemblies, avionics, and several other components that are now present in several aircraft models over the world. Thus, the growing capabilities of Mexican aerospace manufacturing and the increasing exports of the country indicate a healthy environment for the growth of the aerospace industry in Mexico.

The Manufacturing Segment Held the Largest Market Share in 2021

Almost 79% of the firms operating in Mexico are manufacturers of aerospace products. The low labor costs are one of the main reasons for companies to establish their manufacturing facilities in Mexico. The capabilities of Mexican manufacturers include several tier-1, tier-2, and tier-3 components, ranging from turbines, fuselages, and sensors for jet engines to fasteners in the fuselage. Another reason for the growth of the aerospace industry in Mexico is its proximity to the United States, which is home to some of the largest aerospace OEMs in the world. The decreased cost of logistics for components influenced aerospace companies to look at Mexico as a viable solution to counter the supply chain issues and reduce expenses. The government is supporting the growth of the industry in the country through various strategies and initiatives. Under the country's strategic plan for the aerospace industry, namely, the Pro-Aereo 2012-2020 plan, various initiatives were taken for the industry's growth. Many companies have established their manufacturing locations in Mexico over the years. Major aerospace manufacturers, like Honeywell, Cessna, Safran, Bombardier Inc., General Electric, EATON Corporation, Goodrich Corporation ITP, PCC Aerostructures, etc., have their manufacturing locations in the country. With Mexico specializing in the production of aerospace materials and the demand for aviation parts on the rise, the country is set to become an aerospace manufacturing powerhouse in the coming future. Moreover, Mexico's shelter program is a lucrative opportunity for aerospace companies to operate their manufacturing facilities in the country. Such factors are expected to drive the growth of the segment in the country during the forecast period.

Aerospace in Mexico Industry Overview

The aerospace industry in Mexico is highly fragmented due to the presence of several companies in Mexico. Safran SA, Bombardier Inc., The Boeing Company, Airbus SE, and Honeywell International Inc. are some of the prominent players in the market. Currently, there are no local aircraft OEMs based in Mexico. However, there are several foreign players that manufacture, engineer, and design aircraft parts and components for commercial, military, and general aviation in the country. According to Federacion Mexicana de la Industria Aeroespacial or FEMIA, Mexico's aerospace sector grew from 100 manufacturing firms and organizations in 2004 to around 370 in 2020. Baja California, Queretaro, Sonora, Nuevo Leon, and Chihuahua are the Mexican states that are known for manufacturing in the aerospace sector. Queretaro is home to many companies in Mexico, including Bombardier, Safran, Aernnova, Meggitt, ITR, GE, and Airbus. With the availability of a skilled workforce comprising mainly of engineers graduating from the local and nearby universities, these companies are planning to increase their investments in the

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country to enhance their design and engineering capabilities, which is expected to increase the market competition in the years to come.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions and Market Definition
- 1.2 Scope of the Study
- 1.3 Currency Conversion Rates for USD

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

- 3.1 Market Size and Forecast, 2018 - 2027
- 3.2 Market Share by Industry, 2021
- 3.3 Structure of the Market and Key Participants

4 MARKET INSIGHTS

- 4.1 Mexican Economy
- 4.2 Import and Export of Aerospace Parts and Components
- 4.3 Government Regulations and Subsidies
 - 4.3.1 Foreign Direct Investment (FDI)
 - 4.3.2 Free Trade Agreement (FTA)
 - 4.3.3 Bilateral Air Safety Agreement (BASA) and Open Skies Agreements
- 4.4 Airport Infrastructure Investment
- 4.5 Aircraft Procurement Plans
- 4.6 SWOT Analysis

5 MARKET SEGMENTATION (Market Size and Forecast by Value - USD billion, 2018 - 2027)

- 5.1 Industry
 - 5.1.1 Manufacturing
 - 5.1.2 Engineering and Design
 - 5.1.3 Maintenance, Repair, and Overhaul

6 COMPANY PROFILES

- 6.1 Airbus SE
- 6.2 The Boeing Company
- 6.3 General Dynamics Corporation
- 6.4 Bombardier Inc.
- 6.5 Safran SA
- 6.6 DAHER
- 6.7 Honeywell International Inc.
- 6.8 GKN Aerospace

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6.9 Raytheon Technologies Corporation

6.10 GE Aviation

6.11 Eaton Corporation

6.12 Mexicana MRO SA de CV

7 MAJOR LOCAL COMPANIES AND THEIR PORTFOLIOS

8 MARKET OPPORTUNITIES AND FUTURE TRENDS

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