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Trade liberalization and foreign direct investment in Mexico: implications for geography

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Summary

This paper analyzes the process of trade liberalization, as well as the dynamics of foreign direct investment in Mexico. This is relevant to evaluate the performance of the Mexican economy since the implementation of the economic reforms of the governments since the eighties. The hypothesis is that nations that have made institutional arrangements to favor international trade schemes, in general terms, have better welfare conditions for their populations. The methodology used is descriptive and the data used come from the following sources: the World Bank and the Commission for Latin America and the Caribbean. Its periodicity is annual. The results show that the process of trade liberalization and foreign direct investment has contributed to the growth of the Mexican economy and its greater insertion in the world economy. It concludes that there is a need to deepen the agenda of international trade gains based on schemes of greater added value for national producers and greater participation of other sectors of society.
Keywords: trade liberalization, foreign direct investment, economic growth, international trade, trade agreements

Abstract:

This work analyzes the process of trade liberalization, as well as the dynamics of foreign direct investment in Mexico. This is relevant to evaluate the performance of the Mexican economy since the implementation of the governments' economic reforms since the 1980s. The hypothesis is that nations that have made institutional arrangements to favor international trade schemes, in general terms, have better well-being conditions for their population. The methodology used is descriptive and the data used comes from the following sources: the World Bank and the Commission for Latin America and the Caribbean. Its frequency is annual. The results show that the process of trade liberalization and foreign direct investment has contributed to the growth of the Mexican economy and its greater insertion into the world economy. It concludes with the need to deepen the agenda of international trade gains based on schemes of greater added value for national producers and greater participation by other sectors of society.
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Introduction

According to the World Trade Organization, in 2000 total exports at the global level reached 6,453,999 million U.S. dollars. By 2022 they reached 24,917,463 million dollars. Imports in the same period were 6,647,419 million dollars and 25,699,928 million dollars. This is, as it is warned, a growth of almost 4 times in the volume of international trade (IC).

In 1968, the European Common Market was created with the manifest intention of lowering trade tariffs and creating the ideal of a *single economy.* This is the antecedent of the formation of the so-called Eurozone, which augured greater economic growth and social welfare. However, right now a good part of its member countries face challenges due to the persistence of lags and the lack of economic achievements among not a few of its members. The most serious macroeconomic problems are inflation, government deficit, low economic growth, unemployment, among others (Bogliacino and Guarascio, 2017).

The motivation for extraordinary profits leads corporations to seek their maximization in other countries (Reyes and Martin Fiorino, 2019). The IC is a way to this purpose. It has had very important actors such as governments, international trade and investment promotion agencies, as well as large corporations. The need to adjust to market mechanisms has also been fundamental in this process. It has required the creation of structural reforms aimed at liberalizing the economies, including that of Mexico and even those of the socialist countries of Eastern Europe.

Foreign directive investment (FDI) has been due to the fact that the Mexican State has begun to dismantle publicly owned enterprises. Lugo modified the Foreign Investment Law when it was approved by the Congress of the Union in December 1993, just one month before the entry into force of the North American Free Trade Agreement (NAFTA). There was, therefore, a need to create government institutions and agencies for this purpose. Another accommodation was to adapt economic policies in monetary, fiscal, industrial and other matters considered necessary, even when economic asymmetries between member countries are noted.

The ideal of convergence between the countries of a regional bloc, therefore, in most cases has not materialized in this project of economic integration. According to Samuelson and Nordahus (2010), the theoretical premise is that IQ is explained as a result of the specialization of work, education, industrialization and modernization processes, as well as institutional adjustments.

Mexico's trade liberalization process is part of a context of investment in manufacturing, trade and services, for which public spending on infrastructure investment has been necessary. With the end of World War II, the course of the Mexican economy was defined, becoming more closely linked to the United States, Europe and other nations. Thus, the country was configured as a destination for investments necessary to meet the aggregate demand experienced in several countries (Heilbroner and Milberg, 1999).

In the reconstruction of the foundations of emerging capitalism, Mexico was favored once the Second World War ended. It should be pointed out that the governments emanating from the Mexican Revolution had a policy of protection for national industries in the period called *Stabilizing Development*, which was signified by significant economic growth. However, international pressure and government cooperation in the country began to bear fruit, especially after Mexico joined the General Agreement on Tariffs and Trade (GATT, 1986) and, subsequently, with the entry into force of the North American Free Trade Agreement in 1994. Subsequently, a series of economic reforms of enormous importance for Mexico and the international investment community have been implemented (Martínez Chapa et al, 2021).

Under the paradigm of the closed economy prevailing between the 40s and the 80s, industrial concentration was also privileged. However, with trade liberalization, the situation began to change in Mexico, as rural areas experienced a decrease in their population and activities and, on the other hand, urban areas attracted the population and there was a significant boom in diversified and even specialized economic activities. It should be noted how manufacturing began to increase its presence at the national level. In this restructuring process, there have been territorial advantages derived from this endogenous condition (Mendoza Cota, 2021 and Sánchez Suárez and Moreno Brid, 2016).

Since the mid-1980s, Mexico's various governments have gradually reoriented their economic policy in favor of trade liberalization and the attraction of foreign investment. These types of actions, among other things, have contributed to the spatial deconcentration of economic activity. Large companies in Mexico and other countries are also oriented towards serving the international market, which put an end to the aforementioned protectionist policy (Martínez Chapa and Salazar Castillo, 2023).

This process of liberalization of the Mexican economy has been an experience of great impact that must be circumscribed in the context of the globalization of large-scale productive activities. According to Félix Verduzco (2005) and Trejo Nieto (2017), Mexico restructured its economy and gave rise to the formation of a regionalization different from the traditional one, since it recognizes the scope of the states. Hence, regions and cities are assigned a more important role in the country's development decisions.

The Federal District and the urban area ceased to be the main protagonists of manufacturing and employment. Cities such as Monterrey, Guadalajara, Puebla, León, among others, continued with their growth patterns, but other border cities began to be recipients of manufacturing and significant investments. In 1965, the maquiladora program began mainly in northern Mexico. The plants in the border area were favored in terms of tax reduction and exemption, which significantly increased exports, thus becoming the main means of attracting foreign direct investment (FDI) in the country (Félix Verduzco 2005 and Mendoza Cota, 2021).

The consequent growth of the population in metropolitan areas has driven the extraordinary demand for railways, roads, airports and other infrastructure works, in addition to public and private services. This extraordinary population growth has meant, in many cases, serious difficulties in the provision of fundamental services such as water and drainage, electricity, gas, etc. Inevitably, problems associated with pollution, urban congestion, lack of infrastructure and others have increased.

This work is structured as follows: In the first part, it focuses on the theoretical framework and the review of the literature. The second has to do with methodology and data. The third is related to the analysis and interpretation of the results. The fourth addresses the discussion. The last one refers to the conclusions.

Theoretical framework and literature review

In order to carry out studies on the impacts of trade liberalization in the various regions, it is necessary to observe how relevant the flows of resources, ideas, people, goods, and information are (Castells, 1999; Martínez Chapa & Salazar Castillo, 2023;). For his part, Dicken (2007) argues in this regard that the development of regions is based on aspects related to interregional production dynamics and the ability to attract investment, where the spatial division of labor is a reality.

In 1920 Alfred Marshall wrote his masterpiece "*Principles of Microeconomics"* and with it the great field of economics related to the decisions of individuals and companies, began to gain strength not only academic analysis, but also that of the interactions of the economic world. Marshall was the first to explain how profits are generated from industrial location decisions, which lead to the formation of externalities such as economies of scale.

According to Fujita et al (1999), IQ is due to factors such as the reduction in transportation costs and others, which causes the spontaneous division into high industrialized wages for the north and low wages for the south, with spatial homogeneity being an important factor in this type of model. Another element of IQ is comparative advantage. According to Parkin (2014), this occurs when countries specialize in the production of goods in which their opportunity cost is the lowest.

Following this line of thought, Samuelson and Nordahus (2010) argue that in these production processes, production costs tend to decrease due to access to natural resources, specialized labor, and the diversity of services. Then, over time, inertia and delays in production occur, such as the wear and tear of machinery, the shortage of inputs and labor problems, thus causing an increase in costs. Subsequently, other production alternatives related to the place and other aspects necessary to produce efficiently are evaluated.

In neoclassical theory, IQ is based on the premise of reducing technological differences between countries. Spatial heterogeneity stems from the reality that natural resources and productive factors are distributed asymmetrically among countries. A country specializes in the production and export of goods that are relatively intensive given their relatively abundant resources. Under the structure of perfect competition, the location of industry is explained by the unequal distribution of the factors of primary production (Heckscher (1950) and Ohlin (1933).

According to Appleyard et al, (2010) IQ requires specialization and exchange, which allows for a higher standard of living. In this process, international differences between production costs are exploited. If some goods are not imported, those in which there is a comparative advantage cannot be exported either; therefore, profits derived from trade are lost. The elements involved are: competition, natural resources, human capital, the use of technology and innovation. Equally fundamental is the role played by institutions in the definition of long-term commercial policies and strategies.

In the evolution of the IC, governments have proposed schemes that oppose each other: the protectionist, on the one hand, and the free trade, on the other. Notwithstanding the above, a combination and coexistence of the two is observed. Theories concerning IQ have very remote antecedents. Appleyard et al, (2010) express it as follows:

> A. Smith pointed out that the game of international trade is not zero-sum, that is, countries can make profits through it. In this sense, by having diverse goods and services, nations have the opportunity to trade and earn by offering goods outside their territory. David Ricardo, for his part, saw huge benefits from international trade. The model proposed by David Ricardo —Ricardiano— proposes the law of comparative advantage, which holds that countries specialize in the production of goods at a relatively lower cost than others. Comparative advantage depends on the productivity of labor. [...] Hecksecher-Ohlin-Samuelson highlighted differences in relative factor endowments and factor prices as determinants of international trade. The theory in question postulates that each country will export the intensive good in its relatively abundant and cheap factor. On the other hand, it will buy from abroad those goods that are intensive in a relatively scarce and expensive factor (pp. 21-22).

Other theories of IQ are equally relevant and some of them are pointed out here. In the theory based on *trade based on technological gaps and cycles*, Vernon (1966) argues that a large part of the exports of rich nations is based on the generation of market novelties and the intensive use of cutting-edge technology. This condition is circumscribed in the model of imperfect competition (Nicholson & Snyder, 2011). A good is produced more efficiently as it is standardized. Subsequently, once the processes are mastered, it is produced in other countries with lower average costs.

In the approach of classical and neoclassical theories, the model of perfect competition predominated. However, Dixit and Stiglitz (1977), P. Krugman (1993), and Brander (1981) proposed realistic schemes by incorporating models of market failures —and state intervention—, associated with externalities such as

extraordinary economic benefits. The authors also proposed models different from the theory of comparative advantage. These models incorporate mathematical refinements, in addition to insisting on the convenience of adopting realistic and adaptive negotiations (*the second best*) when the Pareto optimal in terms of well-being is not reached.

Following this same order of ideas, it should be pointed out that in the case of Mexico, an inter-industrial trade dynamic is also generated in which the country exports products from one industry, or trades with those differentiated goods from the same industry (Trejo Nieto, 2017). In this type of process, economies of scale and consumer preferences play a crucial role given the innovation and diversity of national and foreign goods. Producing for the world market, companies have lower average costs in production, being fundamental virtuous schemes associated with technological advances, modern communications and diverse infrastructure.

Studies on the meaning and implications of NAFTA show that business development and economic growth are explained by productive fragmentation, as well as integration. This includes the so-called centripetal forces, which are related to factors such as increasing returns, market size typical of the model of imperfect competition, vertical links or chains between companies and workers, the mobility of market factors and external economies; all of which generates the processes of capital accumulation (Rodil Marzábal and López Arévalo (2021).

Studies on the concentration of production have been carried out in various regions of the world. In the bilateral relationship between Mexico and the United States, there is a more far-reaching dynamic over time. Martínez Chapa and Salazar Castillo (2023) note how strategic sectors have been promoted in both countries and how they are closely related and integrated. Thus, it is observed how in various regions and cities they have specialized in certain sectors such as the automotive industry, in addition to other manufactures. In these places there is a dynamic of investment, trade and other services in clear growth. Thus, as has been pointed out, international specialization and IQ are explained by a series of natural and spontaneous factors.

Methodology and data

This paper uses a descriptive methodology and uses data from the following international organizations: The World Bank (whose variables are the growth of IQ between different countries and growth of international trade as a percentage of Gross Domestic Product); The Ministry of Economy (whose variable is foreign direct investment in Mexico) and the Economic Commission for Latin America (whose variables are crude oil exports, Mexico's exports of light vehicles, Mexico's foreign trade volume index, as well as foreign direct investment in Latin America and the Caribbean). The periodicity of the data is annual.

Analysis and interpretation of the results

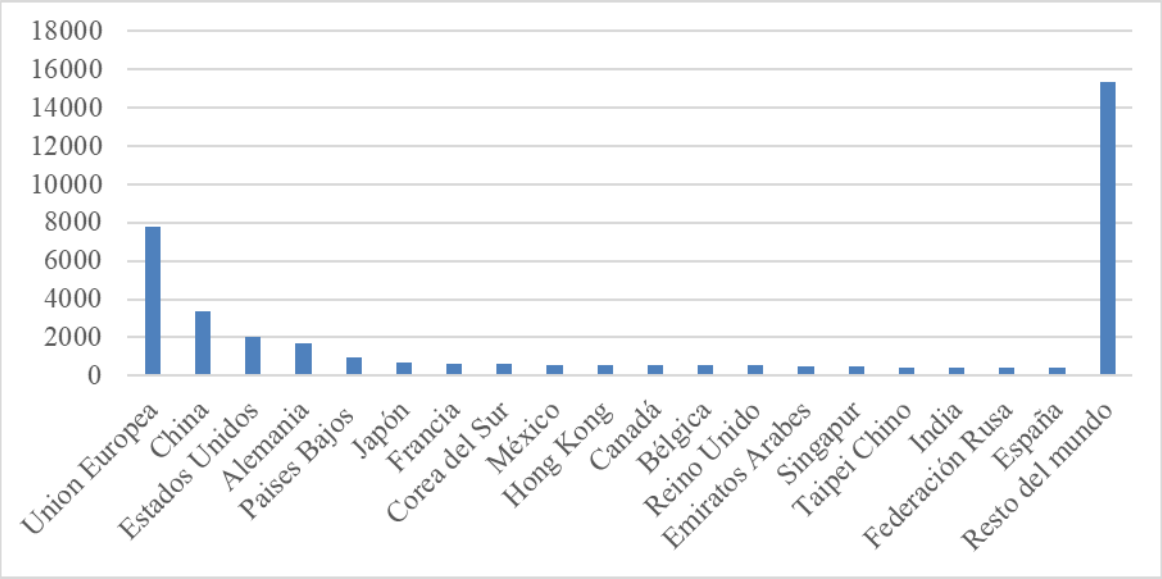
The variables studied in this paper are trade liberalization (expressed in data related to Mexico's international trade) and the variable foreign direct investment. Each of them is analyzed below.

Trade liberalization

Trade liberalization can be seen as a driving force for the growth of economies. Some nations turned more determinedly to it, highlighting Germany, France, England, the Netherlands, among others throughout the twentieth and twenty-first centuries. Other nations have also focused on finding markets for exports and supplies, including the United States, Japan, China, South Korea, Singapore, Taiwan, Hong Kong, Malaysia and other Asian nations. Latin America; Mexico and other countries, because they are part of the continent, have liberalized their economies since the eighties of the twentieth century. This has been a complex process and not without resistance within these countries. The IC entails benefits, but also limitations given that we continue to deal with situations such as the need to eliminate barriers to trade, as well as the need to set tariffs and quotas that should be favorable in the purpose of achieving a fairer and more competitive trade.

According to what can be seen in Graph 1, the IC has an enormous participation among countries that make up the European Union, the United States, Japan, among others. In recent decades, Asian countries, mainly China, South Korea, Hong Kong, Taiwan, Singapore and others, have increased their participation, as a large part of the world's manufacturing occurs in this region. Mexico is among the main powers in the volume of IC.

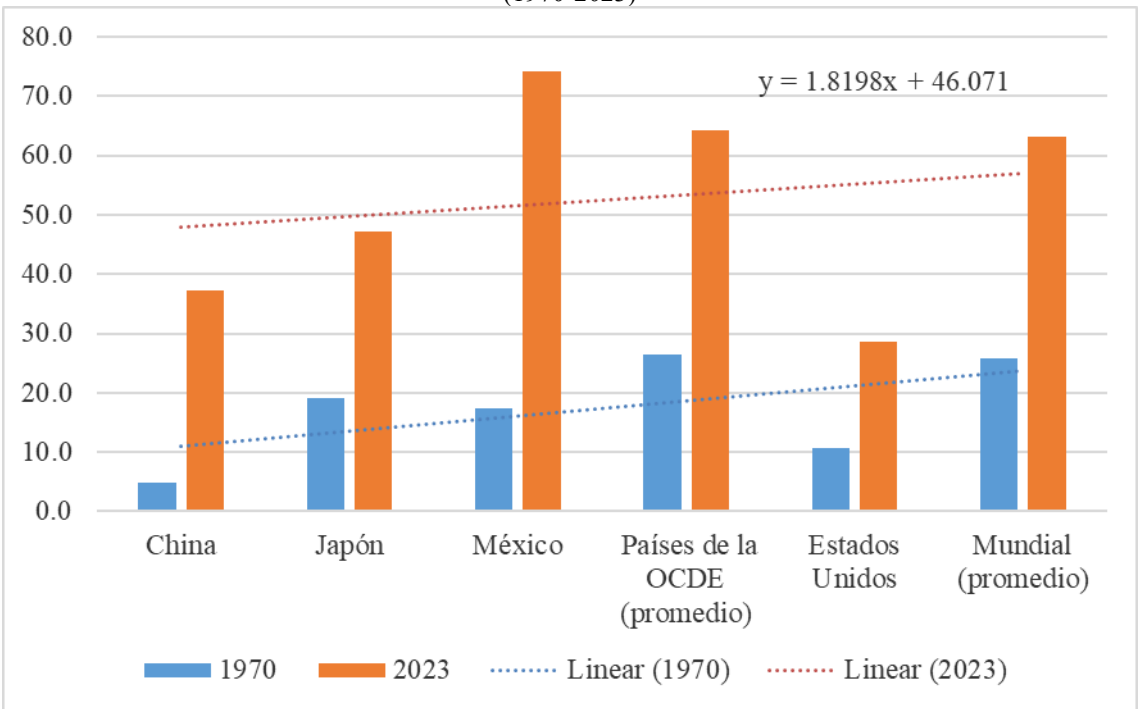
Figure 1. International trade volume (exports)



Source: World Bank Statistics. In original language Spanish

As an inherent element of the globalization process, the growth of IQ as a percentage of GDP is an explanatory factor for the economic growth of countries. According to Graph 2, the various countries that appear show significant growth in the period 1970-2023. They have made extraordinary profits. There are other countries in Asia, Europe and Latin America, which even when they are not there, have had interesting performances.

Figure 2. Growth of international trade as a percentage of GDP. Various countries (1970-2023)

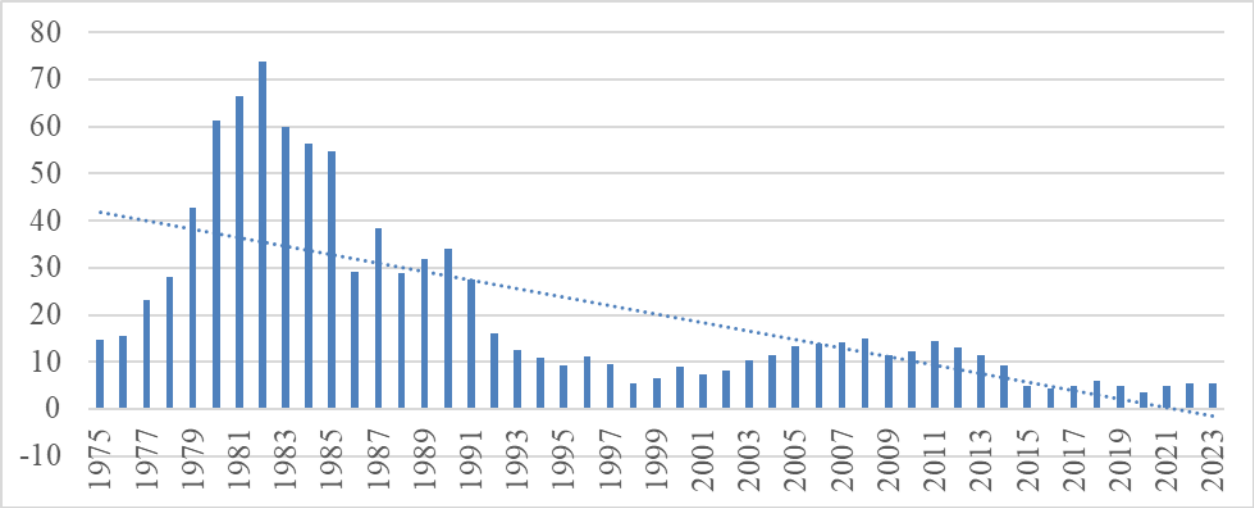


Source: World Bank Statistics. In original language Spanish

Mexico was a producing and exporting power of oil between the 70s and 80s fundamentally. Such a boom can be seen in Graph 3. Oil revenues contributed significantly to public spending, although they also explain

Mexico's debt. The aforementioned graph shows the decline in exports since the beginning of the nineties. The United States, its main buyer, began to develop its oil industry just in that period and thus managed to reduce its dependence on other countries, including Mexico.

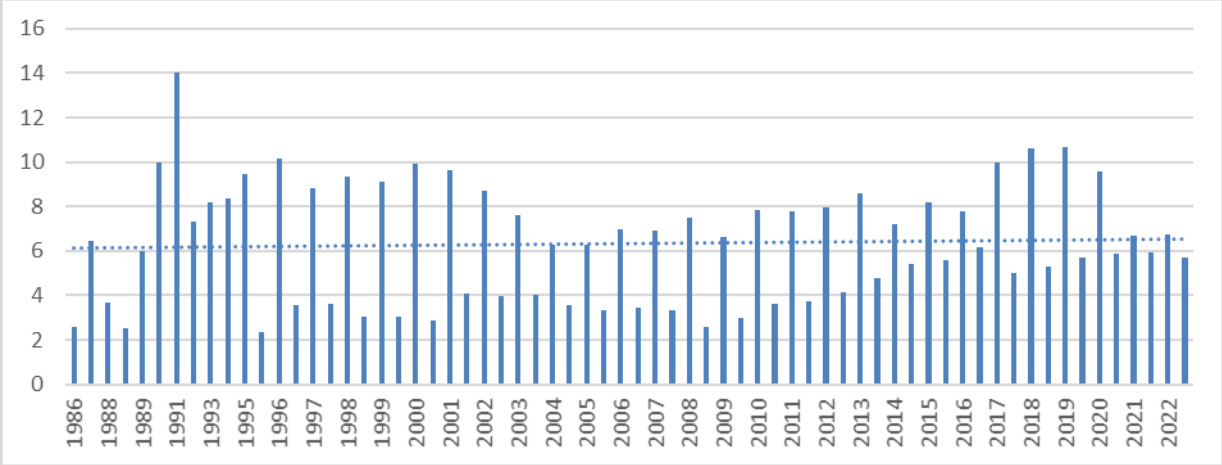
Figure 3. Mexico's Crude Oil Exports (1975-2023)



Source: ECLAC statistics. In original language Spanish

Mexico is a destination for important investments in the automotive sector. Manufacturing plants for vehicles, engines, transmissions, electronics, auto parts and other inputs from various countries have been installed in the country. According to Graph 4, a growth trend is observed throughout the period. It is an industry sensitive to variations in the global business cycle. However, this type of manufacturing is the most dynamic, thus contributing to the generation of jobs, development of suppliers and other benefits.

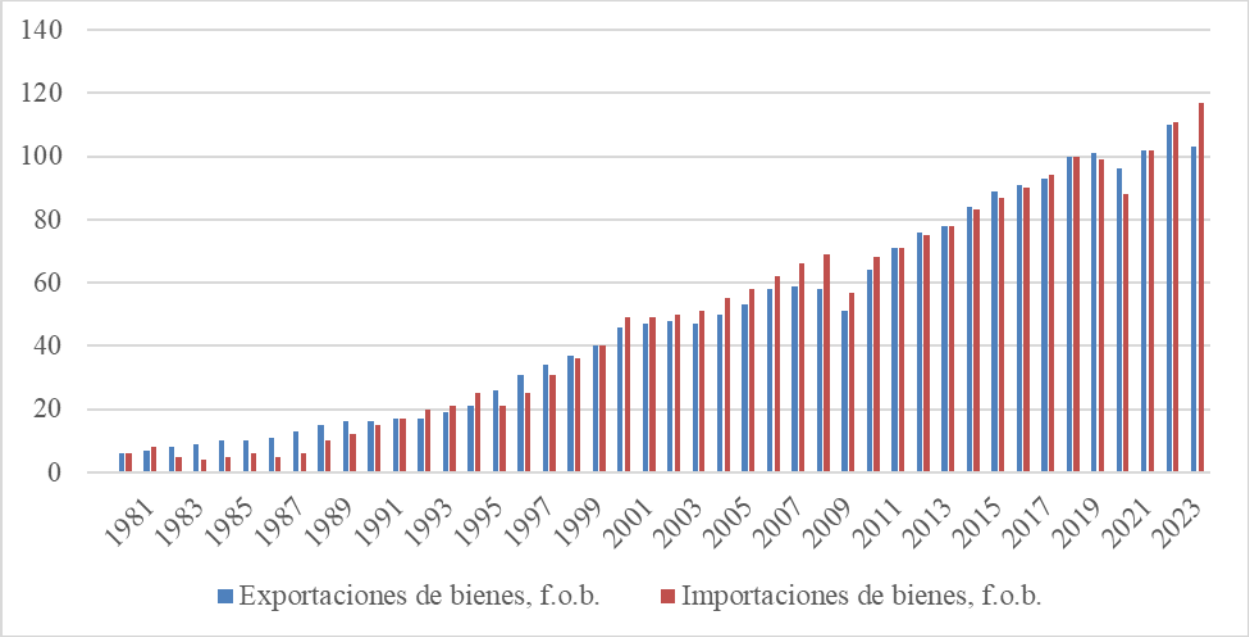
Figure 4. Export of light vehicles from Mexico (1986-2023)



Source: ECLAC statistics. In original language Spanish

With regard to the volume of Mexico's IC (exports and imports), Graph 5 shows the significant growth of the same in the period in question. By all accounts, extraordinary growth is noticeable, thus revealing confidence that the country continues to be attractive and safe to continue with this type of investment.

Figure 5. Mexico Foreign Trade Volume Index (2018 Index = 100)



Source: ECLAC statistics. In original language Spanish

Mexico's Foreign Direct Investment (FDI)

It should be noted that it has maintained a constant growth throughout the history of Mexico. It is not only attractive to investors in the United States and Europe. Other investors around the world have confidence that their property rights and business schemes will be respected as long as they adhere to the law. This situation explains the phenomenon of industrial relocation in which Mexico is attractive.

The relocation of companies in Mexico entails a significant economic spillover which has various repercussions: acquisition of agricultural land, purchase and construction of industrial warehouses, rental of commercial spaces, as well as opportunities for job creation, development of suppliers and other positive economic effects. This relocation of production chains is a reality that benefits the country from advantages such as conditions of geographical proximity to the United States and Canada, experience in trade agreements, culture, time zone, convergence in the practices of a market system, diverse suppliers, etc.

With the crisis in supply chains due to COVID 19, global companies distant from the US are now investing in other closer countries such as Mexico in sectors such as manufacturing, auto parts, textiles, logistics, food, electrical parts, connectivity, infrastructure and others. Most of these companies come from Asia, Canada, the United States and Europe.

According to the Bank of Mexico's Survey (2024) on the factors that have influenced the arrival of companies in Mexico, the reasons for these decisions have to do with the following: 49 percent indicate that it is due to trade tensions between China and the United States; 49 percent associate it with the rules of origin of the USMCA; 33.3 percent due to the Covid 19 pandemic; 29.3 percent because of the conflict between Russia and Ukraine; 29 percent attribute it to development prior to the pandemic and the trade war, in addition to various situations; 12.1 percent to other factors.

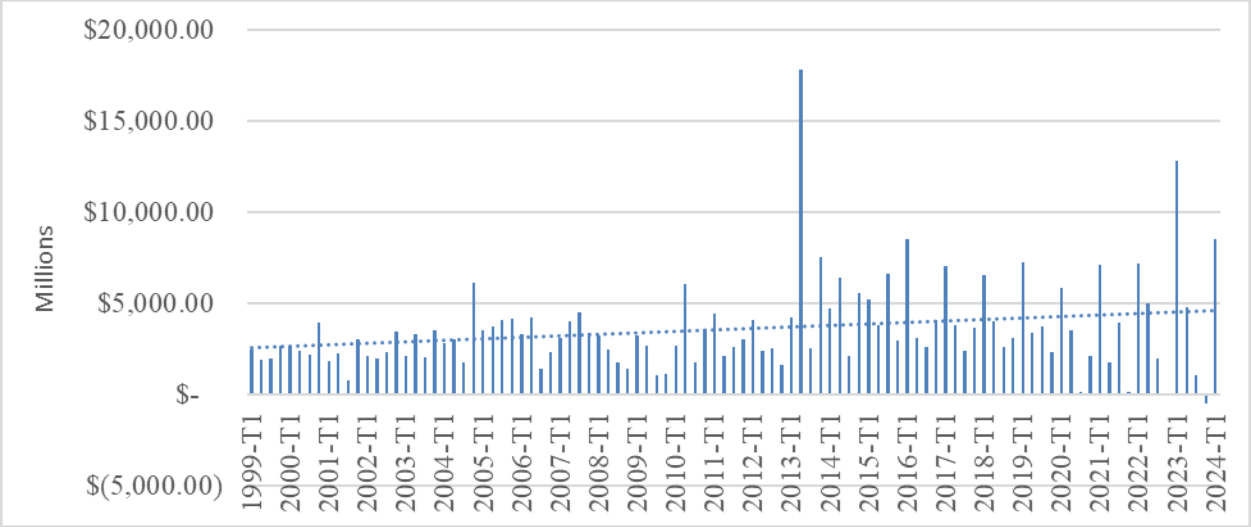
Within the framework of NAFTA, which was ratified in 2020, it was expected that investments and trade exchanges would privilege member countries. However, in these years after Covid 19 in Mexico, investments from Asian companies have grown. For the US and Europe, this has meant a loss of attractiveness for Asian countries such as China, Taiwan, South Korea, among others.

According to the Mexican Ministry of Economy (2024), 97% of FDI is related to the reinvestment of profits and 3% to new investments. The countries that make the most investments in Mexico are the United States (52%), Germany (9%), Canada (8%), Japan (7%), Argentina (4%), Switzerland (4%), South Korea (3%), among others. On the other hand, the states receiving these investments are: Mexico City (59%), Nuevo León (7%), Baja California (5%), Veracruz (3%), Chihuahua (3%), among others. The document adds that 42 percent of FDI is in manufacturing; 25th in financial services; 12 in mining; 6 in transportation; 5 wholesale trade; 4 in others; 3 to retail trade; 2 to accommodation and 1 to mass media.

In this context, Mexico should be placed as a beneficiary of this dynamic, since the country has already become the first trading partner of the United States, displacing China from that position. The commercial and political tensions between these governments constitute a favorable juncture for Mexico. Thus, U.S. consumers today have more choices in their purchasing decisions and consider goods from other countries such as Mexico, Canada, Europe, South Korea, India, among others.

As for FDI flows in Mexico, as can be seen in Graph 6, there is a growth trend in the period, which is evident in the confidence in the country. Despite the recessions and various crises that the Mexican economy has gone through, there is this attraction as a destination for investments from various countries.

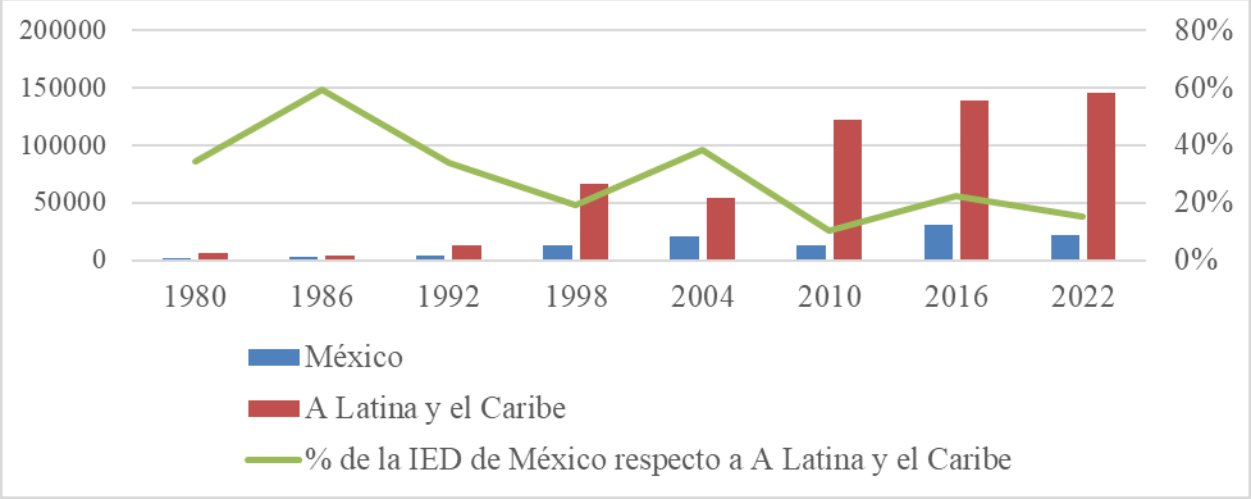
Figure 6. Foreign Direct Investment in Mexico 1999-2024



Source: Ministry of Economy. (2024). Data Mexico. In original language Spanish

When Mexico is compared with other countries in Latin America and the Caribbean, there is a sustained growth of these throughout the period in question. Before the trade liberalization of the mid-1980s, FDI was very low on the continent. After the beginning of the nineties, a significant growth in this variable was observed. Trade agreements boosted such investment and trade.

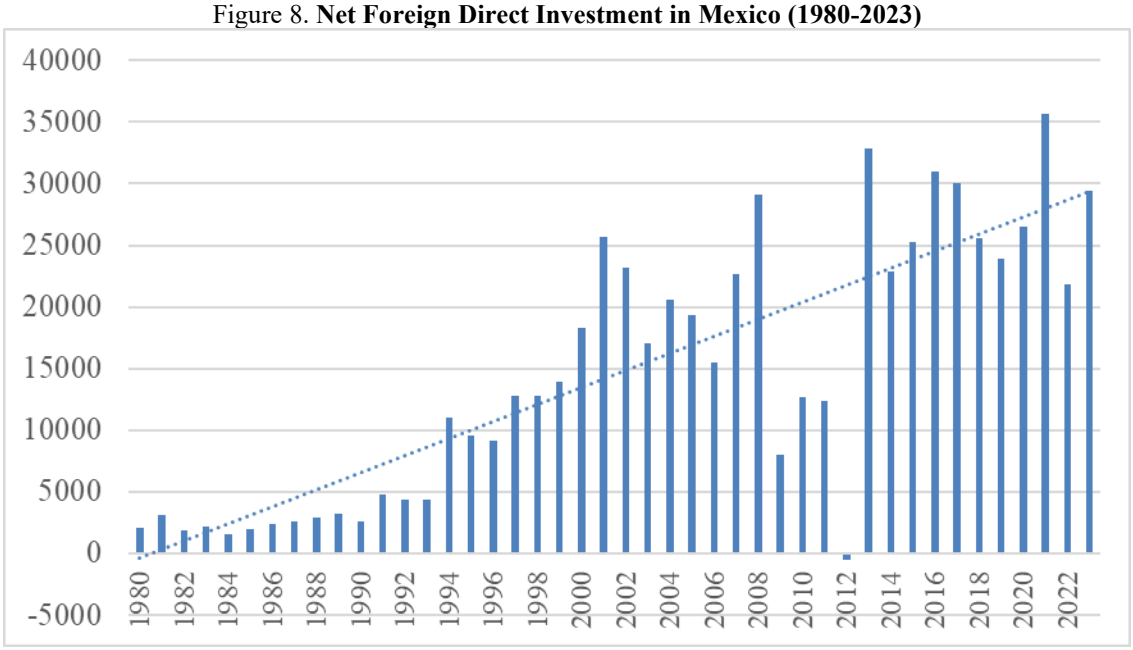
Figure 7. Foreign Direct Investment in Mexico and Latin America and the Caribbean, 1980-2022



Source: Economic Commission for Latin America and the Caribbean (ECLAC), 2024. In original language Spanish

Net FDI in Mexico shows sustained growth throughout the period, as shown in Chart 7. Prior to NAFTA entry in 1994, such investment was very low. It has since grown, even though in the period there have been recessions and international crises such as those of 1994-1995, 2001, 2008-2009, 2012 and 2020.

Figure 8. **Net Foreign Direct Investment in Mexico (1980-2023)**



Source: Statistics from the Economic Commission for Latin America and the Caribbean (ECLAC). In original language Spanish

Discussion

In the experience of Mexico's trade liberalization, maquiladora-type manufacturing companies began to locate in the larger cities along the northern border. In the southern part of the United States (US), warehouses and offices owned by these corporations were located in parallel. Between the border cities on both sides, land flows or crossings intensified, which also increased the volume of various cargo, thus giving rise to the construction of international bridges. Large cities noticed a participation of companies in the supply of raw materials, equipment, supplies and other inputs. Later, other cities in the interior became attractive for the location of industrial plants and other infrastructure in order to favor them.

The liberalization of the economy has generally brought advances in the well-being of the population. The experience is very clear: those countries that do not actively participate deprive themselves of the gains of the IC. According to Ray (2002), specialization, in addition to institutional arrangements, have been fundamental in this purpose. There are developing countries where the weight of basic goods in their exports is low. On the other hand, there are also developed countries that export a considerable volume of commodities. These factors are related to comparative advantage, which is explained by aspects such as lower average production costs, technological differences, domestic demand profiles, as well as the endowment of suitable factors to produce certain goods.

In addition, Ray (2002) argues that the emphasis on exports of basic goods is not necessarily the best thing that can happen to a country and this is due to the following reasons: The first suggests a propensity to experience large fluctuations in income due to price reductions. The second is associated with the drop in demand from the world population. A country's terms of trade is a measure of the quotient between the price of its exports and its imports. In this process, technology can be assimilated into intensive production, as long as it is accompanied by factors such as technological innovations, the added value of production and the formation of human capital

. In the Mexican experience of the liberalization of the economy, it is noted that investment and manufacturing employment began to deconcentrate from the mid-60s, just with the advent of the maquiladora program. The center and the northern border experienced significant growth. Later, other cities in the interior also became attractive for investment. However, the south of the country practically remained without significant investments until the government of President López Obrador (1918-2024) decided to make significant investments in some regions of the country, highlighting the construction of works such as the interoceanic canal, the Tres Bocas refinery in Tabasco, the Mayan train, investments in the construction of roads and highways and other works that have implied a significant economic spillover.

The liberalization of the economy must be placed within the framework of the phenomenon of globalization; in this case, in manufacturing. In this process, nations are connected to each other through the mechanisms of trade, investment, production, consumption, communications, fashion, education, and other flows with a greater number of transactions and the reach of large corporations (Calderón Ortiz, 2006; Romero & Vera-Colina, 2012; Martínez Chapa et al. 2022).

According to Sobrino (2016), geographical space is relevant in the aforementioned process of trade liberalization. Industrial location should be conceived as the most convenient space to locate a manufacturing plant whose purpose is to optimize productive resources (Fengru & Guitang, 2019; Ellison et al., 2010). It must be added the fact that the above cannot be completed if other very important goals such as social, environmental and cultural goals are not satisfied , without neglecting the economic aspects, of course.

To study how trade liberalization has favored various countries, including Mexico, the automotive industry is a good case. The deconcentration in this industry in the United States, Europe and Asia shows the dimension of globalization in the sphere of various manufactures. However, this type of manufacturing has not been exempt from diverse challenges, such as those of a political nature such as those of the United States (Ruiz Durán, 2016).

Conclusions

Among the greatest challenges facing IC are unequal trade, tariff and non-tariff barriers. Protectionism is a reality even among those governments that fight and promote the liberalization of the economies of other countries. When such a scheme does not favor their industries, they resort to mechanisms to defend their interests with arguments such as sovereignty and national protection.

The nations of Latin America have been attracted by the idea of IQ profits. Inspired by the surprising results of the countries of the *Pacific Rim*, they hope to transform their simple models of maquilado into one of industrial reconversion. However, in commercial liberalization there are no final dogmas, since each nation has its backgrounds and particularities within its respective limits and possibilities. They are real, because the risks of loss with free trade schemes that have not designed beneficial policies for economic agents as important as agricultural producers, small businesses, workers and low-income citizens. It is not idle, therefore, that a part of the population considers them as sell-out schemes by virtue of dismantling industries and jobs in the country.

While continuing to serve the domestic market, it is necessary to strengthen the territorial advantages associated with production and IQ. In times of crisis, the domestic market has played a more active role in the process of economic recovery. The COVID-19 crisis has highlighted the need to strengthen and bring supply chains closer as possible in order to ensure efficient production. Mexico is in a good position because it is a neighbor of the United States and Canada, in addition to being in an advanced economic integration process.

The electoral process that has taken place in Mexico in 2024 suggests continuity in relations with the United States and Canada, its main trading partners. In the US, the electoral situation will take place in November 2024, which implies a waiting period among the international investment community. The direction of crucial sectors such as oil, gas and energy is yet to be defined. Other very important sectors are those that belong to manufacturing. Current issues such as global trade with China, Russia, Europe and other countries do not escape interest.

The current challenges facing Mexico in economic matters have to do with a variety of situations such as the following: 1. The fight against smuggling, piracy, unfair trade, the China factor, the fentanlo crisis, the immigration situation on the border between the two countries; 2. The inflationary pressures that have an impact on both countries, as well as labor costs; 3. The problems of insecurity and violence; 4. The risk of an extended recession and the consequent decrease in the demand for goods; 5. The loss of attractiveness of electric vehicles and the uncertainty regarding the expansion plans of their plants, etc.

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