WELCOME REMARKS BY MEXICO SECRETARY OF FINANCE EDGAR AMADOR ZAMORA

Laura Deal Lacey 00:10

Good morning. Welcome to the third Milken Institute Global Investors' Symposium here in Mexico City. We're delighted to be here with you guys. For those of you who are joining for the first time, I just want to tell you a little about the Milken Institute. The Milken Institute is a nonprofit, nonpartisan think tank. We focus on finance, health, and philanthropy. We connect people, ideas, and capital to solve the world's most pressing issues. This is the third major event we have hosted this fall. In the last nine weeks, we hosted three big events. First, in September, we held our first Global Dialogues in Toronto, alongside Prime Minister Carney's investors' summit. Two weeks ago, we hosted our 13th Asia Summit, and that event won the award for best event in Singapore for the first time. And today, we're back in Mexico City. Our next stop is Abu Dhabi. Four different cities and four very different economies, but our programs are looking strikingly more similar this year than in previous years. For decades, globalization was driven largely by the pursuit of efficiency and lower costs. Today, that calculation is changing. The cheapest supply chain is no longer the most—the best one. For global investors, understanding geopolitical risks, security, and the nuances of national politics are becoming just as important as identifying economic opportunities. There are three themes that are emerging from our global conversations. First is how geopolitics is changing economic decisions. Governments are reconsidering trade relations, businesses are rethinking supply chains, and investors are reassessing where they put their capital. Second is the race for tech leadership. Artificial intelligence is transforming industries, creating enormous amounts of investment opportunities, transforming businesses, and reshaping economic competitiveness. But it is also raising important questions about digital sovereignty. Who controls the data? Who controls computing power? And who controls infrastructure for the next generation of growth? And third is the strategic choices facing middle powers. Countries like Canada, Singapore, Mexico, and the UAE—where we're hosting events this fall—are navigating a world increasingly shaped by competition between major powers. There's an African saying that is, "When two elephants fight, it is the grass that suffers." What we're seeing today is that middle powers are not simply standing on the sidelines. They're strengthening partnerships and building new ones; they're making strategic choices to protect their interest, and they're strengthening their economic resilience. What we're witnessing is not the end of globalization; it is the reorganization of globalization.

Laura Deal Lacey 03:24

Trade and investments are not disappearing, but relationship risks and priorities shaping them are changing on a weekly basis. And that brings me to today's program: The theme is Capital in a Changing World. Our goal for today's program is to give you a pulse of what's happening here in Mexico, what's happening across the region and around the world, and what it means for business leaders and for global investors. Before we begin, I'd like to thank our sponsors who made this event

possible. And we have their logos coming in. Thank you to all of our sponsors. And now it's my great pleasure to introduce our opening speaker: Mexico's Secretary of Finance and Public Credit, Edgar Amador Zamora. Secretary Amador brings extensive experience in economic policy and public finance, having held leadership positions in both Mexico City's government and the federal ministry of finance. It is fitting that we're starting today's program with him. He's going to share his perspective on Mexico's economic priorities and its role in the global economy. So, without further ado, please join me in welcoming the secretary to the stage.

Edgar Amador Zamora 05:02

[Spanish: Good morning, everyone.] Good morning. Good morning to you all. Welcome to Mexico City. Welcome to Mexico; it's a pleasure to have you here. And thank you to the Milken Institute for allowing us the opportunity to chat a little bit with you this morning, and to share our thoughts and our view about the Mexican economy, which, just to put it briefly, is doing good. The economy is growing, in the margin at three percent clip, inflation is coming down, interest rates are stable, the currency is performing according to our original forecast. So welcome to Mexico, and it's good to have you here on an F1 weekend, so if you like the races, you can stay for the weekend. Thank you again for the invitation. I would like to thank the Milken Institute team for this invitation. It is an honor to join you in Mexico City for the Global Investors' Symposium and a privilege to open today's plenary session with a few reflections on Mexico's economic outlook, our fiscal priorities, and long-term investment opportunities. Forums like this one matter because they bring the public and private sectors together around what drives investment. The dialogue is central to Mexico's development agenda. Public investment and private capital, working together, expand productive capacity and sustain long-term growth. Let me begin with the global economy. In 2026, several shocks have weighed on growth and inflation. In addition to trade tensions, the conflict in the Middle East pushed energy prices to levels not seen since 2022. This shock raised inflation and led to downward revisions in growth forecasts, especially for energy-importing countries. Even so, global activity has proved more resilient than expected. The main reason is the surge in investment in AI, particularly in data centers, which has lifted production and trade in economies most exposed to the technology cycle. In October, the IMF raised slightly its global growth forecast for 2026 from 3.0 percent to 3.1 percent. Although growth remains uneven across regions in this environment, each country's macroeconomic fundamentals and structural advantages will determine its capacity to absorb shocks and capture new opportunities. Mexico is well positioned to face this environment, and the economy is gaining momentum. In the second quarter, seasonally adjusted GDP grew 1.5 percent from the previous quarter and 1.9 percent compared with a year earlier—the strongest quarterly expansion since the second quarter of 2022. This momentum carried into the third quarter. The global indicator of economic activity, or monthly proxy for GDP, grew 3.4 percent year over year in July and 3.5 percent in August. INEGI's—which is our number mill—timely estimate points to 3.7 percent in September. If confirmed, it will be the highest annual growth rate for any month since September 2023. These results have led forecasters to revise their outlook for Mexico upward. In September, the OECD raised its 2026 growth forecast for Mexico from 0.8 to 1.5 percent. And in October, the IMF raised its forecast from 1.2 to 1.7 percent. Both now are center in our midpoint projection range from 1.0 to 2.0 percent. Four factors underpin this performance. The first is the labor market, supported by a young and increasingly skilled workforce. In September, unemployment stood at 2.6 percent, near historic lows. Real wages continue to rise, and level of poverty has reached its lowest level on record. Higher employment and real wages support household consumption. Second, investment is recovering after a weak 2025, with both public and private investment contributing. Total investment grew year over year in every month of the second quarter.

Edgar Amador Zamora 09:44

Public investment through July was 10.2 percent higher than in the same period of last year, and private investment grew 6.7 percent year over year in July, its highest annual rate since April 2024. Foreign direct investment remains at record levels amid the reconfiguration of global supply chains. In the first half of 2026, it reached USD34 billion, the highest amount ever recorded for a first half. Most of these flows are reinvested earnings, a sign that firms already operating in Mexico are choosing to spend here. Manufacturing received USD13.5 billion, 9.3 percent more than a year earlier, in line with Plan México's goals of strengthening supply chains and expanding domestic production. Third, Mexico has a dynamic external sector that is increasingly integrated into the technology cycle. Exports grew 30 percent year over year from January to September. Exports of electronic and computer equipment have more than doubled year over year, every month, since March, extending a 26-month streak of annual growth. Mexico has become a key supplier to the same AI

investment cycle that is supporting global growth. Mexico has also developed capabilities in selected segments of the semiconductor value chain, including research, design, assembly, and testing, supported by major semiconductor and electronics firms such as Intel, Texas Instruments, Infineon, Skyworks Solutions, and Foxconn. Since 2023, production and employment in computer equipment manufacturing have grown at an average annual rate of 6.2 and 5.9 percent, respectively, alongside higher capacity utilization. Trade with the United States is another advantage. Mexico is now the largest trading partner of the United States, with around 18 percent of US trade, almost five percentage points more than in 2016. This deeper integration strengthens Mexico's role in North American supply chains, as companies relocate production closer to US markets. The USMCA reinforces this advantage. Exporters have certified compliance with these rules of origin to qualify for [inaudible] extensions, and the share of Mexican exports covered by the agreement rose from 50 percent in 2024 to more than 83 percent as of today. As a result, Mexico faces an average effective tariff of 3.2 percent in the US market compared with 6.9 percent of all US imports. This gap gives Mexican products a price advantage over competitors from other countries. Fourth, inflation is moving closer to Banco de México's 3 percent target. While higher energy prices put inflation up in all the regions, headline inflation in Mexico fell from 4 percent in February to 3.6 percent in the first half of October—within the central bank's variability range. Over the same period, core inflation fell from 4.5 to 3.8 percent, close to pre-pandemic levels. This result reflects Banco de México's monetary policy and three government measures: the package against inflation and high prices, dubbed the PACIC for its Spanish acronym, the voluntary agreement with gasoline retailers, and the excise tax stimulus on gasoline and diesel. The excise stimulus reduces fuel tax revenue, but it has moderated gasoline prices and protected household purchasing power. We estimate that, without it, inflation in the latest reading would have reached 5.2 percent instead of 3.6 percent. And just taking into account the first-order impacts of the stimulus. Important challenges remain, of course. The first is to raise the domestic content of our exports. Today, about two-thirds of the value of our exports is produced in Mexico, compared with more than 80 percent in some other economies. In our two main export sectors, the share of domestic value added in production is much lower: 29 percent in vehicles and auto parts, and 14 percent in computer and electronic equipment.

Edgar Amador Zamora 14:48

This is why the export boom translates only partially into domestic production and jobs. The second challenge is to keep raising investment, which is key to expanding productive capacity, increasing domestic content, and developing local supply chains. These are the core goals of Plan México. Our target is to raise investment to 28 percent of GDP by 2030. Reaching it will create more jobs and support long-term jobs. To this end, we have designed tax incentives for private investment, innovation, and industrial development. Under Plan México, firms can immediately deduct up to 91 percent of eligible investments in new fixed assets and claim an additional 25 percent deduction on qualifying training and innovation expenses. Targeted incentives in strategic industrial zones in the northern border region complement these measures. And the 2027 economic package includes preferential tax treatment for repatriated capital invested in productive activities. Infrastructure investment is central to raising Mexico's growth potential. The infrastructure investment plan includes more than USD300 billion in public and mixed investment through 2030 in energy, rail, roads, ports, health, water, and education. The 2027 budget allocates 2.6 percent of GDP to infrastructure, complemented by mixed public-private projects. If you are staying for Undersecretary María del Carmen Bonilla's presentation in a few minutes, you'll get more detail about this infrastructure plan and the portfolio of projects. These investments target the bottlenecks that raise costs for producers. We're modernizing more than 5,000 kilometers of highways and building more than 3,000 kilometers of railways to improve connectivity and move people and goods more efficiently. Our water infrastructure plan includes irrigation districts, dams, aqueducts, and a desalination plant to expand water availability for communities and productive activities. In energy, new power generation projects will add more than 23,000 megawatts of capacity, a precondition for industrial expansion. For investors, these projects mean lower logistic costs and more reliable water and electricity to establish operation, scale production, and integrate into Mexico's industrial supply chains. Development banks are closing financial gaps and mobilizing private capital. NAFIN and Bancomext will provide up to MXN 120 billion in financing for small- and medium-sized enterprises, with guarantees covering up to 80 percent of eligible loans. Because these guarantees solve part of the credit risk, commercial banks and institutional investors can lend to firms that would otherwise lack access to credit—each peso of public resources that supports a larger volume of private lending. This support reaches across the productive economy. NAFIN's Credicadenas program offers loans of up to MXN 10 million to suppliers of large companies, helping domestic firms to scale up and join higher-value supply chains. Banobras finances infrastructure that improves connectivity and expands productive capacity, while FIRA supports investment in agriculture and rural

businesses. The result is a broader base of competitive domestic suppliers, which is what higher domestic content in our exports requires. We are also lowering the cost of investing and producing in Mexico. We are simplifying procedures and moving them online, reducing paperwork, waiting times, and requirements for businesses. In 2026, the average number of requirements fell 67 percent, processing times fell 51 percent, and the number of federal procedures fell 48 percent. On public finances, we are continuing the gradual fiscal consolidation that began at the start of the administration, while protecting productive spending. The public sector borrowing requirements, the broadest measure of the deficit, will fall to 4.1 percent of GDP in 2026 and 3.9 percent in 2027, a cumulative reduction of 1.9 percentage points since 2024. Public debt will close this year at 54 percent of GDP, below the average for emerging-market economies.

Edgar Amador Zamora 20:08

The gradual reduction in the deficit will stabilize this ratio over the medium term. The composition of the debt also limits risks. Most of Mexico's public debt is denominated in pesos and pays a fixed interest rate, which reduces exposure to exchange rate and interest rate shocks. Our stabilization fund exceeded MXN 173 billion, the highest level since 2020, and provide a buffer against revenue shortfalls. To conclude, Mexico faces a complex global environment from a position of strength. Inflation is moving toward target, the deficit is declining, FDI is at record levels, and our exporters face lower tariffs in the US market than their competitors. Our priority is to attract more investment, increase production in Mexico, and create more jobs. Working with the private sector, we can turn these opportunities into long-term growth and opportunities. Thank you for the opportunity of sharing these thoughts with you. Things are looking up. Things are moving up for Mexico's economy, so really glad to have the opportunity to share this with you. I wish you happy journey today and a good work. Thank you and good morning.

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