

# The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE  
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

## MEXICO CITY

GDP (country rank), 2012 <sup>1</sup>	Share National GDP, 2012 <sup>2</sup>	GDP/Capita, 2012 <sup>3</sup>	Population, 2012 (country rank) <sup>4</sup>	Share National Pop., 2012 <sup>5</sup>	GaWC Global City Ranking, 2010 <sup>6</sup>	# Global 2000 HQs, 2012 <sup>7</sup>	GDP/c Growth 1993-2012 <sup>8</sup>
\$411,392,209,910 (1)	23.55%	\$19,940	20,631,352 (1)	18.59%	20	12	0.54%

### 1) Benchmarks — what is the city's recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?

Over 20 million people live in the Metropolitan Area of Mexico City (MAMC), making in the largest urban agglomeration in the Western Hemisphere, the largest Spanish-speaking metro globally, and the third largest metropolitan area in the world. Mexico City's GDP stood at \$411.4 billion in 2012, making it the eighth largest urban economy in the world.<sup>9</sup>

The city is ranked 34<sup>th</sup> in AT Kearney's 2012 Global Cities index, but it was rated as the most vulnerable global city to fall out of influence.<sup>10</sup> Mexico City is not yet a top-level financial services provider, hovering at 51<sup>st</sup> globally in the Global Financial Centers Index and still regarded as 'local' overall in scope.<sup>11</sup> The Economist Intelligence Unit ranks Mexico City 71<sup>st</sup> in its Global City Competiveness Index.<sup>12</sup> GaWC classifies Mexico City as an Alpha global city, ranking 20<sup>th</sup> in the world.<sup>13</sup> FDI Cities of the Future ranks Mexico City 7<sup>th</sup> in terms of future economic potential.<sup>14</sup>

Transportation remains an issue for the metro area; IBM ranked Mexico City 1<sup>st</sup> on its Commuter Pain Index, a measure of commute times, congestion, and local attitudes on driving conditions.<sup>15</sup> Public transportation investments have not kept pace with population growth. As of 2011, Mexico City's 110 miles (now 125 miles) of passenger track carried as much daily traffic as London's 250 miles.<sup>16</sup>

Mexico City International Airport is the second busiest airport in all of Latin America (behind Sao Paulo's

International Airport, Guarulhos), transporting over 29 million passengers in 2012.<sup>17</sup> Additionally, it is ranked as the 26<sup>th</sup> most active airport in the world by cargo movements.<sup>18</sup>

**2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?**

Urbanism and agglomeration have been critical to Mexico City. The urban core sits atop the ruins of Tenochtitlan, the ancient Aztec city that in the 16<sup>th</sup> century is believed to have had a population of over 400,000.<sup>19</sup> Following Spanish conquest in the 16<sup>th</sup> century, Mexico City was established and became the seat of the Spanish colonial expansion in the New World, the link back to the European continent. Continuing through the completion of the battle for Mexican independence in 1821, the city remained an outsize presence in the country.

As the new state adopted a policy of import substitution industrialization from 1930 to 1970, manufacturing in the city boomed and Mexico City became a large producer and exporter of goods, especially to the United States. The population of the region similarly exploded and growth spread out from the historic boundaries into neighboring Mexico State, with many of the manufacturing facilities in this part of the metro region. Today, nearly 60 percent of the metropolitan area’s population resides in 60 municipalities in Mexico State, creating a complex multi-municipality governing structure.<sup>20</sup> Since 1910, the region’s share of national population increased from 5 percent to 18 percent.<sup>21</sup>

Further trade liberalization, most significantly the ratification of NAFTA in 1994, led to deindustrialization in the city. Between 1980 and 2003, the manufacturing share of gross regional product shrunk from 24 percent to 19 percent, and Mexico City’s share of national manufacturing plummeted from 47 percent to 17 percent.<sup>22</sup> As industry and manufacturing spread throughout the country, especially to the northern border towns and the “maquiladoras,” Mexico City experienced a rapid shift to a more service-oriented economy. The region is the national leader in all professional services. 63 percent of its GDP is accounted for by the service sector, and indeed many of the manufacturers throughout the country rely on the Mexico City agglomeration for professional and business services.<sup>23</sup> The three Mexican firms in the Fortune Global 500 – Pemex, America Movil, and CFE – are all headquartered in the region.<sup>24</sup> Foreign multinationals have followed suit. General Motors, Daimler-Chrysler, Ford, and Nissan are all leading exporters in the country, and while their production facilities are spread throughout the northern states, all of their headquarters are in the MAMC.<sup>25</sup>

**3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?**

Mexico is very focused on international trade. Approximately 31 percent of total GDP (\$370 billion) is accounted for by exports, making Mexico the 15th largest exporter in the world.<sup>26</sup> 90 percent of total trade is conducted under free trade agreements and nearly 80 percent of total exports go directly to the U.S.<sup>27</sup> Although many of the exports are not manufactured in the metropolitan area, the firms that are producing these products are headquartered there: 9 of the top 10 and 56 of the top 100 exporters in Mexico have their business operations centered in Mexico City.<sup>28</sup>

International business is increasingly investing in the city’s central business district. Mexico City proper benefitted from \$13.5 billion in foreign direct investment in 2010, 70 percent of the total investment in the country.<sup>29</sup> The city ranked 7<sup>th</sup> in the FDI Cities of the Future rankings by economic potential.<sup>30</sup> Mexico City is also a major tourist destination. 7 percent of the local GDP is attributed to tourism, and the sector directly accounts for 275,000 jobs. Since 2007, an average of 2.3 million foreign visitors have come to Mexico City each year.<sup>31</sup>

The metro area is an international exporter of film and television; Mexico City houses the headquarters of the two largest Spanish language television networks in the world.<sup>32</sup>

Mexico City is home to the National Autonomous University of Mexico (UNAM), which is ranked globally as the 146<sup>th</sup> best university in the world, and whose main campus is recognized as a World Heritage site.<sup>33</sup> With an enrollment of over 330,000 across all its campuses, UNAM is one of the largest universities in the world, and produces 35 percent of all research publications in Mexico.<sup>34</sup>

Despite its ample trade, investment, and cultural connections, Mexico City's international stature is not as stable and its global brand not yet as recognizable as other prominent emerging market cities like Istanbul, Mumbai, Shanghai, and São Paulo.<sup>35</sup>

#### **4) To what extent is the city's international dimension inherited or intentional?**

There is no denying that Mexico City has inherited much of its internationalism. The Spanish conquest and development secured the region's ties with the European continent, while Mexico's easy access to the Pacific and Atlantic coasts and relatively robust transport links to the U.S.'s southern border has made it a natural trading partner with the United States. Its dominance in the region since the 15<sup>th</sup> century has made Mexico City a natural gateway into Latin America for global corporations and service providers, and by virtue of population alone the metro is a major cultural leader in the Spanish speaking world.

That being said, Mexico as a whole has been extremely intentional in promoting manufacturing and exports. Joining NAFTA was a huge step into the international system, and since then, Mexico has pursued free trade agreements with zeal, amassing a portfolio that exceeds that of the United States.

Mexico City has also made a push to become a global leader in combating global warming and lowering carbon emissions. With a history of debilitating air quality, the metro region was one of the first in the world to attempt to limit greenhouse gas emissions, instituting driving limits and air quality alerts. Implementing catalytic converters in cars, the shift to lead-free gasoline, and the exodus of heavy industry from the city also helped improve air quality.<sup>36</sup>

Local leaders have used environmental issues as a platform to gain prominence in global leadership circles. Former Mexico City Mayor Marcelo Ebrard chaired the World Mayor's Council on Climate Change, using his position to demonstrate how metro leaders have a role in global governance. The Mexico City Pact is proof of the metro's leadership on climate change; signed by 152 mayors at the World Mayors Summit on Climate, the pact is a commitment to reduce greenhouse gas emissions and to enacting climate change adaptations.<sup>37</sup> While air quality remains relatively poor by global standards, these local reforms and a strong global rhetoric on climate change have helped lift Mexico City onto the world stage.

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<sup>1</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

<sup>7</sup> The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

<sup>8</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>9</sup> "Which are the largest city economies in the world and how might this change by 2025?" PricewaterhouseCoopers UK Economic Outlook, (November 2009), available at [www.ukmediacentre.pwc.com/imagelibrary/downloadMedia.ashx?MediaDetailsID=1562](http://www.ukmediacentre.pwc.com/imagelibrary/downloadMedia.ashx?MediaDetailsID=1562) (December 2012).

<sup>10</sup> "2012 Global Cities Index and Emerging Cities Outlook," AT Kearney Global City Rankings (2012), available at [www.atkearney.com/documents/10192/dfedfc4c-8a62-4162-90e5-2a3f14f0da3a](http://www.atkearney.com/documents/10192/dfedfc4c-8a62-4162-90e5-2a3f14f0da3a) (December 2012).

<sup>11</sup> Global Financial Centers Index 2011, (March 2012), available at [www.longfinance.net/Publications/GFCI%2011.pdf](http://www.longfinance.net/Publications/GFCI%2011.pdf) (December 2012).

<sup>12</sup> "Hot Spots; Benchmarking Global City Competiveness," The Economist Intelligence Unit, (January 2012), available at [www.managementthinking.eiu.com/sites/default/files/downloads/Hot%20Spots.pdf](http://www.managementthinking.eiu.com/sites/default/files/downloads/Hot%20Spots.pdf).

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- <sup>21</sup> Brookings analysis of INEGI data, available at [www.inegi.org.mx/est/contenidos/Proyectos/ccpv/default.aspx](http://www.inegi.org.mx/est/contenidos/Proyectos/ccpv/default.aspx).
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- <sup>23</sup> “Dynamic Economy,” Mexico City Experience, available at [mexicocityexperience.com](http://mexicocityexperience.com) (December 2012).
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- <sup>25</sup> Christof Parnreiter, “Mexico City in the Network of Global Cities,” Latin American Studies Association, (2000).
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