Sectoral Impact on the Reduction of 40% of Foreign Direct Investment from the United States to Mexico

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In this paper we formulate a linear general equilibrium model with the aim to analyze how Gross Domestic Product impacts if United States direct investment in Mexico is reduced by 40%, the model considers the proportion of investment that is destined to the 17 productive sectors in Mexico from direct United States investment and the proportion of direct investment received per country during 2016 considering the dollar exchange rate for the same year, for the development of the model is impacted to Gross Domestic Product reducing its input by 40%. As a first result it was found that the direct investment of the United States to Mexico represents 35.70% of the total foreign direct investment received, reason why a reduction of 40% would represent a loss of $ 52,692,716,468.90 milions of pesos, so that the sector most affected With this reduction is the manufacturing industry since it is the one that receives 62% of the direct investement, with a reduction in private investments, companies stop demanding labor increasing unemployment resulting in the population demanding fewer products because they dont have money to expend due to Low purchasing power these effects cause contracting the market, causing a slowdown in the country's growth.