# The Mexican Manufacturing Industry and its heterogeneous integration in Global Value Chains

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This paper studies the value added contribution to final output produced in Mexico originating from foreign producers located in major regions of the world economy, as well as domestic producers. We perform this analysis for the two components of the Mexican manufacturing industry; the assembly plants producing for exports (Maquiladora industry) and, the rest of manufacturing firms mainly producing for the domestic market (Domestic Manufacturing of Mexico). To achieve this, Mexico (Maquiladora) and Mexico (Domestic Manufacturing) are separately included into the World Input Output Tables (WIOT) from 1998 to 2011. The results indicate that the structure of value added contribution in the final output from Mexico (Domestic) has remained unaltered, while the one in the final output from Mexico (Maquiladora) has been drastically modified over time. On the one hand, on its own final output, Mexico (Domestic) has the largest share of value added contribution with very few increases in the individual value added contribution from foreign producers (notably, the US). On the other hand, on its own final output, Mexico (Maquiladora) shifted from the dominance of US value added in all the manufacturing sectors (70% in 1998) to a much diversified structure of value added contribution. By 2011, the East Asian value added had the largest contribution in the Electrical and Optical equipment sector, Mexico (Domestic) and Mexico (Maquiladora) had the largest value added contribution in the Transport Equipment sector, while the US maintained the lionâ€™s share in the textile industry. To our view, those differences in the structure of value added contribution are related to the different decisions from US firms to reallocate production in low cost countries. Such reallocation decisions were taken considering type of production (for exports of domestic use), NAFTA benefits, technical considerations and other costs (mainly labor).