**Comparative Analysis**

The risk factors for success in both the U.S. and Canada are much greater than for Mexico. A key factor is competition and heavily saturated markets. The automotive markets in both countries have greater regulations, competitors, and a high culture standard for quality vehicles. As our company, Haima provides low price vehicles, it would be increasingly challenging to to make a profit, let alone capture market share in those two countries. With Mexico having fewer regulations and a rapidly growing middle class, the low priced Haima vehicles strategically align. A major risk for the U.S. is the political change with the presidential election taking place in November of 2016. With a new president follows new regulations, change, and a lengthy transition period. Stability in the U.S. will surely take time to mature. The political atmosphere is also challenging in Canada as the country locally governs which means it does not have consistent governance across the nation. This affects our strategy of expanding in the new country. Haima would be limited to a specific region in order to have consistent rules and regulations for the organization. Though, Mexico’s political structure and governance is also unbalanced, the cheap labor force, market growth, and less saturated market outweigh the risks. Another consideration is the political tension between the three nations, U.S., Canada, and China which is the home country of Haima.

As Mexico is forecasted to reach 4 million units by 2018, it strategically aligns with Haima’s objective of selling 1 million units annually. A large percent of the annual production can potentially come from the Mexican market. All three countries are structured for sustained success for the automotive industry as U.S. is the world’s leading market whereas Canada falls closely behind. However, Mexico’s 30 percent increase of middle class makes the country promising.

 **Selected Country**

After an evaluation of the United States, Canada, and Mexico our recommendation is for Haima to make a direct foreign investment in Mexico. When analyzing the market size, growth and profitability, Mexico falls in line with the strategic goals and objectives of Haima. The analysis conducted of the market size for 2019 in the United States and Canada revealed that there is already a drastic amount of competition which would surely increase in both countries. Whereas, there is not as much competition in Mexico. Additionally, there is little room for growth in the United States and Canada, as they are already dominated by several different automotive companies. The automotive market in Mexico is growing annually at a rapid rate. From 2015 to 2019, Mexico’s comparative growth for the automotive market will increase by 71 percent. Respectively, 17 percent in 2015, 37 percent in 2016, 44 percent in 2017, 58 percent in 2018 and 71 percent by 2019. Additionally, Mexico is a price sensitive market with a middle class rising up to unprecedented levels. Those new buyers are looking for low cost-efficient vehicles like the Vehicles Haima produce. Haima vehicles could be sold in the Mexican market for 14K for basic vehicles to 20K for the high-end vehicles. These prices would be very attractive to this emerging middle-class.

Moreover, safety-less regulations in Mexico, allows manufactures to produce low cost vehicles with less safety features than in the U.S. and Canada where safety regulations are high. Mexico enjoys a strategic geographic location between North America and South America. Trade agreements with both regions, would allow the future exports of Chinese vehicles manufactured in Mexico to be exported to both continents and the Caribbeans. In reference to profitability, Mexico again is the best country. When comparing Mexico to the United States and Canada, Mexico is an emerging market increasing their growth by 12% over a 20-year period, whereas the United States and Canada decreased by 11% and 1%.

In reference to prioritizing the three countries, Mexico would rank number one followed by Canada and then the United States based on the researched criteria.

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