
The New Mexico

Mexico has undergone immense change over the past ten years. For decades, the country followed protectionist policies designed to encourage import displacement. The nation's major industrial enterprises were government-owned. Prices of key commodities were set by the government. The private sector was dominated by a large number of small family-owned firms operating in a highly-regulated environment. The result was an inefficient economy with business relationships based more on personal connections than on performance.

An Economy in Transition

Beginning in the late 1980s, the government began to reverse its traditional policies. Trade barriers were unilaterally dismantled, and Mexico became a member of the General Agreement on Tariffs and Trade (GATT) in 1986. The vast majority of government-owned enterprises were sold to the private sector. Price supports were removed, and the regulatory framework was streamlined. In 1994, Mexico entered into the North American Free Trade Agreement, which further reduced trade barriers and provided new access to Mexico for Canadian and American companies.

The globalization of business, technological change, improved communications, and better education have all played a role in the changing business environment. Many traditional family firms have disappeared in the wake of corporate take-overs, both by large Mexican *Grupos*, and by multinational corporations. Many of the agents who formerly represented foreign firms have gone out of business, and numerous foreign firms have now established a direct presence in Mexico.

Mexican corporations and government institutions alike have been forced to modernize in the face of these changes. Not surprisingly, many traditional ways of doing business have fallen by the wayside in the process. As a result, the new Mexico is a composite of traditional and modern values.

Modern Mexican cultural values tend to be similar to those commonly found in Canada and the United States. Assuming that any individual will exhibit a particular cultural behavior is just as wrong in Mexico as it is in Canada. Nonetheless, Canadians doing business in Mexico should be prepared to encounter many aspects of the traditional Mexican culture.