

Citibank & Banesto

Citibank owned by Citicorp of New York is Mexico's only foreign bank with a branch licence. This is a result of the fact that the bank has been present and active in Mexico since 1932.

Spain's Banesto is one of the first foreign banks to participate in the program to privatize Mexico's banks. Acting with another Spanish partner, it acquired a 10-percent share in Banco de Oriente, the smallest Mexican bank.

The Canadian Presence in the Financial Services Sector

"Mexico is one of the most under-banked markets in the world with total banking assets of only \$100 billion. Canada has three Schedule A banks that each have assets in excess of \$100 billion. There is a great deal of room for growth in a market the size of Mexico."

Lloyd Atkinson, Executive Vice-President and Chief Economist, Bank of Montreal

country's two largest airlines were privatized in 1989. Telmex, the state telephone monopoly followed in 1990. Telmex, with assets of \$US10 billion was the third largest privatization in the world. Its terms of sale included an initial investment of \$US3 billion with a commitment of a further \$US7 billion in investment over the ensuing five years.

The success of the privatization policy — now a model for many Latin American countries — lies not only in the government's commitment but in the enthusiastic response of the Mexican private sector. Mexican companies have met the challenge. They are continuing to buy public enterprises and to participate in infrastructure projects in spite of the substantial resources involved in managing these operations. Proceeds from the sale of these enterprises are providing much of the money the government is now directing toward social programs such as health and education.

Foreign Direct Investment

With 72 percent of the 754 economic activities into which the Mexican economy has been classified now open to 100 percent foreign investment, ownership and opportunities for investment have multiplied. Domestic and foreign entrepreneurs will find many attractive opportunities in such growing industries as agribusiness, chemicals and petrochemicals, construction, electronics and computers, financial services, mining, natural resources, steel, textiles, telecommunications, tourism, and transportation.

Mexican Investment Board – Your Partner for Growth

The drive to privatize the Mexican economy has been coupled with a parallel push to open it up to foreign direct investment. The by-laws governing foreign investment in Mexico are contained in The Law to Promote Mexican Investment and to Regulate Foreign Investment, first adopted in 1973 and amended in May 1989. The by-laws are administered by SECOFI (*Secretaría de Comercio y Fomento Industrial*), the Secretariat for Commerce and Industrial Promotion.

As a result of the changes to investment regulations made in 1989, most sectors of the Mexican economy were opened to foreign participation. The revised code allows foreign investors to hold majority shares in such areas as steel, cement, construction, investment dealerships, legal and accounting services, publishing, cattle farming, international maritime transportation and metallurgy.

All corporations or trusts in which there is foreign participation must register with the National Registry of Foreign Investment at the National Commission for Foreign Investment (*Comisión Nacional para Inversión Extranjera* or *CNIE*) within 45 business days. Projects which fail to comply with one or more of the foreign investment criteria or which are subject to partial restrictions, must apply for authorization by the CNIE. Authorization is considered to be automatic if a formal reply is not received within 45 working days. Duly registered Mexican corporations must periodically provide detailed information by filing the appropriate forms describing economic activity, and showing financial and balance of payments information.