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MARKETING YOUR
SERVICES IN MEXICO: THE FIRST STEPS
IN THE WORLD OF SUCCESS



Team Canada • Équipe Canada



Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international
Latin America & Caribbean Branch

EXPORT PREPARATION MATERIALS

Marketing Your Services in Mexico: The First Steps in the World of Success

This material was developed by the Department of Foreign Affairs and International Trade (DFAIT) with collaboration from the Canadian International Promotion Centre, and published by Prospectus Inc.

This information is designed to provide an overview of marketing your services in Mexico; it is not intended to be the only source of market information on this subject. All efforts have been made to avoid errors and inaccuracies in this information. We encourage the reader to use this publication as one of several resources for commercial dealings with Mexico.

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Catalogue No. E74-81/2-1996E
ISBN 0-662-24511-3

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Published by Prospectus Inc.

Printed in Canada.

Version français disponible.

Marketing Your Services in Mexico

**The First Steps in
the World of Success**

Dept. of Foreign Affairs
Min. des Affaires étrangères

FEB 12 2004

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September, 1996

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Table of Contents

Introduction

Why are Services Different?	2
The Role of Small Firms	4
Advantages and Challenges of Exporting to Mexico	5
Advantages	5
Challenges	6
Seminar Objectives and Organization	7

Elements of Mexican Culture

The Family	11
Priorities	11
Support Structure	12
Identity	13
Social Position	13
Networking	13
Trust	14
Relationships, Contacts, Networks and Influence	14
Socializing	15
Loyalty	16
Business Ethics and Corruption	16
Respect	18
Status and Hierarchy	18
Fear of Offending	19
Dignity and Image	21
Respect for Women	21
Forms of Address	22
Heritage	24
Mistrust of Foreigners	24
Religion	25
Political Culture	26
A Country in Transition	26
The Business Transformation	27
The Political Transformation	28

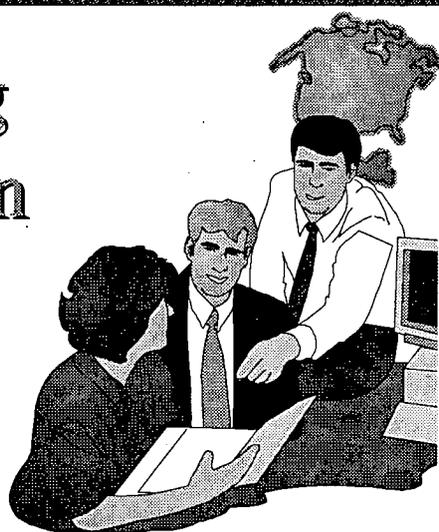
Export Strategies

Export Readiness	30
The Planning Process	31
Assessing the Canadian Firm's Position	32
Becoming Export Ready	33
Understanding the Mexican Market	34
Preparing a Detailed Action Plan	36

Promoting the Service in Mexico	37
Partnering	
Modes of Entry.....	42
Finding a Partner	44
Negotiations.....	45
Partnership Agreements	46
Agent and Representative Agreements	46
Incorporating a Company	47
Review	
Export Readiness	49
The Importance of Culture.....	50
The Value of Partnering.....	50
Directory	
Canadian Government Departments and Services in Canada.....	51
Department of Foreign Affairs and International Trade (DFAIT).....	51
Department of Industry (DI).....	55
Revenue Canada.....	57
Canadian International Development Agency (CIDA).....	58
Atlantic Canada Opportunities Agency (ACOA)	58
Western Economic Diversification Canada (WD).....	59
Export Development Corporation (EDC).....	60
Canadian Commercial Corporation (CCC).....	61
National Research Council (NRC).....	63
Sponsoring Organizations.....	64
Business and Professional Organizations	64
Mexican Government Offices in Canada.....	65
Mexican Banks with Offices in Canada.....	66
Canadian Government Departments and Services in Mexico.....	67
Mexican Federal Government Departments.....	68
Other Government Departments	69
Other Agencies and Organizations.....	72
Financial Institutions.....	73
Major Business and Professional Organizations	74

Introduction

Marketing Services in Mexico



 Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

1 of 17

Canadian companies that sell their goods or services in any foreign market face a number of important challenges. These problems can be particularly daunting in countries where the language and business culture differ substantially from Canada's. Mexico is just such a country. For the service provider, the obstacles can be particularly imposing. This seminar is intended to help service providers understand the advantages of exporting to Mexico and to equip themselves to meet the challenges involved.

Objectives of this Session

By the end of this session, the participant should be able to:

- recognize the special challenges of selling services in Mexico;
- understand the advantages and difficulties of exporting; and
- be aware of the organization of the remaining sessions.

Introduction

- ↳ Why are services different?
- ↳ The role of small firms



 Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

2 of 17

Why are Services Different?

Strictly speaking, a service is a kind of product, which by definition is anything created by work. But in common use, we use the word service to describe products that have little or no physical manifestation. They also involve a high level of interaction with the buyer. These essential characteristics distinguish them from goods, which are physical products. Throughout the rest of this seminar, the word product will be used to mean goods.

Clearly, distinctions between products and services are reliant on assumptions about the kind of service and the kind of product being compared. A shoe shine, for example, is a close substitute for shoe polish and a brush. But a custom-written computer program is in another league from an off-the-shelf software package. And some products, like hand-machined equipment parts, include components of both. Therefore, there is no clear line between products and services. In general, however, services have a number of distinguishing features:

- Services are usually intangible, which means they cannot be touched. Typically, they are also difficult to quantify or measure.
- Sales are made on the basis of promises about the nature of the service, rather than by the display of samples or prototypes.
- The service provider's experience and credibility tends to be more important than is the case with producers of product.
- Services are more likely than products to be individually adapted to the needs of the customer.
- Differences between services offered by competing suppliers are not always obvious.

- Services are more likely than products to be produced by an owner-operated business, because human capital tends to be embodied in key individuals.
- Small companies are more important customers for services, because the largest organizations often provide their own services internally.
- Services require that people, rather than goods, be moved.
- Services are especially vulnerable to cultural and communication problems because of the greater importance of customer interaction.

These aspects lead to a number of identifiable characteristics of service providers, especially those that export. The main strengths and weaknesses of a typical service exporter are listed in an accompanying table. While the list of weaknesses may seem formidable at first glance, closer consideration shows that they are all factors that can be offset by thorough preparation.

Characteristics of the Typical Services Exporter	
Strengths	Weaknesses
Innovative	Less than 15 employees
Niche marketing	No export plan
Service excellence	Little exporting experience
Flexibility	Limited awareness of cultural factors
Quick delivery capacity	Limited financing
Energetic	Reliance on a few key individuals
Self-made individuals	No marketing department
	Difficulty in recruiting or training staff
	No formal international business training
	Inadequate networking resources outside home market
	Averse to partnering
	Little industry association support for exporting

The Role of Small Firms

Canada's International Trade Promotion Plan recognizes both the importance of exports in economic growth and the key role that small- and medium-sized enterprises (SMEs) play in foreign markets. This seminar is part of the federal government's efforts to assist Canadian service firms to expand their export efforts.

Canada's service exporters tend to be small firms. At first, this appears to be a major weakness, given the obvious resource commitment required to enter foreign markets. The financial and human resources can be an obstacle, but SMEs that are prepared to deal with them can succeed, in spite of their small size. This is especially true in Mexico, where companies must adjust to a rapidly-changing economy. The ability of small companies to quickly adapt to local conditions and make rapid decisions often represents their fundamental advantage.

In fact, opportunities for smaller firms in the Mexican service sector are better now than they have ever been. For instance, the North American Free Trade Agreement (NAFTA) makes it easier and less expensive to serve Mexico, and this has a equalizing effect between large and small companies. Better telecommunications technologies and improved transportation links also make the country more accessible.

Advantages and Challenges of Exporting to Mexico

Doing business in foreign markets can be both challenging and rewarding. Service firms need to understand both sides of the equation before they decide to move into Mexico.

Advantages of Exporting to Mexico

- ↻ reduced dependency on the Canadian market
- ↻ higher sales volume
- ↻ better profit margins
- ↻ more effective use of capital
- ↻ prolonged service life
- ↻ lower development cost per unit
- ↻ acquisition of knowledge and experience



Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

3 of 17

Advantages

- Reduced dependency on the Canadian market. A company is less vulnerable to fluctuations in the economy or specific markets if it diversifies.
- Higher sales volume. If the company faces a saturated market or aggressive competition in Canada, Mexico can provide a route for expansion. But fundamental competitive weaknesses will also apply in Mexico, which is attracting attention from suppliers around the world.
- Better profit margins. Export sales do not necessarily have to cover the same fixed cost burden as domestic sales, since they are incremental to the company's core business.
- More effective utilization of human and financial capital. A larger market provides better opportunities to ensure that key personnel are employed at their maximum productivity level.
- Prolonged service life. Since Mexico is still a developing nation, services that are nearing the end of their marketable life in Canada may find an export market that can extend their life. This situation is changing rapidly, however, as Mexico adopts state-of-the-art technology.
- Lower development costs per unit. Larger markets spread research and development costs over a larger base.

- Acquisition of knowledge and experience. Exporters may discover new applications for their service as well as new ways of adapting or selling it from their experience in Mexico.

Challenges of Exporting to Mexico

- ↳ cultural barriers
- ↳ time and uncertainty
- ↳ lack of market knowledge
- ↳ documentation complexities
- ↳ service adaptation
- ↳ exportation costs
- ↳ collection delays



Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

4 of 17

Challenges

- **Cultural barriers.** Differences in language and ways of doing business make it more difficult to communicate with customers, and increases the chance of serious misunderstandings.
- **Time and uncertainty.** It takes time to settle comfortably into any unknown market or cultural environment. There are also risks associated with establishing profile, adapting to changing markets and dealing with unforeseen problems. The project must have priority and constant attention.
- **Lack of market knowledge.** Market information is much more difficult to obtain in Mexico than in Canada. This exacerbates the usual problems of moving into any new market.
- **Documentation complexities.** Although the NAFTA has resulted in some streamlining, Mexican formalities are still somewhat more complex than those in Canada.
- **Service adaptation.** Mexican customers may require adaptation of the service, leading to increased research and development costs.
- **Exportation costs.** The costs of promoting the service in Spanish and establishing Mexican delivery systems can be considerable. Successful companies treat these costs as investments and adopt a medium-to-long-term strategy.
- **Collection delays.** Collecting accounts receivable typically takes longer in Mexico than in Canada.

Seminar Objectives and Organization

Organization of this Program



- ↪ Elements of Mexican culture
- ↪ Export strategies
- ↪ Partnering





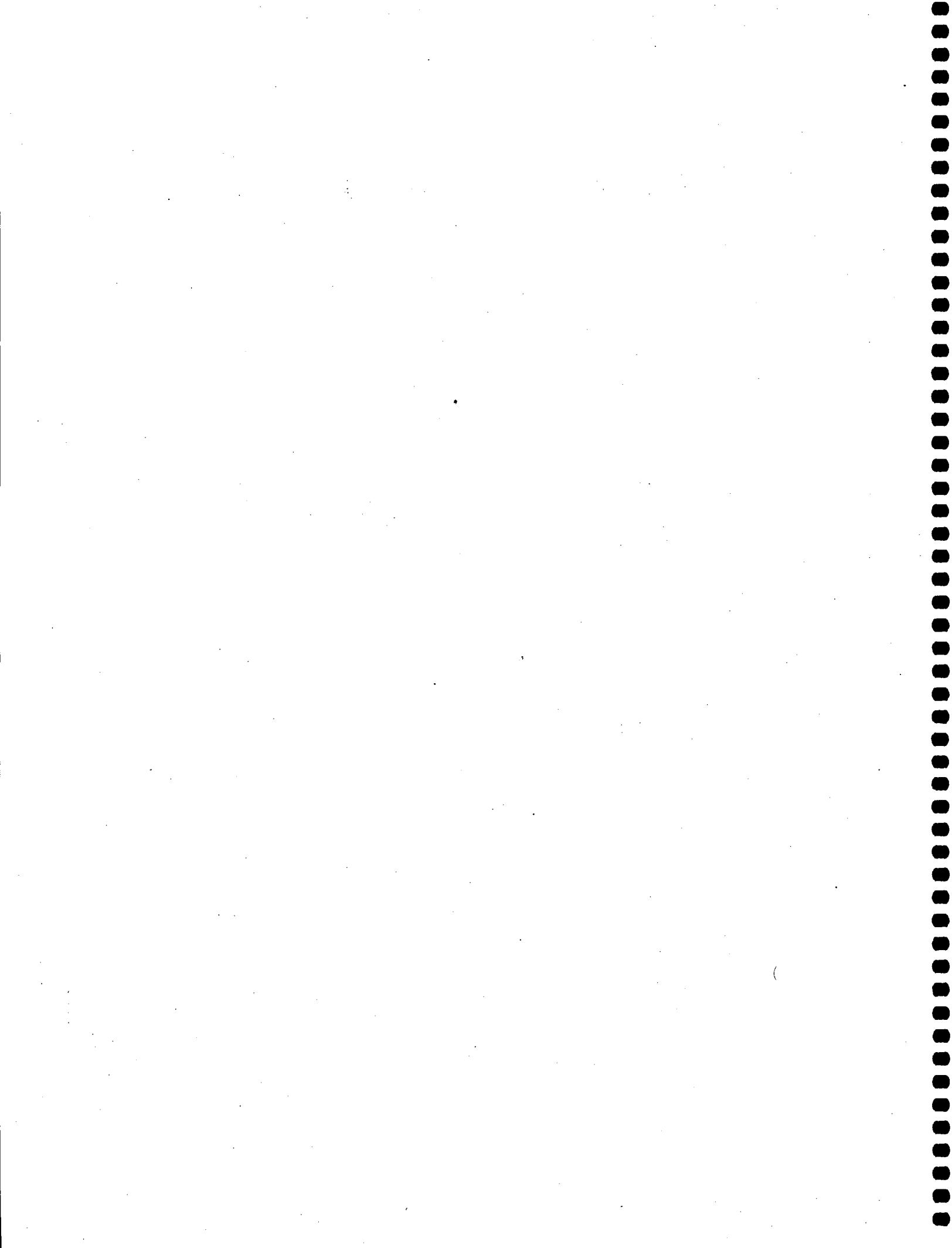
Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

5 of 17

The objective of this training seminar is to prepare Canadian service companies for exporting to Mexico. It will help them to understand the business environment there, and decide whether Mexico is right for them. It will advise them on how to equip themselves for the coming challenges. The essential ingredients in a successful market entry strategy for Mexico are understanding business environment, planning and partnering. This seminar includes separate sessions on each of these subjects:

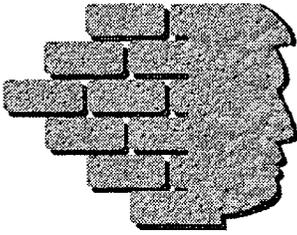
1. **Elements of Mexican Culture.** This session conveys an understanding of the cultural factors that can complicate service marketing. It explains how Canadians can use this knowledge to improve communications and do business “the Mexican way”.
2. **Export Strategies.** This session highlights the need for formal planning for export ventures. It explains the fundamentals of developing a practical export strategy. The components of such a strategy, and appropriate formats for its presentation are discussed.
3. **Partnering.** Most export strategies involve some form of partnering. This session describes the different types of partnership. It discusses the qualities to be sought in a partner, and outlines the steps in the negotiating process.

A final session briefly reviews the key themes of the seminar. A directory found at the end of this workbook provides a variety of reference items.



Elements of Mexican Culture

Elements of Mexican Culture



- ↻ The importance of family
- ↻ The prerequisite of trust
- ↻ The need to respect and be respected
- ↻ The role of history and heritage



Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

6 of 17

Mexicans, like Canadians, have as many differences between them as they have characteristics in common. We often use the word “culture” to describe these common characteristics. Studying these common cultural characteristics requires that we make a number of generalizations. Some are offered in this training seminar. Business people who travel to Mexico will arrive at others independently.

As important as these generalizations are to our own learning process, it is essential that we always remember that every person is a distinct individual. Moreover, Mexico is a rapidly-changing society, where young foreign-educated executives are increasingly taking over decision-making positions from a more traditional, older generation.

Objectives of this Session

By the end of this session, the participant should:

- understand the cultural values that underlie the behaviour of Mexicans;
- know how these values are reflected in the business environment; and
- be able to avoid misunderstandings and to project a culturally sensitive image.

No matter how accurate or insightful a generalization might be, if it is assumed to apply to an individual, it becomes prejudice. In contrast, “cultural sensitivity” involves no assumptions. It means understanding the values that are likely to underlie a person’s behaviour and their perceptions of us.

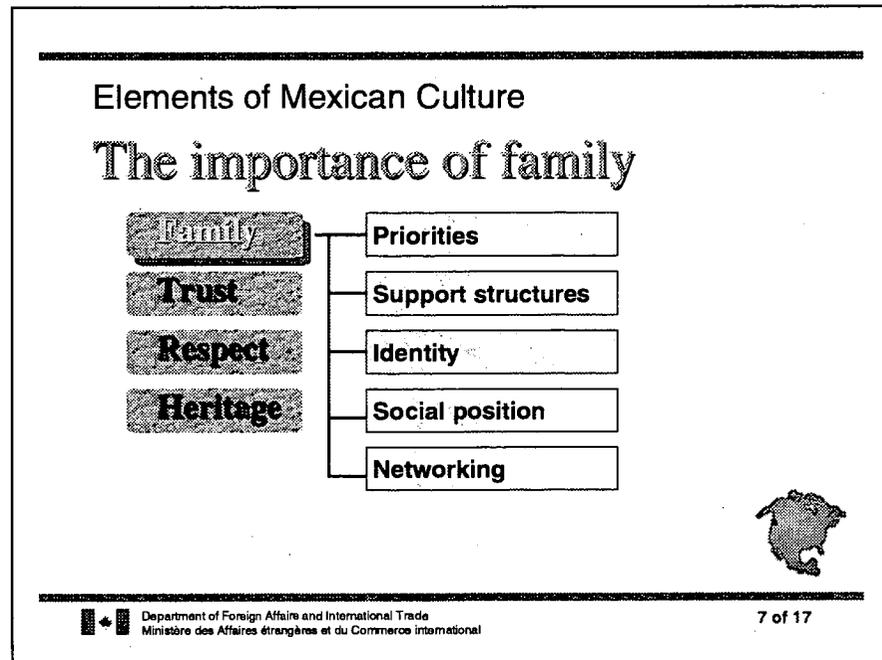
The generalizations in this workbook are the opinions of Canadian service providers with direct experience in Mexico. But the workbook cannot describe one Mexican, and it cannot describe all Mexicans. It is merely a guide for interpreting Mexican business practices that will be most useful when supplemented with personal experience.

With those caveats, a number of common characteristics of the Mexican people can be identified:

- They are friendly, positive and outgoing.
- They are respectful and loyal, especially to family and friends.
- They like to socialize and discuss issues that are personal to them, but at the same time they are often guarded and selective with their trust.
- They hold the mother figure in extremely high regard in the context of the family, but often discriminate against women in the workplace.
- They have respect for authority, often to the extent that they cannot make a decision without first consulting their superiors.
- They often rely on social networks and political contacts to further their businesses.
- They place great emphasis on honour, respect, and trust — yet corruption is widespread and often accepted as a normal part of doing business.

These characteristics do not define the Mexican culture. They are reflections of the underlying cultural values. Different people will handle these forces differently, but almost all Mexicans are influenced by them to some extent. Considering them, therefore, is much more important than contemplating individual characteristics while trying to understand the changing Mexican business environment.

The Family



The family is the single most important entity in Mexican life. It is central to the individual's identity as well as his or her own attitudes and behaviour. The family commands a Mexican's highest level of priority.

Priorities

Family activities and obligations usually take precedence over business or personal matters. This does not mean that business is unimportant. But business success plays less of a defining role in Mexican society than it does in many Western or Asian cultures. Mexicans tend to see people who give too much priority to business as lacking perspective. Mexicans may admire such outwardly focussed people because of their success, but they are unlikely to identify with them or truly trust them.

Canadian executives doing business in Mexico should be prepared to accept absences and missed appointments for family reasons. This may be a practical as well as a cultural issue. Mexico does not have advanced social programs. The burden for care of children, the sick and the elderly falls almost entirely upon the family unit.

A misunderstanding of family priority is one of the reasons that foreigners have a negative perception of the Mexican work ethic. Mexicans like to work and to learn. But they generally adopt an attitude of "work to live" not "live to work". This attitude is less pronounced in the northern part of Mexico, where American influences have taken hold.

In return for this high priority for their attention, time, and resources, the family provides a number of important benefits. They can be grouped into four main areas:

1. Support structure
2. Identity
3. Social position
4. Networking

Support Structure

In Mexico, social and economic support mechanisms such as welfare, education, health care, and unemployment benefits are not nearly as developed as they are in Canada. The family takes up the slack. The family is a source of security, stability and refuge. In return, Mexicans exhibit a sincere and unquestioned loyalty towards their family, especially their parents. The cycle is repeated with each generation, so that children become the security net of their parents in later years. Grandchildren see the way their parents treat their own parents, and the high priority of the family is reinforced and perpetuated.

The prominence of the family in Mexican life has in turn created a powerful role for the mother. She is the central figure that makes most of the decisions that relate to the household and the children. Even if the primary bread winner in the family is the father, it is usually the mother who manages the household income and makes purchasing decisions. The mother is also usually in charge of decisions involving education, discipline, family entertainment and the reinforcement of values.

It is not uncommon for an unmarried man in his thirties to live in his parents home even if he is self-supporting economically. It is strongly frowned upon for an unmarried women to reside in her own apartment. "For what purpose?" would be the usual question. Even after marriage it is not uncommon for couples to take up residence in part of the house of one set of parents. This depends on the economic situation of the family and is no longer as common as it once was.

Mexicans find it odd that business people from Canada typically live on their own before marriage. They might ask: "Why did you move out? Did you have a fight with your parents?" Regardless of the answer, the question itself may surprise Canadians not accustomed to hearing such personal questions in a business context. Mexicans assume that the family is supremely important to everyone, and they see it as appropriate to ask family questions because it indicates a natural concern and interest. The appropriate response is to answer the question frankly and to feel free to ask similar questions.

Canadian visitors usually find that taking an avid and genuine interest in the families of their Mexican associates is important in establishing business relationships. Such interest is an effective and acceptable means of extending a relationship.

Identity

In Mexico, a person's roots often define his or her identity. The importance of family lineage is illustrated by the way Mexicans choose names. A Mexican normally retains both the mother's and father's last names in his or her own formal name, although the long form of the name is not always used. For example, The formal name of Mexico's President is Ernesto Zedillo Ponce de León but most government press releases refer to him as President Ernesto Zedillo. Attention to family information can be helpful in understanding power relationships. Although this is beginning to change, Mexico still has many family-controlled businesses and nepotism is an accepted fact of life.

Social Position

In most instances, a Mexican's social status is determined at birth and the name he or she carries will often open or close doors in social and business settings. Mexicans know that there is a whole family that stands behind everyone. If the family is powerful or wealthy, the benefit is assumed to flow to all its members. Coming from a "good" family in Mexico has important business benefits because it allows access to other people who are also from good families. For this reason, social networks quickly become business networks.

Networking

Mexican families are highly extended. Cousins are regarded as brothers, second and third cousins are regarded as first cousins. Uncles, aunts, and godparents (*compadres*) form the "immediate family". Close friends effectively become part of each others' families. It is common for someone to refer to their best friend as *mi primo* or *mi prima*, and old friends to address each other as *hermano* or *hermana*. This makes families even more extended and expands the resources they can collectively rely on. The family may also be a source of employment and an overall source of contacts and opportunities.

Trust



To trust and to be trusted is extremely important to Mexicans. Trust is especially important in a society where there is little faith in the legal system. In this environment, confidence in the honesty and personal reliability of individuals is a prerequisite for most business relationships.

Trust is another reason that Mexicans tend to rely so strongly on family connections. A person who betrays a trust disgraces their whole family. Therefore, it is safer to do business with members of trusted families. This partly explains the rampant nepotism found in Mexican business.

Relationships, Contacts, Networks and Influence

Trust is easier to establish within the family network, but it is expected of all relationships. The value of a businessperson as an associate is heavily affected by the relationships he or she holds. Name dropping is a national pastime among Mexico’s business class. An individual who is trusted by influential people acquires greater influence in their own right because they appear to be more trustworthy. Thus, having a network of friendships based on trust is very good for business.

Mexican business people depend on levels of business and social networks that can determine the success of their companies. These tight circles of confidence are usually accessed through family linkages, business connections or government position.

The “Old-boys Club”

In Mexico, as in most Latin cultures, a person is either in or out of the business clique that wields most of the economic power. Exclusion from this circle of influence can have a detrimental impact on any business. A

Canadian can rarely gain entrance into this clique as a fully fledged participant. But a Mexican partner can help to ensure that the business is not entirely excluded. The partner can provide liaison to give Canadian executives some access to the power elite.

Social Networks as Business Networks

While Canadians strive to keep work separate from their personal lives, Mexican try to achieve the opposite. It is considered good business to become personal friends with business associates because this reduces the possibility of being wronged, and it opens the possibility of business opportunities because of favourable treatment.

Mixing business with pleasure is a very efficient way of winning trust and developing business relationships. But this does not suggest that Mexicans are at all cynical in their pursuit of personal relationships. They are sincere about their friendships and are as eager to have you trust them as they are to trust you.

Socializing

Canadians making business trips to Mexico usually comment that Mexican executives spend much of their work day at meals and other functions that appear to provide little commercial opportunity. On the surface it might appear that they never work. But in reality these activities serve important business purposes. Most importantly, they help to build a bond of friendship and trust before getting down to business. This kind of activity occurs before and during meetings, at business meals, and even before and after negotiations.

Friendship, business and trust all work interdependently in Mexican business culture. A Mexican cannot fully trust a business partner until they are friends. For this reason it is common during first encounters to talk about everything but business. This can go on for quite a long time often frustrating the Canadian executives who are usually eager to get down to business. But what may appear to be a waste of time to a Canadian serves an essential business function for the Mexican counterpart. It is an opportunity to:

- determine who you are
- show who they are
- determine if you can be trusted
- become your friend
- convince you that they can be trusted

Because these factors play an essential business role, it is totally inappropriate to begin talking business immediately when you first meet with Mexican counterparts. Your first encounter will likely be over lunch

or dinner. Your Mexican counterpart will show great interest in your personal life, family, the places you have visited, if you have been to Mexico before, and what you think about the country. They will undoubtedly offer their own stories and anecdotes. The exchange may last through a three-hour dinner, with no mention of business. If your flight arrives in the evening and you have dinner that night, the following morning would be an appropriate time to get down to business. As time goes on and as you begin to establish a reasonable comfort level, the social talk will diminish and you will be able to get down to business.

Mexicans are somewhat suspicious by nature, sometimes of each other and, for historical reasons, particularly of Americans. This benefits Canadians, but it must be reciprocated by demonstrating trust. An invitation into a Mexican home is an honour and a sincere offering of friendship: it is probably an inappropriate time to discuss business. If Mexican associates have the opportunity to visit Canada, inviting them home will be considered a crucial gesture of friendship and respect.

Loyalty

Loyalty is expected in both business enterprises and within the family. This is one of the reasons why nepotism is so widespread and so widely accepted. A family member working for the business has two reasons to be trusted. Trust builds loyalty, which is one reason why Mexican business people strive to win the trust of business counterparts.

Loyalty in Mexico is expressed in a number of ways:

- an employee stands beside (actually, usually behind) his or her *patrón*
- sons and daughters obey their parents
- companies stay with their suppliers
- political parties are supported consistently
- business contacts are preserved
- personal promises are kept
- contracts are adhered to

Business Ethics and Corruption

Mexico is gradually ridding itself of the corruption that was once one of its most prominent features. Nonetheless, requests for pay-offs and bribes are still an obstacle to international business. Many companies participate in such arrangements only because they think it is necessary for survival.

The prevalence of bribery depends on the industry involved. Corruption is highest in industries that involve government departments or government corporations, either as customers or regulators.

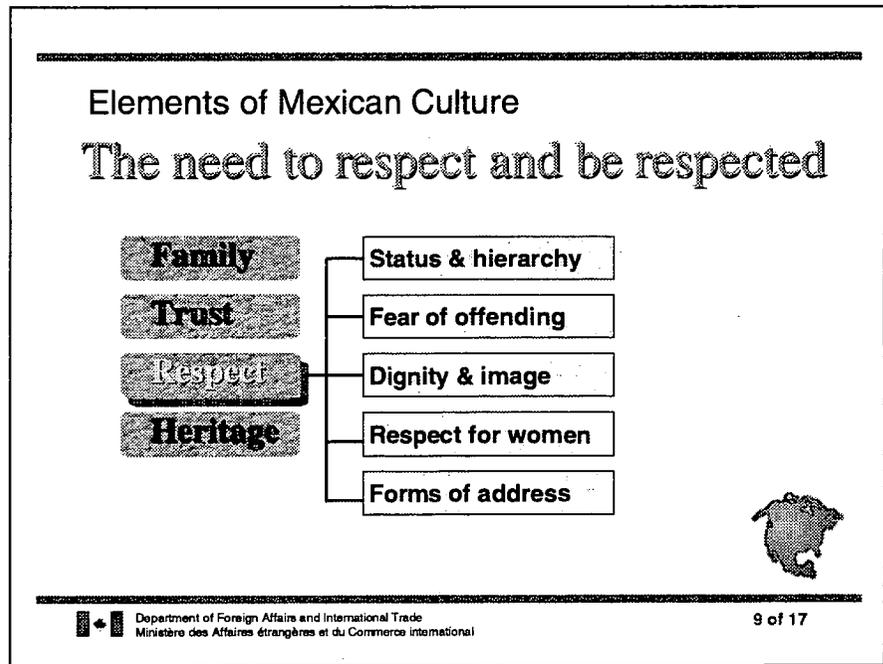
Ironically, trust plays an important role in corruption in Mexican business. Favours such as kickbacks for special treatment or the disclosure of secret information involve a prerequisite of trust. When a Mexican associate brags of a relationship with a government official, it may be meant to imply a level of trust that will allow open discussion of a corrupt arrangement.

In Mexico a bribe is known as *la mordida*, which literally means “a little bite”. Sometimes the demand for *la mordida* is surprisingly explicit, at other times it is so subtle as to be easily misunderstood.

This is often the most difficult cultural difference for Canadian executives to handle. Mexican companies value their political contacts very highly and a Mexican partner may consider a payoff essential. Canadian companies confronted with this kind of inflexible demand may have to seek another partner.

Corruption is becoming less prevalent as the economy modernizes. A new venture, therefore, should stand on a sound commercial foundation. Contacts may help to get the business going, but they cannot be relied upon to make the venture profitable in the long run. This is one area of business culture where partners should be expected to adopt Canadian values.

Respect



Consciously or subconsciously, Mexicans are influenced by an exaggerated need for respect. They feel a strong requirement to protect their dignity, uphold their honour, and defend themselves from any assault on their character or good name. The reverse is also true. Because they place so much weight on their own honour, dignity and image, they are very careful not to slight others, including foreigners. This aversion to the possibility of offending someone underlies some behaviors that can appear peculiar and confusing to Canadians.

Status and Hierarchy

In Mexican business, decision-making authority is concentrated at the top levels of management, which may include company owners. Decision making at those levels is quite rapid, because of the concentration of authority. This contrasts with the Canadian corporate culture that normally strives for consensus. Another factor is that trust at the senior level has probably been established before the decision point comes up. At that time, the outcome is most likely to hang entirely on objective business criteria.

On the other hand, middle management has relatively little decision-making power. Protracted discussions with subordinates may be needed before they refer the matter to *el jefe*, the boss. The relationship between levels of management in Mexico is based on strong vertical authority, which is not usually delegated. Respect is expressed through absolute subordination. The best way around this problem is to discuss business decisions only with the most senior manager or the owner of the company. This will require that a Canadian of similar rank participate in missions to Mexico.

Loyalty to the boss is very strong in Mexico and this can have negative consequences from the Canadian point of view. "Loyalty" often implies always agreeing with superiors. Unfortunately, this attitude fosters middle managers who take orders but who do not make decisions. This is an area where a Canadian company can provide a positive influence by empowering key Mexican employees both to make decisions and to take action.

Fear of Offending

An important element of the Mexican need to respect and be respected is an extreme desire to avoid offending anyone. This is a very strong value and it is reflected both in the language and in the Mexican concept of time.

The Meaning of "Yes"

The Mexican use of the word "yes" is the source of much confusion in cross-cultural business relationships. "Yes" can mean "maybe" or even "no". This is an area where the Mexican obsession with politeness and saying face can be counterproductive. Mexicans are very reluctant to offend anyone, especially someone they do not know well. So they will often say "yes" to a question to which they actually wish to say "no". Sometimes a "yes" or a positive reaction may reflect nothing more than polite optimism that never materializes into action. But note that misunderstandings can be costly and time consuming. Many Canadians have been disappointed to find that there is no follow up to an apparently successful sales trip to Mexico.

For example, if you proposed a sales approach that works in Canada, and then asked your Mexican partner if he or she agreed with it, "yes" would be the most likely answer. If you asked whether your explanation was clearly understood, the answer would be "yes" again. By this time you might think that your meeting had gone very well. But deeper digging might reveal that the proposed strategy was not understood, or that there were reservations about its potential effectiveness. In either case, a "yes" or a positive reaction could stem from politeness and never translate into action. The Canadian executive might return home with a feeling of success that would fade only when the promised call or fax from Mexico did not arrive.

Thus, from the Mexican point of view, the need to show respect outweighs the need for clear communication. This makes it critical to learn how to distinguish the true "yes" from the polite "yes".

Time

It is often said that time has its own rhythm in Mexico, and that Mexicans have a different concept of time than other North Americans. This is true to some extent. It is not uncommon for a Mexican executive to be as

much as one hour late for a meeting. Canadian managers should not interpret this as a slight or lack of respect. Indeed, this tendency is another consequence of the need to avoid offending and to show respect. The delay is most likely to have resulted from a previous meeting going overtime. Mexicans consider it more offensive to cut a meeting short, than to be late for the next one. This is true even if the meeting is ending with a protracted discussion of non-business matters. To save face, the late arrival can always be blamed on traffic, since Mexico's congested streets provide a ready excuse.

Arrival for Meetings

It is quite common that a meeting might begin half an hour behind schedule and finish one hour behind schedule. Thus, the delay accumulates throughout the day. Since the Mexican culture does not place a great value on punctuality, this happens easily, especially when government officials or traditional managers are involved. In the Mexican business culture, no one is surprised or offended by delays because they are anticipated. Mexicans often forget that such delays are not the norm for foreigners.

Canadians may see such delays as a waste of valuable time. But it is best to accept them as a deeply ingrained cultural trait, and plan for them accordingly. Canadians should demonstrate their own cultural values by showing up on time. If the tardiness persists, reschedule meetings if you have to wait more than 30 minutes. Mexicans are not insulted by this practice. They will come to appreciate the value of your time and will eventually adopt more punctual habits.

The tendency towards tardiness is less pronounced in the northern part of the country. Also, a Mexican executive is unlikely to be late for the first meeting with a new contact.

The Mañana Syndrome

Another aspect of the Mexican concept of time is the flexible deadline. Mexicans hate deadlines, and are often late in delivering work that is time sensitive. This is a reflection of the easy-going Mexican business culture, and not a sign of laziness or lack of interest. Canadians should be cautious not to jump to the wrong conclusion when important work is delayed. The infamous *mañana* attitude is no more casual than in any other developing country. Moreover, failure to meet a deadline is not seen as a broken promise. "Tomorrow" does not necessarily mean tomorrow, it could merely mean "later". Business delays are also often a consequence of the Mexican priority that family and social obligations come before business.

The *mañana* syndrome also has its roots in the value placed on respect in Mexican culture. The idea of disappointing someone, especially a person in authority, is uncomfortable for most Mexicans. Therefore, rather than

say no, they prefer to say *mañana*. This usually means “later”, and there is no expectation that it will be interpreted literally as “tomorrow”. For some Mexicans *mañana* is a respectful way of saying “No, not now” or, “It would be nice if could happen tomorrow, but don’t get your hopes up too high”.

Dignity and Image

Preserving and bolstering his or her dignity and image can be almost a full-time job for a Mexican executive, which can prove very costly. One of the ways Mexicans build respect is to display the importance they attribute to themselves. In Mexico, a little display of wealth can go a long way. Mexicans can be very materialistic when they feel they are in a “positioning” situation. The way they dress, the car they drive, the watch they wear, the pen they use, and even the schools their children attend all contribute to Mexican executives’ image and, therefore, the respect they attract.

Over-staffing at the office and at the home is another method used by some Mexican executives to bolster their image in the eyes of business associates. On the other hand, Mexico’s economic situation has curtailed over-staffing to some extent, since there is now much more pressure to control costs.

For the visiting Canadian, dressing well and staying in a good hotel is an effective way of making a good impression. But Mexicans are tasteful. An excessive display of material possessions can result in the visitor being regarded as a *naco* (a “tacky” person).

Gifts play an important role at first meetings or at formal invitations at an associate’s house. When visiting someone’s home it is normal to bring a gift only for the lady of the house. To Mexicans, recognizing her stature makes the guest appear more cultured and refined.

Respect for Women

Women are well-respected in their role as mothers within the Mexican family. The worst possible insult to a Mexican man is to question his mother’s honour. On the other hand, Mexican women have traditionally played subservient roles outside the family, and they are paid much less than men for the same work. Attitudes towards women are also reflected in the language and in the phenomenon of *machismo*.

In many Mexican colloquialisms, the word for father, *padre*, is associated with things and events that are positive or good, whereas the word for mother, *madre*, is associated with things or events that are negative. There are so many examples of this in Mexican speech that it becomes readily apparent to a foreign observer. Few Mexicans realize the sexist overtones

of these expressions, and they are used by women as much as by men. But they indicate how deeply the subservient position of women has permeated Mexican society.

Machismo is an exaggerated masculinity, probably a manifestation of self-pride and family-pride. It is seen among males during informal occasions and is aimed at impressing other males rather than women. Mexican *machismo* is best described as an underestimation of the ability of women to care for themselves, and an overestimation of their need to be protected. This leads to chivalrous, yet sometimes condescending, treatment of women. In many instances, this type of behaviour is expected by Mexican women and is perceived to be polite and masculine.

Machismo is gradually disappearing from Mexican society and foreigners should not try to adopt this attitude as a means of fitting in. Women are playing more important roles in business, and foreign influences are starting to cause upper-class men to play at least lip service to women's liberation. While a sexual double standard persists, Canadian visitors should avoid making assumptions about the role of any individual woman.

Doing Business as a Woman

Mexico is a male-dominated society with a long tradition of paternalistic attitudes. But the men who run Mexican businesses and government entities are gentlemen in the classic sense. Respect is the key to business in Mexico and women have the advantage in this regard. A woman will rarely be denied a request for a meeting and will usually be treated with the utmost courtesy.

On the other hand, women doing business in Mexico may have to demonstrate their credentials to a larger extent than their male counterparts. They may have difficulty gaining access to informal information networks. Regardless of gender, however, there is great respect for demonstrated expertise and knowledge.

In spite of the politeness of Mexican men, patronizing and even condescending comments can be expected on occasion. The presence of a male associate will reduce this problem, even if he is a subordinate. A Canadian woman can take the lead role in discussions, but the presence of a male seems to reduce the discomfort felt by more traditional Mexican businessmen.

Forms of Address

Spanish speakers use familiar and formal forms of address, just as French speakers do. In the singular, *usted* is the polite form of "you", much like the French *vous*. It is a sign of respect to use *usted* when first meeting someone and gradually switch to *tú* as you become more familiar. Your goal should be to get to *tú*, because it indicates that you are establishing a

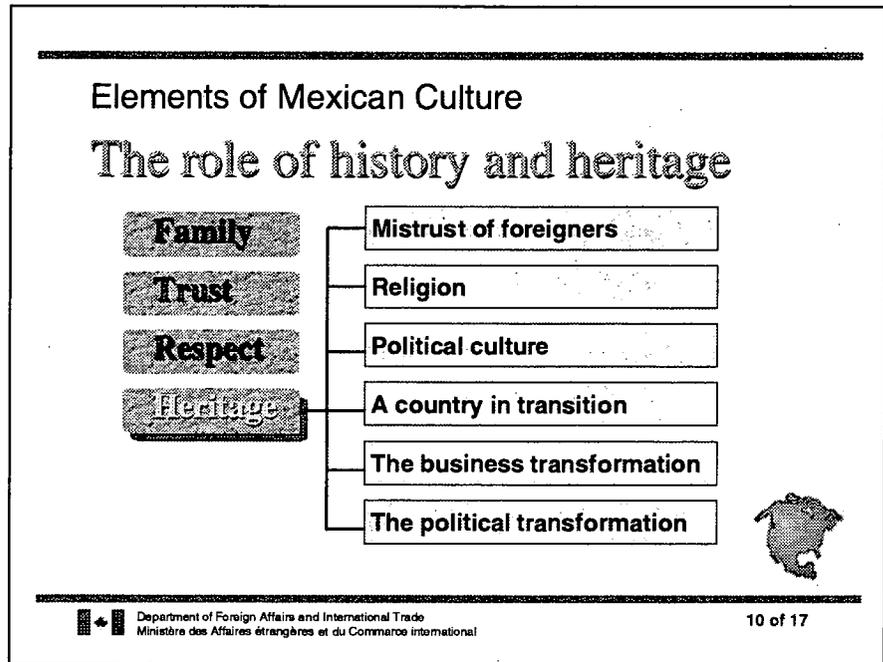
familiarity that could develop into a trusting relationship. In Latin America, the familiar plural *vosotros* is hardly, if ever, used and groups should be always addressed as *ustedes*.

Titles are another way that Mexicans show respect for each other. Even a bachelor's degree carries the title *licenciado*. It is normal to refer to someone by the title associated with their highest degree. If the degree held is not known, the person can be addressed as *Señor* or *Señora*, at the risk of underestimating their education. Most Mexicans would prefer to preserve dignity and respect by wrongly over-estimating a person's education, rather than to risk being seen as disrespectful. It is always safe to assume at least *Licenciado* when referring to someone in a business setting, and in some cases *Ingeniero*. If a foreigner is addressed by a degree that he or she does not hold, it is not considered dishonest to let the reference go uncorrected, as it would be in Canada. As a foreigner, if you appear to be a high-ranking executive, you will likely be addressed as *Ingeniero* or *Ingeniera* and a technical professional may be called *Doctor*. These forms should be interpreted as signs of respect and not a literal assumption of a particular degree.

When addressing women who are subordinates, it is acceptable to use *Señorita* unless you know for a fact that she is married, in which case *Señora* is appropriate.

Professional Titles		
Degree	Title	Abbreviation
Bachelor	Licenciado, Licenciada	Lic., Lda.
Masters	Licenciado, Licenciada	Lic., Lda.
Ph.D.	Doctor, Doctora	Dr., Dra.
Architect	Arquitecto, Arquitecta	Arq., Arqta.
Engineer	Ingeniero, Ingeniera	Ing., Ing.

Heritage



Mexico’s turbulent history, which has been punctuated by both internal revolution and foreign interference, has a substantial influence on the nation’s culture. Mexicans are very proud of their history and are influenced in many ways by their cultural heritage. Modern Mexico is a mixture of descendants of the pre-Colombian “Indian” people, and those of the European invaders. *Mestizos* are a mixture of the two.

This mixed heritage sometimes leads to a conflict of pride. Whereas Mexicans are very proud of their Indian roots, they can be very sensitive if their Indian features are pointed out. The large economic disparities between people of Indian and European origin is partly the result of racism. There is a strong correlation between skin colour and social and economic status. Mexicans are not openly racist but there is a definite polarity among the cultures. Canadians doing business in Mexico should avoid making any references to a person’s racial background or features.

Mistrust of Foreigners

Mexicans believe that their country has been treated badly by foreigners throughout its history. The result is a mistrust of foreigners, particularly Americans. Canadians enjoy an important advantage in that Mexicans perceive them as different from Americans.

This mistrust of foreigners encouraged strong nationalism and economic protectionism. In turn, this has led to the creation of a fully-integrated industrial infrastructure. On the other hand, a diminished appreciation for quality evolved from Mexico’s inability to meet international standards within this protected environment. In spite of the liberalization of the economy over the past several years, Mexicans are still fiercely

nationalistic. This history has severely limited the government's actions in privatizing the nation's principal government-owned corporations, especially *Petróleos Mexicanos (PEMEX)*, the national oil company.

Perception of Canada and Canadians

Canadians enjoy a reputation as reasonable and trusting people. They are well-accepted by Mexicans as cultural equals with similar values and objectives. They are seen as more willing than Americans to adapt to Mexican ways of doing things. Moreover, the fact that both Canada and Mexico have histories of resisting strong American influences gives the two countries something in common.

The flexibility and adaptability of Canadians in Mexico is noticed and appreciated by Mexico's businesses. Even though Canada still has only a small market share, its exports to Mexico have grown faster than those of the US over the past few years. This suggests that the perceived advantage has some real benefit.

On the other hand, the less aggressive style of most Canadian executives is sometimes seen by Mexicans as a lack of business acumen. Mexican buyers often comment that the Canadians they have met did not follow up after creating good initial impressions.

Religion

About 95 percent of Mexico's population share the Catholic faith. Some believe that religion is the most important influence on Mexican culture. This is becoming less and less true as Mexico modernizes its economy and integrates into western culture. As in Canada, many young people are less religious than their parents.

Some Mexicans are devout Catholics and place a high value on church attendance on Sundays. Those that are not as observant of church practices are still heavily influenced by the affect religion has had on their families. In general, religion tends to make them more traditional in their values, especially regarding relationships between men and women. Mexicans also enjoy a great number of religious holidays, which are considered vacations even for the non-religious.

Mexican Catholics are distinguished from those in other parts of the world by their veneration of certain saints, many of which have pre-Columbian models. Shrines to the *Virgen de Guadalupe*, the patron saint of Mexico, are widespread. References to *Dios* (God) are often heard in Mexican speech, even among the non-religious. They are especially common when explaining good or bad luck as in *Así lo quiso Dios* (It was God's will) and *Si Dios quiere* (God willing). These should be interpreted as linguistic artifacts rather than expressions of religious faith.

Political Culture

Mexico's politics are characterized by strong central control. Mexico's present political system evolved from an environment where power-brokers effectively controlled the country. They distributed land, organized labour to support the government and limited the power of business interests. They also reduced the influence of foreigners by nationalizing the rail and oil industries.

It was natural for people with such great economic influence to grant favours to parties that would reciprocate with favours. Over time, these practices led to the huge, slow and sometimes corrupt bureaucracy that governs Mexico today. President Zedillo has promised to reform and decentralize this system, and move towards a "new federalism". But there is presently no culture of democracy, and most observers believe that this will take many years to achieve.

A Country in Transition

Mexico's protected economy established independence and fostered national pride. But the reliance on domestic suppliers denied Mexican producers access to world-class technologies. This made it difficult for them to compete in an increasingly globalized economy or to provide for the needs of Mexico's growing population. When oil prices collapsed in the early 1980s, it became more difficult to subsidize domestic consumption from natural resource exports. The government responded with a series of sweeping economic reforms that deregulated the economy, liberalized trade and privatized more than one thousand public corporations. The North American Free Trade Agreement (NAFTA) has continued this process of liberalization.

The changes resulting from the reforms have become known in Mexico as "the restructuring". This process was further accelerated by the abrupt devaluation of the peso that occurred in December 1994. Important changes in the way that Mexicans do business have been driven by these forces. The Mexican business culture is now in a state of transition. Elements of the "Old Mexico" coexist with the emerging "New Mexico". The impact is seen in both the public and private sectors. Mexicans who consider themselves part of the new Mexico are most likely to discuss these changes, but everyone is influenced to some extent by the changing business and political environments.

The Business Transformation

Business dynasties that enjoyed virtual monopolies and lucrative government contracts now have to face global competition for the first time. Efficiency is becoming an important objective because sales are increasingly dependent on efficiency rather than family and political contacts. The need to meet international standards of product quality has also broken many established lines of supply. Many family firms have been bought out by large Mexican *Grupos*, and others have formed partnerships with foreign firms, mainly from the United States. The old ways persist in many industries, but they are increasingly under attack from competitive pressures from a growing middle-class and multinational corporations.

Most Mexican executives like to boast about their political and business connections, or those of their colleagues, family, or friends. Such claims are often true, but the value of the contacts is usually not as high as might be suggested. If a prospective partner makes such claims it does not necessarily mean that they are a part of the Old Mexico. It may be that they simply think that connections are important to the business. They may be right, but as time goes on, personal contacts will become less and less important to long-term profitability.

If a Canadian company is considering a long-term partnership, it would probably best to seek out Mexican firms which adhere to the new business culture. Executives of these companies tend to be younger and better educated, often possessing a foreign university degree, and are likely to have a global outlook. The new business culture is also less hierarchical than the old, although there are still many ingrained tendencies from the traditional corporate culture.

One way to evaluate how far a Mexican company has evolved is to see how many layers of management it has. It has traditionally been considered an indication of status to have many employees at lower levels, even if they have nothing to do. The economic crisis has caused the more flexible firms to place greater emphasis on efficiency at the expense of status.

The Political Transformation

The New Mexico also includes the beginnings of a political transformation. President Zedillo has initiated important reforms that will gradually reduce the culture of dominance, control, and corruption that has been perpetuated by the *Partido Revolucionario Institucional (PRI)*, Institutional Revolutionary Party, government for almost 70 years. The *PRI* is now split into at least two major segments. The *Dinosaurios* represent the old guard that has refused to relinquish its control. The reformers are pressing for a more open and honest model of how the party and government should be run.

Two of Mexico's other political parties have gained much support over the past few years and have achieved important victories on a state level. Opposition politicians have also been appointed to important posts by President Zedillo. But the status quo has been fiercely defended by the *Dinosaurios*. Many believe that the assassination of *PRI* presidential candidate Luis Colosio was arranged by the old guard because he was a vocal and progressive reformer.

A first glance at Mexico's current political situation would lead any Canadian to conclude that the political climate, especially since the economic crisis, is not a healthy one for new businesses. It is difficult to sell a change to new products and services on the basis of their cost-effectiveness if market forces will not be allowed to prevail. There has, however, been a profound change in the underlying political culture. The unquestioned respect for authority and power are things of the past. The unprecedented attacks against outgoing President Carlos Salinas illustrate that point. Over time, the private sector will react to this change and the bribes will become much less effective.

Export Strategies

Objectives of this Session

By the end of this session, participants should:

- learn the requirements of export readiness, and the importance of advanced planning;
- understand how the major steps in the planning process apply to their own company; and
- be able to prepare a detailed plan for entering the Mexican market.

One of the advantages of small- to medium-sized service firms is that they are flexible organizations, not usually burdened with a complex decision-making process. This means they can move quickly to act on the vision of their leaders, and can adapt quickly when circumstances change. This style of operating can be very successful in a familiar market. But it is not as good at overcoming the challenges of Mexican markets.

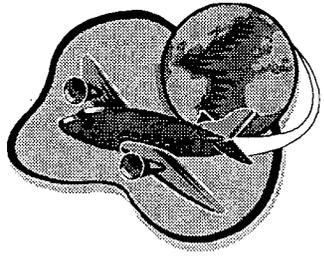
The key individuals that most service firms depend on are not as effective when they operate at a distance from the market. Cultural factors interfere with communications, even when they are face-to-face. New relationships must be managed with partners, regulatory authorities and logistics providers. These obstacles combine to make business very difficult for companies that are not export ready. Firms that prepare in advance greatly improve their probability of success.

Export Readiness

An Export Strategy

Key Elements

- ↳ Service
- ↳ Commitment
- ↳ Planning




 Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

11 of 17

For the service provider, export readiness means three things:

1. **Service.** Creating a service offering that is appropriate and competitive in Mexico.
2. **Commitment.** Committing the human and financial resources needed to establish a long-term presence in Mexico and present the service offering in its best light.
3. **Planning.** Preparing a detailed strategic plan.

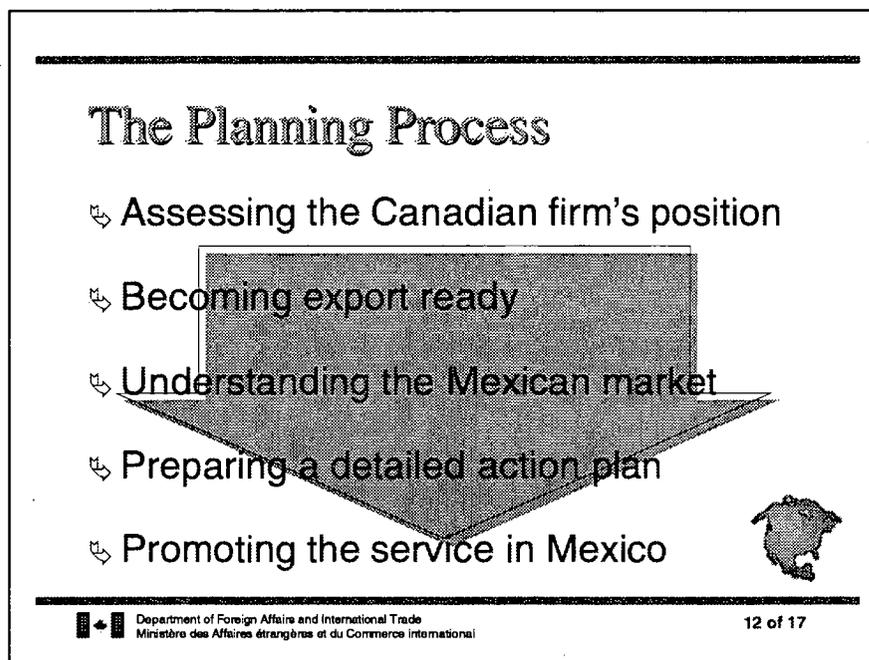
In general, small service providers can achieve export readiness more easily than small products producers. The North American Free Trade Agreement (NAFTA) has reduced or eliminated many obstacles to service exports. Professional qualifications have been recognized and visa requirements streamlined; intellectual property laws have been toughened and restrictions on franchising eliminated.

Any company selling goods or services in Mexico must consider whether their offering is appropriate for local buyers. If not, it can often be adapted. In many service businesses, adapting to the Spanish language is the most important issue. But there are many other issues. For example, wealthy Mexicans are the most likely purchasers of imported personal services, and a service designed for the mass market might have to be upgraded. Mexican businesses do not have access to the same infrastructure as Canadian companies, and services aimed at that market must take account of that fact.

A major commitment of time and resources is required to adapt the product and develop a strategic plan. The plan must provide for every

element of the market entry process as well as goals and standards by which results will be assessed. It must anticipate contingencies and provide appropriate responses. And it must distinguish between elements of the venture that are flexible and those that are not. Successful exporters have found that a great deal of planning can be completed in Canada before the firm begins to invest scarce resources in Mexico. This session sets out a step-by-step approach to preparing a strategic plan.

The Planning Process



A list of steps involved in developing a typical export strategy is presented in an accompanying table. But the planning process itself is more readily discussed in terms of the five major activities involved:

1. Assessing the Canadian firm's position
2. Becoming export ready
3. Understanding the Mexican market
4. Preparing a detailed action plan
5. Promoting the service in Mexico

Steps in the Planning Process

1. Clarify your objectives.
2. Evaluate your export potential.
3. Evaluate export readiness of your service and your organization.
4. Prepare a preliminary export plan.
5. Conduct market research.
6. Concentrate upon one or two promising markets.
7. Learn about exporting logistics and terminology.
8. Identify sources of assistance in Canada.
9. Arrange financing and other support in Canada.
10. Identify needed human, financial and technical resources.
11. Determine level and flexibility of service pricing.
12. Assess profitability and payback period.
13. Select a Mexican agent, representative or partner.
14. Prepare a market entry strategy.
15. Promote and deliver the service.
16. Ensure quality control.
17. Review and revise the export plan.
18. Learn from mistakes and adapt.

Assessing the Canadian Firm's Position

To succeed, the Canadian firm must have both a competitive service offering and the capabilities required to execute a market entry strategy. Exporting to Mexico may extend the lifecycle of the service offering, but it will not rescue a weak company with a poor service. Prospective exporters should ask themselves a number of questions:

The Service Offering

- Are our services of high quality?
- Are we recognized in our industry?
- What are our marketing advantages and disadvantages?
- What are our service's strengths and weaknesses?

Corporate Health

- What are our organization's strengths and weaknesses?
- Do we hold a respectable share of our local market?
- Do we have the capital needed to support exporting?
- Do we have the necessary human resources?
- Are we developing other export or growth projects?
- What is our niche?
- Will our export plan affect our local market?

Becoming Export Ready

Prospective exporters often underestimate the work required to prepare for a new venture. This is a long-term effort requiring a major commitment. There is a lot more involved than just authorizing the marketing director to go out and look for sales leads. It takes time and money to acquire timely and accurate market information. Employees may have to learn a new language and change sales methods. New employees may be needed, and a partner must be sought. Ask the following questions.

Commitment and Experience

- What are our short-, medium- and long-term objectives?
- How do we define and assess “results”?
- Are we willing to wait for results?
- How flexible are we?
- Do we have international trade management experience?
- Do we have a long-term commitment from senior management to do business in Mexico?
- Is our staff willing to actively participate in the process?
- Is everybody working towards the same goal?
- Will we be able to continue serving our Canadian clients as we develop the Mexican market?
- Are we willing and able to develop simultaneously different projects, and invest all the required financial and personnel resources?

Cultural Skills

- Do we have an acceptable knowledge of Spanish and of the Mexican culture?
- Is at least one senior negotiator fluent in Spanish?
- Are we ready to invest in Spanish-language services?
- Do we speak a third language?
- Is our senior staff willing to travel and market services?
- Are there any staff members open to relocating to Mexico, if necessary?
- Do we understand our customer’s internal culture?

Financial Issues

- Do we require financing? Can we obtain it? How?
- What is the expected rate of return on market development costs?

- Can we afford to wait for results?

Service Differentiation and Technical Issues

- Who uses our service? Is it used by a specific industry, age group or social group?
- Is the use of our service contingent on certain technological conditions? Will those be present in Mexico at a competitive price?
- Is the use of our service contingent on certain climatic or geographic conditions? Will those be present in Mexico at a competitive price?
- Will our client have to buy infrastructure to implement our service? Will it be available in Mexico at a competitive price?
- Do we have the resources to meet a potentially large demand?
- Will we be able to ensure service excellence? How?
- What kind of after-sales support can we (or our partner) provide?
- Can our services be modified and adapted? Should they? What costs are we ready to incur?
- Will we be able to effectively train our partner and our clients?
- What personnel changes will our client have to implement in order to take full advantage of our service?
- Can our legal rights be adequately protected?
- How vulnerable is our intellectual property? Do we trust our partner?

Understanding the Mexican Market

Marketing a service in Mexico means selling yourself. The sales approach must be oriented towards the local character. It must integrate local practices, be credible and give due respect to the Mexican way of doing things. Achieving this requires an in-depth understanding of the local market. Essential questions include the following.

Country Profile

- Do we know enough about the political system?
- Do we understand Mexico's physical infrastructure?
- Do we know about the transportation system?
- What are the demographic characteristics of the country?
- What is the regulatory environment?
- Do we know enough about the economy?
- What is the legal setting in Mexico?

Cultural and Commercial Practices

- What are the implications of the North American Free Trade Agreement (NAFTA)?
- What are the marketing channels for our service?
- What marketing, credit and payment practices are used for similar commodities?
- What are the bidding procedures in the public sector, both officially and in practice?
- What are the personnel management practices and employers' obligations?
- What networks are used to market similar commodities or gather market intelligence?
- What are the most prominent trade and commerce associations? How can we become known to them?
- What is the resistance to foreign services such as ours?
- Do we understand our customer's risk?

Demand

- What is the market size for our service in Mexico?
- What is the potential market growth?
- How is consumer behaviour affecting demand for our service?
- What match is there between our firm's unique capabilities and the Mexican market?
- What is the geographic distribution of demand?
- Can we quantify the public-sector demand for our service?
- Can we quantify the private-sector demand for our service?
- Are there any Mexican government priorities or plans that will affect demand for our service?
- Are our most probable clients financially healthy?

Competition and Networks

- Who are the main players in Mexico (local and foreign)? What is their size and location?
- Can any of our competitors be considered as a potential partner?
- How can we complement our service(s) with theirs? Is a strategic alliance possible?
- Have we made all the necessary contacts in Mexico and Canada? Are they useful and reliable?

- Which Canadian companies can we contact about their experience in Mexico?
- Can our service be bundled with another product or service?

Preparing a Detailed Action Plan

The planning process involves consideration of a vast range of alternatives. Gradually, it converges on a practical action plan for export. It must be detailed enough to guide the activities of the entire project team as the venture is executed. Once a draft plan is complete, it should be assessed with the following questions.

- Is the export plan sufficiently detailed?
- Does the plan allow for adequate flexibility?
- What Mexican, Canadian or foreign sources can provide more information?
- Do we know what government and association assistance is available?

The form of the export plan is unique to each venture. Although some plans are purely internal, it is not uncommon for them to be in a style appropriate to show to partners or financial backers.

Typical Format for an Export Plan
Corporate history and overview
Objectives
Background of the proposed venture
Analysis of the Mexican market
Description of the services to be exported
Marketing strategy
Negotiating strategy
Financial plan
Evaluation procedures
Major risks and contingencies

Promoting the Service in Mexico

Promoting the Service in Mexico





- ↳ Networking
- ↳ Personal relationships
- ↳ Professional contacts and seminars
- ↳ Trade fairs
- ↳ Media, direct marketing and the Internet




 Department of Foreign Affairs and International Trade
 Ministère des Affaires étrangères et du Commerce international

13 of 17

After the market entry strategy has been launched, ongoing efforts will be needed to promote the firm and its services. This goes beyond the obvious distribution issues that are included in the strategic plan. Marketing services in Mexico requires that the provider first establish credibility. Successful management of the venture also requires ongoing market intelligence. Building networks and social relationships are important methods for doing this in Mexico. Other methods include attending trade shows and using electronic communications.

Networking

Networking improves a company's scope, performance and viability. Effective networks help small firms to compete successfully against much larger organizations. They can be used to gather market information and help the company adapt its services to meet local needs.

Once a network of associates is built, they are put to work through regular contact. This helps to ensure that the best opportunities are identified and acted upon quickly. Maintaining regular communications with contacts in key client organizations is especially important. Personal visits are always the best way to do this in Mexico, especially early in a relationship. Telephone and fax communications are usually appropriate once a relationship of trust has been established. A local partner, or a Canadian company already doing business in Mexico can greatly speed up this process.

Another approach is to join working committees of industry associations. Membership is mandatory for Mexican companies and they are a good source of contacts. They have also been assigned a major role in

harmonized standards under the North American Free Trade Agreement (NAFTA). Volunteering to make presentations at industry events or to write articles for trade journals is another effective tactic.

Important Contacts

The Embassy of Canada, and the consulates in Monterrey and Guadalajara.
The DFAIT Mexico desk in Ottawa and in the International Trade Offices in each province.
Mexican government offices, in Canada and Mexico, including *Bancomext* and the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.
The Mexican associations for industries targeted by the firm.

Personal Relationships

Mexicans like to do business with people they know. Especially where services are involved, they need to establish a relationship of trust before they get down to business. The initial discussions typically cover personal topics, especially family, friends and travel, but rarely serious business issues.

Mexican service buyers usually place confidence in the supplier ahead of other purchase considerations. This means that new market entrants must devote considerable time to establishing credibility and image, before they make specific proposals. An established track record in Canada helps to build credibility. But image is also affected by more superficial indicators. They include the quality of brochures and stationery as well as the dress and demeanor of the seller. Good communications skills are a substantial asset in this environment. In the longer term, real friendships often develop. In an environment where loyalty to friends is a strongly-held cultural value, this can have major business advantages. Establishing a network of personal relationships, therefore, must be an integral part of service marketing.

Professional Contacts and Seminars

After personal relationships, the next best promotion comes from word-of-mouth professional references from contacts who have established credibility in Mexico. In particular, institutional buyers seek out references from mutual contacts. Satisfied customers are a very effective sales tool, and their quotations may be included in promotional brochures. Traditional marketing techniques can be effective with individual consumers.

Another effective promotion technique is making presentations at professional seminars and industry functions. Mexicans are particularly interested in learning about new technologies. Canada has a solid reputation for technological excellence, and these kinds of appearances help to associate individual suppliers with Canadian strengths.

Promotional devices such as free or low-rate trials, free initial consultations, and free seminars or publications are popular with individual customers. Guarantees can also distinguish a company from its competitors.

Promotional material should be provided in Spanish. Care should be taken that trade names and slogans translate well. The most infamous example is the Nova automobile. In Spanish, this means “does not go”.

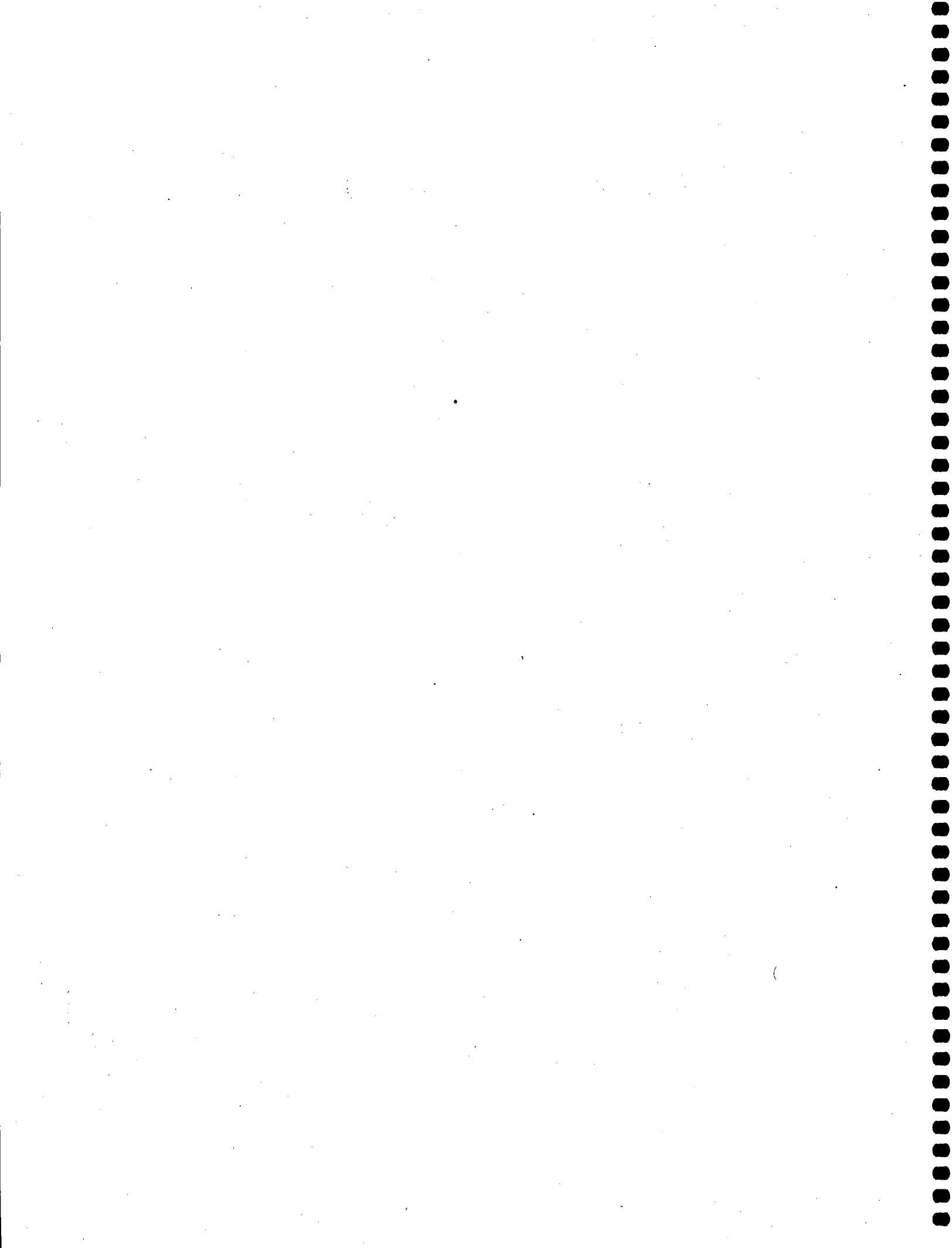
Trade Fairs

Trade fairs and events are very popular in Mexico, because many buyers lack the resources to travel abroad to seek out suppliers. Many Canadian companies that have succeeded in Mexico say that such events, often sponsored by Department of Foreign Affairs and International Trade (DFAIT), gave them their introduction to Mexico. A Canadian company can participate as an exhibitor if it can afford the costs and if it is prepared to handle the flood of inquiries that may follow. Small companies can use the Canada booth at many trade shows as a base of operations, which is less expensive. Either way, trade fairs can be used to make contact with potential clients and partners. Participating as a speaker or attending technical seminars at trade shows is another effective technique.

Media, Direct Marketing and the Internet

Television, radio and print media are well-developed in Mexico. In fact, television is considered the most effective medium for service marketers. Telemarketing and other direct marketing techniques have not yet been developed in Mexico. Direct mailing is of limited value partly because the mail system is unreliable and also because this method is unfamiliar to consumers.

Although Mexican academic institutions have long been connected to the Internet, commercial access is fairly recent. Many Mexicans now have access to computers, but it is common for computers and e-mail addresses to be shared. This leads to concerns over privacy. Moreover, in traditional organizations, junior employees operate the computers and handle messages for senior decision makers. The Internet is not generally seen as the informal “chat” medium it is in many other countries. Some Mexicans are appalled at the spelling errors and other signs of informality they see in e-mail messages. Canadians should use a formal writing style, bear in mind that the communication may not be private, and should not necessarily expect an immediate reply.



Partnering

Partnering



- ↻ Modes of entry
- ↻ Finding a partner
- ↻ Negotiations



Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

14 of 17

Objectives of this Session

By the end of this session, participants should:

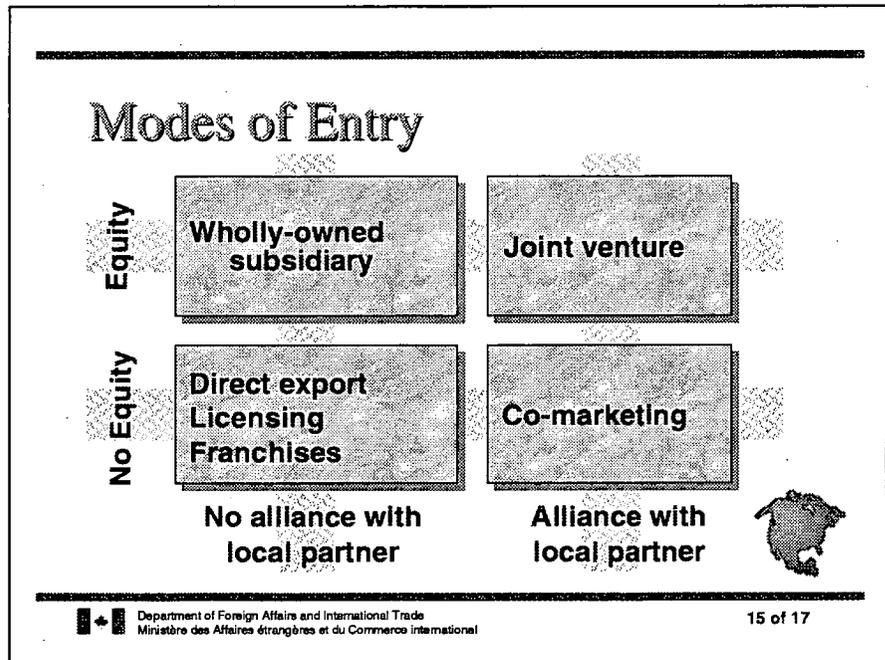
- know the alternative modes of entry into the Mexican market;
- understand the advantages and disadvantages of partnerships;
- consider the type of partner that would be best for their own company; and
- be able to begin negotiations with a prospective partner.

Canadian firms that have succeeded in Mexico usually say that establishing a relationship with a Mexican associate was an essential part of their market entry strategy. This approach is often referred to as “partnering”, but it does not necessarily imply a formal partnership as it is understood in Canada. A Mexican partner could be an agent, a representative, a joint-venture partner or part of a strategic alliance. Although some larger companies elect to set up their own Mexican subsidiaries, some form of partnership is almost always chosen by small- to medium-sized enterprises (SMEs). Servicing the Mexican market directly from Canada is appropriate for only a few specialized markets. For example, some Canadian language schools market services in Mexico but deliver them in Canada. In most cases, a visible and long-term presence in the local market essential.

In a typical situation, Canadian technology and management know-how is exchanged for market knowledge, local contacts and value-added labour provided by the Mexican partner. Mexican firms are generally interested in this type of arrangement, although it takes time to establish the underlying personal relationships.

The export plan should include details of the type of partner needed, along with guidelines for partner selection. A partner might be a potential competitor, or a company in a non-competing but related business. Either way, it is essential that both companies share key values and goals, as well as having a shared desire to work together.

Modes of Entry



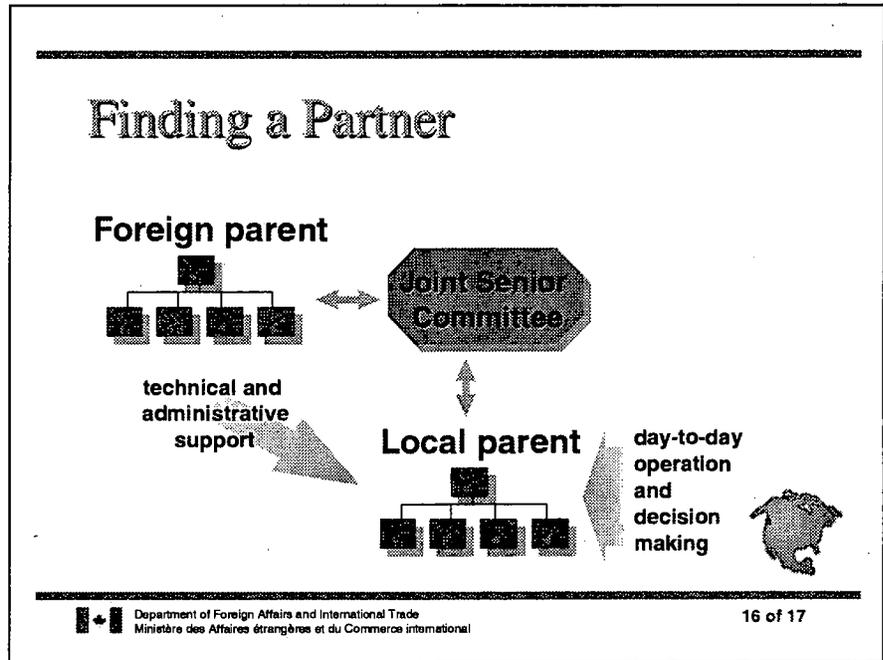
Several types of partnering arrangements have proven successful for Canadian companies. They include:

- **Co-marketing.** Companies cooperate to market or produce each other's service. This is often done on the basis of a fee or percentage of sales. This is common in cases where Mexican service providers wish to fill gaps in their service offerings.
- **Licensing agreements.** Canadian companies license the use of their technology, patent, or other intellectual property to a Mexican associate. The Mexican company delivers the service, according to methods and quality control procedures defined in Canada.
- **Franchises.** A form of licensing where the franchisee adopts an pre-packed operating and marketing strategy, including the purchase of key inputs in some cases.

- **Project-specific consortia.** Groups of complementary firms, from both Canada and Mexico come together to bid on a specific project. If they are successful, they may give rise to more permanent alliances.
- **Long-term joint ventures.** A joint venture is a free-standing business, that exists independently of its parent companies. It is often used to avoid restrictions on foreign ownership. It has the advantage that all of the partners are protected by limited liability.

Advantages of Partnering	Partnering Challenges
Achieves rapid market entry Acquires local market knowledge Promotes cultural awareness Surmounts language barriers Increases acceptance of service offering Combines expertise Reduces start-up costs Provides access to local contacts Reduces the need for local subcontracting Creates new capabilities through synergy Expands ability to cover several markets Incorporates goodwill enjoyed by both companies Establishes perception of permanence Increases responsiveness to client needs Expedites professional accreditation Reduces risks	Quality-control problems Risks to intellectual property Risk to reputation if partner fails to perform Cultural differences can cause misunderstanding and disagreement between the parties Complex contracts require commitment of time Reduced market profile if partner dominates Time commitment to manage relationship Possible incompatibilities between leaders Reduced freedom of action for both partners

Finding a Partner



Canadian firms find Mexican partners in a number of ways. Many use the services of the Canadian Embassy in Mexico City and the trade commissioners at the consulates in Monterrey and Guadalajara. Some use their network of contacts in Canada and Mexico. Others attend trade shows or industry events in Mexico. Regardless of the specific method used, the firm must have a clear idea of what kind of partner it is seeking, and it must be prepared to devote considerable time to the effort.

In most cases, the ideal partner does not exist. So it is important to know which features are flexible and which are not. The key is to find complementary capabilities and business philosophies in the areas that are least flexible. A certain amount of give-and-take will be required in other areas.

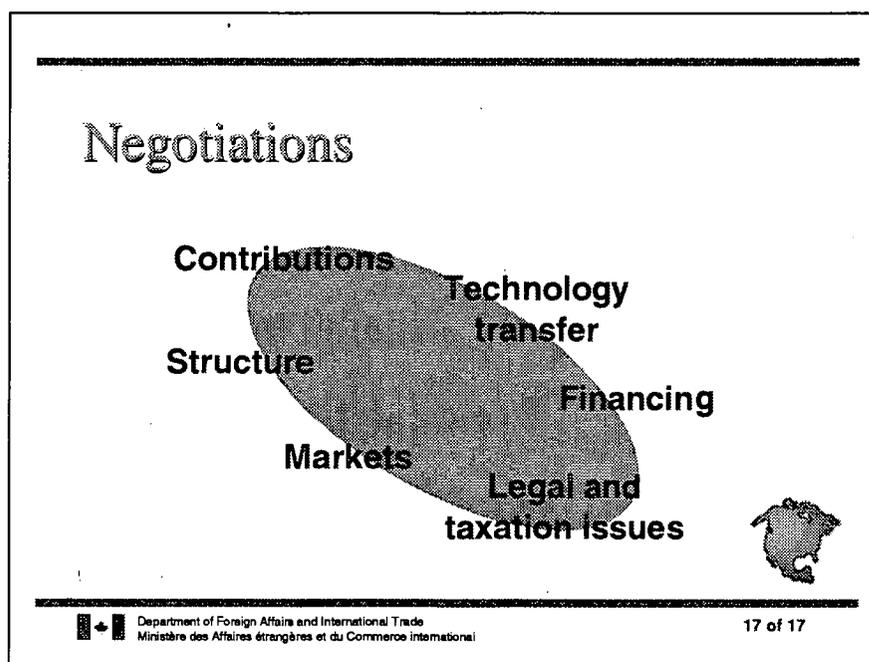
Typically, a Canada-Mexico partnership transfers Canadian technological and management expertise in exchange for local market knowledge and access. But the fact that the parties possess those assets does not in itself mean that they are a good match. Many other considerations must be taken into account. Moreover, the roles of the two parties in the operation and management of the partnership will be influenced by their relative strengths.

A perfectly balanced sharing of responsibility and contributions to the partnership is rarely appropriate. One approach is to set up a senior joint committee to set policy and strategic direction for the partnership. Then direct contacts are encouraged between management and technical staff of the two companies. This allows for a maximum amount of shared knowledge, regardless of the management hierarchy. On the other hand, freestanding joint ventures with significant investment will require local managers who are dedicated to the partnership itself.

Key Characteristics to Consider in a Partner

Service offerings	Size and location
Strategic objectives	Qualifications of personnel
Corporate culture	Management strengths
Market knowledge	Human resources policies
Service capabilities	Marketing strategies
Financial strength	Reputation and goodwill
Contacts and connections	Other strengths and weaknesses

Negotiations



When a suitable partnership candidate has been identified, the next step is to negotiate a partnership agreement. It is essential that the agreement clearly defines the roles of the partners from the outset. This includes not only the overall management of the firm, but the roles they will play in service delivery.

Mexicans tend to approach such negotiations with a formal and non-confrontational approach. Thus, Canadian executives need to be sensitive to the desire for politeness. But they should not allow this approach to avoid discussing problems that could threaten the partnership later. In most cases, it is best to make senior decision makers available, while allowing others to handle the day-to-day details. That way, the top person avoids personality conflicts and can be brought in to break deadlocks and resolve disputes.

The negotiators should consider the following principles:

- the strategic objectives for the alliance must be clear to both partners;
- the partners must be committed to the objectives and focus on cooperation;
- the alliance must be organized and managed efficiently;
- the capabilities of the partners must complement each other; and
- the partners must be well-informed, have reasonable expectations, and keep the flow of communication constant.

Partnership Agreements

The issues to be resolved in any agreement with prospective partners include identifying:

- the respective contributions and functions of the partners;
- the structure of the alliance;
- the markets to be pursued and the individual responsible for this function;
- how technology will be transferred;
- how financing will be obtained; and
- legal and taxation issues.

Agent and Representative Agreements

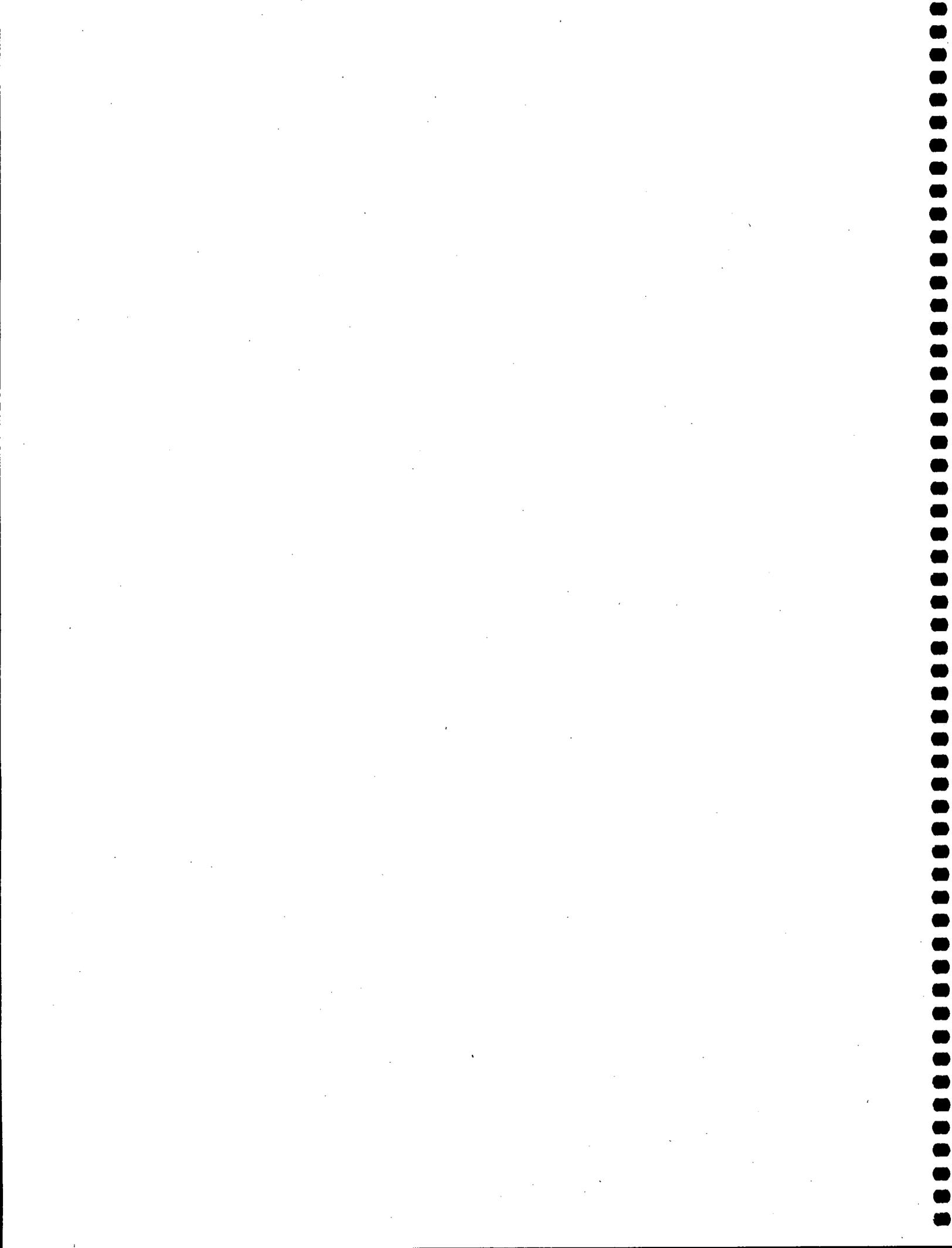
Establishing a local presence through an agent or representative is often a transitional step to test the Mexican market and the potential partner. When successful, it is often followed by a full partnership. Additional issues to be discussed may include:

- a description of the service to be sold;
- the territory in Mexico to which the agreement applies, the duration of the agreement, and the terms of payment of the commission;
- responsibility for the promotion, advertising and costs associated;
- responsibility for client training;
- follow-up service arrangements and responsibilities;
- a non-competition clause;
- pricing and payment terms related to the service;
- access to the end-clients;
- limitations and liabilities of the parties; and
- intellectual property protection rights.

Incorporating a Company

If the partnership becomes a joint venture, a Mexican company will have to be incorporated. Incorporating a company in Mexico can take between one and two months, depending on the complexity of the project. Foreign investors may choose from a number of legal structures. The most popular is the *Sociedad Anónima de Capital Variable*, (*S.A. de C.V.*), which is equivalent to most Canadian corporations. It provides for both limited liability and variable capital.

A Mexican lawyer and probably an accountant should be consulted. The person registering a company must have legal status in Mexico. The usual approach is for the Canadian company to give a power of attorney to a lawyer in Mexico. Canadian law firms or banks may be able to recommend a Mexican law firm. Otherwise, consult the Canadian Embassy in Mexico City and the consulates in Monterrey and Guadalajara for referrals.

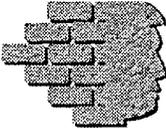


Review

Review



↪ Export readiness



↪ The importance of culture



↪ The value of partnering



 Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce international

18 of 17

This seminar has emphasized three key principles that should guide the actions of Canadian service companies that are interested in the Mexican market. This session briefly reviews them.

Export Readiness

First, the seminar stresses the need for Canadian companies to become export ready before they venture into Mexico. For service companies, export readiness has three major elements:

1. A service offering that is appropriate for Mexican needs and competitive in the Mexican market.
2. A commitment by senior management to make the necessary human and financial resources available.
3. A comprehensive strategic plan.

The small- to medium-sized enterprises (SMEs) that dominate Canada's service industries face challenges in each of these areas. But the seminar has shown how a systematic approach can overcome those barriers, while maintaining inherent small-company strengths. A formal planning process is described and recommended.

The Importance of Culture

Second, the seminar emphasizes that marketing services in Mexico requires special attention to cultural factors. Mexicans like to do business with people they know, even where physical goods are involved. The intangible nature of service offerings means that Canadian service providers must sell themselves first, before they can pursue specific sales. This greatly increases the importance of recognizing cultural factors and their implications to doing business.

The Value of Partnering

Third, the seminar highlights the value of partnering with a Mexican firm as a means of market entry. A typical partnership is described as one where the Canadian firm contributes technology and management know-how, while the Mexican partner contributes market knowledge and access.

Directory

Canadian Government Departments and Services in Canada

Department of Foreign Affairs and International Trade (DFAIT)

DFAIT is the Canadian federal government department most directly responsible for trade development. The **InfoCentre** should be the first contact point for advice on how to start exporting. It provides information on export-related programs and services, acts as an entry point to DFAIT's trade information network, and can provide copies of specialized export publications and market information to interested companies.

InfoCentre

Tel.: 1-800-267-8376 or (613) 944-4000

Fax: (613) 996-9709

FaxLink: (613) 944-4500

InfoCentre Bulletin Board (IBB):

Tel.: 1-800-628-1581 or (613) 944-1581

The Latin America and Caribbean Branch promotes trade with Mexico. There are several trade commissioners at the Embassy of Canada in Mexico City, as well as in the satellite offices in Monterrey and Guadalajara. Trade commissioners can provide a range of services including introducing Canadian companies to potential customers in Mexico, advising on marketing channels, assisting those wishing to participate in trade fairs, helping to identify suitable Mexican firms to act as agents, and compiling strategic business intelligence on potential foreign customers.

Mexico Division

Latin America and Caribbean Branch

Department of Foreign Affairs and International Trade

Lester B. Pearson Building

125 Sussex Drive

Ottawa, ON K1A 0G2

Tel.: (613) 996-5547

Fax: (613) 996-6142

International Trade Centres

International Trade Centres have been established across the country as a convenient point of contact to support the exporting efforts of Canadian firms. Co-located with the regional offices of the Department of Industry (DI), the centres operate under the guidance of DFAIT and all have resident trade commissioners. They help companies determine whether or not they are ready to export, assist firms with market research and planning, provide access to government programs designed to promote exports, and arrange for assistance from the trade commissioners in

Ottawa and trade officers abroad. Contact the International Trade Centre nearest you:

- Newfoundland** International Trade Centre
P.O. Box 8950
Atlantic Place
215 Water Street
Suite 504
St. John's, NF A1B 3R9
Tel.: (709) 772-5511
Fax: (709) 772-2373
- Prince Edward Island** International Trade Centre
P.O. Box 1115
Confederation Court Mall
134 Kent Street
Suite 400
Charlottetown, PE C1A 7M8
Tel.: (902) 566-7400
Fax: (902) 566-7450
- Nova Scotia** International Trade Centre
P.O. Box 940, Station M
1801 Hollis Street
Halifax, NS B3J 2V9
Tel.: (902) 426-7540
Fax: (902) 426-2624
- New Brunswick** International Trade Centre
1045 Main Street
Unit 103
Moncton, NB E1C 1H1
Tel.: (506) 851-6452
Fax: (506) 851-6429
- Quebec** International Trade Centre
5 Place Ville-Marie
Seventh Floor
Montreal, PQ H3B 2G2
Tel.: (514) 496-4636
Fax: (514) 283-8794
- Ontario** International Trade Centre
Dominion Public Building
1 Front St. West
Fourth Floor
Toronto, ON M5J 1A4
Tel.: (416) 973-5053
Fax: (416) 973-8161
- Manitoba** International Trade Centre
P.O. Box 981
330 Portage Avenue
Eighth Floor
Winnipeg, MB R3C 2V2
Tel.: (204) 983-4540
Fax: (204) 983-2187

Saskatchewan

International Trade Centre
 The S.J. Cohen Building
 119-4th Avenue South
 Suite 401
 Saskatoon, SK S7K 5X2
 Tel.: (306) 975-5315
 Fax: (306) 975-5334

Alberta

**Edmonton office is
 also responsible for
 Northwest Territories*

International Trade Centre
 Canada Place
 9700 Jasper Avenue
 Room 540
 Edmonton, AB T5J 4C3
 Tel.: (403) 495-2944
 Fax: (403) 495-4507

International Trade Centre
 510-5th Street S.W.
 Suite 1100
 Calgary, AB T2P 3S2
 Tel.: (403) 292-6660
 Fax: (403) 292-4578

British Columbia

**Vancouver office is also
 responsible for the Yukon*

International Trade Centre
 300 West Georgia Street
 Suite 2000
 Vancouver, BC V6B 6E1
 Tel.: (604) 666-0434
 Fax: (604) 666-8330

World Information Network for Exports (WIN Exports)

WIN Exports is a computer-based information system designed by DFAIT to help Canada's trade development officers abroad match foreign needs to Canadian capabilities. It provides users with information on the capabilities, experience and interests of more than 23,000 Canadian exporters. To register on WIN Exports, call (613) 996-5701, or fax 1-800-667-3802 or (613) 944-1078.

Program for Export Market Development (PEMD)

PEMD is DFAIT's primary export promotion program. It supports a variety of activities to help Canadian companies expand into export markets.

PEMD shares up to 50 percent of eligible expenses. Program financial assistance is a repayable contribution, not a grant, and must be approved in advance. Funded activities include:

- Market Development Strategies, which consist of a package of support for visits, trade fairs, and market support initiatives, under one umbrella of the company's marketing plan.

- New to Exporting Companies, which provides a vehicle for these companies to seek out individual export opportunities, either through a market identification visit or participation in an international trade fair.
- Capital Projects Bidding for specific projects outside Canada involving international competition/formal bidding procedures.
- Trade Association Activities undertaken by non-sales national trade or industry associations on behalf of their member companies.

Support is provided for certain types of government-planned activities, such as outgoing trade missions of Canadian business representatives and incoming missions to Canada of foreign business persons and officials who can influence export sales. For general information, call the InfoCentre at 1-800-267-8376. For applications for assistance, call the International Trade Centre nearest you.

International Financing

DFAIT helps Canadian exporters interested in pursuing multilateral business opportunities financed by international financing institutions (IFIs). Canadian exporters and trade associations can access market data, obtain a better understanding of the competition, and determine if an IFI-funded market opportunity is practical and worth pursuing. DFAIT can provide information and advice on the availability of Canadian government-funded assistance programs and can assist companies in developing effective export marketing. For further information, contact:

International Financing Division

Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2
Tel.: (613) 995-7251
Fax: (613) 943-1100

Technology Inflow Program (TIP)

Managed by DFAIT and delivered domestically by the National Research Council, TIP is designed to help Canadian companies locate, acquire and adopt foreign technologies by promoting international collaboration. The Department of Industry (DI) also helps in program promotion. TIP officers respond to requests to identify technology sources and opportunities for cooperation between Canadian and foreign firms. The Program also helps Canadian firms make exploratory visits abroad to identify and gain first-hand knowledge of relevant foreign technologies, as well as how to negotiate to acquire them. For information, call (613) 993-5326.

Investment Development Program

The Investment and Technology Bureau (TID) promotes Canada as an attractive, competitive destination for business investment to potential foreign investors. It actively encourages investments that take the form of new plant and equipment, joint ventures or strategic partnerships. The Bureau is especially interested in attracting investment that introduces new technology into Canada, which is key to creating new jobs and economic opportunities. It also helps Canadian companies to find international investment partners and to access international sources of capital and technologies. TID provides support to the chief executive officers of Canadian subsidiaries of multinationals which are seeking to attract manufacturing and R&D mandates to Canada. It also monitors and analyzes investment trends and perceptions of Canada as an investment site. TID works closely with the "geographic" branches of DFAIT and the investment counsellors at Canadian missions around the world, as well as with provincial and municipal authorities, and professional and business organizations. For more information, contact:

Investment and Technology Bureau (TID)

Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2
Tel.: (613) 995-4128
Fax: (613) 995-9604

Department of Industry (DI)

DI was created with a broad mandate to make Canada more competitive by fostering the growth of Canadian businesses, by promoting a fair and efficient marketplace for business and consumers, and by encouraging commercial ventures in scientific research and technology. In the area of small business, it has been given specific responsibility to:

- develop, implement and promote national policies to foster the international competitiveness of industry; the enhancement of industrial, scientific and technological development; and the improvement in both the productivity and efficiency of industry;
- promote the mobility of goods, services, and factors of production within Canada;
- develop and implement national policies to foster entrepreneurship and the start-up, growth and expansion of small businesses;
- develop and implement national policies and programs respecting industrial benefits from procurement of goods and services by the Government of Canada; and
- promote and provide support services for the marketing of Canadian goods, services and technology.

The regional offices of DI work directly with Canadian companies to promote industrial, scientific and technological development. They help clients recognize opportunities in a competitive international marketplace by providing services in the areas of business intelligence and information as well as trade and market development. DI also promotes and manages a portfolio of programs and services.

The following are areas in which DI regional offices have special competence:

- access to trade and technology intelligence and expertise;
- entry points to national and international networks;
- industry-sector knowledge base;
- co-location with International Trade Centres connected to DFAIT and Canadian posts abroad;
- client focus on emerging and threshold firms; and
- business intelligence.

For more information, call (613) 941-0222.

Business Service Centre

Department of Industry
235 Queen Street
First Floor, East Tower
Ottawa, ON K1A 0H5
Fax: (613) 957-7942

NAFTA Information Desk

Department of Industry
235 Queen Street
Fifth Floor, East Tower
Ottawa, ON K1A 0H5
Fax: (613) 952-0540

The Business Opportunities Sourcing System (BOSS)

BOSS is a computerized databank that profiles over 25,000 Canadian companies. It lists basic information on products, services and operations of use to potential customers. The system was established in 1980 by the Department of Industry (DI) in cooperation with participating provincial governments. BOSS was originally established so that trade commissioners posted around the world by DFAIT could find Canadian companies that might be able to take advantage of foreign market opportunities. Today, more than 11,000 domestic and international subscribers use the system, not only to locate Canadian suppliers, but also to obtain market intelligence and identify market opportunities. The majority of subscribers are Canadian companies. For more information, call (613) 954-5031.

Market Intelligence Service (MIS)

MIS provides Canadian businesses with detailed market information on a product-specific basis. The service assists Canadian companies in the exploitation of domestic, export, technology transfer and new manufacturing investment opportunities. The intelligence is used by Canadian businesses in decisions regarding manufacturing, product development, marketing and market expansion. A request for information can be custom-tailored to meet each client's particular need. Previously-published customized reports are also available on request. The database is updated quarterly and annually. MIS is offered free of charge by fax, letter or telephone. For more information, contact:

Strategic Information Branch

Department of Industry
235 Queen Street
First Floor, East Tower
Ottawa, ON K1A 0H5
Tel.: (613) 954-5031
Fax: (613) 954-1894

Revenue Canada

Revenue Canada, Customs Program Branch provides a NAFTA Help Desk telephone line with service available in Spanish. Revenue Canada publications and customs notices are available by calling or faxing the NAFTA Information Desk. For more information, contact:

NAFTA Spanish Help Desk

Tel.: (613) 941-0965

NAFTA Information Desk

Revenue Canada, Customs Programs Branch
191 Laurier Avenue West
Sixth Floor
Ottawa, ON K1A 0L5
Tel.: 1-800-661-6121, or (613) 941-0965
Fax: (613) 952-0022

Canadian International Development Agency (CIDA)

An important possible source of financing for Canadian ventures in Mexico is the special fund available through CIDA under the Industrial Cooperation Program (CIDA/INC). This program provides financial contributions to stimulate Canadian private-sector involvement in developing countries by supporting long-term business relationships such as joint ventures and licensing arrangements. INC supports the development of linkages with the private sector in Mexico by encouraging Canadian enterprises to share their skills and experiences with partners in Mexico and other countries. A series of INC mechanisms help enterprises to establish mutually beneficial collaborative arrangements for the transfer of technology and the creation of employment in Mexico.

There are five INC mechanisms that help eligible Canadian firms to conduct studies and that provide professional guidance and advice to potential clients. Where a project involves environmental improvement, technology transfer, developmental assistance to women, job training or job creation, early contact with CIDA's Industrial Cooperation Division is suggested. An important CIDA criterion is that the project creates jobs in Mexico without threatening jobs in Canada. In fact, most CIDA-assisted projects have produced net increases in Canadian jobs. For more information, contact:

Industrial Cooperation Division

Canadian International Development Agency
200 Promenade du Portage
Hull, PQ K1A 0G4
Tel.: (819) 997-7905/7906
Fax: (819) 953-5024

Atlantic Canada Opportunities Agency (ACOA)

Atlantic Canadian companies seeking to develop exports to Mexico may be eligible for assistance from the ACOA. The Agency works in partnership with entrepreneurs from the Atlantic region to promote self-sustaining economic activity in Atlantic Canada.

ACOA provides support to businesses as they look to expand existing markets through the development of marketing plans. Efforts include monitoring trade opportunities arising from global economic change, communications efforts to promote the region, trade missions and associated activities, as well as better coordination with federal and provincial bodies that influence trade and investment opportunities. For more information, contact:

Atlantic Canada Opportunities Agency

Blue Cross Centre
644 Main Street
P.O. Box 6051
Moncton, NB E1C 9J8
Tel.: 1-800-561-7862
Fax: (506) 851-7403

Western Economic Diversification Canada (WD)

WD is responsible for federal economic development activities in Western Canada. The Department works in partnership with the western provinces, business, industry associations and communities to stimulate the western Canadian economy.

WD's "New Directions" program will work to enhance the export position of western companies by boosting their competitiveness in domestic and global markets.

The Department no longer provides repayable loans to individual companies, but seeks new innovative partnerships within both the public and private sectors. These partnerships will address the needs of small- and medium-sized enterprises for information, business services and capital, particularly for high growth industries critical to Western Canada's economic diversification.

One of WD's new products focussed on export development is the International Trade Personnel Program. This federal-provincial initiative links export-focussed western firms with recent post-secondary graduates. The program accomplishes two important socio-economic goals: it gives companies the extra person-power they need to penetrate new markets, and it gives recent graduates valuable work experience. Under the new program, the length of export-development projects may vary from one to three years. Approved projects will be eligible for assistance ranging from C \$7,500 for one year, to a maximum of C \$37,500 per graduate. For more information, contact:

Western Economic Diversification Canada

The Cargill Building
240 Graham Avenue
Suite 712
P.O. Box 777
Winnipeg, MB R3C 2L4
Tel.: (204) 983-4472
Fax: (204) 983-4694

Export Development Corporation (EDC)

EDC is a customer-driven, financial services corporation dedicated to helping Canadian businesses succeed in the global marketplace. EDC provides a wide range of risk management services, including insurance, financing and guarantees to Canadian exporters and their customers around the world.

EDC's products fall into four main categories:

- export credit insurance, covering short- and medium-term credits;
- performance-related guarantees and insurance, providing cover for exporters and financial institutions against calls on various performance bonds and obligations normally issued either by banks or surety companies;
- foreign investment insurance, providing political risk protection for Canadian investments abroad; and
- export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

EDC has established relationships with leading commercial and public sector institutions in Mexico and Latin America. Exporters can call (613) 598-2860 for more information.

Smaller exporters, with annual export sales under C \$1 million, should call the Emerging Exporter Team at 1-800-850-9626.

Exporters in the information technology sector can call EDC's Information Technologies Team at (613) 598-6891.

For information on the full range of EDC services, contact any of the following EDC offices:

Ottawa Export Development Corporation
151 O'Connor Street
Ottawa, ON K1A 1K3
Tel.: (613) 598-2500
Fax: (613) 237-2690

Vancouver Export Development Corporation
One Bentall Centre
505 Burrard Street
Suite 1030
Vancouver, BC V7X 1M5
Tel.: (604) 666-6234
Fax: (604) 666-7550

Calgary Export Development Corporation
510-5th Street S.W.
Suite 1030
Calgary, AB T2P 3S2
Tel.: (403) 292-6898
Fax: (403) 292-6902

Winnipeg <i>*office also serves Manitoba and Saskatchewan</i>	Export Development Corporation 330 Portage Avenue Eighth Floor Winnipeg, MB R3C 0C4 Tel.: (204) 983-5114 Fax: (204) 983-2187
Toronto	Export Development Corporation National Bank Building 150 York Street Suite 810 P.O. Box 810 Toronto, ON M5H 3S5 Tel.: (416) 973-6211 Fax: (416) 862-1267
London	Export Development Corporation Talbot Centre 148 Fullarton Street Suite 1512 London, ON N6A 5P3 Tel.: (519) 645-5828 Fax: (519) 645-5580
Montreal	Export Development Corporation Tour de la Bourse 800 Victoria Square Suite 4520 P.O. Box 124 Montreal, PQ H4Z 1C3 Tel.: (514) 283-3013 Fax: (514) 878-9891
Halifax	Export Development Corporation Purdy's Wharf, Tower 2 1969 Upper Water Street Suite 1410 Halifax, NS B3J 3R7 Tel.: (902) 429-0426 Fax: (902) 423-0881

Canadian Commercial Corporation (CCC)

The CCC, a Crown Corporation, provides Canadian exporters with valuable assistance when they are selling to any foreign government, or to an international organization. In such sales, CCC acts as a prime contractor and guarantor for the sale of Canadian goods and services to the foreign customer.

The CCC certifies the Canadian exporter's financial and technical capabilities and guarantees to the foreign buyer that the terms and conditions of the contract will be met. The CCC's participation in a sale provides Canadian suppliers with the tangible backing of their own government. This enhances their credibility and competitiveness in the

eyes of foreign customers, which can often lead to the negotiation of more advantageous contract and payment terms.

The CCC offers a range of useful tools to provide access to specialized markets such as the U.S. Department of Defence. It can also assist exporters in their transactions with foreign private-sector buyers.

The Corporation's services, as well as the credibility it offers, are of particular benefit to Canadian small- and medium-sized enterprises (SMEs), many of whom are less-known internationally. In 1993 to 1994, nearly 70 percent of the Corporation's suppliers were SMEs. The CCC's recently introduced Progress Payment Program will make it easier for SMEs to obtain pre-shipment financing.

The Progress Payment Program was developed in co-operation with Canada's financial institutions. It makes pre-shipment export financing more accessible to small- and medium-sized exporters. The program allows exporters to draw on a special line of credit, established by their principal banker for a particular export sale. In most instances, the borrowing costs will approximate those associated with a typical demand line of credit. The program is available for transactions with foreign-government and private-sector buyers.

This program aims to get the exporter, its bank and the CCC working together to complete a successful export. The process usually is as follows:

- First, CCC will work with the company to determine whether the CCC can participate in the deal. The CCC assesses risks and the structure of the proposed contract. The customer's method of payment must be acceptable to the CCC.
- A positive assessment leads to preapproval by the CCC and the exporter's financial institution for pre-shipment financing. Negotiations can then begin with the customer, within parameters agreed to by the exporter and the CCC.
- The CCC will normally assume the role of prime contractor in the transaction to provide the performance assurance on which progress payment financing is based.
- Once a deal is in place, the CCC will work with the exporter, monitoring progress in completing the contract. The exporter's financial institution will release progress payments according to the progress of the work as well as the incurred project costs.
- The CCC will collect from the exporter's customer and remit payments to its financial institution.

For more information about the CCC, please contact:

Head Office

Canadian Commercial Corporation
50 O'Connor St., 11th Floor
Ottawa, Ont.
K1A 0S6
Tel.: (613) 996-0034
Fax: (613) 995-2121
Telex: 053-4359

National Research Council (NRC)

Canadian companies hoping to succeed in the Mexican marketplace may require additional technology to improve their competitiveness. The NRC works with Canadian firms of all sizes to develop and apply technology for economic benefit. The Council manages the Industrial Research Assistance Program (IRAP), a national network for the diffusion and transfer of technology. The Council also manages the Canada Institute for Scientific and Technical Information (CISTI) database.

The IRAP network supports the process of developing, accessing, acquiring, implanting and using technology throughout Canadian industry. IRAP has been in existence for 50 years and has acquired a reputation as one of the most flexible and effective federal programs. IRAP takes advantage of an extensive network of more than 190 different locations within approximately 90 communities across Canada, including numerous provincial technology centres, the NRC's own laboratories and research institutes, federal government departments, and technology transfer offices in Canadian universities. For further information, contact:

Industrial Research Assistance Program

National Research Council
Montreal Road
Building M-55
Ottawa, ON K1A 0R6
Tel.: (613) 993-1770
Fax: (613) 952-1086

Canada Institute for Scientific and Technical Information

National Research Council
Montreal Road
Building M-55
Ottawa, ON K1A 0S2
Tel.: (613) 993-1600 or 1-800-668-1222
Fax: (613) 952-9112

Sponsoring Organizations

Business and Professional Organizations

Canadian Council for the Americas (CCA)

The Council is a non-profit organization formed in 1987 to promote business interests in Latin American as well as Caribbean countries. The CCA promotes events and programs targetted at expanding business and building networking contacts between Canada and the countries of the region.

The Canadian Council for the Americas

Executive Offices
145 Richmond Street West
Third Floor
Toronto, ON M5H 2L2
Tel.: (416) 367-4313
Fax: (416) 367-5460

Alliance of Manufacturers and Exporters Canada (AMEC)

99 Bank Street
Suite 250
Ottawa, ON K1P 6B9
Tel.: (613) 238-8888
Fax: (613) 563-9218

Alliance of Manufacturers and Exporters Canada (AMEC)

75 International Boulevard
Fourth Floor
Etobicoke, ON M9W 6L9
Tel.: (416) 798-8000
Fax: (416) 798-8050

The Canadian Chamber of Commerce

55 Metcalfe Street
Suite 1160
Ottawa, ON K1P 6N4
Tel.: (613) 238-4000
Fax: (613) 238-7643

Forum for International Trade Training Inc.

155 Queen Street
Suite 608
Ottawa, ON K1P 6L1
Tel.: (613) 230-3553
Fax: (613) 230-6808

Language Information Centre

240 Sparks Street RPO
Box 55011
Ottawa, ON K1P 1A1
Tel.: (613) 523-3510

Open Bidding Service

P.O. Box 22011
Ottawa, ON K1V 0W2
Tel.: 1-800-361-4637 or (613) 737-3374
Fax: (613) 737-3643

Canadian Standards Association

178 Rexdale Blvd.
Rexdale, ON M9W 1R3
Tel: (416) 747-4000
Fax: (416) 747-4149

Standards Council of Canada

45 O'Connor Street
Suite 1200
Ottawa, ON K1P 6N7
Tel.: (613) 238-3222
Fax: (613) 995-4564

**Mexican Government
Offices in Canada**

The Embassy of Mexico and Mexican consulates can provide assistance and guidance to Canadian companies in need of information about the immigration regulations related to doing business in Mexico. For more information, contact:

Embassy of Mexico

45 O'Connor Street
Suite 1500
Ottawa, ON K1P 1A4
Tel.: (613) 233-8988
Fax: (613) 235-9123

Mexican Consulate in Ottawa

45 O'Connor Street
Suite 1500
Ottawa, ON K1P 1A4
Tel.: (613) 233-6665
Fax: (613) 235-9123

Other Mexican Consulates General in Canada**Consulate General of Mexico**

2000 Mansfield Street
Suite 1015
Montreal, PQ H3A 2Z7
Tel.: (514) 288-2502/4916
Fax: (514) 288-8287

Consulate General of Mexico

199 Bay Street
Suite 4440
P.O. Box 266, Station Commerce Court West
Toronto, ON M5L 1E9
Tel.: (416) 368-2875/8141/1847
Fax: (416) 368-8342

Consulate General of Mexico

810-1139 West Pender Street
Vancouver, BC V6E 4A4
Tel.: (604) 684-3547/1859
Fax: (604) 684-2485

Mexican Foreign Trade Commissions

Banco Nacional de Comercio Exterior (Bancomext) is the Mexican Foreign Trade Commission and has offices in Canada. It offers credits, export guarantees and counselling services to Mexican companies seeking to do business in Canada.

**Mexican Banks with
Offices in Canada**

Banco Nacional de México (Banamex), *Banco de Comercio (Bancomer)*, and *Banca Serfin* are private-sector banks which offer specialized services through their international trade information centres. The centres participate in a computerized communications network with access to numerous economic, governmental and financial databases throughout the world. These banks are located throughout Mexico and maintain offices in Toronto.

Banco Nacional de México (Banamex)

1 First Canadian Place
Suite 3430
P.O. Box 299
Toronto, ON M5X 1C9
Tel.: (416) 368-1399
Fax: (416) 367-2543

Banco de Comercio (Bancomer)

The Royal Bank Plaza
South Tower
Suite 2915
P.O. Box 96
Toronto, ON M5J 2J2
Tel.: (416) 956-4911
Fax: (416) 956-4914

Banca Serfin

BCE Place
Canada Trust Tower
161 Bay Street
Suite 4360
P.O. Box 606
Toronto, ON M5J 2S1
Tel.: (416) 360-8900
Fax: (416) 360-1760

**Canadian Government
Departments and
Services in Mexico****Commercial Division
The Embassy of Canada in Mexico**

The Commercial Division of the Canadian Embassy in Mexico can provide vital assistance to Canadians venturing into the Mexican market. The trade commissioners are well-informed about the market and will respond in whatever measures possible to support a Canadian firm's presence in Mexico.

Note: to telephone Mexico City, dial 011-52-5 before the number shown. For contacts in other cities in Mexico, consult the international code listing at the front of your local telephone directory for the appropriate regional codes.

Commercial Division
The Embassy of Canada in Mexico
Schiller No. 529
Apartado Postal 105-05
Col. Polanco
11560 México, D.F.
México
Tel.: 724-7900
Fax: 724-7982

Canadian Consulate
Edificio Kalos, Piso C-1
Local 108-A
Zaragoza y Constitución
64000 Monterrey, Nuevo León
México
Tel.: 344-3200
Fax: 344-3048

Canadian Consulate
Hotel Fiesta Americana
Local 30-A
Aurelio Aceves No. 225
Col. Vallarta Poniente
44110 Guadalajara, Jalisco
México
Tel.: 616-6215
Fax: 615-8665

Quebec House

Representing the Government of Quebec, the office deals with a wide range of issues. On the commercial side, it promotes Mexican business opportunities with Quebec firms and helps to prepare them for the Mexican marketplace.

Quebec House

Taine No. 411
Col. Bosques de Chapultepec
11580 México, D.F.
México
Tel.: 250-8208
Fax: 254-4282

The Canadian Chamber of Commerce in Mexico

The Canadian Chamber of Commerce in Mexico — *La Cámara de Comercio de Canadá en México* — brings together Canadian business people working in Mexico. Its main objective is to provide information and contacts to Canadian firms interested in doing business in Mexico.

The Canadian Chamber of Commerce in Mexico

c/o Bombardier
Paseo de la Reforma No. 369, Mezzanine
Col. Juárez
06500 México, D.F.
México
Tel.: 729-9903, 207-2400
Fax: 208-1592

**Mexican Federal
Government
Departments**

Secretaría de Comercio y Fomento Industrial (SECOFI)

This department of the Mexican federal government is responsible for developing the country's industry and its foreign and domestic trade. It administers supply and price policies, establishes industrialization, distribution and consumption policies for agricultural, livestock, forestry, mining, and fisheries products. *SECOFI* also promotes Mexico's foreign trade, and defines tariffs and sets official prices. It studies and determines the fiscal incentives needed for industrial promotion. *SECOFI* offices pursue investment throughout Mexico and encourage trade by local industry. They can be important sources of information.

Secretariat of Commerce and Industrial Development

Secretaría de Comercio y Fomento Industrial (SECOFI)
Sub-Secretaría de Promoción de la Industria y el Comercio
Insurgentes Sur No. 1940-P.H.
Col. Florida
01030 México, D.F.
México
Tel.: 229-6560/6561, 229-6100
Fax: 229-6568

Other Government Departments**Secretariat of Agriculture, Livestock and Rural Development**
Secretaría de Agricultura, Ganadería y Desarrollo Rural (SAGAR)

Insurgentes Sur No. 476, Piso 13

Col. Roma Sur

06760 México, D.F.

México

Tel.: 584-0786/0271/6288

Fax: 584-2699

Secretariat of Communications and Transportation*Secretaría de Comunicaciones y Transportes (SCT)*

Av. Universidad y Xola, Cuerpo C, P.B.

Col. Narvarte

03020 México, D.F.

México

Tel.: 530-3060, 538-5148/0450

Fax: 519-9748

Secretariat of National Defence*Secretaría de la Defensa Nacional (SDN)*

Blv. Avila Camacho y Av. Industria Militar

Col. Lomas de Sotelo

11640 México, D.F.

México

Tel.: 395-6766, 557-8971

Fax: 557-1370

Secretariat of Energy*Secretaría de Energía (SE)*

Insurgentes Sur No. 552

Col. Roma Sur

06769 México, D.F.

México

Tel.: 564-9789/9790, 584-4304/2962

Fax: 564-9769, 574-3396

Department of the Federal District*Departamento del Distrito Federal (DDF)*

Plaza de la Constitución

Esquina Pino Suárez, Piso 1

Col. Centro

06068 México, D.F.

México

Tel.: 518-1100, 782-2088/3000

Fax: 542-1429

Secretariat of Finance and Public Credit

Secretaría de Hacienda y Crédito Público (SHCP)

Palacio Nacional
1er. Patio Mariano
Col. Centro
06066 México, D.F.
México
Tel.: 518-5420 through 29
Fax: 542-2821

Secretariat of the Environment, Natural Resources and Fisheries

*Secretaría del Medio Ambiente, Recursos Naturales y Pesca
(SEMARNAP)*

Periférico Sur No. 4209
Col. Jardines en la Montaña
14210 México, D.F.
México
Tel.: 628-0602/0605
Fax: 628-0643/0644

Secretariat of Foreign Affairs

Secretaría de Relaciones Exteriores (SRE)

Ricardo Flores Magón No. 1, Piso 19
Col. Guerrero
06995 México, D.F.
México
Tel.: 782-3660/3765
Fax: 782-3511

Secretariat of Health

Secretaría de Salud (SS)

Lieja No. 8, Piso 5
Col. Juárez
06600 México, D.F.
México
Tel.: 553-7670/7940
Fax: 286-5497

Secretariat of Planning and Budget

Secretaría de Programación y Presupuesto (SPP)

Palacio Nacional, Patio de Honor, Piso 4
Col. Centro
06740 México, D.F.
México
Tel.: 542-8762/8763
Fax: 542-1209

Secretariat of the Interior

Secretaría de Gobernación (SG)

Abraham González No. 48
Col. Juárez
06699 México, D.F.
México
Tel.: 566-8188/3132, 592-1141
Fax: 546-7388

Secretariat of Labour and Social Welfare*Secretaría del Trabajo y Previsión Social (STPS)*

Periférico Sur No. 4271, Edificio A

Col. Fuentes del Pedregal

14140 México, D.F.

México

Tel.: 645-3715/5466

Fax: 645-2595

Secretariat of the Navy*Secretaría de Marina (SM)*

Tramo H. Escuela Naval Militar 861

Eje 2 Oriente No. 861

Col. Cipreses

04830 México, D.F.

México

Tel.: 684-8188

Fax: 684-8188 ext. 4328

Secretariat of Public Education*Secretaría de Educación Pública (SEP)*

Argentina No. 28, Piso 2

Col. Centro

06029 México, D.F.

México

Tel.: 510-2557, 512-0358, 328-1000/1067

Fax: 518-4350, 5218293

Secretariat of Tourism*Secretaría de Turismo (SECTUR)*

Presidente Masaryk No. 172, Piso 8

Col. Polanco

11587 México, D.F.

México

Tel.: 250-8171/8228

Fax: 254-0014

Secretariat of Social Development*Secretaría de Desarrollo Social (SEDESOL)*

Av. Constituyentes No. 947

Edificio B, Planta Alta

Col. Belén de las Flores

01110 México, D.F.

México

Tel.: 271-8481/1616

Fax: 271-8862

Secretariat of the Comptroller General*Secretaría de Contraloría y Desarrollo Administrativo (SECODAM)*

Insurgentes Sur No. 1735 – P.B.

Ala Norte, Oficina 22

Col. Guadalupe Inn

01020 México, D.F.

México

Tel.: 662-2762/3263, 663-3636

Fax: 662-4511

Mexican Foreign Trade Commission

Banco Nacional de Comercio Exterior (BANCOMEXT)

Av. Camino a Santa Teresa No. 1679

Piso 12, Ala Sur

Col. Jardines del Pedregal

01900 México, D.F.

México

Tel.: 652-8422/8620, 327-6000

Fax: 652-9408

Other Agencies and Organizations

Mexican Investment Board — *Consejo Mexicano de Inversión (CMI)* is a non-profit joint venture of the Government of Mexico and the private financial sector. It was created to assist foreign investors. Information on how the Board assists investors can be obtained from the Mexican Embassy or from consular offices operated by *Bancomext* in Vancouver, Toronto, and Montreal.

Mexican Investment Board

Consejo Mexicano de Inversión (CMI)

Paseo de la Reforma No. 915

Col. Lomas de Chapultepec

11000 México, D.F.

México

Tel.: 202-7804

Fax: 202-7925

National Chamber of Manufacturing Industry — *Cámara Nacional de la Industria de Transformación (CANACINTRA)* offers a wide range of services to companies wishing to do business in Mexico. It offers information on government regulations and procedures as well as advice on trade, financial incentives, industrial parks, and joint ventures. A separate division of the Chamber prepares studies of Mexico's economic situation while the international affairs division focuses on trade promotion.

National Chamber of Manufacturing Industry

Cámara Nacional de la Industria de Transformación (CANACINTRA)

Av. San Antonio No. 256

Col. Ampliación Nápoles

03849 México, D. F.

México

Tel.: 563-3400

Fax: 563-5381

Financial Institutions**Mexico's Central Bank**

Banco de México
Tacuba No. 4, Piso 1
Col. Centro
06059 México, D.F.
México
Tel.: 512-5817, 237-2378
Fax: 237-2370

National Development Bank — *Nacional Financiera (NAFIN)* provides financing for small- and medium-sized enterprises and promotes economic and regional development. To support business development in Mexico, it will offer venture capital to foreign entrepreneurs involved in joint ventures as well as domestic businesses.

National Development Bank

Nacional Financiera (NAFIN)
Insurgentes Sur No. 1971, Piso 13
Col. Guadalupe Inn
01020 México, D.F.
México
Tel.: 325-6000, 661-7165/4044
Fax: 325-6042, 661-8418

Bancomer — *Banco de Comercio* specializes in financing small- and medium-sized companies. It will also handle the Mexican financing for joint ventures. Its officers can serve as intermediaries between foreign investors and Mexican partners.

Banco de Comercio, S.A. (BANCOMER)

Av. Universidad No. 1200

Col. Xoco

03339 México, D.F.

México

Tel.: 621-3301/3302, 621-0034

Fax: 621-3988

Mexican Stock Exchange

Bolsa Mexicana de Valores

Reforma No. 255

Col. Cuauhtémoc

06500 México, D.F.

México

Tel.: 208-8174

Fax: 591-0534

National Banking Commission

Comisión Nacional Bancaria y de Valores

Insurgentes Sur No. 1971

Col. Guadalupe Inn

01020 México, D.F.

México

Tel.: 724-6900/6000

Fax: 724-7364, 661-3608

Major Business and Professional Organizations

Mexico has a number of Chambers of Commerce and professional organizations that can provide assistance and guidance to Canadian companies in Mexico. Their standards of service vary widely and you should consult with Canadian officials to determine which organization would best suit your needs.

Mexican Association of the Automotive Industry

Asociación Mexicana de la Industria Automotriz, A.C. (AMIA)

Ensenada No. 90

Col. Condesa

06100 México, D. F.

México

Tel.: 272-1144

Fax: 272-7139

National Association of Importers and Exporters of the Mexican Republic

Asociación Nacional de Importadores y Exportadores de la República Mexicana (ANIERM)

Monterrey No. 130

Col. Roma

06700 México, D.F.

México

Tel.: 564-8618/9218

Fax: 584-5317

Mexican Business Council for International Affairs*Consejo Empresarial Mexicano para Asuntos Internacionales (CEMAI)*

Homero No. 527, Piso 7

Col. Polanco

11570 México, D.F.

México

Tel.: 250-7033

Fax: 531-1590

Mexican Confederation of Employers*Confederación Patronal de la República Mexicana*

Insurgentes Sur No. 950, Piso 1 y 2

Col. del Valle

03100 México, D.F.

México

Tel.: 687-6465/6467

Fax: 536-2160

Mexican Confederation of National Chambers of Commerce*Confederación de Cámaras Nacionales de Comercio (CONCANACO)*

Balderas No. 144, Piso 3

Col. Centro

06079 México, D.F.

México

Tel.: 709-1559

Fax: 709-1152

National Chamber of Commerce of Mexico City*Cámara Nacional de Comercio de la Ciudad de México (CANACO)*

Paseo de la Reforma No. 42

Col. Juárez

06030 México, D.F.

México

Tel.: 592-2677/2665

Fax: 705-7412, 592-3571

National Chamber of the Construction Industry*Cámara Nacional de la Industria de la Construcción (CNIC)*

Periférico Sur No. 4839

Col. Parques del Pedregal

14010 México, D.F.

México

Tel.: 665-0424, 424-7400

Fax: 606-6720

National Chamber of the Apparel Industry*Cámara Nacional de la Industria del Vestido (CNIV)*

Tolsá No. 54

Col. Centro

06040 México, D.F.

México

Tel.: 578-0788, 761-6541, 588-7664

Fax: 578-6210

National Institute for Statistics, Geography and Informatics
Instituto Nacional de Estadística, Geografía e Informática (INEGI)
Edificio Sede
Av. Héroe de Nacosari No. 2301 Sur
Fraccionamiento Jardines del Parque
20270 Aguascalientes, Aguascalientes
México
Tel.: 918-6947
Fax: 918-6945

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