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Diverse Needs and Approaches

REGIONAL OPPORTUNITIES IN MEXICO

Many Canadian business people have become familiar in recent years with Mexico City, Monterrey, Guadalajara. A few have specialized regional knowledge of other areas because of their particular fields, but to a great number of Canadians, exporters or not, the rest of Mexico is unknown terrain.

But the fact is that Mexico has 31 states and a federal district. It has long Atlantic and Pacific coasts, and a geography that includes mountain communities, deserts, coastal plains, large urban centres, and villages with less population than a high-rise. This is a diverse country with diverse needs and opportunities.

Exporters looking for new opportunities might well consider learning a little about the diversity of Mexico, and about how to approach potential customers, clients or contacts in the area that attracts them. And, although Mexico has been addressing its regional development needs in recent years, it is only now beginning to recognize the potential mutual benefit of its new foreign trade opportunities and its internal development needs.

In Canada, we are used to hearing about various initiatives for the development of one region, one

industry, or one sector. This is a part of modern Mexican program design as well, and the increase in recognition of regional needs in Mexico can open doors to exporters and investors with interests beyond the major financial and business centres.

The Salinas government, which will shortly conclude its six-year term,

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introduced in its early days a National Development Plan. One aspect of this scheme, informally known as Solidaridad, has as its principal objective an attempt to narrow regional disparities. Its major thrusts have been in modernizing and expanding infrastructure, on the rationale that better roads, electricity and the like would aid communities in developing their own resources and strengths. It is intended to be community-responsive, and projects have, in some instances, been undertaken as a result of direct, focussed requests by community governments. The success of the program, which is ongoing, is varied — government officials have acknowledged that the

events in Chiapas were an indication that action was too slow in responding to some needs there — but there are indications elsewhere that many problems have been addressed.

Another way in which the Mexican federal government has moved to encourage regional development is through incentive programs. They are simple in concept: productivity is rewarded, prices regulated or supported in order to assist a region in developing its own resources.

Something relatively new to Mexico, according to the new SECOFI Minister in Ottawa, Jose Poblano, is the plan of the Business Facilitation Centre of the Mexican government to deal directly with the states.

This initiative is at a seminal stage, but its objectives make a lot of sense and will be of value to exporters and investors as it begins to see results. SECOFI is planning a database of information culled from state governors' offices, as well as from those of state trade, public works and finance ministers and of industries located in each state. This will identify their requirements and their resources, so that interested exporters and investors can more directly contact potential business partners or

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GETTING TO KNOW THE MEXICAN INVESTMENT BOARD

The Mexican Investment Board (MIB) is a non-profit joint venture of the government of Mexico and the private financial sector. Its role is to assist foreign investors in Mexico.

The Secretary of Trade and Industry is Chairman of the MIB, and the Presidents of both the Bankers' and Brokers' Associations are members of the board. The MIB offers its knowledge and support to ensure that investment projects advance at the right speed and in the right direction. As a non-profit organization, its mission is to help foreign investors at every step of the way as they explore and pursue business opportunities in Mexico.

The MIB helps with:

- Information on the whole range of issues affecting decisions about whether to invest and how to go about it; the different regions of the country and what they have to offer; setting up operations; costs; markets; suppliers; labour availability and skills; transportation and communications; government incentives and taxation. The MIB

provides detailed briefings, including profiles of markets and industries, and information on relevant government policies and programs.

The MIB offers its knowledge and support to ensure that investment projects advance at the right speed and in the right direction.

- Advice on the viability of projects; on obtaining banking, legal and accounting services; in dealing with authorities at federal, state and local levels; in finding suppliers and potential partners.
- Assistance with arranging visits to Mexico and planning an agenda, as well as in contacting the right government authorities, key firms and business people.

One of the outstanding and easily accessible contributions of the Mexican Investment Board is the series of publications it produces profiling various sectors in Mexico.

In the meantime, Bancomext has offices in about 40 centres around Mexico, and is, as always, a very good first call. Bancomext officials are already familiar with the local contacts in many areas, and if their formidable database is integrated with or accessible to a SECOFI file constructed specifically on a regional basis, no one will be far away from accurate and up-to-date knowledge about what may still be, to foreigners, an

obscure corner of Mexico. Mr. Poblano reiterates the consistent theme of Mexican trade officials — that, after preliminary research, Canadians should visit Mexico, meet the people, and be prepared to take the time to get to know those with whom they plan to do business. That approach, clearly, is national, not merely regional, and may mean more Canadians will be seen in Michoacan, Zacatecas and Oaxaca in the coming months and years.

Subjects currently covered range from agribusiness and automotive industries to transportation and electronics and textiles. The MIB also has publications on intellectual property protection, on the new foreign investment law, and an economic and business overview. It provides case histories of success stories in Mexico, to introduce a sampling of business procedures and how they work.

Although the Mexican Investment Board does not have any self-standing offices in Canada, it can be approached through the offices of SECOFI in Ottawa (See article page I) or of Bancomext in Montreal, Toronto or Vancouver (see October issue).

If you wish to contact the Mexican Investment Board (in Spanish, Consejo Mexicano de Inversion — CMI) directly, write to:
CMI,
Reforma 915,
Col.Lomas de Chapultepec,
11000 Mexico, D.F.,
Mexico.
Tel: 011-525-202-7804
Fax: 011-525-328-9930

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customers in the various regions of the country. The plan is to start with "the business states" because they have the most experience in dealing with foreign partners and investors — "we can develop the program drawing on their experience," says Mr. Poblano — and to have the first 10 states covered by early next year.



INFORMATICS: Integration/Services in Demand

supplier; this is one of the challenges to be addressed in the short term.

Given the quality of our software products and services, our location, our membership in NAFTA, and the growing trade relations between Mexico and Canada, it seems a not insurmountable problem. Trade promotion efforts, such as a planned Canada Pavilion featuring 15 Canadian informatics companies at COMDEX '95 next March in Mexico City, will help open doors (for information, fax Jan Mullins (613) 993-9991). What can the industry itself do to help Canadian firms capitalize on any interest produced by promotion efforts?

Flexibility

A key requirement will be to supply products that meet Mexican technical specifications. Canadians already have a reputation in Mexico for being more flexible in their dealings with Mexican clients, and in their ability to adapt products, than some other exporters.

It will be important to ensure that good Spanish-language versions of software are available. The United States, with its huge and increasingly educated Hispanic population, has an automatic edge here, but Canada's history of dealing with translation at high level can be an aid in approaching this matter with meticulous attention. Enrollment in Spanish-language courses nationwide indicates the growing availability of a domestic talent pool of Spanish speakers and writers.

Local Support

Companies will need to position

good local support for their products, by nurturing partnerships and establishing satellite offices in order to advise clients on any difficulties they run into with new products. Training Mexican staff may form a key to success in keeping Canadian products operating at optimum levels.

Competitive Pricing

Competitive pricing will be an essential factor in developing a good market share. U.S. firms price aggressively, and market powerfully from their many Spanish-language outlets.

Expansion

The privatization in 1992 of Telmex, the Mexican national telephone system, opened up a number of informatics opportunities that are still growing in Mexico. But, in order for Mexico to take full advantage of the opportunities afforded by NAFTA, it must expand the implementation of electronic data interchange and related technology beyond its existing use. Among growth areas identified:

- *personal computer use*: the best solution for meeting the needs of small- and medium-sized businesses.
- *industry-specific software*: increasingly preferred over generic solution applications.
- *network growth*: the current telecommunications system has significant inadequacies; the market for cable televisions and

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NEWMEX PLUS TARGETS OPPORTUNITIES

NEWMEEX Plus is an export development program designed to help Canadian companies take full advantage of emerging new business opportunities created by the NAFTA.

NEWMEX Plus is a joint venture between the Department of Foreign Affairs and International Trade (DFAIT) and the Forum for International Trade Training (FITT). Designed specifically for senior executives and marketing managers in small- to medium-sized companies, NEWMEX Plus combines an intensive two-day export preparation program in Phase 1 with a

practical five-day trade mission to Mexico in Phase 2.

PHASE 1

Phase 1 provides participants with an overview of Mexican markets, business practices, cultural differences and business opportunities. There are tips and guidelines for negotiating with Mexican partners, and a step-by-step process for developing a business plan for exporting to Mexico.

PHASE 2

Phase 2 takes participants on a fully-escorted, government-sponsored trade mission to Mexico that is customized to the needs of the companies on each visit. During this phase, participants will learn to deal with foreign banking, shipping, customs and import regulations, packaging and labelling and other such business practices. Additionally, they will meet high-level industry contacts, policy decision makers and prospective trade partners through a series of pre-arranged meetings.

Cost to participants is \$2500, which includes GST. To inquire or register, please contact FITT at (613) 230-3458 or (800) 561-3488.

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cellular telecommunications is expected to show strong expansion.

An additional incentive to vigorously entering the Mexican informatics market is the potential of easier entrée to other Latin American markets. An established presence in Mexico indicates to other Latin American countries a company's interest in the region. The Mexican track record of Canada's Groupe Berclair Inc., a major supplier of software for synchronized manufacturing, suggests that many South American firms turn to Mexico as a source of supply and expertise.

Mexico is estimated to be 90 per cent literate, and computer literacy will rise quickly. This, combined with the youth of the population, will lead to consistent and steady growth in the country's informatics needs, from industry and business to the education system and ultimately the leisure sector. Growth rate predictions vary from one element of the overall industry to the other, and according to the source, but it is generally and confidently assessed as a sector in which steady growth over a long period is inevitable.

Access

Access, the newsletter of the new Access North America (ANA) program, is published monthly and only in *CanadExport*. Subscribers to *CanadExport* automatically receive *Access*. It examines opportunities for Canadian businesses, introduces some Canadians already operating in the Mexican and U.S. markets, profiles specific sectors, and notifies readers of forthcoming events related to doing business in Mexico.

Your feedback is welcomed; correspondence should be sent to the Department of Foreign Affairs and International Trade, Ottawa, Ontario, Canada K1A 0G2, or by fax, (613) 992-5791.

For further information or a copy of a brochure on Access North America, contact InfoCentre, (613) 992-8376 (In Ottawa 944-4088).

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