

# Mexico in Brief

## HIGHLIGHTS

Mexico has a number of advantages, that make it an excellent source of long-run opportunities for Canadian exporters.

- A strategic geographical location including a 3,234-kilometre border with the United States, coastlines facing both Europe and Asia as well as a gateway into Latin America.
- Preferred access to the United States, the world's largest market, under the North American Free Trade Agreement (NAFTA).
- A relatively young work-force of more than 30 million people that has proved capable of delivering quality at substantially lower labour costs than in the advanced industrialized economies.
- Plentiful natural resources.
- A rapidly growing domestic market of 92 million people, about half of them under 20 years of age.
- An economic and regulatory climate that is supportive of the private sector.

## MEXICO: THE OPPORTUNITY

In spite of the economic crisis brought on by the sharp devaluation of the peso in December 1994, Mexico remains as a source of major opportunities for Canadian exporters. These opportunities have their roots in Mexico's sweeping economic reforms, which began in the late 1980s. The North American



Free Trade Agreement (NAFTA), which came into effect on January 1, 1994 has further reduced the barriers standing in the way of Canadian companies that want to move into Mexico.

Mexico's reforms included a complementary group of policies including trade liberalization, deregulation and privatization. The government also embarked on a massive program to modernize the nation's dilapidated infrastructure, a legacy of decades of protectionism. The result was several years of sustained economic growth and a dramatic drop in the rate of inflation.

Unfortunately, the forces of expansion and modernization also caused some negative effects. Mexico lacked the sophisticated technology needed to bring about this economic revolution on its own. Imports surged as Mexican manufacturers scrambled to modernize their operations so they could compete in international markets. The surge in imports put pressure on the peso. The government of former President Carlos Salinas put off the problem by drawing down its foreign currency reserves to dangerously low levels. The incoming government of President Ernesto Zedillo could not

## SUMMARY REPORT

This market information has been produced and published by Prospectus Inc. under contract with Department of Foreign Affairs and International Trade (DFAIT), along with other market profiles and summaries on business opportunities in Mexico. It is available from:

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Cat. No. E74-76/1996E  
ISBN 0-662-24129-0

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sustain this policy. Over the Christmas holidays of 1994, the three-week-old government stopped supporting the peso. Within days, it had lost one-third of its value relative to the American dollar. Subsequent market adjustments have left it at less than half of its 1994 value.

These dramatic events triggered a serious economic crisis, as higher import prices cascaded through the economy. Mexico's gross domestic product (GDP) fell by about 6 percent during 1995. Inflation surged from 7 percent in 1994 to more than 50 percent in 1995. The market for imports was profoundly affected by their increased cost in terms of pesos.

The Mexican economy is now on the way to recovery. The devaluation shock has mostly worked its way through the system. In the view of most observers, the problems were caused by the mismanagement of a predictable devaluation, not by any fundamental weakness in the economy. Predictions for 1996 are for inflation in the 20 percent range and economic growth between 1 and 3 percent. Although this level of growth will not restore industrial output to 1994 levels, it indicates that the worst of the crisis is over. And from the foreign exporter's perspective, continuing internal inflation is a positive factor. The devaluation caused import prices to surge almost immediately. But it is taking time for the inflationary effects to work their way through the cost structures of domestic competitors. Imports are already regaining competitiveness in some sectors and this trend is expected to continue.

For the Canadian exporter with a medium-term strategy, Mexico continues to offer excellent opportunities. It has become one of the most open economies in Latin America. Competitive pressures are forcing Mexican manufacturers to simultaneously increase their efficiency and

product quality. Experience has shown that joint ventures with foreign companies are one of the best ways to accomplish those objectives. Moreover, Mexico continues to enjoy the advantages of a large domestic market, as well as a young population and an abundant and cost-competitive labour supply.

In the longer term, Mexico can provide an excellent base for Canadian companies interested in expanding into the rest of Latin America. In particular, Canada's bilateral negotiations with Chile, which began in late 1995, are likely to lead to new

opportunities there. Eventually, plans for liberalized trade on a hemispheric basis are likely to bear fruit. Companies with an established base in Mexico will be in an excellent position to move into these emerging markets.

## MEXICO: THE CHALLENGES

Canadian companies taking advantage of opportunities in Mexico face significant challenges. Although it is a large market, Mexico's population is mostly poor. Only about one-fifth of all Mexicans are considered poten-

### FACTS ABOUT MEXICO

<b>Land area:</b>	With a total area of just under two million square kilometres, Mexico is the thirteenth largest country in the world. About 19 percent of the total area is arable and 29 percent is forested.			
<b>Population:</b>	At the time of the last census in 1990, the population was 81.2 million. According to <i>Instituto Nacional de Estadística, Geografía e Informática (INEGI)</i> , National Institute for Statistics, Geography and Informatics estimates, it was about 92 million in 1995. About half the population is under the age of 20 and one million people enter the labour force every year. Population growth has moderated to about 2 percent annually, down from an annual average of 3.5 percent in the 1970s and 1980s.			
<b>Urbanization:</b>	Almost 60 percent of the population lives in cities of 15,000 or more. The largest cities are:			
	Mexico City	20,000,000	León	850,000
	Guadalajara	3,500,000	Ciudad Juárez	775,000
	Monterrey	3,400,000	Tijuana	650,000
	Puebla	1,200,000	Torreón	610,000
<b>Political structure:</b>	The Federal republic is comprised of 31 states and one federal district (Mexico City), which is the seat of the federal government. The legislative branch consists of two houses: the Senate (128 seats) and the Chamber of Deputies (500 members). The President serves as head of state and government.			
<b>Climate:</b>	The country is tropical in the south, temperate in the central highlands and dry to the north.			
<b>Official language:</b>	Spanish.			
<b>System of measurement:</b>	Metric.			
<b>Time:</b>	Mexico City is in the Central Standard Time Zone (GMT-6).			

Source: *Acerca De México, Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, <http://www.inegi.gob.mx/homepages/acerca/>.

tial customers for most imported consumer products. Nonetheless, companies which can adapt their products for the low-income population will find ready markets.

The Mexican government is seeking to increase the role of the private sector in the economy. But policies of privatization and deregulation are still new to Mexico. In some cases, new policies have been launched before the mechanisms for their practical implementation have been fully developed. New regulations are sometimes implemented without prior notice. Popular opposition has also inhibited the freedom of the government to proceed with some of its plans.

Political instability is likely to hamper the government's stabilization plans. Massive economic changes have swept through the nation in less than a decade. It is not surprising that a population accustomed to subsidies and protection has reacted with some trepidation. Abrupt changes of policy have become the norm. For example, the government used the distraction of the 1995 Christmas holidays to impose an overnight increase of 140 percent in Mexico City's subway fares. Large income disparities make the political situation even worse. One of the consequences of this instability is that capital is likely to remain scarce and expensive over the medium term.

In spite of recent improvements, Mexico's transportation and communications infrastructure is still poorly developed. Shipments can be delayed at the border for seemingly minor errors in paperwork. Telephone service is unreliable and expensive. Modern data communications are still new to Mexico.

These challenges are important but manageable for companies prepared to establish a long-term presence in Mexico. To be successful in this

## HISTORY OF MEXICO

### ORIGINS

The origin of the inhabitants of Mexico may be traced back to 50,000 B.C. when the first settlers arrived from Asia across the Bering Strait. It is estimated that by 7000 B.C., agriculture was already established in Mexico.

### PRE-HISPANIC PERIOD: 2000 B.C. TO 1521 A.D.

The country was inhabited by many aboriginal groups, most notably the Mayans, who dwelt in the southern region, including what is now Yucatán and neighbouring countries to the south. In the twelfth century A.D., the Aztecs arrived from the north and settled in what is known today as Mexico City and surrounding areas. Initially, they were overshadowed by other indigenous groups in the area, but by the mid-thirteenth century, the Aztecs extended their empire over a large part of present-day Mexico. Despite its imposing appearance, the Aztec empire collapsed within two years of the arrival of the Spaniards in 1519.

### THE COLONIAL ERA: 1521 TO 1821

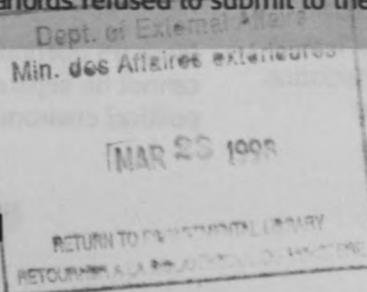
Mexico's colonial administration reserved all government positions for those born in Spain. Local manufacture of even the most basic products was prohibited to ensure a captive market for Spanish goods. These restrictions were increasingly resented by Mexican-born Creoles and Mestizos who now numbered two million people. The outbreak of civil war in 1810 marked the beginning of the end for Spanish colonial rule.

### INDEPENDENCE: 1821 TO 1910

Mexico formally gained independence in September 1821. At that time, it covered a vast territory stretching from Oregon to Panama. By 1853, however, after a series of wars, Mexico was reduced to the territory that it occupies today. Its economy was in ruins and the conservatives who had led the country were discredited. Benito Juárez, who came to power in 1848, introduced a new constitution and liberal reforms that alarmed the conservatives. They looked abroad to Napoleon III of France for assistance and a French army under Maximilian von Habsburg drove Juárez from power for a time. Ultimately, the French intervention failed, Maximilian was executed and Juárez resumed the presidency in 1867. Juárez died in office and was succeeded by Porfirio Díaz, whose presidency of 30 years marked the first extended period of peace as well as the onset of industrialization.

### THE REVOLUTION: 1910 TO 1929

In 1910, the autocratic Díaz regime was overthrown by a revolution led by Francisco I. Madero, a moderate democrat. The ineffective Madero was soon overthrown and executed by General Huerta. A bloody civil war raged for seven years, during which more than one million Mexicans died. The revolutionary forces finally triumphed in 1917 and introduced a new constitution that reformed land tenure and entrenched the rights of labour unions. The post-revolutionary years, however, were marked by ongoing instability as local warlords refused to submit to the central government.



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## HISTORY OF MEXICO (cont'd)

### CONTEMPORARY MEXICO

In 1929, the *Partido Nacional Revolucionario (PNR)*, National Revolutionary Party, was founded as a broad-based organization that drew support from all social groups and regions in Mexico. The PNR became the *Partido Revolucionario Institucional (PRI)*, Institutional Revolutionary Party, and has held federal power to this day. In 1938, President Cárdenas nationalized the petroleum industry and the railways, which one year later were turned over to the unions. This initiated a period of economic nationalism, protectionism and state intervention that lasted until the late 1980s.

The discovery of significant new oil reserves made Mexico one of the world's oil-exporting countries. The new-found wealth led to a boom economy with shallow foundations. Things rapidly turned sour after oil prices collapsed in the early 1980s. Having borrowed on the strength of its oil wealth, the Mexican government found itself increasingly hard-pressed to honour its international financial obligations. In 1982, it announced that it could no longer make payments on its debt.

The debt crisis was the most visible sign of a malaise that had spread throughout the Mexican economy. Low productivity, an inefficient state sector, a top-heavy government and hyperinflation all characterized Mexico in the mid-1980s. Even so, there were signs of change. Under former president Miguel de la Madrid, a policy of economic openness was initiated and, in 1986, Mexico joined the General Agreement on Tariffs and Trade (GATT). President Salinas came to power in 1988 and began to introduce reformist economic policies to privatize industry, liberalize economic institutions and address needed social reforms. Despite a temporary economic and financial crisis in 1995, the reform and modernization process is continuing under President Zedillo, who assumed office in late 1994.

Source: *Canada-Mexico Partnering for Success*, Fourth Edition. Ottawa: Prospectus Inc., 1996, p. 21.

market, Canadian companies must be prepared to be flexible and sensitive to the cultural differences of their Mexican counterparts. There is a lot more to this than just working in another language. Mexicans like to do business with people they know. Developing the necessary relationships will take time and patience.

### RECENT ECONOMIC DEVELOPMENTS

The government of Ernesto Zedillo assumed office on December 1, 1994, following an election in August. Zedillo represents the

*Partido Revolucionario Institucional (PRI)*, Institutional Revolutionary Party, which has been in power for almost 70 years. Under the Mexican constitution, presidents are elected for single six-year terms. A period of uncertainty is normal during the first year of each presidency, because traditionally, top officials are replaced with people loyal to the incoming president. In this case, however, President Zedillo inherited an unusually complex situation.

#### **The Devaluation of the Peso**

Mexico's economic conditions cannot be separated from the political environment. A devaluation

of the peso would have been inevitable given Mexico's trade imbalances. A crisis might have been averted if the government had elected to orchestrate an orderly devaluation. Nonetheless, it is hard to minimize the effect of political factors.

In March 1994, Luis Donaldo Colosio, the front-runner in the presidential election campaign, was assassinated. Ernesto Zedillo, an advisor to Colosio, stepped in to take over as the candidate for the the *Partido Revolucionario Institucional (PRI)*, Institutional Revolutionary Party. An important banker was kidnapped, another top politician was also assassinated, and to make matters worse, prominent political figures were implicated in both assassinations. Meanwhile, the peasant uprising by the Zapatista movement in the southern state of Chiapas created further destabilizing pressures throughout 1994. The resulting flight of capital exacerbated Mexico's currency problems, forcing the government virtually to deplete its currency reserves. In late December 1994, the government stopped supporting the peso, and within days it lost one-third of its value. Only a US \$50 billion international bailout, led by the United States, with contributions from Canada and other countries, averted the collapse of the Mexican financial system.

#### **The Economic Crisis**

The abrupt devaluation of the peso in December 1994 led to a sudden rise in the price of imports. This had a devastating effect on Mexican industry, which had greatly increased its use of foreign inputs over the previous few years. By April 1995, industrial production was down by 14 percent compared with the same month in 1994. For the year as a whole, the gross domestic product (GDP) fell by about 6 percent. The unemployment rate for 39 key urban areas peaked at 7.6 percent in

August, compared with 3.6 percent a year earlier. True unemployment is much higher because the official rate excludes the informal economy.

The effects of the devaluation on industrial production were concentrated on industries with a combination of large foreign inputs and heavy dependence on domestic consumer sales. The consumer price index rose by almost 8 percent in April 1995 alone, and the increase for the full year was about 52 percent. In general, the exporting industries gained, as the cheap peso stimulated sales. In the first three quarters of the year, production was up by 2 percent in the paper industry and almost 10 percent in the basic metal industry. Mining production also increased sharply.

### **Privatization and Deregulation**

Following a major economic crisis brought on by the drop in oil prices in the early 1980s, the government was forced to consider alternatives to its longstanding protectionist policies. The president at the time, Miguel de la Madrid, liberalized trade, joined the General Agreement on Tariffs and Trade (GATT), and began to sell-off state enterprises. Soon after coming to power in 1988, former president Carlos Salinas committed his government to aggressively continue these policies. Trade barriers were chopped, state subsidies were drastically cut, and the economy was opened up to private-sector participation. During his term, the number of state enterprises was cut to 215 from 1,115 when de la Madrid came to power in 1982. Salinas was also responsible for initiating the trade talks that eventually led to the creation of the North American Free Trade Agreement (NAFTA). These policies helped to stabilize public finances, and generate economic growth. The inflation rate dropped from 52 percent in 1988 to 7 percent in 1994.

President Zedillo has continued the policies of his predecessor. In early 1995, the privatization program was stepped up. Petrochemical refineries, natural gas pipelines, electricity plants and railway operations were added to the list of government assets for sale. The new government is also committed to fully implementing the agrarian reforms enacted by its predecessor. Within a few weeks of coming to office, the Zedillo government streamlined the government bureaucracy in a series of moves that have been interpreted as encouraging the private sector.

### **The National Development Plan**

In May 1995, President Zedillo fulfilled his constitutional obligation to present the nation with an economic plan for his six-year term. The *Plan Nacional de Desarrollo (PND)*, National Development Plan, incorporates five broad objectives:

- strengthening national sovereignty and improving the country's international image;
- eliminating corruption;
- developing democracy through electoral reform;
- fostering social development by improving education, expanding health care and anti-poverty programs; and
- achieving an annual growth rate of 5 percent or more, and generating an extra one million jobs a year.

In addition, the Zedillo government wants to reduce its dependence on foreign investment to 2 percent of gross domestic product (GDP) or less by the close of the century. Realizing this objective will mean increasing domestic savings and reforming the tax system to encourage the reinvestment of profits.

### **Foreign Trade**

The United States is Mexico's largest trading partner by far, accounting for 85 percent of the nation's imports and 69 percent of its exports. Canada is the second largest export market and the fourth largest source of imports. The leading Canadian exports to Mexico are manufactured goods, followed by agriculture, mining and forestry products. Motor vehicles and parts account for almost 40 percent of Canada's imports from Mexico, followed by machinery, with another 36 percent. Services and Canadian value-added incorporated into American exports to Mexico are not included in the trade data.

Under the previous government, Mexico's imports grew much faster than exports, leading to a serious trade deficit. Canadian exports to Mexico increased by 37 percent in 1994 alone. The devaluation of the peso has had the expected effect of reversing this trend. In the first three quarters of 1995, exports rose by 33.2 percent while imports fell by 7.7 percent. As a result, Mexico posted a merchandise trade surplus of US \$5.4 billion over the period. This compares with a trade deficit of US \$13.6 billion in the same three quarters of 1994. Exports increased in all of the major manufacturing sectors. The biggest winners were basic metals with an 88 percent increase in exports, and paper with a 58 percent increase. Textile exports were up by more than 50 percent. The smallest gain was in wood products with a 3.7 percent rise. The wood industry is typical of several Mexican industries, where low product quality and production bottlenecks have limited the ability of manufacturers to take advantage of the devaluation.

### **Outlook for 1996**

After a tumultuous 1995, Mexico anticipates recovery in 1996. Much

depends upon improved investor confidence. The inflation rate slowed to 2.5 percent in November and is expected to fall gradually throughout the year. The unemployment rate fell to 6.0 percent in November, down from 7.6 percent in August, but still much higher than the 3.9 percent posted for November 1994. *Banco de Mexico*, the central bank, is expected to loosen its grip on the money supply. In addition, the government plans to develop the export sector, with greater efforts towards the integration of small- and medium-sized enterprises. The government has also made progress towards meeting its promises of electoral reform. In spite of these encouraging signs, domestic consumption is expected to recover slowly, especially if new tax incentives are introduced to encourage saving.

## POLITICAL STRUCTURE AND LEGAL SYSTEM

Mexico is a federal republic composed of 31 states and a federal district which includes Mexico City. The federal government is comprised of three branches: executive, legislative and judicial. The head of the executive branch is the President who is elected by popular vote for a single six-year term. Legislative power is vested in the Chamber of Deputies and the Senate, whose members are elected for three-year and six-year terms, respectively. The judicial branch consists of a Supreme Court of Justice, Circuit Courts and District Courts.

Each of the 31 states has its own constitution, civil code and other local laws and regulations, as well as its own executive, legislative and judicial authorities. The head of the state executive branch is the Governor. The legislative branch consists of the Chamber of Deputies

and judicial power is exercised by the local courts.

Mexico has a civil law system, which is based on the continental European legal tradition stemming from Roman law and Napoleonic principles. Under this system, basic legal principles are established by civil, commercial,

criminal, judicial and procedural codes. Judicial precedents are not binding except for Supreme Court decisions under certain circumstances.

### Political Parties

The *Partido Revolucionario Institucional (PRI)*, Institutional Revolutionary Party, has dominated

### Mexican Federal Government Secretariats

Department	Acronym	English equivalent
<i>Presidencia de la República</i>		Office of the President
<i>Procuraduría General de la República</i>	PGR	Office of the Attorney General
<i>Secretaría de Agricultura, Ganadería y Desarrollo Rural</i>	SAGAR	Secretariat of Agriculture, Livestock and Rural Development
<i>Secretaría de Comunicaciones y Transportes</i>	SCT	Secretariat of Communications and Transportation
<i>Secretaría de la Defensa Nacional</i>	SDN	Secretariat of National Defence
<i>Secretaría de Comercio y Fomento Industrial</i>	SECOFI	Secretariat of Commerce and Industrial Development
<i>Secretaría de Contraloría y Desarrollo Administrativo</i>	SECODAM	Secretariat of the Comptroller General
<i>Secretaría de Turismo</i>	SECTUR	Secretariat of Tourism
<i>Secretaría de Desarrollo Social</i>	SEDESOL	Secretariat of Social Development
<i>Secretaría de Marina</i>	SM	Secretariat of the Navy
<i>Secretaría de Energía</i>	SE	Secretariat of Energy
<i>Secretaría de Educación Pública</i>	SEP	Secretariat of Public Education
<i>Secretaría del Medio Ambiente, Recursos Naturales y Pesca</i>	SEMARNAP	Secretariat of the Environment, Natural Resources and Fisheries
<i>Secretaría de Gobernación</i>	SG	Secretariat of the Interior
<i>Secretaría de Hacienda y Crédito Público</i>	SHCP	Secretariat of Finance and Public Credit
<i>Secretaría de Relaciones Exteriores</i>	SRE	Secretariat of Foreign Affairs
<i>Secretaría de Salud</i>	SS	Secretariat of Health
<i>Secretaría de Programación y Presupuesto</i>	SPP	Secretariat of Planning and Budgeting
<i>Secretaría del Trabajo y Previsión Social</i>	STPS	Secretariat of Labour and Social Welfare

Mexico's political scene for almost 70 years. There are two major opposition parties, the *Partido Revolucionario Democrático (PRD)*, Democratic Revolutionary Party, and the *Partido de Acción Nacional (PAN)*, National Action Party.

The *PRI's* firm grip on power since its inception in 1929, is attributed mainly to its ability to maintain favour with influential Mexicans. In recent years, the party's notorious electoral practices have come under scrutiny by a disaffected populace no longer willing to accept the overwhelming majority of *PRI* candidates. Calls for electoral reform became more vocal following the questionable victory of Carlos Salinas de Gortari in 1988. Nonetheless, the *PRI* managed to maintain its hold on power with the 1994 election of Ernesto Zedillo. That election was tainted by the assassination of *PRI* candidate Luis Donald Colosio. President Zedillo has promised broad political reforms, and the role of the opposition parties in the Chamber of Deputies has gradually begun to expand.

The *PAN* has traditionally been the main opposition, winning support from conservative Catholic elements, traditional landed families and vested business interests. It has a strong backing in some regions, including Chihuahua, Baja California and the Yucatán. The *PRD* is the strongest party to the left of the *PRI*. Although its impressive showing in the 1988 election was not repeated in 1994, the party remains a significant force in some regions.

## DOING BUSINESS IN MEXICO

### Time and Business Hours

Most of Mexico is on Central Standard Time (GMT-6), although several states in the northwest are

on Mountain Standard Time. Baja California Norte is on Pacific Standard Time.

Businesses are usually open from 09:00 to 14:00; they close for siesta, then reopen from 16:00 until 19:00 Monday to Friday. In some of the hotter regions of the country, mid-day closures may last from 13:00 until 16:00, with the evening closure delayed until 20:00. Banks are generally open from 09:00 to 13:30, Monday to Friday.

### Public Holidays

The following is a list of public holidays recognized throughout Mexico. Banks, post offices and government offices are closed most of these days.

January 1	New Year's Day
February 5	Constitution Day
March 21	Birthday of President Benito Juárez
March or April	Holy Week – Maundy Thursday, Good Friday, Holy Saturday and Easter Sunday
May 1	Labour Day
May 5	<i>Cinco de Mayo</i> – Battle of Puebla against the French
September 16	<i>Día de la Independencia</i> – Mexican Independence Day
October 12	<i>Día de la Raza</i> – Columbus Day
November 2	All Souls' Day
November 20	Anniversary of the Mexican Revolution of 1910
December 12	<i>Día de Nuestra Señora de Guadalupe</i> – Our Lady of Guadalupe
December 25	Christmas Day

### Business Visitors and Work Permits

Access to Mexico for business purposes has been simplified under the North American Free Trade Agreement (NAFTA). Four different categories of visitors are recognized:

- short-term business visitors;
- professionals visiting for longer terms;
- intra-company transferees, who perform specialized management or executive functions; and

- traders and investors, who conduct trade in goods and services.

Each category has specific qualifying criteria which should be considered before leaving Canada. In most cases, persons wishing to visit for the purpose of establishing business ties with Mexico will qualify as business visitors. The following general criteria apply to business visitors entering any of the NAFTA countries:

- a citizen of a member country;
- seeking entry for business purposes;
- the proposed business activity is international in scope;
- no intention of entering the local labour market;

- the primary source of remuneration is outside the country of proposed entry;
- the principal place of business and the accrual of profits remain outside the country of proposed entry; and
- meet existing immigration requirements for temporary entry.

These requirements can best be satisfied by presenting a letter setting out all the circumstances of the business trip to an immigration officer at the point of entry.



Business visitors who meet the above criteria must complete a *Forma Migratoria de Negocios (FMN)*, business form. These can be obtained from travel agents, airlines, and Mexican immigration officers at ports of entry. An *FMN* is valid for 30 days and can be extended once for an additional 30 days, provided that the circumstances of entry to Mexico have not changed. The *FMN* must be returned to immigration officers upon departure from Mexico.

Many Canadian business people enter Mexico as tourists on their first orientation visit. Subsequent visits for the purpose of conducting business should be covered by a business visitor application, because contracts signed by the visitor could be broken if he or she is not legally eligible to conduct business at the time.

### **Business Etiquette**

Canadians who travel to Mexico for business purposes should bear in mind that they are operating in a different culture. Becoming familiar with Mexican business culture is worth the effort. Among other benefits, it may help to identify opportunities. Mexicans take an easy-going approach to doing business although they retain certain formalities. The most important feature of the Mexican way of doing business is the tacit understanding that family and social obligations take precedence over business.

Sometimes, visitors misinterpret the *mañana* attitude as laziness or procrastination. A more accurate interpretation is that there is a sense of priorities, and leisure ranks prominently. The traditional Mexican lunch is a good example. Most businesses close for lunch every day between 14:00 and 16:00. Conversation during this period rarely focusses on the specifics of business. Discussion of family and friends takes precedence. But it is a

mistake to conclude that the lunch has nothing to do with business. Mexicans like to do business with people they know, and the casual atmosphere at lunch provides an opportunity to assess visitors and get to know them better. A visitor's ability to relax and focus on family and social concerns will play well in the eyes of a Mexican.

Conversely, any sign of impatience or rush will be negatively perceived. For Mexicans, social life focusses on family — usually the extended family — and an attempt to place business ahead of family may be taken as an insult. Traditionally, a man is the head of the family, but women are held in equally high esteem as the mother figure. Elders are respected and revered, something children are taught from an early age.

Foreigners should expect lunch to run at least two hours and not be surprised if it stretches to four. Acceptable topics of conversation include general discussion of business, world news, family and mutual friends. Specific business matters should be addressed only if the Mexican host raises them. Inappropriate subjects include death, money problems and gossip. The issue of who picks up the bill is similar to the Canadian custom. A friendly jostle over the bill may be appropriate, but at the first sign of the host taking offense, the foreigner should be quick to concede graciously.

Another important aspect of building business ties in Mexico is a demonstrated willingness to appreciate the country's culture and language. The time taken to learn even a few Spanish basics will be appreciated. Mexicans are proud of their heritage, and efforts should be made to become familiar with some aspects of the country. Visitors will be asked whether they have taken the time to enjoy some of the local culture, so it may be wise to arrive at a destination

a day early to take in the local offerings. Canadian visitors should be aware that they may be lumped with Americans in the minds of some Mexicans. Americans are sometimes considered arrogant, ostentatious and loud. It does not take much effort to dispel these preconceived notions and to earn the respect of Mexican hosts.

Regarding formal business protocol, a few simple rules apply. Upon meeting, handshakes are the norm. First names are not used until the visitor is specifically invited to do so. Mexicans place high value on titles and status. Business cards should stress the holder's rank and be printed in Spanish or both English and Spanish. Despite the formal nature of the initial meeting, business in Mexico quickly becomes social.

Notwithstanding Mexico's image as a macho society, women wanting to do business there need not be intimidated. The male domination of Mexican business is a fact of life, but women are afforded respect, especially if they demonstrate rank or status within their own organizations. Mexicans respect decision-making clout, regardless of the gender of the person involved. The substance of a business proposition is equally important for women and men.

## **WHERE TO GO FOR ASSISTANCE**

### **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.

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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 consulates 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.

#### **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

#### ***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.

#### **Commercial Division**

The Embassy of Canada in Mexico  
Schiller No. 529  
Apartado Postal 105-05  
Col. Polanco  
11560 México, D.F.  
México  
Tel.: (011-525) 724-7900  
Fax: (011-525) 724-7982

#### **Canadian Consulate**

Edificio Kalos, Piso C-1  
Local 108-A  
Zaragoza y Constitución  
64000 Monterrey, Nuevo León  
México  
Tel.: (011-528) 344-3200  
Fax: (011-528) 344-3048

#### **Canadian Consulate**

Hotel Fiesta Americana  
Local 30-A  
Aurelio Aceves No. 225  
Col. Vallarta Poniente  
44110 Guadalajara, Jalisco  
Tel.: (011-523) 616-6215  
Fax: (011-523) 615-8665

#### ***Mexican Government Offices in Canada***

The Embassy of Mexico, Mexican Trade Commissioners in Canada, and Mexican consulates can provide assistance and guidance to Canadian companies in need of information about the immigration regulations involved in 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

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