Thomas A. Zimmermann

Doing Business in Mexico



Verlag Rüegger

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A Guide Designed for Practitioners in Swiss Small and Medium-Sized Enterprises

Verlag Rüegger

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Table of Contents

On This Book **15**

Part I: Country Information **19**

1 Basic Country Information and Indicators **21**

2 General Country Information **25**
2.1 Geography 25
2.2 Climate 25
2.3 Population 25
2.4 History 26
2.5 Challenges for the Future 30
2.6 The Government System at a Glance 31

3 The Mexican Economy **35**
3.1 Sectoral Pattern 35
3.2 Regional Pattern 36
3.2.1 Mexico City and the Surrounding States 39
3.2.2 The North: States Bordering the U.S. 40
3.2.3 Guadalajara 41
3.2.4 The Bajío Region 41
3.2.5 Other Regions 42
3.3 International Economic Relations 42
3.3.1 Overview 42
3.3.2 Main Trade Partners and Investors 43
3.3.3 Sectoral Composition of Trade and Investment 44
3.3.4 Swiss-Mexican Economic Relations 45
3.3.5 Opportunities for Swiss Exporters and Investors 47
3.4 The Mexican Economy Today 50
3.4.1 Recent Evolution 50
3.4.2 Current Situation and Forecasts 52

Part II: Doing Business 59

4 Market Research in Mexico 61
4.1 Introduction 61
4.2 Data Sources 61
4.2.1 Publicly Accessible Internet Databases 61
4.2.2 Other Data Sources 67
4.3 Direct Market Contact 68
4.4 External Assistance 69
4.4.1 Bilateral Chambers of Commerce in Mexico 70
4.4.2 National Trade Information Agencies 70
4.4.3 Market Research Agencies 71

5 Market Entry 73
5.1 Market Entry Strategies 73
5.1.1 Introduction: Choosing the Right Strategy 73
5.1.2 Indirect Exports to Mexico 73
5.1.3 Direct Exports to Mexico 74
5.1.4 Technological Co-operation: License Agreements 77
5.1.5 Foreign Direct Investment: Joint Ventures 78
5.1.6 Foreign Direct Investment: Wholly-Owned Subsidiaries 79
5.2 Partnering in Mexico 80
5.3 Distribution Channels 83
5.3.1 Consumer Goods 83
5.3.2 Capital Goods and Intermediate Products 84
5.4 Promotion and Advertising 87
5.4.1 Consumer Goods 87
5.4.2 Capital Goods and Intermediate Products 88
5.5 Pricing, Payment and Collection 89

6 Exporting to Mexico 93
6.1 Tariffs 93
6.1.1 Tariff Elimination under the Free Trade Agreement EFTA-Mexico 94
6.1.2 Rules of Origin of the Free Trade Agreement EFTA-Mexico 97
6.1.2.1 Invoice Declaration 98
6.1.2.2 Movement Certificate EUR.1 99
6.1.3 Customs Valuation 99
6.2 Other Import Duties and Taxes 100
6.2.1 Value Added Tax 100

6.2.2 Tax on New Cars ... 100
6.2.3 Excise Taxes ... 100
6.2.4 Customs Fee ... 100
6.2.5 Warehousing Fees ... 100
6.2.6 Fee for the Customs Broker ... 101
6.3 Technical Import Regulations ... 101
6.3.1 Technical Norms ... 101
6.3.2 Conformity Assessment ... 102
6.3.3 Labelling Requirements ... 104
6.4 Requirements with Regard to the Importer ... 105
6.4.1 Mandatory Registration with Importers' Registries ... 105
6.4.2 Accounting Requirements ... 107
6.4.3 Storage of Information ... 107
6.5 Customs Regimes ... 107
6.5.1 Definitive Imports ... 108
6.5.2 Temporary Imports ... 108
6.5.2.1 Carnet ATA: Trade Shows, Samples, Work Equipment ... 108
6.5.2.2 Special Programs for Maquiladoras or Export Industries ... 108
6.5.3 Bonded Warehouse ... 109
6.5.4 Other Regimes ... 109
6.6 Customs Clearance ... 109
6.6.1 Customs Declaration ... 110
6.6.2 Letter of Appointment of the Customs Broker ... 110
6.6.3 Commercial Invoice ... 111
6.6.4 Packing List ... 112
6.6.5 Manifest ... 112
6.6.6 Bill of Lading ... 112
6.6.7 Import Licences ... 112
6.6.8 Movement Certificate EUR.1 or Invoice Declaration ... 113
6.6.9 NOM Certificates ... 114
6.6.10 Other Documents and Recommendations ... 114

7 Investing in Mexico ... 117
7.1 Introduction ... 117
7.2 Main Investment Regulations ... 117
7.2.1 The Foreign Investment Law ... 117
7.2.1.1 Basic Rationale: Freedom of Investment (Art. 4) ... 117
7.2.1.2 Activities Reserved to the State (Art. 5) ... 118
7.2.1.3 Activities Reserved to Mexicans Only (Art. 6) ... 118

7.2.1.4 Activities with Limitations on Foreign Capital (Art. 7 and 8) . 119
7.2.2 Investment Protection Agreement Switzerland-Mexico 120
7.2.3 Investment Rules in the Free Trade Agreement EFTA-Mexico 121
7.3 General Investment Climate 121
7.4 Investment Locations 124
7.4.1 Attractiveness of States 124
7.4.2 Industrial Parks 127
7.5 Industrial Costs in Mexico 128
7.6 Specific Investment Programs 129
7.7 Establishing a Business Presence: Administrative Steps 131
7.7.1 Establishment of a No-Income Representative Office 131
7.7.2 Establishment of a Branch 131
7.7.3 Establishment of a Mexican Corporation 131

8 Selected Legal Aspects of Doing Business 137
8.1 Protection of Intellectual Property Rights 137
8.1.1 Introduction 137
8.1.2 Copyright and Related Rights 138
8.1.3 Patents 139
8.1.4 Industrial Designs 139
8.1.5 Utility Models 139
8.1.6 Layout Designs of Integrated Circuits 139
8.1.7 Trademarks 139
8.1.8 Geographical Indications 140
8.1.9 Undisclosed Information 140
8.1.10 New Plant Varieties 140
8.2 Public Procurement 141
8.3 Selected Aspects of Taxation 144
8.3.1 Direct Taxes 144
8.3.2 Indirect Taxes 145
8.4 Labour Regulations 146
8.5 Consumer Protection and Producer Liability 150
8.6 References on Other Areas of Law 151

9 The Mexican Marketplace: Success Factors and Risks 153
9.1 Mexico-Specific Success Factors 153
9.1.1 A Trustworthy Local Partner 153
9.1.2 Seeking Expert Advice on Tax and Legal Issues 153
9.1.3 Networks on the Mexican Market 153
9.1.4 Local Workforce 154

9.1.5 Financial Autarky 155
9.1.6 Patience and Long-Term Commitment 156
9.1.7 Know When to Give Credit 156
9.1.8 Well-Negotiated and Well-Written Contracts 157
9.1.9 Good Preparation 158
9.1.10 Recognition and Acceptance of Cultural Differences 159
9.1.11 Speaking Spanish! 163
9.2 Opportunities and Challenges 163
9.3 The Mexican Marketplace: Reasons for Failure 164
9.4 The Image of Swiss Products 165

Part III: Short Business Traveller's Guide 167

10 Business Trips to Mexico 169
10.1 Travelling to Mexico 169
10.2 Immigration Regulations for Visitors 169
10.3 Customs Regulations for Travellers 171
10.4 Where to Stay 172
10.5 Getting Around in Mexico 172
10.5.1 Travelling by Aeroplane 172
10.5.2 Travelling by Car 173
10.5.3 Travelling by Bus and Train 174
10.6 Important Safety Recommendations 175
10.7 Important Health Recommendations 177
10.8 Money 179
10.9 Use of Technical and Communications Infrastructure 180
10.9.1 Voltage 180
10.9.2 Plugs 180
10.9.3 Mobile Phones 180
10.10 Other Useful Information 183
10.10.1 Time Zones and Daylight Savings Time 183
10.10.2 Opening Hours and Holidays 183
10.10.3 Tips 184
10.10.4 Information on Living in Mexico 184

Part IV: Contacts and Resources 187

11 Selected Addresses 189
11.1 Emergency Phone Numbers 189
11.2 Emergency Addresses 189

11.3 Diplomatic Representations in Mexico and Switzerland 191
11.4 Useful Mexican Federal Government Addresses 192
11.5 Useful Mexican State Government Addresses 197
11.6 Selected Mexican Business Organisations 209
11.6.1 Umbrella Organisations 209
11.6.2 Selected Industry-Specific Associations and Chambers 210
11.7 Bilateral Chambers of Commerce and Industry 213
11.8 National Trade Information Agencies 215
11.9 Market Research Agencies 218
11.9.1 Association 218
11.9.2 Firms 218
11.10 Marketing and Advertising 220
11.10.1 Associations and Chambers 220
11.10.2 Firms 221
11.11 Law Firms in Mexico 223
11.12 Banking 226
11.12.1 Association 226
11.12.2 Mexican Banks 226
11.12.3 Swiss Banks 227
11.12.4 Other Foreign Banks 228
11.13 Insurance and Reinsurance 229
11.13.1 Association 229
11.13.2 Insurance and Reinsurance Companies 229
11.14 Logistics 231
11.14.1 Associations and Chambers 231
11.14.2 Firms 232
11.15 Real Estate 234
11.16 Other Useful Addresses 235

12 Selected Literature 239

13 Selected Internet Resources 245
13.1 Project Websites "Perspectivas México" 245
13.2 Media 245
13.2.1 News Agencies 245
13.2.2 Newspapers 246
13.2.3 Business Magazines 247
13.2.4 Major National Television Programs 247
13.3 Other Websites with Mexican Content 248

On This Book

On 1 July 2001, a comprehensive free trade agreement between the EFTA States and Mexico entered into force. The agreement considerably improves market access for Swiss exporters in Mexico. Unlike traditional free trade agreements, it also includes new regulatory disciplines such as services and investment. The latter is of particular interest because the country is one of the world's largest economies and poised to establish itself as an international centre of trade and production, not least for its close commercial relations with the United States. Mexico currently maintains one of the world's most sophisticated networks of free trade agreements, covering trade relations with 32 countries. Additional negotiations are under way.

Swiss firms have long been present in Mexico. Some of the major corporations have been active on the Mexican market for a century. However, Small and Medium-Sized Enterprises (SME) are now only slowly discovering the potential of Mexico as both an export destination and investment location. In order to promote awareness of Swiss SMEs for Mexico, the Latin American Chamber of Commerce in Switzerland initiated the project "Perspectivas México" with participants from both the private and public sectors (see page 5).

The publication "Doing Business in Mexico" is a result of this project. It is designed to help Swiss SMEs in their market research, market entry and, eventually, investments in this interesting country. Unlike other publications on the topic, "Doing Business in Mexico" focuses specifically on the information needs and perspectives of Swiss SMEs, taking into account the changes after the entry into force of the free trade agreement or specific intercultural issues. The main objective is to offer relevant information which can be readily utilised by Swiss SMEs, regardless of their industry affiliation.

Part I introduces the reader to this fascinating country, its long history, its politics and its economy. It becomes clear that Mexico is undergoing a deep transition from a country with one party rule and a closed economy to a pluralist democracy and a major player in the world economy. This situation offers excellent opportunities, provided it is approached appropriately and precautions are taken to minimise risks. Business persons interested in establishing a business relationship with Mexico should take the time to familiarise themselves with the historical and political evolution (Chapter 2) and the economic environment (Chapter 3) of Mexico.

Part II focuses on core business aspects: Chapter 4 on market research is conceived as a navigator to help Swiss SME representatives retrieve targeted information. Fortunately, many Mexican institutions, public and private, have invested heavily into their websites: Industry-specific data, business directories or market access information are readily available and constitute a formidable online information resource on the Mexican economy that is only a few mouse clicks away. In Chapter 5, the pros and cons of different market entry modes are discussed, and advice is given with regard to successful partnering in Mexico – probably one of the most important factors for foreign firms in the Mexican market. Chapter 6 contains a guide to exporting, including some technicalities of the export business. We hope that the information contained therein will assist you in getting your goods across the border and into the Mexican market. The information on foreign direct investment (FDI) which is contained in Chapter 7 will be of help to those readers who are contemplating business presence in the Mexican market. It gives an overview of the legal framework, the business climate, favourable investment locations, selected costs and basic administrative processes. Some of these issues are also taken up in Chapter 8 which deals with selected aspects of the legal environment. Finally, Chapter 9 is a wrap-up of Part II, recalling briefly major success factors and challenges when doing business in Mexico. It highlights the importance of "soft factors" and cultural considerations for successfully dealing with Mexican partners.

Part III contains some practical advice for business travellers. Last but not least, Part IV offers information on resources which Swiss SMEs may tap in search of additional assistance or information for their Mexican venture: Chapter 11 offers a vast compilation of selected business contacts and references both in Mexico and Switzerland. The goal is to list institutions which are able to provide targeted assistance and expert advice at all stages of market research, market entry and investment. The list has been put together with the conviction that Swiss SMEs will sooner or later have to rely on local expertise in the market entry process, be it in order to cope with the legal requirements of establishing a business presence or to conduct thorough background checks of potential partners, both of which are necessary for business success. Chapter 12 contains a bibliography with a selection of the literature that I used when writing this book and which may be of help to Swiss SMEs dealing with particular issues. Finally, Chapter 13 concludes with some internet addresses that point to major Mexican media and internet portals with general Mexican content.

Where the text makes reference to firms or institutions whose addresses are listed in Chapter 11, the symbol "✉" and the number of the Section where the address is listed will help users to access contact information rapidly. Usually, addresses inside each Section of Chapter 11 appear in alphabetical order.

Although we proceeded with utmost care when editing this publication, the author, editors, project sponsors and project partners of "Perspectivas México" expressly disclaim all liability according to the disclaimer on page 7.

"Doing Business in Mexico" is meant to provide an introductory orientation for Swiss SMEs on major aspects of expanding business activities into Mexico. The project partners of "Perspectivas México" hope that the book will serve this purpose well. Finally, I gratefully acknowledge the invaluable support obtained from many persons, firms and institutions while I wrote this book. In particular, I wish to thank Monica Wagner Perales (SIAW-HSG), Daniel Barnes and Sybille Wullschleger (sia Abrasives Industries AG) for their excellent editorial assistance.

Thomas A. Zimmermann St. Gallen / Gottmadingen, June 2002



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Country Information


Tijuana
Ensenada
UNITED STATES
Ciudad Juárez
Sierra Madre Occidental
Chihuahua
Nuevo Laredo
Monterrey
Matamoros
Gulf of Mexico
CUBA
La Paz
Durango
Sierra Madre Oriental
Mazatlán
Tampico
Progreso
Cancún
Mérida
León
Puerto Vallarta
Guadalajara
Tuxpan
Veracruz
Caribbean Sea
MEXICO
Manzanillo
Lázaro Cárdenas
Sierra Madre del Sur
Coatzacoalcos
Oaxaca
BELIZE
Acapulco
Salina Cruz
GUATEMALA
HONDURAS
0 200 400 km

1 Basic Country Information and Indicators

Basic Country Information
Official name: Estados Unidos Mexicanos (United Mexican States)
Capital: Ciudad de México (Mexico City)
Government Type: Federal Republic, composed of 31 states and 1 federal district

Geography
Area: 1'964'375 sq.km
Geographic location (extremes): 86°W – 118°W / 14°N – 32°N

Demography
Population: 97'483'412 inhabitants in 2000 census (81'249'645 in 1990)
Population density: 50 inhabitants / sq.km;
Population growth rate: 2.1% p.a. (1990-1995); 1.6% p.a. (1995-2000)
Age structure: 0-14: 34.1%; 15-64: 60.9%; above 65: 5.0%
Households: 21.9 mn; average size: 4.4 persons/household in 2000 (5.0 in 1990)
Ethnic groups: 60% Mestizo (Spanish-Amerindian), 30% Amerindian or predominantly Amerindian, 9% white, 1% other
Total fertility rate: 2.6 children born / woman
Life expectancy at birth: 71 years
Religions: Roman Catholics (89%), Protestants (6%), Other (5%)
Languages: Spanish; various indigenous languages such as Mayan or Náhuatl

Development Indicators:
GDP per capita in 2001: 6'450 USD (est.)
Infant mortality rate: 25 deaths / 1'000 live births
Literacy: 90.5% (people of age 15 and above who can read and write)
Schooling rate (children between 6 and 14 years): 92.3%
Health system: 1.2 doctors / 1'000 inhabitants; 0.78 hospital beds / 1'000 inhabitants

Infrastructure:
253'666 km of paved roads
26'656 km of railways
57 international airports
28 national airports
108 seaports

Economic Indicators:
Total GDP in 2001: 5'937'345 mn. MXP = 648'458 mn. USD
GDP/capita at current prices and exchange rates: 6.450 USD (2001, estimated)
GDP growth in 1999 / 2000 / 2001: 3.7% / 6.6% / -0.3%
Inflation rates (CPI) at year-end in 1999 / 2000 / 2001: 16.6% / 9.5% / 6.4%
Open unemployment rates in 1999 / 2000 / 2001: 2.5% / 2.2% / 2.5%
Interbank interest rates (91 days) at the end of 1999 / 2000 / 2001: 18.8 % / 18.4% / 8.0%
Total exports in 2000 / 2001: 166'455 mn. USD / 158'547 mn. USD
Total imports in 2000 / 2001: 174'458 mn. USD / 168'276 mn. USD
Average nominal exchange rate MXP/USD in 1999 / 2000 / 2001: 9.50 / 9.65 / 9.16
Foreign Direct Investment in 2000 / 2001: 14'190 mn. USD / 24'730 mn. USD

International Relations:
Membership in international organisations (selection): APEC, BIS, CCC/WCO, EBRD, ECLAC, IADB, IAEA, IBRD, ILO, IMF, ISO, ITU, OAS, OECD, UN, UNCTAD, UNIDO, WTO, WIPO
Regional Agreements: Free Trade Agreements with 32 countries (including USA, EU and EFTA members) and 17 Agreements on the Mutual Protection and Promotion of Investments

Main Economic Sectors
Total GDP: 648 bn. USD
Agriculture, Forestry and Fishing: 30.1 bn. USD or 5% of Gross Aggregate Value
Industrial Sector: 152.4 bn. USD or 25% of Gross Aggregate Value
Services: 415.3 bn. USD or 70% of Gross Aggregate Value
Main manufacturing industries: Metal Products, Machinery and Equipment (30.4%); Food, Beverages and Tobacco (28.5%); Chemical substances, oil and oil derivates, plastics (14.6%)

Main Regions of Economic Activity
Mexico City and adjacent states (México, Puebla, Tlaxcala, Hidalgo, Morelos)
Monterrey (Nuevo Léon)
Guadalajara (Jalisco)
Regions bordering the U.S. (mostly for Maquiladora industry)
Bajío: Growing industrial centres in Querétaro, Guanajuato or Aguascalientes

Trade

Exports in 2000: 158.5 bn. USD; Imports in 2000: 168.3 bn. USD
Main export destinations: USA 88.5%, Canada 1.9%, Germany 1.6%, Spain 0.8%
Main import origins: USA 67.6%, Japan 4.8%, Germany 3.6%, Canada 2.5%
Main export sectors: Manufacturing 89.6%, Extractive industries 7.6%
Main import sectors: Manufacturing 94.7%, Agriculture and Forestry 2.5%

Investment

FDI inflows in 2000: 13.0 bn. USD; Cumulated FDI inflows 1996-2000: 52.3 bn. USD
Origin of FDI inflows 1996-2000: USA 78.9%, Netherlands 13.3%, Spain 12.9%

Swiss-Mexican Economic Relations

Agreements: Free Trade Agreement, Double Taxation Treaty, Investment Protection Agreement
Swiss exports to Mexico in 2000: 992 mn. CHF (0.73% of total Swiss exports)
Main export products: Chemical products (43.2%), machinery and electronics (36.7%)
Swiss FDI flows to Mexico in 2000 (prov.): 904 mn. CHF (1.26% of total Swiss FDI flows)
Swiss FDI stocks in Mexico in 2000 (prov.): 4'368 mn. CHF (1.17% of total Swiss FDI stocks)
Main sectors of Swiss FDI: 78% manufacturing, 22% services



Photographer: Regina Schwegler

Office buildings on the Paseo de la Reforma, Mexico City's main boulevard

2 General Country Information

2.1 Geography

Mexico covers a territory of nearly 2 million square kilometers, nearly 48 times the size of Switzerland. In the West, the country borders the North Pacific Ocean with a coastline of 7'360 km whereas in the East, Mexico borders the Gulf of Mexico and the Caribbean Coast on 2'780 km of coastline. Neighbours are the United States in the North, and Belize and Guatemala in the South.

The topographic conditions vary considerably across the country. Roughly speaking, the topography of the mainland is dominated by three large mountain chains, the Sierra Madre Occidental in the West (which later becomes the Sierra Madre del Sur in the South) and the Sierra Madre Oriental in the East. In between are the central highlands (Altiplano Central) which cover an important part of the territory. Between the coast and the two Sierras, plains stretch narrowing from North to South. The Southern limit of the Altiplano Central is the active volcano range Cordillera Neovolcánica which ranges from Jalisco in the West to Southern Veracruz in the East, including volcanoes such as the Popocatépetl (5.452 m) close to the capital Mexico City. Further South, the Isthmus of Tehuantepec separates North from Central America where Mexico is only 220 km wide from coast to coast. South-East of the Isthmus lies the Southern state of Chiapas where a coastal plain is backed by the Sierra Madre de Chiapas, followed by highlands with tropical rain forests. More to the North-East, the flat Peninsula Yucatán follows. Another noteworthy feature of Mexican topography is the world's longest peninsula, Baja California, which stretches in the North West of the country like a finger on a length of 1'300 km southwards into the Pacific Ocean.

2.2 Climate

The climate varies greatly across the country and reflects both the large size of the country and its topographic variety. The climate in the North can be described as hot and dry. The central highlands are relatively temperate by comparison. However, the scarcity of water is a big issue there, too. Precipitation is more abundant in the South, particularly on the Eastern slope of the Sierra Madre Occidental and the Northern Slope of the Isthmus of Tehuantepec.

2.3 Population

At the last census in February 2000, Mexico counted 97'483'412 inhabitants. Given the approximate current growth rate of around 1.6% p.a., the country will now have more than 100 mn inhabitants. While the general population density is around 50

inhabitants per sq. qm, there are vast, barely populated areas in the North and on the peninsulas of Yucatán and Baja California. The majority of the population resides in the Center and the South of the country, particularly around Mexico City: The capital and its suburbs in the surrounding state of Mexico have approximately between 20 and 25 mn inhabitants which is roughly three times the size of Switzerland. Other big cities are Guadalajara (1.6 mn; agglomeration has nearly 9 mn inhabitants), Monterrey (1.1 mn; agglomeration has around 5 mn inhabitants), Puebla (1.3 mn), Tijuana (1.2 mn), Ciudad Juárez (1.2 mn) and Léon (1.1 mn).

The average household size is 4.4 persons and has declined from 5.0 over the last decade. Mexico has a very young population when compared to most industrialised countries. Currently, more than 60% of the population are younger than 30 years old. The family still plays an important role both in the Mexican value system and in the country's social system.

Although Spanish is used throughout the country, various indigenous languages such as Mayan or Nahuátl are still spoken at local communities by more than 6 mn Mexicans, particularly in the South of the country and in Yucatán. In some states, more than a third of the population speaks indigenous languages; and in the state of Chiapas, 9% of the population or one third of all indigenous inhabitants do not speak Spanish. Most of the Mexican population (88.8%) is Roman-Catholic.

Illiteracy has been greatly reduced over the past thirty years, from over 25% in 1970 to below 10% in the year 2000. While literacy rates are close to 100% in Mexico City and the larger population centers, some states in the South have illiteracy rates of 80%. School attendance rates have increased strongly: In the year 2000, 92.1% of children between age 6 and 14 attended school. Nearly half of the population has now at least completed secondary school.

2.4 History

Mexico is a historically rich country with more than 3'000 years of cultural evolution: We have decided to present a short abstract of Mexican history in this book because we find that some basic knowledge is crucial to understand contemporary Mexico, including its political and commercial culture. This understanding is a prerequisite for commercial success in the country.

Mexico had been the home of highly developed civilisations for centuries prior to the Spanish arrival. Ancient civilisations had flourished particularly since 1200 BC when the Olmec culture as the "mother culture" of Mesoamerica developed. The best known, though not the only cultures, are the Aztecs and the Mayans. Today, the remainders of ancient cultures may be admired in the Museum of Anthropology in Mexico City and

on many impressive archeological sites, including the ancient city of Teotihuacán at only 50 km from Mexico City or Chichén Itza on the Yucatán Peninsula. Many predominantly indigenous Mexicans continue to speak original languages such as Náhuatl or Mayan and keep pre-Spanish traditions alive, mainly in the southeastern part of the country.

The Spanish began the conquest of Mexico in 1519, guided by conquistador Hernan Cortés. It took them two years to defeat the Aztec empire under its last emperor Cuauhtémoc – a national hero today – and to reduce the native people to second class citizens. The former Aztec capital Tenochtitlán was destroyed and on the same location, the Spanish conquerors later built their capital Ciudad de México which was declared the capital of Nueva España by Charles V in 1530. From Mexico, Spanish expansion into Central America progressed quickly throughout the 1520s to 1540s, whereas expansion to the North (motivated by big finds of silver in the mid 1540s) was more difficult. By 1700, the viceroyalty of Nueva España included Central America, Spain's Caribbean islands and even the Philippines, all of which was ruled from Mexico-City. In the early 19th century, the newly independent Mexican Republic also included most of today's U.S. states of Texas, New Mexico, Arizona, California, Utah and Colorado.

Missionaries brought Catholic faith to the people of Mexico and Central America. The social system was a semi-feudal one, built on the Hacienda concept. Generally, people of Spanish descent would own the land (terratenientes) whereas the indigenous population would work on it. The field labourers were tied by debt to the landowner. This implicit distinction of people according to race and landownership would become a central determinant to a person's position in Mexican society for centuries to come – despite the fact that races mixed relatively freely in Mexico, unlike in many other countries of the "new world". As legend goes, Cortés himself was the father of the first children of mixed race that he had with "La Malinche", an indigenous princess.

In 1810, after Spain had been weakened through French occupation, a war for independence began in Mexico: Led by priest Miguel Hidalgo of the town of Dolores, Guanajuato, a peasant "army" was organised and subsequently conquered several towns in the central highlands. The group was later defeated and their leaders were executed. It was not until 1821, that Mexico was granted independence from Spain: When royalist general Agustín de Iturbide defected and joined rebel forces, a plan was elaborated which gained widespread support in the relevant segments of Mexican society: It secured religious dominance for the Catholic church, rights for Mexican-born descendants of Spanish people (criollos) equal to those of Spanish-born persons (peninsulares) and the establishment of a constitutional monarchy. However, Mexican history did not enter a peaceful phase: The 19th century would be characterised by the struggle between liberals who favoured social reforms and conservatives who opposed it.

In terms of foreign policy, Mexico lost a war against the United States and had to cede Texas, California, Utah, Colorado and New Mexico in 1848. Another joint invasion by Spanish, British and French forces occurred in the early 1860s when these three powers wanted to collect Mexican debt. The French forces drove president Benito Juárez, reformist ruler at the time, out of office and installed Austrian archduke Maximilian of Habsburg as emperor instead. When Napoleon III had to withdraw his troops a few years later under U.S. pressure, Maximilian was defeated and executed by forces loyal to Juárez who became president once again. He introduced mandatory schooling, built a railway between Mexico City and Veracruz and organised rural police forces.

After Juárez died and his successor stood for re-election, the ambitious liberal Porfirio Díaz fomented a rebellion. Elected president, he governed Mexico for 33 years – the so-called Porfiriato. Díaz brought Mexico into the industrial age, launched infrastructure work throughout Mexico and spared the country the civil wars that had plagued it before he had come to power. However, the flip side of his rule was the total suppression of any opposition and the accumulation of wealth in a few hands. This situation led to the Mexican Revolution which started in 1910 and lasted for 10 years, bringing reforms but also a return to violent civil wars. Reconstruction and reconciliation were to begin only in 1920 when Álvaro Obregón became president.

In 1928, the Partido Nacional Revolucionario was founded. The party, which later was renamed Partido de la Revolución Mexicana and subsequently Partido Revolucionario Institucional (PRI) would continuously rule Mexico until the year 2000, introducing a corporatist regime by integrating all influential groups of society. Among the most notable rulers during the seven-decade-long PRI dominance is Lázaro Cardenas. He is still being remembered as the president who re-distributed 200'000 sq.km of land and who expropriated foreign oil companies, forming the government-owned PEMEX (Petroleos Méxicanos) which still is in existence. Another president often remembered, however with a more negative connotation, was the conservative Gustavo Díaz Ordaz (1964-1970) who had deployed forces against protesters who demanded freedom of speech and an end of the one-party-rule in 1968. Several hundred people are believed to have died on October 2 when troops and police clashed with demonstrators at Tlatelolco in Mexico City, shortly before the opening of the Olympic Games, a tragic event now under investigation.

During the 1970s oil crises, massive lending by international institutions helped advance social reform in oil-rich Mexico. However, the debt which had been accumulated became a serious problem for Mexico after oil prices fell, and a severe recession followed. Discontent with ruling regimes remained strong throughout the gloomy 1980s. When Carlo Salinas de Gortari came to power in 1988, his vote of (50.7%) was the lowest of any PRI candidate up to that point – in addition to allegations of electoral fraud. Salinas aimed to re-animate the stagnant economy by deep economic reform, reducing

the role of the state through privatisations and by further opening up the Mexican economy, mainly through the NAFTA Agreement with the U.S. and Canada.

On January 1st, 1994, simultaneously with the entry-into-force of the NAFTA Agreement, a rebel uprising by the guerrilla movement Ejército Zapatista de Liberación Nacional (EZLN) drew the world's attention to the Southern state of Chiapas. Indigenous groups demanded more political and human rights for the indigenous population. Although the military uprising was quickly contained, the situation of the indigenous population and social issues have become and so far remain crucial questions on the political agenda of Mexico.

Later in 1994, after Salinas' designated successor Colosio had been murdered in Tijuana, Ernesto Zedillo Ponce de Léon became the designated PRI election candidate for 1994 elections. He got into office with only 50% of the vote. Shortly before Zedillo took power in late 1994, PRI Secretary General Ruiz Massieu was assassinated in Mexico City. President Salinas' brother Raúl was later on sentenced to 27 1/2 years of prison for piloting the murder. Carlos Salinas, meanwhile, chose to go into exile. The political shocks led Mexico into a severe economic crisis after foreign investors began to withdraw capital from Mexico, leading to a dramatic devaluation of the then-pegged Peso (see section 3.4.1). The social consequences of this crisis may still be felt today in the level of real salaries, a high crime rate and an ongoing strong emigration to the U.S.

During Zedillo's six-year-term (sexenio), Mexico recovered from the crisis (for economic aspects, see Subsection 3.4.1). He implemented democratic reforms inside the PRI, replacing the designation of presidential candidates by the president-in-office through a primary-election system. A newly set-up electoral apparatus carried out the freest parliamentary elections since 1911 in 1997. The PRI lost its majority in the chamber of deputies for the first time in nearly 70 years. The government of Mexico City went to the candidate of the left-wing Partido de la Revolución Democratica (PRD) in the first mayoral elections held in the federal capital since 1928, and the governorships of the states of Querétaro and Nuevo Léon – an important industrial state in the North of the country – went to the Partido de Acción Nacional (PAN). By the beginning of 2000, opposition parties held the governorships of 10 of the 32 federal states.

In the presidential elections of July 2000, Vicente Fox Quesada (PAN) defeated PRI candidate Labastida, receiving 42.5% of the vote. The former governor of the state of Guanajuato and ex-manager of Coca Cola took office in December 2001 thus ending 71 years of unbroken PRI rule, promising to continue the democratic modernisation of the country. His cabinet members and counsellors are mainly drawn from the private sector and not from the party vanguard.

2.5 Challenges for the Future

Mexico is currently undergoing a deep transition with regard to its political culture. A process of democratisation had started in the late 1980s which finally culminated in the election of an opposition presidential candidate in 2000. For the institutions and the political actors, this process entails important changes and the redefinition of roles: Congress has more power now, and the political culture may shift towards more negotiation, increasing the necessity of compromise between political tendencies. Political parties are becoming more democratic. It is expected that the corporatist structure of governance will gradually recede and the separation of powers be further enhanced.

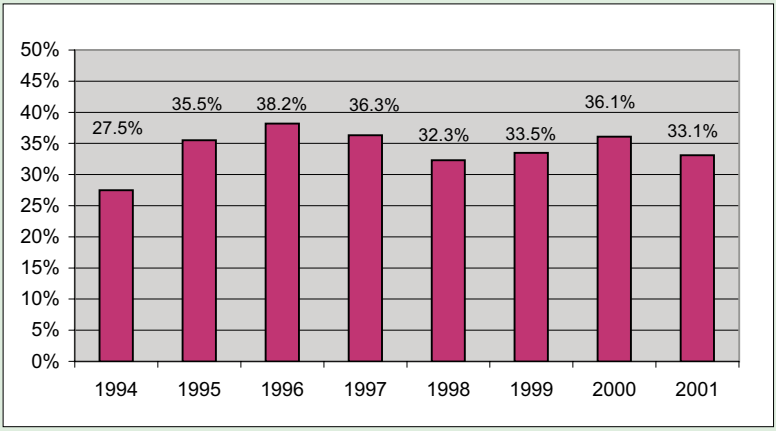
Major challenges addressed by the Government of President Fox include in particular the following:

- reinforce the rule of law: improve institutions, act against corruption and fight public insecurity (especially in the capital);
- improve social cohesion and avoid the widening of the gap between rich and poor; overcome poverty on a sustainable basis;
- improve the economic and social situation of the indigenous population;
- improve public spending, widen the fiscal basis to reduce dependence on oil revenues (see Box 2.1) and to assure both stability and flexibility for fiscal policy;
- improve the education system;
- reduce bureaucratisation;
- enhance the separation of power and decentralisation;
- promote the evolution of a "civil society".

President Fox enjoys a very positive image abroad and has increased international confidence in the stability of Mexico. Most remarkably, the transition from the Zedillo government to the Fox government was smooth and, unlike former transitions, did not lead to any instability or crisis. The pace of reforms planned by his Government is however challenged by a complex political environment, characterised by the lack of a working majority in Parliament and weak support for certain individual reform projects.

The Need for a Fiscal Reform:
Dependence of Fiscal Policy on Oil Revenue

Table 2.2: Oil revenue as percentage of total public revenue



Source of Data: BBVA Informe Económico, March 2002

One of the key limiting factors of Mexican economic policy is the massive dependence on oil revenue. The Mexican Congress has recently passed a fiscal reform bill along with the 2002 budget, designed to broaden the tax base in order to reduce this dependence. As the government proposal has been watered down considerably and because formal objections (amparos) might delay its implementation, the fiscal flexibility of the government (including its leeway for public spending) will continue to heavily depend on the evolution of world oil markets.

2.6 The Government System at a Glance

The Mexican Constitution establishes the framework for a federal system of government covering 31 states and the Distrito Federal (Federal District including Mexico City). Although the Constitution provides for a separation of the executive, legislative and judicial branch, the role and influence of the executive has traditionally been high. This began to change gradually in the 1990s and particularly after the 2000 elections with no party enjoying a working majority.

- Executive: The president is elected by popular vote to a six-year-term (sexenio) and cannot be re-elected. He is simultaneously chief of state and chief of government. The president appoints the cabinet members. Important cabinet

members include the Interior Minister (Santiago Creel Miranda), the Finance Minister (Francisco Gil Díaz), the Minister of the Economy (Luis Ernesto Derbez Bautista) and the Minister of Foreign Affairs (Jorge G. Castañeda).

- Legislative: Congress consists of the Chamber of Deputies (500 seats) and the Senate (128 seats). As of March 2002, it has the following composition:

Table 2.3: Composition of Congress

Party	*Camara de Diputados*		*Senado*	
	Seats	*%*	*Seats*	*%*
Partido Revolucionario Institucional (PRI)	210	42.0	60	46.9
Partido de Acción Nacional (PAN)	207	41.4	46	35.9
Partido de la Revolución Democrática (PRD)	52	10.4	16	12.5
Partido Verde Ecologista de México (PVEM)	16	3.2	5	3.9
Partido del Trabajo (PT)	8	1.6	0	0
Partido Socialista Nacional (PSN)	3	0.6	0	0
Partido Alianza Social (PAS)	2	0.4	0	0
Convergencia por la Democracía (CONV)	1	0.2	0	0
Individual	1	0.2	1	0.8

The main parties can roughly be described of having the following political orientation: PRI: Center left; PAN: Center Right; PRD: Left.

- Judicial: Supreme Court; judges are appointed by the President with consent of the Senate

Besides the federal level, there is the state level (31 states and a federal district) and the municipal level of government.

Photographer: Ana Laura de Coss



Selection of coffee on a coffee plantation in Chiapas

3 The Mexican Economy

This chapter will briefly outline the state of the Mexican economy today. Both the sectoral and regional pattern will be explained in order to familiarise the reader with the country's basic economic characteristics. A brief overview of international trade and investment relations will make it clear how closely the Mexican economy is interrelated with the U.S. economy. Finally, a short history of the economic development of Mexico will allow readers to learn about some key variables that continue to strongly shape economic conditions in Mexico today.

3.1 Sectoral Pattern

An analysis of recent data on the composition of Mexico's Gross Domestic Product shows the dominance of the services sector: More than two thirds are made up by services, whereby the position "Community, Social and Personal Services" accounted for a larger contribution to GDP than the entire industrial sector (see Table 3.1).

In the industrial sector, which accounts for little more than one fourth of GDP, manufacturing industries dominate, and they have also registered the strongest growth

Table 3.1: Sectoral Composition of GDP (Current prices, 4. Quarter of 2001; preliminary results)

GDP	Mn MXP	Mn USD	% of Gross Agg. Value	Index of Volume of Prod. 2001 (1993=100)
AGRICULTURE, FORESTRY AND FISHING	275'556	30'095	5.1%	n/a
INDUSTRIAL SECTOR	1'395'780	152'443	25.9%	131.8
Mining	77'047	8'415	1.4%	117.0
Manufacturing Industries	997'131	108'903	18.5%	138.6
Construction	257'544	28'128	4.8%	109.4
Electricity, Gas and Water	64'058	6'996	1.2%	132.9
SERVICES	3'802'326	415'278	70.4%	n/a
Retail, Restaurants, Hotels	1'108'261	121'041	20.5%	n/a
Transport and Communications	598'437	65'359	11.1%	n/a
Financial Services, Insurance, Real Estate	685'704	74'890	12.7%	n/a
Community, Social and Personal Services	1'409'924	153'987	26.1%	n/a
Computed bank services	−73'077	−7'981	-1.4%	n/a
Gross Aggregate Value	*5'400'584*	*589'835*		
Product Taxes less Subsidies	*536'761*	*58'623*		
TOTAL	5'937'345	648'458	100%	

Data Sources: INEGI, Banco de México

in the last eight years, outpacing construction and mining considerably. Growth has been particularly strong in the areas of metal industries and machinery and equipment, indicating a gradual sophistication of the Mexican product portfolio (see Table 3.2). The textile industry has grown far below average, pointing to a loss of competitiveness in this industry. With production costs rising in Mexico, the country is losing its attractiveness as a textile producer. Lower cost countries in Central America and Asia are capturing increasing amounts of business. Government efforts to shelter this industry through a relatively protectionist sectoral trade policy have not been able to stop this erosion so far.

Table 3.2: Composition of "Manufacturing Industries"

MANUFACTURING INDUSTRIES	Mn. MXP	Mn. USD	% of Aggregate Value (Manufact's)	Index of Volume of Prod. 2001 (1993=100)
Food, Beverages and Tobacco	283'779	30'993	28.5%	129.3
Textiles, Clothing and Leather	66'822	7'298	6.7%	122.8
Wood and Wood Products	26'682	2'914	2.7%	111.6
Paper, Printing and Publishing	38'785	4'236	3.9%	119.0
Chemical substances, oil and oil derivates, plastics	145'288	15'868	14.6%	125.1
Non-metallic minerals	63'659	6'953	6.4%	112.8
Basic metal industries	38'610	4'217	3.9%	147.9
Metal Products, Machinery and Equipment	304'167	33'220	30.4%	176.8
Other manufacturing Industries	29'339	3'204	2.9%	142.1
TOTAL	997'131	108'903	100%	138.6

 Chapter 4 on market research contains numerous references to further information on the sectors of the Mexican economy.

3.2 Regional Pattern

The economic development process which Mexico experienced in the last 14 years has not benefited all Mexican regions equally: Whereas Mexico City enjoys a per-capita-income of more than 15.000 USD, GDP per capita in the Southern states of Chiapas and Oaxaca remains below 3.000 USD. The same applies for industrialisation: While manufacturing accounts for around 30% of GDP in some states around Mexico City and in the North, it remains below 5% in other states, including the Southern entities Chiapas and Campeche. Equally, the importance of Foreign Direct Investment (FDI) for a state's economy varies considerably. It is very high in the Federal District and in some states in the North, while only small amounts of FDI have so far reached the South (see Table 3.3).

Table 3.3: Basic Economic Data on the Mexican States

State	Pop.	GDP 01	GDP/cap. USD	Manufacturing	IED 94-00	IED 94-00
		mn MXP 00		in % of GDP	mn USD	% of GDP 01
Aguascalientes	975	68'064	7'537	27.8%	298	4.2%
Baja California	2'614	193'960	8'077	22.3%	4'601	22.5%
Baja California Sur	441	30'179	7'418	4.1%	250	7.9%
Campeche	710	61'360	9'316	1.4%	19	0.3%
Coahuila	2'354	173'319	7'919	35.8%	922	5.1%
Colima	560	30'466	5'878	4.6%	127	4.0%
Chiapas	4'052	85'196	2'270	4.1%	7	0.1%
Chihuahua	3'148	252'620	8'661	21.6%	3'885	14.6%
Distrito Federal	8'721	1'245'335	15'281	19.6%	38'779	29.6%
Durango	1'467	65'025	4'742	20.5%	95	1.4%
Guanajuato	4'775	173'760	3'914	20.7%	256	1.4%
Guerrero	3'151	94'761	3'233	5.0%	110	1.1%
Hidalgo	2'288	73'030	3'433	26.2%	66	0.9%
Jalisco	6'479	336'794	5'590	22.1%	2'269	6.4%
México	13'588	553'288	4'407	33.6%	4'123	7.1%
Michoacán	4'054	133'417	3'528	13.6%	99	0.7%
Morelos	1'599	73'861	4'978	21.4%	417	5.4%
Nayarit	937	30'374	3'476	9.4%	55	1.7%
Nuevo Léon	3'941	375'024	10'257	28.3%	7'453	18.9%
Oaxaca	3'524	82'381	2'516	13.5%	2	0.0%
Puebla	5'243	218'625	4'503	25.5%	1'101	4.8%
Querétaro	1'457	96'757	7'189	34.4%	670	6.6%
Quintana Roo	929	76'452	9'008	2.8%	241	3.0%
San Luis Potosí	2'348	91'303	4'177	26.8%	547	5.7%
Sinaloa	2'592	102'573	4'250	7.7%	259	2.4%
Sonora	2'272	149'624	7'087	17.9%	1'260	8.0%
Tabasco	1'947	63'265	3'503	5.4%	90	1.3%
Tamaulipas	2'835	166'406	6'333	22.4%	2'670	15.2%
Tlaxcala	993	28'132	3'057	30.7%	99	3.3%
Veracruz	7'025	214'189	3'267	18.3%	31	0.1%
Yucatán	1'700	75'709	4'793	14.2%	231	2.9%
Zacatecas	1'371	38'051	2'969	5.8%	86	2.1%
Nation	100'090	5'453'300	5'826	21.4%	71'118	12.4%

Note: IED (Inversión Extranjera Directa) = FDI (Foreign Direct Investment)

Table 3.4 Map of Mexican states



AGU	=	Aguascalientes,	MOR	=	Morelos,
BCN	=	Baja California Norte,	NAY	=	Nayarit,
BCS	=	Baja California Sur,	NLE	=	Nuevo León,
CAM	=	Campeche,	OAX	=	Oaxaca,
CHH	=	Chihuahua,	PUE	=	Puebla,
CHP	=	Chiapas,	QUE	=	Querétaro,
COA	=	Coahuila,	ROO	=	Quintana Roo,
COL	=	Colima,	SIN	=	Sinaloa,
DIF	=	Distrito Federal,	SLP	=	San Luis Potosí,
DUR	=	Durango,	SON	=	Sonora,
GUA	=	Guanajuato,	TAB	=	Tabasco,
GRO	=	Guerrero,	TAM	=	Tamaulipas,
HID	=	Hidalgo,	TLA	=	Tlaxcala,
JAL	=	Jalisco,	VER	=	Veracruz,
MEX	=	Mexico,	YUC	=	Yucatán,
MIC	=	Michoacán,	ZAC	=	Zacatecas

The following subsections briefly describe the main centers of economic activity in Mexico. The focus is on the industrial and services sectors, because it is there where Swiss exporters and investors will most likely find rewarding business opportunities.

3.2.1 Mexico-City and the Surrounding States

Despite the rapid growth experienced by other Mexican regions (particularly in the North) during the last decade, Mexico City remains undisputedly the major economic center of the country with the highest per-capita income of the nation. The capital has long ago reached its limits of sustainable growth and it is now restructuring its economy towards services. Meanwhile, the states surrounding the Federal District (México, Hidalgo, Morelos, Puebla or Tlaxcala) have become bustling centers of industrial activity and home to many multinational corporations of different industries. They enjoy the proximity to the country's major market, Mexico City, without having to incur the latter's disadvantages such as the high risk to personal security, environmental contamination, space constraints and continuous traffic congestion. The industry portfolio of this region is diversified with regional focuses.

Economic activities in the Mexico-City area have the following composition:

- Mexico-City/Federal District: Government, financial and other services, education, health services, logistics and distribution. Highly diversified industry, yet gradually relocating to the surrounding states due to space constraints and high production costs in the capital.

- State of México: Highly diversified industry with all major sectors of manufacturing represented.

- Puebla: Automobiles and automotive parts, sugar, paper, petrochemicals, textiles.

- Tlaxcala: Textiles and apparel, non-metallic minerals, plastics, food, metal industries, chemical industries and car parts.

- Hidalgo: Railroad cars, heavy machinery, automotive, commercial vehicles, textiles, food processing, machine tools, petroleum refining, petrochemicals.

- Morelos: Textiles, autoparts, pharmaceutical and cosmetic products, electrical equipment and electronics, machine tools.

3.2.2 The North: States Bordering the U.S.

With the noteworthy exception of the traditional industrial agglomeration of Nuevo León (Monterrey), industrialisation in the Northern states is fairly recent. The industrial centers of Tamaulipas, Coahuila, Chihuahua, Sonora and Baja California along the U.S. border have emerged since the 1960s when the government began to promote their industrialisation with special programs to attract the maquiladora industry. Maquiladoras are industrial plants designed for in-bond assembly of temporarily imported components in order to re-export the finished products, mainly to the United States. The maquiladora industry has enjoyed a particular boom after the NAFTA agreement had entered into force. In Tijuana, for instance, population grew by a breath-taking 67.9% in the 1990s after Maquiladora jobs increased by even 218.2%. While the maquiladoras have been often criticised – particularly outside Mexico – for allegedly exploiting Mexican workers, they have beyond doubt contributed to Mexico's rapid development, and they have brought technology, professional qualifications and first-world business standards to the country.

In more detail, industry composition in the individual states is as follows:

- Baja California: In-bond assembly plants mostly in the Tijuana and Mexicali areas, producing consumer electronics (mainly television sets and computer screens). Other industries include wood products (furniture), paper and mining.

- Chihuahua: timber, mining, livestock raising, agriculture. Ciudad Juárez hosts many maquiladoras and services related to border-crossing into the U.S.

- Coahuila: steel, automotive parts, coal mining, cotton textile mills, aluminium products, agricultural products, ceramic products, equipment manufacturing. General Motors and Daimler-Chrysler have locations near Saltillo.

- Nuevo León: Monterrey is the home of large industrial conglomerates. Industries include packaged meats and other food products, artificial fibres, glass, cement, auto parts, steel, chemicals, electrical materials and electronic components, telecommunications equipment. Monterrey is also a center of financial services, logistics and telecommunications serving the Central North and North East of Mexico .

- Sonora: Livestock production; maquiladoras play an increasingly important role in bordering areas, mostly in the automotive parts sector.

- Tamaulipas: Agriculture, oil and gas, petrochemical industries; many maquiladoras along the border and services related to international trade.

With the exception of Mexico City, Northern states enjoy the highest per-capita GDP of the entire country. Yet, these regions are also particularly vulnerable to adverse economic developments in the United States. While even the current moderate recession in the U.S. has plunged some of the border regions into deep crisis, the potential implications of a major downturn in the Northern neighbour's economy are yet unknown.

3.2.3 Guadalajara

Guadalajara is the country's second largest city and has undergone a major diversification through the last three decades, starting mainly from food industries. Often dubbed the "Silicon Valley" of Latin America, electronic and technological industries dominate the industrial spectrum today. Other noteworthy industries in the state of Jalisco include petrochemicals, shoes and leather, dairy products, sugar, paper and cellulose. Coastal areas play a major role for fruit growing. Among the most famous products of Jalisco is the Tequila which is produced around Guadalajara.

Besides being an important industrial center, Guadalajara is the logistical centre for the West of the country.

3.2.4 The Bajío Region

In the last few years in particular, rapid economic development has commenced in the Bajío region which is located two to four hours driving time North-West of Mexico City. This region, which is world-famous for its marvellous colonial towns from the 16th century, is currently being regarded as a region with high potential for further economic development: Proximity to major Mexican markets, its location close to the "NAFTA highway" going North from Mexico City towards the United States, efficient administrations and, last but not least, the high quality of life have made the states of Querétaro, Guanajuato and Aguascalientes popular locations for foreign investors in the late 1990s. While the traditional focus of industrial production in the area lay on processed agricultural products, textiles, leather and shoes, the industry has begun diversifying into other sectors. Diversification into the automotive industry (including parts) has been particularly successful with the region's location in between Mexico's most important centers of automotive production.

Industrial profiles of the states are as follows:

- Querétaro: Electronic parts, vehicles and car components, tractors, audio systems, textiles, chemicals, metal-mechanic products, paper products.

- Guanajuato: Diversifying from shoes, leather and processed food into automotive parts.

- Aguascalientes: Automotive industry and parts, textiles and apparel, some electronics and increasingly food processing.

3.2.5 Other Regions

Other noteworthy economic regions are the "oil-state" Veracruz on the Gulf of Mexico and the tourist destinations in Guerrero (Acapulco region and Taxco) or Quintana Roo (Cancún, Playa del Carmen).

Meanwhile, most of the South is lagging far behind in terms of economic development and industrialisation. The state of Chiapas has a long tradition in the production of coffee and timber.

3.3 International Economic Relations

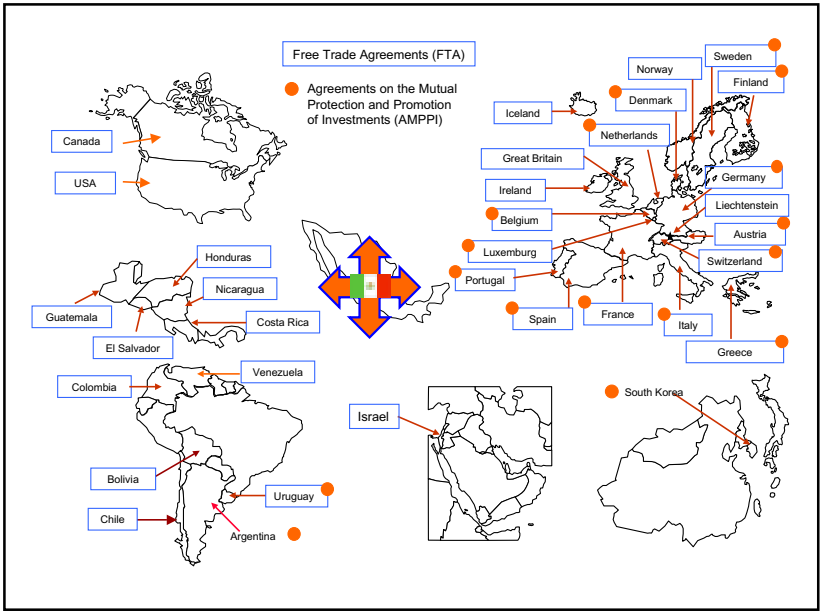
3.3.1 Overview

Until the mid-1980s, Mexico was a relatively closed economy. The country's trade policy was based on a strategy of import substitution, which severely restricted imports, required import licenses on a wide basis, included price controls and high tariffs. Mexican exports focused heavily on primary products, oil and oil derivates: In 1982, 80 cents of each Dollar of exports stemmed from the oil sector. Similarly to trade, foreign direct investment (FDI) was heavily restricted.

As is the case with many other developing countries that pursued the same path, the results of these policies disappointed, and in the light of a sluggish economy, the country gradually shifted to a more open trade regime. The first major step in its reform efforts towards greater openness, was Mexico's entry into the General Agreement on Tariffs and Trade (GATT) in 1986. Market access was gradually liberalised, as was FDI, and the trade policy reform process culminated in the entry into force of the North American Free Trade Agreement (NAFTA) at the beginning of 1994. Mexico's external trade expanded rapidly with exports growing at an average rate of 18.2% p.a. between 1994 and 2000. At the same time, Mexico saw an impressive diversification of its exports where by now less than 10% originate from oil. However, while the dependence of Mexican trade on a single product group has considerably decreased, Mexican external trade is largely oriented towards the United States of America today. Accordingly, the moderate economic downturn in the U.S. (2000/2001) quickly translated into reduced economic activity in Mexico, hitting the export-oriented North with its many maquiladoras particularly hard.

Presently, the Mexican government seeks to diversify its external economic relations geographically. The objective is to establish Mexico as an international center of production. To this purpose, the country has aggressively expanded its network of free trade and investment protection agreements during the last years. Today, Mexico maintains 32 Free Trade Agreements and 17 Agreements on the Mutual Protection and Promotion of Investments with countries throughout the world, including the USA, the European Union, several Latin American countries and, since 1 July 2002, Switzerland (see Table 3.5). The country is poised to expand this network even further as talks are under way with Panama and Singapore and, at an earlier stage, with Japan. In the long run, Mexico also seeks an agreement with Mercosur, which includes Brazil, Argentina, Uruguay and Paraguay.

Table 3.5: Free Trade Agreements and Investment Protection Agreements



Source: Secretaría de Economía

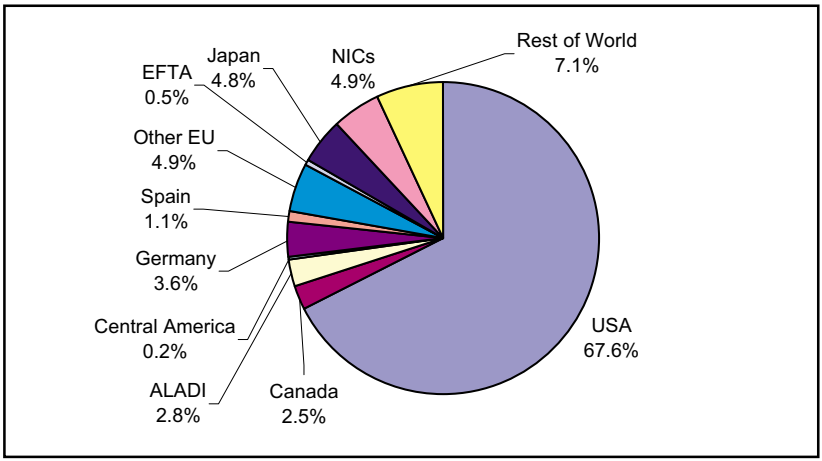
3.3.2 Main Trade Partners and Investors

As has already been indicated above, Mexican external economic relations focus heavily on the United States of America. 88% of Mexican exports head for the Northern

neighbour's market. From a U.S. perspective, the Mexican share of total U.S. imports has more than doubled since the mid 1980s, reaching 11.2% in 2000.

With regard to Mexican imports, there is slightly more diversification with only 67,6% originating in the U.S. Other major sources for Mexican imports are Japan, Germany and Canada (see Table 3.6).

Table 3.6: Regional composition of Mexican imports



Notes: ALADI includes Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela. Central America includes Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Other EU includes all EU countries other than Germany and Spain. EFTA includes Iceland, Liechtenstein, Norway and Switzerland. NICs include Hong Kong, Singapore, South Korea and Taiwan.
Source: Secretaría de Economía

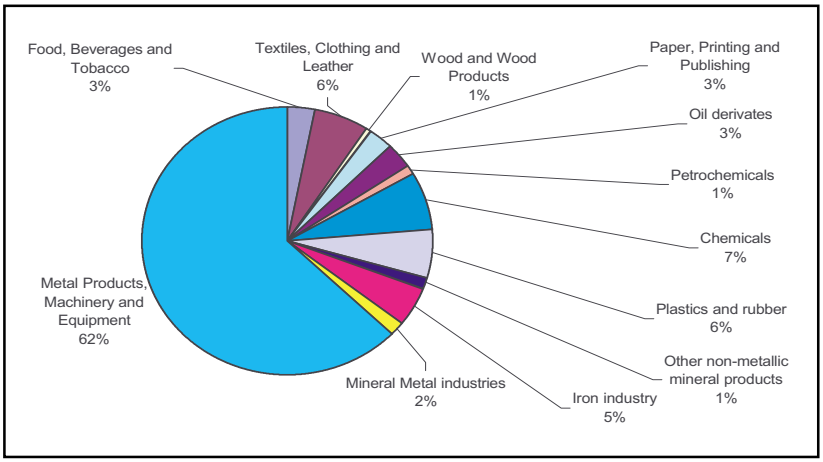
With regard to foreign direct investment, a similar picture emerges: Two thirds of all FDI inflows in the period from 1996 to 2000 originated in the United States of America. The remaining one third originated mainly in the Netherlands (8.6%), Spain (5.3%), Japan and Canada (4.2% each), the United Kingdom (4.1%) and Germany (3.5%). Despite its recognised role as a major international investor, Switzerland accounted only for FDI inflows of 340 mn USD or 0.6% of total FDI in Mexico.

3.3.3 Sectoral Composition of Trade and Investment

According to official data, most Mexican imports (94.7%) fell into the category of industrial products, with agricultural products and services accounting for only 5.3% of measured imports. Among manufactures, the category metal products, machinery

and equipment made up 62% of all imports. Imports of intermediary products and capital goods increased at a much stronger rate over the past few years than imports of consumer goods, showing the importance of imports for the industrial development process. Accordingly, the share of imports destined for maquiladoras has constantly increased during the 1990s, making up nearly one half of all imports in 2000.

Table 3.7: Sectoral composition of imports



Mexican exports also focus strongly on the products from manufacturing industries (89.6%). Together with extractive industries (7.6%, mostly oil), they account for nearly all Mexican exports of goods. Products from forestry, agriculture or fishing currently only play a minor role. Inside the group of manufactures, metal products, machinery and equipment make up three fourths of exports. Other important export products are textiles and apparel (8%) and chemical substances (6%). Although not included in export statistics, receipts from tourism – a services sector – play a key role for foreign exchange income, too.

Foreign direct investment (FDI) concentrated heavily on manufacturing: Between 1996 and 2000, 63.8% of FDI flew into this sector. Other major recipient sectors are financial services (15.1%) and commerce (11.8%). Regionally, FDI concentrates on the Northern states and on greater Mexico City.

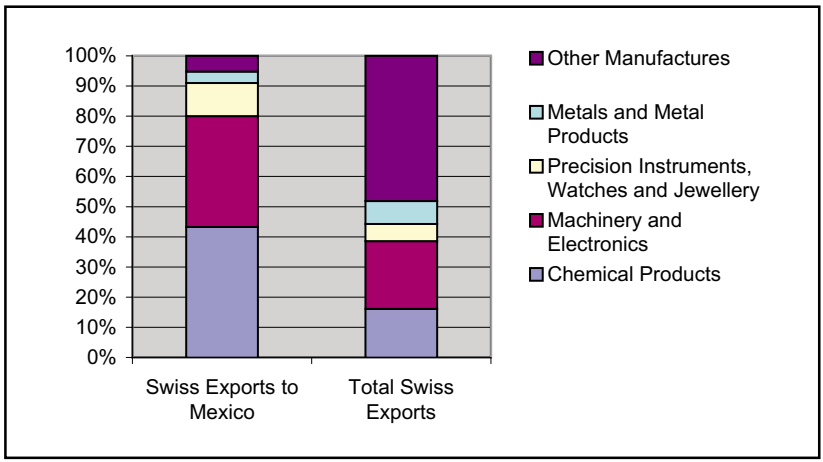
3.3.4 Swiss-Mexican Economic Relations

From the perspective of the Swiss economy, Mexico does not yet play a major role.

Nevertheless, the percentage of Swiss exports destined for the Mexican market has gradually increased over the last decade, from 0.52% in 1990 to 0.73% in 2000. According to Swiss National Bank data, the average share of Mexico in Swiss FDI was 0.89% between 1993 and 2000, yet with considerable variations. It is generally accepted, however, that these official figures considerably underestimate the importance of Swiss investment in Mexico: Many Swiss firms invest in Mexico through their subsidiaries in the U.S. or in Europe, thereby distorting official statistics.

Exports focused largely on traditional Swiss export goods such as chemical products, machinery and electronics as well as precision instruments. While these account only for about one half of total Swiss exports, they regularly make up around 90% of Swiss exports to Mexico (see Table 3.8). In 2000, Switzerland exported goods worth 992 mn CHF to Mexico while importing goods for 191 mn CHF according to Swiss statistics. Similarly to the situation with FDI, these figures likely underestimate factual Swiss imports from Mexico: With Switzerland being a landlocked country, bulk goods destined for the Swiss market are often unloaded and processed in countries such as Germany, the Netherlands or Italy. By the time they arrive in Switzerland, they have changed their origin and are registered as imports from European countries.

Table 3.8: Swiss Exports to Mexico: Sectoral Composition (2000)



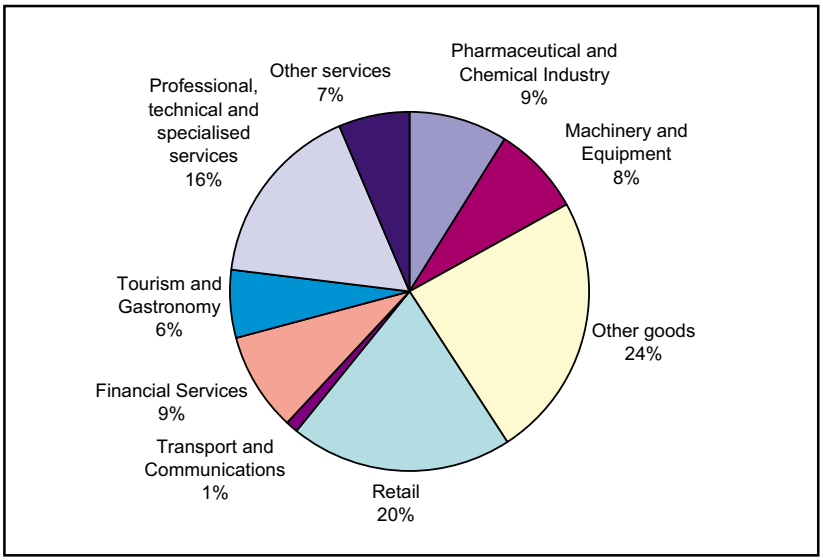
Source: Eidgenössische Oberzolldirektion

Recently released Mexican data from the Secretariate of the Economy indicates that Swiss investment made up 0.83% of incoming FDI. At the Mexican National Registry of Foreign Investors, 353 Swiss firms were registered. Two thirds of these firms are

located in Mexico City or the surrounding state of Mexico. Another 10% are located in the tourist region Quintana Roo on the shores of the Caribbean.

When the number of firms is considered, FDI in services clearly outweighs FDI in the manufacturing sector (see Table 3.9). However, a different picture emerges when the value of FDI is taken into consideration. Here, close to 78% of all FDI went into manufacturing while only 22% flew into the services sector. This indicates the weight of large Swiss industrial corporations in the Mexican industrial sector.

Table 3.9: Swiss FDI: Number of Registered Swiss Firms in Mexico



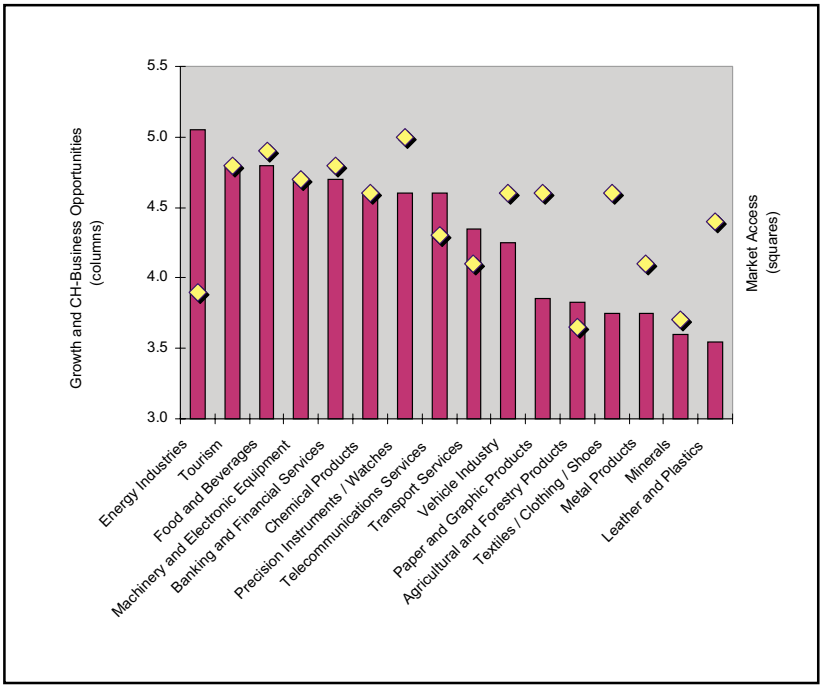
Source: Secretaría de Economía – Dirección General de Inversión Extranjera

3.3.5 Opportunities for Swiss Exporters and Investors

During the course of the project "Perspectivas México" (see page III), a survey and various interviews were carried out among the members of the Asociación Empresarial Mexicano-Suiza, A.C. (AEMS). One scope of this survey and the interviews was to identify those sectors where business opportunities exist for Swiss exporters or investors. The idea was to verify and enrich findings derived from a prior analysis of both Swiss and Mexican data on trade and production with the experience and intuition of senior business executives who are familiar with both the Swiss and the Mexican market.

Respondents had been asked to rate the long-term growth potential of specified market segments, the perceived competitiveness of Swiss suppliers, and market access, i.e. the freedom of barriers of trade and investment erected through private parties or the government. The findings are depicted in Table 3.10: The columns display the combined survey result for growth potential and Swiss competitiveness (each weighted 50%) whereas the squares display the survey result for market access.

Table 3.10: Swiss Business Opportunities and Market Access



Note: Participants were asked to convey Swiss school grades, i.e. 6 = excellent; 5 = good; 4 = sufficient; 3 = poor; 2 = very poor; 1 = useless

The survey largely coincided with results from the statistical analyses, with a few noteworthy exceptions. Most traditional Swiss export sectors such as machinery and electronic equipment, chemical products or precision instruments were rated as sectors where Swiss prospects are generally bright and where market access is relatively unproblematic. In principle, Swiss prospects could also be good in the energy industries. All observers see immense growth and investment potential for the coming years, principally a result of Mexico's positive economic climate and the forecasted increase in the demand for energy. However, despite these predictions, market access is a big

issue in the energy sector: Many important services continue to remain exclusive state monopolies sheltered from foreign competition and investment. With regard to goods, these are purchased within public procurement, making market access somewhat more difficult. Ongoing reforms of the energy market along with the free trade agreement (with its rules on public procurement; see Section 8.2) should bring an increased market openness in the energy sector within the near future.

Food and beverages are another sector where Swiss-Mexican business executives perceive untapped market opportunities for Swiss exporters, despite the generally high price level of such goods in Switzerland. More generally speaking, the idea is that high-quality consumer products made in Switzerland could benefit from the excellent reputation that Swiss products enjoy among the more affluent and status-oriented consumers in Mexico's urban areas. During the last decade, a relatively large upper and upper-middle class has emerged in the metropolitan areas, particularly Mexico City, Guadalajara and Monterrey. These consumers enjoy a high disposable income, and their decisions for consumption are less based on price than on quality considerations.

In addition to trade in goods, we should not lose sight of the services sector. Among market opportunities perceived in the services sector, tourism plays an important role. The partly untapped potential of Mexico for the development of high quality tourism provides interesting opportunities for Swiss know-how and Swiss capital. Equally, opportunities are seen for banks and financial services.

Our interviewees also named some individual sub-sectors and products were they saw good potential for Swiss suppliers. Among these are pharmaceuticals, cosmetic products, construction equipment, transport and logistics as well as other professional and technical services.

 In-depth information on Mexican Trade and Trade Policy may be found in the latest Trade Policy Review of Mexico (see Chapter 12) which was released by the World Trade Organisation (WTO) in April 2002. It is the first such review carried out since 1996. The documents may be downloaded from the WTO homepage (http://www.wto.org). On the entry page, choose "Trade Topics", then "Other Topics" and subsequently "Trade Policy Reviews". If you experience problems in downloading the documents, please contact the WTO directly by e-mail (enquiries@wto.org) or by phone (++41-22-7395111).

3.4 The Mexican Economy Today

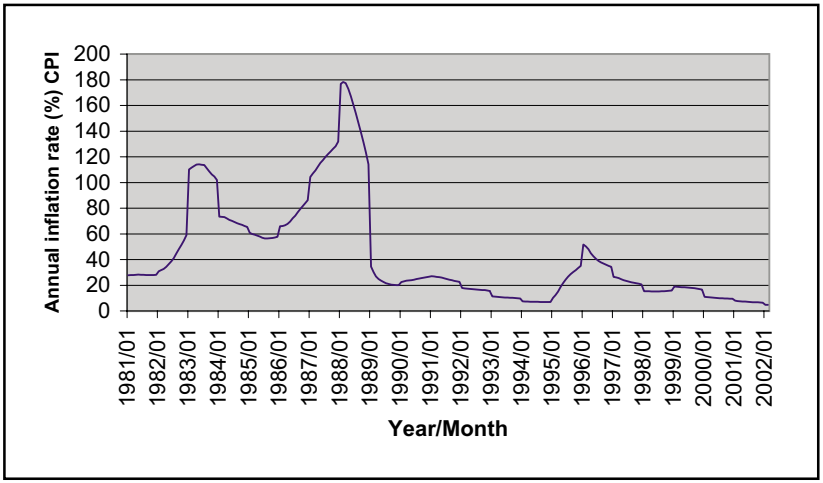
3.4.1 Recent Evolution

Today, the World Bank lists Mexico in the upper range of Middle Income Economies. Industrialisation has progressed strongly over the past decade, particularly after the NAFTA agreement came into force, which in turn attracted much needed investment. Mexico, which became a member of the OECD in 1994, aspires to become one of the world's leading economies in this century.

The last two decades have seen periods of rapid development as well as periods of deep crisis. In order to help the reader grasp the context of the current state of the Mexican economy, we will briefly outline the evolution over the past twenty years.

The 1980s are often dubbed "the lost decade" for the Latin American economy. After the oil-rich country had borrowed massively from international institutions and banks in the 1970s, the country slid into a severe debt crisis in 1982 with ensuing recession after oil prices had fallen. A similar recession occurred in 1986. Inflation was relatively high throughout the decade (see Table 3.11). President De la Madrid (1982-1988) started to privatise state-owned enterprises and to open-up the country for imports and investment from abroad. The strategy of import substitution was gradually given up, and in 1985, the country became a member of the General Agreement on Tariffs and Trade (GATT).

Table 3.11: Average Yearly Inflation Rate (CPI)



Source: INEGI Banca de Información Económica

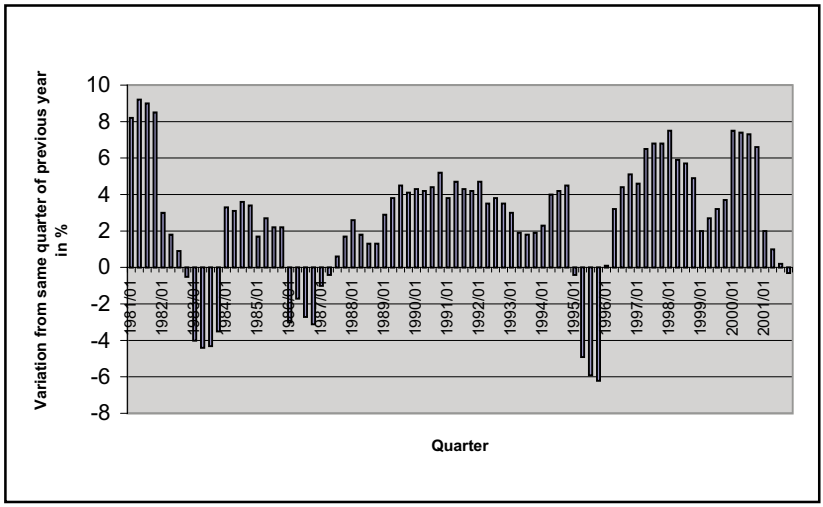
In the early 1990s, the Mexican economy began to recover and to grow strongly: Economic reforms under the Salinas administration (1988-1994) including widespread privatisation, deregulation, unilateral trade liberalisation and the signing of NAFTA strengthened the confidence of international investors and led to massive inflows of foreign capital. This capital account surplus was needed, given an increasing current account deficit, which – however – was not perceived as a threat but widely accepted as a reflection of Mexico's economic dynamism.

The situation changed rapidly in January 1994, shortly after NAFTA came into force: The Chiapas uprising and political murders (see section 2.4), only a few months ahead of presidential elections, undermined confidence in the country's political stability. Fears of instability set off a financial panic and Central Bank efforts to stabilise the Mexican Peso (which had been fixed via a crawling peg to the USD) led to a depletion of international reserves while interest rates rose. Finally the peg had to be given up and the peso was allowed to float. Since much of Mexico's outstanding debt was short-term and therefore liquid, the speed and magnitude of capital flight increased.

A severe financial crisis followed. With help from the U.S. and the IMF, Mexican default was avoided in early 1995. However, the real economy suffered heavily: a strong contraction of economic activity led to a sharp decline in real income, resulting in an impoverishment of large parts of the Mexican population as well as a dramatic increase in crime and public insecurity. High interest rates and a severe credit crunch produced a number of bankruptcies which severely impaired the banking system.

In the second half of the 1990s, the Mexican economy managed to return to relatively high growth rates. By 2001, real salaries had reached 83% of their 1994 levels. As a late legacy of the crisis, credit continues to be relatively hard to obtain, although the situation is gradually improving. Table 3.12 depicts the business cycles of the last two decades.

Table 3.12: Gross Domestic Product (1993 prices) since 1981



Data Source: INEGI, Banco de Información Económica

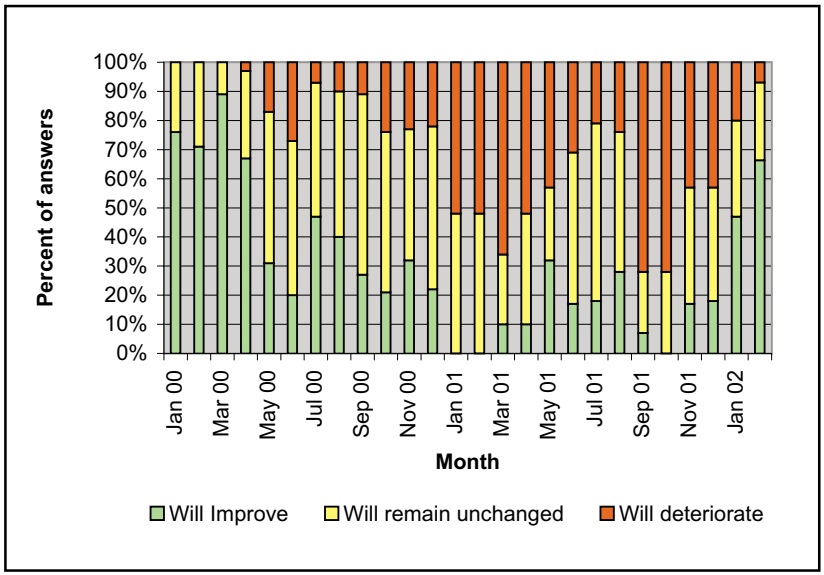
3.4.2 Current Situation and Forecasts

After strong growth in 2000, the Mexican economy currently suffers from a moderate recession as a consequence of the economic downturn in the United States and the world economy in general.

Yet, there are no fundamental signs of instability. Quite the opposite: The Mexican peso has been very strong throughout the recent past, gaining strength against the USD and other currencies without any Central Bank intervention. The current perception of stability has recently been reconfirmed by the rating agency Standard & Poor's who elevated the rating for the government's external debt from BB+ to BBB- in early February 2002. With regard to both monetary and fiscal policy, there is a general feeling of trust towards the Mexican Central Bank and the federal government respectively.

Prospects for a recovery after the latest recession seem to be good: Major institutes and banks forecast moderate growth in 2002. Moreover, the latest monthly survey of the Central Bank (February 2002) among private sector economists with regard to the evolution of the economic situation in the upcoming six months gives rise to optimism: For the first time since April 2000, a sound majority of private sector economists expects the business climate to improve during the next six months (see Table 3.13). These findings are congruent with positive expectations for the U.S. economy, which is closely related to the Mexican economy with regard to business cycles.

Table 3.13: Business Climate Index: Expectations of private sector economists for the coming six months (Survey of February 2002)



Data Source: Banco de México, Encuesta Sobre las Expectativas de los Especialistas en Economía del Sector Privado: Febrero de 2002

Economic projections for the entire year 2002 by major banks and government institutions are accordingly slightly optimistic:

Table 3.14: Forcasts of key economic indicators for 2002

Real GDP growth	1.2% - 1.9%
Current Account Deficit in % of GDP	2.9% - 3.4%
Export growth	0.8% - 4.2%
Import growth	1.8% - 4.9%
Public Sector Deficit in % of GDP	0.5% - 0.7%
Inflation Rate (CPI)	4.4% - 4.5%
Real Interest Rate (Interbank "TIIE")	3.6% - 3.7%
Nominal Interest Rate (Interbank "TIIE")	7.9% - 8.1%
Exchange Rate MXP per USD	9.1 MXP - 10.1 MXP
Open Unemployment	2.4%

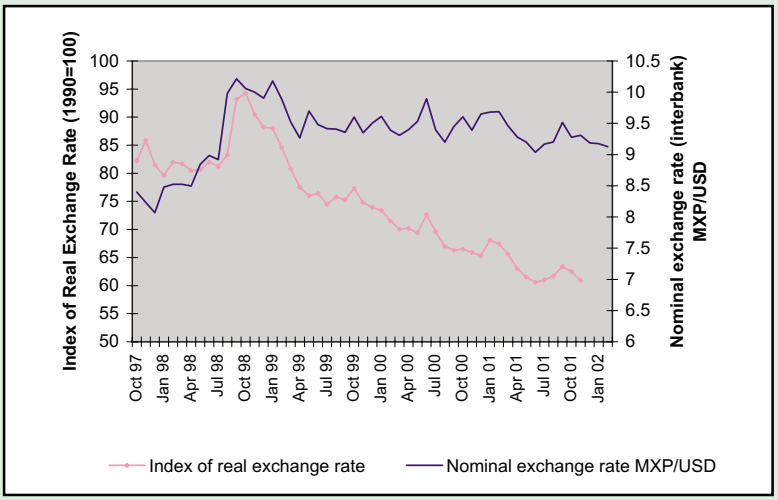
Source: SHCP, Citibank-Banamex, BBVA Bancomer, Bital.

Available projections for 2003 predict higher GDP growth than in 2002 (around 4%), unchanged interest rates, a lower inflation rate (between 3% and 4%), stronger dynamics with regard to both imports and exports and a largely unchanged exchange rate of around 9.5 MXP per USD.

Box 3.1: Is the Mexican Peso overvalued?

During the last months, concerns were increasingly voiced about an alleged overvaluation of the Mexican Peso of up to 40%. While the nominal exchange rate has been stable towards the US Dollar since late 1998, inflation has remained persistently higher in Mexico than in the U.S., thus leading to a real revaluation of the Mexican Peso. This revaluation has been particularly marked vis-a-vis other currencies, which have devaluated towards the US Dollar. In other words: Mexico has become more and more expensive since October 1998.

Table 3.15: Index of Real Exchange Rate and Nominal Exchange Rate of the Mexican Peso



Note: A decrease of the real exchange rate of the Peso (i.e. a devaluation towards other currencies) leads to an increase of the index and vice versa. Therefore, the decrease of the index since October 1998 which is depicted in the graph has to be interpreted as a revaluation of the Mexican Peso.

Sources: Banco de México (index of real exchange rate) and Oanda currency website (http://www.oanda.com) for nominal exchange rate.

Therefore, fears of a sudden devaluation of the Peso like in 1994/1995 are mounting. Or, in the alternative, observers fear gradual losses of competitiveness of Mexican manufacturing and Mexican exports if the upward trend in the real exchange rate of the Peso should continue.

Unlike before the crisis of 1994/1995, however, the Mexican Central Bank does not steer the exchange rate which is floating freely towards the USD and all other currencies. Thus the risk of speculative attacks is greatly reduced. Yet, according to unit costs statistics confirmed by business executives interviewed, manufacturing in Mexico has indeed become more expensive over the past few years.

The positive side of the strong Peso is that it helps to bring down import prices, thereby helping the National Bank in its efforts to reduce inflation to 3% by 2003. A pleasant side-effect for foreign exporters is that they find it easier to sell on the Mexican market because Mexican customers can afford their products.

Current economic indicators and analyses of the economic situation are readily available via the internet. Whereas some information service providers such as the Economist Intelligence Unit (http://www.eiu.com) charge fees for their services, much information is available free of charge from public institutions or the research departments of commercial banks.

Public institutions that publish their economic analyses in the internet include:

- Banco de México (http://www.banxico.org.mx): The Mexican Central Bank offers all key economic indicators on its website. Choose "Información Financiera y Económica" from the main menu. Some of the information is available in English, too.

- Instituto Nacional de Estadística, Geografía e Informática (INEGI; http://www.inegi.gob.mx): The National Institute of Statistics offers a wealth of information. Economic data is available, for instance, in the "Banco de Información Económica" which includes more than 54'000 data series. The "Censos Económicos" offer much structural data on the Mexican economy. Finally, you may subscribe online to the free "Servicio de Información Estadística de Coyuntura" (SIEC) which will bring you regular updates on economic indicators by e-mail. From the main menu, choose "Estadísticas Económicas" in order to access economically relevant information.

- Secretaría de Hacienda y Crédito Público (SHCP; http://www.shcp.gob.mx): The Ministry of Finance publishes economic information on its website, including inter alia recent indicators or presentations held by staff members. Some of this information is in English. Choose "Información Económica" or "Official Economic Information" respectively from the main menu.

Commercial banks that publish their economic analyses in the internet include:

- BBVA Bancomer (http://www.bancomer.com.mx): On their website, choose "Nuestro Mundo" and then "Estudios Económicos for access to monthly economic reports (Informe económico), regional economic reports (Informe Económico Regional) or Línea Económica for bi-weekly analyses. Much of this information is available in both Spanish and English.

- Citibank-Banamex (http://www.banamex.com.mx): On their website, choose "Estudios Económicos y Socio-Politicos de México" in order to select from a wide array of economic topics.

- Bital (http://www.bital.com.mx): On their website, choose "Análisis" in order to accede reports and presentations on the Mexican economy

- Scotiabank-Inverlat (http://www.inverlat.com.mx): On their website, choose "Mapa de Sitio", then "Información Financiera", "Publicaciones de Análisis" and next "Índice de publicaciones".

- Dresdner Bank Lateinamerika (http://www.dbla.com): The bank also publishes some of its analyses in German. Choose "Economic Research" from their main menu.

Photographer: Regina Schwegler



A quiet scene near the Plaza Principal of San Miguel de Allende, Guanajuato, a beautiful colonial town in the Central Highlands. It has become a popular retreat for retired U.S. citizens and arts students from all over the world.

Doing Business

4 Market Research in Mexico

4.1 Introduction

Mexico has been a relatively closed and opaque economy through the late 1980s. Even today, many business people remain hesitant to disclose information, be it only for statistical purposes. Observers argue that this attitude significantly compromises the quality of publicly available data. With regard to trade information, another problem is smuggling which distorts data in some sectors. Nevertheless, available "hard data" provides a first impression of the market, its structure and its potential. Much industry-specific and even sector-specific data is publicly available through the internet at no cost, thereby enabling you to do much of the market research work on your own.

We suggest an approach to market research in Mexico that combines various instruments, including, where available:

- Data sources: Make use of major publicly accessible sources for quantitative and qualitative data in the internet in order to get a first picture of the Mexican market (Section 4.2).

- Direct market contact: Visit distributors, customers, competitors, industry representatives, business associations, chambers and trade fairs in your industry in order to get direct insight and a "feeling" for the Mexican market, its products, its participants, distribution channels, the degree of regional market segmentation or the level of competition (Section 4.3).

- Assistance from Market Research Professionals: Seek information from business organisations such as bilateral chambers of commerce which run their own market research departments or specialised market research organizations (Section 4.4).

4.2 Data Sources

4.2.1 Publicly Accessible Internet Databases

The following table gives a brief orientation on selected publicly accessible data sources for several types of information that are typically required in market research. Each data source is listed below in alphabetical order, along with a brief description of its contents. Some repetition could not be avoided in order to enable users to consult

individual entries independently. For your convenience, you may want to access these and other information sources directly through the hyperlinks on our website at http://www.perspectivas-mexico.ch ("Market Research Links"). Should links or paths be outdated, it may be a good idea to use a search engine such as Google (http://www.google.ch) and type in the name of the service you are looking for (for instance "SICVI"), using ordinary internet search techniques. It is highly probable that this approach will elicit the information your require.

Table 4.1: Overview of data sources

Type of Information	Data Sources
Sectoral Information	Instituto Nacional de Estadística, Geografía e Informática (INEGI), Banco de México, Secretaría de Economía, Sistema de Información Empresarial (SIEM), Contacto PyME, Bancomext, Commercial Banks, Trade Information Agencies
Trade Data	Secretaría de Economía, Bancomext, Instituto Nacional de Estadística, Geografía e Informática (INEGI)
Tariff Rates	Secretaría de Economía
Technical Norms	Dirección General de Normas, Sistema de Información Empresarial (SIEM), Secretaría de Economía
Business Directories	Sistema de Información Empresarial (SIEM), Bancomext, Contacto PyME, Business Chambers and Associations

- **Banco de México (http://www.banxico.org.mx; ✉ 11.4)**

The Mexican Central Bank (Banco de México) offers abundant up-to-date information on the economic situation of the country. The subsection Cuadernos de Información Económica contains, among many other items, sectoral data on production, prices and trade that are updated monthly. Much information is available both in Spanish and English.

- **Bancomext (http://www.bancomext.gob.mx or http://www.bancomext.com; ✉ 11.12.1)**

Bancomext is the state-owned foreign trade bank of Mexico. Although the information offered is primarily designed for Mexican exporters, foreigners will find valuable information in the form of an investment guide for foreign investors, providing a detailled overview of industrial costs in Mexico (with a break down according to regions)

and some sectoral analyses of the Mexican market. The site gives access to directories of potential trade partners in Mexico, too.

- **Business Chambers and Associations (✉ 11.6)**

Business chambers (Cámaras Empresariales) often have an industry-specific orientation. If they have websites, they may contain lists of members with contact details. See Box 4.1 on how to identify these organisations.

Box 4.1: Identifying Industry-Specific Chambers and Business Associations

Industry specific associations and chambers may be identified through the Sistema de Información Empresarial Mexicano (SIEM; http://www.siem.gob.mx). When on their website, choose "Biblioteca" and then "Cámaras Empresariales". The SIEM also provides information on the chamber affiliations of individual firms.

Another option to identify industry-specific chambers and associations is to check the membership lists of umbrella organisations such as the Confederation of Industrial Chambers of Mexico (Confederación de Cámaras Industriales de los Estados Unidos Mexicanos; CONCAMIN; http://www.concamin.org.mx) or the Confederation of National Chambers of Commerce, Services and Tourism (Confederación de Cámaras Nacionales de Comercio, Servicios y Turismo; CONCANACO-SERVYTUR; http://www.concanacored.com) In the case of CONCAMIN and CONCANACO, membership lists are published on the internet. Contact details of these and other umbrella organisations are available in Subsection 11.6.1. Some industry-specific associations and chambers are listed in Subsection 11.6.2.

- **Commercial Banks (✉ 11.12)**

Most larger commercial banks have dedicated a section of their websites to economic research. Frequently, available documents also contain sectoral market surveys and studies. For a systematic approach, it is recommended to check the websites of the following institutions for relevant contents:

Citibank-Banamex (http://www.banamex.com.mx)
BBVA-Bancomer (http://www.bancomer.com.mx)
Bital Grupo Financiero (http://www.bital.com.mx)

Scotiabank-Inverlat (http://www.inverlat.com.mx or http://www.scotiabankinverlat.com)

- **Contacto PyME (http://www.contactopyme.gob.mx)**

Contacto PyME is a website designed specifically for small and medium-sized enterprises by the Ministry of the Economy (Secretaría de Economía). It contains a wealth of information that cannot be described here in detail. Worth mentioning is the section "Mercado" that hosts information on the value chain in various sectors; with details on suppliers and buyers, prices and sectoral trade fairs. Some market studies are as well available for download.

- **Dirección General de Normas (http://www.economia-normas.gob.mx; ✉ 11.4)**

The General Directorate of Norms publishes technical standards and regulations as well as lists of products to which they apply. Exporters and investors will find information on technical and quality requirements on the Mexican market. The main feature of the site is the Catálogo de Normas Oficiales Mexicanas (NOM; Catalogue of Official Mexican Norms), For each tariff position or product description, applying Mexican technical norms can be identified and subsequently downloaded in full text. See Section 6.3 on Technical Norms for details.

- **Instituto Nacional de Estadística, Geografía e Informática (INEGI; http://www.inegi.gob.mx; ✉ 11.4)**

The most important publicly accessible source is the Instituto Nacional de Estadística, Geografía e Informática (INEGI), the Mexican National Statistical Office. It provides a variety of statistical information in different series. For market research purposes, the Censos Económicos and the Banco de Información Económica are most important.

Censos Económicos: The Censos Económicos contain very detailed structural information on sectors and subsectors of the Mexican economy. Published in late 2000, the last census was taken in 1999 and is based on data from 1998. It basically consists of two series. The first series "Tabulados Basicos" offers general sectoral information such as the number of establishments, employees, salaries, assets, gross capital formation, gross total production or inputs. The tables offer further refinements and allow an analysis of the data by state. The second series "Productos y Materias Primas" yields additional information such as quantity and value of production and

sales (both domestic and abroad), prices and the consumption of inputs. The "Censos Económicos" are an excellent source to find specific information on customer industries, including their structural pattern and their regional distribution.

While it is a good source to evaluate the size of a market or the number and size of potential customers and their location within the nation, the database does not contain any addresses, and the information is rather static. However, both problems may be resolved: Addresses are retrievable by means of business directories (see Table 4.1 for references), and more current data is available in the Banco de Información Económica (see next paragraph).

Banco de Información Económica (BIE): The BIE includes 54'000 data series. Among many others, figures on the production of sectors and subsectors are available. In contrast to the "Censos Económicos" the BIE also contains very recent figures. The section "Sector Externo" of the BIE gives access to data on imports and exports by products and/or sectors. Data on foreign direct investment is also available, however only on very aggregate levels. Data may be exported into Excel or ASCII files, including graphs where desired.

- **National Trade Information Agency Websites (see Section 4.4.2; ✉ 11.8)**

While some trade agencies do not publish their market studies for free download on the internet, others may do so. At the time we were writing this book, market studies were available for download from the websites of the Canadian Trade Commissioner Service (http://www.infoexport.gc.ca), the U.S. Commercial Service (http://www.export.gov) and the French Direction des Relations Economiques Extérieures (http://www.dree.org/mexique).

- **Secretaría de Economía (http://www.economia.gob.mx; ✉ 11.4)**

The Secretaría de Economía is the Mexican Economic Ministry. It is very active in the distribution of useful data for exporters and investors. This holds particularly for the site of the Subsecretariat of International Commercial Negotiations (Subsecretaría de Negociaciones Comerciales Internacionales; SNCI). These are the main channels of information on their website:

Sistema de Información Comercial via Internet (SICVI): The SICVI allows you to retrieve information on imports and exports of each product or product group up to the 8-digit level of the Harmonised System (HS). Import data are available by

month, year and country of origin which is very useful for an "indirect" identification of competitors and their import market shares. For most queries, trade figures are available as far back as 1990. Further on, SICVI allows you to retrieve up-to-date information on import tariff rates and non-tariff import regulations by product and country of origin. This function of the database is a good starting point for information on the particular requirements of importing your products to Mexico. While we used SICVI extensively in the first half of 2002, we found that the service had some technical problems, particularly during (European) mornings. It worked generally well during (European) afternoon or evening hours.

Sistema de Inteligencia Comercial (SIC): The SIC was designed to attract export-oriented foreign direct investment (FDI) to Mexico. Investors from foreign countries may check whether their products may be shipped at better market access conditions to third country markets when produced in Mexico as opposed to produced in the investor's country of origin.

Tratados/Negociaciones: The pages on "Tratados" and "Negociaciones" host extensive information on Free Trade Agreements, also including the original texts and tariff elimination schedules.

Information on Foreign Direct Investment (FDI): The pages on "Inversión" include recent reports with statistical information on FDI by sector or country of origin. Moreover, it offers access to basic information on the regulation of foreign investors.

- **Sistema de Información Empresarial (SIEM; http://www.siem.gob.mx)**

The SIEM which belongs to the website of the Secretaría de Economía is a highly interesting information tool. There is a legal obligation for firms to register with the SIEM, which is publicly accessible via the internet at no cost. Among many other features, it hosts a comprehensive business directory with much information on sectors and individual businesses. The search function allows searches of buyers and suppliers by product, federal state, size of business, chamber affiliation or user-specific criteria. Statistics on the number of businesses are also available, and each result is clickable thereby bringing users directly to the listings of individual firms which include addresses and some cursory information about the firms, including their size or required inputs. The directory may also be searched using graphic representations of the value chain (Cadena productiva) in different sectors as a starting point. Moreover, a list of all Mexican chambers of commerce and industry (Cámaras empresariales) is available.

4.2.2 Other Data Sources

Other publicly available data sources include:

- Industry-specific trade magazines. Such magazines are often edited by business chambers or associations (see Box 4.1 on how to identify these institutions or Section 11.6 for a list of selected addresses).

- The internet in general: Use internet portals (see Chapter 13) or search engines (such as Google at http://www.google.ch) in order to find information on the market of your product in Mexico, using ordinary internet search techniques. It goes without saying that you get more and better results by using Spanish (or maybe English) keywords than by using German, French or Italian keywords.

If you cannot find the information that you are looking for in publicly accessible databases, it may still be available through privately operated databases, including:

- Industridata Data Base: Business directories organised by size and region; Provider: Mercamétrica Ediciones, S.A.; http://www.mercametrica.com

- Mercamétrica Handbooks/Database: Statistical information about Mexico's largest cities and metropolitan areas; Provider: Mercametrica Ediciones S.A.; http://www.mercametrica.com

- IBCON Directories: Specific directories of government, towns and cities, lawyers, executives, Mexican corporations, importers, buyers, suppliers etc; Provider: IBCON, S.A.; http://www.ibcon.com.mx

- GTIS World Trade Atlas: Data base with trade information; Provider: GTIS; http://www.gtis.com

- "DIA" Data Base: Data base with information on tariff classification, tariff rates, non-tariff trade barriers and trade regulation in general; Provider: Sistemas Dínamicos Internacionales S.A. de C.V.; http://www.sdinet.com.mx

In order to access the information contained in such privately operated databases, users will usually have to buy the product, i.e. the CD-Rom. One option to access data bound in such private databases without buying the entire product is to contact one of the larger bilateral chambers of commerce in Mexico (✉ 11.7). They usually operate their own market research departments which may have access to these and other databases and which will perform searches for a fee. Depending on your particular needs and the frequency of use, this option may turn out far less expensive.

4.3 Direct Market Contact

In order to complement the information from the data sources listed above, it is necessary to get into direct contact with the market and its actors. Business trips are indispensable experiences in order to get a "feeling" for the country, its people and the particular industry. The following elements should be included in your trip:

- Suppliers, buyers, distributors and competitors: Visit market participants in Mexico and try to get interviews and additional information on the market. The business directories listed above in Table 4.1 and business associations or chambers (see Box 4.1) will help you identify potential sources of information. In addition, some bilateral chambers of commerce (✉ 11.7) offer the arrangement of an agenda for business visits as a commercial service. In the end, you will need to gather information on the products available in Mexico and their characteristics, on quality and price levels, established marketing and distribution strategies, modes of presentation, packaging and labelling, and the level of competition in general.

- Industry representatives, business associations, chambers of commerce: In some instances, these business organisations may help you get an impression of the market. Industry representatives often have a better and more general knowledge of an industry than individual executives who are sometimes focused too narrowly on their particular product in order to give general advice. However, most business chambers are relatively small and do not offer market research services (see Box 4.1 on how to identify such industry contacts).

- Trade fairs and exhibitions in Mexico specific to your industry: One of the most rewarding ways to conduct market research are visits to trade fairs. In Mexico, they are meeting points for high-ranking executives (see Box 4.2 on industry-specific trade fairs and exhibitions in Mexico).

Box 4.2: Industry-Specific Trade Fairs and Exhibitions in Mexico

There are several ways to identify industry-specific trade fairs and exhibitions. Detailed calendars of events are usually available on the following websites:

- The Mexican Association of Trade Fair, Exhibition and Convention Professionals (Asociación Mexicana de Profesionales de Ferias, Exposiciones y Convenciones, AMPROFEC; http://www.amprofec.org.mx; ✉ 11.6.2)
- Bancomext (http://www.bancomext.gob.mx; ✉ 11.12.2)
- The Secretaría de Economía (✉ 11.4) through their service "Contacto PyME" for small and medium-sized enterprises (http://www.contactopyme.gob.mx)
- Other websites: http://www.megaexpo.net, http://www.exposyferias.com or http://www.expomexico.com.mx.

Another option is to seek assistance from industry-specific chambers and associations (see Box 4.1 and, for a selected listing, Subsection 11.6.2), bilateral chambers of commerce and industry (✉ 11.7) or national trade information agencies (✉ 11.8).

Travelling long distances to trade fairs is rather unusual in Mexico. Accordingly, most exhibitions have a national or even regional focus. Before planning a visit, it is advisable to contact the organisers in order to get more information on the size and importance of an event (number of exhibitors, number and origin of visitors during past events, number of years that the trade show has been run, participation of key players etc.). You may also want to verify the information given by organisers with industry-specific business associations and chambers or with one of the bilateral chambers of commerce in Mexico that offer assistance in planning participation or attendance of trade fairs.

4.4 External Assistance

Market research professionals stand by to complement your own efforts through professional market research services.

4.4.1 Bilateral Chambers of Commerce in Mexico

Bi-national chambers of commerce often run their own market research departments that offer tailored commercial intelligence services to foreign exporters or investors against payment. These may include qualitative and quantitative market research, identification or background checks of potential business partners, the provision of industry or government contacts, the preparation of an agenda for a business visit or trade fair participation. Besides having the necessary skills and access to major public and private databases, their personnel are bilingual or bi-cultural. They are usually familiar with the problems and concerns of foreign firms, as well as their business cultures and home markets. These factors will contribute to efficient communication and an effective research effort.

While we have included both the Latin American Chamber of Commerce in Switzerland and the Mexican-Swiss Business Association (Asociación Empresarial Mexicano Suiza; AEMS) in our list of bilateral chambers of commerce, these organisations do not offer market research services themselves. However, they are prepared to give guidance when looking for external support in this field. Swiss firms may mandate bilateral chambers which offer such services (e.g. AmCham or CAMEXA). Since bilateral chambers of commerce operate their market research departments increasingly as profit centers, nationality requirements play a decreasing role for the provision of services.

 Major bilateral chambers of commerce are listed in Section 11.7.

4.4.2 National Trade Information Agencies

Trade information agencies also offer specific market research services, often in co-operation with partners in Mexico. OSEC Business Network Switzerland with offices in Zurich, Lausanne and Lugano is the official Swiss export promotion agency. Besides OSEC, other trade information agencies in neighbouring European countries might, in some cases, be ready to assist Swiss exporters. However, these institutions often operate under the authority of national governments and they may therefore find it difficult to offer their assistance to non-nationals. Should direct access to their expertise not be possible or difficult, an option may be to contact them through subsidiaries or partners in the respective country, if available.

 Major trade information agencies are listed in Section 11.8.

Photographer: Jean-Pierre Villard



Museum of Anthropology, Mexico City

4.4.3 Market Research Agencies

Another option is, of course, to contract private market research agencies on the Mexican market. In this case, potential exporters or industrial investors should make sure to entrust their research mandates to reputable agencies whose staff members have the necessary skills and instruments to perform effective market research. One option to ensure high quality services is to limit one's choice to members of the Mexican Association of Marketing and Public Opinion Research Agencies (Asociación Mexicana de Agencias de Investigación de Mercado y Opinión Pública; AMAI) which sets certain quality standards that their members must fulfil.

AMAI publishes a list of its members on its website at http://www.amai.org. AMAI and some of Mexico's major market research agencies are listed in Section 11.9.

5 Market Entry

5.1 Market Entry Strategies

5.1.1 Introduction: Choosing the Right Strategy

The choice of a certain market entry strategy depends heavily on product, firm and country market characteristics. Choosing an adequate strategy therefore requires both thorough country market research (see Chapter 4) as well as an analysis of the individual company's strengths and weaknesses.

Indirect exports of Swiss products to Mexico are the most basic market entry mode, implying low risks but yielding only limited possibilities for the expansion of business activities into Mexico. As we gradually move to more sophisticated market entry modes such as license agreements and, ultimately, to foreign direct investment (FDI), long-term growth prospects for a firm's Mexican business improve. However, the exposure to country market risks and the need for a long-term commitment (including financial) both increase. Each generic strategy consists of a variety of instruments that may also be combined in order to constitute an individual company's approach to entry in a foreign market. Moreover, each of these generic strategies may be pursued directly from the headquarters of a Swiss firm or entrusted to an already existing subsidiary in Europe or North America. In both cases, the full consequences (organisational, taxes, trade rules such as rules of origin etc.) must be carefully considered in advance. The following sections briefly analyse the options for market entry into Mexico, moving from basic to more sophisticated market entry modes.

5.1.2 Indirect Exports to Mexico

We speak of indirect exports if goods are not exported directly by the producer but through an intermediary in the country of origin such as a trading house, an export agent, a purchasing agent or the like. Trading houses, for instance, buy the products directly from the producer and will look for customers abroad. They will administer export formalities and may even offer financing arrangements to the customer. The advantage of indirect exports is that they offer a risk-minimising strategy to producers, particularly if they are newcomers to exporting or if they plan only occasional exports to Mexico. No export-specific resources or knowledge are required inside the firm. Depending on the intermediary, a producer may benefit from the formers' considerable market knowledge and a good network within the Mexican market.

The downside of indirect exports, however, is that the producer loses control over the marketing of the product in Mexico. Indirect exports are also an inadequate market entry strategy for selling more sophisticated products that require professional after-sales service. In addition, the producer does not gain knowledge of the Mexican market and customers' needs. Finally, success of the Mexican venture depends entirely on the competence of the trading house.

For all that has been said above, indirect exports may be an option under certain circumstances. However, finding an appropriate trading house is not an easy task today: Their number has decreased over the last decades for a variety of reasons. Moreover, they have concentrated their activities more on Asian markets than on Latin American markets. Considering direct exports (see Section 5.1.3) appears as a more future-oriented strategy to market entry in Mexico than indirect exports.

 In order to find a suitable trading house in Switzerland, seek the advice of OSEC Business Network Switzerland (http://www.osec.ch; ⊠ 11.8) or use industry contacts. The Swiss Association of International Trading Houses (Schweizerischer Verband der Internationalen Handelsfirmen; SVIH; ⊠ 11.16) might also be in a position to provide some help. In case you can't find a suitable partner in Switzerland, appropriate trading houses might also be identified in neighbouring countries. These countries' bilateral chambers of commerce in Mexico (see ⊠ 11.7) or their trade promotion agencies (see ⊠ 11.8) might be helpful in identifying potential partners. However, implications with regard to rules of origin and other customs matters should be considered carefully in this case. If you plan to base your entire Mexican strategy on indirect exports, you should check the track record of the trading house and verify its reputation in the Mexican market.

5.1.3 Direct Exports to Mexico

In the case of direct exports, the producer sells his products directly to Mexico without an intermediary in the country of origin. Direct exports are another strategy with relatively low risks. The key advantages of direct exports over indirect exports are that the producer retains control over the marketing of his products in Mexico and that he gets into direct touch with the Mexican customer, or at least with Mexican intermediaries. This will allow him to gain better market knowledge and to obtain information on customers' preferences, which is required to improve the product and to adapt it specifically to Mexican needs. For these reasons, direct exports are deemed to offer far better prospects for the development of a producer's business activities in Mexico than indirect exports. However, direct exports require better knowledge of the Mexican market and specific preparation. In addition, export-specific knowledge is necessary in order to successfully process and complete transactions. In the case of direct exports, goods may be sold

Photographer: Regina Schwegler



El Castillo (Pyramid of Kukulcán) on the Mayan site "Chichén Itzá", Yucatán

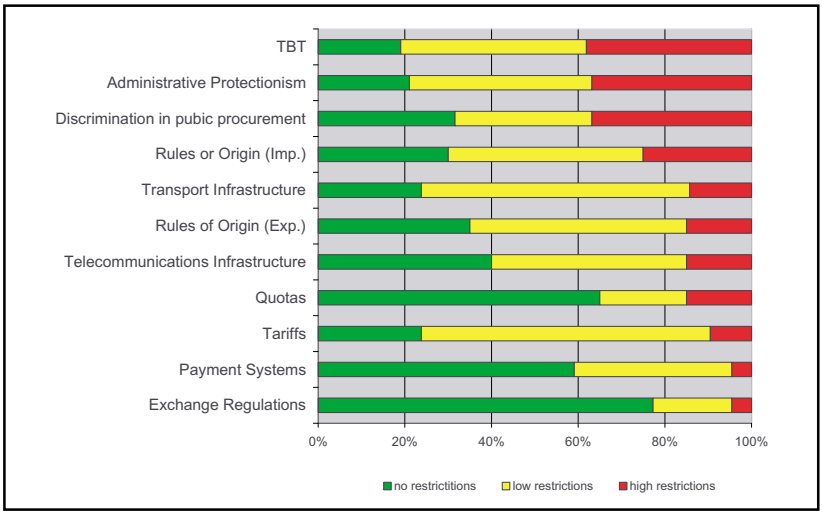
directly from the Swiss manufacturer to Mexico, or through a proper sales office in the Mexican market. Establishing such a sales office should be considered when after-sales service is necessary or if commitment to the local market must be visible to customers. Obviously, the expected long-run volume of sales should justify the investment and the fix costs of running a local office. An alternative to an individual office may be the establishment of a joint office in co-operation with business partners that export complementary products to Mexico. Depending on the market, some exporters sell the products directly to the customer. Most exporters, however, make use of local intermediaries such as commercial representatives or distributors. In the case of Mexico, the use of qualified local intermediaries will be unavoidable in most cases because they are the only ones to have the market knowledge and relationships necessary to tap the market potential.

Sections 5.2 and 5.3 contain recommendations and references for the search and selection of local intermediaries. Chapter 6 details the basic administrative proceedings and documentary requirements for exports to Mexico. Compliance with these and co-operation with an experienced freight forwarder is a must for hassle-free exports to Mexico.

Box 5.1: Trade Barriers

In a survey conducted among Swiss business executives in Mexico in autumn 2001, we had asked respondents to rate the trade-restrictiveness of main trade barriers for their business activities in Mexico. It was found that "classical" trade barriers such as tariffs do not generally have a very restrictive impact on business activities. A different picture emerges, however, with regard to the more subtle barriers of trade which may make every-day business-life difficult. In this respect, technical barriers to trade (TBT) have been rated as the most serious impediment, closely followed by administrative protectionism, which may assume different forms such as delays in border control or massive paperwork requirements. While corruption has been mentioned by a few respondents, others deplored rapid changes to trade rules and their allegedly opaque administration. Other trade barriers with substantial impact are allegations of discriminatory practices in public procurement as well as the rules of origin of free trade agreements and their administration. "Natural" trade barriers such as an insufficient infrastructure for transports or telecommunications also have some trade-restrictive impact. The results are displayed in Table 5.1.

Table 5.1: Trade barriers and their trade-restrictiveness (survey results)



Source: Survey conducted among AEMS members in September 2001; 25 respondents.

5.1.4 Technological Co-operation: License Agreements

Another form of market entry is the conclusion of license agreements with Mexican partners such as local manufacturers. The advantages of licensing are that no significant financial resources are required for market entry and that no additional capacity must be installed in Switzerland; and lastly, that existing barriers to trade and investment may be overcome. Moreover, the licensor has access to his partner's knowledge of the local market and his distribution networks. The disadvantage of licensing, however, is that the licensor retains only limited control over his technology. Where such technology is the core business of the licensor, licensing implies more risks and Swiss SMEs should double check the trustworthiness of their prospective Mexican partner. Generally speaking, the success of market entry through licensing depends crucially on the qualities of the Mexican partner. Moreover, experienced legal counsel in Mexico is an absolute must in order to assure that the agreement is beneficial to both parties.

Through licensing, a foreign producer usually transfers the right of use etc. (not the property right) of a product or service to a Mexican manufacturer. Depending on the terms of the agreement, the right of the Mexican partner may be limited to the Mexican market or it may be extended to other markets such as Central America. Given the elaborate network of free trade agreements administered by Mexico (see Subsection 3.3.1), licensing may be a good vehicle to enter some third country markets from Mexico. According to recent OECD estimates, direct commercial transactions related to international technology transfers to Mexico were valued at some 454 million USD in 1999, up from 347 million USD in 1996. These numbers refer to money paid for the acquisition or use of patents, licences, trademarks, designs, know-how and closely related technical services. Licensing agreements have become a feasible option to gain Mexican market entry in recent years since the country has increased the protection of intellectual property rights (IPRs) through new laws and regulations as well as the adherence to international treaties. However, observers note that enforcement of legal obligations is still rather weak, thus limiting the factual effect of IPR protection (see also Section 8.1).

A licensing agreement should contain provisions on royalties, sub-licensing, rights to sell and manufacture, duration of the arrangement, geographical limitations of the license, exclusivity or technology updating. In order to avoid the loss of technology, cross-licensing has been recommended whereby each partner licenses its technology to the other partner. The effect is that each party holds the other party's technology as hostage. Nevertheless, such a recommendation is only of limited value if technology transfers turn out to be a one-way street. Such a situation may usually be expected if partners from countries with different levels of technological development co-operate.

This highlights the need of proceeding diligently with the search and selection of the partner.

A particular form of licensing is franchising. In addition to usage rights for technology and trademarks, the franchisor supports the franchisee with logistics, organisation, marketing and management. Similar to other forms of licensing, the franchising system has experienced considerable growth in Mexico in recent years after the rights of the franchisor have been strengthened and the state has withdrawn from heavily regulating franchises. Franchisor and franchisee now enjoy considerable contractual freedom. U.S. corporations have often used franchising in recent years to enter the Mexican market.

Whichever form of licensing is chosen, Swiss SMEs should proceed diligently in the search and selection of a partner (see Section 5.2 for recommendations). The use of a lawyer is a must when the license agreement is worked out. Names and addresses of several law firms are included in Section 11.11. See Section 8.1 for more information on the protection of IPRs in Mexico.

5.1.5 Foreign Direct Investment: Joint Ventures

Another path for market entry is the establishment of a joint venture between a Swiss firm and a partner already established in Mexico. Unlike the market entry modes discussed in Subsections 5.1.2 through 5.1.4 above, the establishment of a joint venture usually implies capital investment in Mexico, thereby increasing the commitment and the exposure to risks that go along with market entry.

Joint ventures differ according to the scope of the functions that are transferred (i.e. whether the joint venture is limited to certain functions such as R&D, production or marketing, or whether extensive co-operation is sought) and according to participation, i.e. whether both partners participate equally (50:50) in the joint venture or whether one holds a majority position. Whereas some joint ventures are established only temporarily in order to jointly carry out a project, others are meant to last.

Similar to other forms of co-operation such as licensing, joint ventures between a Swiss firm and an experienced Mexican partner may be very rewarding. They give the Swiss side access to local market knowledge and local networks while the Mexican partner usually awaits access to sophisticated technologies and additional capital which is more difficult to obtain from the Mexican capital market than from the Swiss capital market. Yet, this mode of co-operation is not unproblematic: It is the sharing of power, in particular, which may entail management problems. In order to minimise risks, it is important that the basic prerequisites of successful partnering are observed (see Section 5.2). Among these are the diligent screening of the prospective partner, a clear

articulation of each partner's objectives right at the beginning of talks and unambiguous written agreements on possibly contentious issues. These include, inter alia, sourcing and marketing policies, growth strategies, rationalisation policies, transfer pricing, the allocation of profits/losses, each party's responsibility for future capital requirements or termination provisions. In case the joint venture implies some transfer of technology, the transferring partner should protect its technology from being seized. (see also Subsection 5.1.4 above).

The thorniest of all issues are those related to governance: governance structures, dispute settlement and emergency measures such as special directors, mediation, arbitration or even dissolution. While ownership shares will certainly influence voting rights in some way, the minority partner may be protected through corresponding arrangements such as veto powers. Each partner should make sure that incentives are set in a way that the other partner is equally committed to the success of the joint venture. An arrangement where one party has much lower exit costs than the other party may foster opportunistic behaviour in the former to the detriment of the latter.

It goes without saying that agreements on the establishment of a joint venture must be set up in co-operation with an experienced lawyer. Finally, partners will have to dedicate time and attention to the management of the joint venture. Intense communication, an ambiance of mutual trust and good personal "chemistry" are all essential to the success of a joint venture.

 A list o law firms is included in Section 11.11. For investment in general, see Chapter 7.

5.1.6 Foreign Direct Investment: Wholly-Owned Subsidiaries

The establishment of a wholly-owned foreign subsidiary offers a Swiss firm the advantage of complete control of the Mexican venture. The grievances of power-sharing inherent to joint ventures may thus be avoided and the risk to lose core technologies which is associated with co-operation is greatly reduced. Further more, serving the Mexican market from a location inside Mexico may reduce transportation costs considerably, and first-hand experience may be gained in direct contact with market forces. Investing in Mexico has become both easier and more rewarding in recent years: Barriers to FDI have come down significantly and the political and economic stability of Mexico has improved. Besides offering a large internal market, Mexico is evolving into an international centre of production as free trade agreements have simplified access to 32 countries, including the U.S., Canada and some Central and South American markets.

While the establishment of a wholly-owned subsidiary with fully-fledged production plants may be an excellent way to serve the Mexican market in the long term, with a firm's products gaining recognition and meeting customer demand, it is questionable whether it is a suitable market entry strategy for a SME: Much capital is needed, proper management must be selected and organised, and human resources have to be located and qualified which may not always be an easy task. Besides, foreign direct investment may be subject to investment barriers, and the foreign firm has a higher exposure to the political and economic risks associated with doing business abroad. Finally, even a fully-owned subsidiary will likely have to co-operate with Mexican partners in order to tap the market potential. The acquisition of an existing firm may be an alternative to a "green field" project (i.e. the establishment of a new firm).

More detailed information on investing in Mexico is contained in Chapter 7. Given the legal and fiscal particularities of investing abroad (some of them are explained in Chapter 8), advice from qualified lawyers and tax specialists is essential to commercial success. A list of law firms is included in Section 11.11.

5.2 Partnering in Mexico

The presentation of market entry modes in Section 5.1 above has made it clear that partnering in one way or the other is central to most forms of market entry. Indeed, experienced business executives confirm the importance of co-operating with trustworthy Mexican partners when initially entering the Mexican market (see also Chapter 9 on success factors). Yet, successful partnering is a technique of its own and it requires much diligence. It is a process that often lasts longer than originally expected, and choosing the wrong partner is one of the major reasons foreign companies fail in Mexico. The main steps to successful partnering are set out below.

First step: Identify whether market entry through a partnership is the right option

- Articulate your company's goals in Mexico: What do you want to achieve by expanding to Mexico?

- With your strategic goals in mind, conduct thorough research of the Mexican market for your product and carry out a SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis with regard to your Mexican venture: Is your company suited to serve the Mexican market, and does the Mexican market

offer perspectives for your company's business success? Does selling your product require a partnership? Is your firm ready for a partnership?

- What form of partnership are you looking for? What does your partner need to contribute in order to build a complementary relationship? What can you offer in return to make the partnership stable, sustainable and successful?

- Do you have the commitment of top management and will your firm provide you with enough resources (human, financial, managerial)? Does top management stand behind your plans to enter the Mexican market through partnerships?

Second step: Look for potential candidates

- Use existing contacts to business acquaintances (suppliers, firms offering complementary products, customers etc.) who are already established in Mexico in order to identify potential candidates.

- Make use of business directories such as the SIEM (see Section 4.2.1) and seek information from industry-specific chambers and associations (see Box 4.1). Consult bilateral chambers of commerce and industry in Mexico (✉ 11.7), trade promotion agencies (✉ 11.8), banks (✉ 11.12), consulting firms or the Swiss embassy (✉ 11.3). Visit events such as trade shows and exhibitions (see Box 4.2).

Third Step: Screen and choose potential candidates

- Seek information about your prospective partners on the following issues: regional and industrial coverage (in the case of commercial agents or distributors), product specialisation, specific lines handled (competing products?), size of firm, product and market knowledge, marketing programmes and techniques, customers, size and quality of staff, condition of facilities, ability and readiness to keep stocks or offer after-sales service, credit record and relations to financial institutions, networks and relationship with government, track record, reputation.
- Visit potential partners. Analyse your prospective partner's objectives and check whether they are compatible with your own plans. Tour their offices and manufacturing/logistics installations.

- For the verification of information obtained directly from your prospective partner, seek references. Think of customers, suppliers, banks, distributors etc. who know your prospective partner from a long term relationship. Seek information through the institutions and instruments mentioned under "Second step" above.

Fourth Step: Negotiating and establishing the partnership

- When negotiating a partnership agreement, observe basic rules of negotiating with Mexicans (see Box 9.1), and prepare negotiations well.

- Make sure to negotiate the following points, where applicable:
  - Ownership structure and/or responsibilities of each party
  - Valuation of partners' contributions
  - Transfer and updates of technology, licenses, trade marks etc.
  - Governance: Selection of management, decision rules for crucial issues (sourcing and marketing policies, growth strategies etc.), dispute settlement procedures
  - Distribution of earnings and/or royalties
  - Procedures for raising capital
  - Staffing of the partnership
  - Rules for the termination of the partnership or the exit of a partner; ownership in case of dissolution with regard to technology, customer lists, trademarks, patents or other assets.

- Subsequently draft a partnership agreement with your prospective partner. In the case of more complex relationships (such as joint ventures), draw up a memorandum of understanding (MOU) first which outlines the key points of an agreement. Use clear and concise terms. The MOU is the basis for the elaboration of the legal framework. Do not proceed without support from lawyers or institutions that are familiar with the Mexican legal system and labour environment (see Chapter 8 for an introduction). Always include a Mexican lawyer who is familiar with the tax implications (see addresses in Section 11.11).

 A valuable guide on "How to Partner in Mexico" has been edited by the Government of Canada (Market Research Centre/Canadian Trade Commissioner Service; http://www.infoexport.gc.ca; see the bibliography in Chapter 12)

5.3 Distribution Channels

5.3.1 Consumer Goods

In Mexico, very modern distribution systems exist in parallel with very traditional, multi-layered systems. The gap is particularly large in the case of consumer products. While elaborate logistics allow direct deliveries from major producers to large-surface department stores at the one extreme, a multi-layered system between producer and consumer is in place at the other extreme, consisting of a long chain of distributors, wholesalers, retailers, small corner stores or even ambulantes – persons selling products on the streets. Coping with the gap between both systems is a major logistical challenge for any supplier of consumer goods in Mexico.

In general, the decision for a particular distribution channel will depend on various factors, including the nature of the product, its position in the market with regard to price and quality, brand policies, technological content, service needs and the producer's marketing mix (product policy, distribution policy, communication policy, price and condition policy) in general. These factors will determine whether there is a need to keep control of the marketing of the product and, therefore, the choice of specific channels:

- Wholesalers: Wholesalers take title to the goods and are responsible for all aspects of marketing them. Generally, they only expect the honouring of warranties by the producer. The disadvantage of marketing through wholesalers is that they carry many competing product lines and additional efforts by the producer might be necessary to promote products. Moreover, there are marked differences in size between wholesalers, and they usually have limited regional or local coverage. Before assigning a wholesaler, the Swiss exporter should make sure that the wholesaler has the logistical capacities to ensure that the products reaches retailers and/or consumers on time and in good condition.

- Distributors: Distributors also take title to the goods. In contrast to wholesalers, they usually do not carry competing products but complementary products. When choosing a distributor, it should be made sure that he has good reach and sufficient capacity to ensure continuous delivery to retailers (staff, logistics, warehouse space etc.) which is a major factor for the success of imported products on the Mexican market.

- Retailers: As has been pointed out above, there is a wide spectrum of retailers, ranging from small convenience stores to large-scale locally-owned and foreign-owned retail chains.

The basic recommendations on partnering in Mexico (Section 5.2) apply when choosing distribution channels and reaching agreement on co-operation.

 Information and publications on retailing are available through market research professionals (see Section 4.4) or the National Retailers' Association of Mexico (Asociación Nacional de Tiendas de Autoservicio y Departamentales, A.C.; http://www.antad.org.mx; ✉ 11.6.2) which publishes retailer directories and a trade magazine.

5.3.2 Capital Goods and Intermediate Products

The marketing of capital goods usually requires both specific market knowledge and profound product knowledge. In many cases, after-sales service must be available. Unless considerable resources are at hand, small and medium-sized enterprises will generally find it difficult to sell directly to Mexican customers without the help of one or more experienced local partners such as commercial representatives or distributors. Selling in Mexico is highly interpersonal and, generally speaking, requires access to existing networks.

While it may be sufficient to co-operate with only one partner in order to serve the entire Mexican market, some exporters will have to assign different partners to each Mexican region. Some observers argue that each of the three main economic poles (Mexico-City and surroundings, Guadalajara, Monterrey) has its own networks and distribution channels and that different, well-established local partners should be assigned to each area. Yet, market integration is said to be proceeding and conditions are gradually changing.

The following two generic options are available:

- Commercial representatives: In Mexico, commercial representatives solicit business on behalf of the exporter, however without taking title to the goods as this would entail an extra tax burden. The buyer will therefore receive the imported goods directly from customs. Usually, commercial representatives work on a commission basis, being paid only when they sell the product. Unless explicitly excluded in the agency agreement, the agent is entitled to a refund of expenses.

  Any agreement should include provisions on the agent's responsibilities, on commissions, and on access to the client and client data by the exporter. Exporters should make sure that the relationship with the agent is defined clearly so that it may not be interpreted or construed as an employer-employee relationship, which would oblige the exporter to provide the agent with

statutory benefits, and to cope with onerous labour regulation which would also have tax consequences (see Chapter 8 for more details). Cooperation with a lawyer is strongly recommended.

- Distributors: Unlike in the case of commercial agents or representatives, a distributor takes title to the goods. The advantage of selling through distributors is that they often provide additional services such as financing to purchasers, stocking, advertising or after-sales service. The downside is that distributors keep tight control over the products once they take title to it, and that their margins reduce exporters' earnings significantly.

It is obvious that the analysis of distribution channels for a particular product and their evolution are a key step in market research (see also Chapter 4). Choosing an appropriate agent or distributor is a difficult task that may take considerable time.

 For the search and selection of a partner, follow the steps outlined in Section 5.2 and observe basic principles on partnering. Contacting the commercial desk of the Swiss embassy might be helpful, too (✉ 11.3). In any event, a lawyer should be consulted for the elaboration of the agreement (see addresses in Section 11.11), taking into consideration aspects of (inter alia) labour law, tax law and competition law.

Box 5.2: Public Procurement

Foreign suppliers should not lose government procurement out of sight. According to official Mexican data, government procurement amounted to 23.8 bn USD in 1999, including goods (31%), construction services (25%) and other services (44%). The Ministry of Controlling and Administrative Development (SECODAM) notes that 20'000 public tendering procedures are carried out each year, and that Mexico counts 3'000 buying entities at the federal level. The most important buyers are:

- The Ministry of Communications and Transports (Secretaría de Comunicaciones y Transportes; SCT; http://www.sct.gob.mx; ✉11.4). Products and services bought include road construction services, vehicles, signalling equipment, data processing equipment etc.

- The Ministry of Public Education (Secretaría de Educación Pública; http://www.sep.gob.mx)

- The Ministry of Agriculture (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación; http://www.sagarpa.gob.mx; ⊠ 11.4)

- The Ministry of Finance (Secretaría de Hacienda y Crédito Público; http://www.shcp.gob.mx; ⊠ 11.4)

- The Ministry of Health (Secretaría de Salud; http://www.ssa.gob.mx; ⊠ 11.4) as well as the Instituto Mexicano del Seguro Social IMSS (http://www.imss.gob.mx; ⊠ 11.4) and the Institute of Social Insurance and Social Services for State Workers ISSSTE (Instituto de Seguridad y de Servicios Sociales para los Trabajadores del Estado; ISSSTE; http://www.issste.gob.mx; ⊠ 11.4). Products include construction services, medical and surgical equipment, laboratory material and equipment, pharmaceutical products, hospital supplies, cleaning services etc.

- Petroleos Mexicanos (PEMEX; http://www.pemex.gob.mx; ⊠ 11.4). Products include oil-drilling equipment, pipeline tubes, sea platforms, etc.

- The Federal Electricity Commission (Comisión Federal de Electricidad; http://www.cfe.gob.mx; ⊠11.4). Products include all those that are related to the production and distribution of electrical energy, such as construction services, power plant equipment, cable, fuel or coal etc.

Although Mexico has not signed the Plurilateral Agreement on Government Procurement under the aegis of the WTO so far, access of Swiss and other EFTA suppliers to public procurement has been facilitated thanks to provisions in the EFTA-Mexico Free Trade Agreement which entered in to force on 1 July 2001 for Switzerland.

Public tenders are published in the Official Journal (Diario Oficial; http://dof.terra.com.mx) and on the Compranet website (http://www.compranet.gob.mx) which is maintained by SECODAM (see Section 8.2 on government procurement for further details).

5.4 Promotion and Advertising

One major step in promoting one's products is undoubtedly the careful selection of a well-established partner with the necessary motivation, capacities, skills and networks. Where necessary, the marketing of products should be supported through promotion and advertising activities.

5.4.1 Consumer Goods

Instruments to advertise consumer goods include:

- Television: Television captures the largest share of advertising revenue. All eight national television channels are operated by two groups, Televisa (http://www.televisa.com.mx) and TV Azteca (http://www.tvazteca.com.mx). In addition, local or regional stations operate throughout the country, sometimes in co-operation with one of the larger groups. Besides terrestrial broadcasting, 550 cable systems reach approximately 2.6 mn relatively wealthy customers. The largest cable network is Cablevision. Two networks, Multivisión and Sky, broadcast by Satellite.

- Radio: Radio has the widest coverage. Most of the 478 FM and 841 AM radio stations broadcast regionally or locally, some with programming targeted to particular audiences. It is the second most important medium for advertising. Prices are relatively high and range from 600 USD – 7'000 USD in Mexico City or from 25 USD – 300 USD in the rest of the country for a 60 second spot. They are, however, subject to negotiation.

- Newspapers and Magazines: Newspapers and magazines only have a relatively limited circulation, despite the size of the country: Even larger newspapers or magazines have a readership of only a few hundred thousand. The advantage of advertising in print media is that specific audiences may be reached quickly and at an affordable price. This holds particularly for trade magazines (see also Subsection 4.2.2).

- Direct mail: The use of direct mail has increased in recent years. The costs which cover list rental, stationery, printing and postage range between 1.00 and 1.50 USD per address.

- Telemarketing: As the number of telephone subscribers in Mexico continues to increase and nearly all upper-middle and upper income households now have telephones, telemarketing becomes more important.

- Billboards: Advertising on billboards is very popular in Mexico as anyone who travels on highways in urban areas will see.

Other ways to advertise are the internet where the number of users has grown tremendously in Mexico over the past few years and, of course, trade fairs (see Subsection 4.3 for more information).

 Major TV broadcasters and their internet addresses: Televisa (http://www.televisa.com.mx) and TV Azteca (http://www.tvazteca.com.mx); major cable network and their internet addresses: Cablevision (http://www.esmas.com.mx/cablevision) and Megacable (http://www.megacable.com.mx) in Mexico City or Productora y Comercializadora de Televisión (PCTV) S.A. de C.V. (http://www.pctv.com.mx) in the rest of the country; major satellite networks and their internet addresses: Multivisión (http://www.multivision.com.mx) and Sky (http://www.sky.com.mx). General newspapers and business magazines are listed in Chapter 13 along with their internet addresses.

More information on advertising in different media may be obtained from the sector's business associations and chambers. These are listed in Section 11.10.

5.4.2 Capital Goods and Intermediate Products

With regard to capital goods and intermediate products, highly targeted promotion and advertising activities are recommended. In most cases, you will need to produce Spanish-language promotional material with information about your firm, your product and your technologies. Ideally, such material should be reviewed by someone who is familiar with the Mexican culture and the Spanish language. Promotional activities include:

- Direct mailings (cover letter and promotion material) with subsequent follow-up by telephone or personal visits.

- Attendance of and participation in specialised trade shows and exhibitions. (see Box 4.2 for details).

- Advertising in industry-specific trade journals, often edited by industry-specific business associations or chambers (see Box 4.1). Besides Mexican journals, advertisers may also want to consider U.S. publications that are often read by Mexican buyers, given Mexico's high interdependence with the U.S. market.

- Offering technical seminars on which you introduce your technology to Mexicans.

- Building and maintaining a good network of industry-specific contacts to firms and associations

5.5 Pricing, Payment and Collection

The Mexican market is regarded as relatively price-sensitive. However, the availability of credit and finance conditions are often more important.

As long as market conditions permit, Swiss exporters should seek prepayment whenever possible in order to minimise risks such as non-payment or currency fluctuations. In most cases, however, this option will not be available. Trade partners will then resort to common forms of payment such as (documentary) letters of credit or collections. We will not embark upon the options or the advantages and disadvantages that each of these forms of payment entails because experienced exporters will be familiar with these instruments. For instance, it goes without saying that highest diligence is required when preparing the documents in order to avoid problems with later payment. In case of doubt, simply seek advice from your bank which should be able to inform you on available options.

As has been pointed out on several occasions, credit is difficult to obtain through the Mexican financial system. Supplier credits have therefore evolved into the most important source of finance for many Mexican firms. Hence, finance conditions are often the most important variable in a buyer's decision to buy a certain product, usually ahead of price or quality considerations. Generally, exporters should consider giving credit in order to win or retain customers. Of course, precautions should be taken to reduce the risk of non-payment. Experienced business executives recommend to reflect on the following issues:

- The payment ethic is regarded as relatively weak in Mexico. Non-payment is a real risk and exporters should proceed with caution, checking the creditworthiness of buyers. While credit rating agencies are only at an early stage of development, such information may be available from the exporter's bank or through more informal industry contacts. The conclusion of a written sales contract which constitutes a legal document is helpful.

- It is not uncommon for Mexicans to exceed established terms of payment. Exporters should take such delays and arising finance costs into consideration when calculating prices and planning cash flows. Slight delays do not

necessarily imply a risk of non-payment. If, however, a customers' payment is unusually slow, first try the path of persuasion: The loss of reputation is often a more frightening thought for a Mexican than the idea of legal action, which does not always yield satisfactory results. Also consider personal visits in order to collect your debt, which is not uncommon in Mexico. Only if you fail to obtain the payment within a reasonable period of time should you proceed to advanced remedies such as lodging a formal protest to register the debt or taking the claim to court or commercial arbitration respectively.

The U.S. Dollar is the most frequently used currency for international transactions with Mexico. Unless your buyer agrees to a contract that is to be paid in Swiss Francs, you will probably opt for a contract denominated in U.S. Dollars. In order to minimise the currency risk, various instruments are available such as forward transactions, currency options, netting between transactions or subsidiaries, foreign exchange credit etc. Consult with your financial department or your bank on available instruments.

 In order to check the creditworthiness of prospective buyers, you should seek advice from your bank in Switzerland or from a financial institution in Mexico (addresses of major Mexican, Swiss and foreign banks with offices in Mexico are listed in Section 11.12). A major international provider of credit information and receivables management services with offices in Mexico is Dun & Bradstreet (http://www.dnbmex.com.mx; ✉ 11.16). In some cases, it may also be feasible to check the reputation of prospective buyers through industry-specific contacts (see Box 4.1). Insurance coverage is available for certain risks with regard to export credits. In Switzerland, coverage is offered by the Exportrisikogarantie (ERG; http://www.swiss-erg.com; ✉ 11.16).

Photographer: Regina Schwegler



Calzada de los Muertos (Avenue of the Dead) in the archaeological site of Teotihuácan near Mexico City

6 Exporting to Mexico

For Swiss exports to Mexico, the comprehensive Free Trade Agreement (FTA) between the EFTA states (Iceland, Liechtenstein, Norway, Switzerland) and Mexico has brought important changes. Due to the FTA, Mexican tariffs on a large number of goods originating in EFTA states were eliminated on 1 July 2001. Remaining Mexican tariffs will be gradually phased out until 2007. Among other facilitations, the FTA also eases the participation of Swiss enterprises in public procurement, Swiss investment in Mexico or the provision of services by Swiss suppliers. This chapter contains basic information for market entry into Mexico through exports of goods. Unless otherwise specified, the explanations apply to definitive imports (as opposed to temporary imports; see also Section 6.5).

Normally, no import licenses are required for imports. However, about 250 sensitive products are currently subject to licensing. They include in particular used machinery, some industrial equipment and pharmaceuticals (see Subsection 6.6.7).

6.1 Tariffs

Like in most other countries, merchandise imports into Mexico are subject to the payment of import tariffs (aranceles; impuesto general de importación), or even countervailing duties (cuotas compensatorias) for some origins. According to the latest trade policy review conducted by the World Trade Organisation (WTO) in 2001/2002, relatively high tariffs apply to imports of agricultural goods, textiles or footwear which amount on average to between 20% and 40% - depending on the product category – and which may peak at 260%. By comparison, minerals, chemical products, machinery or precision equipment may enter the market at relatively low tariffs between 11% and 15%. As the WTO notes in its 2002 review, the gap between market access granted to preferential trade partners and non-preferential trade partners is increasing. For instance, Mexico increased its Most-Favourite-Nation tariffs on non-preferential imports by 3 percentage points on average since the preceding 1996/97 review. This highlights the importance of exporting under the preferential terms of a free trade agreement such as the FTA between Mexico and the EFTA states.

Swiss exports qualify for preferential treatment if they fulfil the rules of origin and the other requirements of the FTA. They may then enter Mexico at lower tariffs or be exempt from tariffs. In order to enjoy preferential treatment, the Swiss exporter has to prove the preferential origin of his merchandise. The following subsections detail the tariff preferences granted by the FTA.

6.1.1 Tariff Elimination under the Free Trade Agreement EFTA-Mexico

The FTA entered into force on 1 July 2001. The Agreement applies to products falling within Chapters 25 through 98 of the Harmonized Commodity Description and Coding System (HS), except for products listed in Annex I of the WTO Agreement on Agriculture, and fish and other marine products. For agricultural products, the separate bilateral Agricultural Agreement Switzerland-Mexico is applicable (see Box 6.1).

When the FTA EFTA-Mexico entered into force, Mexico fully removed its tariffs on close to 60% of EFTA imports. Remaining tariffs will be phased out until 1 January 2007, with existing tariff peaks being removed at the beginning of 2003. The Mexican tariff rates applied to products of preferential Swiss origin vary from product to product and depend on

- the Mexican base rate;
- the category of elimination; main categories are A, B, B+ or C:

Category "A": Tariffs on goods listed in category "A" of the FTA have been fully eliminated with the entry into force of the FTA on 1 July 2001.

Category "B": Tariffs on goods listed in category "B" of the FTA have been reduced to 50% of the base rate upon entry into force and to 25% of the base rate on 1 January 2002. They will be fully eliminated on 1 January 2003.

Category "B+": Tariffs on goods listed in category "B+" of the FTA will be eliminated by 1 January 2005. The reduction will proceed as follows in Table 6.1:

Table 6.1: Elimination of tariffs on goods listed in category "B+" of the FTA EFTA-Mexico

Mexican Base Rate (Tasa Base)	2001	2002	2003	2004	2005
20	12	8	5	2.5	0
15	10	7	5	2.5	0
10	6	4	4	2	0
7	4	3	2	1	0
5	3	2	2	1	0

Category "C": Tariffs on goods listed in category "C" of the FTA will be eliminated by 1 January 2007. The reduction will proceed as follows in Table 6.2:

Table 6.2: Elimination of tariffs on goods listed in category "C" of the FTA EFTA-Mexico

Mexican Base Rate (Tasa Base)	2001	2002	2003	2004	2005	2006	2007
20	12	8	5	5	4	3	0
15	10	7	5	5	4	3	0
10	6	5	4	4	3	1	0
7	4	3	3	2	2	1	0
5	3	2	2	2	1	1	0

Special provisions apply to very few goods listed in categories "1/" or "C 2/" of the calendar. They shall not be explained here in detail.

Please note that the Free Trade Agreement contains a provision that enables the "Joint Committee" of the Free Trade Agreement to accelerate the tariff elimination if economic conditions permit. Tariffs may therefore turn out to be lower than established according to the tables above.

Box 6.1 Agricultural Agreement Switzerland – Mexico

In the Swiss-Mexican Agricultural Agreement, Mexico eliminates its tariffs on some basic agricultural products such as vegetables and fruits, e.g. salad, onions or apricots. Processed agricultural products which will enjoy tariff-free market access include soups, sauces, beer and certain spirits. Concessions have also been made in the case of some processed agricultural products containing sugar such as chewing gum and lemonade. In order to enable inward processing, an exception from the general prohibition of duty drawback has been made for sugar.

Since basic agricultural goods such as milk, meat and cereals have been excluded from the negotiations on both sides, and since Mexico does not eliminate tariffs on goods which enjoy export subsidies, no improvement has been reached

for market access in the case of chocolate or cheese. However, both parties have agreed to take up negotiations on a further liberalisation of trade in agricultural goods within five years. The general provisions of the Free Trade Agreement EFTA-Mexico (import and export restrictions, national treatment, sanitary and phytosanitary measures, safeguards and general exceptions) also apply to trade in those goods which are covered by the Swiss-Mexican Agriculture Agreement. However, the bilateral Agreement contains its own Annex on rules of origin (while many articles refer to the main Agreement EFTA-Mexico).

 Information on Mexican import tariff rates is only a few mouse clicks away. All you need to know is the tariff position (fracción arancelaria) of your product in the so-called Harmonised System (HS) or Sistema Armonizado AS – an internationally standardised product classification used by customs authorities throughout the world (however, the Mexican Tariff Elimination Schedule uses the internal structure of the Mexican tariff which goes further than the 6-digit level of the HS). If you are not sure about the HS code, ask your export specialist for assistance. Please note that some positions in the HS have changed in early 2002 due to a revision of the HS. Therefore, double check the corresponding product description in order to verify that you are using the correct tariff position.

Once you know your tariff position, you may look up both the Mexican base rate and the category of elimination (as pointed out above) in the Tariff Elimination Schedule (Calendario de Desgravación) of the Free Trade Agreement Switzerland-Mexico. It may be consulted directly on the website of the EFTA Secretariat (http://secretariat.efta.int/library/legal/fta/mexico/) or on the website of the Mexican Ministry of the Economy (Secretaría de Economía – Subsecretaría de Negociaciones Comerciales Internacionales, SE-SNCI; http://www.economia-snci.gob.mx/Tratados/tratados.htm). On that website, you will also find other Mexican free trade agreements with tariff schedules for products of other origins.

Another alternative to know applied tariff rates for products from different origins is to use the database Sistema de Información Comercial via Internet (SICVI) on the website of the Secretaría de Economia at http://www.economia-snci.gob.mx. It can be searched on a product by product basis. However, no entries have been available for products of Swiss origin as of April 2002. Yet, tariffs on products of EFTA origin correspond by and large to those applied on products of EU origin. The "DIA" Database may be another option (see Subsection 4.2.2).

6.1.2 Rules of Origin of the Free Trade Agreement EFTA-Mexico

As already mentioned in Subsection 6.1.1 above, the tariff preferences established in the Free Trade Agreement EFTA-Mexico apply only to goods which comply with the rules of origin. These are set out in Annex I and the four Appendices to Annex I of the Free Trade Agreement.

The rules of origin established in the FTA EFTA-Mexico are relatively liberal, compared to the FTA EU-Mexico. This difference is a necessary reflection of the EFTA countries' smaller home markets and the limitation of domestically available supplies. Regrettably, the so-called "Paneuropean cumulation" which applies inside Europe does not apply to the FTA EFTA-Mexico. This means that Non-EFTA supplies, for instance from the EU, are regarded as third country materials – even though Mexico does also have a FTA with the EU. If the resulting products maintain their EU origin, they may not be exported at preferential rates from Swiss territory under the FTA EFTA-Mexico.

In this book, we can only give a very cursory account of the FTA rules of origin as they differ from industry to industry, from product to product: In the case of chemical products, the rules of origin demand alternatively the so-called tariff shift whereby the end product has to fall into a heading of the Harmonised System which is different from the heading that the inputs fell into, or a 50% value rule based on the ex-works price of the product. For some products, further tolerances are provided. With leather, wood or paper products, the rules of origin are similar to those of the FTAs applied in Europe.

For textile products, the FTA EFTA-Mexico has, similarly restrictive rules as the FTA EU-Mexico. To take into account the small industrial basis of the EFTA-countries, Mexico has, however, accorded very liberal rules of origin for certain products in a special Appendix. For instance, this is the first time a FTA accords preferential treatment to the process of dyeing. Unfortunately, these liberal rules of origin are subject to annual quotas.

In the area of machinery, the rules of origin generally foresee the tariff shift. Alternatively, a value rule of 50% conveys the origin necessary for the granting of preferences. In the automobile sector, a 40% value contribution compared to the ex-works price of the end-product is sufficient to convey the preferential origin.

In order to benefit from preferential treatment, exporters must submit a proof of origin, i.e. a declaration on the invoice (see Subsection 6.1.2.1) or the movement certificate EUR.1 (see Subsection 6.1.2.2). Proofs of origin and all relevant documents used to prove the originating status of the products must be kept for three years.

6.1.2.1 Invoice Declaration

An invoice declaration is admissible only if the exporter is either an approved exporter (Ermächtigter Ausführer; Exportateur Agréé; Esportatore Autorizzato), or if the total value of products shipped does not exceed the following amounts: 6'000 EUR / 5'400 USD / 55'000 MXP / 50'000 NOK / 510'000 ISK / 10'300 CHF, or – if invoiced in another currency – the amount of that currency which is equivalent to 55'000 MXP. Such an invoice declaration should be typed. It must be signed in manuscript, accompanied by the place and date of signing as well as by the name of the person signing the declaration.

Approved exporters may make invoice declarations regardless of the amount of the shipment. In order to obtain such approval, an exporter must fulfil certain requirements. Information on how to become an approved exporter is available from the Regional Directorates of Customs or the General Directorate of Customs in Berne (Eidgenössische Oberzolldirektion; http://www.zoll.admin.ch; ✉ 11.16).

The invoice declaration must have the following text:

- **In case of an ordinary invoice declaration:** "The exporter of the products covered by this document declares that, except where otherwise clearly indicated, these products are of Swiss preferential origin.

- **In case of an approved exporter:** "The exporter of the products covered by this document (customs or competent governmental authorisation No. [authorisation number of the approved exporter]) declares that, except where otherwise clearly indicated, these products are of Swiss preferential origin.

In the case of exports to Mexico, the declaration is preferably made out in Spanish:

- **In case of an ordinary invoice declaration:** "El exportador de los productos incluidos en el presente documento declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial Suizo."

- **In case of an approved exporter:** "El exportador de los productos incluidos en el presente documento (autorización aduanera o de la autoridad gubernamental competente n° [authorisation number of the approved exporter]) declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial Suizo."

In case the method of invoice declaration as proof of origin is being used, the original invoice must be presented to Mexican customs authorities (see Subsection 6.6.3 below).

6.1.2.2 Movement Certificate EUR.1

In all other cases than those explained in Subsection 6.1.2.1 above, the merchandise must be accompanied by a duly filled out "movement certificate" on the form EUR.1.

Movement certificates EUR.1 may, in exceptional cases, be issued after exportation. Such certificates must be endorsed with the phrase "EXPEDIDO A POSTERIORI" (Spanish, preferable for exports to Mexico) or with the translations of other EFTA languages: "ÚTGEFID EFTIR Á" / "UTSTEDT SENERE" / "NACHTRÄGLICH AUSGESTELLT" / "DÉLIVRÉ À POSTERIORI" / "RILASCIATO A POSTERIORI" or "ISSUED RETROSPECTIVELY". Such endorsement has to be placed in the "Remarks" Box of the EUR.1 certificate.

In case a movement certificate is stolen or gets lost, the exporter may apply for a duplicate. This duplicate shall bear the date of issue of the original certificate, shall include the following endorsement in the "Remarks" Box of EUR.1: "DUPLICADO" (Spanish; preferable for exports to Mexico) or "DUPLIKAT" / "DUPLICATA" / "DUPLICATO" / "EFTIRRIT".

The rules of origin are included in Annex 1 and its appendices 1 to 4 of the FTA EFTA-Mexico. They are available for download from the internet in English or Spanish. See info block in Subsection 6.1.1 above for further details.

6.1.3 Customs Valuation

With regard to customs valuation, the GATT rules apply. While the FOB (free on board) price is used for customs valuation purposes for imports from NAFTA partners, Mexican customs authorities generally calculate the customs value on a CIF basis. In doing so, they use the transaction price and add commissions (except for those of the broker), the cost of receptacles and packaging materials as well as the packaging process, the cost of transport, insurance and related expenses such as handling, loading and unloading up to the moment when the merchandise arrives on Mexican territory – unless these costs were already included in the transaction price. We recommend that you establish your invoices both as detailed and as transparent as possible in order to avoid unnecessary confusion and delays. It is also a good idea to check them with your shipping company or a Mexican customs broker (see also Section 6.6).

6.2 Other Import Duties and Taxes

Besides tariffs, other taxes are levied when goods cross the border. These are explained in the following subsections. For a general description of the Mexican taxation system, see Section 8.3.

6.2.1 Value Added Tax

Generally, all imports are subject to the payment of the Value Added Tax (Impuesta al Valor Agregado; IVA). It is 15% on most products, and it is calculated on the merchandise value plus tariffs, countervailing duties if applicable, and other levies in conjunction with the import (see following subsections).

6.2.2 Tax on New Cars

New Cars are subject to the Impuesto Sobre Automóviles Nuevos; ISAN.

6.2.3 Excise Taxes

Some goods are subject to Special Taxes on Production and Services (Impuesto Especial sobre Producción y Servicios; IEPS). It is levied on alcoholic drinks, tobacco and fuel. Rates vary from product to product, and over time.

6.2.4 Customs Fee

A customs fee (Derecho de Trámite Aduanero; DTA) is levied on all imports. The general rate is 0.8% of customs value, but may also be higher in certain cases. In other cases, a fixed amount prevails. Details are available from a Mexican customs brochure (see info block at the end of Subsection 6.5.4 for further information).

Additionally, a new fee has been introduced on 1 April 2002 according to available information. It amounts to 161 MXP, and it is levied on each import declaration (Pedimento de Importación).

6.2.5 Warehousing Fees

Warehousing fees vary across the country. With regard to maritime transport, warehousing is reportedly free on the first ten days after arrival of a shipment in the ports of Veracruz, Tampico and Altamira, and it is free on the first five days after arrival in Manzanillo. In air or ground transport, warehousing is free on the first two days after the merchandise has arrived. Only handling and surveillance will have to be paid. Beyond this time allowance, relatively high fees are levied which further increase over

time. For instance, the daily fee for a container in the port of Veracruz is approximately 100 USD, including container demurrage charges.

6.2.6 Fee for the Customs Broker

The use of a customs broker is mandatory according to Mexican law (see Section 6.6). The fee charged by the customs broker usually amounts to around 0.5% of the value of a shipment inclusive of costs, insurance and freight.

6.3 Technical Import Regulations

6.3.1 Technical Norms

Technical norms play an increasingly important role when exporting to Mexico since the country expands its catalogue of technical regulations. With regard to the content of technical norms, they are often similar to U.S. norms. Sending products to Mexico that do not comply with Mexican regulations may result in enormous wastes of time and money when exporting. The imposition of high fines – up to 70% or even 100% of the merchandise value – is possible. Therefore, before preparing a shipment, exporters should make sure that their product is in conformity with technical requirements (see also Subsection 6.6.9 below).

Two types of Norms exist: Normas Oficiales Mexicanas (NOM) and Normas Mexicanas (NMX):

- Normas Oficiales Mexicanas (NOM): NOMs are technical regulations elaborated by Mexican ministries. The responsibility for the elaboration of the regulations derives from the regulatory competence for the matter at hand. For instance, the Health Ministry (Secretaría de Salud) is responsible for regulations relating to pharmaceutical products. NOMs contain compulsory requirements that products must fulfil.

- Normas Mexicanas (NMX): NMXs are worked out by national standardisation bodies or, in absence thereof, by the Secretaría de Economía. They contain specifications in order to increase the quality of products on the market. In general, compliance with NMXs is voluntary.

For the verification of the compliance of products with compulsory technical norms, conformity assessment procedures are in place.

6.3.2 Conformity Assessment

Conformity Assessment procedures serve to ensure that products conform to applicable norms. In order to ensure that products comply with all norms, and in order to avoid difficulties at the border related to technical norms, exporters should proceed as follows:

1.) Check if any norms apply to the products that you are going to export. To this purpose, the Secretaría de Economía regularly publishes a document that lists the norms applying to each product. The list is organised by tariff positions of the Harmonised System. The full name of the document – in brief referred to as Acuerdo – is "Acuerdo que identifica las fracciones arancelarias de la Tarifa de la Ley de los Impuestos Generales de Importación y de Exportación en las que se clasifican las mercancias sujetas al cumplimiento de las normas oficiales mexicanas en el punto de su entrada al país, y en el de su salida." There are usually one or two updates of the Acuerdo per year, and the current version is available for download from the internet (see info block below).

2.) Once you know which norm applies to your product, you should make yourself familiar with its specifications and make sure that your product is in compliance with the regulation. Generally, all norms are available for download on the internet (see info box below).

3.) If the tariff number of your export product is listed in the Acuerdo, your shipment must be accompanied by a certificate of compliance (Certificado NOM) from a Mexican certification body (organismo de certificación) to be imported into Mexico (see Subsection 6.6.9). The certificate confirms that the product is in conformity with Mexican norms. Although the Free Trade Agreement between Mexico and Switzerland also contains some provisions on technical norms, the requirement to have the product certified by Mexican certification bodies did not change.

There are several types of actors involved in conformity assessment procedures, and – depending on the product you seek to export – you might have to deal with only one or several of them:

- Accreditation entity (Entidad de acreditación): The accreditation entity is in charge of accrediting certification bodies, verification units, calibration and test laboratories. Exporters do not typically have to deal with accreditation entities.

- Certification Bodies (Organismos de certificación): Certification bodies are in charge of issuing certificates of compliance. Depending on the product, prior inspection by calibration or test laboratories may be necessary.

- Verification Units (Unidades de Verificación): Verification Units: Inspection bodies which inspect, for instance, merchandise at the border. Most verification units are in charge of verifying the labelling of products.

- Calibration Laboratories (Laboratorios de Calibración): Calibration Laboratories are mandated with calibration processes often necessary before a certification body may issue a certificate of compliance.

- Test Laboratories (Laboratorios de Prueba): Test laboratories are in charge of product tests often necessary before a certification body may issue a certificate of compliance.

It is recommended that exporters whose products are subject to the fulfilment of certain NOMs establish contact with a competent certification body in order to determine the proper certification needs and procedures.

In order to avoid damage when doing business with Mexican partners, make sure that your partners also comply with NOMs. Verify their certificates for the compliance with NOMs, and specify in your contracts or agreements that non-compliance with NOMs may be a reason for termination of co-operation.

Acuerdo: The latest version of the Acuerdo that we are aware of has been published on 27 March 2002 in the Diario Oficial, the Mexican Official Gazette. In any event, you should check if an updated version is available by the time you read this book. The current version may usually be downloaded from the website of the General Directorate of Norms (Dirección General de Normas, DGN; http://www.economia-normas.gob.mx; ✉ 11.4), a body under the supervision of the Secretaría de Economía. When on their website, choose "Catalogo de Normas". On the bottom of the page, you will find a link that should bring you directly to the current "Acuerdo de NOM".

NOMs and NMXs: You will find both types of Mexican norms on the website of the DGN. When on their website, choose "Catalogo de Normas" in order to access the norms directly. Norms may be accessed, inter alia, by their code (Clave), the industry (Rama de actividad económica) or the competent ministry that issued the norms (Dependencia).

Certification Bodies: Regularly updated lists of certification bodies and the fields for which their accreditation is valid are published by the DGN in the Official Gazette (Diario Oficial), and they are also available on DGN's website in the Section "Acreditación".

6.3.3 Labelling Requirements

Labelling requirements play an increasingly important role. They are also fixed in NOMs (see Subsection 6.3.1 above), the most important of which is the norm NOM-050-SCFI-1994 "Información Comercial – Disposiciones generales para productos" which applies to all products destined for sale to the final consumer.

According to the norm, labels need to contain:

- The name or denomination of the product if it is not identifiable by sight to the consumer.

- The specification of the quantity according to NOM-030-SCFI-1993 "Información Comercial, Declaración de Cantidad en la etiqueta, Especificaciones" and NOM-008-SCFI-1993 "Sistema General de Unidades de Medida". The latter basically establishes the metric system as the general system of units for Mexico.

- In the case of imported products: The name and fiscal domicile of the importer/ importing firm and an indication of product origin such as "Producto de Suiza", "Hecho en Suiza" or "Manufacturado en Suiza".

- Security advice through a legend, graphic designs or symbols in case it is a dangerous product.

- If applicable, the date before which the product should be consumed ("Fecha de caducidad" or "Fecha de consumo preferente").

- In case the use, handling or stocking of the product requires instruction, the label must contain such information or refer to annexed instructions or a manual of use by using the words "VEASE INSTRUCTIVO ANEXO" or "MANUAL DE OPERACIÓN ANEXO"

All this information must be in Spanish. In case it also appears in other languages, the Spanish version text needs to have at least equal font size and must be clearly legible. The wording must be understandable. If information is contained in units other than metric, the metric indications must be at least the same font size as the non-metric indications. All this information has to be included on a fixed label in a way that it remains available up to the moment when the product is consumed.

The name or a generic product description as well as the quantity must appear on those parts of the label or the product container which has the most important role in

the display of the name and brand of the product, the so-called "Superficie principal de exhibición".

NOM-050-SCFI-1993 further contains requirements regarding instructions for use or user manuals.

Besides NOM-050-SCFI-1993, special NOMs apply to certain products such as NOM-051-SCFI-1994 for prepacked food and non-alcoholic beverages, NOM-142-SSA1-1995 for alcoholic beverages or NOM-004-SCFI-1994 for textile products. Other norms apply for machines and equipment, electric appliances, pharmaceutical products and others.

Norms on labelling are self-executing. In order to avoid problems at the border, importers may ask authorised Verification Units (Unidades de Verificación de Información Comercial) to confirm that labels are in conformity with NOMs. Their opinion (dictamen) is binding for customs officials.

 The NOMs named above may be accessed directly on the internet. For further information, consult the info block at the end of Subsection 6.3.2 above. Addresses of accredited Verification Units may simply be retrieved from the website of the Dirección General de Normas (DGN; http://www.economia-normas.gob.mx). When on their website, choose "Acreditación", then "Unidades de Verificación" and then click on the norm with which your products must comply, for example NOM-050-SCFI in the case of labelling.

6.4 Requirements with Regard to the Importer

Before shipping goods to Mexico, make sure that the importer complies with the following prerequisites.

6.4.1 Mandatory Registration with Importers' Registries

Each exporter must make sure that the importer (!) is registered with the Importers' Registry (Padrón General de Importadores). Registration is a prerequisite for most imports, with few exceptions. The registry is administered by the Mexican Tax Administration Service (Servicio de Administración Tributaria) which operates on behalf and under the authority of the Ministry of Finance (Secretaría de Hacienda y Crédito Público). In order to register, importers have to fill out the form Padrón de Importadores in one

original and two copies. These documents must be submitted by messenger service to the following address:

Padrón de Importadores
Secretaría de Hacienda y Crédito Público
Apartado Postal 123
Administración de Correos 1
Palacio Postal
Eje Central Lázaro Cárdenas, esq. Tacuba
Col. Centro
Delegación Cuauhtémoc
MX-06002 México, D.F.

Along with the form, several documents must be submitted:

1.) Proof of fiscal residence. Such proof may be a simple but legible and recent copy of any of the following documents: latest payment of property tax, electricity bill, water bill, telephone bill, bank receipt, payments of the Instituto Mexicano del Seguro Social (IMSS), rental contract with proof of latest payment etc.

2.) Fiscal identification document (Cédula de identificación fiscal) such as the notification or confirmation of an entry in the Federal Taxpayer's Registry (Registro Federal de Contribuyentes; RFC); see also Subsection 7.7.3, "Registering with Tax Authorities".

3.) Income tax declarations from the last four fiscal years or, if the taxpayer is not yet obliged to provide annual income tax declarations, declarations of the provisional payment of income tax and value added tax.
If an importer is only starting operations and does therefore not yet fulfil the documentary requirements included above, he may also prove his fiscal residence with the "verification order" (Orden de Verificación) of the Federal Taxpayers' Registry (Registro Federal de Contribuyentes; RFC); see also Subsection 7.7.3, "Registering with Tax Authorities".

In addition to the (General) Importer's Registry, there are various Sectoral Importers' Registries (Padrones Sectoriales). Registering with these is mandatory if the importer (!) wishes to import goods in certain sectors deemed sensitive. These currently include, among others, meat products, toys, wood, pencils, shoes, beer, wine and liquors, cigarillos, textiles, bicycles, steel and fruit. The tariff positions of such products are listed in the periodically updated Resolución Miscelánea de Comercio Exterior of the Ministry of Finance (Secretaría de Hacienda y de Crédito Público). Importers (!) of goods listed in this Resolution must submit a request for registration into the Sectoral

Importers' Registries (Solicitud de inscripción en los Padrones de Importadores de Sectores Específicos) either personnally or through messenger service to:

Padron de Importadores de Sectores Específicos
Administración General de Aduanas
Administración Central de Contabilidad y Glosa
Av. Hidalgo No. 77, Modulo No. IV, Piso No. 1
Col. Guerrero
Delegación Cuauhtémoc
MX-06300 México, D.F.

The requirement of registering with the Sectoral Importers' Registries may be waived if certain conditions are fulfilled and if the importer accepts to solicit permission for individual import operations.

 More detailed information on the Importers' Registries is available on the website of the Mexican Customs authorities (Aduana México; http://www.aduanas.sat.gob.mx.)

6.4.2 Accounting Requirements

The importer (!) must run an accounting system which allows the distinction of national and foreign merchandise in his inventory.

6.4.3 Storage of Information

The importer (!) is obliged to keep record of information used to prove the country of origin of merchandise – particularly if tariff preferences are invoked or in case the same merchandise would be subject to countervailing duties if originating in other countries of origin. Of equal importance is the storage of information necessary to prove that the customs-value of the merchandise had been determined properly. Such information may be verified through Mexican authorities even after customs clearance has been completed. Information should be stored for three years.

6.5 Customs Regimes

There are several different customs regimes (régimenes aduaneros) for the importation of products into Mexico, the most important of which are the definitive importation (Importación Definitiva) and the temporary importation (Importación Temporal). Unless otherwise specified, the descriptions in this book refer to definitive imports. However, the following subsections also briefly describe other important customs regimes.

6.5.1 Definitive Imports

Definitive imports are those where the merchandise will remain on Mexican territory indefinitely. For such imports, all administrative requirements must be fulfilled (see Section 6.6), and all tariffs and other levies have to be paid (see Sections 6.1 and 6.2).

6.5.2 Temporary Imports

Temporary importation occurs when products are brought only temporarily to Mexico. In these cases, some of the obligations (such as the payment of duties) may be waived under certain circumstances which cannot be explained here in detail. According to the purpose of the temporary import, the following regimes are available:

6.5.2.1 Carnet ATA: Trade Shows, Samples, Work Equipment

The Carnet ATA (Cuaderno ATA) is an international customs document which may be used for temporary importation. This mode is available for:

- temporary imports for use in trade shows, expositions, congresses or similar events (up to one year);
- temporary imports of samples (up to six months);
- work equipment which is imported by non-residents and used by them only or by persons with whom they have a work relationship (up to six months).

The proper form for the carnet ATA must be filled out in Spanish, English or French. If it is written in another language, it must be accompanied by a Spanish translation. The benefits granted by the carnet ATA are not transferable to another person than the holder of the carnet ATA.

In case of temporary importation with the Carnet ATA, involving a Mexican customs broker in the import process is not mandatory (on the use of a customs broker, see Subsection 6.6.1). The Carnet ATA is normally issued by chambers of commerce and industry. Ask your local chamber of commerce and industry for assistance with obtaining the Carnet ATA.

6.5.2.2 Special Programs for Maquiladoras or Export Industries

In order to promote the development of its processing and export industries, Mexico runs special programs such as Prosec or Pitex for temporary imports of goods which will be assembled, transformed or repaired. Some of these programs provide for duty-free imports if the program conditions are fulfilled (see Section 7.6 for further information on these programs). A customs broker must be involved.

6.5.3 Bonded Warehouse

Merchandise may also be stored in bonded warehouses (depósito fiscal). Before being brought to the warehouse, the tariffs and (if applicable) countervailing duties will be determined. The import declaration (Pedimento de Importación) is filled out by the customs broker, but no duties have to be paid. Merchandise may then be withdrawn partially or totally after the tariffs and other duties have been paid. A customs broker must be involved in this process, too.

This regime may be chosen, for instance, if importers are yet unsure whether to import the merchandise definitively or temporarily. Commercialisation of merchandise in a bonded warehouse is also possible.

6.5.4 Other Regimes

Other regimes include national or international transit (tránsito interno / tránsito internacional) as well as specific in-bond processing (Régimen de elaboración, transformación o reparación en recinto fiscalizado).

For more information on the import regimes and relevant technicalities, particularly with regard to temporary importation, please seek advice from shipping companies (✉ 11.14), bi-national chambers of commerce and industry (✉ 11.7) or directly from the competent customs authorities. A useful guide prepared by Mexican customs (Aduanas; ✉ 11.4) is the "Guía de Importación a México" which is available on the internet for download at http://www.aduanas.sat.gob.mx, Section "Importando – Exportando".

6.6 Customs Clearance

Exporting to Mexico is, like selling to other countries, a process which requires the fulfilment of many and sometimes complex administrative requirements. Co-operation with an experienced freight forwarding company is indispensable in order to get merchandise successfully across the border into the Mexican market.

The involvement of a Mexican customs broker (agente aduanal or apoderado aduanal) into border formalities is a legal obligation. He is in charge of import formalities and is responsible for the payment of all tariffs and taxes. Only few exceptions apply – such as temporary imports with the Carnet ATA (see Subsection 6.5.2.1 above) – or travellers' imports up to a maximum amount of 3'000 USD for general merchandise or 4'000 USD in the case of computer equipment. Exporters should view the legal requirement to use a Mexican customs broker positively: Formalities are quite complicated and an

experienced customs broker is often the exporter's best friend, making sure that merchandise is not being held up unnecessarily on the border. When selling to Mexico, it is highly recommended that you also seek co-operation with an experienced shipping company (see info block at the end of Section 6.6.10 for further information).

The duties, taxes and levies in conjunction with the import (see Sections 6.1 and 6.2) must be paid by the customs broker when he presents the customs declaration to the Mexican authorities. After payment, an automatic random selection procedure (semáforo fiscal) will determine whether the goods and documents will be inspected in detail or not.

The following subsections deal with the administrative requirements of customs clearance (despacho aduanero) and documentation requirements for definitive (!) imports. Please note that Spanish, English and French are the only "official" languages at Mexican customs. Whenever possible, Spanish is preferential to the other two in order to speed-up the clearance process.

6.6.1 Customs Declaration

For each import procedure, a customs declaration (Pedimento de Importación) on the form officially approved by the Ministry of Finance (Secretaría de Hacienda y Credito Público) must be filled out by the customs broker (agente aduanal or apoderado aduanal). He must present it to the authorities. The form must include the type of clearance requested (régimen aduanero), i.e. whether the goods are to be imported definitively or temporarily (see Section 6.5). The form must contain information which is necessary to determine the tariffs and other import levies. It must further contain information necessary to prove that all non-tariff restrictions and requirements (such as permits) are being fulfilled. Moreover, the declaration must specify the origin of the merchandise, weight and volume as well as individual identification, for instance through serial numbers, part number, brand, model or technical specifications. Make sure that your customs broker will be in possession of all this information when the merchandise arrives on the border.

6.6.2 Letter of Appointment of the Customs Broker

The customs broker in charge of import operations must be able to present a proof of his assignment by the importer (!) to Mexican authorities (carta de encomienda).

6.6.3 Commercial invoice

A commercial invoice (factura comercial) must be included if the value of the shipment exceeds 300 USD. The invoice must contain the following information:

a.) date and place of shipping

b.) name and address of the recipient of the shipment

c.) detailed description of the merchandise (tariff position, quantities, identification numbers if available) unit price and total value of the invoice. The following costs should be listed separately from the price of the merchandise if they are at the importer's expense: commissions (except for those of the broker), the cost of receptacles and packaging materials as well as the packaging process itself, the cost of transport, insurance and related expenses such as handling, loading and unloading up to the arrival of the merchandise on Mexican territory.

All this information is important if you want to avoid unnecessary delays: please describe each article shipped in detail on your invoice so that easy identification is possible (see also the information in Subsection 6.6.4). Please note that only Spanish, English and French are official languages at the Mexican border. Unless your descriptions are in one of these three languages, a Spanish translation must be provided on the invoice or on an attachment. In general, Spanish is preferable to English or French in order to speed up processes.

d.) name and address of the seller/exporter.

e.) The declaration of customs value is of high importance for a hassle-free import into Mexico. The exporter must provide on the commercial invoice an affirmation in lieu of oath that the price of the merchandise stated in the commercial invoice is the same price that prevails in the market of the country of origin. This declaration should be made in Spanish: "Declaramos bajo juramento que los precios indicados en esta factura son los mismos que rigen en el mercado del lugar de su compra." This declaration must be accompanied by the name of the exporter or a duly authorised employee and his personal signature on each copy of the invoice. Note that as a member of the World Trade Organisation (WTO), Mexico applies the rules established in the GATT (General Agreement on Tariffs and Trade) on customs valuation.

In case the method of invoice declaration as proof of origin is being used (see Subsection 6.1.2.1), the original invoice must be presented.

6.6.4 Packing List

A packing list (lista de empaque) is required. It must clearly state the contents of each container, box or package that form part of a shipment. Please make sure that each container, box or package is clearly numbered or labelled so that each may easily be referenced by the packing list and the invoice.

6.6.5 Manifest

A manifest (manifiesto de carga) in Spanish, English or French is required.

6.6.6 Bill of Lading

A bill of lading (B/L) (conocimiento de embarque) in maritime or air traffic, both of which must be validated by the shipping company (empresa porteadora), is required.

6.6.7 Import Licences

If importing the merchandise is subject to import licences, it is obligatory that all requirements established in the licence be observed, including specifications on the customs broker authorised for clearance, the country of provenance, the characteristics of the merchandise or the customs office through which the merchandise must pass etc.

Licensing requirements currently apply to about 250 products, and they change frequently. For instance, import permits made out by the Ministry of Health (Secretaría de Salud, SS; ✉ 11.4; http://www.ssa.gob.mx) are required in order to import pharmaceutical products, perishable food or drinks. Applications for a licence must be directed to:

Secretaría de Salud
Dirección General de Calidad Sanitaria de Bienes y Servicios
Donceles No. 39, Piso No. 1
Col. Centro
MX-06000 México, D.F.
Tel: ++52-55-55213050
Fax: ++52-55-55129628
E-mail: dgcsbysmex@mail.ssa.gob.mx
Internet: http://www.ssa.gob.mx/unidades/dirgcsbs

Licences for imports of used machinery and used computer equipment must be obtained from the Ministry of the Economy:

Secretaría de Economía
Dirección General de Servicios al Comercio Exterior
Director de Permisos de Importación, Exportación, Certificados de Origen y Cupos Aladi
Insurgentes Sur No. 1940, Piso No. 12
Col. Florida
MX-01030 México, D.F.
Phone: ++52-55-52296192
Fax: ++52-55-52296529 or 52296530
E-mail: hhernández@secofi.gob.mx
Internet: http://www.economia.gob.mx

Sanitary and phytosanitary certificates for plant or animal products are made out by the Ministry of Agriculture :

Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA)
Dirección General de Salud Animal
Recreo No. 14
Col. Barrio Actipan
MX-03230 México, D.F.
Phone: ++52-55-55341580 or 55345111
Fax: ++52-55-55341461
Internet: http://www.sagarpa.gob.mx

Import licence requirements are listed in the Resolución Miscelanea de Comercio Exterior and its Annexes, both of which are published in the Diario Federal.

 The current versions of the Resolución Miscelanea de Comercio Exterior and its amendments are available on the website of the Ministry of Finance (Secretaría de Hacienda y Crédito Público) at http://www.shcp.gob.mx. When on their website, choose "Asistencia al Contribuyente", then "Leyes, Reglamentos y Disposiciones del D.O.F." You may wish to consult a customs broker on these issues (see info block in Section 6.6.10 for further information).

6.6.8 Movement Certificate EUR.1 or Invoice Declaration

If tariff preferences under the FTA EFTA-Mexico are to be invoked, or if countervailing duties which are levied on the same product from other origins are to be avoided, the exporter has to prove the origin of the merchandise. In order to do so, the movement certificate EUR.1 must accompany the merchandise. Alternatively, exporters may use an invoice declaration in order to prove the origin of merchandise in those cases

established above in Subsection 6.1.2.1. If the method of invoice declaration is being used, the shipment must be accompanied by the original invoice (see Subsection 6.6.3 above).

6.6.9 NOM Certificates

In case merchandise must comply with specific NOMs on product safety (see Section 6.3), one NOM certificate for each NOM which applies to the product must accompany the merchandise. Customs will control whether products are in compliance with NOMs. Failure to prove the conformity of a product may result in high fines. If goods are found to be in breach of NOMs, penalties may be levied up to 70%-100% of the value of the merchandise. Such penalties are "only" 2%-10% if data is missing or inaccurate.

With regard to labelling (see Section 6.3.3), the NOMs are self-executing. Importers may ask authorised Verification Units (Unidades de Verificación de Información Comercial) to confirm that labels are in conformity with NOMs. Their opinion (dictamen) is binding for customs officials.

6.6.10 Other Documents and Recommendations

Further documents may be necessary – for instance if customs authorities question the accuracy of the value of the merchandise. Weight or volume certificates might have to be issued for bulk goods. If required, documentation must be enclosed which allows proper identification of all pieces of a shipment.

Another recommendation is to mark shipped merchandise with the country of origin, even if such marking is not required by law or other regulations. In any event, you should absolutely consult your shipping company and/or an experienced customs broker

A list of logistics companies and professional associations of the sector is included in Section 11.14. Contact details of Mexican customs brokers are available on website of the Mexico's National Custom Broker Confederation (Confederación de Asociaciones de Agentes Aduanales de la Republica Mexicana; CAAAREM; http://www.caaarem.org.mx; ✉ 11.14).



Photographer: Ana Laura de Cross

Preparation of delicious Mexican food in a restaurant in San Ángel, Mexico City

7 Investing in Mexico

7.1 Introduction

Foreign Direct Investment (FDI) plays an increasingly important role in the Mexican economy. Investment liberalisation has progressed continuously along with general market-oriented economic reforms and with Mexico's integration into the world economy since the late 1980s (see Section 3.4). However, some sectors remain closed to foreign capital, or foreign participation continues to be restricted.

From a business perspective, various forms of market entry such as joint ventures or the acquisition of a subsidiary imply some form of foreign direct investment (see Chapter 5). This chapter informs on Mexico's main investment regulations, the business climate, the location characteristics of Mexican regions, industrial costs and on the administrative steps for setting up a business presence.

7.2 Main Investment Regulations

7.2.1 The Foreign Investment Law

7.2.1.1 Basic Rationale: Freedom of Investment (Art. 4)

Rules for International Investment are basically contained in the Foreign Investment Law (Ley de Inversión Extranjera; LIE) and in the pertaining regulation (Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras). This legal framework applies to all investments by foreigners, regardless of the amount of the equity, or to investment by Mexican companies if at least one of them has foreign capital majority. Moreover, it applies to the participation of foreign investors in certain activities described by the law.

The general rationale of the LIE is that foreign capital may participate without quantitative restrictions in business operations. However, the LIE also contains certain limitations and sectoral exclusions set out below.

7.2.1.2 Activities Reserved to the State (Art. 5)

The LIE prohibits the participation of any private capital – whether national or foreign – in the following sectors, which are an exclusive domain of the state:

- Petroleum and other fuels
- Basic petrochemical industries
- Electricity and the generation of nuclear power
- Radioactive minerals
- Telegraph, Radiotelegraph and Postal Services
- Emission of money
- Control, supervision and oversight of ports, airports and heliports
- Other activities mentioned in applicable laws

7.2.1.3 Activities Reserved to Mexicans Only (Art. 6)

Moreover, capital participation in the following sectors is currently possible for Mexicans and Mexican companies with a foreigner exclusion clause only (Art. 6 LIE). Foreigners may, however, participate in these sectors through neutral investment under certain circumstances (see Box 7.1):

- National ground transport of passengers, tourists and cargo, except parcel and courier services. However, these restrictions are gradually being lifted: Currently, foreign participation is permitted up to 51%. From 1 January 2004 onwards, participation up to 100% will be possible.
- Retail sale of gas and distribution of liquid petroleum gas
- Transmission of radio and televisions programs other than cable television
- Credit unions
- Development banking institutions as specified in the applicable laws
- The provision of professional and technical services if specified by the applicable laws

Box 7.1: Neutral Investment

Despite the specific limitations to foreign investment as outlined in this chapter, the foreign investment law permits so-called "neutral investments". These are defined as investments made in Mexican companies or authorised trusts. They do not represent a percentage of foreign investment in the capital stock of Mexican companies. Neutral investments such as participation certificates are usually issued by authorised Mexican banking institutions (trustees). While they convey certain economic rights to the holder, they do not provide full voting rights.

7.2.1.4 Activities with Limitations on Foreign Capital (Art. 7 and 8)

In some sectors, foreign capital participation is limited to certain amounts (Art. 7 LIE). Neutral investment, however, may be an option to increase participation beyond these limits (see Box 7.1). Sectors with a limit on foreign capital participation are:

- Max. 10%: Production co-operatives
- Max. 25%: National air transport, air taxi and specialised air transport services
- Max. 49%: Corporations controlling financial groups, multiple bank institutions, exchange houses, insurance institutions, trusts, foreign exchange services, general depository warehouses, financial leasing corporations, financial factoring institutions, financial corporations with limited scope according to Art. 103 sec. IV of the law on credit institutions, societies under Art. 12bis of the Stockmarket Law (Ley del Mercado de Valores), corporations running investment corporations, retirement fund administration, production and trade of certain explosives and arms, printing and publications of periodicals for exclusive distribution on the national market, "T" series shares of corporations owning land which is used for agricultural, cattle breeding or forestry purposes, fishing in freshwater, coastal waters and waters in the exclusive economic zone (other than fish farming), integral port administration, piloting services in ports according to the specific legal provisions, certain maritime transport services, delivery of fuels and lubricants for ships, planes and railway equipment, certain concessionaries in the telecommunications sector according to Art. 11 and 12 of the Federal Law on Telecommunications (Ley Federal de Telecomunicaciones)
- According to Art. 8 LIE, participation of foreign capital which exceeds 49% is only possible with a special permit from the National Commission on Foreign Investment (Comisión Nacional de Inversiones Extranjeras; see Section 7.7.3) in the following sectors: Certain port services, certain maritime shipping services, administration of airport terminals, certain private education services, legal services, credit information services, securities rating agencies, insurance agents, cellular telephony, construction of pipelines for oil and its derivates, oil and gas drilling, construction and operation of railroad services

In all other cases, a permit from the National Commission on Foreign Investment for a participation of more than 49% is required only if the total value of a corporation's assets exceeds a limit which is set annually by the Commission, regardless of the industry concerned. This limit is currently 712'395'000 MXP (equivalent to 75 mn USD on 12 January 2000 when it was published in the Official Journal). According to information obtained from the Ministry of the Economy, this limit is set to rise to an amount equivalent to 100 mn USD in January 2003.

Box 7.2: Restrictions on Land Ownership for Foreigners

Land ownership restrictions apply to foreigners in the so-called restricted zones, consisting of a strip of 100 km along national borders and 50 km along maritime coasts. Foreign companies may, however, be granted the right to purchase real estate in these zones with a permission of the Ministry of Foreign Affairs (Secretaría de Relaciones Exteriores; SRE; http://www.sre.gob.mx; ✉ 11.4) as long as it is not used for residential purposes but for commerce, industry or tourism. If foreigners wish to purchase real estate in the restricted zones for residential purposes, they may do so only through a trust fund held by an authorised financial institution. It has a duration of 50 years and is renewable under certain circumstances.

 Information on sources on FDI is contained in the info block at the end of Section 7.7.3.

7.2.2 Investment Protection Agreement Switzerland-Mexico

An important issue for international investors is the security of their investment. Accordingly, Switzerland and Mexico have signed an Agreement on the Promotion and Reciprocal Protection of Investments (APRPI) which entered into force in March 1996.

Each contracting party commits itself to admit the other party's investments in accordance with its national laws (see also Section 7.2.1) and to grant necessary permits. The agreement foresees non-discrimination, i.e. national treatment and the application of the most favourite nation principle. The only exception to the latter are specific preferences accorded to parties to a regional integration agreement or to a double tax treaty. These exceptions, however, have lost importance because Switzerland now maintains both a double taxation treaty and a free trade agreement with Mexico, granting by and large rights, which are equivalent to those accorded to other partners such as the NAFTA countries.

Export performance or domestic content requirements are generally banned. Notwithstanding, sectoral exceptions are possible, and requirements with regard to the creation of jobs, professional training or restrictions with the choice of investment locations. The freedom of transfer is granted, which includes profits, dividends, interests, capital gains, royalty payments etc. The agreement forbids the nationalisation or expropriation of investments, except in certain cases. Where they occur, nationalisation

or expropriation gives the foreign investor a right to compensation equivalent to the fair market value of the investment.

The APRPI also contains rules on dispute settlement: Switzerland as a country may submit the case to an arbitration tribunal whose decision is final and binding to both parties. Swiss investors may bring cases to arbitration under the Convention on the Settlement of Investment Disputes between States and Nationals of other States (ICSID convention) or under the Arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL). The agreement has been concluded for an initial duration of ten years (i.e. until 2006) after which it shall remain in force for an indefinite period of time. In the case that one party terminates the agreement, the provisions will stay in force for a period of ten additional years with regard to investments made before termination.

Although the agreement cannot guarantee 100% security for an international investor, it offers a solid legal foundation for Swiss FDI in Mexico (and vice versa). This foundation is further strengthened by both countries' membership in international organisations such as the WTO or the OECD that also maintain specific rules on investment.

7.2.3 Investment Rules in the Free Trade Agreement EFTA-Mexico

The Free Trade Agreement EFTA-Mexico also contains some rules on investment. For instance, the provisions reinforce the freedom of transfer already included in the bilateral Investment Protection Agreement (see Section 7.2.2). Parties are called upon to promote investment and to respect existing international obligations in this area. Three years after its entry into force, remaining obstacles to FDI shall be reconsidered and further liberalisation shall be sought.

7.3 General Investment Climate

Generally speaking, Mexico has considerably increased its attractiveness to FDI in recent years, due to the following factors:

- Regulatory improvements and investment liberalisation (see previous section).
- The long-term prospects of the Mexican internal market are bright as a result of its sheer size (around 100 mn. inhabitants currently), its sustained population growth and the high propensity towards spending and consumption.

- Besides serving the internal Mexican market, the markets of the United States, Canada and countries in Central and South America may be served from Mexico under preferential terms. The planned hemispheric Free Trade Agreement of the Americas (FTAA) will further enhance the location quality of Mexico, while some of the advantages may be presently reaped, as Mexico counts free trade agreements with 32 countries and investment protection agreements with 17 countries throughout the world.

- Although production costs are on the rise in Mexico – partly on account of the strong Peso (see Box 3.1) – the country has still a fairly large supply of workforce at relatively low costs.

According to business executives interviewed, limiting factors include a shortage of skilled workers and managers, deficiencies of public infrastructure particularly with regard to the provision of power and water, alleged flaws of the legal environment (e.g. enforcement of claims, tax rules and labour laws) and inefficiency of public administration along with excessive regulation and cases of corruption. In the capital Mexico City, public security is on top of the list of foreign investors' concerns. However, most executives we had contact with are optimistic that the investment climate will further improve over the next few years. The only exception to this overall positive perspective are widely-expected increases in production costs.

Box 7.1: Mexico's Competitiveness

The IMD in Lausanne annually publishes the "World Competitiveness Yearbook" which ranks 49 major industrial and newly industrialised economies according to their "national competitiveness". Overall competitiveness is broken down into four input factors: Economic Performance, Government Efficiency, Business Efficiency and Infrastructure, each of which consists of between 60 and 84 criteria. Despite methodological objections, the results are widely accepted as the best-available basis for international comparisons in this field. In order to better grasp the Mexican business environment, the following tables contain the five strongest and weakest criteria for each input factor. Overall, Mexico was ranked 36th of 49 countries in 2001. The top ranks were held by the U.S. (1), Singapore (2), Finland (3) and Luxemburg (4). The last four positions were held by Colombia (46), Poland (47), Venezuela (48) and Indonesia (49).

Table 7.1: Input Factor "Economic Performance" (Category rank: 36)

Strongest Criteria	Rank	Weakest Criteria	Rank
Unemployment rate	3	Current Account Balance (bn USD)	44
Employment (Total employment in mn)	8	Terms of trade index	43
Cost-of-living index (without housing)	11	Exports of Commercial Services (real growth)	43
Exports of goods (bn USD)	13	Exports of Commercial Services (% of GDP)	43
FDI abroad (bn USD)	13	Consumer Price Inflation (avg. annual rate)	42

Table 7.2: Input Factor "Government Efficiency" (Category rank: 27)

Strongest Criteria	Rank	Weakest Criteria	Rank
Effective personal income tax rate	4	Cost of capital hinders business development	48
Involvement in regional trade blocs	4	Education in finance is not sufficient	47
Collected capital and property taxes (% of GDP)	7	Insufficient technology transfer university-business	47
Management of public finances over past 5 years	7	Interest rate spread (lending rate – deposit rate)	46
Exchange rate stability	9	Tax evasion is a common practice	46

Table 7.3: Input Factor "Business Efficiency" (Category rank: 38)

Strongest Criteria	Rank	Weakest Criteria	Rank
Working hours (avg. number per year)	7	Credit does not flow easily from banks to business	49
Relocation of R&D is no threat to economy	13	Venture capital is not easily available	47
Relocation of production outside country is no threat to economic future of country	15	Managers generally lack a sense of entrepreneurship	46
Positive attitude toward globalisation	17	Creation of firms is unusual in the country	46
Companies' managers are trusted by the public	20	Banking sector assets (% of GDP)	46

Table 7.4: Input Factor "Infrastructure" (Category rank: 42)

Strongest Criteria	Rank	Weakest Criteria	Rank
Change in patents granted to residents (% change)	13	Development and application of technology is constrained by legal environment	48
GDP and energy consumption (real GDP growth minus energy consumption growth)	14	Technical co-operation is lacking betwen companies	48
Computer power (worldwide share of MIPS)	14	Science not adequately taught in schools	47
Electricity costs for industrial clients (USD/kWh)	15	Basic research does not enhance long-term economic and technological development	46
Air transportation (number of passengers carried)	15	Cities drain national resources	45

Source: IMD World Competitiveness Report 2001

7.4 Investment Locations

7.4.1 Attractiveness of States

The choice of an investment location depends, first of all, on firm-specific considerations. Depending on the primary motive of FDI (e.g. proximity to the market, availability of competitive labour, proximity to natural resources etc.), different locations may be seen as optimal. If proximity to the market is a key motive, the firm will likely chose a location where a cluster of customer industries exists or where most consumers are. Some cursory descriptions of the economic characteristics of major regions have already been given (see Section 3.2), although it goes without saying that individual market research and visits to the regions will be necessary before a firm will be able to decide on a location.

In a survey we conducted among the members of the Mexican-Swiss Business Association (AEMS; http://www.aems.com.mx; ✉ 11.7) in late 2001, we included questions on the perceived location qualities of the different Mexican regions. Each firm had been asked to recommend up to four states which offer a particularly favourable investment climate for international investors. We asked respondents to name the

main location advantages and disadvantages of the respective states. The emerging picture is very clear.

- No. 1: Nuevo León/Monterrey

The state of "Nuevo Leon" in the North of the country has been named most frequently. It is particularly the area around Monterrey that offers favourable investment conditions. The strongest arguments in favour of locating in Nuevo Léon are the state's proximity to the U.S. – Mexico's major export market – and the availability of well-qualified personnel with high work ethics. Indeed, some of the largest Mexican corporations have their headquarters in Monterrey, and many international firms choose to establish their Mexican business presence there.

The entrepreneurial Norteños (i.e. the population in the North of Mexico) like to see themselves as different from other Mexicans, and there is indeed more than just geographic proximity to the U.S.: Business culture is more focused and sober than in the rest of the country. Additionally, the good infrastructure of the region is often cited as a major advantage. The region hosts what is probably Mexico's most prestigious academic institution for technical and commercial studies, the "Tec de Monterrey". Finally, public security and corruption seem to be much less of an issue in Monterrey than in the capital. In light of the above, it is no surprise that the region has been very successful in attracting FDI in recent years.

The limiting factors of Nuevo Léon as an investment location are basically the scarcity of water (also common in other parts of the country), above-average living and production costs as well as the extreme climate with very hot summers and cold winters. The long distance to and from Mexico City which continues to be the economic heart of the country is perceived as another disadvantage.

By the way, the particular location advantages of Monterrey are not shared by all other areas along the border with the U.S. that have also experienced strong growth and FDI inflows over the past decade: Monterrey was one of the first industrialised areas in Latin America, and the agglomeration bases its competitive advantage on a century-old industrial tradition and experience as an economic and financial centre, originally dominated by a few families. It has a sustaining internal market, and growth has been solidly based on entrepreneurial

"Monterrey is Mexico's Milan whereas Mexico City is its Rome."

traditions and a supportive business culture. By contrast, many agglomerations in the "Maquiladora belt" along the border with the U.S. have mushroomed only in the last three decades, helped by government programmes to foster the Maquiladora industry (see Section 7.6) which are oriented mainly towards the U.S. market and which do not have economic hinterland in Mexico. Social cohesion is said to be lower in these agglomerations which are characterised by high migration and a strong influence of economic cycles.

- No. 2: Querétaro, Guanajuato, Aguascalientes

Second on the list of popular locations is a number of states located a few hours driving North of the Federal District, along the "NAFTA highway", which goes from Mexico-City to the United States. These are the states of Querétaro, Guanajuato and Aguascalientes.

All three have become favourite investment locations in recent years. An advantage is their central location (close to Mexico-City and Guadalajara and en route to Monterrey and the U.S.) and their good infrastructure. They have become particularly popular among the automotive and automotive parts industry. The availability of land and workforce, the efficient administrations of these states and the high quality of life in the region have been cited as reasons for investing there.

- No. 3: Federal District, México, Puebla, Tlaxcala, Hidalgo

In third position, the Federal District and the nearby states of México, Puebla, Tlaxcala and Hidalgo are mentioned. The Federal District draws its attractiveness from being the country's major market and its political and cultural centre. However, traffic congestion, high environmental contamination, a lack of space, long distances between home and work and problems with public security etc. are the price to pay. Many firms therefore prefer to establish a business presence in the nearby states where investors may enjoy the proximity to the Federal District's market without having to incur respective problems.

The Southern states have not been particularly mentioned as preferred locations for the establishment of a business presence. More information on the economic regions of Mexico may be found in Section 3.2.

Section 11.5 contains a complete listing of Mexican states. For each state, we have specified the addresses of the government, the economic development department and the representation in the Federal District.

7.4.2 Industrial Parks

Much of FDI has flown into industrial parks in recent years. More than one half of all firms in industrial parks are foreign-owned. Mostly built by private site developers, industrial parks offer generally good conditions for FDI. The noteworthy advantages include modern facilities with good infrastructure and accessibility, a better-than-average provision of water and electricity (partially through own facilities) and access to advanced telecommunications infrastructures. The administration of an industrial park is usually acquainted with the particular needs of foreign investors and the challenges they face, and they can assist a foreign investor in bureaucratic proceedings. Often, other foreign firms will have invested in the same park before which makes it easier for newcomers to establish contact and to benefit from other foreign firms' experiences.

More information on industrial parks in Mexico is available from the Mexican Association of Private Industrial Parks (Asociación Mexicana de Parques Industriales Privados; AMPIP; http://www.ampip.org.mx; ✉ 11.15) or the Mexican System for the Promotion of Industrial Parks of the Ministry of the Economy (Sistema Mexicano de Promoción de Parques Industriales; SIMPPI; accessible through http://www.siem.gob.mx or http://www.spice.gob.mx). A list of industrial parks and their addresses is also available in a publication by Bancomext ("Costos Industriales en México – "Una Guía para el Inversionista Extranjero"; see bibliography in Chapter 12) which may be downloaded from the internet (see info block in Section 7.7.3 for further instructions).

Photographer: Jean-Pierre Villard



Pirámide del Sol, the world's third-largest pyramid, in the archaeological site of Teotihuácan

7.5 Industrial Costs in Mexico

The following table lists selected industrial costs in Mexico as published by Bancomext in 2001 for the year 2002.

Table 7.5: Selected Industrial Costs in Mexico (2002)

Type of Cost	Min. USD	Max. USD
Monthly salary of a factory manager	3'300 USD	5'500 USD
Hourly wage of a qualified worker	1.29 USD	2.01 USD
Water (Cost per m^3)	0.22 USD	2.88 USD
Electricity (Cost per kWh)	0.048 USD	0.069 USD
Natural gas (cost per gigacalory)	12.13 USD	17.00 USD
Fuel-oil ("combustóleo") per m^3	110.83 USD	189.28 USD
Phone line (residential/commercial; monthly rent)	17.17/21.71 USD	17.17/21.71 USD
Phone line (residential/commercial; installation)	123.90/383.77 USD	123.90/383.77 USD
Phone calls to Mexico/US/Europe; Costs/minute	0.13/0.21/0.96 USD	0.25/0.31/1.44 USD
Yearly Rent of industrial halls per m^2	43.38 USD	52.64 USD
Construction costs of standard industrial halls per m^2	214.21 USD	279.87 USD
Price of Land per m^2	33.58 USD	43.38 USD

Source: Bancomext (2002): Costos Industriales en México – Una Guía para el Inversionista Extranjero.

Generally speaking, the costs of investing in Mexico are the highest in the large industrial centres, particularly in Mexico-City, followed by Monterrey and Guadalajara. Costs in other regions may be lower, but efficiency losses due to a long distance from major markets or a lower productivity may offset initial savings.

With regard to the monthly rental costs of office space in the three major cities, AmCham published in 2001 the following average monthly rental rates in USD/square meter for different neighbourhoods:

- Mexico City: between 25 USD and 31 USD, according to area.
- Guadalajara: between 7.70 USD and 13.90 USD, according to area.
- Monterrey: between 11 USD and 24 USD, according to area.

Bancomext publishes regularly its survey of Industrial Costs in Mexico (Bancomext: Costos Industriales en México – Una Guía para el Inversionista Extranjero; see bibliography in Chapter 12) which draws on data obtained from different regions and

industrial parks. The detailed publication may be downloaded from the internet at http://www.bancomext.gob.mx or http://www.bancomext.com. If you use the Spanish language version, choose "Usuarios fuera de México" and then "Centro de Información". If you use the English language version of the website, you will find the document under the heading "Invest in Mexico".

7.6 Specific Investment Programs

The government seeks to promote FDI through specific programs which are designed to attract export-oriented industries. Indeed, many so-called "maquiladoras" – in-bond assembly plants – have been built in Mexico over the past three decades. As mentioned above, this evolution took place mainly (though not exclusively) along the Northern border with the U.S.. Observers argue that maquiladoras are crucial for the Mexican economy as the export revenue they generate is necessary in order to contain the current account deficit, and that – despite all the criticism – they foster development through the introduction of international standards with regard to technology, quality, service, skills and labour standards which are above those commonly found in the inward-looking sectors of the Mexican economy.

The programs in support of export-oriented FDI had to be modified at the beginning of 2001 due to Mexico's international obligations under NAFTA and the WTO Agreements. Currently, the programs mentioned below are administered. It should be stressed that this is only a very cursory description, leaving aside many important aspects. Interested parties should contact the Ministry of the Economy directly (see info block at the end of this section).

Promotion of National Production:

- PROSEC: Sectoral Promotion Programs (Programas de Promoción Sectorial) are intended to promote industrial development in selected industries, for each of which a specific program is operated. The main benefits consist of tariff reductions on inputs, irrespective of whether the final products will be destined for sale on the national market or for exportation.

- PRONEX: This program seeks to strengthen national suppliers to exporting industries (Proveedores Nacionales de Exportación). It allows eligible companies to buy supplies at VAT rates of 0% upon fulfilment of certain conditions.

Promotion of Exports:

- PITEX: The program of temporary importation for the production of export goods (Programa de Importación Temporal para Producir Artículos de Exportación) allows producers of export goods to temporarily import inputs without paying customs tariffs, VAT and countervailing duties if applicable. PITEX covers imports of raw materials, components, packaging and containers as well as machinery and equipment.

- ECEX: The program for foreign trade companies (Empresas de Comercio Exterior; ECEX) allows eligible enterprises to enjoy some of the privileges conveyed through other programs (PRONEX, ALTEX, PITEX) and to get preferential access to financial support offered by BANCOMEXT and Nacional Financiera.

- Program for the Maquiladora Industry: Similarly to PITEX, the Maquila Program allows for temporary imports free of customs duties, VAT and countervailing duties, as long as the finished products will be exported. These benefits are also conveyed to maquiladoras providing services such as repair work on goods that will later be re-exported.

- Duty Drawback: Import duties paid on imports of inputs may be restituted once the finished products are exported. Restrictions apply in the case of trade under preferential agreements which normally prohibit duty drawback.

- ALTEX: This program for highly export-oriented businesses (Empresas Altamente Exportadoras) allows rapid VAT devolution, free access to the Commercial Information Service offered by the Ministry of the Economy and administrative facilitation with regard to customs clearance.

 More information on these programs, their benefits and the conditions which must be fulfilled is available through the Ministry of the Economy (Secretaría de Economía; SE; http://www.economia.gob.mx; ✉ 11.4). When on the entry page of the website, choose "Industria y Comercio", then "Comercio Exterior", then "Programas de Fomento".

7.7 Establishing a Business Presence: Administrative Steps

As in any other country, foreign investors have to comply with certain administrative requirements when setting up a business presence. We can only provide a brief description of the main steps. Regardless of the path chosen, it is of paramount importance to consult with an attorney who is familiar with incorporation issues, the tax system and foreign investment regulations in an early stage of planning. Given the intricacies of the legal issues involved and the potentially costly consequences of even minor errors, such expenses will be well invested. This holds particularly since some issues are subject to differences of opinion even among specialists.

7.7.1 Establishment of a No-Income Representative Office

The establishment of a representative no-income office is the most basic form of local presence. In this case, the foreign firm must seek authorisation from the Ministry of the Economy (Secretaría de Economía; SE; http://www.economia.gob.mx; ✉ 11.4) and it must register with the local Tax Office (Servicio de Administración Tributaria; SAT; http://www.sat.gob.mx; ✉ 11.4) which will include the company in the Federal Taxpayers Registry (Registro Federal de Contribuyentes; RFC) and convey a RFC number.

No-income offices may also have to register with the Foreign Investment Registry (Registro Nacional de Inversiones Extranjeras; RNIE) which is administered by the Ministry of the Economy (Secretaría de Economía; SE; http://www.economia.gob.mx; ✉ see address entry "Dirección General de Inversión Extranjera" in 11.4) and with the Public Registry of Commerce (Registro Público de Comercio) of the local entity where the corporate domicile is located. In any event, local legal advice on these matters will be needed.

7.7.2 Establishment of a Branch

Another option for foreign firms is to establish a branch (sucursal de sociedad extranjera). Major advantages of this option are that the firm gets full access to local courts and that no local board of directors is required. The downside, however, is that the parent company in the home country will be liable for any claims arising out of the activities carried out by the branch office, because the latter does not have full legal status in Mexico, according to information available.

In order to establish a branch office, foreign companies must seek approval from the Ministry of the Economy (Secretaría de Economía; SE; http://www.economia.gob.mx; ✉ 11.4). The Ministry may check the legal incorporation of the foreign firm in its home country and the compliance of the foreign firm's charter and by-laws with Mexican

public policy. The foreign firm must also have a legal representative located in Mexico who may act on behalf of the foreign company.

Lack of a decision by the Ministry of the Economy within fifteen working days shall be considered as approval. Once the company has obtained the authorisation, the branch must register with the Foreign Investment Registry (Registro Nacional de Inversiones Extranjeras; RNIE) which is administered by the Ministry of the Economy (Secretaría de Economía; SE; http://www.economia.gob.mx; ✉ see address entry "Dirección General de Inversión Extranjera" in 11.4). Finally, the charter, the by-laws, the Ministry's authorisation and a document detailing the location and the specific business activities must be filed at the Public Registry of Commerce (Registro Público de Comercio) of the local entity where the branch office is located. Again, it is advisable to seek local legal counsel on these matters.

7.7.3 Establishment of a Mexican Corporation

The advantage of creating a local subsidiary is that the foreign firm may thus limit its liability because the activities of the subsidiary are legally independent from those of the parent company.

Foreign investors have a free choice of entity. The most common forms used by foreign investors are Stock Corporations with either fixed capital (Sociedad Anónima; S.A.) or with variable capital (Sociedad Anónima de Capital Variable; S.A. de C.V.). A Stock Corporation must at least have two shareholders. While it is not possible to exclude shareholders from participating in the profits, it is possible to limit voting rights. In these cases, however, a cumulative dividend of not less than 5% p.a. is granted to shareholders by law. The minimum capital for a Stock Corporation is 50'000 MXP, 20% of which have to be paid in at the time of incorporation. In the case of a S.A. de C.V., further variable capital may be added. The assembly of shareholders is the highest organ of the stock corporation, and they elect either a sole administrator or a board of directors for the management of the corporation.

Other less frequently used business entities are the General Partnership (Sociedad en Nombre Colectivo), the Limited Liability Company (Sociedad de Responsabilidad Limitada; S. de R.L.), the Limited Liability Partnership (Sociedad en Comandita Simple or Sociedad en Comandita por Acciones). Some of these forms may be interesting from a tax perspective, but liability implications should not be overlooked. Particular forms are the Cooperative Company (Sociedad Cooperativa) which is frequently used for fisheries or agricultural business, the Civil Society (Sociedad Civil; S.C.) which is commonly used by professional practitioners, and the Civil Association (Asociación Civil; A.C.) which is normally used by charitable or non-profit associations. A Joint

Venture may either be established as a Joint Venture company, taking any of the legal forms set out above, or it may be constituted through a Joint Venture Agreement (Asociación en Participación).

The following steps are customary procedures when a stock corporation, i.e. the most frequent forms of foreign investment, is constituted:

- **Approval from the Ministry of Foreign Affairs**

The firm must seek approval for its name from the Ministry of Foreign Affairs (Secretaría de Relaciones Exteriores; SRE; http://www.sre.gob.mx; ✉ 11.4). The competent office is the Office of Incorporation Permissions (Permisos de Constitución de Sociedades). This permission will be reproduced in the notarial instrument (see below).

- **Authorisation from the National Commission on Foreign Investment**

In the cases determined by the LIE (see Section 7.2.1), applicants must seek approval from the National Commission on Foreign Investment (Comisión Nacional de Inversión Extranjera; CNIE; http://www.economia.gob.mx; ✉ 11.4).

- **Formalisation in a Notarial Instrument**

The charter and by-laws, on which the shareholders agreed, must be officially notarised. Power of attorney should be granted to a resident in Mexico who represents the shareholder before the notary for this purpose. The permission granted by the Ministry of Foreign Affairs, the charter and the by-laws are reproduced in a notarial instrument issued by the notary public.

- **Registering with the Public Registry of Commerce**

The notarial instrument must be recorded in the Public Registry of Commerce (Registro Público de Comercio) of the local entity where the corporate domicile is located.

- **Registering with Tax Authorities**

The corporation must then be registered in the Federal Taxpayers' Registry (Registro Federal de Contribuyentes; RFC) at the Tax Office which corresponds to the corporate domicile (Servicio de Administración Tributaria; SAT; http://www.sat.gob.mx; ✉ 11.4)

- **Registering with the Foreign Investment Registry**

Each corporation with foreign capital must also register with the Foreign Investment Registry (Registro Nacional de Inversiones Extranjeras; RNIE) which is administered by the Ministry of the Economy (Secretaría de Economía; SE; http://www.economia.gob.mx; ✉ see address entry "Dirección General de Inversión Extranjera" in 11.4).

- **Registering with Social Security Institutions**

If workers are employed for whom social security contributions must be made (see Section 8.4 for details), the corporation must also register with the Mexican Social Security Institute (Instituto Mexicano del Seguro Social; IMSS; http://www.imss.gob.mx; ✉ 11.4) and the Institute of the National Workers' Housing Fund (Instituto del Fondo Nacional para la Vivienda de los Trabajadores; INFONAVIT; http://www.infonavit.gob.mx; ✉ 11.4).

- **Registering with the SIEM and Chambers**

All corporations are required to register with the Mexican Business Information System SIEM which is run by the Ministry of the Economy (Sistema de Información Empresarial Mexicano; http://www.siem.gob.mx; see also Section 4.2.1) and with the appropriate commercial chambers.

- **Providing Statistical Information**

Business entities are also obliged to report statistical information to the National Institute for Statistics, Geography and Computing (Instituto Nacional de Estadística, Geografía e Informática; INEGI; http://www.inegi.gob.mx; ✉ 11.4).

- **Specific Obligations**

Under specific circumstances, the following steps will be additionally required: If the corporation carries out manufacturing activities, it will have to seek permits from the National Ecology Institute (Instituto Nacional de Ecología; INE; http://www.ine.gob.mx; ✉ 11.4). If it is active in food preparation or the manufacturing of pharmaceutical or health products, it will also require a sanitary license (licencia sanitaria) which may be obtained from the Ministry of Health (Secretaría de Salud; SS; http://www.ssa.gob.mx; ✉ 11.4). If the firm will be importing products, it must register with the Federal Registry of Importers (see Subsection 6.4.1). Applications for permits under specific export promotion programmes (see Section 7.6) must be directed to the Ministry of the Economy (Secretaría de Economía; http://www.economia.gob.mx; ✉ 11.4).

A list of law firms is included in Section 11.11. Bancomext (http://www.bancomext.gob.mx; ✉ 11.12.2) offers several publications which are oriented towards foreign investors. Besides the survey on industrial costs in Mexico mentioned above in Section 7.5, a basic investment guide in Spanish and in English is available. Some of these documents may be downloaded without charge from the internet: Go to the website of Bancomext (http://www.bancomext.gob.mx). If you use the Spanish language version, choose "Usuarios fuera de México" and then "Centro de Información". If you use the English language version of the website, you will find the documents under the heading "Invest in Mexico". A detailed guide on the legal aspects of investing in Mexico (see Chapter 12) is also provided by the law firm Goodrich, Riquelme y Asociados in English and French. It is available as paperback from the law firm, or it may be read online at http://www.goodrichriquelme.com. PriceWaterhouseCoopers has also published a detailed Doing Business Guide on Mexico with much information concerning investment and a strong focus on tax issues (see bibliography in Chapter 12).

8 Selected Legal Aspects of Doing Business

Doing business in Mexico naturally implies doing business under a different jurisdiction and in a different legal setting than at home. While it is important to be familiar with key legal aspects that govern business relations, it goes without saying that the legal environment is far too complex to be dealt with in detail in this book. Consequently, we have chosen selected areas of law which are usually relevant for a large number of exporters and/or investors, and which have not yet been dealt with elsewhere. It is obvious that the purpose of this chapter is to only give readers an introductory orientation on the legal environment and to direct them to more specific sources on the issues covered (see Section 8.6). The usual disclaimer applies (see page 7).

We gratefully acknowledge the invaluable support we received from the law firm Goodrich, Riquelme y Asociados (http://www.goodrichriquelme.com; ✉ 11.11) when we edited this chapter.

 For expert legal advice or tax counsel, readers should contact law firms in Mexico. As a first indication, a list of reputed law firms is included in Section 11.11.

8.1 Protection of Intellectual Property Rights

8.1.1 Introduction

Mexico has considerably improved the protection of intellectual property rights (IPRs) in recent years, although some observers argue that enforcement of legal obligations has remained relatively weak. The country is a member of the World Intellectual Property Organization (WIPO) and a signatory to most international intellectual property right (IPR) agreements. The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) applies fully to Mexico since 1 January 2000. Finally, the Free Trade Agreement between Mexico and the EFTA states contains provisions with regard to the protection of intellectual property rights that go beyond the obligations already included in the TRIPS.

According to available information, Mexico adheres to the international exhaustion principle with regard to IPRs. This pro-competitive stance implies that goods which have been brought on the market in another country with the consent of the right holder may be legally imported into Mexico for personal use or for further commercialisation.



Photographer: Ana Laura de Coss

Colourful Mexican handicrafts (artesanías) and other souvenirs are offered on many markets throughout the country

Several laws govern the protection of IPRs, the most important of which are the Industrial Property Law (Ley de la Propiedad Industrial; LPI) of 1991 and the Federal Law on Copyright (Ley Federal del Derecho de Autor; LFDA) of 1996 with the pertaining regulations.

8.1.2 Copyright and Related Rights

Protection for copyrights and related rights is granted to original works susceptible of disclosure or reproduction. It relates to, inter alia, literature, music, drama, dance, photography, architecture, audiovisual arts, radio and television, computer programs, and compilations including data bases. In Mexico copyrights include moral and patrimonial rights. No registration is required for protection. Patrimonial rights protection is granted for the duration of the life of the author plus 75 years. Unless otherwise specified, the transfer of economic rights is for 5 years, and for more than 15 years only in exceptional circumstances. No violation is deemed to occur when works are used for no direct financial gain, for educational purposes or for research purposes. No authorisation is required for the following uses: the reproduction of current affairs articles unless expressly prohibited by the rights holder, the partial reproduction for research purposes. No authorisation is required either for the making of a single copy by individuals and by education or research institutions, as long as no financial gain is pursued. The author retains the inalienable moral right to withdraw publication rights.

8.1.3 Patents

Any invention which is novel, results from an inventive step and is suitable for industrial application is patentable. The duration of the patent is twenty years from the date of filing, and it is non-renewable. Exclusions and limitations are in place with regard to biological processes for the production and propagation of plants and animals, biological and genetic material found in nature, animal breeds, the human body and its living parts, plant varieties, computer programs and schemes to present information.

Compulsory licenses may be granted in case a patent is not exploited within three years after its issuance or within four years after filing, whichever period terminates later, unless it has been exploited, including through importation. Public utility licenses for the use of a patent may be granted in case of emergencies and/or for national security needs.

8.1.4 Industrial Designs

Industrial designs are subject to registration as long as they are novel and suitable for industrial application. Ornamental industrial drawings are included. Protection is granted for fifteen years from the date of filing, and it is non-renewable.

8.1.5 Utility Models

Utility models are defined as objects, utensils, appliances and tools that offer, as a result of modification, configuration, structure or form, a different function from their integrating parts. Protection is subject to registration and it is granted for ten years from the date of application. It is non-extendible.

8.1.6 Layout Designs of Integrated Circuits

Protection for defined integrated circuits and layout designs is subject to registration. Protection is granted for ten years from the date of filing, and it is non-renewable. Exclusions apply to layout designs that have been in commercial use for more than two years before the filing of the application for registration.

8.1.7 Trademarks

Trademarks eligible for protection are all visible signs that differentiate products or services from similar items in the market. They include slogans, denominations and commercial names. Protection of trademarks and slogans is subject to registration and it is granted for ten years from the date of filing. In the case of commercial names protection is subject to publication. By contrast to most other IPRs, they are renewable. However, a trademark's registration generally expires if it is not used for three consecutive

years. Trademark protection is not available for geographic denominations, for names that may mislead in relation to origin or for denominations that are similar to trademarks which are deemed to be well-known in Mexico. Authorities may regulate the use of trademarks for several reasons, including competition policy or national emergencies.

It is worth noting that parallel imports are legally possible in Mexico.

8.1.8 Geographical Indications

Subject to a declaration from the authorities, denominations of origin are protected. They are defined as the name of a region serving to designate a product which originates therein and whose characteristics derive only from the geographic setting. Protection is granted for as long as the initial conditions for protection prevail. The State holds title to denominations of origin, which may be used only with its authorisation.

The Free Trade Agreement EFTA-Mexico brings some additional protection for geographical indications which go beyond the obligations included in the TRIPS. The FTA obliges each party to refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to services not originating in or connected to the territory indicated. The obligation holds if the use of the indication in the trademark misleads the public as to the true place of origin.

8.1.9 Undisclosed Information

Protection is also granted to undisclosed information with industrial or commercial application that conveys a competitive advantage, that is kept in confidence and protected as such in documents or other media. It is granted indefinitely.

8.1.10 New Plant Varieties

New, distinctive, stable and homogeneous plant varieties are subject to protection. Foreign applications from members of the International Union for the Protection of New Varieties of Plants (UPOV) will be accorded a one-year priority right. This accordingly applies to Swiss applicants. The duration of the protection is eighteen years for perennial plants (including forest and fruit trees or vines) and fifteen years for others. Some uses do not require the consent of the right holder such as research or consumption for the benefit of the grower

 The main institutions involved in IPR protection are the Mexican Institute of Industrial Property (Instituto Mexicano de Propiedad Industrial; IMPI; http://www.impi.gob.mx;) and the National Copyright Institute (Instituto Nacional del

Derecho de Autor; INDAUTOR; http://www.sep.gob.mx/wb/distribuidor.jsp?seccio=459; ✉ 11.4). IMPI is an autonomous agency under the aegis of the Ministry of the Economy, responsible for the processing and granting of patents and trademarks as well as other titles to protect industrial property rights. INDAUTOR operates under the authority of the Ministry of Public Education. It is in charge of promoting copyrights and related rights. Finally, the Ministry of Agriculture (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación; SAGARPA; http://www.sagarpa.gob.mx; ✉ 11.4) is responsible for the registration of new plant varieties.

8.2 Public Procurement

Mexico has not adhered to the Plurilateral Agreement on Government Procurement (GPA) under the aegis of the WTO. However, the EFTA-Mexico Free Trade Agreement contains specific provisions on public procurement which makes the country's public procurement regime accessible to EFTA suppliers (see also Box 5.2).

As a general rule, the public purchase of goods and services must be undertaken through public tenders involving sealed offers. They are governed by the Law for Acquisitions, Leases and Services of the Public Sector (Ley de Adquisiciones, Arrendamientos y Servicios del Sector Público; LAASSP), and the Law for Public Works and Related Services (Ley de Obras Públicas y Servicios Relacionados con las Mismas; LOPSRM). In addition, rules for government procurement have also been included in free trade agreements such as the FTA EFTA-Mexico. The Ministry of Controlling and Administrative Development (Secretaría de Contraloría y Desarrollo Administrativo; SECODAM; http://www.secodam.gob.mx; ✉ 11.4) is responsible for the compliance of tendering processes with the law.

Each year, the Ministry of Finance (Secretaría de Hacienda y Crédito Público; SHCP; http://www.shcp.gob.mx; ✉ 11.4) authorises the budget for the Annual Acquisitions Programme of Goods, Leases and Services (Programas Anuales de Adquisiciones, Arrendamientos y Servicios; PAAAS) and the Annual Public Works Programme (Programas Anuales de Obras Pública; PAOP) which are presented by the procuring entities and enterprises. The Ministry of the Economy (Secretaría de Economía) subsequently integrates both and presents them to the business sector.

Each government agency and parastatal corporation is autonomous in awarding contracts. As provided for in law, procurement generally takes place through open tendering procedures following public notices. Such invitations to participate are published in the Official Journal and on the internet through the Compranet Service (see info block at the end of this section). In case the specific entity publishes its own

Gazette, the invitation to bid is also included therein. In this process, any supplier who fulfils all the requirements specified in the invitation to participate and the tender documentation may submit a bid.

If the process of open tendering is "national", it means that only Mexicans can participate, and that the goods to be procured must be produced in Mexico and contain in general at least 50% local content. In case of "international" tendering, foreigners and Mexicans may participate. International tenders take place only if they are mandatory under a free trade agreement signed by Mexico such as the Free Trade Agreement EFTA-Mexico or in case the procurement is financed with resources from international financial institutions. International procurement may also take place when national suppliers are unable to fulfil the tendering requirements, or when no appropriate bids were tendered nationally.

Thanks to the Free Trade Agreement EFTA-Mexico, benefits similar to those that were already enjoyed by North American suppliers (due to NAFTA) or EU suppliers (due to the FTA EU-Mexico) have now been extended to Swiss suppliers. All major buyers on the Federal Government level and major parastatal enterprises (see Box 5.2) are covered by the agreement, as are major goods and services typically bought through public procurement. Swiss suppliers must be considered if the value of a contract is equal or superior to certain thresholds. Mexico applies the thresholds of NAFTA in order to avoid discrimination between bidders from NAFTA countries on the one hand and bidders from EFTA countries on the other. NAFTA thresholds are updated regularly on the basis of the U.S. inflation rate. As of May 2002, these thresholds were USD 56'190 for goods and services and USD 7'304'733 for construction services procured by the federal government, and USD 280'951 for goods and services or USD 8'990'862 for construction services procured by government enterprises. Suppliers from EFTA countries are entitled to equal treatment with national suppliers. The rules of origin for public procurement are the same as those applied in the "normal" course of trade.

If several bids fulfil the legal, technical and economic requirements, the contract must be awarded to the bid proposing the lowest price. Goods and services acquired, leased or contracted for by federal entities must comply with technical specifications in accordance with the LAASSP and Mexico's FTAs. Bid challenges are resolved by the SECODAM. Bid challenges may be filed by persons or firms that consider their rights were affected, either by decision of award, or at any stage during tendering. Resolutions by SECODAM may be appealed under the Federal Law of Administrative Procedure.

Besides open public tendering, the procuring entity may also resort to restricted bidding whereby invitations must be extended to at least three potential suppliers. In case restricted bidding is not suitable, authorities may also decide to award the contract directly.

The LAASSP and LOPSRM do not apply to procurement carried out by federal states under their own budget. Instead, government procurement at the state level is subject to specific state provisions. Such procurement is not covered by the Free Trade Agreement EFTA-Mexico. In general, participants in state-level procurement will have to register in specific state registries. In some cases, state provisions may also establish preferences for local suppliers.

 The information in this section is partly based on an introduction provided by the Ministry of the Economy. It is available both in English and Spanish for download from a section of the website of the Ministry which is specifically dedicated to public procurement (http://www.economia-paasop.gob.mx). The document may be accessed directly at http://www.economia-paasop.gob.mx/english/comonew.shtml. Laws and Regulations on public procurement are also available on the website of the Ministry of Controlling and Administrative Development SECODAM at http://www.secodam.gob.mx, or, more specifically, at the following address: http://www.secodam.gob.mx/unaopspf/unaop1.htm.

The annual programmes PAAAS and PAOP may also be consulted online at one of the following websites: http://www.economia-paasop.gob.mx, http://www.siem.gob.mx or on Compranet at http://www.compranet.gob.mx. The website of Compranet is particularly interesting for participants in public tendering. The site offers an electronic marketplace where information on many tenders of the federal government, the state governments and parastatal entities is available. Search functions allow targeted searches for bids involving specific products or specific buyers. Otherwise, public tenders are also published in the Official Journals of the Federation (Diario Oficial; http://dof.terra.com.mx) or in the official journals of individual states (the latter may often be accessed through the states' websites; see Section 11.5)

Information on the preferences under the FTA EFTA-Mexico with regard to public procurement is available in Art. 56 through 68 of the Agreement, and in Annexes XII (covered entities), XIII (covered goods), XIV (covered services), XV (covered construction services), XVI (thresholds) XVII (general notes; including transition periods, exclusions), XVIII (procurement procedures), XIX (publications), XX (provision of information). The agreement and its annexes may be downloaded in English from the website of EFTA at http://www.efta.int. When on the entry page, choose "Secretariat", then "Third Country Relations", then "Free Trade Agreements" and finally "Mexico".

For access to state public procurement, suppliers should seek information from state governments (see Section 11.5).

8.3 Selected Aspects of Taxation

The Mexican taxation system cannot obviously be dealt with in great detail here. We will limit ourselves to presenting major features of Mexican taxation. Given frequent changes to tax rules and their complexity, it is very important that foreign investors have recourse to local tax specialists in order to discuss the consequences of certain investment decisions on their tax burden. Prior to the decision on how to enter the Mexican market, the fiscal implications should be considered carefully.

Roughly speaking, tax obligations in Mexico increase with a firm's presence on the Mexican market. While exporters do barely need to bother about tax obligations in the case of indirect exports (see Subsection 5.1.2), they are major considerations if FDI is planned in Mexico (see Subsections 5.1.5, 5.1.6 and Chapter 7).

All companies with operations in Mexico need to register a fiscal domicile – regardless of whether they plan to open a no-income office only or whether outright manufacturing operations are planned (see Section 7.7 for options). They will then receive the Taxpayer's Federal Registration Number (RFC number; Registro Federal de Contribuyentes). If a no-income representative office is established, the only obligation is to report the earnings of its employees. By contrast, permanent businesses will pay taxes just as any other Mexican company.

8.3.1 Direct Taxes

Permanent businesses must pay a federal income tax of 35%. According to the Fiscal Reform 2002, the corporate tax rate will decrease to 34% in 2003, 33% in 2004 and 32% in 2005. Losses may be carried forward for 10 years. In order to avoid the loss of this benefit through inflation, the amount of the losses shall be updated by a factor calculated considering the National Consumer Price Index established by the Mexican Central Bank (Banco de México; http://www.banxico.org.mx; ✉ 11.4).

The federal income tax is supplemented by a minimum asset tax which is payable if and to the extent that it exceeds the taxpayer's income tax. It is payable at a rate of 1.8% on the corporate taxpayer's assets.

Mexican residents are subject to Mexican income tax regardless of their nationality. Non-residents are taxed only on income which is derived from a source of wealth located in Mexico. Personal income tax rates are levied at graduated rates and reach up to 35%. No personal asset or wealth taxes are levied, except where individuals operate a sole proprietorship which is also subject to the 1.8% tax on firm assets and in case of an individual leasing assets to a payer of said asset tax. In addition to federal income tax, the fiscal reform 2002 has introduced a right for states to establish an

income tax applicable to individuals who perform business and professional activities. Swiss firms investing in Mexico should keep in mind that a double taxation treaty is in force between Mexico and Switzerland (see Box 8.1).

Box 8.1: Double Taxation Treaty Mexico-Switzerland

A Double Taxation Treaty is in force between Mexico and Switzerland and applicable since January 1995. It aims at avoiding double taxation and contains rules for specific types of income such as income from assets, business profits, interests, dividends, royalties, gains realised by the sale of capital, pensions and income from self-dependent work and salaries. The Double Taxation Treaty provides for the application of the national treatment principle. It has largely been designed according to the OECD model of 1977, while some clauses had to be adapted to the specific interests of the parties involved.

The text of the Mexican-Swiss Double Taxation Treaty is available in all three Swiss national languages from the website of the Swiss Federal Government at http://www.admin.ch, Systematic Compendium of Swiss Federal Law No. 0.672.956.31.

8.3.2 Indirect Taxes

The most important indirect tax is the Value Added Tax (VAT; Impuesto al Valor Agregado; IVA). It is levied at a general rate of 15% (10% in border regions) on sales of most goods and services. The rate is 0% on some transactions, while other transactions are exempt. The latter include education services, certain insurance services, certain types of public entertainment, certain medical services and certain transportation services. In the case of imported goods, VAT is levied on the value declared for import duties plus the amount of the duties. Some specific government programmes may exempt importation from VAT (see Section 7.6). Exports of goods and services as well as port services for export shipments are zero rated. Almost all food products and medicines are taxed at the zero rate. Government proposals in the context of the fiscal reform 2002 to levy VAT on these items had met with massive resistance and had to be abandoned.

In addition to VAT, the so-called Special Tax on Production and Services (Impuesto Especial sobre Producción y Servicios; IEPS) is levied on certain goods such as alcoholic drinks, tobacco and fuel. Rates vary from product to product, and some are variable over time. Since 1 January 2002, the IEPS is also levied on certain soft drinks and certain telecommunication services.

On 1 January 2002, a new tax of 5% was introduced on "luxury products" such as perfumes, cars worth more than 250'000 MXP, clothing made of silk or leather, electronic articles or computer equipment worth more than 25'000 MXP.

Federal taxes are also levied on the ownership of motor vehicles. Moreover, new cars are subject to a specific tax (Impuesto Sobre Automóviles Nuevos; ISAN).

In addition to these federal taxes, a number of state and municipal taxes are levied. The former include taxes on the proceeds of capital, on earned income and on certain types of production. With the Fiscal Reform 2002, states may now establish a maximum 3% sales tax on goods and services to the general public. Municipal taxes consist mainly on those levied annually on real property (which have substantially increased in recent years) and those levied on transfers of real estate.

 Abundant information on all issues of taxation may be found in the book "Doing Business and Investing in Mexico" by PWC PriceWaterhouseCoopers (2001). Chapters 13 through 24 are dedicated to taxation issues. Along with the book, readers should make sure to obtain an update on the modifications brought by the fiscal reform 2002 (and any further reforms) which are not yet included in the aforementioned publication. With regard to the fiscal reform of 2002, PWC has also published an executive summary in English (Mexican Tax Reforms 2002) which may be downloaded from the internet at http://www.pwcglobal.com/images/mx/eng/ins-sol/publications/tax2002.pdf. A more detailed overview in Spanish ("Reformas Fiscales 2002") is available at http://www.pwcglobal.com/images/mx/spa/ins-sol/publications/reformas2002.pdf.

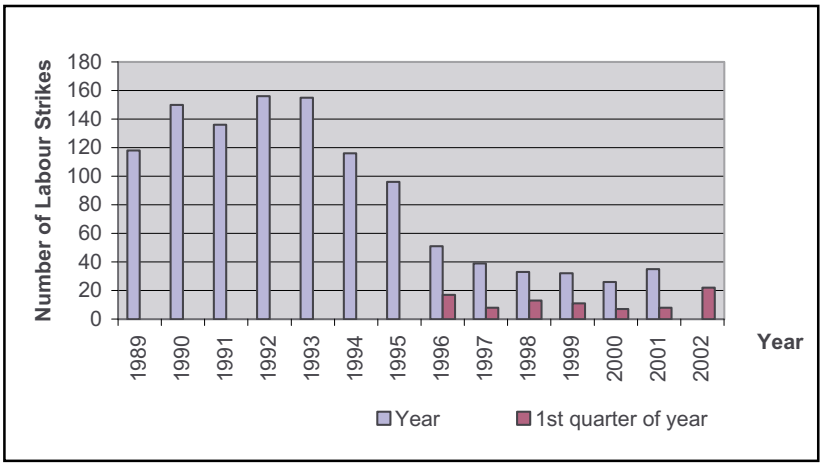
8.4 Labour Regulations

Labour relations in Mexico are governed mainly by Art. 5 and 123 of the Mexican Constitution as well as the Federal Labour Law of 1970 (Ley Federal del Trabajo) and various regulations, including a regulation on work safety. Labour regulation generally favours employees' interests. Special rules apply to managerial employees who are less well protected by labour laws, because the latter focus more on workers' interests. Workers are free to unionise, and unionisation is relatively high. Yet, the political importance of unions is reported to be decreasing. Labour relations are generally satisfactory and strikes do not occur frequently (see Box 8.2).

Box 8.2: Labour Strikes in Mexico

The number of labour strikes has decreased in recent years. However, an unusual increase has been reported for the first quarter of 2002. Most labour strikes have been registered in the Federal District. Other areas with relatively frequent labour strikes are the states of México and Puebla as well as Jalisco. Surprisingly, virtually no strikes have been reported in the equally heavily industrialised state of Nuevo León, where, as of March 2002, the last reported labour strike took place in June 1997.

Table 8.1: Reported Labour Strikes in Mexico



Source: Secretaría del Trabajo y Previsión Social STPS, 2002.

The overall protective character of labour regulation has induced many observers to call for a reform of Mexican labour legislation which they regard as outdated and onerous. Again, labour law is extensive and complex. Therefore, we must limit ourselves to explaining some of its most important features.

The Constitution sets forth a six day work week with a maximum work time of eight hours, i.e. a 48 hour week. Ordinary day shifts are 8 hours, night shifts are 7 hours. A maximum of three hours of overtime per day is admissible with a maximum of three consecutive days. The overtime premium is 100% of the salary for the first nine hours per week, and 200% for each additional hour, which may be worked under exceptional circumstances. The 200% premium also applies to work on certain legal holidays. The

premium for Sunday work is 25%, even if the worker is compensated with a day off during the week. All employees are entitled to a Christmas bonus equivalent to 15 days' pay, which must be paid on or before December 20. Under the law, a worker is entitled to a vacation of six working days in the first year of service, eight days in the second year, ten days in the third year, twelve days in the fourth year and two more days for each five years of service thereafter. He is entitled to a 25% bonus of his salary for each vacation day.

Employment contracts can be terminated by mutual consent of the parties or by causes which do not depend on any of the parties such as incapacity of the employee, death or termination of the work, purpose of the employment contract. Each party is entitled to terminate the agreement without any responsibility in the case of the existence of a justified cause as established in the Federal Labour Law. In cases of unjustified dismissal employees are entitled to demand either reinstatement or payment of an indemnity equal to three months' salary plus 20 days' salary per year of employment, seniority premium, back pay and the outstanding balance of any earned and unpaid benefits. When terminating a work contract, the reasons for their dismissal must be communicated to the workers. For employees with more than twenty years of service, such dismissal is possible only for severe reasons.

Mexican labour law obliges employers to provide training to their workforce, although no minimum requirements in terms of days or hours per year are set. Usually, firms set up mixed committees (workers/management) to work out training plans for employees. Tax deductions are available. Besides being a legal obligation, in their own self-interest, employers should offer constant training to their employees, given the importance of well-qualified personnel as a success factor (see Subsection 9.1.4). Health and safety at work are other issues where firms usually develop mixed committees. The Ministry of Labour and Social Security issues minimum safety standards subject to supervision.

These are the main elements of payroll costs:

- Wage: A minimum wage system is in place. It consists of a regionally differentiated general minimum wage and various regionally differentiated professional minimum wages which apply to certain professions. In May 2002, the general minimum wage was between 38.30 MXP/day and 42.15 MXP/day. Professional minimum wages ranged between 47.85 MXP/day and 126.25 MXP/day, depending on profession and region. In general, these minimum wages are very low and they have not been adequately adjusted for inflation in recent years: In December 2001, the purchasing power of the real minimum salary was only 74.72% of what it was in 1994. Most employers will therefore have to pay much more than these amounts in order to remain competitive in the labour market and avoid high employee turnover. Wage differentiation between skilled

employees and unskilled workers is much higher in Mexico than it is in Switzerland.

- IMSS Contributions: The Mexican Social Security Institute (Instituto Mexicano del Seguro Social; IMSS; http://www.imss.gob.mx; ✉ 11.4) provides obligatory coverage to all non-governmental employees for risks such as sickness, maternity, life, disability, day-care centers, retirement savings/old age and occupational risks. Contributions are made by both the employer and the employees. Contributions make up around 30% of the wage when only minimum wages are paid. This percentage decreases with higher wages, due to wage ceilings which are applied for the calculation of social security contributions.

- INFONAVIT Contributions: All employers must make contributions equal to 5% of their employees' earnings to the Institute of the National Workers' Housing Fund (Instituto del Fondo Nacional para la Vivienda de los Trabajadores; INFONAVIT; http://www.infonavit.gob.mx; ✉ 11.4) in order to discharge the obligation to provide adequate housing to workers which is contained in the Constitution.

- Profit Sharing: Workers are entitled to receive a share of 10% of the firm's adjusted taxable income according to a specific method of distribution, taking into account the workers' salary and the number of days worked. Under certain circumstances, exceptions apply for some firms such as newly established firms or very small firms. Profit sharing does not entail a right for workers to interfere in management.

Collective labour contracts often go beyond the legal minimum requirements, the length of vacations is one example. In particular, many firms provide benefits such as contributions to saving funds which are not taxable to the employees. Indeed, such benefits are a popular way to increase the income of workers without increasing their tax burden. Companies are also increasingly considering contributions to pension funds which, if applied to major groups of employees, may be tax deductible under certain circumstances. Consequently, labour law benefits and voluntary benefits make up a high proportion of payroll costs. The latest increase of labour costs was the result of a new payroll tax introduced by the fiscal reform 2002, mandating companies to pay a 3% tax on total compensation.

Given the obligations inherent to Mexican labour law, it is particularly important that Swiss exporters who collaborate with commercial agents make sure, that their agency relationship is not interpreted as an employer-employee relationship (see also Section 5.3.2). It must be made clear in all such agreements that the agent is an independent

contractor. Please keep in mind that a person who conducts sales and who is subject to direct supervision is normally considered an employee of the person for whom he conducts the sales.

 The Ministry of Labour and Social Security (Secretaría del Trabajo y Previsión Social; STPS; http://www.stps.gob.mx; ✉ 11.4) is responsible for the administration of Mexico's labour laws. The National Commission for the Minimum Wage (Comision Nacional de los Salarios Mínimos) publishes the current minimum wages on its website at http://www.conasami.gob.mx.

8.5 Consumer Protection and Producer Liability

The Consumer Protection Law affords considerable protection to consumers. Suppliers must respect their prices, honour their guarantees and fulfil all terms and conditions of underlying operations. If the product does not correspond to the terms in which it was offered, the consumer may present a claim to the manufacturer or the seller. He may subsequently opt for a substitute, a discount or a refund of the amount paid. If the supplier does not comply, the consumer is entitled to either bring an administrative action before the Consumer Protection Agency (Procuraduría Federal del Consumidor; PROFECO; http://www.profeco.gob.mx; ✉ 11.4) or to initiate action directly in Mexican courts. The Consumer Protection Agency may impose fines up to the equivalent of 2'500 times the minimum daily wage in the Federal District.

If a product or service has the potential of harming the consumer or endangering the environment, and such danger may be predetermined, instructions describing characteristics, potential effects and recommended product uses must be included (with regard to labelling in general, see Section 6.3.3). If failure to do so leads to damages, the supplier will be liable. Guarantees must be in writing and they must be delivered to the consumer when the latter receives the goods or the services. Their duration and the conditions must not be inferior to what is required by law.

Mexico has no specific provisions on product liability. In addition to the protection which is afforded under the Consumer Protection Law, consumers may seek redress in the Civil Codes of the various states which also include general rules on damages. In comparison with U.S. standards, damage awards are generally low.

 More information on the Protection of Consumers is available on the website of the Procuraduría Federal del Consumidor; PROFECO; http://www.profeco.gob.mx; ✉ 11.4.

Photographer: Regina Schwegler



Quintana Roo with its marvellous white beaches on the Caribbean Sea attracts many tourists from Europe and North America. As of 2001, foreign direct investment of 34 Swiss firms was registered in this region.

8.6 References on Other Areas of Law

Many other areas of law such as competition law have an impact on business activities. As we cannot cover all these areas, we will limit ourselves to give some guidance on where to find more detailed information. Detailed publications are:

- Goodrich, Riquelme y Asociados ed. (2000): Le Mexique – Opportunités d'affaires et cadre juridique; 2ème édition / Mexico – Business Opportunities and Legal Framework; 2nd edition; Mexico-City: Goodrich, Riquelme y Asociados (http://www.goodrichriquelme.com). This guide deals with all major aspects of the legal environment.

- PWC Price Waterhouse Coopers ed. (2001): Doing Business and Investing in Mexico (http://www.pwcglobal.com). Although this guide also covers most major legal issues, it has a strong focus on tax matters.



Photographer: Thomas A. Zimmermann

Celebrations for Revolution Day (20 November) in Ixtapan de la Sal, State of Mexico

9 The Mexican Marketplace: Success Factors and Risk

Drawing mainly on information obtained from a survey among the members of the "Asociación Empresarial Mexicano-Suiza" (AEMS) which was conducted in late 2001, this chapter informs on Mexico-specific success factors and challenges. It highlights the importance of so-called "soft factors" when doing business in Mexico. We also include some quotations of interviewees in this wrap-up of Part II.

9.1 Mexico-Specific Success Factors

9.1.1 A Trustworthy Local Partner

With regard to Small and Medium-Sized Enterprises with limited resources, the Mexican market is, in general terms, not well suited for market entrants who want to do it all on their own. Particularly when selling, existing structures, channels and relationships play a major role.

Most of our interviewees have stressed the importance of teaming up with a reliable and trustworthy local partner. Such a partner should possess a high level of moral integrity and solid knowledge of the market, its actors and their behaviour as well as of the legal and fiscal system. Unless you decide, after a thorough analysis of the pros and cons of partnering, that you will go it alone, you will find some advice in Section 5.2 on partnering in Mexico.

9.1.2 Seeking Expert Advice on Tax and Legal Issues

The legal system and bureaucracy in Mexico are generally mentioned as particular challenges to business in the country. Frequent changes to laws and regulations have to be carefully considered. It is highly recommendable to consult trustworthy professionals on legal, fiscal and labour issues. Attached is a list of law firms (Section 11.11) where you can find assistance in these matters.

9.1.3 Networks on the Mexican Market

Given the interpersonal style of doing business in Mexico, a good personal network on the Mexican market is of high importance for commercial success. This also applies should you decide to proceed with your Mexican venture on your own, i.e. without a local partner. In an initial phase, membership in chambers and business associations can provide a useful starting point for new market entrants. Subsequently, however,

successful managers will need to establish their own contacts in their industry-specific environment.

The importance of such networks has its foundations not only in the "Latino" character of Mexican businesspeople who may value personal relationships more strongly than, for instance, their Anglo Saxon counterparts. Moreover, networks clearly provide substitutes for institutions which are readily available in other markets but difficult to find in Mexico. For example, credit rating facilities are only in an early stage of development in Mexico, although a relatively bad payment ethic and lack of credit are among the most serious obstacles to successful business activities in Mexico. Good market information may be equally hard to find as the Mexican market is still relatively opaque and many market actors are still unwilling to disclose information for statistical purposes. Personal networks may prove helpful in reducing risks and in providing sources of information and contacts which otherwise would not be available.

 See Section 11.7 for a list of bilateral chambers of commerce and industry, and Section 11.6 for selected business organisations.

9.1.4 Local Workforce

Mexico is a developing country in a different cultural setting. These differences have wide implications for the structure of the local labour market. To start with, Mexico has an abundant workforce, especially with regard to relatively low-priced, lower qualified labour. Yet, employees with a higher level of qualifications remain relatively hard to find. Moreover, frequent fluctuation of personnel has been a key issue for many international firms through much of the dynamic 1990s (although the recent economic slowdown has brought some relief in this respect). A few tips from business leaders:

- Recruit diligently! Carefully investigate or test the capabilities of applicants and do not simply rely on the information they provide in their application or in their interview. Check references if available.

- Constantly train your workforce! Since finding well-trained personnel on the labour market is a rather difficult task, you must be prepared to invest considerable time and effort in the continuous training of your employees.

- Maintain a good personal relationship with your employees! The interpersonal character of doing business in Mexico also applies to relationships in the workplace, where politeness is expected in the treatment of people regardless of their hierarchical position in a firm.

- Avoid an excessive turnover of good people! Offering decent working conditions and paying a slightly higher salary may pay off and turn out to be less expensive in the long run than constant personnel changes. Word of mouth spreads fast in Mexico with regard to working conditions. Mexican workers are prepared to change their employers faster than their European counterparts. Make this become your advantage, not your disadvantage.

"In Mexico: Leadership = Follow-up!"

- Supervise and follow-up! Mexican workplaces are generally organised in a relatively hierarchical manner. Unless you are getting your employees to taking the initiative and to work in an independent way, supervision and follow-up are necessary to make sure that things are really done in the way and at the time you want them to be done.

- Teamwork is not very common in Mexico, given the hierarchical organisation of most workplaces. Therefore, you may have to train your employees accordingly if you expect them to work as a team.

 A good starting point to find employees familiar with an international work environment may be the use of databases held by some international chambers of commerce. As to our knowledge, one of the largest such databases is run by the American Chamber of Commerce (AmCham; ✉ 11.7, http://www.amcham.com.mx).

9.1.5 Financial Autarky

The crisis of the mid-1990s (see Subsection 3.4.1) had repercussions on the financial system which are still felt today. Although the situation is gradually improving, credit remains difficult to obtain in Mexico, and if it is available, it often comes at finance costs that are prohibitively high.

It is therefore of paramount importance that your firm's Mexican venture has unequivocal support from the company headquarters, including a commitment to fulfil the venture's entire financial needs. At this time, do not expect to rely on obtaining capital in the host country. According to surveys which others conducted and according to what we have learnt from our interviewees, it will usually take around three years before the break-even point is reached. Given the pronounced cycles of the Mexican economy with relatively high growth rates but also relatively deep recessions (see Section 3.4),

that point may be reached earlier or later, depending on economic circumstances and the conditions prevailing on the particular market.

9.1.6 Patience and Long Term Commitment

Be patient! Time has a different meaning in Mexico, and success does not always come as fast as you would wish it. Instead, you may have to go through a rather frustrating stage full of obstacles in the beginning. For instance, administrative procedures may take much longer than expected. Also, you need to have some patience with your prospective business partners such as buyers or suppliers.

"Do not expect results soon. Success in Mexico comes in the long run. Do not enter the market if you are not prepared to sustain two or three meagre years and if you do not enjoy full support of your headquarters during this time."

Many business people consequently stress the need for a long term commitment. An investment of time, effort and patience will generally be rewarded through good business opportunities in the long run.

9.1.7 Know When to Give Credit

We have mentioned before that the availability of credit is very limited in Mexico. Banks are unwilling or reluctant to give credit, particularly to firms. Therefore, supplier credit is currently one of the most important sources of finance for businesses. This holds particularly for selling capital goods.

Your customers are therefore likely to ask you to help them finance their purchase. Indeed, it is not uncommon that financing conditions – for instance in the purchase of machinery – are the key variable in a Mexican buyer's selection of supplier. If you exclude such an option right from the start, you might not be suited for entry into the Mexican market. Considering at least the possibility of giving credit is a must for market success.

However, given the relatively bad payment ethic of many Mexican customers and the omnipresent risk of non-payment on the other hand, you should investigate your prospective buyer's credit record well before financing his purchase. Although credit rating agencies are only in an early stage of development, such information is not impossible to find. Contact your bank: they might have access to such information or might be partnering with other banks who know your customer well or who have access to existing rating mechanisms. Sometimes, membership in professional

Photographer: Regina Schwegler



The gorgeous colonial City of Guanajuato is listed today by the UNESCO as a World Heritage Site. While silver had made Guanajuato rich in the past, the state has become a favourite location for foreign direct investment in recent years.

associations will help you in acceding to information which otherwise would be difficult to find. See if you can find such information in your personal network. In any event, take your decision with utmost care.

See Section 5.5 on Pricing, Payment and Collection for more details. A list of banks is included in Section 11.12.

"Despite all the problems, Mexico offers great opportunities. All Swiss companies who have established themselves as successful players in the Mexican market have stood by the country and have always remained here, even during times when things were pretty bad."

9.1.8 Well-Negotiated and Well-Written Contracts

When negotiating with Mexican partners, observe basic rules of negotiations (see Box 9.1). Once you come to an agreement, remember to protect all crucial elements of a deal (price, quantity, times of delivery and/or payment, terms of payment, quality etc.) in clear, unequivocal terms in written agreements. Make sure that your arrangements are being verified or proof-read by people who are familiar with the legal situation in Mexico such as a local lawyer.

Box 9.1: Negotiating with Mexicans

Long-lasting face-to-face negotiations are quite common in Mexico. You must not expect your Mexican partners to quickly negotiate a deal in just a few days. Mexicans want to establish a good relationship first, which may then speed up the negotiating process considerably.

Do not expect the same level of transparency from your Mexican business partners that you might expect from a business partner in Europe or North America: Mexicans are relatively reluctant to share crucial business information (see also Section 4.1), and you may have to ask for it. You should always seek confirmation of data supplied by the candidate for a partnership. Such confirmation, however, is not available without professional assistance which may be sought from business associations, chambers of commerce and industry, banks etc. (see the addresses in Chapter 11).

When negotiating, avoid reaching the bottom-line too quickly and hold back important concessions as they might become valuable in the lengthy bargaining process.

Given the traditionally hierarchic management of many Mexican firms, negotiations with intermediaries may be particularly cumbersome. Usually, the last word is spoken by the owner or top manager of the firm, and their involvement sends important signals about the importance the partnership has for the firm. Hold some concessions back for the final meetings where top management is involved.

If you have a feeling that your interlocutors try to push you into quick commitments, if you feel that they are not honest or incomfortable revealing or discussing their intentions, pay attention and rely on your intuition. In the final end, it is better to say "no" than embarking upon a bad partnership.

 For your convenience, a list of law firms is included in Section 11.11 of this book.

9.1.9 Good Preparation

A good deal of preparation and thorough market research is required in order to correctly assess the market potential and competition. In Chapter 4, we have provided some information which should help you in coping with this task. Good preparation also includes background checks of prospective partners (see Section 5.2).

9.1.10 Recognition and Acceptance of Cultural Differences

When expanding to Mexico, you need to recognise and to accept the cultural differences between your home and your host country, and you need to build them into your approach to business (see Box 9.2). This does not mean, of course, that you should think in cultural stereotypes. The following are a few observations, made by business people who in general are familiar with both the Swiss and the Mexican cultures:

- Punctuality and time have a different meaning in Mexico. You may not always expect your Mexican counterparts to attend meetings punctually and their failure in doing so must not be interpreted as a lack of interest. You should always try to be punctual yourself. If someone tells you that a task will be done mañana (= tomorrow), this is not necessarily meant to be taken literally. Be patient, but always follow up.

- Work times differ. While it may be difficult to reach people at their offices before 10.00 hrs in the morning, they may well work there until 20.00 hrs or later. Most Mexicans have their lunch breaks between 13:30 and 15:00 hrs.

- Meals, particularly lunch and increasingly late breakfasts, are a popular setting for business negotiations. Such business lunches usually take place during the afternoon, starting around two and lasting until four or five in the evening. You should use these occasions actively.

- Mexicans generally accord less importance to following a contract on a letter-by-letter basis. On the flip side, Mexicans have the advantage of being more flexible and more spontaneous.

- Word of mouth may have a different meaning in Mexico.

- Comparable processes may take longer than in Switzerland.

- Pride is more of a value than modesty.

- The Mexican business style is more interpersonal and less inter-institutional. Mutual trust, respect and knowledge are essential. Don't be surprised or angered if business talks meander towards personal or even political topics as well. This must not be interpreted as a lack of interest. Quite the contrary, personal acquaintance is a prerequisite for successful business relations and therefore a reflection of

"In Mexico, you can't say: "This is the deal, take it or leave it!"

the other party's interest. Do not watch time when sitting in a meeting with a Mexican partner!

- Negotiations with Mexicans may take longer than in Europe or in the U.S.. Negotiating in Mexico, like anywhere else, is a give-and-take. You should never say "This is the deal – take it or leave it". See Box 9.1 for some tips on how to negotiate in Mexico.

- In particular, selling is very interpersonal. Therefore, build good relationship with buyers.

- Hierarchies are more important than in Europe or in the U.S.. Most often, decisions are made at upper hierarchical positions only. Try to find your interlocutor on the corresponding level or ensure that those with the power to decide are informed on the progress of talks.

- Be polite: If someone is introduced to you, show your appreciation, for instance by saying "Mucho gusto". Address your business partners with "ingeniero" or "licenciado" in the case of a man or "ingeniera" respectively "licenciada" in case of a woman even if these are not their academic titles. Hand shakes are a sign of respect and politeness.

"Errors occur if people from Oerlikon think that things work in the same way in Mexico as they do in Oerlikon."

- Dress code: For business meetings, you should always dress in a formal way.

- The Mexican business style has been characterised as rather "emotional" than rational. Given the personal style of doing business, a first contact should be established within a personal visit or a phone call. Sending out faxes or e-mail is not always recommendable.

- "Yes" does not always mean "yes": Many Mexicans may not openly display disagreement by saying "no" because they value respect for their interlocutors. In order to get to a better understanding, ask open questions instead of questions that have to be answered with "yes" or "no".

With all this being said, however, it must be stressed again that each of your business partners will have is proper personal style – just as anywhere in the world. Personal styles may vary not only according to the individual's personality but also according to

the corporate culture of the firm he is working for, his education or the region where he lives.

For example, business style in Guadalajara is regarded as relatively relaxed. By contrast, Monterrey and the Northern states bordering the U.S are highly influenced by the Anglo Saxon business culture. There, meetings regularly start at the exact time they are fixed and they are much more focused on the business topic than they might be in other regions. Another feature of the Northern business style is that people shift faster from the more formal Usted (in connection with the family name) to a less formal Tú (in connection with the first name). By contrast, business style in the South is said to rely on paternalistic ties and class-influenced relationships. Similiar differences may be noted between more experienced and younger business people. The latter have often enjoyed their business education in the U.S. and therefore prefer the more formal Anglosaxon business style to the more Latin business atmosphere.

“In Mexico, nothing is impossible!“

Some books have been published on the alleged particularities of Mexican business culture, mainly after NAFTA went into effect. Most of them are written from a U.S. perspective. One of them is: Peggy Kenna and Sondra Lacy (1994): A Practical Guide to Understanding Mexican Business Culture; Passport Books, ISBN 0844235512. A more recent publication is Wilson Learning Corporation (ed.) (1999): Dos and Don’ts in Mexico: The Traveler’s Guide to Culture. A very comprehensive publication often recommended is Marc Ehrlich (1995): The Challenge of Working and Living in Mexico; ISBN 9709186906. Another excellent brochure has been published by the government of Canada (Understanding the Business Culture in Mexico: The Key to Success; 1997). At the time we edited this publication, it was available on the internet at http://www.infoexport.gc.ca/docs/mx_991-e.pdf.

Box 9.2: Key Areas of Cultural Adaptation

Business Function	Typical Adaptation Activities
Product and/ service design	Redesign products to match Mexican needs and/or standards if necessary; recalibrate equipment for Mexican conditions if necessary; adapt services to meet Mexican expectations and demand if necessary.
Negotiation and government dealings	Adapt normal timelines for protracted delays; learn to deal with bureaucracy, confront corruption issues; obtain all required permits and certificates in order to avoid fines.
Marketing strategy	Identify your core markets, examine how Mexicans buy the product or service; define a strategy suitable for Mexican conditions that does not compromise key corporate goals; develop local distribution or service delivery channels.
Strategic and tactical decision making	Involve Mexican partners in strategic decisions; define chains of command by function; delegate decision-making responsibility on basis of expertise; identify the real decision makers in Mexico; cope with "yes-men"; encourage the delegation of authority.
Customer service	Communicate service philosophies to local partners; adapt to Mexico's unique service needs; train Mexican service agents to handle your technology; eliminate "mañana" (=tomorrow) attitude from service culture.
Supply management	Build delays into the production cycle.Gradually reduce delivery times; monitor quality and consistency; become a priority buyer, receive preferential treatment.
Human resource management	Define management roles clearly; enroll Swiss or third country managers in Spanish training; sensitise Swiss employees or manager to Mexican culture; train Mexican employees thoroughly and continuously, starting with the basics; identify special strengths and abilities of local work-force; offer decent working conditions in order to avoid fluctuation; treat Mexican employees of all hierarchical levels politely and respectfully.

Adapted from: Department of Foreign Affairs and International Trade (Canada), 1997: Understanding the Business Culture in Mexico: The Key to Success, p. 10

9.1.11 Speaking Spanish!

Given the highly interpersonal style of doing business in Mexico and the need to communicate with partners, buyers, suppliers, employees or public officials, it is highly advisable to learn the Spanish language. Although no one expects you to master the language, Mexicans will highly value even modest efforts by foreigners to speak their language in an initial stage. In the long run, having someone in Mexico with a good command of the language is essential. Without such knowledge, you're likely to miss important details.

9.2 Opportunities and Challenges

There are undoubtedly many good reasons to consider expanding business operations to Mexico. With its 100 million inhabitants and its young and growing population, Mexico offers one of the most interesting internal markets in the world. This holds particularly because the population is very consumption-oriented and poised to reach living standards that compare to those of the United States. Industrialisation is proceeding, and the need of further investment – for instance in infrastructure but also in the modernisation of industrial facilities – is tremendous. The continuous liberalisation of the market will expand opportunities for foreign companies to benefit from this growth.

In addition to the great potential of the internal market, Mexico is an interesting location for production in a firm's international strategy, given its proximity to the U.S. market, its integration into free trade agreements with 32 countries and the availability of a large workforce. Yet, a number of challenges have to be considered appropriately.

The most frequently mentioned group of challenges to doing business in Mexico arise from the state's involvement in economic processes: First, bureaucracy appears as a limiting factor. Despite considerable improvements in the recent past, Mexican bureaucracy is still frequently regarded as slow, cumbersome and relatively inefficient. Sometimes, corruption is mentioned as another issue when dealing with public officials. Recourse to the legal system as a remedy in disputes (especially in enforcing payments) is not seen as a very promising avenue. This highlights the need for good preparation and trustworthy information on your partners and buyers, and therefore the need to integrate and establish personal networks in the Mexican business community.

The second serious obstacle to the development of business activities is the financial system in its current state: Repercussions of the 1994/95 crises are still being felt as capital continues to be scarce and credit remains virtually unavailable for many corporate

buyers. The situation is improving slightly, particularly with regard to consumer credits. In addition, payment ethic is rather inadequate.

A third major challenge is the labour market: On the one hand, many observers regard the labour environment as over-regulated (see Section 8.4). On the other, the inadequate level of qualifications of many workers is a concern. It is therefore indispensable that you carefully select your employees and that you train them actively and continuously.

Other problems mentioned include the strong dependence of the Mexican economy on the U.S. economy with very pronounced economic cycles unknown in most developed country markets. The scarcity of water in some regions, the inadequacy of transport infrastructure, or the low quality or complete unavailability of sophisticated services are further issues (see also Section 7.3 on the business climate in general).

9.3 The Mexican Marketplace: Reasons for Failure

While we had the chance to submit a questionnaire to experienced business people in Mexico, we also asked what were the most frequent reasons for the failure of Swiss or European firms in the Mexican market. The reasons for failure mentioned basically reflect the findings of the section on success factors (see Section 9.1). By order of decreasing importance, the following have been mentioned:

”When they come, they think that they know it all. But as a matter of fact, they lack the knowledge and the experience of doing business in Mexico successfully and therefore pay a high entry price.”

- not understanding Mexican culture and insufficient adaptation
- impatience, no long term vision and no long term commitment
- market entrants do not train and qualify local workforce sufficiently
- insufficient knowledge and preparation
- no clear contracts and no knowledge of the legal framework
- no experience in developing country markets
- overestimation of the market and underestimation of competition

"The urban, middle to upper-class consumer is status-oriented and loves to show off. "Swiss made" helps in selling to these customers."

9.4 The Image of Swiss Products

Generally, there is a clear image of Swiss products in the Mexican market. For instance, the precision of Swiss machinery is renowned. Exporters should be aware and make active use of the positive aspects while remaining aware of more negative connotations.

Among the positive characteristics, the proverbial "Swiss quality" was mentioned most often.
Associated with this characteristic, Swiss products are seen as

- functional
- reliable and durable
- leading in technology and sophistication
- precise and efficient

The perceived "honesty" of Swiss business culture is an another goodwill factor that has ingrained itself into the positive perception of Swiss products which – although expensive – are being thought of as "honest" deals. Often, the punctuality of Swiss suppliers is mentioned.

On the negative side, Swiss products are almost immediately associated with high prices. Moreover, Swiss companies are thought of as petty-minded and very particular – for instance when it comes to payment terms. In as far as consumer goods are concerned, they are considered an exclusive privilege of upper class households. While this may be a limiting factor in the consumption of Swiss products on a mass market, the positive aspect is that many status-oriented buyers may prefer to buy Swiss products just because they are inaccessible to others.



Photographer: Ana Laura de Coss

Children in the indigenous community of Zincantán, Chiapas

Short Business Traveller‘s Guide

10 Business Trips to Mexico

We limit ourselves in this chapter to some basic information and advice for business travellers. For further information it is recommended to consult a travel guide on Mexico. If you are new to Mexico, it is essential that you make yourself familiar with the health and safety recommendations contained in sections 10.6 and 10.7 of this book.

10.1 Travelling to Mexico

Various airlines operate direct flights between Mexico City and Europe. These include Lufthansa (via Frankfurt), Air France (via Paris-Charles de Gaulle), KLM (via Amsterdam) and Iberia (via Madrid). Some of these flights are operated as code-sharing flights with partners from the respective airline alliances. In addition, other European and U.S. airlines operate flights to various cities in Mexico through the United States, partly in co-operation with other Mexican or U.S. partner airlines. Frequent travellers recommend, however, to give preference to direct flights from Europe without passing through the United States, because formalities at U.S. airports may make the change of planes somewhat cumbersome. This already held before the terrorist attacks of 11 September 2001, but should now be given additional consideration.

10.2 Immigration Regulations for Visitors

Immigration requirements vary according to the duration and specific purpose of the visit. Moreover, these requirements may be handled in a slightly different manner by individual embassies. Since the rules or their administration may change over time, business visitors may wish to contact the Mexican Embassy in Berne prior to their trip in order to discuss individual visa needs.

- Tourist Visitors: Tourist visitors from Switzerland and EU countries do not need visas. When they enter the country, they may ask for the standard stay of three months or for an extended stay of six months. In both cases, they will need a return flight ticket. In case visitors opt for the extended stay of six months, immigration officers will ask questions on the purpose of their stay and visitors will have to prove that they possess enough funds in order to finance their extended stay (for instance by means of a bank statement proving that an amount equivalent to USD 50.00 is available for each day of the stay). A passport which will remain valid for at least six months at the time when the trip begins is

required for entry into the country. Tourist visitors must not engage in any profitable activities.

- Short term business visitors: Swiss and EU nationals can embark on short business trips to Mexico for a maximum of 30 days using the FMVC "Business Card". It is the easiest manner to do business trips to Mexico. The FMVC form may be obtained in the plane, at the port of entry, or it may be requested from the Mexican Embassy in Berne. In order to obtain an FMVC from the Embassy, you need to submit a valid passport and an original letter from the Company, specifying the exact purpose of your trip to Mexico and how your expenses will be covered."

  A business visitor is defined as a businessperson seeking to engage in a business activity in Mexico, that does not require remuneration in the host country. The following activities and occupations are allowed: research and design, marketing, attendance of trade fairs and promotional personnel attending a trade convention, sales (sales representatives and agents taking orders or negotiating contracts for goods or services for an enterprise located in foreign territory, but not delivering goods or providing services), buyers (purchasing for an enterprise located abroad), after-sales service, traders or prospective investors. Again, it is advisable to discuss your individual needs with the Mexican Embassy, beforehand.

- Business travellers who do not receive remuneration from Mexican Sources (extended stay): Business Travellers who do not receive remuneration from Mexican sources and wish to stay for longer than the 30 days granted by the FMVC will need the non-immigrant visa FM3 (Forma Migratoria 3) for so-called non-profit visitors (visitante no lucrativo). The same activities and occupations are allowed as in the case of the FMVC. The FM3 is valid for up to one year. In order to obtain a FM3, the visitor must fill out a form and send it along with his passport, two front-view passport size photographs, the visa fee and a confirmation of the employing Swiss company to the Mexican Embassy in Berne. The company's confirmation must include the name of the visitor, the purpose of the visit, information on where in Mexico the visitor will be working and on who will be remunerating the visitor. In the case of Non-Swiss and Non-EU nationals, it is important to notice that these requirements may change, so please do contact the Mexican Embassy in advance to discuss what might be your case.

- Business Visitors who receive remuneration from Mexican sources: In case a business visitor will be remunerated by a Mexican firm, he will need a FM3 for "profit visitors" (visitante lucrativo). The Mexican firm has to request the visa at the Instituto Nacional de Migración (INM) in Mexico.

 The Mexican Embassy in Switzerland (http://www.sre.gob.mx/suiza; ✉ 11.3; Phone: ++41-31-3574747) may assist you with further information.

10.3 Customs Regulations for Travellers

Private travellers are entitled to import the following goods into Mexico while they travel: 25 cigars or 200 g of tobacco, 20 cigarette packets, 3 litres of alcoholic beverages. In addition to your personal luggage, you may bring 300 USD worth of merchandise if you enter Mexico by plane or ship, or 50 USD worth of merchandise if you enter Mexico by car or bus.

Besides your clothes and other articles of daily need, Mexican customs allow the importation of the following items: Medicines for personal use during your trip (take prescriptions with you; particularly if you need to bring mood-altering drugs into the country), one photo camera, one video camera and power supply, 12 photo film reels or video cassettes, one cell phone or pager and one portable computer. Avoid taking fresh food products with you as they might be confiscated at the border.

If you import or export more than 10'000 USD (cash, cheques, etc.), you need to fill out a declaration.

The following items must not be exported: Gold (except jewellery), antiques, archaeological findings, cactuses.

 These allowances might change over time. Up-to-date information is available from the Mexican Embassy in Switzerland (http://www.sre.gob.mx/suiza; ✉ 11.3; Phone: ++41-31-3574747) or on the website of Mexican Customs (http://www.aduanas.sat.gob.mx; ✉ 11.4).

10.4 Where to Stay

A wide range of hotels are available throughout Mexico in all price ranges. Decent hotel rooms outside the larger cities are available from 40 USD per double room, while prices in the larger cities are considerably higher. In case you travel to Mexico City, you should pay particular attention to safety issues and give preference to one of the more expensive, but well-guarded hotels in the Zona Rosa along the Paseo de la Reforma or in the Zona Hotelera of the Polanco Area. Room prices in these hotels, however, easily reach the 300s US$ per double room (also applies to single occupancy), unless you enjoy corporate discounts. Business travellers will find that many of their favourite international hotel chains have affiliated hotels in Mexico, too. Your travel agent or a travel guide book may advise you on adequate accomodation.

 The Mexican Association of Hotels and Motels (Asociación Mexicana de Hoteles y Moteles; AMHM) may be reached in the internet at http://www.amhm.org. Its regional member associations often provide hotel lists or search engines, such as the AMHM of Mexico City at http://www.hotelesenmexico.com.mx. Travel-related information is also available on the website http://www.mexico-travel.com or from any travel agent.

10.5 Getting Around in Mexico

10.5.1 Travelling by Aeroplane

Travelling by plane is an efficient way to cover large distances inside Mexico. There are two major airlines – Mexicana (a member of Star Alliance [Lufthansa]) and Aeromexico (a member of Skyteam [Air France / Alitalia]). Both airlines operate several flights daily on all important national routes. In principle, every major Mexican airport is served by one or both of these two airlines. Passengers who travel between minor airports will likely have to fly through Mexico City. Competition between both airlines is all but fierce since both carriers are held by the Mexican government. Accordingly, the general price level for airline tickets is relatively high, and there are no major price differences between both carriers. In the last few years, competition has increased from smaller airlines such as Aerocalifornia or Aviacsa which sometimes offer far better rates than their major competitors on selected routes. However, they do not always have an extensive route network, or their services may be limited to certain regions. Please seek further advice from your travel agent.

Flight schedules are available on the internet. Generally, reservations may be made online, too.
Mexicana: http://www.mexicana.com
Aeromexico: http://www.aeromexico.com
Aviacsa: http://www.aviacsa.com.mx
Aerocalifornia: http://www.aerocalifornia.com.mx

10.5.2 Travelling by Car

Driving a car in Mexico – particularly in Mexico City – is an interesting experience for a Central European driver. Besides coping with the traffic jams and the problems of orientation in one of the world's largest cities, you will have to get used to the Mexican driving style which is rather intuitive and power-oriented. While it is strongly recommended that you continue to stick to what you have learnt in driving school – even if others don't – allow some flexibility and give your intuition a chance to cope with the driving style of others. A defensive and cautious driving style should get you safely from one place to another. Flexibility is also required to cope with often unexpected but sizeable speed bumps (topes) or road holes – even on highways. Always use your safety belt and lock the doors of the car when driving. Close the windows if your are inside cities. Do not leave valuables in your car while it is parked.

Renting and driving a car in Mexico is relatively expensive. It is worth checking out several rates before making a reservation. Also consider reserving your car from back home; it might turn out to be cheaper than making the reservation once you are in Mexico. Avoid one-way rentals due to the high extra fees.

Unless you pay for your rental car with a major "Gold" or "Platinum" credit card where such insurance coverage may already be included, you should buy additional CDW (collision damage waiver) insurance for your car. It will cover the costs of theft, loss or damage to the car, often though with a deductible. Another consideration is increasing the limit of your liability insurance. Standard insurance coverage that comes with the car in Mexico is usually very low.

Make sure to fulfil the prerequisites for renting a car in Mexico. The minimum driving age in Mexico is 25 years. While your national driving licence is acceptable, some agents might ask you for an international driving licence. Ask the issuing authority of your driving licence back home on how to obtain an international driving licence. It is often available for a nominal fee, and you do not need to turn in your regular licence in order to obtain it.

When driving long distances in Mexico, you should travel on toll highways where available rather than on ordinary highways. Although toll is quite expensive, the quality

of the roads and road safety (including police presence) are much better and you will likely reach your destination earlier. Avoid driving on lonely highways at night.

 All major car rental companies have subsidiaries in Mexico. Reservations can be made through the internet, often with considerable discounts if compared to the rates available when reservations are made by phone.
Alamo: http://www.alamo.com
Avis: http://www.avis.com.mx or http://www.avis.com
Hertz: http://www.hertz.com.mx or http://www.hertz.com
National Car Rental: http://www.nationalcar.com.mx or http://www.nationalcar.com

State and City Maps are available in many book shops or general department stores (e.g. Sanborns). One of the best brands is Guía Roji (http://www.guiaroji.com.mx).

10.5.3 Travelling by Bus and Train

After most passenger trains ceased operations during the 1990s, travelling by bus is the only feasible alternative to the plane or the rental car. Buses are the most popular means of interurban public transport, and you will find everything from the most basic buses up to luxury buses with air-conditioning, on-board video systems and comfortable seats. Most Mexican cities and towns have a bus station (Central; Central de Autobuses; Terminal de Autobuses) which – if outside the City centre – is linked to the latter by frequent local bus service or taxis.

Interurban buses are divided into four classes, although the definitions of the categories are somewhat arbitrary. Bus fares for the Deluxe and first classes range between 5 and 8 USD/hour, equivalent to 60-80 km. The executive class, where available, may be more expensive.

Ejecutivo (Executive) is the best class. Buses are new and very comfortable and have air-conditioning, reclining seats, plenty of legroom, toilets, on-board video system and make no or few stops only on longer journeys. Snacks or drinks may be offered. Tickets have to be bought before boarding.

De Lujo (Deluxe) is offering similar service as Ejecutivo. Many companies regard the two categories as one.

Primera Clase (First Class): First class busses are usually equipped with air-conditioning, on-board video system and numbered seats. Some have on-board toilets.

Segunda Clase (Second Class): Second class buses serve smaller towns and villages. Buses may range from rather comfortable (i.e. comparable to first class) to very old and basic. Generally, there are no capacity limitations. Avoid Second Class buses if you can.

While luggage compartments in deluxe and first class buses are pretty safe, avoid giving your luggage away in second class buses. Always keep valuables with you safely, preferably invisible underneath your clothing. Highway robberies are possible, particularly at night.

Advanced booking for intermediate distances (up to between 4 and 5 hours) is not required but recommendable. Longer trips should always be reserved in advance. Try to make reservations as seats in deluxe and first class buses are numbered and busy routes may be sold out rapidly.

 Major bus companies include Grupo Estrella Blanca (http://www.grupoestrellablanca.com.mx), Enlaces Terrestres Nacionales (ETN) (http://www.etn.com.mx), ADO GL (http://www.adogl.com.mx) or Flecha Amarilla (http://www.flecha-amarilla.com).

10.6 Important Safety Recommendations

Public Security is an major issue today in Mexico, particularly in Mexico City, one of the world's largest metropolitan areas, and in the large cities bordering the U.S. Despite recent efforts by the authorities, the safety conditions in Mexico City continue to be of high concern. When travelling to Mexico, you will notice the considerable private investment in security measures, be it in the form of security personnel outside office buildings, banks, shops or even private homes, or in the form of high walls and electrical fences that surround private homes in the city's more affluent residential areas.

Beside rather harmless pickpockets, respective risks include armed robbery on the street or in buses and, particularly in Mexico City and the adjacent state of Morelos, extortion of money, possibly along with hijacking.

Protect yourself and your belongings by strictly (!) observing the well known international travellers' security precautions, such as:

- Avoid walking in lonely places, particularly after dark. This holds particularly (but not exclusively) for women travelling alone or even in pairs.

- Do not carry more money and/or credit cards with you than you need. Leave all other valuables, including your passport, airline tickets and other travel documents in a sealed envelope in your hotel safe. If you really need to carry large sums of money with you, put them away underneath your clothing. Only carry a small amount of money in your purse. Have some change ready in your pockets for smaller expenses such as bus fares or tips. The risk of pick pockets is high in crowded areas such as the Mexico City metro, the airport or on public buses.

- Make photocopies of your passport and airline tickets and deposit them with your company or relatives back home

- Do not visibly display valuables such as expensive watches or jewellery.

- In the event you are being robbed or assaulted, do not resist! Robbers may be armed and make use of their weapons quite readily if you resist. Losing some money and some valuables is less expensive than losing your life or health.

- If possible, use cash dispensers (cajeros automáticos) only in secure locations such as inside office buildings or hotels. Avoid the use of cash dispensers at night.

- Act naturally, walk straight and purposely.

- Avoid travelling on lonely highways, particularly at night. Use, whenever possible, toll highways. They are more expensive, but they are also considerably safer (see subsection 10.5.2). When driving, lock the doors of your car from the inside. Keep windows closed when driving in city areas. Do not leave anything valuable in your vehicle when parked. Try to have maps of the towns where you travel on you in case you get lost. This holds particularly for the large cities.

- In metropolitan areas in Mexico, try to avoid public transportation and the so-called taxis libres which circulate on the streets of the cities and pick up passengers. The taxis libres bear an "L" in their taxi number and/or on their licence plate. These recommendations hold particularly, though not exclusively, after dark or if you wear business attire. Whenever possible, use taxis from taxistands (taxis de sitio). You will recognise the "taxis de sitio" by the "S" in their number or on their licence plate. A good idea is also to ask the receptionist in your hotel or your business host to call a taxi for you. If you call a taxi by

phone, ask the dispatcher for the number of the taxi he or she will send to you and verify the number once the taxi arrives ("Cuál es el número de placas del taxi?"). Whereas the taxis libres use taximeters, it is practice to establish the fare with the taxis de sitio before the trip. In doing so, you can avoid unpleasant surprises.

- Do not consume narcotic drugs in Mexico or bring them into the country in order to avoid severe penalties. If you need to take drugs (including methadone) with you, first check for any restrictions with the Mexican Embassy before you start travelling, and take a copy of your prescription with you. Do not participate in political demonstrations.

 An abundance of travel-related security information is available on the internet. Some websites with regular updates are: Swiss Department of Foreign Affairs: http://www.eda.admin.ch; German Department of Foreign Affairs: http://www.auswaertigesamt.de; U.S. State Department: http://travel.state.gov.

10.7 Important Health Recommendations

Currently, there are no official vaccination requirements for visitors to Mexico (except if you are travelling to Mexico from a country where yellow fever is endemic; in these cases, Mexican authorities may ask for a yellow fever vaccination certificate).

Nevertheless, the following vaccinations are recommended:

- Diphtheria
- Tetanus
- Measles
- Hepatitis A/B
- Rabies (particularly for visits to rural areas)
- Typhoid fever (if you expect unsatisfactory hygienic conditions)

Furthermore, malaria may be a risk in some valleys in central Mexico as well as in the Cancún region or on the Gulf Coast South of Tampico, including the Yucatán peninsula. As of early 2002, rural areas of the following Mexican states were considered risk-areas (risk declining in the order of the enumeration): Quintana Roo, Chiapas, Tabasco, Sinaloa, Chihuahua, Durango, Nayarit, Oaxaca, Sonora, Michoacán, Guerrero, Campeche, Jalisco. Contamination is possible year-round. If you need to stay at any of the areas mentioned above, use mosquito nets at night and apply repellents against

insects. Wear bright, loose clothes – possibly with long sleeves – and apply repellents to both your clothes and your skin. At the time of printing, no prophylactic treatment against malaria has been recommended for Mexico. However, it is recommended that you take chloroquine with you as emergency medication.

Other diseases to be aware of are AIDS (0.35% of population, mainly in Central Mexico and agglomerations), Cholera, Dengue Fever and intestinal infections. Finally, the high elevation of some regions (including Mexico-City at 2'300 m above sea level) may cause some health-related problems, which may further be exacerbated by pollution. If you have a heart condition or respiratory problems, avoid unnecessary physical exertion and allow yourself some time to settle down. If problems persist, go to a hospital or see a doctor (see Section 11.2 for addresses).

The following advice may help you to get through your stay in Mexico without serious health problems, possibly avoiding "Montezuma's revenge" (= diarrhea):

- Do not overeat, however delicious Mexican food might be, and do not overconsume alcoholic drinks.

- Do not use tapped water for consumption in Mexico. If possible, use boiled or bottled water even for brushing your teeth. When buying bottled water, make sure that the seal of the bottle is not broken. Close your mouth when under the shower. If you absolutely need to use tapped water, boil it for 20 minutes before using it, or use a disinfectant.

- Avoid salad and unpeeled fruit. Remember the old advice: "Cook it, boil it, peel it or forget it". Avoid ice in drinks unless you can be absolutely sure that it is made from purified water.

- However hungry you may be, do never buy food from cheap street stands as the hygienic conditions might not be appropriate.

When travelling to Mexico, make sure you have up-to-date health insurance which covers the cost of medical treatment in Mexico and in the United States. While local treatment in Mexico is inexpensive for minor health problems, you might want to get treatment from a private hospital or even from a hospital in the U.S. in case serious health problems occur during your stay in Mexico. Some private hospitals in Mexico City offer highest standards whereas public hospitals often do not have modern medical equipment.

Accurate and up-to-date information on health issues is available free of charge on the internet. In addition to the websites mentioned in section 10.6 above, the following websites contain specific health-related country information: Tropeninstitut der Universität München: http://www.fitfortravel.de; Reisemedizinischer Informationsdienst Travelmed: http://www.travelmed.de; Safetravel – Medizinischer Ratgeber: http://www.safetravel.ch. Some major private hospitals in Mexico City are listed in section 11.2.

10.8 Money

The official currency in Mexico is the Mexican Peso (ISO-Code: MXP), consisting of 100 Centavos. There are coins of 5, 10, 20 and 50 Centavos as well as of 1, 2, 5, 10, 20 and 50 Pesos (the latter two are not frequently used). Banknotes are available at 10, 20, 50, 100, 200 and 500 Pesos.

As of 31 March 2002, 1 MXP was equivalent to 0.111 USD, 0.127 EUR or 0.187 CHF. Vice versa, 1 USD would buy you 9.060 MXP, 1 EUR would buy 7.884 MXP and 1 CHF would buy 5.377 MXP.

While it is practical to change some money prior to departure – banks at Zurich airport usually have a limited quantity of Mexican Pesos available – the exchange rates are better in Mexico. Reliable cash dispensers (cajeros automáticos) are available throughout the country and withdrawals are possible with all major bank cards such as the Swiss Postcard (Plus Network) or most EC Cards (Maestro Network). The amount available for withdrawal per day is usually limited to 4.000 or 5.000 Pesos. Credit cards may also be used for withdrawing money from cash dispensers, however at higher fees. For your personal safety, do not use cash dispensers at night and try to use machines which are installed in shopping centers or office buildings. Do not openly display money (see also section 10.6 on safety recommendations).

Major credit cards (VISA/Mastercard) are widely accepted in hotels, restaurants, shops etc. all around Mexico. Travellers cheques are also an option.

10.9 Use of Technical and Communications Infrastructure

10.9.1 Voltage

Voltage in Mexico is 110 Volts, as compared to 220 Volts in Continental Europe. Before plugging in any electrical device such as a shaver or a mobile computer, make sure that it can operate at 110 Volts.

10.9.2 Plugs

Mexico uses different plugs from those in Switzerland and Europe. The plugs used are the same as in the U.S. and Canada. Make sure before (!) leaving your country, that you have an adapter with you, particularly if you intend on using your laptop during your stay. In Mexico, adapters are very hard to find even for more widely used German plugs whereas they are virtually impossible to find for three-pole Swiss plugs. If you are in urgent need of any technical equipment while in Mexico City, try the "República El Salvador" Street close to the "Bellas Artes" Metro station in the city centre: Although it is in a less desirable part of the city, you will find a myriad of electronics shops there. If you can't find it there, you won't find it anywhere else in Mexico.

10.9.3 Mobile Phones

Mexico is one of few countries in the world that have not yet adhered to the GSM standard. So far, GSM phones – including so-called tri-band GSM phones which may be used in the U.S., Canada or Chile – will not work in Mexico. Analogue phones are still in use (AMPS standard) whereas the dominant standards for digital mobile communications in Mexico are TDMA 800 MHz (used by Telcel; also frequently used in the US and other Latin American Countries) or CDMA (used by Telcel's competitors).

In case you are staying several days in Mexico and need to keep in touch with your company or your family while you travel, either try to rent a cell phone from your cellular phone company at home, or simply buy a "prepaid" mobile phone from one of the major providers. Telcel is the country's largest mobile communications provider and the only one with national coverage for pre-paid cell phones, the so-called "Amigo de Telcel" system. Such "Amigo Kits" including a cell phone and an activated number are available from 1.200 MXP in Telcel stores, electronics department stores or general department stores. The kit usually comes with some airtime already included. Prepaid cards are available in Telcel stores, newsstands or supermarkets. If you travel around in Mexico, you will have to activate your phone for "national roaming". The reason being that the Mexican telecommunications market is split up into nine regions. If you don't activate your phone for national roaming, you will not be able to use it outside the region where you have bought it. All you need in order to buy a prepaid phone is your

passport. Cell phones with a monthly rental plan offer lower rates and better service. However, they are usually available to residents only, and more documents must be presented before they can be activated.

A word of caution with regard to phone costs: Telecommunication costs are very high in Mexico. This applies both to fixed-line communications and mobile communications. With regard to the latter, incoming local calls are usually free as long as your phone is activated under the "Calling Party Pays" scheme (El que llama paga). Yet, even then, you will be charged for inbound long distance or international calls with a fee of 2.50 MXP/minute when using Telcel, for example. National roaming also entails additional costs of around 5 MXP/minute. Outbound calls, and particularly international calls, are rather expensive: A one minute phone call to Switzerland may cost as much as 25 MXP from both cell phones or fixed line phones. Some hotels will easily charge you twice or three times as much! It is therefore preferable if you have others calling you from abroad.

 Mexico's main telecommunications provider for fixed-line telephony is Telmex (http://www.telmex.com). The major cellular phone service provider is former Telmex subsidiary Telcel (http://www.telcel.com.mx) with an estimated market share of nearly three quarters in 2000. Other cellular phone companies – mostly limited to regional coverage – include Iusacell (http://www.iusacell.com.mx), Telefonica Movistar (http://www.movistar.com), Pegaso (http://www.pegasopcs.com.mx), Unefon (http://www.unefon.com.mx) or Nextel (http://www.nextel.com.mx).

Box 10.1: Phone Dialing in Mexico

During the last few years, Mexico has changed the dialling system (marcación) twice in order to cope with the expansion of the telephone network, due to the high demand for telephone services. The regime established with the first major change in 1999/2000 held only until November 2001, when numbers changed again, leaving many users confused. Unfortunately, most telephone numbers on older printed documents are outdated. The following section briefly helps you reach your interlocutors.

Since 17 November 2001, every phone number in Mexico consists of 10 digits including the area code. The newly introduced area codes (claves de larga distancia) have two digits in the case of Mexico City (55), Guadalajara (33) and Monterrey (81), followed by an 8-digit local phone number. All other regions have a three digit area code, followed by a 7-digit local phone number.

Local calls: When doing a local call, simply dial the eight or seven digits of the local phone number.

Long distance calls inside Mexico: For long distance calls, dial 01 + area code + local phone number. Example: If you want to call the Swiss Embassy in Mexico City from a phone booth in Monterrey, dial 01-55-55203003.

International calls from Mexico: For international calls, dial 00 + country code + area code (without "0", except in the case of Italy) + local number. Example: If you want to call the Latin American Chamber of Commerce in Zurich from a phone in Mexico, dial 0041-1-2720852

International calls to Mexico: When calling a Mexican fixed-telephony number from abroad, dial 0052 + area code + local phone number. Expample: If you want to call the Swiss Embassy in Mexico City from Switzerland, dial 0052-55-55203003.

Calls to mobile phones in Mexico: Specific rules apply for calls to mobile phones. Most cellular phones work under the modality "El que llama paga" (Calling Party Pays). Their numbers all start by the extra code 044. Next follows the area code of the city where the mobile phone has been bought (regardless of where the user is currently located in the country), i.e. 55 if the cell phone has been bought in Mexico City. Finally, each cell phone has eight digits (in Mexico City, Guadalajara, Monterrey) or seven digits (rest of the country). Example: In order to call a cell phone which is registered in Mexico City from anywhere in Mexico, dial 044-55-12345678. If, however, you want to call a Mexican cell phone from abroad, you must not dial the 044 but you will have to dial the number just as if it were a fixed-line phone number. Example: In order to call the same Mexican cell phone from Switzerland, dial 0052-55-12345678.

More information on the dialling system and a list of area codes is available on the website of the Comisión Federal de Telecomunicaciones at http://www.cft.gob.mx. Business phone numbers may be looked up directly in the Mexican Yellow Pages (Sección Amarilla) online at http://www.seccionamarilla.com.mx. Private phone numbers are listed in the Mexican White Pages (Sección Blanca) which may also be consulted online at http://www.seccionblanca.com.mx.

10.10 Other Useful Information

10.10.1 Time Zones and Daylight Savings Time

Time zones have changed several times over the last years. Currently, the time zones published on 2 January 2001 in the Diario Oficial are in force. Accordingly, most of Mexico, including the capital, has the Hora del Centro which is the same as U.S. Central Time. It is generally 6 hours behind GMT/UTC or 7 hours behind Central European Time. Five Western states (Chihuahua, Nayarit, Sinaloa, Sonora and Baja California Sur) observe the Hora de las Montañas which is equal to U.S. Mountain Time and which is one hour behind the Hora del Centro. Finally, the state of Baja California (Norte) has the Hora del Pacífico, the Mexican equivalent of U.S. Pacific Time. It is two hours behind the Hora del Centro. With the exception of the state of Sonora, Mexico adheres to daylight savings time. It lasts in most states from the first Sunday of April until the last Sunday of October. In the states of Baja California Sur, Chihuahua, Nayarit and Sinaloa, it lasts from the first Sunday in May until the last Sunday in September.

10.10.2 Opening Hours and Holidays

Shops are generally open from 09.00 or 10.00 hrs in the morning until 19.00 hrs in the evening. Some close between 14.00 and 16.00 hrs, others again stay open until much later. On Sundays, many shops are open. Offices are generally open between 09.00 and 18.00 hrs from Monday to Friday. However, people will be difficult to reach during the lunch break between 14.00 and 16.00 hrs.

The following public holidays are generally observed throughout the country. Those marked with an asterisk may be observed in some regions or by government/banks only, or they may only be half-day holidays.

January 1	Año Nuevo	New Year
February 5	Día de la Constitución	Constitution Day
February 24 (*)	Día de la Bandera	Day of the National Flag
March 21	Aniversario de Juárez	Juárez' birthday
April x	Jueves Santo	Holy Thursday
April x	Viernes Santo	Good Friday
May 1	Día del Trabajo	Labour day
May 5	Día de la Batalla de Puebla	Battle of Puebla Day
May 10 (*)	Día de las Madres	Mother's Day
September 16	Día de la Independencia	Independence Day
October 12	Día de la Raza	Columbus Day
November 2	Día de los Muertos	Day of the Dead
November 20	Día de la Revolución	Revolution Day
December 12 (*)	Día de la Virgen de Guad.	Virgin of Guadalupe Day

December 24 (*)	Nochebuena	Christmas Eve
December 25	Día de Navidad	Christmas Day
December 31 (*)	Nochevieja	New Year's Eve

10.10.3 Tips

Tips are usually not included in the price of meals. Add between 10% and 15% to your bill for service. Room maids and porters usually expect some tip as well, whereas tipping is not common in taxis.

10.10.4 Information on Living in Mexico

If you plan to live in Mexico for a longer time, get yourself a copy of "The insider's guide to living in Mexico City, Guadalajara, Monterrey" which is published by the American Chamber Mexico (✉ 11.7; http://www.amcham.com.mx) and regularly updated. Even if you will be living in a place different from these three cities, the book will be a valuable companion when you take your first steps in this exciting country.

Also seek membership in one of the many expatriate clubs that exist in Mexico, as your fellow countrymen will be able to help you settle-in and exchange valuable experience and information, including choice of schools, doctors etc. There is also a Swiss Club in Mexico (✉ 11.16).



Photographer: Regina Schwegler

A view of the Old Basílica de Guadalupe from Tepeyac Hill (Cerro del Tepeyac). Thousands of Catholic Mexicans travel each day to this pilgrimage site which is dedicated to the worship of the Virgin of Guadalupe.

Contacts and Resources

11 Selected Addresses

On 17 November 2001, the Mexican telephone dialling system has been changed and new area codes have been introduced. This chapter contains telephone numbers which have been updated to the new system. If you have any doubts with regard to how to dial, please check Box 10.1 above.

Please note that phone and fax numbers are subject to frequent changes in Mexico. If you are unable to reach the subscriber under the numbers given below, try the Mexican Yellow Pages for business phone numbers (http://www.seccionamarilla.com.mx), or the White Pages for private phone numbers (http://www.seccionblanca.com.mx). Another option is to check out the website of institutions for contact details.

11.1 Emergency Phone Numbers

Emergencies 080

Police 060

11.2 Emergency Addresses

American British Cowdray Hospital (ABC Hospital)
Calle Sur 136 No. 116
Esq. con Avenida Observatorio
Col. Las Américas
MX-01120 México, D.F.
Phone: ++52-55-52308200
(Emergencies) or 52308000
Internet: http://www.abchospital.com

Hospital Angeles de las Lomas
Vialidad de la Barranca s/n
Col. Valle de las Palmas
Huixquilucan, Edo. de Méx.
Phone: ++52-55-52465000 ext. 5096
(Emergencies)
Fax: ++52-55-52465002
Internet:
http://www.angeles.com.mx/lomas

Hospital Angeles del Pedregal
Camino a Sta. Teresa No. 1055
Col. Héroes de Padierna
MX-10700 México, D.F.
Phone: ++52-55-56522011 (Ext. 2092 for emergencies) or 54495500 or 56523011
Internet:
http://www.angeles.com.mx/pedregal

Hospital Español
Av. Ejército Nacional No. 613
Col. Granada
MX-11560 México, D.F.
Phone: ++52-55-52559600 or 52559660
Internet: http://www.hespanol.com

Hospital Mocel
Gelati No. 29
Col. San Miguel Chapultepec
MX-11850 México, D.F.
Phone: ++52-55-52782300
Fax: ++52-55-52773914
Internet:
http://www.angeles.com.mx/mocel

The Embassy's Doctor of Confidence
Dr. Paul Clever y Arellano
Lerdo de Tejada No. 82, Depto. No. 503
Esq. con Juventino Rosa
Col. Guadalupe Inn
MX-01020 México, D.F.
Phone: ++52-55-56816921
Fax: ++52-55-56816921

11.3 Diplomatic Representations in Mexico and Switzerland

Mexican Embassy in Switzerland

Embajada de México /
Mexikanische Botschaft
Bernastrasse 57
CH-3005 Bern
Phone: ++41-31-3574747
Fax: ++41-31-3574748
E-Mail: embamex1@swissonline.ch
Internet: http://www.sre.gob.mx/suiza

Swiss Embassy in Mexico

Embajada de Suiza / Schweizer Botschaft
Torre Optima, Piso No. 11
Paseo de las Palmas No. 405
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-55203003
Fax: ++52-55-55208685
E-Mail: vertretung@mex.rep.admin.ch
Internet:
http://www.eda.admin.ch/mexico

Swiss Honorary Consulates in Mexico

(All correspondence has to go through the Embassy!)

Guadalajara
Señora Ursula Stump, Cónsul Honorario
Office: Calle No. 5 s/n (Al lado del 131)
Col. Seattle
MX-45150 Zapopan, Jalisco
Phone / Fax: ++52-33-38334122
E-mail: agengdl@mail.vinet.com.mx

Monterrey
Señor Andrés Engels, Cónsul Honorario
Office: Mississippi No. 323 Ote.
Col. Del Valle
MX-66220 Garza García, Nuevo León
Phone: ++52-81-83359020
Fax: ++52-81-83564869
E-mail: aengels@yahoo.com

Veracruz
Señor Mario Maraboto,
Vice-Cónsul Honorario
Office: Emparan No. 251-A
Entre 5 de Mayo e Independencia
Col. Centro
MX-91700 Veracruz, Veracruz
Phone / Fax: ++52-229-9315535

11.4 Useful Mexican Federal Government Addresses

The following is only a selection of government authorities which are particularly important for foreign exporters and/or investors. Updates and a comprehensive directory of government addresses are available in the internet at http://www.precisa.gob.mx (page "Directorio WWW").

Mexican Customs
Aduanas
Módulo 4, Piso No. 3
Av. Hidalgo 77
Col. Guerrero
MX-06300 México, D.F.
Phone: ++52-55-55183069
or 55210456
Internet: http://
www.aduanas.sat.gob.mx

National Central Bank
Banco de México
Ave. Cinco de Mayo No. 2
Col. Centro
MX-06059 México, D.F.
Phone: ++52-55-52372000
E-Mail: sidaoui@banxico.org.mx
Internet: http://www.banxico.org.mx

Federal Electricity Commission
Comisión Federal de Electricidad (CFE)
Museo Tecnológico de la CFE
2da. Sec. del Bosque de Chapultepec s/n
MX-11870 México, D.F.
Phone: ++52-55-52294400
ext. 4000 to 4005
Internet: http://www.cfe.gob.mx

Federal Telecommunications Commission
Comisión Federal de Telecominicaciones (CFT)
Bosque de Radiatas No. 44
Col. Bosques de las Lomas
MX-05120 México, D.F.
Phone: ++52-55-52614000
Internet: http://www.cft.gob.mx

National Water Commission
Comisión Nacional del Agua (CNA)
Av. Insurgentes Sur No. 2140, Piso No. 2
Col. Ermita San Angel
MX-01070 México, D.F.
Phone: ++52-55-56613806
Fax: ++52-55-56613929
E-Mail: direcciong@sga.cna.gob.mx
Internet: http://www.cna.gob.mx

General Directorate of
Foreign Investment
Comision Nacional de Inversión Extranjera (CNIE) and Registro Nacional de Inversiones Extranjeras (RNIE)
c/o Dirección General de Inversión Extranjera
Secretaría de Economía
Insurgentes Sur No. 1940, Piso No. 8
Col. Florida
MX-01030 México, D.F.
Phone: ++52-55-52296163
Fax: ++52-55-52296507
Internet: http://www.economia.gob.mx

General Directorate of Norms
Dirección General de Normas
Av. Puente de Tecamachalco No. 6
Col. Lomas de Tecamachalco
MX-53950 Naucalpan
Estado de México
Phone: ++52-55-56825547
Fax: ++52-55-55361698
Internet: http://www.economia-normas.gob.mx

Institute of Social Insurance and Social Services for State Workers
Instituto de Seguridad y de Servicios Sociales para los Trabajadores del Estado (ISSSTE)
Av. de la República No. 154, Piso No. 11
Col. Tabacalera
MX-060 Méx30 México, D.F.
Phone: ++52-55-55666990
or 55666888 ext. 15116
Fax: ++52-55-55350187
E-Mail: director@issste.gob.mx
Internet: http://www.issste.gob.mx

Mexican Institute of Industrial Property
Instituto Mexicano de la Propiedad Industrial (IMPI)
Periférico Sur No. 3106, Piso No. 9
Col. Jardines del Pedregal
MX-01900 México, D.F.
Phone: ++52-55-56240401 or
56240402 or 56240403 or 56240404
Fax: ++52-55-56240406
Internet: http://www.impi.gob.mx

Mexican Social Insurance Institute
Instituto Mexicano del Seguro Social (IMSS)
Calle Paseo de la Reforma No. 476,
Piso No. 1
Col. Juárez
MX-06698 México, D.F.
Phone: ++52-55-52382700
Internet: http://www.imss.gob.mx

Mexican Institute of Copyright
Instituto Nacional del Derecho de Autor (INDAUTOR)
Dinamarca No. 84
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-52307632
Fax: ++52-55-52307632
Internet: http://www.sep.gob.mx/wb/distribuidor.jsp?seccion=459

National Institute of Ecology
Instituto Nacional de Ecología (INE)
Periférico No. 5000
Col. Insurgentes Cuicuilco
MX-04530 México, D.F.
Phone: ++52-55-56280600
Internet: http://www.ine.gob.mx

National Institute for Statistics, Geography and Computing
Instituto Nacional de Estadística, Geografía e Informática (INEGI)
Centro de Información
Balderas No. 71
Esq. Morelos
Col. Centro
MX-06050 México, D.F.
Phone: ++52-55-55120960
ext. 5002 and 5007
Fax: ++52-55-55123955 or 55128331
Internet: http://www.inegi.gob.mx

Institute of the National Workers' Housing Fund
Instituto del Fondo Nacional para la Vivienda de los Trabajadores (INFONAVIT)
Barranca del Muerto No. 280, Piso No. 4
Col. Guadalupe Inn
MX-01029 México, D.F.
Phone: ++52-55-54806243
Fax: ++52-55-54806254
Internet: http://www.infonavit.gob.mx

National Institute of Migration
Instituto Nacional de Migración (INM)
Homero No. 1832, P.H.
Col. Los Morales
MX-11510 México, D.F.
Phone: ++52-55-53872497
or 53872497 or 53872499
Internet: http://www.migracion.gob.mx

Petroleos Mexicanos (PEMEX)
Marina Nacional No. 329
Col. Huasteca
MX-11311 México, D.F.
Phone: ++52-55-57222500 ext. 57200
or 55458736
Internet: http://www.pemex.gob.mx

Federal Consumer Protection Agency
Procaduría Federal del Consumidor (PROFECO)
Jose Vasconcelos No. 208
Col. Condesa
MX-06140 México, D.F.
Phone ++52-55-55688722
or 52116414
Fax: ++52-55-52111537
Internet: http://www.profeco.gob.mx

Ministry of Agriculture
Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA)
Insurgentes Sur No. 476, Piso No. 13
Col. Roma Sur
MX-06760 México, D.F.
Phone: ++52-55-55840197
or 55848190
Fax: ++52-55-55842699
Internet: http://www.sagarpa.gob.mx

Ministry for Communications and Transports
Secretaría de Comunicaciones y Transportes (SCT)
Xola y Av. Universidad, Cuerpo "C", Piso No. 1
Col. Narvarte
MX-03028 México, D. F.
Phone: ++52-55-55197456
Fax: ++52-55-55309203
Internet: http://www.sct.gob.mx

Ministry of Controlling and Administrative Development
Secretaría de Contraloría y Desarrollo Administrativo (SECODAM)
Insurgentes Sur No.1735
Col. Guadalupe Inn
MX-01020 México, D.F.
Phone: ++52-55-56633636
Internet: http://www.secodam.gob.mx

Ministry of Social Development
Secretaría de Desarrollo Social (SEDESOL)
Constituyentes No. 947, Edificio B, Planta Baja
Col. Belén de las Flores
MX-01110, México, DF
Phone: ++52-55-55154508 or 52718217 or 56299910
Fax: ++52-55-52720118 or 52711407
Internet: http://www.sedesol.gob.mx

Ministry of the Economy
Secretaría de Economía (SE)
Insurgentes Sur No. 1940, Piso No. 4
Col. Florida
MX-01030 México, D.F.
Phone: ++52-55-52296222
Fax: ++52-55-52296204
Internet: http://www.economia.gob.mx

Ministry of Energy
Secretaría de Energía (SENER)
Insurgentes Sur No. 890
Col. Del Valle
MX-03100 México, D.F.
Phone: ++52-55-54486031 or 54486032
Fax: ++52-55-54486055
Internet: http://www.energia.gob.mx

Ministry of the Interior
Secretaría de Gobernación (SEGOB)
Bucareli No. 99
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-55660262 or 55660245
Internet: http://www.gobernacion.gob.mx

Ministry of Finance and Public Credit
Secretaría de Hacienda y Crédito Público (SHCP)
Palacio Nacional, Primer Patio Mariano,
Piso No. 3, Oficina No. 3045
Col. Centro
MX-06000 México, D.F.
Phone: ++52-55-55422213
Fax: ++52-55-52281142
Internet: http://www.shcp.gob.mx

Ministry of the Environment
and Natural Ressources
Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT)
Blvd. Adolfo Ruiz Cortines No. 4209
Col. Jardines en la Montaña
MX-14210 México, D.F.
Internet: http://www.semarnat.gob.mx

Ministry of Foreign Affairs
Secretaría de Relaciones Exteriores (SRE)
Ricardo Flores Magón No. 2
Col. Tlatelolco
MX-06954 México, D.F.
Phone: ++52-55-57824144
Fax: ++52-55-53273003 or 57824109

Ministry of Health
Secretaría de Salud (SS)
Lieja No. 7, Piso No. 1
Col. Juárez
MX-06696 México, D.F.
Phone: ++ 52-55-55531353
or 55536888
Fax: ++ 52-55-55537917
Internet: http://www.ssa.gob.mx

Ministry of Labour and Social Security
Secretaría del Trabajo y Previsión Social (STPS)
Periférico Sur No. 4271,
Edificio A, Piso No. 1
Col. Fuentes del Pedregal
MX-14149 México, D.F.
Phone: ++52-55-56453715
Fax: ++52-55-56452595
Internet: http://www.stps.gob.mx

Ministry of Tourism
Secretaría de Turismo (SECTUR)
Presidente Masaryk No. 172,
Piso No. 10
Col. Bosques de Chapultepec
MX-11587 México, D.F.
Phone: ++52-55-52508604 or
52508171 or 52508555
Fax: ++52-55-52540014
Internet: http://www.sectur.gob.mx

Internal Revenue Service
Servicio de Administración Tributaria (SAT)
Av. Reforma Norte No. 37
Módulo 5, Planta Baja
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-52270297
Internet: http://www.sat.gob.mx

11.5 Useful Mexican State Government Addresses

The following is only a selection of state government authorities. Updates and more comprehensive directories of government addresses are available either on each state government's website or at http://www.precisa.gob.mx (page "Directorio WWW").

Aguascalientes (http:// www.aguascalientes.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Planta Alta
MX-20000 Aguascalientes, Aguascalientes
Phone: ++52-449-9153120 or 9161585

Economic Development / Desarrollo Económico
Av. Universidad No. 1001
Edificio Torre-Plaza Bosques, Piso No. 8
Fracc. Bosques del Prado
MX-20127 Aguascalientes, Aguascalientes
Phone: ++52-449-9102611
Internet: http://www.sedec.gob.mx

Representation/Representación
Homero No. 109, Piso No. 15,
Despacho No. 1502
Esq. Mariano Escobedo
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52500350
Fax: ++52-55-52545266

Baja California (http:// www.bajacalifornia.gob.mx)

Governor / Gobernador
Edificio Poder Ejecutivo, Piso No. 3
Czda. Independencia
y Paseo de los Héroes s/n
Col. Centro Cívico y Comercial
MX-21000 Mexicali, Baja California
Phone: ++52-686-5581000 ext. 1128

Economic Development / Desarrollo Económico
Edificio Poder Ejecutivo, Piso No. 4
Czda. Independencia
y Paseo de los Héroes s/n
Col. Centro Cívico y Comercial
MX-21000 Mexicali, Baja California
Phone: ++52-686-5581119

Representation / Representación
Calle de Miraflores No. 221
Col. Del Valle
MX-03100 Mexico, D.F.
Phone: ++52-55-56872478

Baja California Sur
(http://www.gbcs.gob.mx)

Governor / Gobernador
Palacio de Gobierno
Isabel la Católica
Entre Ignacio Allende y Nicolas Bravo
Col. Centro
MX-23000 La Paz, Baja California Sur
Phone: ++52-612-1220782
Fax: ++52-612-1254190

Economic Development /
Desarrollo Económico
Isabel la Católica y Ocampo
Col. Centro
MX-23000 La Paz, Baja California Sur
Phone: ++52-612-1251912
Fax: ++52-612-1252280

Representation / Representación
Viena No. 335
Col. Del Carmen
MX-04100 México, D.F.
Phone: ++52-55-56593684
Fax: ++52-55-56591282

Campeche
(http://www.campeche.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Piso No. 4
Av. 16 de Septiembre s/n
Col. Centro
MX-24000 Campeche, Campeche
Phone: ++52-981-8165070
Fax: ++52-981-8165886

Economic Development /
Desarrollo Económico
Edif. Torres de Cristal, Torre A, Piso No. 7
Av. Ruíz Cortines No. 112
Col. Barrio San Román
MX-24040 Campeche, Campeche
Phone: ++52-981-8169019
Fax:++52-981-8169142

Representation / Representación
Santa Rosalía No. 114
Col. Del Valle
MX-03100 México, DF
Phone: ++52-55-55752902
Fax: ++52-55-55752483

Chiapas
(http://www.chiapas.gob.mx)

Governor / Gobernador
Palacio de Gobierno
Av. Central y 1a. Oriente
Col. Centro
MX-29000 Tuxtla Gutiérrez, Chiapas
Phone: ++52-961-6121093
Fax: ++52-961-6125618
http://www.chiapas.gob.mx

Economic Development /
Desarrollo Económico
Edificio Bancrecer, Piso No. 4
Blvd. Díaz Ordaz No. 11
Tapachula, Chiapas
Phone: ++52-962-6267679

Representation / Representación
Toledo No. 22
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-52074260
Fax:++52-55-52072652

Chihuahua
(http://www.chihuahua.gob.mx)

Governor/ Gobernador
Palacio de Gobierno, Piso No. 1
Calle Aldama No. 901
Col. Centro
MX-31000 Chihuahua, Chihuahua
Phone: ++52-614-4158000
ext. 1115 and 1116

Industrial Development /
Desarrollo Industrial
Miguel Cervantes No. 151
Complejo Industrial Chihuahua
MX-31130 Chihuahua, Chihuahua
Phone: ++52-614-4423301 or
4423300 ext. 3301 and 3302

Representation / Representación
Río Panuco No. 108
Col. Cuauhtémoc
MX-06500 México, D.F.
Phone: ++52-55-52080143

Coahuila
(http://www.coahuila.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Piso No. 1
Col. Centro
MX-25000 Saltillo, Coahuila
Phone: ++52-844-4118500
Fax: ++52-844-4118500

Economic Development /
Desarrollo Económico
Edificio Torre Saltillo, Piso No. 11
Blvd. Luis Echeverría Alvarez No. 1560
Col. Guanajuato Ote.
MX-25280 Saltillo, Coahuila
Phone: ++52-844-4151714

Representation / Representación
Paseo de la Reforma No. 199, Piso No. 13
Col. Cuauhtémoc
MX-06500 México, D.F.
Phone: ++52-55-55359457
Fax: ++52-55-55352571

Colima
(http://www.colima.gob.mx)

Governor / Gobernador
Palacio de Gobierno
Reforma Esq. con Hidalgo
Col. Centro
MX-28000 Colima, Colima
Phone: ++52-312-3126363
Fax: ++52-312-3143508

Economic Development /
Fomento Económico
Portal Hidalgo No. 50
Col. Centro
MX-28000 Colima, Colima
Phone: ++52-312-3137265
Fax: ++52-312-3138636

Representation/ Representación
Louisiana No. 17
Col. Nápoles
MX-03810 México, D.F.
Phone: ++52-55-56872379
Fax: ++52-55-56872379

Distrito Federal
(http://www.df.gob.mx)

Governor / Gobernador
Edificio Virreinal, Piso No. 1
Plaza de la Constitución No. 2
Entre 20 de Noviembre y 5 de Febrero
Col. Centro
MX-06068 México, D.F.
Phone: ++52-55-55222855
Fax: ++52-55-55100771

Economic Development /
Desarrollo Económico
Av. Cuauhtémoc No. 898
Col. Narvarte
MX-03020 México, D.F.
Phone: ++52-55-55436068
Fax:++52-55-55439478

Durango
(http://www.durango.gob.mx)

Governor / Gobernador
Palacio de Gobierno
5 de Febrero y Zaragoza
Col. Centro
MX-34000 Durango, Durango
Phone: ++52-618-8116815
Fax: ++52-618-8121330

Economic Development /
Desarrollo Económico
5 de Febrero No. 913 Pte.
Col. Centro
MX-34000 Durango, Durango
Phone: ++52-618-8121121
Fax: ++52-618-8124808

Representation / Representación
Amsterdam No. 108
Esq. con Lerdo
Col. Hipódromo Condesa
MX-06170 México, D.F.
Phone: ++52-55-55531264
Fax: ++52-55-52860332

Estado de México
(http://www.edomex.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Piso No. 1
Lerdo Pte. No. 300
Col. Centro
MX-50000 Toluca, Estado de México
Phone: ++52-722-2760050
Fax: ++52-722-2135141

Economic Development /
Desarrollo Económico
Palacio de Gobierno, Piso No. 2
Lerdo Pte. No. 300
Col. Centro
MX-50000 Toluca, Estado de México
Phone: ++52-722-2262940
Fax: ++52-722-2132134

Representation / Representación
Explanada No. 910
Col. Lomas de Chapultépec
MX-11000 México, D.F.
Phone: ++52-55-52020273
Fax: ++52-55-55407383

Guanajuato
(http://www.guanajuato.gob.mx)

Governor / Gobernador
Paseo de la Presa No. 103, Piso No. 1
Col. Centro
MX-36000 Guanajuato, Guanajuato
Phone: ++52-473-7311247
Fax:++52-473-7311283

Economic Development /
Desarrollo Económico
Blvd. Solidaridad No. 11189
Fracc. CFE
MX-36631 Irapuato, Guanajuato
Phone: ++52-462-6269226
Fax: ++52-462-6269227

Representation / Representación
Arquímides No. 3, Piso No. 8
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52802620
Fax:++52-55-52803261

Guerrero
(http://www.guerrero.gob.mx)

Governor/ Gobernador
Palacio de Gobierno, Piso No. 2
Col. Centro
MX-39000 Chilpancingo, Guerrero
Phone: ++52-747-4723309
Fax:++52-747-4710334

Economic Development /
Desarrollo Económico
Palacio de Gobierno, Piso No. 3
Plaza Cívica 1er Congreso de Anáhuac
Col. Centro
MX-39000 Chilpancingo, Guerrero
Phone: ++52-747-4719877
Fax :++52-747-4724272

Representation / Representación
Arquímides No. 147
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-55314729
Fax: ++52-55-52545909

Hidalgo
(http://www.hidalgo.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Piso No. 4
Plaza Juárez s/n
Col. Centro
MX-42000 Pachuca, Hidalgo
Phone: ++52-771-7176009
Fax: ++52-771-7132699

Economic Development /
Desarrollo Económico
El Centro Minero s/n, Edificio 3-C
Carretera México-Pachuca Km. 93.5
Col. Ventaprieta
MX-42080 Pachuca, Hidalgo
Phone: ++52-771-7178000
Fax: ++52-771-7178112

Representation / Representación
Rubén Dario No. 281, Piso No. 8
Torre Chapultepec
Col. Bosque de Chapultepec
MX-11580 México, D.F.
Phone: ++52-55-52811561 or 52811562
Fax: ++52-55-52811567

Jalisco (http://www.jalisco.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Planta Alta
Col. Centro
MX-44100 Guadalajara, Jalisco
Phone: ++52-33-36681835
Fax:++52-33-36681857

Economic Development / Promoción Económica
Av. Alcalde No. 1351
Torre Seproe, Piso No. 5
Col. Miraflores
MX-44260 Guadalajara, Jalisco
Phone: ++52-33-38535686
Fax:++52-33-38535689

Representation / Representación
Manuel López Cotilla No. 1013
Col. Del Valle
MX-03100 México, D.F.
Phone: ++52-55-55593166
Fax: ++52-55-55754984

Michoacán (http://www.michoacan.gob.mx)

Governor / Gobernador
Palacio de Gobierno
Av. Madero Pte. No. 63
Col. Centro
MX-58000 Morelia, Michoacán
Phone: ++52-443-3122032
Fax: ++52-443-3126110

Economic Development / Desarrollo Económico
Av. Lázaro Cárdenas No. 1677, Piso No.1
Col. Chapultepec Nte.
MX-58260 Morelia, Michoacán
Phone: ++52-443-3130707
Fax: ++52-443-3146281

Representation/ Representación
Kansas No. 48
Col. Nápoles
MX-03810 México, D.F.
Phone: ++52-55-55230903
Fax: ++52-55-55431799

Morelos (http://www.morelos.gob.mx)

Governor/ Gobernador
Palacio de Gobierno, Piso No. 1
Plaza de Armas s/n
Col. Centro
MX-62000 Cuernavaca, Morelos
Phone: ++52-777-3292230 ext. 1305

Economic Development /
Desarrollo Económico
Ajusco No. 2
Col. Rancho el Cortés
MX-62120 Cuernavaca, Morelos
Phone: ++52-777-3113657

Representation / Representación
Elefante No. 82
Col. Del Valle
MX-03100 México, D.F.
Phone: ++52-55-55245304

Nayarit
(http://www.nayarit.gob.mx)

Governor/ Gobernador
Av. México y Mina s/n
Col. Centro
MX-63000 Tepic, Nayarit
Phone: ++52-311-2120062
Fax: ++52-311-2126848

Economic Development /
Desarrollo Económico
Av. Allende No. 120 Pte.
Col. Centro
MX-63000 Tepic, Nayarit
Phone: ++52-311-2167440
Fax: ++52-311-2168691

Representation / Representación
Prol. Uxmal No. 106
Col. Santa Cruz Atoyac
MX-03310 México, D.F.
Phone: ++52-55-56049689
Fax: ++52-55-56881007

Nuevo León
(http://www.nuevoleon.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Planta Alta
Col. Centro
MX-64000 Monterrey, Nuevo León
Phone: ++52-81-83421017

Economic Development /
Desarrollo Económico
Edificio Elizondo Páez, Piso No. 7
5 de Mayo No. 525 Ote.
Col. Centro
MX-64000 Monterrey, Nuevo León
Phone: ++52-81-83450031
Fax: ++52-81-83432400

Representation / Representación
Filomeno Mata No. 12
Esq. con 5 de Mayo
Col. Centro
MX-06000 México, D.F.
Phone: ++52-55-55214241
Fax: ++52-55-55102140

Oaxaca
(http://www.oaxaca.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Planta Alta
Col. Centro
MX-68000 Oaxaca, Oaxaca
Phone: ++52-951-5160677
Fax: ++52-951-5155077

Economic Development /
Desarrollo Económico
Heroica Escuela Militar No. 517
Col. Reforma
MX-68050 Oaxaca, Oaxaca
Phone: ++52-951-5150302
Fax: ++52-951-5152899

Representation / Representación
Av. Coyoacán No. 939
Col. Del Valle
MX-03100 México, D.F.
Phone: ++52-55-55592416
Fax: ++52-55-55752621

Puebla
(http://www.puebla.gob.mx)

Governor / Gobernador
Palacio de Gobierno
4 Ote., No. 1204
Col. Barrio de el Alto
MX-72100 Puebla, Puebla
Phone: ++52-222-2138850
Fax:++52-222-2138805

Economic Development /
Desarrollo Económico
4 Ote., No. 806
Col. Centro
MX-72000 Puebla, Puebla
Phone: ++52-222-2325200
Fax: ++52-222-2463359

Representation / Representación
Insurgentes Sur No. 421
Edificio B, Despacho No. 100, Piso No. 1
Col. Condesa
MX-06100 México, D.F.
Phone: ++52-55-55842034
Fax: ++52-55-55748092

Querétaro
(http://www.queretaro.gob.mx)

Governor / Gobernador
Pasteur y 5 de Mayo s/n
Col. Centro
MX-76000 Querétaro, Querétaro
Phone: ++52-442-2120778
Fax: ++52-442-2142929

Economic Development /
Desarrollo Económico
Blvd. Bernardo Quintana No. 204
Col. Carretas
MX-76050 Querétaro, Querétaro
Phone: ++52-442-2482249
Fax: ++52-442-2237246

Representation / Representación
Montecitos No. 38, WTC
Piso No. 20, Oficina No. 34
Col. Nápoles
MX-03810 México, D.F.
Phone: ++52-55-54880480
Fax: ++52-55-54880480

Quintana Roo
(http:/www.quintanaroo.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Piso No. 2
Av. 22 de Enero No. 1
Col. Centro
MX-77000 Chetumal, Quintana Roo
Phone: ++52-983-8320620
Fax: ++52-983-8324257

Economic Development /
Desarrollo Económico
Edificio 7 de Diciembre
Andador Héroes con 22 de Enero
Col. Centro
MX-77000 Chetumal, Quintana Roo
Phone: ++52-983-8350500 ext. 1230
Fax: ++52-983-8350500

Representation / Representación
Av. Alvaro Obregón
Col. Roma
MX-06700 México, D.F.
Phone: ++52-55-52420170
Fax: ++52-55-55252207

San Luis Potosí (http:// www.sanluispotosi.gob.mx)

Governor / Gobernador
Palacio de Gobierno
Jardín Hidalgo No. 11
Col. Centro
MX-78000 San Luis Potosí, San Luis Potosí
Phone: ++52-444-8122950
Fax: ++52-444-8122707

Economic Development /
Desarrollo Económico
Manuel José Othón No. 130
Col. Centro
MX-78000 San Luis Potosí, San Luis Potosí
Phone: ++52-444-8149860
Fax: ++52-444-8149136

Representation / Representación
WTC, Piso No. 8, Oficina No. 26
Montecitos No.38
Col. Nápoles
MX-03810 México, D.F.
Phone: ++52-55-54880611
Fax: ++52-55-54880621

Sinaloa (http://www.sinaloa.gob.mx)

Governor / Gobernador
Palacio de Gobierno
Blvd. Constitución y Lázaro Cárdenas
Col. Centro
MX-80129 Culiacán, Sinaloa
Phone: ++52-667-7140745
Fax: ++52-667-7144401

Economic Development /
Desarrollo Económico
Palacio de Gobierno, Piso No. 1
Blvd. Constitución y Lázaro Cárdenas
Col. Centro
MX-80129 Culiacán, Sinaloa
Phone: ++52-667-7585200
Fax: ++52-667-7144508

Sonora (http://www.sonora.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Planta Alta
Dr. Paliza y Comonfort
Col. Centro
MX-83260 Hermosillo, Sonora
Phone: ++52-662-2120001

Economic Development /
Desarrollo Económico
Centro de Gobierno
Edificio Sonora Sur, Piso No. 3
Entre Av. Cultura y Comonfort
Col. Centro
MX-83280 Hermosillo, Sonora
Phone: ++52-662-2170830

Representation / Representación
Maricopa No. 21
Col. Nápoles
MX-03810 México, D.F.
Phone: ++52-55-56694419

Tabasco
(http://www.tabasco.gob.mx)

Governor / Gobernador
Palacio de Gobierno
27 de Febrero e Independencia No. 2
Col. Centro
MX-86000 Villahermosa, Tabasco
Phone: ++52-993-3120711
Fax: ++52-993-3123347

Economic Development /
Desarrollo Económico
Ave. Paseo Tabasco No. 1504
Col. Tabasco 2000
MX-86035 Villahermosa, Tabasco
Phone: ++52-993-3161180
Fax: ++52-993-3163474

Representation / Representación
Porfirio Díaz No. 102
Despacho No. 2
Col. Noche Buena
MX-03720 México, D.F.
Phone: ++52-55-56155224

Tamaulipas
(http://www.tamaulipas.gob.mx)

Governor/ Gobernador
Palacio de Gobierno, Piso No. 3
Av. Juárez y 5 de Mayo
Col. Centro
MX-87000 Cd. Victoria, Tamaulipas
Phone: ++52-834-3188700
Fax: ++52-834-3188701

Economic Development /
Desarrollo Económico
Torre Gubernamental, Piso No. 11
Blvd. Praxedis Balboa s/n
Col. Hidalgo
MX-87090 Cd. Victoria, Tamaulipas
Phone: ++52-834-3189500
Fax: ++52-834-3189500

Representation / Representación
Reforma No. 195, Piso No. 4
Col. Cuauhtémoc
MX-06500 México, D.F.
Phone: ++52-55-55663027
Fax: ++52-55-55663150

Tlaxcala
(http://www.tlaxcala.gob.mx)

Governor / Gobernador
Palacio de Gobierno
Plaza de la Constitución No. 3
Col. Centro
MX-90000 Tlaxcala, Tlaxcala
Phone: ++52-246-4650919
Fax: ++52-246-4650972

Economic Development /
Desarrollo Económico
1 de Mayo No. 22
Col. Centro
MX-90000 Tlaxcala, Tlaxcala
Phone: ++52-246-4621130
Fax: ++52-246-4621678

Representation/ Representación
San Ildefonso No. 40
Col. Centro
MX-06020 México, D.F.
Phone: ++52-55-57029110
Fax: ++52-55-57028181

Veracruz
(http://www.veracruz.gob.mx)

Governor / Gobernador
Palacio de Gobierno,
Enriques y Leandro Valle
Col. Centro
MX-91000 Jalapa, Veracruz
Phone: ++52-228-8173198
Fax: ++52-228-8182167

Economic Development /
Desarrollo Económico
Torre Animas, Piso No. 14
Blvd. Cristobal Colón No. 5
Fracc. Jardines de las Ánimas
MX-91190 Jalapa, Veracruz
Phone: ++52-228-8418500

Representation / Representación
Marsella No. 77
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-52087479 or 52087633
Fax: ++52-55-52087907

Yucatán
(http://www.yucatan.gob.mx)

Governor / Gobernador
Palacio de Gobierno, Planta Alta
Calle entre 60, 61, y 62
Col. Centro
MX-97000 Mérida, Yucatán
Phone: ++52-999-9280600
Fax: ++52-999-9280900

Economic Development /
Desarrollo Económico
Calle 59 No. 514 entre 62 y 64
Col. Centro
MX-97000 Mérida, Yucatán
Phone: ++52-999-9248002
Fax: ++52-999-9282323

Representation / Representación
Río Atoyac No. 9
Col. Cuauhtémoc
MX-06500 México, D.F.
Phone: ++52-55-52082041
Fax: ++52-55-52087267

Zacatecas
(http://www.zacatecas.gob.mx)

Governor / Gobernador
Palacio de Gobierno
Av. Miguel Hidalgo y Costilla No. 604
Col. Centro
MX-98000 Zacatecas, Zacatecas
Phone: ++52-492-9228775
Fax: ++52-492-9225576

Temporary Address/
Dirección Temporal
Juan de Tolosa No. 918
Col. Centro
MX-98000 Zacatecas, Zacatecas
Phone: ++52-492-9239571
Fax: ++52-492-9239500

Economic Development /
Desarrollo Económico
Av. Universidad No. 301
Col. Hidráulica
MX-98060 Zacatecas, Zacatecas
Phone: ++52-492-9228306
Fax: ++52-492-9244360

Representation / Representación
Bahía de Coqui No. 73
Col. Verónica Anzurez
MX-11300 México, D.F.
Phone: ++52-55-52603585
Fax: ++52-55-52603734

11.6 Selected Mexican Business Organisations

11.6.1 Umbrella Organisations

Confederation of National Chambers of Comerce, Services and Tourism
Confederación de Cámaras Nacionales de Comercio, Servicios y Turismo (CONCANACO-SERVYTUR)
Balderas No. 144, Piso No. 3
Col. Centro
MX-06079 México, D.F.
Phone: ++52-55-57229301
Fax: ++52-55-57229300 ext. 9410
concanac@prodigy.net.mx
Internet: http://www.concanaco.com.mx or http://www.concanacored.com

National Chamber of Transformation Industries
Cámara Nacional de la Industria de Transformación AC (CANACINTRA)
San Antonio No. 256
Col. Ampliación Nápoles
MX-03849 México DF
Phone: ++52-55-55633400
Fax: ++52-55-55988044
Internet: http://www.canacintra.org.mx

Chamber of Transformation Industries of the State of Nuevo León
Cámara de la Industria de Transformación de Nuevo León (CAINTRA)
Av. Fundidora No. 501
Local No. 95, Nivel No. 1
Col. Obrera
MX-64010 Monterrey, Nuevo León
Phone: ++52-88-83690200 or 83690201
Fax: ++52-88-83690210
E-mail: caintra@caintra.com
Internet: http://www.caintra.com

Confederation of Industrial Chambers of Mexico
Confederación de Cámaras Industriales de los Estados Unidos Mexicanos (CONCAMIN)
Manuel Ma. Contreras No. 133
Col. Cuauhtémoc
México, D.F.
Phone: ++52-55-51407800 or 51407801 or 51407802
Fax: ++52-55-51407831
Internet: http://www.concamin.org.mx

Employers' Confederation of the Mexican Republic
Confederación Patronal de la República Mexicana (COPARMEX)
Av.Insurgentes Sur No. 950, Piso No. 1
Col. Del Valle
MX-03100 México, D.F.
Phone: ++52-55-56825547
Fax: ++52-55-55361698
Internet: http://www.coparmex.org.mx

Business Coordination Council
Consejo Coordinador Empresarial (CCE)
Lancaster No. 15
Col. Juárez
MX-06600 México, D. F.
Phone: ++52-55-55140768 or 55140734 or 55149315
Internet: http://www.cce.org.mx

Mexican Foreign Trade Concil
Consejo Mexicano de Comercio Exterior (COMCE)
Eugenio Sue No. 94
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52810595
Fax: ++52-55-52812918
E-Mail: comce@comce.org.mx
Internet: http://www.comce.org.mx

11.6.2 Selected Industry-Specific Associations and Chambers

In order to find more industry-specific Associations and Chambers, use the Sistema de Información Empresarial Mexicano (SIEM; http://www.siem.gob.mx) or check the website of CONCAMIN at http://www.concamin.org.mx. See also Box 4.1 for more details.

Mexican Franchise Association
Asociación Mexicana de Franquicias (AMF)
Insurgentes Sur No. 1783, Despacho No. 303
Col. Guadalupe Inn
MX-01020 México, D.F.
Phone: ++52-55-56610655
Fax: ++52-55-56632178
Internet:
http://www.franquiciasdemexico.org

Mexican Automotive Manufacturers Association
Asociación Mexicana de la Industria Automotriz, A.C. (AMIA)
Ensenada No. 90
Col. Condesa
Del. Cuauhtémoc
MX-06100 México, D.F.
Phone: ++52-55-52721144
Fax: ++52-55-52727139
Internet: http://www.amia.com.mx

Mexican Association of Trade Fair, Exposition and Convention Professionals
Asociación Mexicana de Profesionales de Ferias, Exposiciones y Convenciones (AMPROFEC)
Av. Benjamín Franklin No. 166-4
Col. Escandón
MX-11800 México, D.F.
Phone: ++52-55-52731103
Internet: http://www.amprofec.org.mx

National Retailers Association of Mexico
Asociación Nacional de Tiendas de Autoservicio y Departamentales, AC (ANTAD)
Horacio No. 1855, Piso No. 6
Col. Chapultepec Morales
MX-11570 México, D.F.
Phone: ++52-55-55801772
Fax: ++52-55-53952610
E-mail: antadgral@antad.org.mx
Website: www.antad.org.mx

National Association of the Chemical Industry
Asociación Nacional de la Industria Química, A.C. (ANIQ)
Providencia No. 1118
Col. Del Valle
MX-03100 México, D.F.
Phone: ++52-55-52305100
E-Mail: aniq@aniq.org.mx
Internet: http://www.aniq.org.mx

National Chamber of the Pharmaceutical Industry
Cámara Nacional de la Industría Farmacéutica
Av. Cuauhtémoc No. 1481
Col. Santa Cruz Atoyac
MX-03310 México, D.F.
Phone: ++52-55-56889477
Fax: ++52-55-56889616
Internet: http://www.canifarma.org.mx

National Association of Importers and Exporters of the Mexican Republic
Asociación Nacional de Importadores y Exportadores de la República Mexicana, A.C. (ANIERM)
Monterrey No. 130
Col. Roma
MX-06700 México D.F.
Phone: ++52-55-55849522
Fax: ++52-55-55845317
Internet: http://www.anierm.org.mx

National Chamber of the Textile Industry
Cámara Nacional de la Industria Textil (CANAINTEX)
Plinio No. 220
Col. Polanco
MX-11510 México, D.F.
Phone: ++52-55-52808637
Fax: ++52-55-52803973
Internet: http://www.canaintex.org.mx

National Agricultural Council
Consejo Nacional Agropecuario (CNA)
Xola No. 914
Esq. con Juan Sánchez Azcona
Col. Narvarte
MX-03020 México, D.F.
Phone: ++52-55-56393004
Fax: ++52-55-52812918
Internet: http://www.cna.org.mx

National Council of Exporting In-Bond Assembly Industries
Consejo Nacional de la Industria Maquiladora de Exportación (CNIME)
Insurgentes Sur No. 813,
Despacho No. 5
Col. Nápoles
MX-03810 México, D.F.
Phone/Fax: ++52-55-55368292 or 55361759 or 55363559 or 55363555
Internet: http://www.cniem.org.mx

National Car Parts Industries
Industria Nacional de Autopartes, A.C.
Av. Colonia del Valle No. 607
Col. del Valle
MX-03100 México, D.F.
Phone: ++52-55-56825862
Fax: ++52-55-56693842
E-Mail: ina@ina.com.mx
Internet: http://www.ina.com.mx

11.7 Bilateral Chambers of Commerce and Industry

Latin-American Chamber of Commerce in Switzerland

Lateinamerikanische Handelskammer in der Schweiz
c/o Zürcher Kantonalbank
IB / International Banking
Postfach
CH-8010 Zürich
Phone: ++41-1-2720852
Fax: ++41-1-2758798
E-Mail: admin@latcam.ch
Internet: http://www.latcam.ch or http://www.perspectivas-mexico.ch

Mexican-Swiss Business Association

Asociación Empresarial Mexicano-Suiza
Secretario: Jörg Wiedenbach
c/o Swiss Re México, S.A.
Torre Siglum, Piso No. 20
Insurgentes Sur No. 1898
Col. Florida
MX-01030 México, D.F.
Phone: ++52-55-53228300
Fax: ++52-55-53228305
E-Mail: info@aems.com.mx
Internet: http://www.aems.com.mx

American Chamber Mexico

Mexico City Office:
American Chamber Mexico (AmCham)
Lucerna No. 78
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-51413800
Fax: ++52-55-57032911 or 57033908
E-Mail: amchammx@amcham.com.mx
Internet: http://www.amcham.com.mx

Guadalajara Office:
Av. Moctezuma No. 442
Col. Jardines del Sol
MX-45050 Zapopan, Jalisco
Phone: ++52-33-36346606
Fax: ++52-33-36347374
E-Mail: socios_gdl@amcham.com.mx
Internet: http://www.amcham.com.mx

Monterrey Office:
Río Manzanares No. 434 Ote.
Col. Del Valle
MX-66220 Garza García, Nuevo León
Phone: ++52-81-81142000
Fax: ++52-81-81142100
E-Mail: socios_mty@amcham.com.mx
Internet: http://www.amcham.com.mx

British Chamber of Commerce
Cámara de Comercio Británica
Río de la Plata No. 30
Col. Cuauhtémoc
MX-06500 México, D.F.
Phone: ++52-55-52560901
Fax: ++52-55-52115451
E-Mail: britcham@britchamexico.com
Internet: http://www.britchamexico.com

Canadian Chamber of Commerce in Mexico
Cámara de Comercio de Canadá
Blvd. M Ávila Camacho No. 1
Plaza Inverlat, Despacho No. 710
Col. Lomas de Chapultepec
MX-11009 México, D.F.
Phone: ++52-55-55804143
or 55803690
Fax: ++52-55-55802873
E-Mail: cdnchmbr@data.net.mx
Internet: http://www.cancham.org.mx

French-Mexican Chamber of Commerce and Industry
Cámara Franco-Mexicana
de Comercio e Industria
Protasio Tagle No. 104
Col. San Miguel Chapultepec
MX-11850 México, D.F.
Phone: ++52-55-52720960
Fax: ++52-55-55153030
E-Mail: camfrancomex@cfmci.com
Internet: http://www.cfmci.com

German-Mexican Chamber of Commerce and Industry
Cámara Mexicano-Alemana de
Comercio e Industria, AC (CAMEXA)
Bosque de Ciruelos No. 130, Piso No. 12
Col. Bosques de las Lomas
MX-11700 México, D.F.
Phone: ++52-55-55965528
Fax: ++52-55-55967695
E-Mail:
ahkmexiko@compuserve.com.mx
Internet: http://www.camexa.com.mx

Italian Chamber of Commerce in Mexico
Cámara de Comercio Italiana en México
Juan de la Barrera No. 38, Piso No. 2
Col. Condesa
MX-06140 México, D.F.
Phone: ++52-55-52861551
or 52861555 or 52861561
Fax: ++52-55-52114399 or 52111641
Mail: commenti@ccimx.com
Internet: http://www.ccimx.com

Spanish Chamber of Comerce
Cámara Española de Comercio, A.C.
Homero No. 1430
Col. Polanco
MX-11510 México, D.F.
Phone: ++52-55-53954803
or 53955281
Fax: ++52-55-53958955
E-mail: camescom@data.net.mx

11.8 National Trade Information Agencies

OSEC Business Network Switzerland (Zürich)
Stampfenbachstrasse 85
Postfach 492
CH-8035 Zürich
Phone: ++41-1-3655151
Fax: ++41-1-3655221
E-Mail: info@osec.ch
Internet: http://www.osec.ch

OSEC Business Network Switzerland (Lausanne)
Avenue d'Ouchy 47
Case Postale 1128
CH-1001 Lausanne
Phone: ++41-21-6133570
Fax: ++41-21-6133502
E-Mail: info@osec.ch
Internet: http://www.osec.ch

OSEC Business Network Switzerland (Lugano)
Corso Elvezia 16
Casella Postale 2378
CH-6901 Lugano
Phone: ++41-91-9115135
Fax: ++41-91-9115139
E-Mail: info@osec.ch
Internet: http://www.osec.ch

German Office for Foreign Trade (Germany)
BfAI – Bundesagentur für Aussenwirtschaft
Agrippastrasse 87-93
DE-50676 Köln
Phone: ++49-221-2057422
Fax: ++49-221-2057212
E-Mail: krumbiegel@bfai.de
Internet: http://www.bfai.com
or http://www.bfai.de

Directorate for International Economic Relations (France)
DREE - Direction des Relations Economiques Extérieures

Direction Régionale du Commerce Extérieur Franche-Comté
83 rue de Dole – BP 1907
FR-25020 Besançon Cedex
Phone: ++33-3-81411313
Fax: ++33-3-81512708
Mail: besancon@dree.org
Internet: http://www.dree.org/franchecomte

Mission Economique de Mexico
Ambassade de France
La Fontaine No. 32
Col. Polanco Chapultepec
MX-11560 México, D.F.
Phone: ++52-55-91719820
Fax: ++52-55-91719832
Internet: http://www.dree.org/mexique

National Institute for International Trade (Italy)

ICE – Istituto Nazionale per il Commercio Estero

Rome Office – Central Office /
Ufficio Centrale – Ufficio di Roma
Via Liszt, 21
IT-00144 Roma-EUR
Phone: ++39-06-59921
Fax: ++39-06-59926899 or 59926900
E-Mail: ice@ice.it
Internet: http://www.ice.it

Milan Office / Ufficio di Milano:
Corso Magenta, 59
IT-20123 Milano
Phone: ++39-02-480441
Fax: ++39-02-48005523
E-Mail: milano.milano@ice.it
Internet: http://www.ice.it

Mexico City Office:
Campos Eliseos No. 345,
Edificio Omega, Piso No. 7
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52808425 or
52813928 or 52813943
Fax: ++52-55-52802324
E-Mail: messico@messico.ice.it
Internet: http://www.ice.it

The Canadian Trade Commissioner Service

Canadian Mail Address:
Information Services (SXCI)
Department of Foreign Affairs and International Trade
125 Sussex Drive
CA-Ottawa, Ont. K1A 0G2
E-Mail: enqserv@dfait-maeci.gc.ca
Internet: http://www.infoexport.gc.ca

Mexico City Office
The Canadian Embassy
Calle Schiller, No. 529
Col. Bosque de Chapultepec, Polanco
MX-11580 México, D.F.
E-Mail: mxico@dfait-maeci.gc.ca
Internet: http://www.infoexport.gc.ca

The U.S. Commercial Service

New York U.S. Export Assistance Center
20 Exchange Place, 40th Floor
US-10005 New York, NY
Phone: ++1-212-8092642
Fax: ++1-212-8092687
E-Mail: office.newyork@mail.doc.gov
Internet: http://www.export.gov

Mexico City Office:
American Embassy
U.S. Commercial Service - Mexico City
Liverpool No. 31
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-51402600
Fax: ++52-55-55661115
E-Mail: office.mexico@mail.doc.gov
Internet: http://www.export.gov

Trade Partners UK

Mexico Unit London:
Mexico Unit
Bay 822/3 Kingsgate House
66-74 Victoria Street
UK-London, SW1E 6SW
Phone: ++44-20-72154297
Fax: ++44-20-72158268
E-Mail:
jason.pound@tradepartners.gov.uk
Internet:
http://www.tradepartners.gov.uk

Mexico Office:
British Embassy
Commercial Section
Rio Lerma No. 71, Apdo. No. 96 Bis
MX-06500 México, D.F.
Phone: ++52-55-52428500
Fax: ++52-55-52428522
Internet:
http://www.tradepartners.gov.uk

11.9 Market Research Agencies

11.9.1 Association

Mexican Association of Marketing and Public Opinion Research Agencies
Asociación Mexicana de Agencias de Investigación de Mercado y Opinión Pública (AMAI)
Homero No. 223, Piso No. 2
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52508936
or 52502107
Fax: ++52-55-52544210
Internet: http://www.amai.org

11.9.2 Firms

AC Nielsen S.A. de CV.
Horacio No. 1855, Piso No. 8
Col. Chapultepec Morales
MX-11570 México, D.F.
Phone: ++52-55-53871000
Fax: ++52-55-55801957
E-Mail: mexico@acnielsen.com
Internet: http://www.acnielsen.com.mx

Buró de Investigación de Mercados S. A. de C. V. (BIMSA)
Sófocles No. 118
Col. Chapultepec Morales
MX-11560 México, D.F.
Phone: ++52-55-55800288
Fax: ++52-55-53958648
E-Mail: mdelcast@bimsa.com.mx
Internet: http://www.bimsa.com.mx

Gallup de México, S. A. de C. V.
Colima No. 340, Piso No. 3
Col. Roma
MX-06700 México, D.F.
Phone: ++52-55-52300762 or
52300704 or 52300761
Fax: ++52-55-52300788 or 52300799
E-Mail: vision@circulor.com.mx
Internet: http://www.gallup.com.mx

IBOPE AGB México, S.A. de C.V.
Bruno Traven No. 60
Col. General Anaya
MX-03340 México, D.F.
Phone:++52-55-56884444
Fax: ++52-55-56056259 or 56051674
E-Mail: ibope@mail.internet.com.mx
Internet: http://www.ibope-agb.com.mx

Pearson, S. A. de C. V. (Cualitativo)
Homero No. 229, Pisos No. 8 and 9
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52544242
Fax: ++52-55-52545312
E-Mail: pearson@pearson-research.com
Internet:
http://www.pearson-research.com

Pearson, S. A. de C. V.
(Cuantitativo)
Homero No. 223, Piso No. 4
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-55315324
Fax: ++52-55-52038230
E-Mail: pearson@pearson-research.com
Internet:
http://www.pearson-research.com

11.10 Marketing and Advertising

11.10.1 Associations and Chambers

Mexican Association
of Daily Newspaper Editors
Asociacion de Editores de Diarios de la República Mexicana, A.C (AEDIRMEX)
Paseo de la Reforma No. 122,
Piso No. 10
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-57051870 or 57051939
Fax: ++52-55-55921785

Mexican Association of Promotion Agencies
Asociación Mexicana de Agencias de Promociones (AMAPRO)
Av. Revolución No. 1436
Col. Guadalupe Inn
MX-01020 México, D.F.
Phone: ++52-55-56623794 or 56631181
Fax: ++52-55-56631306
E-Mail: amapro@prodigy.net.mx
Internet: http://www.amapro.com.mx

Mexican Association of Advertising Agencies
Asociación Mexicana de Agencias de Publicidad (AMAP)
Plinio No. 112
Col. Los Morales
MX-11510 México, D.F.
Phone: ++52-55-52820249
Fax: ++52-55-52814066
Internet: http://www.amap.com.mx

Mexican Direct Marketing Association
Asociación Mexicana de Mercadotecnia Directa (AMMD)
World Trade Center
Montecito No. 38, Piso No. 23,
Oficina No. 14
Col. Nápoles
MX-03810 México, D.F.
Phone: ++52-55-54883163
Fax: ++52-55-54883165
E-Mail: ammd@avantel.net
Internet: http://www.ammd.com.mx

Mexican Association
of Billboard Advertising
Asociación Mexicana de Publicidad Exterior, A.C.
San Lorenzo No. 153, Despacho No. 303
Col. Del Valle
MX-03340 México, D.F.
Phone: ++52-55-55756186 or 55756179
Fax: ++52-55-55591523

National Advertising Association
Asociación National de la Publicidad (ANP)
Uxmal No. 620
Col. Narvarte
MX-03600 México, D.F.
Phone: ++52-55-56057001
Internet: http://www.anp.com.mx

National Chamber of the Cable TV Industry
Cámara Nacional de la Industria de la Televisión por Cable (CANITEC)
Monte Alban No. 281
Col. Narvarte
MX-03020 México, D.F.
Phone: ++52-55-56820298 or 56693691
Fax: ++52-55-56820881 or 56823750
E-mail: tvcable@canitec.org
Internet: http://www.canitec.org

National Chamber of the Radio and Television Industries
Cámara Nacional de la Industria de Radio y Televisión
Av. Horacio No. 1013
Col. Polanco Reforma
MX-11550 México, D.F.
Phone: ++52-55-57269909 or 52541833
Fax: ++52-55-52548930
Internet: http://www.cirt.com.mx

National Chamber of the Mexican Publishing Industry
Camára Nacional de la Industria Editorial Mexicana
Holanda No. 13
Col. San Diego Churubusco
MX-04120 México, D.F.
Phone: ++52-55-56882011 or 56882221 or 56882434
Fax: ++52-55-56044347 or 56043147
E-Mail: cepromex@caniem.com
Internet: http://www.caniem.com

11.10.2 Firms

BBDO/Mexico, S.A. DE C.V.
Bosque de Ciruelos No. 194, Piso No. 5
Col. Bosques de Las Lomas
MX-11700 México, D.F.
Phone: ++52-55-52510275
Fax: ++52-55-55965957
Internet: http://www.bbdo.com

Centro de Información de Mercadotecnia Mexicana (CIMM)
Altamirano No. 50
Interior No. 45
Col. Tizapán San Angel
MX-01090 México, D.F.
Phone:++52-55-56160751
Fax: ++52-55-55507440
E-Mail: cimm@att.net.mx
Internet: http://www.cimm.com.mx

Grey México, S.A. de C.V.
Galileo No. 317
Col. Polanco
MX-11550 México, D.F.
Phone: ++52-55-55455630
Fax: ++52-55-55310905
Internet: http://www.grey.com

Leo Burnett, S.A. de C.V.
Bosque de Duraznos No. 65, Piso No. 8
Col. Bosques de Las Lomas
MX-11700 México, D.F.
Phone: ++52-55-55966188
Internet: http://www.bcom3group.com/about/latin.asp

McCann-Erickson
Palo Santo No. 22
Col. Lomas Altas
MX-11950 México, D.F.
Phone: ++52-55-52585901
Fax: ++52-55-52585917
Internet: http://www.mccann.com

Young & Rubicam, S.A. de C.V.
Bosques de Manzanos No. 61,
Piso No. 5
Col. Bosques de las Lomas
MX-11700 México, D.F.
Phone: ++52-55-52460000
or 52460005
Fax: ++52-55-52460100
Internet: http://www.yr.com

11.11 Law Firms in Mexico

Barrera, Siqueiros y Torres-Landa
Montes Urales 470, Piso No. 1
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-55408000
Fax: ++52-55-55205115
Internet: http://www.bstl.com.mx

Basham, Ringe y Correa
Paseo de los Tamarindos No. 400-A,
Piso No. 9
Col. Bosques de las Lomas
MX-05120 México, D.F.
Phone: ++52-55-52610400
Fax: ++52-55-52610496
basham@basham.com.mx
Internet: http://www.basham.com.mx

Bermúdez, Wiencke & Bermúdez
Av. Paseo de las Palmas No. 405,
Piso No. 10
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-52023046
Fax: ++52-55-52023082
E-Mail: bwb@bwb.com.mx
Internet: http://www.bwb.com.mx

Capin, Calderon, Ramirez y Gutierrez-Azpe
Galileo No. 55, Piso No. 1
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52809193
Fax: ++52-55-52810851
E-Mail: capincalderon@ccrga.com
Internet: http://www.ccrga.com

Chevez, Ruiz, Zamarripa y Cia
Villa de los Duraznos No. 69,
Despacho No. 9
Col. Bosques de las Lomas
MX-11700 México, D.F.
Phone: ++52-55-55966813
E-Mail: cheruza@chevez.com.mx

Goodrich, Riquelme y Asociados
Mexico City Office:
Paseo de la Reforma No. 265
MX-06500 México, D.F.
Phone: ++52-55-55330040
Fax: ++52-55-55251227
E-Mail:
mailcentral@goodrichriquelme.com
Internet:
http://www.goodrichriquelme.com

Paris Office:
24, Avenue de l'Opera
FR-75001 Paris
Phone: ++33-1-42602700
Fax: ++31-1-42602713
E-Mail: 100322.173@compuserve.com
Internet:
http://www.goodrichriquelme.com

Noriega y Escobedo
Sierra Mojada No. 626
Col. Lomas de Chapultepec
MX-11010 México, D.F.
Phone: ++52-55-52843333
Fax: ++52-55-52843310 or 52843312 or 52843327
Internet:
http://www.noriegayescobedo.com.mx/

Obregon, Quintana y Wöss
Bosque de Duraznos No. 65,
Piso No. 2-208
Col. Bosque de las Lomas
MX-11700 México, D.F.
Phone: ++52-55-55966644
Fax: ++52-55-55967914
E-Mail: obregon@oqw.com.mx
Internet: www.oqw.com.mx

Quijano, Cortina Lopez y de la Torre
Capuchinas No. 55
Col. San José Insurgentes
MX-03900 México, D.F.
Phone: ++52-55-56117711
Fax: ++52-55-56115732
E-Mail: quilex@compuserve.com

Ritch, Heather y Mueller
Amberes No. 5
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-52076533
Fax: ++52-55-52075569
E-Mail: contact@rhm.com.mx
Internet: http://www.rhm.com.mx

Sánchez Mejorada, Velasco y Valencia
Paseo de la Reforma No. 450
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-52020777
Fax: ++52-55-52028222
E-Mail: smvv@smvv.com.mx
Internet: http://www.smvv.com.mx

Santamarina y Steta
Campos Eliseos No. 345
(Edificio Omega), Piso No. 3
Col. Chapultepec Polanco
MX-11560 México, D.F.
Phone: ++52-55-52814198 or 52795400
Fax: ++52-55-52806226 or 52807614
E-Mail: infomex@s-s.com.mx
Internet:
http://www.santamarinaysteta.com.mx

White & Case
Paseo de las Palmas 405 (Torre Optima),
Piso No. 5
Col. Lomas de Chapultepec
MX-11000 México D.F.
Phone: ++52-55-5540 9600
Fax: ++52-55-55409699
E-Mail: mexico@whitecase.com
Internet: http://www.whitecase.com

11.12 Banking

11.12.1 Association

Mexican Bankers' Association
Asociación de Banqueros de México, A.C. (ABM)
16 de Septiembre No. 27
Col. Centro Histórico
MX-06000 México, D.F.
Phone: ++52-55-57224305
Internet: http://www.abm.org.mx

11.12.2 Mexican Banks

National Bank for International Trade
Banco Nacional de Comercio Exterior, S.N.C. (BANCOMEXT)

Mexico City Office:
Periférico Sur No. 4333, Piso No. 3 Ote.
Col. Jardines en la Montaña
MX-14210 México, D.F.
Phone: ++52-55-54499000
Fax: ++52-55-54499443 or 54499223
Mail: info@bancomext.com
Internet: http://www.bancomext.com or http://www.bancomext.gob.mx

Frankfurt Office:
Bancomext Germany
Rüster Strasse 1
DE-60325 Frankfurt
Phone: ++49-69-9726980
Fax: ++49-69-9726981
E-mail: frankfurt@bancomext.de
Internet: http://www.bancomext.com or http://www.bancomext.gob.mx

Paris Office:
4, Rue Notre Dame des Victoires
FR-75002 Paris
Phone: ++33-1-42866000 or 42866001 or 42866003
Fax: ++33-1-42615295 or 42866012
E-Mail: francia@bancomext.net

Grupo Financiero Banorte
Presidente Mazarik No. 29, Local-C
Col. Polanco
MX-11560 México, D.F.
Internet: http://www.banorte.com.mx

Grupo Financiero BBVA Bancomer
Av. Presidente Masarik No. 382
Esq. con Oscar Wilde
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-56241199
Internet: http://www.bancomer.com.mx

Grupo Financiero Bital
Paseo de la Reforma No. 156
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-57212222
Internet: http://www.bital.com.mx

Grupo Financiero Citibank-Banamex
Av. Presidente Masarik No. 375
Col. Polanco
MX-11550 México, D.F.
Phone: ++52-55-57253000
Internet: http://www.banamex.com.mx

Credit Suisse
Edificio Omega
Campos Eliseos No. 345, Piso No. 9
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52025525
Fax: ++52-55-52024223
Internet: http://www.creditsuisse.ch

Grupo Financiero Santander Serfín
Monte Elbruz No. 108
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-52811506
Internet: http://www.serfin.com.mx

KBC Bank NV
Rubén Dario No. 281, Piso No. 8
Bosque de Chapultepec
MX-11580 México, D.F.
Phone: ++52-55-52821312
Fax: ++52-55-52821329

Scotiabank Inverlat
Plaza Inverlat / Dirección General
Blvd. Manuel Avila Camacho No. 1
Col. Lomas de Chapultepec
MX-11009 México, D.F.
Phone: ++52-55-52292004
Fax: ++52-55-52292447
Internet: http://www.inverlat.com.mx

UBS - Warburg Dillon Read
Edificio Omega
Campos Eliseos No. 345, Piso No. 19
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52827777 or 52827723 or 52827724
Fax: ++52-55-52827799

11.12.3 Swiss Banks

Banco J. Vontobel & Co AG
Andrés Bello No. 10, Piso No. 19
Col. Polanco
MX-11560 México, D.F.
Phone: ++52-55-52802923 or 56523343
Fax: ++52-55-52803558

Commerzbank AG
Representación en México
Rubén Darío No. 281,
Despacho No. 1301
Col. Bosques de Chapultepec
MX-11580 México, D.F.
Phone: ++52-55-52822704 or
52821986 or 52822897
Fax: ++52-55-52822260

Goldman Sachs México Casa de Bolsa, S.A. de C.V.
Torre Óptima
Av. Paseo de las Palmas No. 405,
Piso No. 18
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-55408100
Fax: ++52-55-55408200
Internet: http://www.gs.com

HypoVereinsbank
Paseo de la Palmas No. 405, Piso No. 11
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-52209082
Fax: ++52-55-52206715
Mail: bvmb@solar.sar.net
Internet:
http://www.hypovereinsbank.de

Joint Representative Office of Dresdner Bank Lateinamerika AG and Dresdner Bank ATG
Bosque de Alisos No. 47-A, Piso No. 4
Col. Bosques de las Lomas
MX-05120 México, D.F.
Phone: ++52-55-52583170
Fax: ++52-55-52583199
E-mail: mexico@dbla.com
Internet: http://www.dbla.com

J P Morgan Chase
Torre Ótpima
Paseo de la Palmas No. 405,
Pisos No. 14, 15 y 16
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-55409333 or
55409595
Fax: ++52-55-55409594 or 55409322
Internet:
http://www.jpmorganchase.com

Merrill Lynch Mexico
Paseo de las Palmas No. 405, Piso No. 8
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-52013200
Fax: ++52-55-52013222
Internet:http://www.ml.com

Société Générale
Paseo de la Reforma No. 265, Piso No. 1
Col. Cuauhtémoc
MX-05500 México, D.F.
Phone: ++52-55-51488800 or
52585806/08
Internet: http://www.socgen.com

11.13 Insurance and Reinsurance

11.13.1 Association

Mexican Insurers' Association
Asociación Mexicana de Instituciones de Seguros, A.C. (AMIS)
Fco. I Madero No. 21
Col. Tlacopac San Ángel
MX-01140 México, D.F.
Phone: ++52-55-56626161
Internet: http://www.amis.com.mx

11.13.2 Insurance and Reinsurance Companies

Allianz Oficina en México City
Blvd. Manuel Ávila Camacho No. 164
Col. Lomas de Barrilaco
MX-11010 México, D.F.
Phone: ++52-55-52013000
Fax: ++52-55-55403204
Internet: http://www.allianz.com.mx

Grupo Zurich México
Manuel Avila Camacho No. 126
Col. Lomas de Chapultepec
MX-11000 México, D.F.
Phone: ++52-55-52841000
Fax: ++52-55-52841020
Mail: zurnet@mx.zurich.com
Internet: http://www.zurich.com.mx

Münchener Rückversicherungsgesellschaft
Oficina de Representación en México
José Mariá Velasco No. 30
Col. San José Insurgentes
MX-03900 México, D.F.
Phone: ++52-55-56519388
or 56519252
Fax: ++52-55-56800243
Internet: http://www.munichre.com

Seguros Atlas
Córdoba No. 42, Esq. con Puebla
Col. Roma
MX-06700 México, D.F.
Phone: ++52-55-52097800 or
52097866 or 52097867 (emergencies)
Fax: ++52-55-52097914
Internet:
http://www.segurosatlas.com.mx

Seguros Inbursa, S. A.
Av. Insurgentes Sur No. 3500
Col. Peña Pobre
MX-14060 México, D.F.
Phone: ++52-55-53250505
or 53250992
Fax: ++52-55-53250510
Internet: http://www.tuseguro.com.mx

Swiss Re México, S.A.
Insurgentes Sur No. 1989, Piso No. 20
(Torre Siglum)
Col. Florida
MX-01030 México, D.F.
Phone: +52-55-53228300 or 53228304
Fax: +52-55-53228305
Internet: http://www.swissre.com

11.14 Logistics

11.14.1 Associations and Chambers

Mexican Transporters' Association
Asociación Mexicana de Trasportistas, A.C.
Juan Racine No. 112, Piso No. 3
Col. Chapultepec Los Morales
MX-11510 México, D.F.
Phone: ++52-55-55800058
Fax: ++52-55-55800058
E-Mail: asmeta@prodigy.net.mx

Mexican Chamber of Maritime Transport Industries
Cámara Mexicana de la Industria del Transporte Marítimo (CAMEINTRAM)
Darwin No. 32, Piso No. 5
Col. Nueva Anzures
MX-11590 México, D.F.
Phone: ++52-55-52543997
or 52540566
Fax: ++52-55-52543928
E-Mail:
cameintram@cameintram.org.mx
Internet: http://www.cameintram.org.mx

National Chamber of Airtransport
Camara Nacional de Aerotransportes (CANAERO)
Paseo de la Reforma No. 509, Piso No. 9
Col. Juárez
MX-06500 México, D.F.
Phone: ++52-55-52864000
or 52863515
Fax: ++52-55-52864005
E-Mail: canaero@solar.sar.net

National Chamber of Road Cargo Transportation
Cámara Nacional del Auto-transporte de Carga (CANACAR)
Pachuca No. 158 bis, Piso No. 4
Col. Condesa
MX-06140 México, D.F.
Phone and Fax: ++52-55-52121775
E-Mail: webmaster@canacar.com.mx
Internet: http://www.canacar.com.mx

Mexico's National Custom Brokers Confederation
Confederacíon de Asociaciones de Agentes Aduanales de la Republica Mexicana (CAAAREM)
Hamburgo No. 225
Col. Juárez
MX-06600 México, D.F.
Phone: ++52-55-55330075
Fax: ++52-55-55258070
E-Mail: ltellez@caaarem.org.mx
Internet: http://www.caaarem.org.mx

Grupo Trafimar S.A. de C.V.
Ferrocarril Acambaro No. 77
Col. San Luís Tlatilco
MX-53630 Naucalpan de Juárez, Estado de México
Phone: ++52-55-53129900 ext. 3180 or 53129908
Fax: ++52-55-53016111
E-Mail: toedtli@trafimar.com.mx
Internet: http://www.trafimar.com.mx

Natural AG

Head Office:
Internationale Transporte und Logistik
St. Jakobs-Strasse 220
CH-4002 Basel
Phone: ++41-61-3165151
Fax: ++41-61-3137543
E-Mail: generalmanagement@natural-transport.ch
Internet:
http://www.natural-transport.ch

Mexican Agent:
Cotrans S.A.
Mr. Dominik Blattmann
Dakota No. 360
Col. Napoles
MX-03818 México, D.F.
Phone: ++52-5-55233506
Fax: ++52-5-555232505
E-Mail: cotrans_dblattmann@att.net.mx

Panalpina Management AG

Swiss Head Office:
Viaduktstr. 42
CH-4002 Basel
Phone: ++41-61-2261111
Fax: ++41-61-2261101
Internet: http://www.panalpina.ch or http://www.panalpina.com

Mexican Office:
Calle 1 No. 129
entre Avenida Norte e Iztacalco
Col. Pantitlán
MX-08100 México, D.F.
Phone: ++52-55-57169800
Fax: ++52-55-57169899
E-Mail: daniel.regli@mex.panmail.com
Internet: http://www.panalpina.com.mx or http://www.panalpina.com

Via Mat Management AG

Swiss Head Office:
Steinackerstr. 47
Postfach 635
CH-8302 Kloten
Phone: ++41-1-8049292
Fax: ++41-1-8049293
E-Mail: info@viamat.com
Internet: http://www.viamat.com

Mexican Agent:
Senator de México S.A. de C.V.
Anatole France No. 349
Col. Polanco
MX-11560 México, D.F.
E-Mail: manuel.diaz@mex.senator-international.com
Internet: http://www.senator-international.com

Danzas Management AG

Head Office Switzerland
Peter Merian-Str. 88
CH-4002 Basel
Phone: ++41-61-2747474
Fax.: ++41-61-2747475
Internet: http://www.danzas.com

Mexico City:
Danzas AEI S.A. de C.V.
Asistencia Pública No. 596
Col. Federal
MX-15700 México, D.F.
Phone: ++52-55-57851896
Fax: ++52-55-57850536
Internet: http://www.danzasaei.com

Kühne & Nagel Management AG

Head Office Switzerland:
Dorfstr. 50
CH-8834 Schindellegi
Phone: ++41-1-7869511
Fax: ++41-1-7869595
E-Mail: kn.headoffice@kuehne-nagel.com
Internet: http://www.kuehne-nagel.com

Mexico City:
Av. Soles No. 55
Col. Peñón de los Baños
MX-15520 México, D.F.
Phone: ++52-55-57513884 or 51333840
Fax: ++52-55-51333838

11.15 Real Estate

Mexican Association of Industrial Parks
Asociación Méxicana de Parques Industriales, A.C. (AMPIP)
Solón No. 352
Col. Polanco
MX-11530 México, D.F.
Phone: ++52-55-52814422
Fax: ++52-55-52815984
E-Mail: ampip@prodigy.net.mx
Internet: http://www.ampip.org.mx

Real estate consultant for private flats and houses:
Bernardo Diederich F.
Zacatecas No. 21, Int. No. 16
Col. Roma
MX-06700 México, D.F.
Phone and Fax: ++52-55-55741394

For business buildings and offices:
Kunz y Asociados, S.A. de C.V.
Paseo de la Reforma No. 403 – 1001
MX-06500 México, D.F.
Phone: ++52-55-55335575 to 79
FAX: ++52-55-52076427

Quality inmobilaria
Bosque de Ciruleos No. 140 – 403
Col. Bosques de las Lomas
MX-11700 México, D.F.
Phone: ++52-55-52511521
Fax: ++52-55-55963339
E-mail: quality@infocel.net.mx

11.16 Other Useful Addresses

Board of Notaries
Colegio de Notarios (del Distrito Federal)
Río Tigris No. 63
Col. Cuauhtémoc
MX-06500 México, D.F.
Phone: ++52-55-55253795
Fax: ++52-55-55113184
E-mail: notario@avantel.net
Internet: http://www.colnotdf.com.mx

Swiss College in Mexico
(Main campus Mexico-City)
Colegio Suizo de México, A.C.
Nicolás San Juan No. 917
Col. Del Valle
MX-03100 México, D.F.
Phone: ++52-55-55437862 or 55437865
Fax: ++52-55-55239843
E-Mail: df.info@csm.edu.mx
Internet: http://www.csm.edu.mx

Dresdner Bank Lateinamerika AG (DBLA)
(formerly: Deutsch-Südamerikanische Bank AG)
Neuer Jungfernstieg 16
DE-20354 Hamburg
Phone: ++49-40-35950
Fax: ++49-40-35953314
E-Mail: public-relations@dbla.com
Internet: http://www.dbla.com

Dun & Bradstreet Mexico S.A. de C.V.
Durango No. 263, Pisos No. 4 y 5
Col. Roma
MX-06700 México, D.F.
Phone: ++52-55-52296900 or 52296911
Fax: ++52-55-55110065
E-Mail: custservmx@dnb.com
Internet: http://www.dnbmex.com.mx or http://www.dnb.com

EFTA Secretariat, Headquarters
9-11, rue de Varembé
CH-1211 Genève 20
Phone: ++41-22-7491111
Fax: ++41-22-7339291
E-Mail: efta-mailbox@efta.int
Internet: http://www.efta.int

Swiss Customs
Eidgenössisches Finanz-departement – Oberzolldirektion
Monbijoustrasse 40
CH-3003 Bern
Phone: ++41-31-3226511
Fax: ++41-31-3227872
Internet: http://www.zoll.admin.ch

Swiss Export Risk Guarantee
Exportrisikogarantie ERG – Garantie contre les risques à l'exportation GRE
Kirchenweg 8
Postfach
CH-8032 Zürich
Phone: ++41-1-3844777
Fax: ++41-1-3844787
Mail: office@swiss-erg.com
Internet: http://www.swiss-erg.com

Swiss Investment Risk Guarantee
Geschäftsstelle für die Investitionsrisikogarantie IRG
Kirchenweg 8
Postfach
CH-8032 Zürich
Phone: ++41-1-3844777
Fax: ++41-1-3844787
Mail: office@swiss-irg.com
Internet: http://www.swiss-irg.com

Ibero-American Association (Hamburg)
Ibero-Amerika Verein e.V.
Ibero-Amerika Haus
Alsterglacis 8
DE-20354 Hamburg
Phone: ++49-40-4134313
Fax: ++49-40-457960
E-Mail: info@ibero-amerikaverein.de
Internet: http://www.ibero-amerikaverein.de

Swiss Association of International Trading Houses
Schweizerischer Verband der Internationalen Handelsfirmen
c/o Vischer Anwälte und Notare
Aeschenvorstadt 4
Postfach 526
CH-4010 Basel
Phone: ++41-61-2793391
Fax: ++41-61-2793310
Internet: http://www.vischer.com

Swiss Standardisation Association
Schweizerische Normen-vereinigung
Bürglistrasse 29
CH-8400 Winterthur
Phone: ++41-52-2245454
Fax: ++41-52-2245474
E-Mail: info@snv.ch
Internet: http://www.snv.ch

SGS Société Générale de Surveillance de México, S.A. de C.V.
Av. Ingenieros Militares No. 85,
Piso No. 5
Col. Argentina Poniente
MX-11230 México, D.F.
Phone: ++52-55-53872100
Fax: ++52-55-53872170
E-Mail: sgs_mexico@sgs.com
Internet: http://www.sgs.com.mx

Swiss State Secretariat for Economic Affairs
Staatssekretariat für Wirtschaft SECO
Ressort Americas
Bundeshaus Ost
CH-3003 Bern
Phone: ++41-31-3241453
Fax: ++41-31-3239525

Task Force Small and Medium-Sized Enterprises
Task Force KMU (Staatssekretariat für Wirtschaft)
Gurtengasse 3
CH-3003 Bern
Phone: ++41-31-3237209
E-Mail: info@kmuinfo.ch
Internet: http://www.kmuinfo.ch

Swiss Development Finance Corporation (SDFC)
Talacker 41
Postfach
CH-8039 Zürich
Phone: ++41-1-2265260
Fax: ++41-1-2265261
E-Mail: mail@swiss-dfc.ch
Internet: http://www.swiss-dfc.ch

TÜV Rheinland de México S.A. de C.V.
Av. Santa Fé No. 170, Oficina No. 2-4-10 (German Center)
Col. Lomas de Santa Fé
MX-01210 México, D.F.
Phone: ++52-55-85039940
Fax: ++52-55-85039947
E-Mail: bindlekofer@tuv.com
Internet: http://www.tuv.com.mx

Swiss Organization for Facilitating Investments (SOFI)
Stauffacherstrasse 45
Postfach
CH-8026 Zürich
Phone: ++41-1-2493050
Fax: ++41-1-2493133
E-Mail: contact@sofi.ch
Internet: http://www.sofi.ch

Federation of Swiss Importers and Wholesale Traders
Vereinigung des Schweizerischen Import- und Grosshandels (VSIG)
Güterstrasse 78
Postfach
CH-4010 Basel
Phone: ++41-61-2289030
Fax: ++41-61-2289039
E-Mail: info@vsig.ch
Internet: http://www.vsig.ch

12 Selected Literature

The following references relate to useful literature on the Mexican economy and on doing business in Mexico. Titles are listed in alphabetical order. Please note that internet addresses of editing institutions are listed for the convenience of readers only (e.g. for the search of updates or ordering information). They do not imply that each listed publication is available for download from the internet.

AC Nielsen ed. (2001):
Factbook 2001 – Tendencias del Mercado Mexicano; Banco de Datos
(http://www.acnielsen.com/mx)

Ambassade de France ed. (2002):
Les organisations patronales au Mexique; Mexico City
(http://www.dree.org/mexique)

American Chamber Mexico ed. (2000):
Business Resources/Contactos Empresariales; Supplement to: The Guide to Mexico for Business; Mexico City: AmCham (http://www.amcham.com.mx)

American Chamber Mexico ed. (2001):
The Guide to Mexico for Business; Mexico City: AmCham
(http://www.amcham.com.mx)

American Chamber Mexico ed. (2001):
The Insider's Guide to Living in Mexico City, Guadalajara, Monterrey; Supplement to: The Guide to Mexico for Business; Mexico City: AmCham
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Costos Industriales en México – Una Guía para el Inversionista Extranjero; 7th edition (http://www.bancomext.gob.mx or http://www.bancomext.com)

BBVA Bancomer ed. (2002):
Informe Económico/Economic Report; latest editions; Mexico City: BBVA Bancomer (http://www.bancomer.com.mx/economica)

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Exportieren nach Mexiko; Köln/Berlin: BfAI (http://www.bfai.com)

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Eidgenössische Oberzolldirektion ed. (2001):
Schweizerische Aussenhandelsstatistik – Jahresbericht 2000; Bern: OZD (http://www.zoll.admin.ch)

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Market Research Center / Canadian Trade Commissioner ed. (2000):
Steps Towards Entering the Mexican Market; Ottawa (http://www.infoexport.gc.ca)

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13 Selected Internet Resources

Most inter net resources which bear importance for business purposes have been listed in the preceding chapters of this book, partly throughout the text, partly also in chapters 11 and 12. The following is a selection of other useful websites for information on Mexico which have, in general, not yet been listed elsewhere.

13.1 Project Websites "Perspectivas México"

Project Website "Perspectivas México"
http://www.perspectivas-mexico.ch

Latin American Chamber of Commerce in Switzerland
http://www.latcam.ch

Swiss Institute for International Economics and Applied Economic Research
http://www.siaw.unisg.ch or http://www.wtoresearch.ch

Thomas A. Zimmermann
http://www.zimmermann-thomas.de

13.2 Media

13.2.1 News Agencies

Notimex
http://www.notimex.com.mx

Reuters Mexico
http://www.reuters.com.mx

13.2.2 Newspapers

El Economista
http://www.economista.com.mx

El Excelsior
http://www.excelsior.com.mx

El Financiero
http://www.elfinanciero.com.mx

El Informador (Guadalajara)
http://www.informador.com.mx

El Norte
http://www.elnorte.com.mx

El Occidental (Guadalajara)
http://www.eloccidental.com.mx

El Sol de México
http://www.elsoldemexico.com.mx

El Universal
http://www.eluniversal.com.mx

La Jornada
http://www.jornada.unam.mx

La Prensa
http://www.oemenlinea.com.mx or http://www.laprensa.com.mx

Milenio – Diario de Monterrey
http://www.diariodemonterrey.com or http://www.milenio.com/monterrey

Reforma
http://www.reforma.com

13.2.3 Business Magazines

Alto Nivel
http://www.altonivel.com.mx

Business Mexico (English)
http://www.amcham.com.mx

El Asesor (México/Monterrey)
http://www.elasesor.com.mx

Entrepreneur
http://www.soyentrepreneur.com

Expansión
http://www.expansion.com.mx

Mundo Ejecutivo
http://www.intermundo.com.mx

13.2.4 Major National Television Programs

Azteca 7 (XHIMT)
http://www.tvazteca.com.mx

Azteca 13 (XHDF)
http://www.tvazteca.com.mx

Televisa Canal 2 (XEW)
http://www.televisa.com.mx or http://www.esmas.com/televisa

Televisa Canal 4 (XHTV)
http://www.televisa.com.mx or http://www.esmas.com/televisa

Televisa Canal 5 (XHGC)
http://www.televisa.com.mx or http://www.esmas.com/televisa

Televisa Canal 9 (XEQ)
http://www.televisa.com.mx or http://www.esmas.com/televisa

13.3 Other Websites with Mexican Content

The following is a selection of Internet Portals on Mexico. In most cases, they offer a variety of contents ranging from business over politics to cultural issues, frequently including news tickers or travel pages.

http://www.mexconnect.com

http://www.mexicanwave.com

http://www.mexico.com

http://www.mexico-info.com

http://www.mexico-trade.com

http://www.mexico-travel.com

http://www.mexico.web.com.mx

http://www.mexonline.com

http://www.precisa.gob.mx

http://www.trae-sc.com

http://www.yahoo.com.mx

On 1 July 2001, a far-reaching free trade agreement between the EFTA States and Mexico entered into force. "Doing Business in Mexico" provides targeted assistance to Swiss Small and Medium-Sized Enterprises (SME) that wish to tap the potential of Mexico as both an export destination and investment location. This comprehensive guide contains information and advice on market research, market entry, and investment in this fascinating country.

Doing Business in Mexico

Thomas A. Zimmermann

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http://www.perspectivas-mexico.ch