

Legends Consulting Country Fact Sheet



MEXICO

CURRENCY: PESO

Introduction

Doing business in Mexico can be tricky business, despite its geographical proximity to the United States. Legislative and political conflict between the United States and Mexican government, often based on cultural ideologies, frequently alters trade regulations, perceptions within the business climate, and the availability of a steady market. However, both the United States and Mexico are highly reliant on trade in commodities, oil, manufactured goods and manpower, meaning that there will always be a business incentive to maintain relations. Regulations like NAFTA serve to protect the free movement of such goods and services between nations. On a micro-level, the most important aspect of doing business in Mexico is forming partnerships based on mutual trust and patience.



Business

When working with members of the Mexican business class one will likely encounter a very bureaucratic environment. If cold-calling a business individual it is likely that one will need to speak to a hierarchal line of secretarial agents before being able to speak directly to an executive. This is best administered in Spanish. While most executives do speak English many of their administrators do not. Being able to speak the native language is also very important when it comes to establishing business credibility, a key factor in the ability to close deals. Patience is key when dealing with business professionals: one must be willing to meet with a professional on a friendly basis at least one time before speaking of business matters. Having an understanding of the personal values of the opposite professional further establishes a trusted relationship. Formal dress, overtly polite mannerisms and small gifts are appreciated.

Several trade regulations are important to take into account when working with Mexican organizations. The first is NAFTA, which should serve to simplify trade relations between any North American and Mexican country. However, economic and political instability often lead to legislation limiting the flow of human capital and manufactured goods. Before doing business in Mexico it is pertinent to identify the relevant regulations.

Travel

Although traveling to Mexico from other major foreign cities is a simple and affordable process, once arriving in Mexico travel becomes much more complicated. Many major airlines have direct flights to large airline hubs in Mexico. It is advisable to travel to Mexico by air versus by vehicle from the United States due to lengthy and potentially dangerous situations at customs checkpoints along the border. International citizens are often warned not to travel in certain regions or cities of Mexico due to danger related to transnational criminal activity. Beware of such restrictions, advisories and warnings.

Driving a vehicle independently in Mexico is not advisable. There are complicated processes for renting a vehicle or securing a vehicle permit. When driving it is best to avoid the “libre” highways for the toll roads, or “couta,” as they are more closely monitored. When traveling in populated areas roads are better kept, but in rural areas roads are much more difficult to navigate and less well-kept. Renting a cab, taxi or chaperoned vehicle is recommended, with careful background checking of the driver and organization.

When traveling in Mexico it is most important to use one’s common sense. Keep to legitimate business areas and avoid being out at night, unless carefully travel arrangements are taken.

Demographics

The majority of business takes place in major urban areas, where 78% of the Mexican population lives. Although Mexico is a modern country, especially in urban centers like Mexico City, many of the traditional views on family, social life, and religion persist. Catholicism is the major religion in Mexico, supported by many foreigners who travel to the country to do charitable work with churches. Religious holidays are fervently celebrated and common social mores often relate directly to Christian teachings. Family life is respected and protected. The family and society at large are arranged under traditionally patriarchal lines, where the father or male executive serves as the decision-maker and women serve more functional roles. It is important to show respect to the family, the Church, and the traditional means of social organization when visiting the country.

Views toward foreigners

A high crime rate in the country renders foreigners particularly vulnerable to petty crime like pick-pocketing and stealing. Foreigners are advised to use caution when making travel, tour and stay arrangements while in the country; it is a good idea to verify the legitimacy of organizations before committing to an agreement with them.

In business foreigners are often regarded as impersonal and pushy. Mexican business-people place a great deal of importance in the business hierarchy and relationship-building. They do not value to quick deal-making typical of many foreigners, especially Americans.

Most foreign visitors are tourists and are therefore viewed as an integral part of the Mexican economy, garnering a level of respect therein. Yet this also renders them an easy target. On the other, there are many foreigners who visit Mexico to undertake charitable and developmental causes. Truly, there is not a general attitude toward foreigners; rather, it is wise to analyze the unique situation of individual regions, cities, and individuals to determine their viewpoint.

Economic Overview and selected data

(The information below is taken directly from the CIA World Factbook: www.cia.gov/library/publications/the-world-factbook/)

Mexico has a free market economy in the trillion dollar class. It contains a mixture of modern and outmoded industry and agriculture, increasingly dominated by the private sector. Recent administrations have expanded competition in seaports, railroads, telecommunications, electricity generation, natural gas distribution, and airports. Per capita income is roughly one-third that of the US; income distribution remains highly unequal. Since the implementation of the North American Free Trade Agreement (NAFTA) in 1994, Mexico's share of US imports has increased from 7% to 12%, and its share of Canadian imports has doubled to 5%. Mexico has free trade agreements with over 50 countries including, Guatemala, Honduras, El Salvador, the European Free Trade Area, and Japan, putting more than 90% of trade under free trade agreements. In 2007, during its first year in office, the Felipe CALDERON administration was able to garner support from the opposition to successfully pass pension and fiscal reforms. The administration

passed an energy reform measure in 2008 and another fiscal reform in 2009. Mexico's GDP plunged 6.5% in 2009 as world demand for exports dropped, asset prices tumbled, and remittances and investment declined. GDP posted positive growth of 5% in 2010, with exports - particularly to the United States - leading the way, while domestic consumption and investment lagged. The administration continues to face many economic challenges, including improving the public education system, upgrading infrastructure, modernizing labor laws, and fostering private investment in the energy sector. CALDERON has stated that his top economic priorities remain reducing poverty and creating jobs.

Selected Statistical Data - Mexico

GDP Purchasing Power Parity- \$1.567 trillion - Country comparison to the world: [12](#)

GDP per capita- \$13,900 (2010 est.) - Country comparison to the world: [86](#)

GDP - composition by sector – Agriculture: 3.9%, Industry: 32.6%, Services: 63.5% (2010 est.)

Labor force – 46.99 million (2010 est.)

Unemployment rate- 5.4% (2010 est.) - Country comparison to the world: [49](#)

Inflation rate (consumer prices) - 4.2% (2010 est.) - Country comparison to the world: [138](#)

Industries - food and beverages, tobacco, chemicals, iron and steel, petroleum, mining, textiles, clothing, motor vehicles, consumer durables, tourism

Exports- \$298.5 billion (2010 est.) - Country comparison to the world: [15](#)

Exports – Commodities: manufactured goods, oil and oil products, silver, fruits, vegetables, coffee, cotton

Exports – Partners: US 73.5%, Canada 7.5% (2010)

Imports- \$306 billion (2010 est.) - Country comparison to the world: [16](#)

Imports – Commodities: metalworking machines, steel mill products, agricultural machinery, electrical equipment, car parts for assembly, repair parts for motor vehicles, aircraft, and aircraft parts

Imports – Partners: US 60.6%, China 6.6%, South Korea 5.2% (2010)

Chief of State- President Felipe de Jesus CALDERON Hinojosa (since 1 December 2006); note – the president is both the chief of state and head of government.

Head of Government- President Felipe de Jesus CALDERON Hinojosa (since 1 December 2006)

Area – Comparative: slightly less than three times the size of Texas

Coastline - 9330 km

Natural Resources – petroleum, silver, copper, gold, lead, zinc, natural gas, timber

Population – 113,724,226 (July 2011 est.) country comparison to the world: [11](#)

Median Age – 27.1 years

Urbanization - urban population: 78% of total population (2010)

Major Cities – population – MEXICO CITY (capital) 19.319 million; Guadalajara 4.338 million; Monterrey 3.838 million; Puebla 2.278 million; Tijuana 1.629 million (2009)

Ethnic Groups – mestizo (Amerindian-Spanish) 60%, Amerindian or predominantly Amerindian 30%, white 9%, other 1%

Religions - Roman Catholic 76.5%, Protestant 6.3% (Pentecostal 1.4%, other 3.8%), Jehovah's Witness 1.1%, other 0.3%, unspecified 13.8%, none 3.1% (2000 census)

Literacy - definition: age 15 and over can read and write total population: 86.1%

Government Type – Federal Republic

Not listed above

GDP Real Growth rate- 5.5%

Labor force by occupation- services 62.9%; industry 23.4%, agriculture 13.7%

Commercial bank prime lending rate- 5.29%

Market value of publicly traded shares- \$454.3 billion

Agricultural products- corn, wheat, soybeans, rice, beans, cotton, coffee, fruit, tomatoes; beef, poultry, dairy products; wood products

Industrial production growth rate- 6%

Oil- 2.983 million bbl/day

Oil exports- 1.511 million bbl/day

Oil proved reserves- 10.42 billion bbl

Natural gas production-59.07 billion cu m

Natural gas exports- 200 million cu m

External debt- \$195.7 billion

Stock of direct foreign investment at home- \$326.1 billion

Exchange rate- Mexican pesos per US dollar 12.687 (2010)

This Country Fact Sheet is designed to provide a very general overview and a broad perspective on the country as a whole. This paper is purposed as a starting point for those interested in doing business in or with the county described. More in-depth information for specific commercial and business utilization is available to our clients and/or on request.

For more complete information or for specific questions please contact us at: inquiry@legendsconsulting.net.

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