

# Mexico is Open for Your Business.

Let the U.S. Commercial Service  
connect you to a world of opportunity.



# Let Us Help You Export.

With offices throughout the United States and in U.S. Embassies and consulates in nearly 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce's International Trade Administration

utilizes its global network of trade professionals to connect

U.S. companies with international buyers worldwide. In Mexico, the U.S. Commercial Service maintains offices in Mexico City, Guadalajara, Monterrey, and Tijuana.



# Mexico Snapshot.

- ✓ 14th largest world economy
- ✓ 77 percent urban population
- ✓ Over 50% population under 25
- ✓ Poor and Extreme Poor: 46%
- ✓ Transparency: Mexico ranked 3.1 out of 10, behind Brazil and China



**Population.** 112 million

**Inflation.** 4.4%

**Exports.** \$298 billion (81% US)

**Oil exports.** \$35.9 billion

**GDP per capita.** \$9,395 (\$10,350 est '11)

**Unemployment.** 4.9%

**Remittances.** \$21.2 billion

**Imports.** \$301 billion (49% US)

**FDI.** \$18.7 billion (28% U.S.)

**GDP growth.** 5.5%



# U.S. – Mexico Relationship.



## The North American Leaders Summit

- “A new era of cooperation and partnership”
- “Shared responsibility” in the drug wars

## Areas of Cooperation

- Narco Violence
- Immigration
- Environmental Issues
- Commercial



“It is difficult to overstate the depth of ties between our two nations or the extraordinary importance of our relationship. It’s obviously a simple fact of geography that we share a border and we have always been bound together by that geography. But it’s not just that shared border that links us together. It’s also culture, it’s also immigration patterns that have taken place that have become so important. Our economic ties mean that whatever steps that we’re going to take moving forward have to be taken together.”

**President Barack Obama**  
*Mexico City, April 16, 2009*



# U.S. - Mexico. Trade Relationship.



- Mexico is the United States' 3<sup>rd</sup> largest trading partner
- Mexico is the 2<sup>nd</sup> destination of all U.S. exports
- Mexico accounts for roughly 1/8 of all U.S. exports
- 26 American states depend on Mexico as their first or second destination for exports
- One billion/day in two way trade



# Safety & Security in Mexico: A Changing Environment

- The changing security environment in Mexico presents challenges for U.S. companies
- Border cities are particularly vulnerable, such as Nuevo Laredo, Juarez, Reynosa, Matamoros, and Tijuana
- Businesses in Mexico are investing more in security for their personnel, facilities
- Visitors need to use common sense and be aware
- State Department Website for Travel Advisories:  
<http://travel.state.gov/travel>





# Mexico's Economic Challenges

- Projected growth approximately 4-5% in 2011
  - 5.5 percent growth in 2010
- Foreign Direct Investment increasing
  - 7.7 B in 2010, a 16.6% increase from 2009
- Finding other sources of economic growth (Services, IT)
  - Declining oil production
- Building on NAFTA
- Energy cooperation
- Monopolies
- Improving economic competitiveness
- Reducing poverty and inequality
- Fighting organized crime and corruption
- Improving Education
- Labor and migration/people to people





# Why Export to Mexico?

- Location / Access to Goods/Services/Market in U.S.
- Size, Diversify, and Vast Market
- Shared Culture: Western, Hispanic
- Manufacturing base in various sectors
- Stronger legal protections
- Politically stable
- Macroeconomic stability
- Free Trade





# The Impact of NAFTA.

- World's largest free trade area: 455.4 million people; \$16.9 trillion GDP
- No tariffs on U.S. exports to Mexico (except current dispute)
- It clarifies and simplifies rules of trade
- Institution of Dispute Resolution Process
  - Trucking is Major Issue
- U.S.-Mexico trade increased 347%: from \$88 billion in 1993 to \$393 billion in 2010
- Trade has grown faster than the infrastructure
- Mutual Recognition Agreements for testing/certification in some sectors





## Border Trade Initiative/Opportunities.

- The U.S./Mexico border manufacturing market represents tremendous opportunity for U.S. suppliers
- U.S. market is still the preferred market for inputs, but competition from Asia is strong; costs are a factor
- Everything from soup to nuts has potential, certain industries such as consumer electronics, household appliances and transportation are strong
- Mexico has over 2,800 “maquiladoras” (assembly plants); About 75% of maquiladoras are located in border states



## Border Trade Initiative/Opportunities.

- Over 80% of Mexican imports enter via truck through the top five busiest land ports of entry: Laredo, TX, El Paso, TX Otay Mesa, CA Hidalgo, TX and Nogales, AZ
- Even with free trade, product gets held up at the U.S./Mexico border; improper labeling, declared value, etc. CS Mexico can help U.S. companies with shipment problems; Market Research
- CS has staff in Tijuana, Tucson, El Paso, Monterrey and San Antonio who help companies tap in to opportunities



## National Infrastructure Plan.

- Created by President Calderon in 2007, to stimulate economic growth and jobs creations – originally 300 projects valued at USD \$250 billion
- Of the 68 projects currently active, 38 have been identified by the Commercial Service as viable for U.S. companies, and are highlighted in our report:  
[http://www.buyusainfo.net/docs/x\\_3824638.pdf](http://www.buyusainfo.net/docs/x_3824638.pdf)
- Areas of opportunity include: Highways, telecommunications, water treatment and drainage control, power generation, airport and marine port expansions.
- Local partners key to participating in bids and winning service contracts!



# Best Prospects for U.S. Exporters

**Agribusiness Sector**

**Airport and Ground Support Equipment**

**Automotive Parts and Supplies**

**Education and Training Services**

**Energy Sector**

**Environmental Sector**

**Franchising Sector**

**Housing and Construction**

**IT Health**

**Packaging Equipment**

**Plastics/Resins**

**Security and Safety Equipment**

**Technology**

**Transportation and Infrastructure Equipment**



## Regional Opportunities. Mexico City.

**Location.** Mexico City, with a population of 20 million, is one of the largest cities in the hemisphere and the world.

**Capital.** It is both the Political Capital and Financial Center of Mexico.

**Manufacturing.** It is also a manufacturing and distribution powerhouse.

**Industrial location.** Centrally located near other major industrial areas including Toluca, Puebla, and Queretaro.





# Regional Opportunities: Monterrey Mexico's Industrial Heartland

**Location.** Strategic location in NAFTA corridor

**Business Culture.** Bilingual, open to U.S. goods and services. Pro business environment with stable workforce

**Major Industries.** automotive, household appliances, electronic equipment, packaging, software, specialized medical services, and biotechnology.

**Other Activities.** 11% of Mexico's total manufacturing output

**Multinational Investors.** Over 1800 foreign companies





## Monterrey Manufacturing.

- 75% of Mexico's glass containers
- 60% of Mexico's cement production
- 60% of Mexico's synthetic fibers production
- 60% of Mexico's household appliances
- 50% of Mexico's beer production
- 50% of Mexico's ceramics production
- 45% of Mexico's automotive parts
- 40% of Mexico's production of basic steel



# Regional Opportunities. Guadalajara. “Mexico’s Silicon Valley”

**Size.** Second largest market in Mexico

**Business Culture.** Bilingual, open to U.S. goods and services

**Logistics.** Major distribution center

**Major Industries.** Electronics, industrial process controls, packaging, agribusiness and food processing equipment

**Largest Exposition Center in Latin America.** Regional shows

**Other Activities.** Host of Pan-American Games, October 2011

**Multinational Investors.** GE, IBM, Intel, HP, Flextronics, Jabil, Oracle





# Regional Opportunities. Tijuana.

**Main manufacturing industries.** Medical, Electronics and Automotive.

**Sub sectors.** Plastics (injection molding, blow molding, thermal molding, extrusion), Metal-Mechanic and Packaging.

**Manufacturing companies in the city.** More than 500 in Tijuana (State has approximately 900+)

**Tijuana Manufacturing workforce.** 160,000 employees.

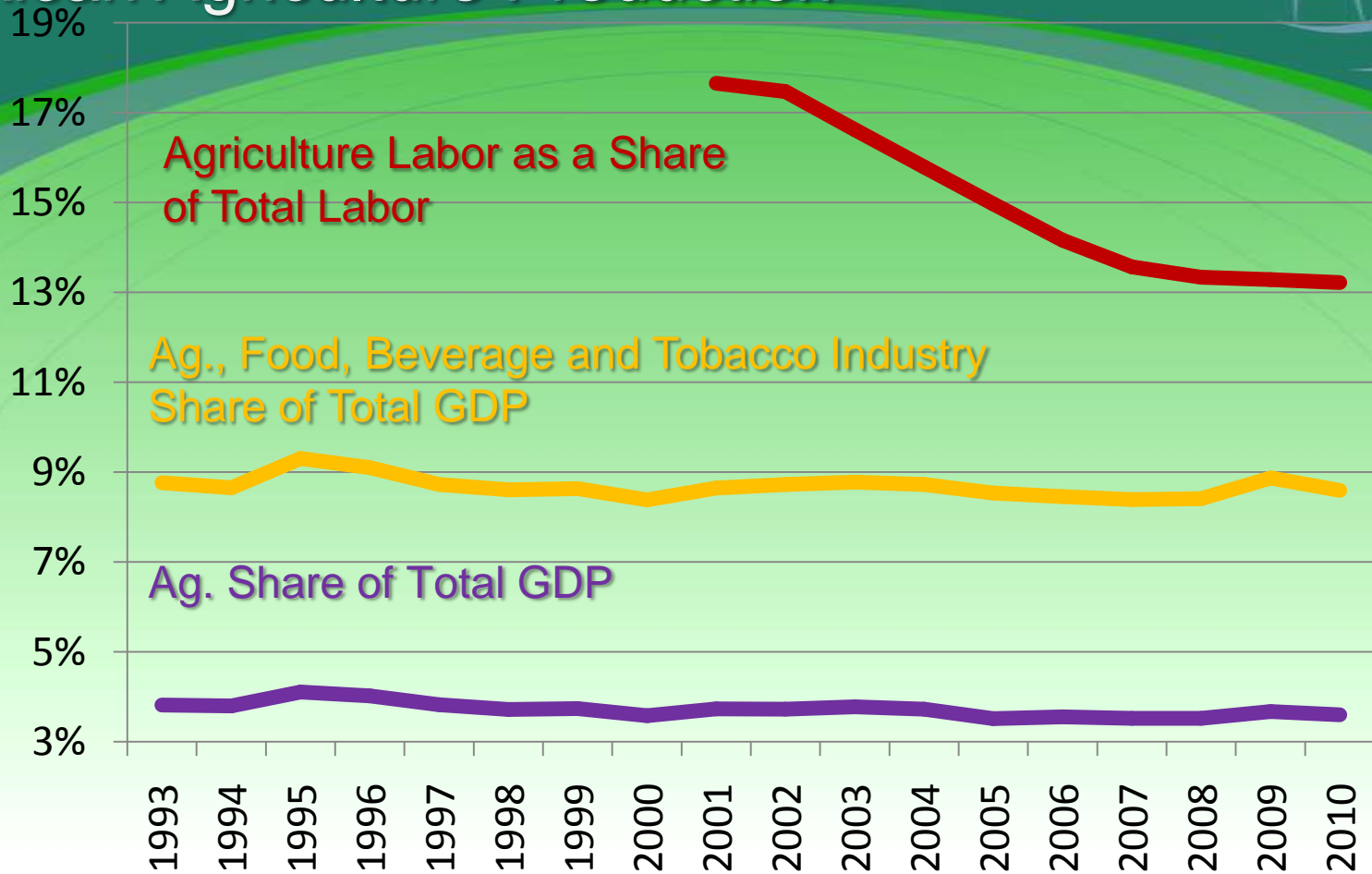
**Areas of Opportunity for U.S. Exporters.** Food and beverage, IT, telecomm, construction, medical tourism, energy.

**Business Culture.** Ease of doing business and affinity to working with American Suppliers - bicultural and bilingual businesspeople.



# U.S. – Mexico Agriculture Overview

## Mexican Agriculture Production



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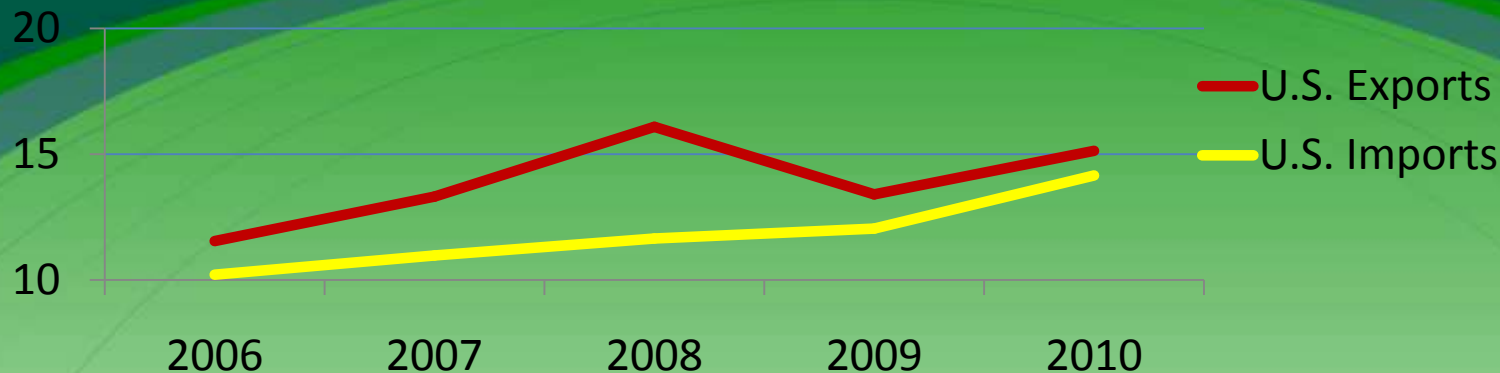


- 2010 Major Crops by Value (Billion Pesos): Corn (66), Cattle (59), Poultry (56), Sugar Cane (31), Swine (29), Forage (16), Sorghum (16), Tomato (15), Avocado (14), Peppers (13)
- Key Challenges:
  - Water/Climate Change
  - Viability of Traditional Production
  - Weak Institutions
  - Security



# U.S. – Mexico Agriculture Overview

## Bilateral Trade in U.S. \$Billions



## Top 5 Items in U.S. \$Billions for 2010

### United States Exports

- Corn (\$1.6)
- Soybeans (\$1.5)
- Beef (\$0.6)
- Cotton (\$0.6)
- Dairy Products (\$0.6)

### United States Imports

- Beer (\$1.6)
- Tomatoes (\$1.5)
- Peppers (\$0.6)
- Sugar (\$0.5)
- Avocados (\$0.5)



# U.S. – Mexico Agriculture Overview

## Current Priority Issues

### *United States*

- Beef: Expanded Access
- Potatoes: Expanded Access
- Poultry Anti-Dumping
- Biotech Approvals
- Organic Planting Seeds

### *Mexico*

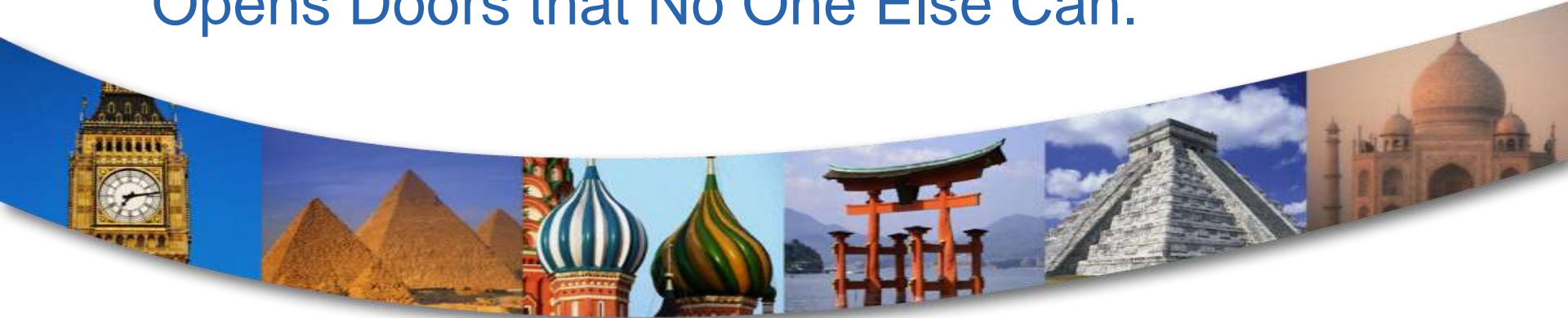
- Market Access for Meat Products
- Movement of Live Cattle
- Papaya Action by FDA
- Avocados: Expanded Access

Long-Term Goal: Build on the NAFTA

Metric: Further Integration as Evidenced by Increased Trade Flows in Both Directions



# Our Network of Trade Professionals in Mexico Opens Doors that No One Else Can.



- The [U.S. Commercial Service Mexico](#) provides U.S. companies unparalleled access to business opportunities around the world.
- As a U.S. Government agency, we have relationships with foreign government and business leaders in every key global market.
- Our trade professionals provide expertise across most major industry sectors.
- Every year, we help thousands of U.S. companies export goods and services worth billions of dollars.

# We Work with You to Connect Your Company with the Right Opportunities Abroad.

Our experienced trade professionals help you enter international markets in the most efficient, targeted way. We assess your export potential, understand your needs, and provide the right mix of U.S. Commercial Service capabilities to achieve your exporting goals.

## U.S. Commercial Service Mexico Business Approach



# Our Proven Expertise Makes Doing Business in Mexico Easier.

Whether you are looking to make your first export sale or expand to the Mexican market, we have the expertise you need to tap into lucrative opportunities and increase your bottom line.

- **Trade Counseling.** Get the information and advice you need to succeed.
- **Market Intelligence.** Target the best trade opportunities.
- **Business Matchmaking.** Connect with the right Mexican partners and prospects in Mexico and at major U.S. trade shows.
- **Commercial Diplomacy.** Ensure your products and services have the best possible prospects for success in international markets.



## Tip. Market Entry Strategies.

**Mexican Presence.** The best strategy to enter the Mexican market is to find a local representative or distributor. With this, buyers feel secure that initial training, spare parts and service will be provided.

**Local or Regional Representative.** Due to regional concentration throughout Mexico, representation locally will yield better results than a single, nation-wide distributor.

**Price.** Price is important, but not necessarily the deciding factor.

**Spanish.** Be prepared to provide brochures, catalogs, and printed materials in Spanish. Keep websites international-user-friendly.

## Tip. Financing.



**Financing Options.** Expect to negotiate on payment terms. Consider full spectrum of options.

**Finance Guide.** Review the U.S. Commercial Service's Finance Guide for Latin America: [http://export.gov/tradeamericas/eg\\_ta\\_030568.asp](http://export.gov/tradeamericas/eg_ta_030568.asp)



**Know Ex-Im.** Export-Import Bank finances exports through various term loan, guarantee and insurance programs. Ex- Im works through commercial banks in the U.S. and Mexico.



## Tip. Logistics.

**Full Spectrum.** U.S.-Mexico trade logistics incorporate the full spectrum of choices: truck, rail, port, and air cargo.

**Third Party.** Third Party Logistics (3PL's) can help simplify cross-border shipping process.

**Cost v. Time.** Price of shipping vs. Length of time?

**Sale Price.** Logistics must be factored into your product pricing!

- Incoterms / Terms of Sale
- Agree on logistics before final pricing



# Tip. Mexican Business Culture.



**Indirectness.** Difficulty in saying “no”

**Financing.** Expect to negotiate on payment terms.

Consider full spectrum of options. Financing options important

**Follow-up.** Follow up quickly with your Mexican partner – there is abundant international competition

**Language.** Use a qualified interpreter if needed

**Patience.** Good things come to those that wait - patience pays off

**Build Relationships.** Personal relationships valued

## Real Results.

In 2011 Commercial Service Mexico helped U.S. companies secure 416 distinct export sales worth over \$1.2 billion in bookable business for American companies, including small and medium size firms for the last fiscal year. **CS Mexico generates \$421 in U.S. exports to Mexico for every taxpayer dollar it receives.**



# Real Results.



## *Newport Beach medical device manufacturer*

- Participated in Gold Key Service in Mexico
- CS set up mtgs with potential distributors
- Based on those mtgs the company signed a distributor in Mexico
- Sales to Mexico over 200k

## *San Diego manufacturer of water treatment systems*

- Received financing guidance from Commercial Service offices in San Diego and Mexico City
- Worked with Export-Import Bank, which enabled them to offer more favorable finance terms to Mexican client
- Utilized export credit insurance in recent 350k sale to Mexico



Contact us today  
to connect with a world of opportunity.



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**U.S. Commercial Service—  
Connecting you to global markets.**

