



## Is Mexico a good country to do business in now?

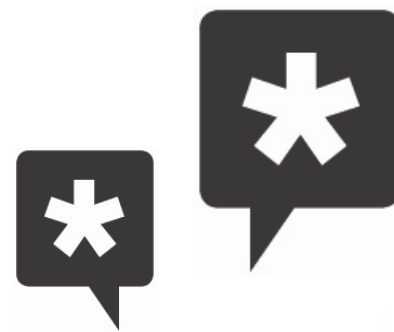
There are definitely good money-making opportunities to be had in Mexico, but with corruption and crime still serious and chronic problems, any business dealings should be considered carefully.

### Here's why.

Mexico is a diverse nation, known for natural splendour, rich culture as well as great poverty, pollution and urban blight. The nation has made an impressive recovery from a deep recession in the 1990s, and increasing trade with North America is creating economic opportunities by opening doors for business investment. Foreign direct investment climbed nearly 30 per cent in the first six months of 2010 from a year earlier.

Ongoing social and economic concerns include low real wages, underemployment for large segments of the population, inequitable income distribution, and few advancement opportunities for the predominately Amerindian population in the impoverished southern states. In the four years since President Calderon declared his

## Fast Facts



Population: **114.8 million**

Language/s: **Spanish**

Religion/s: **Christian; Roman Catholic 76.5%**

Land area: **1.96 million square km**

Currency: **Peso**

Capital: **Mexico City**

Internet domain: **.mx**

International dialing code: **+52**

Innovation ranking<sup>1</sup>: **48 (out of 82 countries)**

Digital economy ranking<sup>1</sup>: **41 (out of 70 countries)**

### Macroeconomic indicators:<sup>1</sup>

	2010	2011	2012
GDP (US\$)	<b>\$863 billion</b>	<b>\$914 billion</b>	<b>\$984 billion</b>
GDP per capita (US\$)	<b>\$7,960.65</b>	<b>\$8,345.70</b>	<b>\$8,896.92</b>
Real GDP growth	<b>5</b>	<b>3.9</b>	<b>4.2</b>
Inflation (CPI)	<b>4.1</b>	<b>3.8</b>	<b>3.5</b>

## Economy

Mexico's economy depends to a large extent on remittances sent home from Mexicans living and working in the United States, so the Mexican economy suffered in the global economic downturn. According to the OECD, however, a vigorous recovery began in 2009 on the back of strong export growth. The reliance on exports to the US and remittances from the US remains a risk as the US recovery weakens.

## Fast Facts



### Politics

Mexico is a federal republic, led by a President who is elected by the people for a six-year term and serves as both head of government and of state.

Legislative power is vested in the two chambers of the Congress of the Union, and the judiciary is independent of executive and legislative power. The Institutional Revolutionary Party, or PRI, dominated Mexican politics for 70 years, until the 1997 elections saw a resurgent opposition break what was in effect a one-party system with a democratic façade.

The election of the current President, Felipe Calderon of the conservative National Action Party, was accompanied by huge controversy and months of legal wrangling as he won with a lead of less than one percentage point. He has vowed to tackle poverty and to fight violent crime and corruption.

### Doing business

Follow these tips when conducting business in Mexico:

- Business appointments are required and should be made at least two weeks in advance. Reconfirm the appointment when you arrive in Mexico.
- Punctuality is important, although your Mexican counterparts may be up to 30 minutes late.
- Men should wear conservative, dark suits and women should wear business suits or conservative dresses.
- Business cards are exchanged during introductions with everyone at the meeting. One side of your card should be in Spanish and should contain both your professional and educational qualifications. Always present your business card with the Spanish side facing the recipient.
- Have all written material available in both English and Spanish. If you don't speak Spanish, hire an interpreter.
- The initial meeting is generally with someone of high stature, so it is important that your delegation include an upper-level executive. After the initial meeting, the senior executive may not attend meetings.

## Doing business (continued)



- Because relationships are very important in Mexico, demonstrate trustworthiness, sincerity and integrity during meetings. Expect to answer questions about your personal background, family and life interests.
- It will take several meetings to come to an agreement. Remember that face-to-face meetings are preferred over telephone, letters or email.
- The negotiations will include a fair amount of haggling, so do not give your best offer first. Be patient, because negotiations and decisions take a long time and deadlines are seen as flexible and fluid.

## References

<sup>1</sup> Taken from the Economist Intelligence Unit's report: 'A new ranking of the world's most innovative countries' that ranks innovation in 82 countries. Innovation is defined as the application of knowledge in a novel way, primarily for economic benefit. Companies deem it vitally important as a competitive tool. Government policymakers see it as essential for economic growth.

<sup>1</sup> Digital economy ranking is the Economist Intelligence Unit's measure of the quality of a country's information and communications technology (ICT) infrastructure and the ability of its consumers, businesses and governments to use ICT to their benefit. When a country uses ICT to conduct more of its activities, the economy can become more transparent and efficient.

<sup>1</sup> Source: Organisation for Economic Co-operation and Development, [www.oecd.org](http://www.oecd.org) (Real GDP growth and inflation), and International Monetary Fund, [www.imf.org](http://www.imf.org) (GDP and GDP per capita). 2009 and 2010 figures are OECD and IMF staff predictions. Real GDP growth and inflation are defined in percentage change from previous period.



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