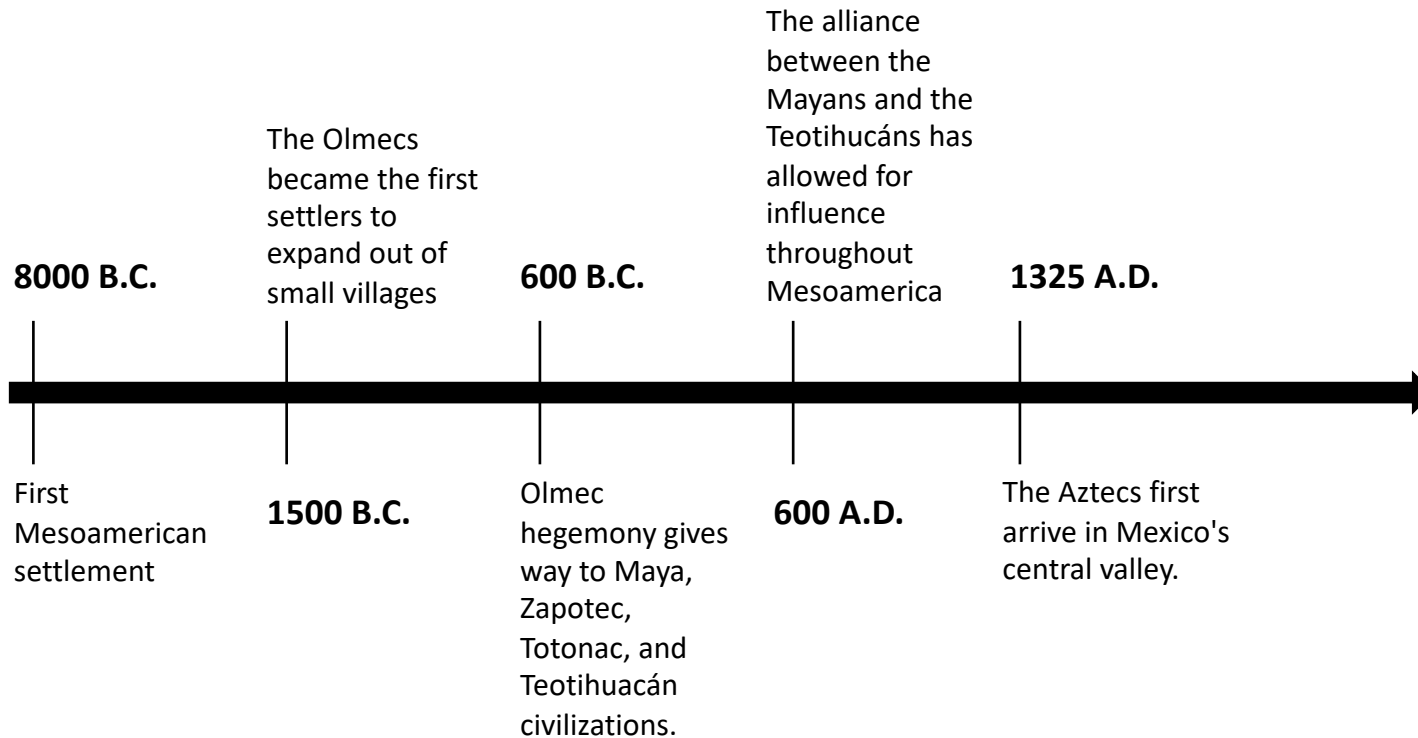




MEXICO IN THE GLOBAL ECONOMY

PATRICIA ELOSUA AND SAWYER COVINGTON

The land of many tribes



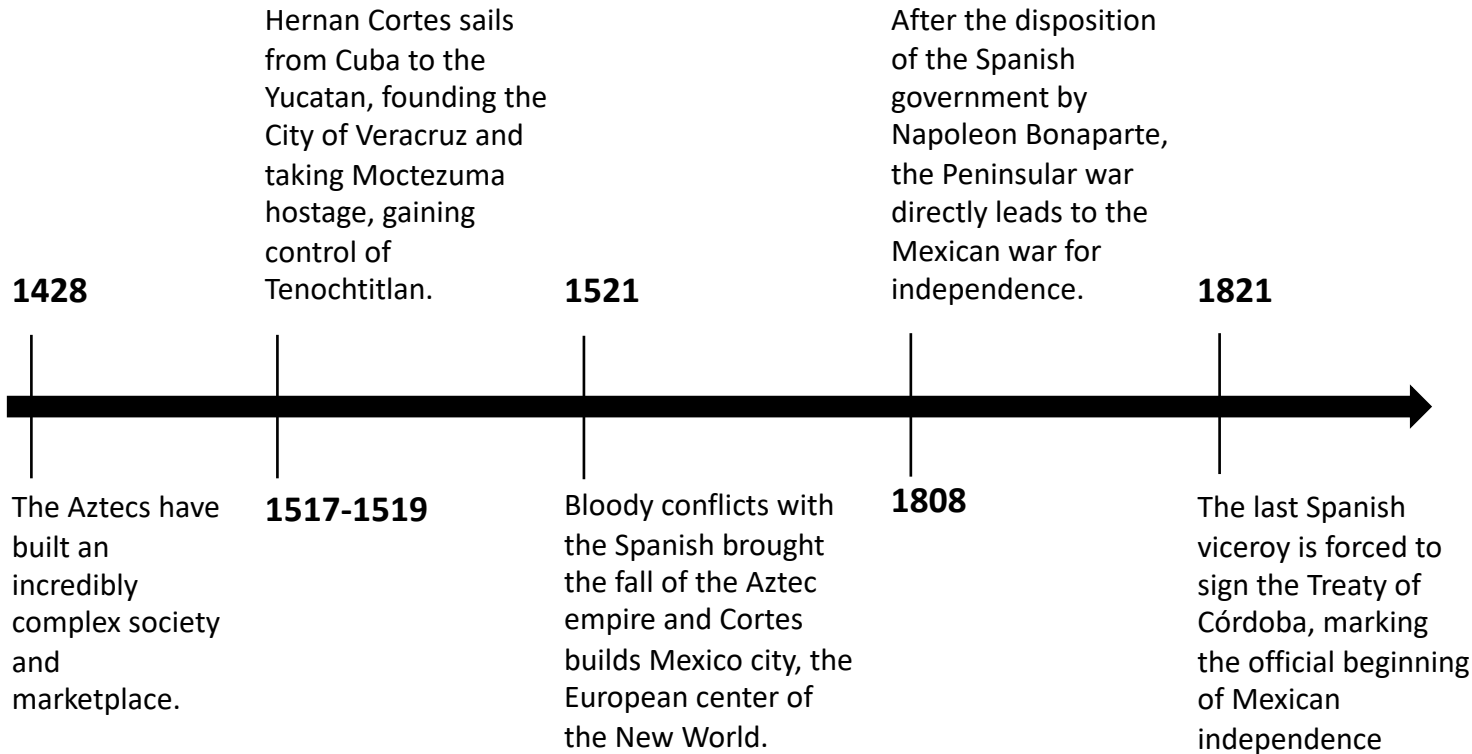
Background
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Cultural and
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Conquest for control



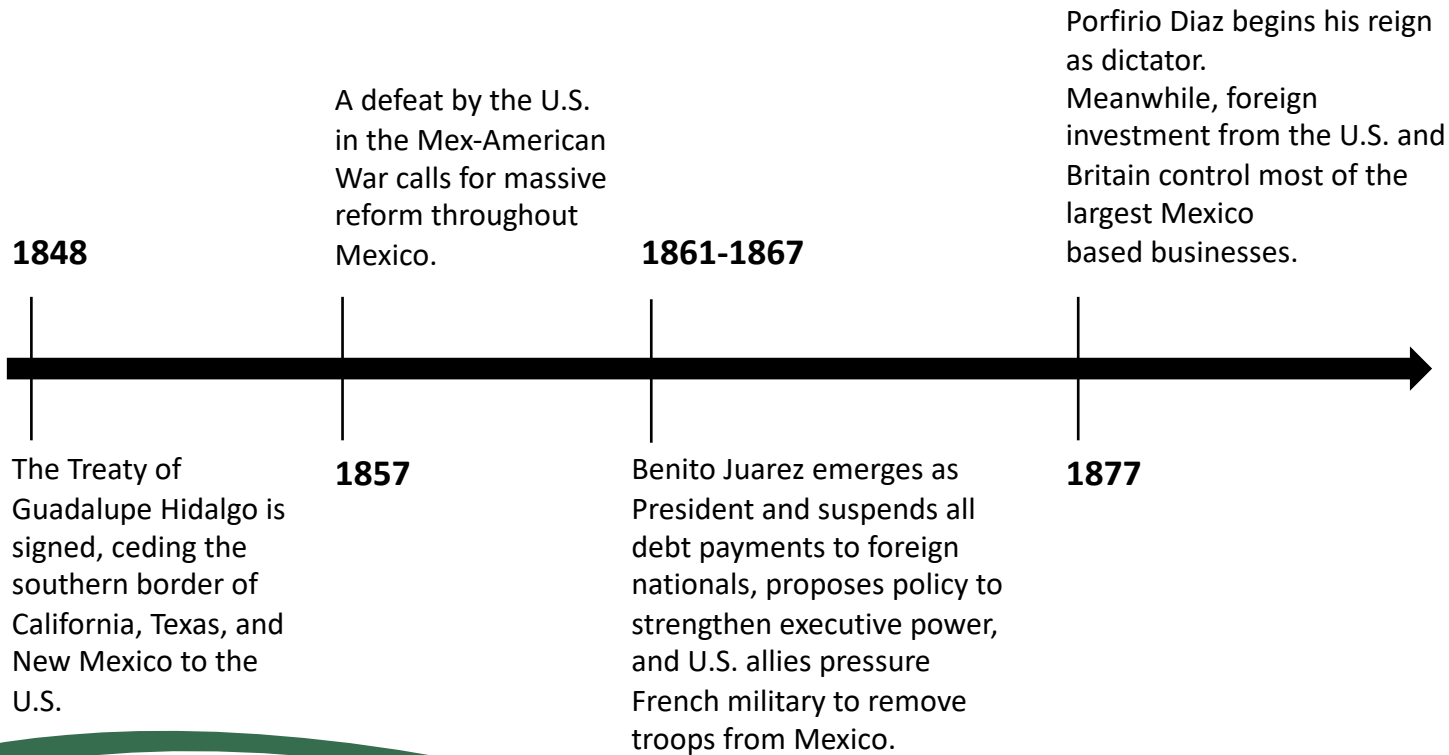
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Fight for independence



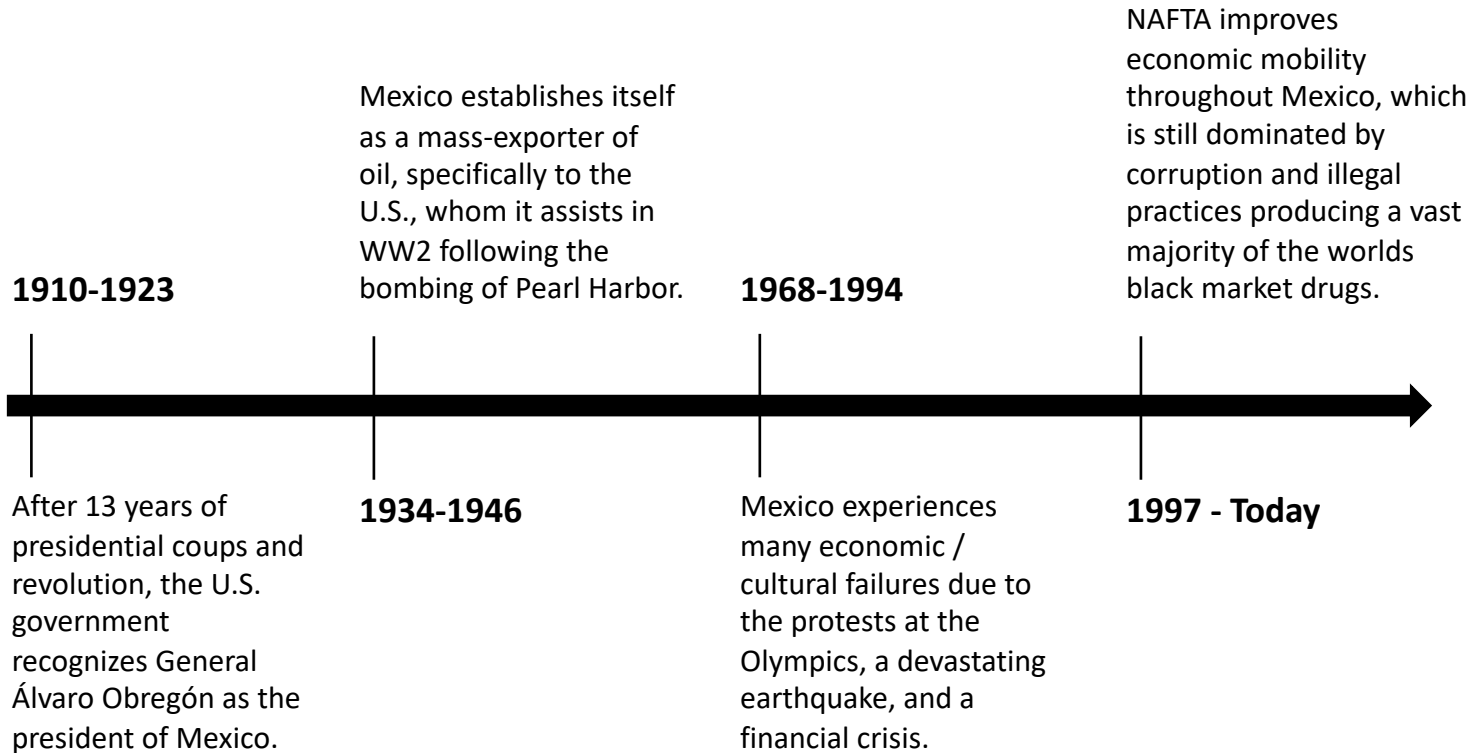
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Economic mobility



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W-W-M-D?

Interestingly enough, Mexico has no official religion.



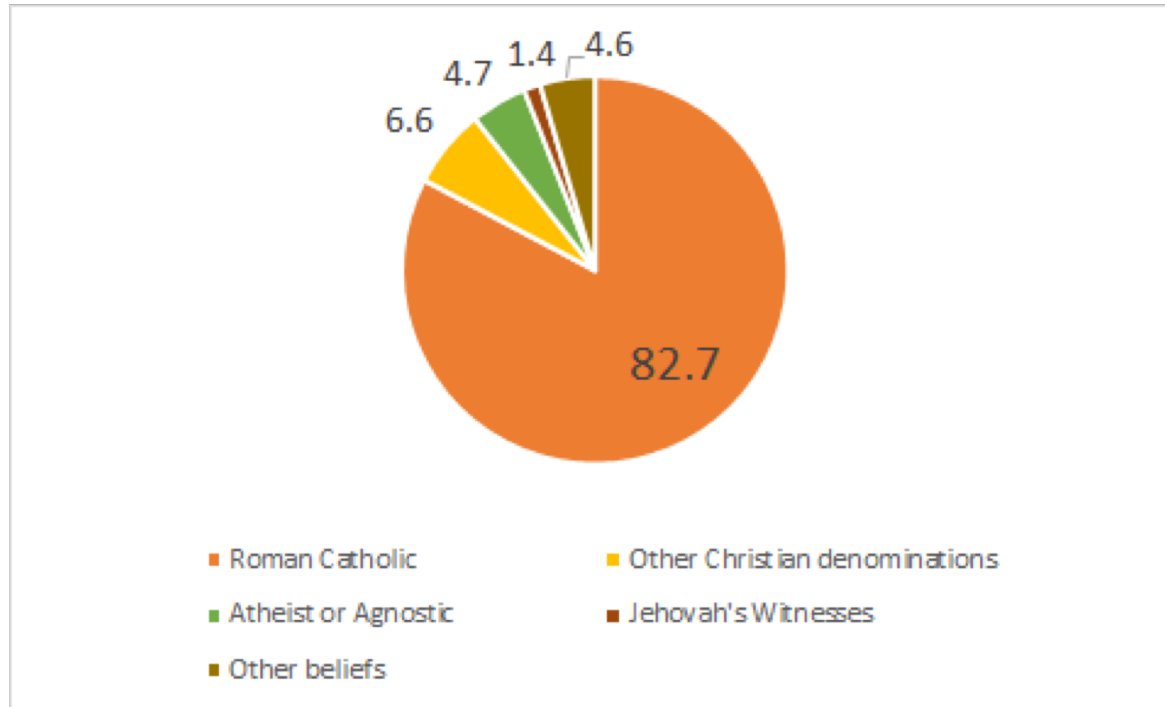
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Catholic Dominance



% religious makeup in Mexico

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Family First

Family is reported to be the most important function of Mexican society.



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Mexico Second



The Mexican Revolution (1910-1917) cemented the importance of national identity throughout Mexican culture.

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Mexico: from Enrique Peña Nieto to the Era of AMLO



- Deeply unpopular: approval rate of only 23%
- Controversial relations with the drug cartels (bribes)
- Promoted auto manufacturing industry

- Serving since 2008
- Has often been described as left-wing and populist
- His chief pledge is to eradicate corruption and war on drugs

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Launched in 2000 with the objective of breaking the multigenerational poverty cycle, fostering the development of skills related to food, healthcare, and education.

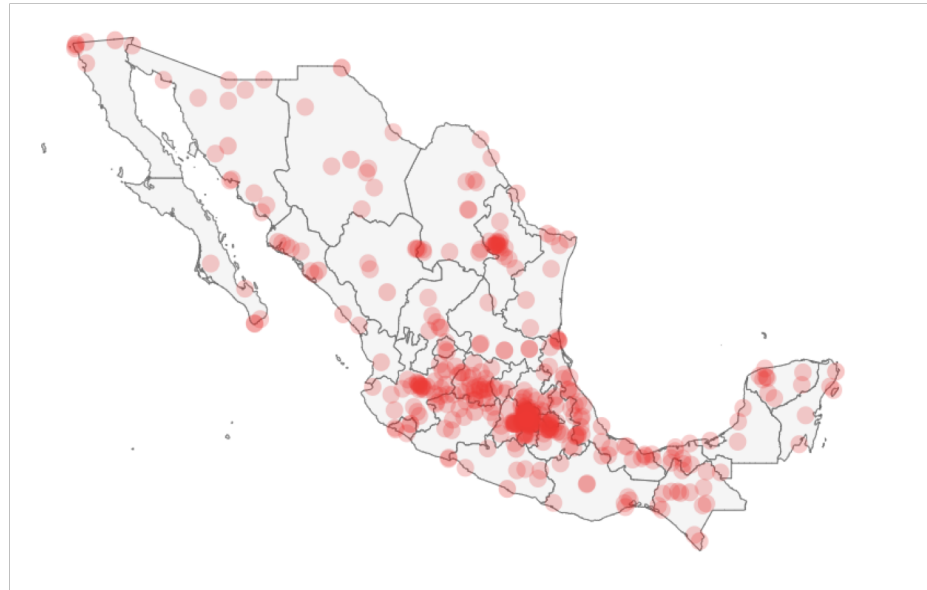
Prospera Mexico

Your Footer Here

Centralization of Living

Background
and History

“The largest cities and more densely populated areas are Mexico City (12,294,193), Itzapalpa (1,820,888), and Ecatepec (1,806,226). The country consists of 31 states and one federal district.”



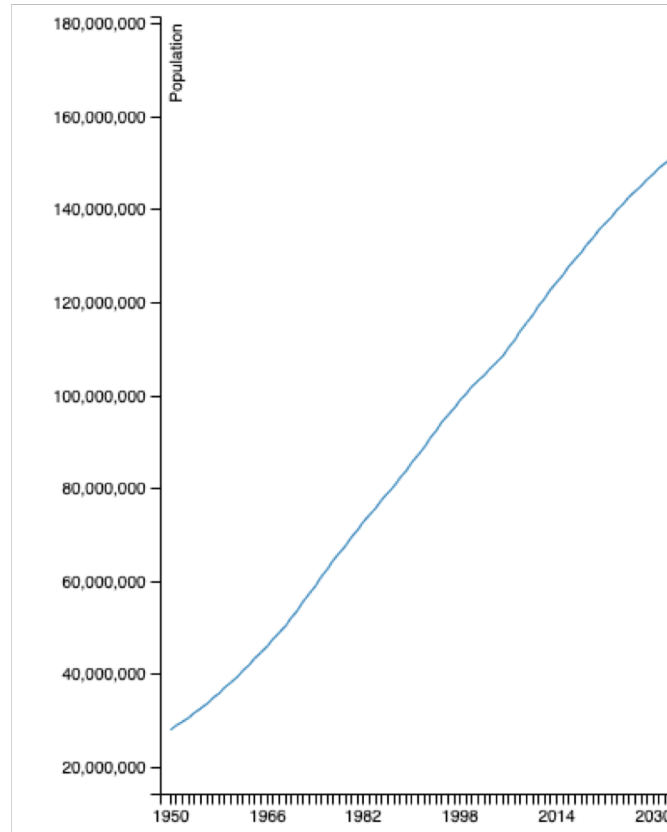
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Population explosion since the 50's

Since 1950, the Mexican population has grown over 110,000,000 with a linear growth rate of >1.5MM/year.



**Background
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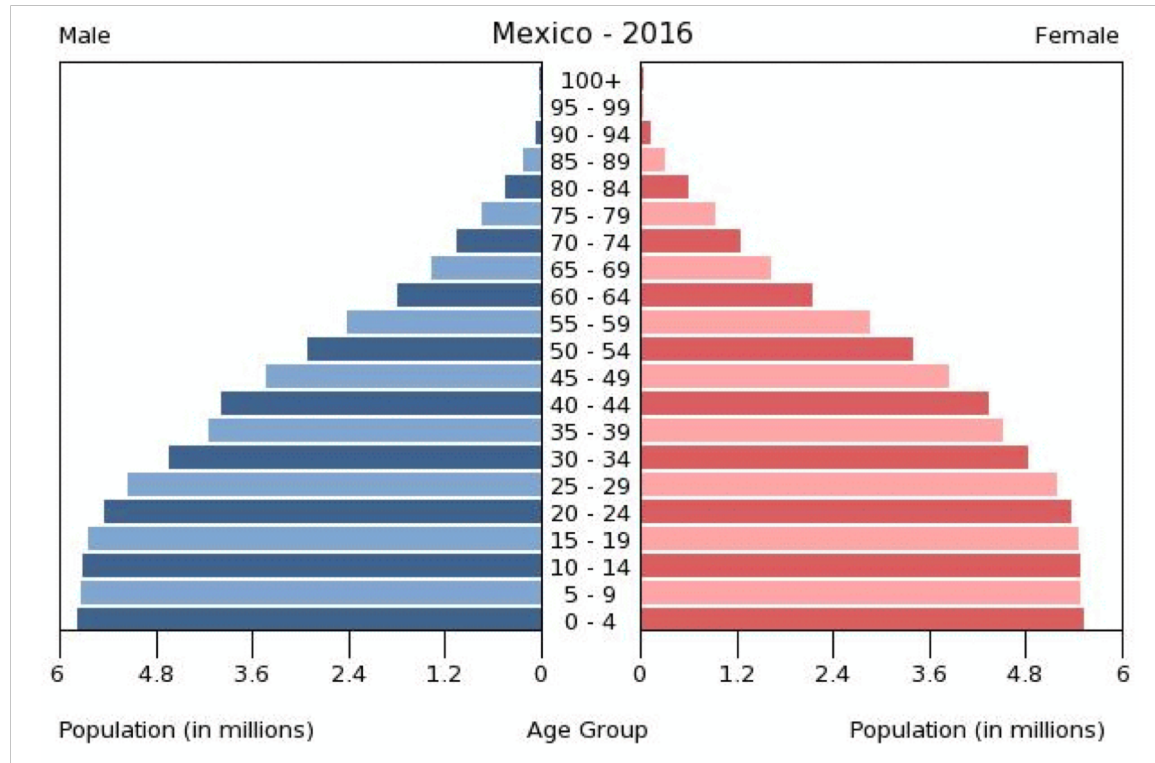
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Healthy Population Curve

Background
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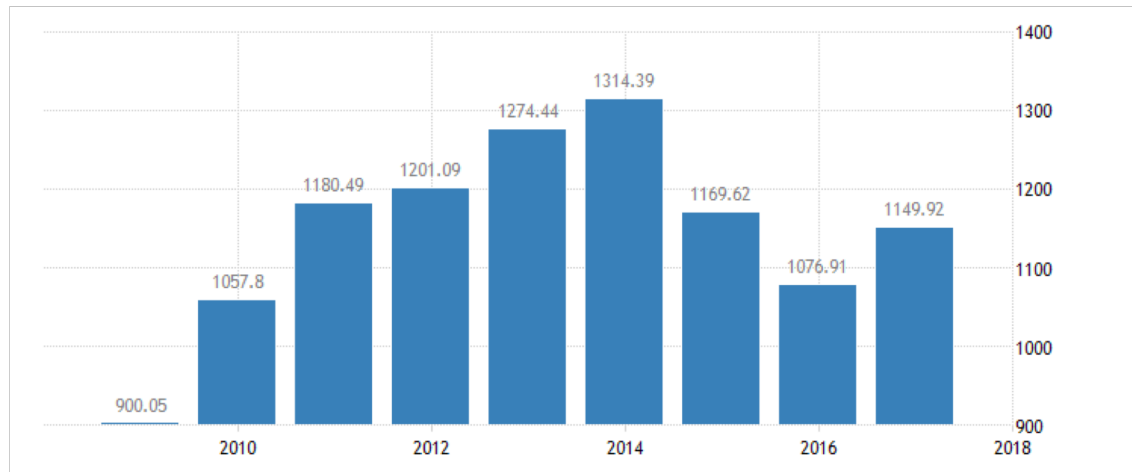


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Mexico as a two-sided economy: the bright side



Over \$1 trillion economy
12th largest exporter in the world
Duty-free access to 60% of the world
8th largest producer of oil and 7th largest car manufacturer

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The dark side



- 42% of Mexico's total population living below the **national poverty line**.
- **Income inequality:** The bottom 10% on the income rung disposes of 1.36% of the country's resources, whereas the upper 10% dispose of almost 36%.
- Mexico ranks 138 out of 180 countries in **perceived corruption** (Transparency International)

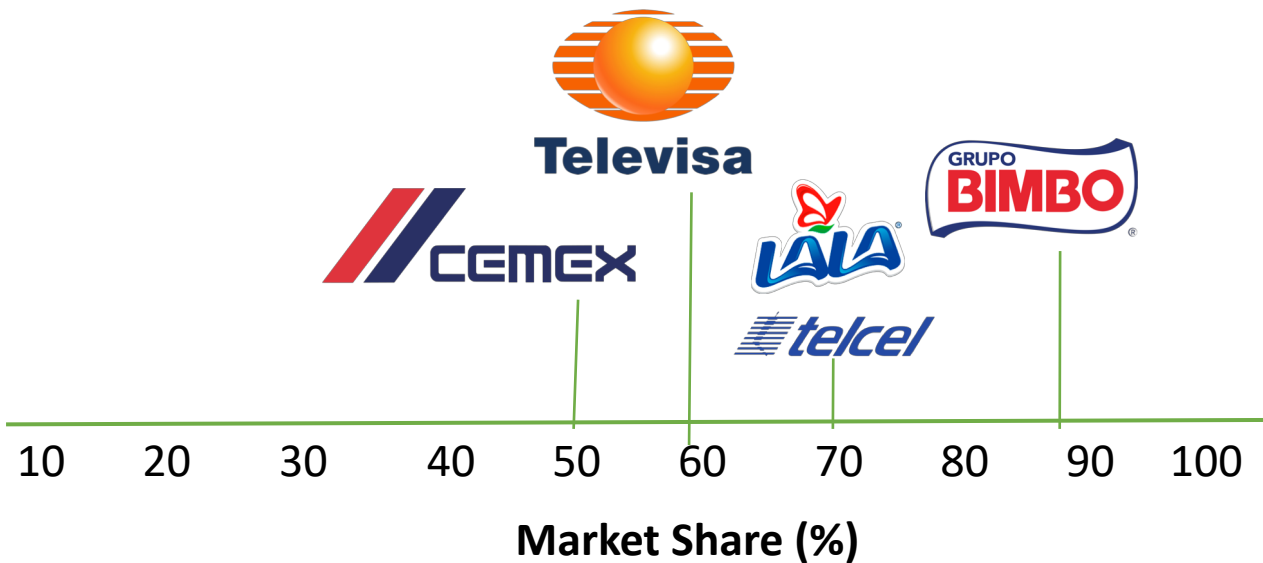
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Key sectors are controlled under monopolies



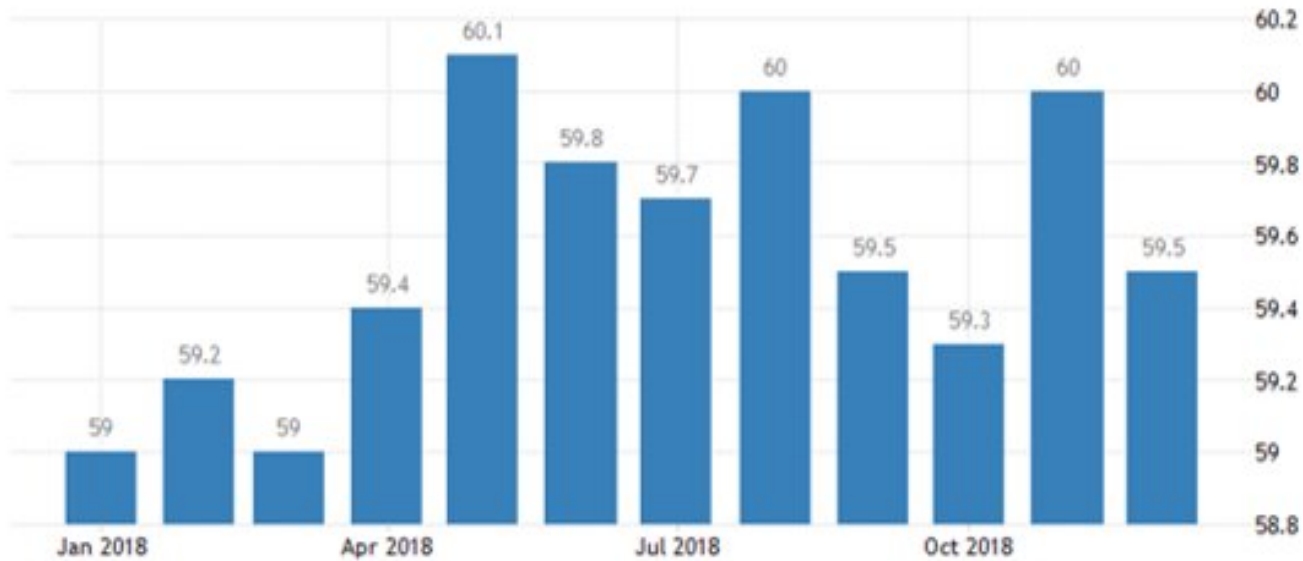
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Volatile workforce participation



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24th most unequal wealth distribution, under Kenya

0.48

Gini Coefficient

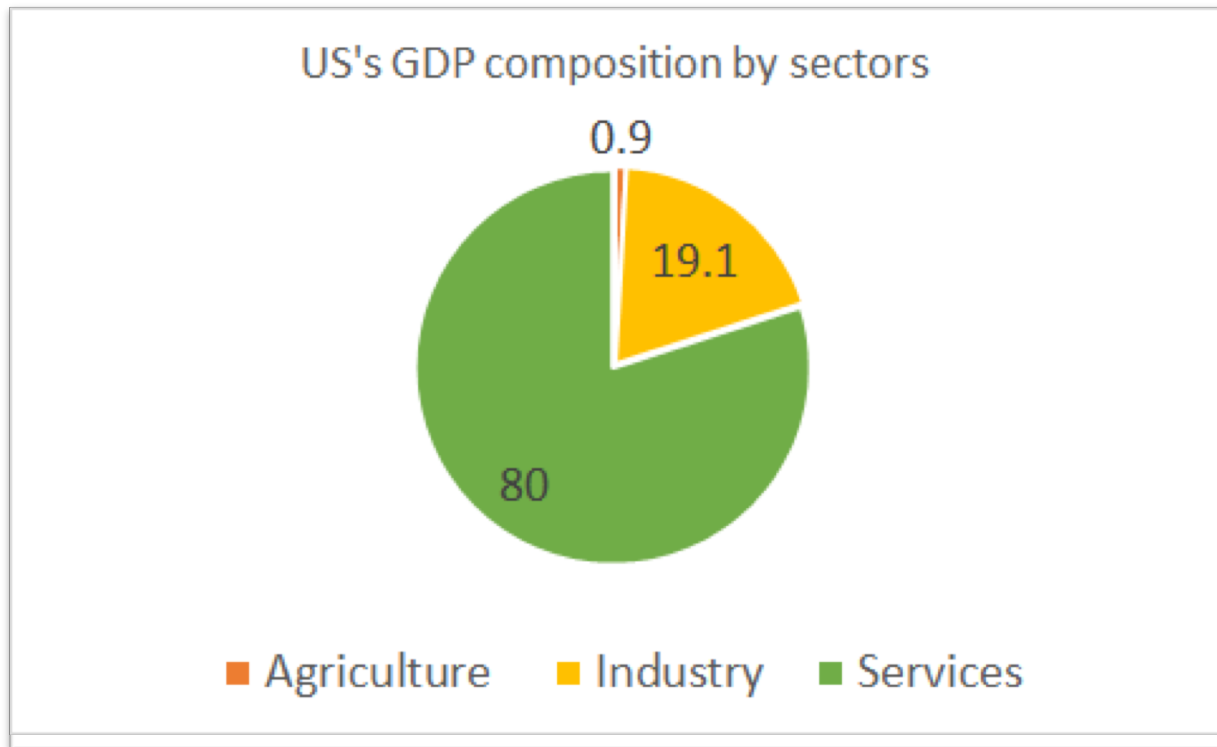
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Mexico's Industry accounts for 1/3 of the country's GDP



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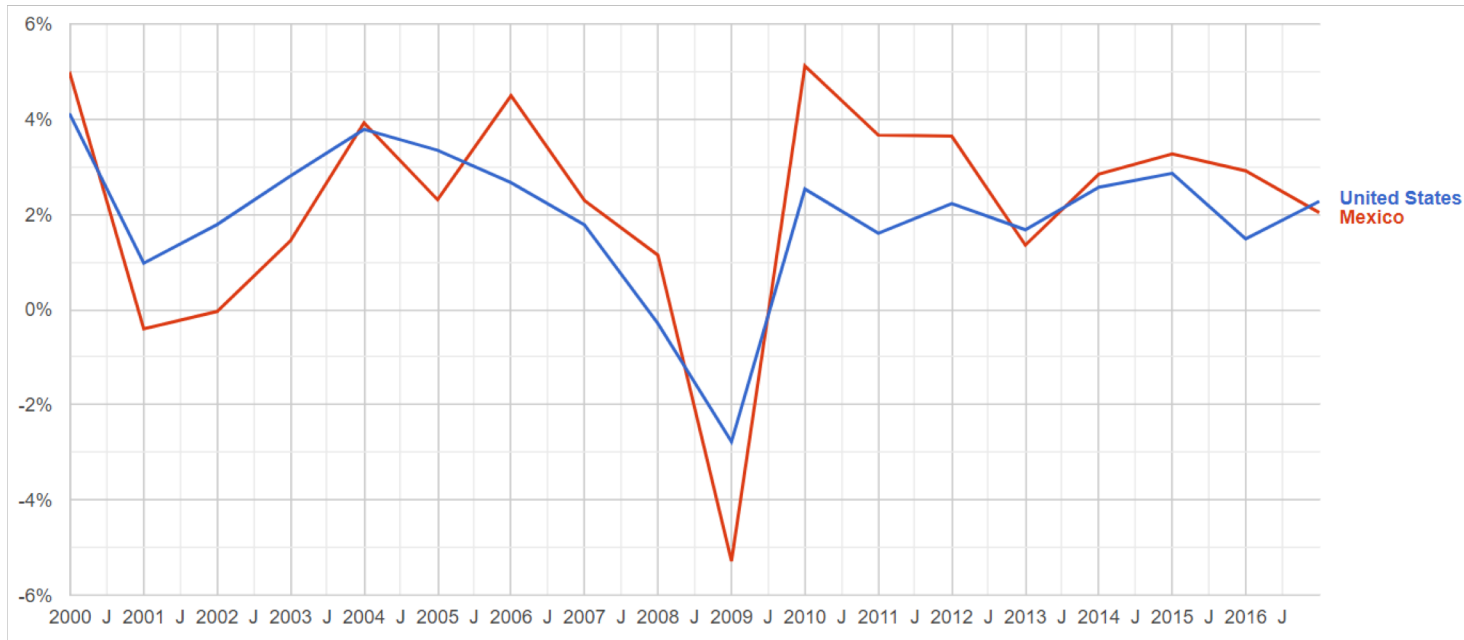
Mexico's registered GDP is growing at annual 2.07% (2017)

Background and History

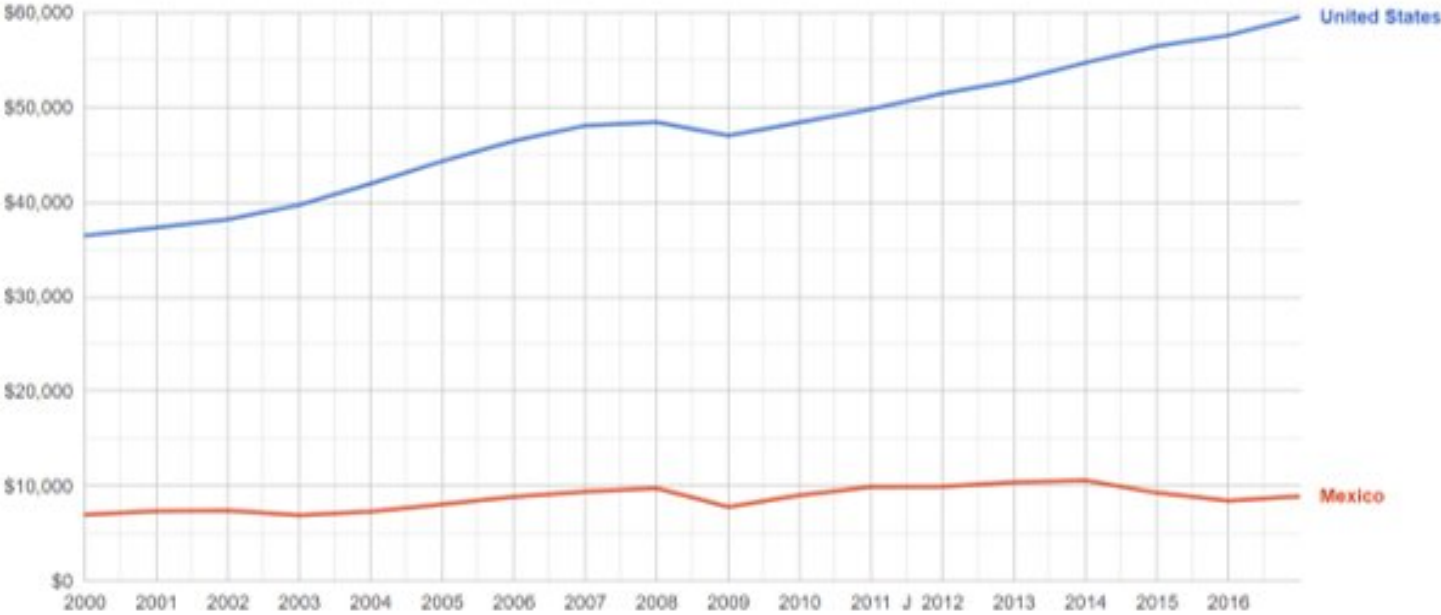
Cultural and Sociopolitical Environment

Economic Landscape

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Mexico's registered GDP is growing at annual 2.07% (2017)



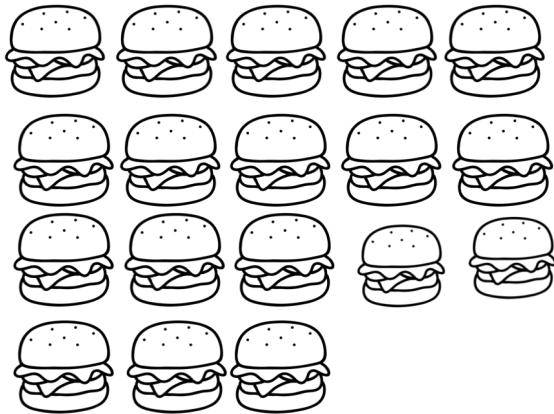
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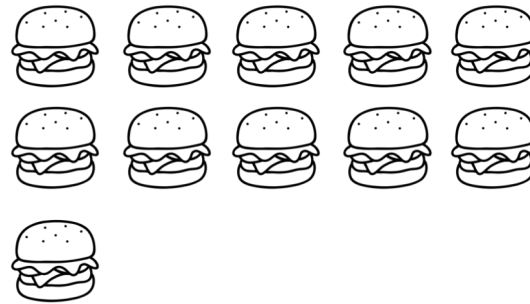
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PPP: The Big Mac Index or "How many burgers can you buy with \$50"?



Mexico 1 = \$2.70



US 1 = \$4.20

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Financial institutions in Mexico prefer to provide loans to sound customers

SME's have trouble accessing credit

Mexican government has enacted several incentives to encourage more private lending



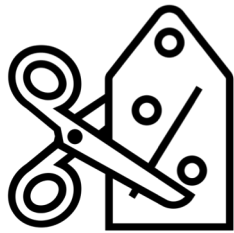
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Mexico as a desirable supply-chain solution for manufacturing



Low labor costs and maquiladoras



Strategic location



Exportability: International Trade Agreements with +45 countries

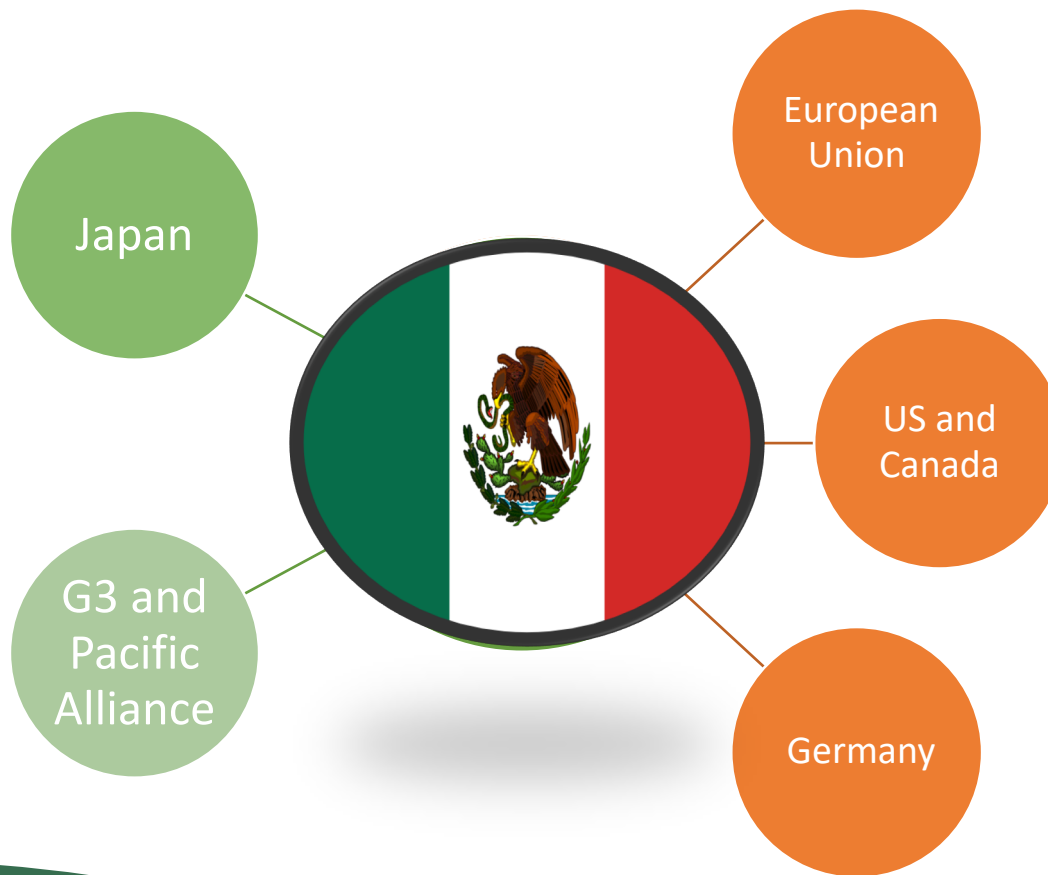
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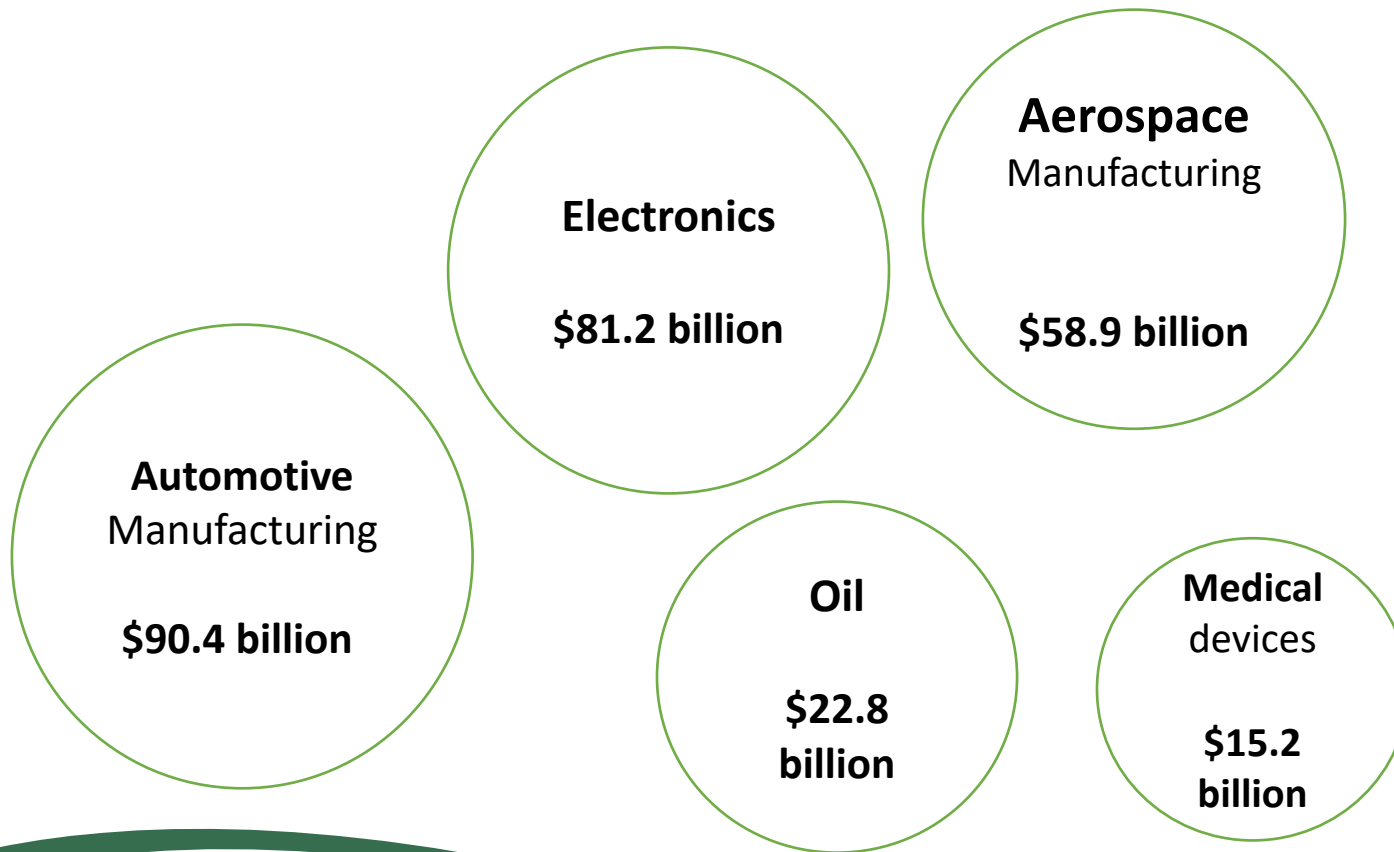
Economic Landscape

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Top Free Trade International Agreements and their impact



Boosting industries



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Automotive industry

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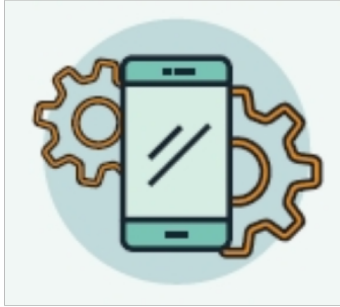
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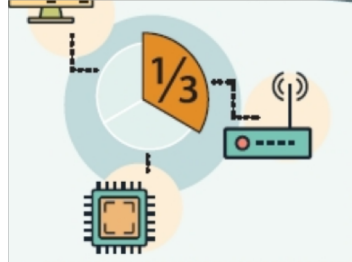
Trends,
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OEM's	
Tier 1	
Tier 2	

LCD panels, mobile phones...



1/3 belongs to the IT sector



Mostly consumer electronics



2nd EMS exporter to the US



*Top exporter of flat TVs
5th-largest exporter of computers*

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Trends and Strategies

EMS Industry

Aerospace industry clusters



- *+300 aerospace companies*
- *Increasing pressure from European and US OEM's to lower costs*
- *5 clusters of aerospace engine component in Mexico*

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Over \$100 billion in competition



2/3 of the electronic manufacturing industry in Mexico is the creation of IT processing units and consumer electronics.

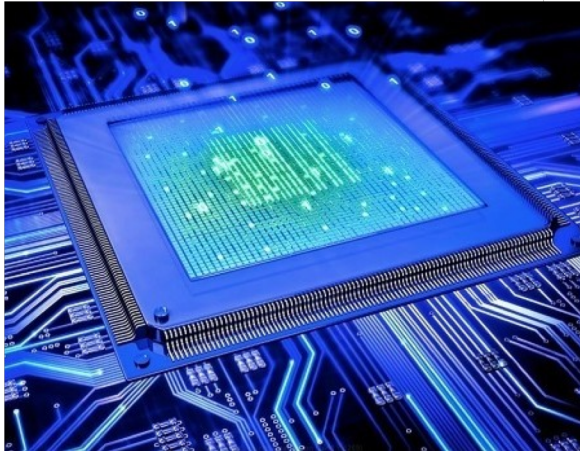
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Digital Assortment



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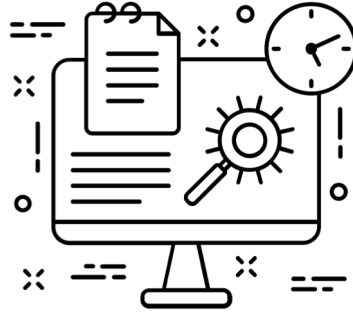
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The Best Buy



Labor and manufacturing costs are the cheapest in the world, outperforming both China and Japan.



An increase in foreign investment has dramatically increased the computing power and efficiency of manufacturing.



Educational / vocational reform has increased the number of skilled workers throughout Mexico.

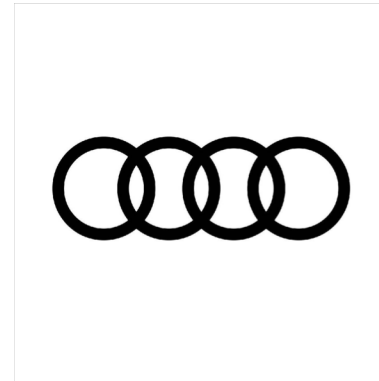
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Large Competition



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Any brand, but mainly hatchbacks



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Low barriers to entry and operational advantages

Manufacturing facilities throughout the region allow for tier 1 and 2 suppliers to benefit from the shared-services model and economies of scale.

The legal framework also allows a four-year period of limited income taxes and no need to certify operational status.



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Increasing investment



AIRBUS

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If it can fly, they make it

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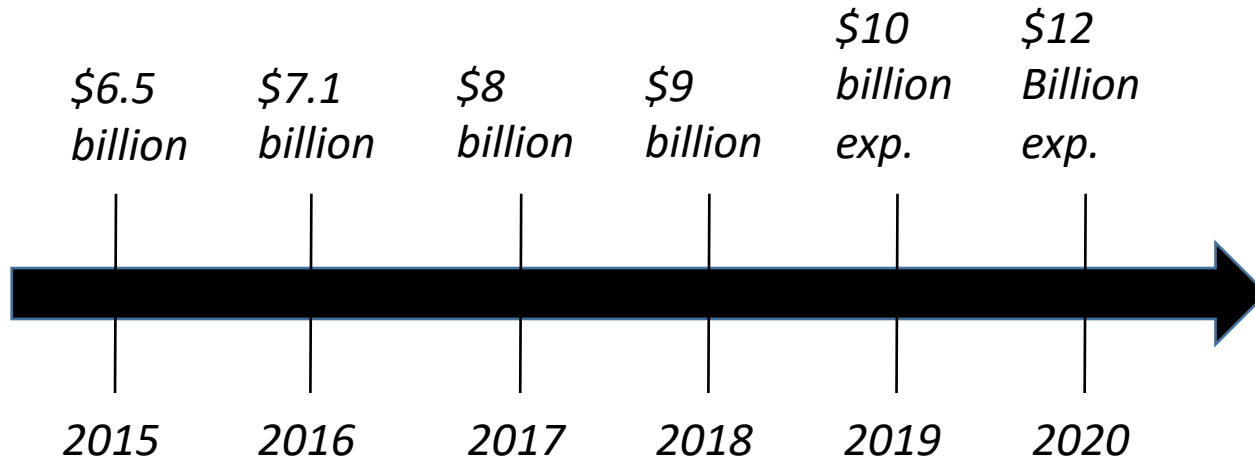


Mexico is the third largest country with foreign investment in aerospace, manufacturing turbines, to dual-rider private jets, to the 300+ passenger Airbus.



Revenues are soaring high

Total revenue to date



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Universal promotion

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**This is the start
of something big**

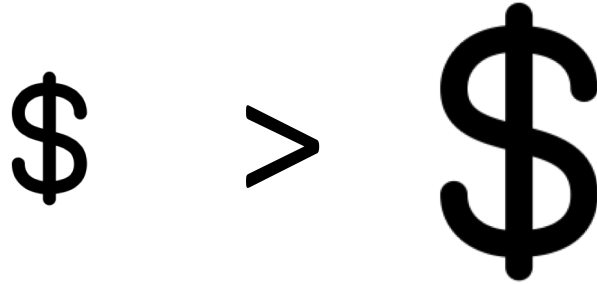
In 1973, the first of the A-300 European Airbus is scheduled to come into service. They will do so because a 250-300 seater is the only way of coping with the passenger traffic that by that time will have doubled. Moreover, the Airbus is the only aircraft of that size designed to fly at maximum profitability over short and medium-haul stages.
What makes the A-300 revolutionary is that it is likely to be the most popular aircraft ever with passengers.
The Airbus offers new spaciousness for one thing, with more room and comfort than the most luxurious of today's jets.
Its Rolls-Royce RB 211 engines will make it quiet, quieter than today's jets. And that will be a blessing to people on the ground as well as to passengers.
More remarkable is the exceptional efficiency of the Airbus and its engines which will enable operators to save fuel at today's levels. And technical delays will be reduced to a mere 1/2 - twice the reliability of current aircraft.

**A.300-economy-
comfort-quietness**

Airbus International
37, Boulevard de Monthenoy, Paris 16e, France
Sud Aviation · Hawker Siddeley Aviation · Deutsche Airbus

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Circle No. 5 on Reader Service Card.

Pricing Strategies



*Consumers are extremely price sensitive,
and government agencies always favor the
lower-cost option.*

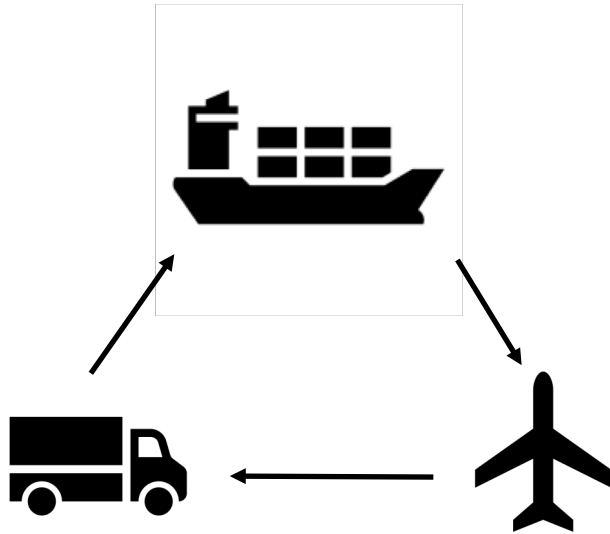
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Land, Sea, or Air



Strong impact of the US dollar creates a tough environment for retail stores, despite a 5% increase overall in distribution.

Shipping and logistics are some of the best in the world, due to 12 trade agreements with over 46 countries.

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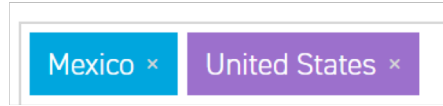
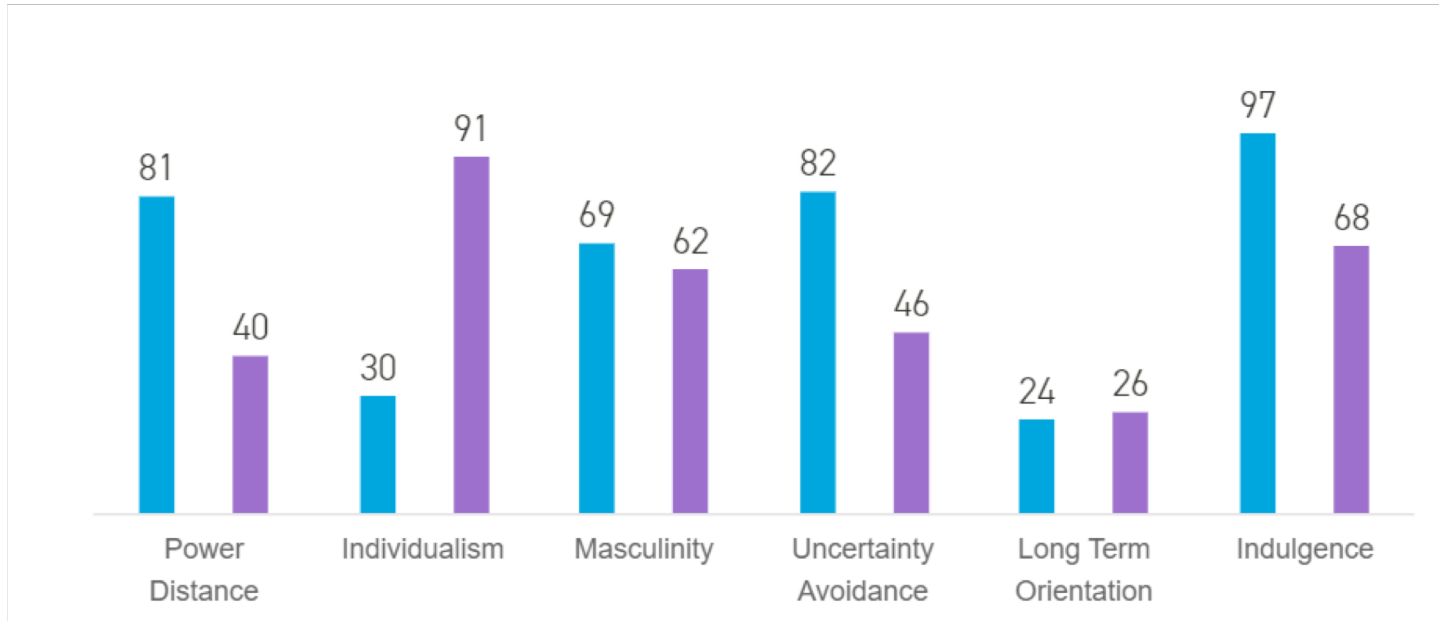
Mexico is a **hierarchical, masculine, collectivistic, risk avoidant, short-term orientated and indulgent society.**

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Business Customs: the (only) way to success

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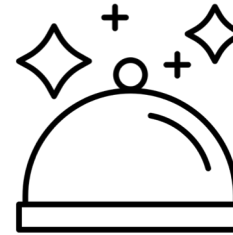
Economic Landscape

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...DEAL!

Manners are the non-spoken part of it



Meeting and Greeting	Body Language	Dining and Entertainment
<ul style="list-style-type: none">- Shake hands- Bow when greeting a woman	<ul style="list-style-type: none">- Close together when conversing- "Hold" a gesture	<ul style="list-style-type: none">- Business entertainment allows personal relations development- Take your time- Invite your Mexican counterpart to dinner

Background and History

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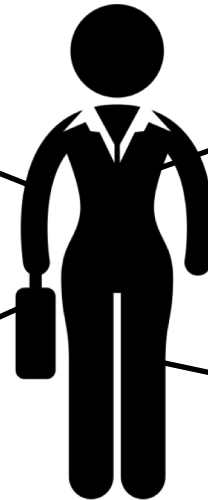
Economic Landscape

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If you're a woman, be ready to over-demonstrate your competences!

Mexican businessmen may not have had many dealings with women in positions of authority



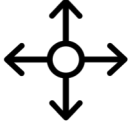

Be ready to deal with sexist attitudes and behaviors



Don't invite businessmen for lunch unless their wives come along

Always wear make-up and dress conservatively (navy and dark grey are always a good idea)

So... is it easy for foreigners to do business in Mexico?

	Foreigners can own 100% of a Mexican corporation and open their business in Mexico
	Activities limited by government control: petroleum, electricity, nuclear energy etc.
	Business entity options are like that of the US: Public Limited Company, Limited Liability Company & Sole Trader
	Tough labor laws: they can change with each state and update without notice

Thank you for your attention!

So, do you believe in doing business in Mexico? Or are you one of those communist / Marxist types?

