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▶ TOP STORIES

Discover Mexico

Since the North American Free Trade Agreement was established in 1994, opportunities for Canadian businesses in Mexico have surged. Today, nearly 3,000 Canadian companies have taken the plunge. If you have not considered Mexico before, now is the time.

[see page 5](#)



Finding your ideal partner

A Vancouver-based software company has found success in Mexico with a simple mantra for expansion: you can't do it alone. After a lot of legwork, and a little help from Canada's Trade Commissioner Service, it is possible to find the perfect match.

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Investment abroad good for business at home

Canadian companies are investing in Mexico like never before. A Toronto-based metals and plastics manufacturer is one company whose expansion in Mexico is resulting in growth for its domestic operations.

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▶ ALSO IN THIS ISSUE

▶ Environmental opportunities sprouting up

Mexico's environmental sector is growing at a rate of 6% annually, with major opportunities emerging for Canadian entrepreneurs in water treatment, solid waste management and renewable energy.

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▶ Demand for building products outpaces supply

More than 600,000 new homes were erected in Mexico in 2006—one-third in Mexico City alone—and thousands more were remodelled. Despite this unprecedented boom, Mexico faces a substantial housing shortage: more than 750,000 new homes are needed.

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▶ Canada-Mexico trade growing

Canada's exports to Mexico rose dramatically in 2006, up 30.1% to \$4.4 billion, making it Canada's fifth most important destination for merchandise exports.

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Northeastern Mexico: opportunities closer to home

Northeastern Mexico plays an important role in North America's competitiveness. For Canadian companies, this region could be a great centre for investment and low-cost manufacturing.

After the North American Free Trade Agreement was signed, Northeastern Mexico's economy grew significantly and now contributes considerably to the value chains of North America.

The main engine of the Northeast is Monterrey, the capital of Nuevo Leon, which has the highest gross domestic product per capita of any Latin American city.

The Northeast includes the states of Chihuahua, Coahuila, Nuevo Leon and Tamaulipas. These states account for 18% of the country's gross domestic product, 23% of its manufacture production and 21% of its industries. With a market of over 12 million consumers, the Northeast also boasts high consumption capabilities.

It's no wonder then that the region is attractive to Canadian firms as an export market as well as a source and destination for investment.

"NAFTA gives Canadian products preferential access to this market," says Jean-Charles Joly, a trade commissioner with the Canadian Consulate in Monterrey. "The region can be easily accessed by road—with the extensive highway network that crosses the U.S.—by railway and by sea through the Gulf of Mexico," he says.

Joly points out that the region has a highly North Americanized business culture and that its vast manufacturing sector has a high percentage of their inputs coming from foreign markets, giving Canadian firms more opportunity to become vendors and suppliers.

"The region's geographic position gives it important advantages as an investment zone for Canadian companies



Photo/José Luis Ruiz

Monterrey, in northeastern Mexico, has the highest gross domestic product per capita of any city in Latin America.

looking to do business in Mexico, the southern U.S. and the rest of Latin America," says Joly.

Moreover, labour in this region is cheap compared to other regions in North America, and it boasts a highly qualified workforce that has access to world-class universities.

Manufacturing is a dominating activity in the region with automotive, construction materials and maquiladora industries driving Mexican manufacturing exports there. A maquiladora is a factory that imports materials and equipment on a duty-free and tariff-free basis for assembly or manufacturing and then re-exports the assembled product.

But opportunities are not limited to these sectors. Other high-growth areas in the region include agri-food, information and communications technology, mining, environmental industries and aerospace.

"Even with the recent increase of Canadian exports to Mexico, there are a lot of opportunities yet to be explored," says Joly, who suggests that a good way to crack the Mexican market is to give the Northeast a go.

For more information, contact the Canadian Consulate General in Monterrey, tel.: (011-52-81) 8344-3200/2753, email: monterrey@international.gc.ca. ◀

GENERAL INFORMATION

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Ontario company eyes returns on its investment

Canadian investment in Mexico is a matter of companies putting their money where their business is.

As Mexico continues to strengthen its place in the global supply chain, manufacturers of all stripes are establishing operations there—taking advantage of available labour, lower costs and geographic contiguity with the rest of North America. Their suppliers are increasingly following suit.

The trend is particularly pronounced in the automotive industry: hardly a surprise given the degree of integration among manufacturers and suppliers in that sector. The big auto makers are declaring their need to have partners close to their Mexican plants; companies like Magna, Dofasco and others have been quick to respond.

Such is the case too with Samuel Manu-Tech Inc., a billion-dollar public Canadian metals and plastics manufacturer with 60 facilities in Canada and the United States.

Having kept an interested eye on the Mexican market since 1999, Samuel Manu-Tech was ready to move in 2005 when a longtime customer, an auto-sector manufacturer in the northeastern city of Saltillo, asked Samuel Manu-Tech to set up a local stainless-steel tube production facility nearby.

The company leapt at the opportunity—augmenting, not displacing, its domestic operations.

In the fast lane

The new Mexican company, Tubos Samuel de Mexico, the sister company to Associated Tube Industries in Markham, Ontario, are both divisions of Samuel Manu-Tech.

“Because we’d begun gathering info on Mexico in 1999, we were already quite familiar with conditions in Saltillo,” said Scott Sweatman, president of Associated Tube Industries.

Sweatman says that the company had more or less been waiting for the right opportunity to arise.

“We could produce these particular products effectively in our Markham plant but the transportation costs would be too high, and our customer wanted proximity. The Mexico venture coincides with our goals to grow our businesses and to generate a good return on investment.”

The Mexico facility represents purely an expansion of the company’s operations. The distance between its Canadian plant in

Markham and the new one in Saltillo is such that each serves a distinct regional market. Sweatman says that over time, there could conceivably be competition between the two for some of the company’s simpler tubing business.

“Associated Tube Industries in Markham will always be the centre of technical excellence within the group, and it will specialize in more exotic tubing products, leaving Tubos Samuel de Mexico to produce commodity tube exclusively,” he says.



A worker packages seat belt components in a maquiladora plant in Reynosa, Mexico. A maquiladora is a factory that imports materials on a duty- and tariff-free basis for assembly or manufacturing and then re-exports the assembled product.

AP Photo/L.M. Otero

Samuel Manu-Tech approached the Trade Commissioner Service in 2005 to learn more about investing in Mexico. Sweatman said he received excellent information from the Consulate General in Monterrey.

Canadian trade commissioner David Valle explains, “We provided information on available incentives, government contacts, wage and salary rates, cost of buildings, utilities—all necessary for Samuel Manu-Tech to plan effectively for establishing a long-term presence in Mexico, one oriented toward continual growth.”

According to Sweatman’s projections, Samuel Manu-Tech will start to see returns on its investment this year.

The example of Samuel Manu-Tech should be a heartening one for other Canadian companies in a wide range of industries, says Valle.

“Mexico is a key link in the global supply chain, and Canada is well-positioned to forge a place for itself here.”

For more information, go to www.infoexport.gc.ca/mx or www.samuelmanutech.com. ◀

Western Mexico a hot spot for ICT and beyond

When it comes to doing business in a market eager for Canadian products and services, many entrepreneurs are turning their eyes to Western Mexico. And with good reason.

With over 4 million people, the capital Guadalajara in the state of Jalisco is the country's second-largest metropolitan area. Its economic influence extends to several neighbouring states including Guanajuato, Aguascalientes, Colima, Nayarit and Sinaloa.

With a combined gross domestic product that represents 14% of Mexico's total GDP, this market is not only large but growing. Its economy is also diversified.

Canadian exports to Jalisco alone soared to \$853 million in 2006 from \$556 million in 2004. Whether for food products, machinery, electronic components or other goods, Canadian companies are finding many opportunities here.

Being the breadbasket of the country, the western region is the largest producer of food products, including beef, milk, eggs, seafood and vegetables. It is also a significant importer of food commodities that supply its dynamic food processing industry. In fact, the edible oil companies in Guadalajara represent a major export market for Canadian canola.

But other opportunities abound.

Fernando Baños, a trade commissioner with the Canadian Consulate in Guadalajara, says the area has traditionally been known as Mexico's Silicon Valley because of the concentration of large electronics manufacturing operations. He adds that in recent years, design facilities and software development have become a big part of the local business community for information and communications technology.

"The Jalisco region promotes itself as Mexico's IT capital and is a very attractive entry point for Canadian ICT companies to Mexico and also to other Latin American markets. Jalisco has emerged as a leader in Mexico in terms of commercial research and development activities which now represent over \$600 million annually. The main focus is in electronic design, software development and animation," says Baños.

Guadalajara is also where Conafor is located, Mexico's national forestry commission.

Budgets for Conafor have been increasing in order to fund numerous programs—from those designed to attract investment

for commercial plantations, to forestry inventory, fire-fighting equipment and training, to large-scale reforestation.

"These programs are creating abundant opportunities for Canadian service providers in areas where Mexico lacks previous experience and technical requirements," says Vance McEvoy, a trade commissioner in charge of the forestry sector.

Baños says that Canadian businesses are well-established in Western Mexico, but that there is a lot of room for entrepreneurs to deepen their business roots.

"The State of Jalisco has enjoyed more than a decade of sistership agreements with the provinces of Alberta and Manitoba that encompass trade, culture, education and civil protection. More recently, research and development has been identified as an area of mutual interest."

Western Mexico is a large and growing market where Canadian companies are succeeding and where potential is high. The Canadian Consulate in Guadalajara is your partner to take that success to the next level.

For more information, contact the Canadian Consulate in Guadalajara, tel.: (011-52-33) 3671-4740, website: www.infoexport.gc.ca/mx/gdl. ◀



Guadalajara's Millenium Arches stand out near one of the city's busy industrial areas.

Why your North America should include Mexico

The North American Free Trade Agreement was unfurled 13 years ago as a re-thinking of continental trade. Today, it continues to generate new opportunities for Canada and Mexico. Since 1993, bilateral trade between the two countries has increased by a whopping 350% and investment by nearly 400%.

Of course NAFTA isn't the only reason why business between Canada and Mexico is growing at a breakneck pace.

Mexico is one of the largest economies in the world. Its population tops 100 million, and by 2030 will exceed 130 million. Politically and economically, the country continues to carry out programs of world-minded reform, aiming to forge strong global trade links. It is also home to a growing middle class with increasing spending power.

And Canadian companies are taking note. Nearly 3,000 operate in the Mexican market today.

"Canada understands and appreciates Mexico's importance as a dynamic global market," confirms Marie-Lucie Morin, Deputy Minister of International Trade.

But Canadian companies are still in the process of discovering Mexico's full potential. Certain sectors, such as tourism, are well-known to sun lovers. Yet as the country's economy burgeons—and as its population continues to grow—pressure on infrastructure and services will swell demand for building products, information and communication technologies, manufacturing technologies, environmental products and services and agri-food, opening up new trading opportunities for Canadians.

The numbers: Mexico in a nutshell

Canadian exports to Mexico hit \$4.4 billion in 2006 and Canadian investment reached \$6.6 billion. This makes Canada Mexico's fifth-largest investor.

Canada has become a crucial market for Mexico as well, importing more than \$15 billion in merchandise last year and attracting a growing amount of Mexican investment.

Economically, Mexico has continued to gain strength in recent years. Inflation declined by six percent between 2000 and 2005 and the peso has stabilized. Mexico is also signatory to free trade agreements involving



The Angel of Independence monument in Mexico City, one of the country's most important economic and cultural centres.

43 countries, which makes it an impressive partner compared to other emerging markets.

Arrangements such as the Security and Prosperity Partnership and the Canada-Mexico Partnership have also strengthened ties between Canada and Mexico in recent years.

Realizing the opportunities Mexico represents, a number of Canadian provinces have established their presence in the country. Alberta and Ontario are co-located within the Canadian Embassy and the Government of Quebec has its own offices there. Alberta also has an advanced education office in Guadalajara. Foreign Affairs and International Trade Canada, Export Development Canada, the Canadian Food Inspection Agency, Agriculture and Agri-food Canada and Natural Resources Canada are all active in Mexico too.

That means there is a well-connected and comprehensive infrastructure in place to support Canadian companies seeking to enter or grow within the Mexican market—either by doing business there or through direct investment abroad.

For more information, contact the Canadian Embassy in Mexico, email: mexico.commerce@international.gc.ca. ◀

Canadian company gets Mexico on its side

ACL Services Ltd. is anything but a newcomer to the Mexican market. For 13 years, the company has sold its data analyses software for financial executives, compliance professionals and auditors in the majority of Mexico City's biggest organizations. Its efforts there have been aided by a longstanding and highly effective relationship with a local channel partner.

When ACL began to consider new sales opportunities in other regions of the country, it realized it would have to expand its partner base. Channel partners are particularly important in ACL's business, as the sales cycles are long and success demands on maintaining a persistent, available, responsive presence.

"We knew we wanted help finding the right candidates," says Sabino Ramos, ACL's Regional Director. "Our company is based in British Columbia; we needed somebody in Mexico who could identify strong prospects."

Getting the profile right

Ramos contacted the Canadian Embassy in Mexico City as well as the consulates general in Monterrey and Guadalajara. He requested contact and regulatory information to support ACL's partner search.

Trade Commissioner David Valle took the reins. He met with ACL to clearly define the profile of a desirable partner.

"You can find all kinds of information on the Internet," says Valle, "but it's basically raw data and you have no idea whether it's valid or not. Companies benefit greatly from having someone on the ground with local knowledge who can provide real intelligence and analysis."

Determining that ACL's ideal partner would be a solid, established, medium-sized firm of 30 to 50 employees, in good standing with banks and other key institutions, Valle prepared a qualified shortlist. ACL worked from that document to conduct further research of its own.

"I was impressed by the proactivity of ACL," says Valle. "They were quick to pick up the ball and run with it. In my experience, companies sometimes underestimate the effort required of them to make inroads in new markets. ACL understood it was the driver of its own success, and that paid off."

After screening the shortlist of candidates further, ACL identified two channel partners in Monterrey and Guadalajara,



and signed contracts with each in 2006. The firm now has a strong presence in four of the strategic regions in the country, increasing its presence and business volume in Mexico.

As for advice to other Canadian firms looking to establish partnerships in markets abroad, Ramos says many companies concentrate on knowing their own products and value propositions, but don't always clarify their expectations of what they want to achieve—and what's actually attainable.

It's easy for companies to underestimate the strength of local competition. Emerging markets can have well-established and strong competitors. New entrants, especially foreign firms, can't presume they'll walk in uncontested and secure the lion's share of business.

"In short," says Ramos, "you need to do the due diligence. Close the gaps. Get local references. You need someone acquainted with the market to give you the information, and then you have to go see for yourself. Visit the sites and look with your own eyes at how the information you've been given maps onto reality."

Ramos is enthusiastic about the support ACL has received from Canadian trade officials abroad—not only in Mexico but also Chile, Argentina and Brazil.

"In every market, we've been able to get the information we need to flesh out and execute our plans."

That's welcome news to Valle.

"We facilitated ACL's participation in local IT events and other industry gatherings to help continue building profile," he says.

Now ACL is out there, a recognized, leading Canadian company closing more deals.

For more information, contact David Valle, Canadian Consulate General in Monterrey, email:

david.valle@international.gc.ca, or go to www.acl.com. ◀



Environmental opportunities sprouting up

Mexico's environmental sector is growing at a rate of 6% annually, with major opportunities emerging for Canadian entrepreneurs in water treatment, solid waste management and renewable energy.

"Mexican municipalities are required to treat their wastewater to comply with regulatory standards for discharge into public bodies of water," says Jean-François Hébert, a trade commissioner with the Canadian Embassy in Mexico. "Laws also require the private sector to adhere to water pollution standards," he adds.

Opportunities are present in almost all industrial sectors, as well as in the tourism and housing development industries, not to mention solid waste management.

"Most of the country's municipalities have outdated solid waste management infrastructure," says Hébert. "Federal and state authorities have been pressuring municipalities to modernize by controlling disposal sites, reducing waste, mitigating health risks and by adopting efficient waste-collection services." It is worth noting that Banobras, a Mexican development bank, has useful loan and grant programs for solid waste management.

Biogas generation and hazardous materials transport and confinement are other areas of opportunity.

"Opportunities exist for landfill gas conversion projects, either to electricity or compressed natural gas," says Hébert. Mexico produces close to 100,000 tons of urban solid waste a day, of which 53% is organic.

Yet Hébert says there is only one biogas-to-energy conversion project in the country. "There is a lot of interest in Mexico for renewable energy projects, and given the country's potential, important opportunities can be found for Canadian companies specialized in biogas collection, separation and conversion."

Breaking in

To access the market, Hébert recommends six steps:

1. **Contact the embassy.** Trade commissioners know the market, people and culture. They can identify contacts, market opportunities and prospective partners.
2. **Price competitively.** Canadian companies may be world leaders in environmental technology, but the Mexican market is extremely price-sensitive.
3. **Leverage Canadian-Mexican business relationships.** Take advantage of existing relationships between Canadian companies and Mexican customers to win business with the Mexican subsidiary of a Canadian company.
4. **Tap into the business network.** Approach the Canadian Chamber of Commerce in Mexico to access the local business network and customer leads.
5. **Accept the business culture.** Decisions in Mexico typically take longer than in North America, so be patient.
6. **Consider local outsourcing.** The Mexican supply of qualified engineers and consultants is abundant, so consider outsourcing to access important cost advantages.

For more information, contact Jean-François Hébert, Canadian Embassy in Mexico, email: jean-francois.hebert@international.gc.ca. ◀

Manufacturing sector gains take commitment

With few advanced manufacturing technology companies in Mexico, the country has been forced to import roughly 66% of its machinery and equipment, opening doors for Canadian companies in this sector.

In fact, Canadian entrepreneurs are already selling their manufacturing technology solutions and services to Mexican customers. Some of these Canadian products and services are in automation, robotics, simulation, machine tools, dies, moulds and software applications.

Opportunities for Canadian companies are abundant. Entrepreneurs can pursue opportunities to supply Ford's new plant in Hermosillo, Volkswagen's in Puebla and Nissan/Renault's in Aguascalientes. In the Monterrey-Salttillo corridor, Mexico's industrial engine, General Motors and Daimler Chrysler also have significant operations.

The auto sector is the largest manufacturing export industry in Mexico. Nine light-vehicle assembly plants and more than 1,000 domestic and foreign parts suppliers, located primarily in Northern and Central Mexico, make the country the 11th-largest auto manufacturer in the world.

See page 10 - Manufacturing sector gains take commitment

Strong demand for building products outpaces supply

More than 600,000 new homes were erected in Mexico in 2006—one-third in Mexico City alone—and thousands more were remodelled. Despite this unprecedented building boom, Mexico faces a substantial housing shortage: more than 750,000 new homes are needed.



The view is sunny from the inside of a newly framed house in Tijuana, Mexico.

To keep pace with demand, Mexico's housing construction market is growing a lot faster than the overall economy, a trend that is expected to continue. This spells opportunity for Canadian companies exporting building products and construction technologies.

Canadian companies have a broad range of capabilities to offer the Mexican housing market but they are not visible enough.

“Unfortunately, there is a lack of recognition of Canadian expertise and awareness of Canadian building products,” says Evelyne Alcalá, a trade commissioner at the Canadian Embassy

Hungry for agri-food imports

With Mexico's economic stability, and a younger generation adapting to a more international way of life, imported food products are becoming more popular.

Based on consumer behaviour in Mexico, Canadian food products in high demand include private label products, fish

in Mexico. “Canadian companies face stiff competition. They must be persistent if they wish to penetrate the market, and shouldn't become discouraged if a deal doesn't close immediately—many take years to firm up.”

One key challenge these exporters face is cost competitiveness: the market is driven by price, even in the middle and high-end segments.

Experience shows that companies most likely to succeed are those that are ready and willing to transfer technology and work with local partners to introduce new building concepts.

Canadian areas of specialty include manufactured wood products, doors and windows, paints, laminated floors, bath, polymers, hybrid systems and insulation.

High-end homes offer greater potential

Low-income housing represents 92% of the market and is valued at \$3.4 billion. High-income housing represents just 1.4% but is worth roughly \$20 billion.

“Though the social housing sub-sector is the largest market segment by volume, the middle- and upper-end segments present opportunities and interest,” says Alcalá. “These require modernized construction technologies and techniques that can shorten construction times, reduce labour requirements and deliver energy-saving benefits.”

Canadian companies seeking to break into the Mexican housing construction market, or expand their business in that market should consider **Expo CIHAC**, a trade fair held from October 16 to 20 in Mexico City. In cooperation with the Canada Mortgage and Housing Corporation, Foreign Affairs and International Trade Canada is organizing a Canadian mission, pavilion and technologies seminar.

For more information, contact Evelyne Alcalá, Canadian Embassy in Mexico, email: evelyne.alcala@international.gc.ca, website: www.cihac.com.mx. ◀

and seafood items, food ingredients, organic food, power and candy bars, and specialty grains and pulses.

Other products like frozen prepared foods, meat- and fish-based meals, confectionery and snacks, processed and deli meats, and alcoholic and non-alcoholic beverages are also in high demand.

Hungry for agri-food imports - continued on page 10

Personal touch key to ICT success

Canadian companies are a force in the Mexican ICT market, which is growing at a rate of more than three times the country's gross domestic product.

Many have entered into joint ventures with Mexican companies, like Ottawa-based International Datacasting Corporation.

The firm provides products, systems and service for broadband multimedia content distribution via satellite. IDC has recently moved from being primarily a manufacturer of hardware and software into providing integrated solutions, custom engineering and teleport services.

According to Silvio Ostroski, a regional director at IDC, the company's success in Mexico over the past 12 years can be attributed to making the right personal connections.

"Identifying the right partner with an understanding of the local culture was critical," he says. "Having the right products with the right price is not enough to succeed.



Mexico's market for information and communications technologies is young and grew by 14% in 2006.

Relationships are fundamental. The trade commissioners at the Canadian Embassy in Mexico can help to identify the right partners, open doors and help establish your credibility."

This is sound advice, considering that many are highly specialized small and medium-sized enterprises that need help finding the right people to take their business to the next level.

Canada's Trade Commissioner Service has registered some 150 Canadian companies active in the Mexican ICT market. Areas of greatest strength include: software solutions and IT services, telecom (mobile applications), electronic components and service, IT security, multimedia and e-learning.

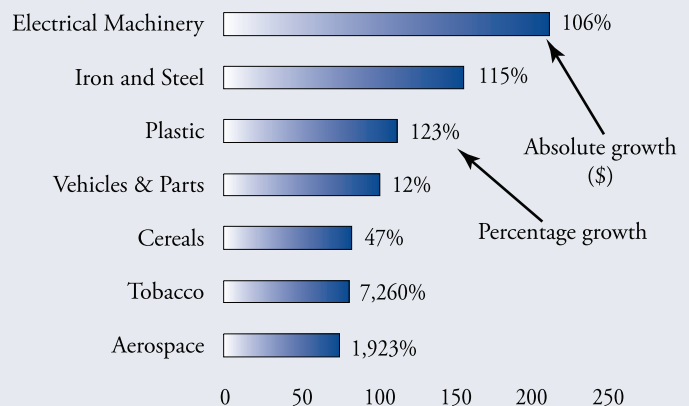
Mexico's ICT sector grew by some 14% in 2006. ICT imports were up 24% and software purchases increased by 13%.

For more information, contact Guillermo Larios, Canadian Embassy in Mexico, email: guillermo.larios@international.gc.ca ◀

Canada-Mexico trade growing

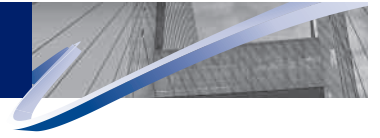
Canada's exports to Mexico rose dramatically in 2006, up 30.1% to \$4.4 billion, making it Canada's fifth most important destination for merchandise exports. This growth was driven primarily by exports in electrical machinery as well as iron and steel, which increased by \$214 million and \$158 million, respectively. But strong growth rates were registered across a variety of sectors, including tobacco and aerospace, with those sectors posting growth rates in the thousands albeit from very small starting points and as a result of commercial activities from a few large companies: exports of tobacco grew from \$1 million to \$83 million, and aerospace from \$4 million to \$80 million. Exports of vehicles and parts continue to lead Canada's total merchandise exports to Mexico by a large margin, exceeding the next-nearest category (electrical machinery) by more than double in 2006. But growth registered in these other sectors looks promising. ◀

Canada's Top Growth Exports to Mexico (millions CAD \$ and %)



Data: Statistics Canada.

Provided by the Office of the Chief Economist, Foreign Affairs and International Trade Canada (www.international.gc.ca/leet)



Manufacturing sector gains take commitment - continued from page 7

Automation Tooling Systems is one Canadian company that has been serving the Mexican automotive market for 15 years. It designs and builds automated assembly lines.

“The automotive industry is still very strong in Mexico,” says Juan Cardenas, a manager with the company. “The medical devices market is growing too and we see opportunities in pharmaceuticals. Specialized expertise in electronics manufacturing—cell phones, televisions, CD players, and printheads for digital printers—is also in high demand in Guadalajara,” he says.

When asked his take on the key to success in the Mexican market, Cardenas recounts the story of explorer Hernán Cortés who, following Columbus’ discovery of America and Mexico, led an expedition to Veracruz in search of gold. His

crew had not anticipated the adverse conditions—heat, poor water quality, unfriendly natives. One night, on hearing of the crew’s plot to board the ships and return to Spain, Cortés burned the fleet. Success was the only option.

“You have to make a serious commitment,” Cardenas says.

Mexico has become an important hub in the North American manufacturing supply chain and it is making efforts to modernize its manufacturing sector to keep pace with global demand.

To learn more about opportunities in this sector, Canadian companies can attend these leading industry trade shows:

Expo Manufactura (www.expomanufactura.com.mx), **TECMA** (www.tecma.org.mx), **MetalForm** (www.metalform.com), and **PAACE Automechanika** (www.usa.messefrankfurt.com).

For more information, contact David Valle, Canadian Embassy in Mexico, email: david.valle@international.gc.ca. ◀

Hungry for agri-food imports - continued from page 8

Canadian products are well regarded in Mexico. Consumers there associate them with quality, value and health.

In fact, opportunities have been good for Canadian agri-food companies thanks to the elimination of tariffs under North American Free Trade Agreement. Most Canadian agri-food products have enjoyed duty-free access since January 1, 2003, with the exception of corn and beans (which will be subject to a tariff rate quota until 2008) and supply-managed products such as poultry, eggs and dairy (which were excluded from NAFTA).

Market entry strategies

So how do Canadians take advantage of this increasing taste for imports? Most commonly, food imported from Canada is purchased by local distributors, then resold to retailers, convenience stores, hotels and restaurants.

Distributors play a big role in helping foreign suppliers develop a presence in this market. However, direct importation is becoming more popular by larger retailers.

Canadian companies such as Cott Beverages, Maple Leaf Foods and McCain have had great success in Mexico. Their experience, and the market intelligence of Canadian trade commissioners, has demonstrated the effectiveness of certain market-entry strategies:

1. **Make a personal appearance:** Mexican importers do not always respond to phone calls, faxes or emails. It is best to visit Mexico and speak face-to-face with potential clients.
2. **Select the right agent:** Choose a distributor familiar with both the product and the Mexican market. Only a Mexican resident who has an import licence is authorized to import goods.
3. **Stay current:** Mexican import regulations change constantly, so stay informed on labelling, health and quality requirements to avoid problems at the border.
4. **Network:** Participate in Mexican trade shows as a way to connect with local distributors, agents and buyers.

Alimentaria (www.alimentaria-mexico.com) is one of the most important food and beverage trade shows in Mexico. The food market in Mexico is valued at \$153 billion. Over the past 10 years, Mexican imports of agri-food products have more than doubled and in 2006 reached almost \$20 billion. Canada is the second-largest exporter of agri-food products to Mexico, with \$1.6 billion worth in 2006. On average, Mexican households spend 30% of their income on food purchases. Demographics also show that approximately 50% of the Mexican population is aged 15 to 44 years.

For more information, contact Marcello DiFranco, Canadian Embassy in Mexico, email: marcello.difranco@international.gc.ca. ◀



BUILDING PRODUCTS

Mexico City, October 16-20, 2007 > **Expo CIHAC** is one of Mexico's major international building and housing exhibitions. The Trade Commissioner Service, together with the Canadian Mortgage and Housing Corporation, is working to organize a Canadian mission and pavilion to Mexico, as well as a Canadian technologies seminar. **Contact:** www.cihac.com.mx.

ENVIRONMENTAL INDUSTRIES

Mexico City, October 16-18, 2007 > **Enviro Pro** is the main commercial event in Mexico for the environmental sector and takes place concurrently with **PowerMex**, an energy sector trade show. **Contact:** Jean-François Hébert or Rosalba Cruz Jiménez, Canadian Embassy in Mexico, email: mexico.commerce@international.gc.ca.

FOREST INDUSTRIES

Guadalajara, September 27-29, 2007 > **Expo Forestal**, Mexico's annual trade show of the National Forestry Commission (Conafor), allows forestry service providers to explore the country's market and connect with forestry decision makers. Creating partnerships and solutions as well as dedication to the market are keys to this sector. **Contact:** www.expoforestal.com.

ICT

Guadalajara, October 5-7, 2007 > **Creanimax** is a multimedia conference and its main goal is to help Mexico establish and strengthen an animation and video games industry. Last year, more than 3,000 people attended—from video game developers, animators and experts in special effects for cinema, education, construction as well as mechanical engineering for training and entertainment. **Contact:** www.creanimax.com.

Guadalajara, October 23-25, 2007 > **Mexitronica** is the country's electronics industry event and exhibitors include manufacturers and distributors of electronic and mechanical components, consumables, and assembly and testing equipment. In conjunction with **Mexitronica**, participants can attend **Provelec**, a matchmaking forum that gathers major electronics manufacturers with suppliers of components and specialized services. **Contact:** www.mexitronica.com.

Mexico City, February 12-15, 2008 > **Expo Comm** is Mexico's largest and longest running telecommunications, wireless, networking and Internet technologies exhibition and conference. There will be a Canadian pavilion, a briefing session on the Mexican ICT market, opportunities to network with Mexican

companies, a business matchmaking service, market information and intelligence and face-to-face business counselling. **Contact:** www.expocomm.com.

METALS, MINERALS AND RELATED EQUIPMENT

Veracruz, October 10-13, 2007 > The biannual **International Mining Congress and Exhibit** is the main gathering in the Mexican mining sector. The Trade Commissioner Service, along with Export Development Canada, will be hosting a reception for Canadian and local contacts. **Contact:** www.expominmexico.com.mx.

MULTI-SECTOR

Montreal, June 18-21, 2007 > A **trade mission to Canada** that will focus on infrastructure projects in northern Mexico is being planned by the Monterrey chapter of the Canada-Mexico Chamber of Commerce. It will be held during the International Economic Forum of the Americas. **Contact:** Ricardo Assemat, Canadian Consulate General in Monterrey, email: ricardo.assemat@international.gc.ca, website: www.conferecedemontreal.com.

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