

Exporting

HIGH FIVE

Big, hungry and open for business, these rising stars want to buy from Canadian companies — maybe even yours. Unlock the opportunities with PROFIT's executive guide to today's hottest export markets

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Comeback kid

A massive recession in 1994 almost knocked Mexico out. Now it's back in fighting trim

A decade ago, things looked bleak for Mexico. In late 1994 the government devalued the peso, throwing the country into economic turmoil and triggering Mexico's worst recession in more than half a century. Foreign businesses fled and outside investment dried up. But rather than slide into Third World obscurity, Mexico fought back. Liberalized business rules, numerous trade agreements and a new focus on technical education have put Mexico back in the ring. Mexico's diverse market includes an expanding middle class of more than 20 million people, and at least half the country's 105 million residents are under 25. Many are becoming highly educated, especially at technical schools, a signal that Mexico's buying power will only rise. It's already the fourth most important market for Canadian exporters, behind only the U.S., Japan and China. Of course, NAFTA has played a huge role in increasing Canada's sales to Mexico, says Fred Sheehy, international marketing consultant with Ontario Exports Inc. "Since NAFTA came in," he says, "[the Mexican market] has grown over 300% for Canadians."

If you're looking for an international edge, consider this: Mexico is an ideal port of entry into the 30 countries with which it has signed bilateral trade agreements. Those pacts also mean the secret is out. "Everyone in the world wants to do business with Mexico," says Gustavo Zentner, manager of Manitoba-based Mexico International Trade Development. "When you make a call to sell them a product, chances are that five other countries have already called the same individual to offer the same product."

Choose your customers geographically, says Sheehy, and you can avoid some rivalries. Mexico comprises three major economic regions: Mexico City; the smaller districts of Monterrey near the U.S. border, where ties to the U.S. are tight; and Guadalajara, which is characterized by lots of manufacturing and SMEs. Canadian firms have a better shot at success outside Mexico City, where there's less competition with international players.

Mexico's economy favors private business. However, there remain reams of red tape at the border, and deals are predicated more on relationships than price. "Mexico requires more investment, patience, time and trips down to the market to leverage this relationship," says Zentner. "But once the relationship is established and the purchase orders start coming in, the market opportunities are terrific."

DID YOU KNOW?

Mexico City is sinking by 15 cm to 18 cm every year because the city was built atop an underground reservoir. — *SL*

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