



DOING BUSINESS IN MEXICO

Brought to you by:



Weaver is a Texas-based, national accounting firm providing assurance, tax and advisory services.

Allinial Global is an association of legally independent accounting and consulting firms who share education, marketing resources, and technical knowledge in a wide range of industries. We're independent accounting firms coming together to support the success of independent client companies. We'll go wherever we need in the world to secure the highest quality solutions to our clients' business needs. Allinial Global member firms have the flexibility to find not just a good solution to your business challenges, but the best solution for you - whether it's locally or internationally.

Introduction



CAPITAL: MEXICO CITY



POPULATION

Total Population: 126,190,788

Natural Increase: 1.1%

Density: 65 Inhabitants/km²

Urban Population: 80.2%

Population of main metropolitan areas: Mexico City (19,802,161); Guadalajara (4,630,757); Monterrey (4,448,139); Puebla (2,235,730); Toluca (2,048,009); León (1,690,587); Tijuana (1,672,401); Juárez (1,374,292); Mérida (1,367,952); Torreón (1,297,189); San Luis Potosí (1,235,937); Querétaro (1,193,636); Aguascalientes (1,001,824)

Ethnic Origins: About 60% of the population has Indigenous-Spanish ethnic origins. Those with Indigenous or predominantly indigenous ethnic origins comprise 30% of the population, while those of European origin comprise 9% and those with other origins amount to 1%.

Official Language: Spanish

Other Languages Spoken: Many Mexicans also speak English. Indigenous languages are also spoken throughout the country by hundreds of thousands of individuals.

Business Language(s): Spanish and English

Religion: Catholic: 89.9%, Protestant: 5.2%, Jewish: 0.05%, Other: 2.1%, No religion: 2.5%,

Literacy Rate: 91.6%

National Currency: Mexican Peso (MXN)



COUNTRY OVERVIEW

Area: 1,964,375 km²

Type of State: Mexico's official name is the United Mexican States. It is a federal republic based on presidential democracy.

Type of Economy: Export-oriented economy; member of OECD; emerging financial market.

Highest per capita income in Latin America; the most open country in Latin America; heavily dependent on the American economic situation

HDI*: 0.756/1

HDI (World Rank): 74/188

Note: () [The HDI](#), Human Development Index, is an Indicator Which Synthesizes Several Data Such as Life Expectancy, Level of Education, Professional Careers, Access to Culture etc.*



TELECOMMUNICATION

Telephone Code:

To call from Mexico, dial 00

To call Mexico, dial +52

Internet Suffix: .mx

Computers: 14.4 per 100 Inhabitants

Telephone Lines: 17.4 per 100 Inhabitants

Internet Users: 38.4 per 100 Inhabitants

Access to Electricity: 99.1% of the Population

Foreign Trade in Figures

| Foreign Trade Indicators | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|
| Imports of Goods <i>(million USD)</i> | 411,581 | 405,280 | 397,516 | 432,153 | 476,546 |
| Exports of Goods <i>(million USD)</i> | 397,129 | 380,772 | 373,930 | 409,494 | 450,685 |
| Imports of Services <i>(million USD)</i> | 30,341 | 29,495 | 31,926 | 36,664 | 37,049 |
| Exports of Services <i>(million USD)</i> | 21,086 | 22,609 | 24,097 | 26,920 | 28,381 |

Source: WTO - World Trade Organisation, 2017

[See the latest updates in the Country Profile for Mexico.](#)

Latest Update: December 2019

Economic and Political Overview

ECONOMIC OUTLINE

Economic Overview

Mexico is among the world's 15 largest economies and is the second largest economy in Latin America. The country is highly dependent on the United States, its largest trading partner and destination of 80% of its exports. 2018 GDP growth was moderate at 2.2%; small improvements to 2.5% and 2.7% are expected in 2019 and 2020, respectively (IMF). Coface estimated 2% GDP growth in 2018 and expects identical results in 2019. Economic growth was driven by domestic demand, strong household consumption and greater investments compared to 2018 (especially through reconstructing Mexico City areas following strong 2017 earthquakes).

Mexico's public deficit stood at 2.6% in 2018 and is expected to remain at identical levels during 2019 and 2020. Government gross debt slightly decreased from 54.3% to 53.8% in 2018; similar levels are expected during 2019 and 2020. IMF estimates inflation went from 6% down to 4.8% in 2018 while expecting the 2019 rate at 3.6% and the 2020 rate at 3%. The [2019 Annual Financing Plan](#) presented by the Mexican Finance Ministry estimated public debt at 45.3% of GDP for 2019. Oil production accounts for one third of the government revenues. Investors' confidence in the new government formed by Andrés Manuel López Obrador (AMLO) has been undermined since mid-October 2018, especially after the cancellation of the construction of the new Mexico City airport following a public consultation (a third of the airport had already been built). Rating agency Fitch also downgraded its grade on Petroleos Mexicanos (PEMEX) due to uncertainty around its future strategy and financial stress. AMLO promised USD 11 billion to PEMEX to build a new refinery and invest in hydroelectric power (Coface).

Mexico's unemployment rate remained steady at 3.5% and is expected to maintain similar levels in 2019 and 2020 (IMF). However, the informal sector still employed around 56.5% of the workforce as of August 2018 (INEGI). Key challenges which remain to be tackled include high dependence on the U.S. economy, high and rising criminality rates, income inequality, weakening infrastructure and education, and decades of underinvestment in the oil sector.

| Main Indicators | 2017 | 2018 | 2019 (e) | 2020 (e) | 2021 (e) |
|---|-----------|-----------|-------------|-------------|-------------|
| GDP (billions USD) | 1,156.95e | 1,222.05e | 1,274.18 | 1,322.49 | 1,380.72 |
| GDP (Constant Prices, Annual % Change) | 2.1e | 2.0e | 0.4 | 1.3 | 1.9 |
| GDP per Capita (USD) | 9,367e | 9,797e | 10,118 | 10,406 | 10,768 |
| General Government Balance (in % of GDP) | -2.3 | -2.3e | -2.8 | -2.5 | -2.1 |
| General Government Gross Debt (in % of GDP) | 54.1 | 53.6e | 53.8 | 54.6 | 54.7 |
| Inflation Rate (%) | 6.0 | 4.9e | 3.8 | 3.1 | 3.0 |
| Unemployment Rate (% of the Labour Force) | 3.4 | 3.3e | 3.4 | 3.4 | 3.4 |
| Current Account (billions USD) | -20.11e | -22.00e | -15.04 | -21.28 | -23.37 |
| Current Account (in % of GDP) | -1.7e | -1.8e | -1.2 | -1.6 | -1.7 |

Source: IMF - World Economic Outlook Database, Latest available data

Note: (e) Estimated Data

Main Sectors of Industry

Mexico's economy is diversified, including hi-tech industries, oil production, mineral exploitation, and manufacturing. Agriculture accounts for 3.42% of Mexico's GDP and employs over 12.97% of the country's active population (World Bank, 2017). However, credit scarcity continues to harm this sector. Mexico ranks among the world's largest producers of coffee, sugar, corn, oranges, avocados and limes. Cattle farming and fishing are also important activities in the food industry. Mexico is also the world's fifth largest producer of beer and its second largest exporter. Traditional agriculture has been at risk for decades, but ecotourism projects its viable aid ([DW](#)).

Industry employs 25.86% of the workforce and represents nearly 30.04% of GDP, according to the World Bank. Mexico is among world's leading producers of many minerals, including silver, fluorite, zinc and mercury. Moreover, oil and gas reserves are one of the country's most precious possessions. Mexico is world's fifth largest producer of oil and the Mexican oil company PEMEX is the second biggest company in Latin America, according to [the Latin500 ranking](#). The aerospace sector has grown sharply, thanks to the development of a cluster in Queretaro and the presence of nearly 190 companies, including Bombardier, Goodrich, the Safran group and Honeywell, which together employ 30,000 people. Mexico is also one of the world's ten largest car producers, although the fears of U.S. tariffs on vehicle imports loom over the industry ([Forbes](#)). Due to significant real estate investments, the construction sector is dynamic.

The service sector constitutes 60.85% of GDP and employs 61.17% of the workforce. The hi-tech, information and software development sectors are experiencing a real momentum, driven by the quality of the workforce, clusters and low operating costs that favours the creation of call centers. Specifically, medical services and tourism grow due to lower service costs than in other Western countries ([MarketWatch](#)).

| Breakdown of Economic Activity By Sector | Agriculture | Industry | Services |
|--|--------------------|-----------------|-----------------|
| Employment By Sector <i>(in % of Total Employment)</i> | 12.9 | 25.9 | 61.2 |
| Value Added <i>(in % of GDP)</i> | 3.4 | 30.9 | 60.9 |
| Value Added <i>(Annual % Change)</i> | 2.4 | 0.5 | 3.4 |

Source: World Bank, Latest available data.

Learn more about [Market Analyses about Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Indicator of Economic Freedom

Score: 64,7/100
 World Rank: 66
 Regional Rank: 12

[Economic freedom in the world \(interactive map\)](#)

Source: [2019 Index of Economic Freedom, Heritage Foundation](#)

Business environment ranking

Score: 6.91
 World Rank: 32/82

Source: [The Economist - Business Environment Rankings 2014-2018](#)

Country Risk

See the country [risk analysis](#) provided by [Coface](#).

Sources of General Economic Information

| | |
|------------------------|--|
| Ministries | Ministry of the Economy Ministry of Social Development Ministry of Finance and Public Credit Ministry of Energy |
| Statistical Office | National Institute of Statistics and Geography |
| Central Bank | Bank of Mexico |
| Stock Exchange | Mexican Stock Exchange |
| Other Useful Resources | Ministry of Social Development National Institute of Statistics and Geography ProMéxico |
| Main Online Newspapers | El Financiero El Economista El Universal |
| Economic Portals | Trade in Mexico |

POLITICAL OUTLINE

| | |
|---------------------------|---|
| Type of State | Mexico's official name is the United Mexican States. It is a federal republic based on presidential democracy. |
| Executive Power | As established by the Constitution, the Executive power is headed by the President of the United Mexican States. The President is both Head of State and Head of Government, as well as the Supreme Commander of the Army Force. He or she is elected by popular vote for a six year term and cannot be reelected. |
| Legislative Power | The Mexican legislative power is in the hands of the Congress of the Union, which is divided in two chambers: the Chamber of Deputies and the Senate of the Republic. The Chamber of Deputies has 500 members, 300 of which are elected through plurality voting and 200 through proportional representation. The Senate of the Republic elects its 128 members through proportional representation. |
| Main Political Parties | <p>Mexico has a multi-party system. Under the transition to democratic pluralism, the centre of political power has shifted away from the executive and towards the legislative branch and local governments. The largest three legislative forces in the country include:</p> <ul style="list-style-type: none"> - Institutional Revolutionary Party (PRI): centre/centre-left. The oldest political party in the country. Previously ruled for seven consecutive decades and returned to power in the 2012 elections. - National Action Party (PAN): centre-right. A liberal conservative party. - Party of the Democratic Revolution (PRD): centre-left. A left wing socialist party. <p>Other parties exist: the Green Ecologist Party of Mexico, the Labor Party, the New Alliance Party, the National Regeneration Movement, the Social Fighting Party and the Citizen Movement.</p> |
| Current Political Leaders | President: Andrés Manuel López Obrador (since 1 December 2018) - MORENA |
| Next Election Dates | Presidential: July 2024 Senate: July 2024 Chamber of Deputies: July 2021 |

Indicator of Freedom of the Press

World Rank: 144/180

Source: [2019 World Press Freedom Index, Reporters Without Borders](#)

Indicator of Political Freedom

Ranking: Partly Free

Political Freedom: 3/7

Civil Liberties: 3/7

[Political freedom in the world \(interactive map\)](#)

Source: [Freedom in the World 2019, Freedom House](#)

Latest Update: December 2019

Trade Profile

FOREIGN TRADE IN FIGURES

Mexico is highly dependent on foreign trade, which represented 77.6% of its GDP in 2017 ([World Bank](#)). The country mainly exports electrical and electronic equipment, vehicles, mineral fuels, oil and machinery. As for imports, Mexico purchases electrical and electronic equipment, machinery, vehicles and plastic products.

The United States purchase 80% of Mexico's exports, although Canada and the European Union are also important trade partners in this regard. Mexico mainly imports from NAFTA countries, China and Japan. NAFTA renegotiation with President Donald Trump places however Mexico's trade at risk; the US President having qualified NAFTA "a historical commercial mistake", and opting to replace it with the United States-Mexico-Canada Agreement (USMCA) ([El Financiero](#)). On September 30, 2018, it was announced that the United States, Mexico, and Canada had come to an agreement to replace 1994 NAFTA with the new and modernised trade pact: United States-Mexico-Canada Agreement (USMCA). The USMCA is the result of the renegotiation of NAFTA which took place from 2017 to 2018, although NAFTA will remain in force until the USMCA is ratified by its member states.

Mexico's trade balance is structurally negative, a trend that has been accentuated by the slowdown of the U.S. economy and the decline in world oil prices. In 2017, the trade deficit stood at USD 10.9 billion, a decrease from its 2016 level (USD 13.1 billion), due mainly to increased export of manufactured goods. Imports of goods and services were also higher in 2017 than its exports counterpart (39.7% of GDP vs 37.9% of GDP). Both Mexico and the USA benefit from production sharing, a process in which a good can sometimes be designed in the USA, assembled in Mexico and returned back to the USA for the final part of the production. The country has signed a dozen free-trade agreements with about forty different countries of the world. Other trade advantages of Mexico include its free-trade agreement with the European Union since 2000, a trade agreement with Japan since 2005 and the 2012 foundation of the Pacific Alliance along with Colombia, Chile and Peru.

| Foreign Trade Indicators | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|
| Imports of Goods <i>(million USD)</i> | 411,581 | 405,280 | 397,516 | 432,153 | 476,546 |
| Exports of Goods <i>(million USD)</i> | 397,129 | 380,772 | 373,930 | 409,494 | 450,685 |
| Imports of Services <i>(million USD)</i> | 30,341 | 29,495 | 31,926 | 36,664 | 37,049 |
| Exports of Services <i>(million USD)</i> | 21,086 | 22,609 | 24,097 | 26,920 | 28,381 |
| Imports of Goods and Services <i>(Annual % Change)</i> | 5.9 | 5.9 | 2.8 | 6.4 | 5.9 |
| Exports of Goods and Services <i>(Annual % Change)</i> | 7.0 | 8.4 | 3.6 | 4.2 | 5.9 |
| Imports of Goods and Services <i>(in % of GDP)</i> | 33.1 | 36.6 | 39.0 | 39.5 | 41.2 |
| Exports of Goods and Services <i>(in % of GDP)</i> | 31.9 | 34.6 | 37.1 | 37.7 | 39.3 |
| Trade Balance <i>(million USD)</i> | -2,795 | -14,599 | -13,070 | -10,984 | -13,796 |
| Trade Balance (Including Service) <i>(million USD)</i> | -16,087 | -24,375 | -22,036 | -20,852 | -22,719 |
| Foreign Trade <i>(in % of GDP)</i> | 65.0 | 71.2 | 76.1 | 77.2 | 80.4 |

Source: World Trade Organisation (WTO) - 2017; World Bank - 2017

Main Partner Countries

| Main Customers (% of Exports) | 2018 |
|---|-------------|
| United States | 76.5% |
| Canada | 3.1% |
| China | 1.6% |
| Germany | 1.6% |
| Brazil | 1.0% |
| Colombia | 0.8% |
| Japan | 0.7% |
| Netherlands | 0.5% |
| South Korea | 0.5% |
| United Kingdom | 0.5% |

| Main Suppliers (% of Imports) | 2018 |
|---|-------------|
| United States | 46.6% |
| China | 18.0% |
| Japan | 3.9% |
| Germany | 3.8% |
| South Korea | 3.6% |
| Canada | 2.3% |
| Malaysia | 2.0% |
| Italy | 1.4% |
| Brazil | 1.4% |
| Thailand | 1.4% |

Source: Comtrade, 2017

Main Products

| 450.5 bn USD of products exported in 2018 | |
|--|-------|
| Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702) | 11.0% |
| Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s. | 6.6% |
| Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s. | 6.6% |
| Petroleum oils and oils obtained from bituminous minerals, crude | 5.9% |
| Motor vehicles for the transport of goods, incl. chassis with engine and cab | 5.4% |
| Electrical apparatus for line telephony or line telegraphy, incl. line telephone sets with cordless handsets and telecommunication apparatus for carrier-current line systems or for digital line systems; videophones; parts thereof | 3.8% |
| Television receivers, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus; video monitors and video projectors | 2.8% |

| 464.3 bn USD of products imported in 2018 | |
|---|------|
| Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing $\geq 70\%$ by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals | 7.2% |
| Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s. | 5.9% |
| Electronic integrated circuits and microassemblies | 4.2% |
| Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s. | 2.5% |
| Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702) | 2.3% |
| Petroleum gas and other gaseous hydrocarbons | 2.2% |
| Electrical apparatus for line telephony or line telegraphy, incl. line telephone sets with cordless handsets and telecommunication apparatus for carrier-current line systems or for digital line systems; videophones; parts thereof | 2.0% |

| 450.5 bn USD of products exported in 2018 | | 464.3 bn USD of products imported in 2018 | |
|--|------|---|------|
| Insulated incl. enamelled or anodised wire, cable incl. coaxial cable and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made-up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors | 2.8% | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of heading 8469 to 8472, n.e.s. | 1.7% |
| Tractors (other than tractors of heading 8709) | 2.2% | Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits, e.g., switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders and junction boxes, for a voltage ≤ 1.000 v (excl. control desks, cabinets, panels etc. of heading 8537) | 1.4% |
| Instruments and appliances used in medical, surgical, dental or veterinary sciences, incl. scintigraphic apparatus, other electro-medical apparatus and sight-testing instruments, n.e.s. | 1.7% | Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras; still image video cameras and other video camera recorders; digital cameras | 1.2% |

Source: Comtrade, 2017

See More Products [More imports \(Intracen Data\)](#)
[More exports \(Intracen Data\)](#)

MAIN SERVICES

| 24.6 bn USD of services exported in 2016 | | 33.4 bn USD of services imported in 2016 | |
|---|--------|---|--------|
| Travel | 79.92% | Transportation | 39.57% |
| Insurance services | 11.71% | Travel | 30.89% |
| Transportation | 6.50% | Insurance services | 12.78% |
| Financial services | 0.63% | Other business services | 9.10% |
| Government services | 0.60% | Financial services | 5.63% |
| Computer and information services | 0.44% | Royalties and license fees | 0.83% |
| Other business services | 0.12% | Government services | 0.58% |
| Cultural and recreational services | 0.05% | Computer and information services | 0.53% |
| Royalties and license fees | 0.03% | Cultural and recreational services | 0.08% |

Source: United Nations Statistics Division, Latest Available Data

Exchange Rate System

| | |
|----------------------|---|
| Local Currency | Mexican Peso (MXN) |
| Exchange Rate Regime | Currency exchange controls were suspended in 1991. Today, there is a free conversion of currencies, as well as the right to transfer profits and capital without limitations of amount or time. |
| Level of Currency | The exchange rate of the Mexican peso is generally considered to be stable, as |

Instability partially illustrated by the country's sound investment grading. However, the peso's value can sometimes strongly fluctuate. See the [Bank of Mexico](#) for more information on current and historical trends of the exchange rate.

Exchange Rate on :

| Monetary Indicators | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------|-------|-------|-------|-------|
| Mexican Peso (MXN) - Average Annual Exchange Rate For 1 USD | 13.29 | 15.85 | 18.66 | 18.93 | 19.24 |

Source: World Bank - Latest available data.

TRADE COMPLIANCE

International Conventions Member of [World Trade Organisation](#)
 Member of [OECD](#)
 Party to the [Kyoto Protocol](#)
 Party to the [Washington Convention](#) on International Trade in Endangered Species of Wild Fauna and Flora
 Party to the [Basel Convention](#) on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
 Party to the [Montreal Protocol](#) on Substances That Deplete the Ozone Layer
 Party of the [International Coffee Agreement 2007](#)

Main International Economic Cooperation Mexico has signed free trade agreements with the European Union, North America, the European Free Trade Association, and trade agreements with Mercosur, the Northern Triangle, Japan and Israel. The country has also signed a trade agreement with 21 other countries in the São Paulo Round of the Global System of Trade Preferences among Developing Countries (GSTP). Mexico is part of the [Pacific Alliance](#).

See this [list of free trade agreements with Mexico](#) on the Mexican Government's website.

Party of the ATA Convention on Temporary Admissions and Use of the Carnets Yes
As a Reminder, the ATA is a System Allowing the Free Movement of Goods Across Frontiers and Their Temporary Admission Into a Customs Territory With Relief From Duties and Taxes. The Goods Are Covered By a Single Document Known as the ATA Carnet That is Secured By an International Guarantee System.
[Look Up the Other Member Countries And Read the Web Pages of the World Customs Organization Devoted to the ATA Carnet.](#)

Party of the TIR Convention Yes
As a Reminder, the TIR Convention and its Transit Regime Contribute to the Facilitation of International Transport, Especially International Road Transport, Not Only in Europe and the Middle East, But Also in Other Parts of the World, Such as Africa and Latin America.
The UNCTAD Website Allows You to [Read the TIR Convention](#), [See the List of Member Countries And to Find Further Information](#).

Accompanying Documents For Imports Goods shipped to Mexico must include the following documents:

- Single Administrative Document (DUA)
- Commercial invoice; three copies, written, in preference in Spanish
- A phytosanitary certificate for fruits, vegetables and seeds
- A sanitary certificate for meats
- Form EUR1 to benefit with a preferential rate; applied to European Union exports
- Certificate of radioactive contamination: mandatory especially for dairy products
- Free trade certificate for cosmetics, issued by the Ministry of Health of Mexico
- Documents related to the transportation and packaging lists

Mexican customs law is very strict regarding proper submission and preparation of customs documentation. Errors in paperwork can result in fines and even confiscation of merchandise as contraband.

Free Zones Cancun and free zones where '[Maquiladoras](#)' are located.

There is new areas called free trade zones (FTZ). Mexico has four FTZs: San Luis Potosi, Mexico City, Monterrey and Guanajuato.

For Further Information [Mexican Customs Agency official website \(in Spanish\)](#)
[Ministry of Economy](#)

Non Tariff Barriers Since joining GATT in 1986, Mexico has reduced the number of products subject to import license. For those products still regulated, a permit must be obtained from the [Ministry of the Economy](#). There are still a large number of specific conditions for textile products. Approximately 10% of imported goods are checked in detail, especially automobile, chemical, pharmaceutical, metallurgical and agricultural imports. Though origin regulations may allow goods to benefit from the reduction of duty taxes, rules have become more rigorous since Mexico signed onto [NAFTA](#).

Sectors or Products For Which Commercial Disagreements Have Been Registered With the WTO Can be consulted on the [World Trade Organisation](#) site.

Assessment of Commercial Policy [Mexico's commercial policy](#), as seen by the WTO
[Barriers to exchanges](#), inventoried by the United States
[Barriers to exchanges](#), inventoried by the EU
[Sanitary and phytosanitary barriers](#), inventoried by the EU

Learn more about [How to Export to Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

STANDARDS

National Standards Organisations [Ministry of the Economy: Competitiveness and Standards](#)

Integration in the International Standards Network Mexico is a member of the following: [International Organisation for Standardisation](#), [International Electromechanical Commission](#), [International Union of Telecommunication](#) and [Pan-American Commission for Technical Standards](#).

Obligation to Use Standards The Mexican Official Standards (NOM) are mandatory. They are issued by government agencies. There are also voluntary standards (NMX.CC) that can be applied on local, regional or national levels. These are the equivalent to ISO 9000 standards. Certificates and laboratory analysis are recognised by the National System of Accreditation and

| | |
|---|--|
| | by The National Laboratory of the Construction . |
| Classification of Standards | Official stamp 'NOM' with the name of the ministry of state that issued it. |
| Assessment of the System of Standardization | Mexicans respect standards and consider them a signal of quality and safety for products and services. However, national standards are less known than the Standard ISO 9000. |
| Online Consultation of Standards | Catalog of Official Mexican Standards (NOM's) |
| Certification Organisations | Association of Standards and Certification Mexican Institute of Standards and Certification NYCE Electronics Standards and Certification Organisation National Organisation for Building and Construction Standards and Certification |

Latest Update: December 2019

Tax System

CORPORATE TAXES

Tax Base For Resident and Foreign Companies According to the Mexican Federal Tax Code, companies are considered Mexican residents if their principal centre of administration or the effective place of management is located in Mexico.

Tax Rate

| | |
|--|--------------------------------------|
| Corporate tax | 30% |
| Agriculture, livestock, fishing, and forestry activities | 30% reduction of their tax liability |

Tax Rate For Foreign Companies Mexican resident taxpayers' are subject to corporate income tax from worldwide sources, foreign residents are taxed on the income attributed to their permanent establishments in Mexico.

Foreign enterprises established in Mexico are subject to the same tax system as national enterprises, though they do benefit from certain exemptions. Although various states have started to offer competing tax incentives to attract foreign investors, the majority of taxes in Mexico are levied at the federal level.

Capital Gains Taxation Capital gains arising from the sale of fixed assets, shares and real property are considered normal income and are subject to the standard corporate tax rate. Capital gains arising from the sale of shares issued by Mexican companies, securities solely representative of such shares, shares issued by foreign companies listed on Mexican stock exchange or financial derivative instruments in connection with stock market indices or aforementioned shares are subject to an income tax of 10%. Non-residents that sell shares of a Mexican company are subject to tax at 25% on the gross proceeds or 35% on the net proceeds if the non-resident has a representative in Mexico (provided the non-resident is neither located in a tax haven nor benefits from a preferential tax regime).

Main Allowable Deductions and Tax Credits In general, all federal, state, and local (including municipal tax on real estate) taxes levied on a company (not including those required to be withheld from other parties and CIT) represent deductible expenses for corporate income tax purposes.

Start-up expenditure incurred prior to the commencement of business may be amortised at the rate of 10% per year, after applying the adjustment factors. For charitable contributions, the maximum amount for deductible donations is limited to 7% of the taxable income of the previous year.

R&D expenditure (including investment in R&D) gives rise to a 30% tax credit.

In order to be deductible, payments related to technical assistance, the transfer of technology, or royalties must be made directly to companies with the required technical capabilities to provide the corresponding service.

Net operating losses can be carried forward up to 10 years, subject to adjustments for inflation. The carryback of losses is not permitted.

Non-deductible items include penalties, unauthorised donations, contingencies, indemnities, goodwill, exempt salaries, etc.

Other Corporate Taxes Companies may be subject to employee profit sharing tax (10%), and special excise taxes on production and services.

The transfer of real estate is, almost without exception, subject to a tax at rates ranging from 2% to 5% on the highest of the value of the transaction, fair market value, or registered municipality value.

Companies engaged in oil exploration and production are subject to a special tax regime as set out in the Hydrocarbons Revenue Law.

Other Domestic Resources

[Mexican Federal Tax Administration](#)

[Doing Business: Mexico](#), to obtain a summary of taxes and mandatory contributions.

Country Comparison For Corporate Taxation

| | Mexico |
|---|--------|
| Number of Payments of Taxes per Year | 6.0 |
| Time Taken For Administrative Formalities (Hours) | 240.5 |
| Total Share of Taxes (% of Profit) | 53.0 |

Source: *Doing Business - 2017*.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

ACCOUNTING RULES

Accounting System

Accounting Standards Accounting standards are set by regulatory bodies, such as the Mexican Council for Research and Development of Financial Information Standards. Mexican companies are required to prepare their financial statements in Spanish and according to Mexican Financial Information Standards (NIF, formerly known as Generally Accepted Accounting Principles or PCGA). Accounting registries and books of account must be recorded in Spanish.

Accounting Regulation Bodies [Mexican Council for Research and Development of Financial Information Standards](#)

Accounting Law The General Law for Commercial Enterprises of 1934, Regulatory Law of Banking and Public Credit Service, Law on Systems for Retirement savings and the Tax Federation Code of 1987

Difference Between National and International Standards (IAS/IFRS) The National Banking and Securities Commission of Mexico (Comisión Nacional Bancaria y de Valores (CNBV)) fully adopted IFRS Standards for financial reporting in 2012. The Mexican Financial Reporting Standards Board (CINIF) has also been eliminating differences between IFRS and Mexican Financial Reporting Standards (MFRS), which is one of the frameworks that can still be used by SMEs.

Accounting News [Mexican Institute of Public Accountants](#)

Accounting Practices

Tax Year The fiscal year begins on 1 January and ends on 31 December of the same year.

Accounting Reports There are two essential structures:

- The balance sheet, which reflects the financial situation of the enterprise and provides information about the assets, liabilities and capital on a particular date (the last day of the fiscal year).

- The profit and losses report, reflects the income, expenses, loss and profit obtained during that particular period (typically each trimester or fiscal year).

Publication Requirements

The balance sheet, the profit and loss account statements and the daily ledger are mandatory components. All accounts are published annually. Corporations with gross income exceeding MXN 100 million, assets exceeding MXN 79 million or with at least 300 employees (in every month during the tax year) may file with the tax authorities a special report (dictamen fiscal) prepared by an independent public accountant. If the report is filed, the tax authorities will not audit on general principles, but instead review to verify that the audit was properly carried out.

Accountancy Profession

Accountants

The diploma of public accountant is required to practice the profession in the country. You can access the website of the [Instituto Mexicano de Contadores Publicos, A.C.](#)

Professional Accountancy Bodies

[Mexican Institute of Public Accountants](#)
[Mexican College of Public Accountants](#)

Member of the International Federation of Accountants (IFAC)

Yes

CONSUMPTION TAXES

Nature of the Tax

VAT, called 'Impuesto al Valor Agregado' or 'IVA'.

Standard Rate

16% - [Value Added Tax Laws](#)

Reduced Tax Rate

There is no other specific reduced VAT rate. The 0% VAT rate is applicable to a substantial number of transactions, including the sale of books, magazines, and newspapers published by the taxpayer, the exportation of goods and certain services, the sale of certain basic foodstuffs (milk, wheat, meat and corn, etc.), medicines, agricultural goods and services, and other specified transactions.

Exclusion From Taxation

Exempt supplies and services include sale of land, credit instruments (including equity shares), residential construction, interest paid by banks, medical services, education, salaries and wages, rentals of residential property, and the sale of non-amortisable participation certificates on real estate investment trusts.

Method of Calculation, Declaration and Settlement

Any business entity or individual that makes or provides taxable goods and services in the course of doing business in Mexico must register from VAT, including non-residents. VAT returns are filed monthly and annually. For the monthly returns, all returns and payments must be completed within the first 17 days of the following month. Annual returns must be submitted by March 31 of the following year. The incorporation regime allows individuals with low income and reduced administrative capacity to enjoy special benefits up to 6 years, including filing bi-monthly returns.

Other Consumption Taxes

Excise duties apply on gasoline (% variable), beer (26.5%), wine (26.5% to 53%), spirits (53%), cigarettes and other tobacco products (160% plus an additional quota), and telecommunications services (3%).

Vehicle taxes may be imposed at state level.

INDIVIDUAL TAXES

Tax Base For Residents and Non-Residents According to the Federal Tax Code, an individual is a resident for Mexican tax purposes when he/she establishes a home or has his/her vital interests in Mexico. An individual's centre of vital interests is considered located in Mexico if either more than half of the person's income comes from Mexican sources in a calendar year or if Mexico is the primary place of the person's professional activities.

Tax Rate

| Annual Tax Rates for Resident Individuals | Vary from 1.92% to 30% (2019) |
|---|-------------------------------|
| from MXN 1 to 6,942.35 | 1.92% |
| from MXN 6,942.36 to 58,922.27 | 6.4 % |
| from MXN 58,922.28 to 103,550.51 | 10.88% |
| from MXN 103,550.52 to 120,372.95 | 16% |
| from MXN 120,372.96 to 144,119.39 | 17.92% |
| from MXN 144,119.40 to 290,667.83 | 21.36% |
| from MXN 290,667.84 to 458,132.39 | 23.52% |
| from MXN 458,132.40 to 874,650.11 | 30% |
| from MXN 874,650.12 to 1,166,200.07 | 32% |
| from MXN 1,166,200.08 to 3,498,600.11 | 34% |
| over MXN 3,498,600.11 | 35% |

Allowable Deductions and Tax Credits Deductions are subject to an annual limit equal to the lesser of 15% of the yearly overall income of the taxpayer or an amount equal to five annual UMA (a maximum of MXN 154110). Deductions are granted for business expenses, medical, hospital and dental expenses as well as a limited amount of medical insurance, retirement annuities, mortgage interest, etc. Personal allowances are also granted to the taxpayer and his or her dependents. Contributions made to authorised charities are deductible, limited to 7% of the prior year's taxable income. Home mortgage interest (adjusted for inflation) is deductible, subject to certain limits. Taxpayers are allowed to deduct tuition expenses paid for their spouse, children, parents, and themselves. The maximum amount deductible per student varies from MXN 12 900 to MXN 24 500, depending on the level of education. Resident taxpayers are allowed to deduct un-reimbursed medical, dental, nutritionist, psychologist, health insurance premiums, and funeral expenses for themselves and their dependants, when they are not paid in cash. More information regarding deductions can be found on the [Mexican Federal Tax Administration](#) website.

Special Expatriate Tax Regime Residents must pay taxes for their worldwide income, non-residents must pay only for income earned from Mexican sources. No special regime applies to expatriates. If an employee is considered a non-resident for Mexican tax purposes, the tax rate applicable to compensation will vary from 15% to 30%. The first MXN 125,900 of employment income received in a 12-month floating period will be tax exempt.

Capital Tax Rate There are no taxes on estate or inheritance. A local real estate property tax may apply. A 10% withholding tax is applied to dividends paid out to resident individuals. A 25% withholding tax is applied to income received by non-residents from the lease of real and personal property.
Employees have to contribute to social security according to varying rates and subject to various limits based on multiples of the UMA, up to a maximum of MXN 20,942.

DOUBLE TAXATION TREATIES

Withholding Taxes Dividends: 10%; Interest: from 4.9% (paid to foreign banks) to 35% (standard rate) /40% (if paid to a related party located in a tax haven); Royalties: 25% (standard) /35% (patents and trademarks) /40% (if paid to a related party located in a tax haven).

SOURCES OF FISCAL INFORMATION

Tax Authorities [Mexican Federal Tax Administration](#)
[Mexican Ministry of Finance](#)

Other Domestic Resources [Rankia Mexico taxation guide](#)

Learn more about [Service Providers in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Learn more about [Taxes and Accounting in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Legal Environment

BUSINESS CONTRACT

| | |
|--------------------------------|---|
| General Observation | A contract is considered international if the parts involved have a permanent residence or are established in different states or if the contract has objective contacts with more than one state. |
| Law Applicable to the Contract | Mexico is member of the Vienna Convention for the application of the International Contracts of Real Estate transactions. |
| Advisable Incoterms | It is advised to use the Incoterm FOB (Free on Board) or CIF (Cost, Insurance and Freight). EXW is one of the best options for the seller but he must organise his own transportation. |
| Language of Domestic Contract | Spanish |

INTELLECTUAL PROPERTY

| | |
|--------------------------|---|
| National Organisations | Mexican Institute of Intellectual Property (in Spanish) Secretaria de la Educacion Publica (in Spanish) National Institute of Copyright (in Spanish) |
| Regional Organisations | World Intellectual Property Organisation |
| International Membership | Member of the WIPO (World Intellectual Property Organization) Signatory to the Paris Convention For the Protection of Intellectual Property Membership to the TRIPS agreement - Trade-Related Aspects of Intellectual Property Rights (TRIPS) |

National Regulation and International Agreements

| Type of property and law | Validity | International Agreements Signed |
|--|--|---|
| Patent Industrial Property Law | 20 years | Patent Cooperation Treaty (PCT) |
| Trademark Industrial Property Law, Article 16 | 10 years | Trademark Law Treaty |
| Design Copyright Law | 75 years after the death of the author | |

| Type of property and law | Validity | International Agreements Signed |
|---|--|--|
| <p>Copyright Copyright Law</p> | <p>75 years after the death of the author.</p> | <p>Berne convention For the Protection of Literary and Artistic Works Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms Rome Convention For the Protection of Performers, Producers of Phonograms and Broadcasting Organizations WIPO Copyright Treaty WIPO Performances and Phonograms Treaty</p> |
| <p>Industrial Models Law of Industrial Property</p> | <p>20 years</p> | |

LEGAL FRAMEWORK OF BUSINESS

Equity of Judgments

| | |
|---|--|
| Equal Treatment of Nationals and Foreigners | Foreigners are entitled to impartial justice. |
| The Language of Justice | Spanish |
| Recourse to an Interpreter | Yes, as long as it is an officially certified translator. |
| Legal Similarities | The Political Constitution of Mexico is the basis of the Mexican legal system. The judicial system is a combination of constitutional theories and American civil rights, as well as judicial revisions of different legislative statutes. Mexico accepts compulsory jurisdiction from the International Court of Justice, but with limitations. |

The Different Legal Codes

| | |
|----------------|------------------------------------|
| Civil Law | Federal Civil Code |
| Commercial Law | Commercial Code |
| Criminal Law | Criminal Code |

Checking National Laws Online [Federal Legislation \(In spanish\)](#)

Other Useful Resources [Mexican Government website](#)

Country Guides [Federal institution websites](#)

Learn more about [Lawyers and Legal in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

The Jurisdictions

| | |
|---|--|
| Supreme Court of Justice | It is the maximum constitutional court and head of the Federal Judicial Power. It protects the order established by the Mexican Constitution, keeps the balance between other powers and government domains through its court rulings. |
| Electoral Court | It is the maximum authority jurisdictional specialized in controlling and solving disagreements on the federal elections, as well as actions and resolutions that can violate political and electoral rights of the citizens. |
| Circuit Collegiate Courts | It is in charge of providing direct protection against conclusive judgments or against resolutions. It is the appeal court for judgments already pronounced either by the district judges or the responsible of the superior court, as well as extradition orders dictated by the President of the Republic as a response to a petition from a foreign government. |
| Circuit Unitary Courts | It performs judgments of protection promoted against deeds from other circuit unitary courts. It is the appeal court for issues heard on first instance and district courts; it is the resource for a denied appeal. It qualifies impediments, excuses and rejections from district judges; etc. |
| District Courts | They are in charge of crimes of federal order, procedures of extradition, authorizations to interfere in private communications, and controversies between the application of federal law in administration, civil or labor subjects. Also indirectly involved in resolving crime, administrative, civil and labor issues. |
| Federal Judiciary Council | Manages, supervises and disciplines the judicial course of the Judicial Power of the Federation with the exception of the Supreme Court and the Electoral Court. It determines the division and competence of territories and specialization - by subject - of the Circuit Collegiate, Circuit Unitary Courts and District Courts. |

Court Officials

[Supreme Justice Court \(in Spanish\)](#) The Supreme Court is the guardian of the Constitution, the protector of fundamental rights and the arbitrator who settles disputes.

Learn more about [Legal and Compliance in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

INTERNATIONAL DISPUTE RESOLUTION

Arbitration In Mexico, it is possible to use arbitration as a method to solve controversies.

Arbitration Law [Commercial Code](#)

Conformity to International Party to the [New York Convention](#) on the Recognition and Enforcement of Foreign Arbitral Awards.

Commercial Arbitration Rules

| | |
|------------------------------|---|
| Appointment of Arbitrators | One to three arbitrators can be selected to represent each party. |
| Arbitration Procedure | <p>The party that recurs to arbitration present its petition in written to the organisation that will manage the process. The date when this request is presented is the date when the process of arbitration is open. The other party shall eventually present its written argument as well.</p> <p>The petition must contain: full name and address of all parties involved; exposition of the events which lead to the present claim; and demands and proposals regarding the place, rights and language chosen. An agreement to arbitrate and the basic contract must be included as well.</p> <p>For more information, visit the Centre of Arbitration in Mexico</p> |
| Permanent Arbitration Bodies | Information System of Exterior Commerce (Sectors Covered: Commercial Arbitration) |

Learn more about [Lawyers and Legal in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Reaching the Consumers

CONSUMER PROFILE

| | |
|--------------------|--|
| Consumer Profile | <p>The population of Mexico is relatively young even though it is ageing. The median age is 28.6 years, whereas it was 22.7 in 2010. The population is growing at a rate of 1.09% while 44% of the population is under 24 years old and 15% is over 55 years old. On average there are 3.7 people per household with 10% of households living alone, 52% are couples with or without children, and 25% are stepfamilies. There is a slight decrease in the size of the household over time. The male / female ratio is about 97 men for every 100 women with 80% of the population living in urban areas. The majority of Mexicans live in the middle of the country between the states of Jalisco and Veracruz. About a quarter of the population lives around and in Mexico City. The main cities are Mexico City, Guadalajara, Monterrey, Puebla, Toluca de Lerge and Tijuana. The level of education in Mexico is much lower than the average for OECD countries. Only 37% of adults aged 25 to 64 have a high school education and 16% have gone to university. Some 47% of the active population are employees, 41.8% are self-employed, 6.7% are unpaid workers and 5.04% are employers.</p> |
| Purchasing Power | <p>The GDP per capita PPP is 170 756 Mexican pesos. The median salary is about 115,248 pesos a year, while the average salary of a full-time employee is 162,154 pesos. The purchasing power of Mexicans has been decreasing for about thirty years. The loss of purchasing power is estimated at 80% between 1987 and 2017. Only the purchasing power of the middle class has improved. Adjusted disposable income per person is approximately 267,986 pesos. Consumption has increased significantly in 2018, with a growth rate of between 1 and 2.4% per quarter. Income inequality is high, and the Gini index is 43.4 but is has been decreasing in recent years. The share of women in the labour force is among the lowest in OECD countries. The wage gap between the two sexes is 16.7%.</p> |
| Consumer Behaviour | <p>Purchasing criteria are usually product quality, practicality (time saving) and price. Customer service is increasingly important. There are many retail outlets in Mexico (kiosks, outdoor markets and covered, places with shops, shopping centres and supermarkets.) Depending on the geographical area, some types of trade will be more present than others. Consumer confidence surpassed the estimates by economists in December 2018 thanks to the inauguration of the new president committed to accelerating growth. Mexico is a Latin American country with the most e-commerce with 85% of people buying at least one product or service on the internet in the previous year . Amazon is the biggest online retailer, ahead of Mercado Libre and Wal-Mart of Mexico. Mexican consumers, especially in the capital are more open to international companies. Mexican consumers are amongst the most brand loyal in the world. Many seek to establish a relationship with the brand or company. Also, Mexicans are ultra-connected to social networks. They are the 4th (after the Philippines, Brazil and Argentina) biggest users in terms of time spent on networks. The penetration rate is very high, reaching 98% for Facebook in 2018. More than half of the people who provided personal data on a social or professional network are worried about possible misuse.</p> |

Among consumer trends in Mexico, time-saving products and services are important. For example, prepared meals are in vogue, as 63% of Mexicans feel they do not have enough time to make authentic dishes themselves. The demand for organic products is developing with a desire for a healthier diet. As a reminder, Mexico is considered the second most obese country in the world. Organic products continue to be expensive but the market is growing by 10% a year. The consumption of more natural and artisanal products is increasing. The second-hand market is largely developed in the

car, fashion and furniture sectors, whether online or in-store. The collaborative economy is just beginning to grow. Alternative transport companies (Ecobici, Smartbike, Mibici etc.) are being created as in the housing and carpooling sector.

Household Consumption Expenditure

| Sector | Percentage |
|---|------------|
| Food and non-alcoholic beverages | 23.0% |
| Transport | 18.0% |
| Housing, water, electricity, gas and other fuels | 17.0% |
| Various goods and services | 10.0% |
| Furnishings, household equipment, everyday maintenance of the house | 5.0% |
| Culture and Leisure | 5.0% |
| Restaurants and Hotels | 4.0% |
| Health | 3.0% |
| Clothing and Shoes | 3.0% |
| Alcoholic beverages, tobacco and narcotics | 2.0% |
| Communication | 2.0% |
| Education | 1.0% |

Source: [OECD Stats, 2016](#).

Consumer Recourse to Credit The most common payment method in Mexico is cash. However, credit and debit card usage is growing in large hotels, restaurants and shops. Household debt is relatively low in Mexico (16.12%) but rising. The Mexican population remains poorly informed about financial and banking products and this is a first obstacle to the development of consumer credit. In 2018, the total of household debt was 900 billion pesos and consumer loans increased by 1.3% between 2017 and 2018 thanks to better knowledge of banking products. However, as Banxico has raised its key rates, the trend in consumer credit could slow down or decline.

Growing Sectors Tobacco, beverages (alcoholic and non-alcoholic), food, housing maintenance and repair, holidays, accommodation services, transport services, medicines, dishes and household utensils, household appliances, leisure and garden equipment, cleaning services education, recreation and cultural services.

Consumers Associations [PROFECO](#) , Procurator General for Consumer Protection
[Alconsumidor](#) , Association of Civil Assistance for Consumers

Population in Figures

Total Population: 126,190,788
 Urban Population: 80.2%
 Rural Population: 19.8%
 Density of Population: 65 Inhab./km²
 Men (in %) 48.8%
 Women (in %) 51.1%

Natural increase: 1.13%

Medium Age: 26.0

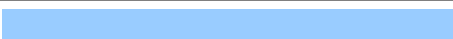
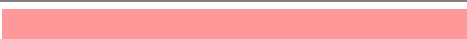
Ethnic Origins: About 60% of the population has Indigenous-Spanish ethnic origins. Those with Indigenous or predominantly indigenous ethnic origins comprise 30% of the population, while those of European origin comprise 9% and those with other origins amount to 1%.

Population of main metropolitan areas







| Name | Population |
|-----------------|------------|
| Mexico City | 19,802,161 |
| Guadalajara | 4,630,757 |
| Monterrey | 4,448,139 |
| Puebla | 2,235,730 |
| Toluca | 2,048,009 |
| León | 1,690,587 |
| Tijuana | 1,672,401 |
| Juárez | 1,374,292 |
| Mérida | 1,367,952 |
| Torreón | 1,297,189 |
| San Luis Potosí | 1,235,937 |
| Querétaro | 1,193,636 |
| Aguascalientes | 1,001,824 |

Source: [OECD](#), 2012 - Latest available data.

Age of the Population

| Life Expectancy in Years | |
|--------------------------|--|
| Men: | 72.0  |
| Women: | 77.8  |

Source: [World Bank](#), 2009 - Latest available data.

| Distribution of the Population By Age Bracket in % | |
|--|---|
| Under 5: | 9.1%  |
| 6 to 14: | 18.9%  |
| 16 to 24: | 17.9%  |
| 25 to 69: | 49.8%  |
| Over 70: | 4.3%  |
| Over 80: | 1.4%  |

Source: [United Nations, Department of Economic and Social Affairs, Population Division, 2010 Prospects](#)- Latest available data.

Household Composition

| | |
|---|-------------|
| Average Age of the Head of the Household | 39.5 Years |
| Total Number of Households (in million) | 28.2 |
| Average Size of the Households | 4.2 Persons |
| Percent of Households of 1 Person | 8.8% |
| Percent of Households of 2 Persons | 15.6% |
| Percent of Households of 3 or 4 Persons | 42.2% |
| Percent of Households of 5 Persons and More | 33.4% |

Source: [UN data](#), 2011 - Latest available data.

Consumption Expenditure

| Purchasing Power Parity | 2017 | 2018 | 2019 | 2020 (e) | 2021 (e) |
|---|-------------|-------------|-------------|-----------------|-----------------|
| Purchasing Power Parity (Local Currency Unit per USD) | 8.90 | 9.15 | 9.31 | 9.41 | 9.50 |

Source: IMF – World Economic Outlook Database, 2015

Definition: Purchasing Power Parity is the Number of Units of a Country's Currency Required to Buy the Same Amounts of Goods and Services in the Domestic Market as USD Would Buy in the United States.

Note: (e) Estimated Data

| Household Final Consumption Expenditure | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|
| Household Final Consumption Expenditure (Million USD, Constant Price 2000) | 809,544 | 835,459 | 854,725 |
| Household Final Consumption Expenditure (Annual Growth, %) | 3.7 | 3.2 | 2.3 |
| Household Final Consumption Expenditure per Capita (USD, Constant Price 2000) | 6,564 | 6,696 | 6,773 |
| Household Final Consumption Expenditure (% of GDP) | 65.5 | 65.5 | n/a |

Source: World Bank, 2015

| Consumption Expenditure By Product Category as % of Total Expenditure | 2016 |
|--|-------------|
| Food and non-alcoholic beverages | 23.0% |
| Transport | 18.0% |
| Housing, water, electricity, gas and other fuels | 17.0% |
| Miscellaneous goods and services | 10.0% |
| Furnishings, household equipment and routine maintenance of the house | 5.0% |
| Recreation and culture | 5.0% |
| Restaurants and hotels | 4.0% |

| Consumption Expenditure By Product Category as % of Total Expenditure | 2016 |
|--|-------------|
| Health | 3.0% |
| Clothing and footwear | 3.0% |
| Alcoholic beverages, tobacco and narcotics | 2.0% |
| Communication | 2.0% |
| Education | 1.0% |

Source: [OECD Stats](#), Latest available data

Household Equipment

| Main Consumer Durables as % of Households Owning Them | 2008 |
|--|-------------|
| Television | 93.2% |
| Fixed telephone | 51.1% |
| Cellular telephone | 61.0% |
| Computer without Internet connection | 25.7% |
| Computer with Internet connection | 13.5% |
| Radio | 87.3% |
| Video cassette recorder | 38.6% |

Source: [INEGI - Information Society, 2001-2008](#), Latest available data

| Information Technology and Communication Equipment, per 100 Inhabitants | 2012 |
|--|-------------|
| Telephone Subscribers | 82.4 |
| Main Telephone Lines | 17.4 |
| Cellular mobile subscribers | 82.4 |
| Internet Users | 38.4 |
| PCs | 14.4 |

Source: [International Telecommunication Union](#), Latest available data

MARKETING OPPORTUNITIES

Media in Which to Advertise

Television

Televisa used to dominate Mexican TV, but competitors have appeared in recent years. Television advertisement has a strong influence, mostly on children and housewives. However, production costs are very high. The enterprises that benefit most from this form of publicity are supermarkets, although TV shows become saturated with political campaigns ads and money during election time. Digitally, Netflix's "Ingovernables" was the most watched digital TV show with 7.86 million viewers, highlighting growth potential and ad opportunities in digital platforms ([Statista](#)).

Main Televisions

[Grupo Televisa SA De CV-Channels 2,5,9](#)

[TV Metropolitana- Channel 22](#)

[TV Azteca- Channel 7 & Channel 13](#)

[XEIPN TV Channel 11](#)

[Grupo Imagen](#)

Press

The press is the communication media that gives the most prestige to a publicity campaign because it reaches a great number of people. It is considered a credible, serious media. Mexico has over 100 different newspapers in circulation. Advertising through electronic media is increasingly used. That said, newspapers generate more revenue from circulation than ads at a 3 to 1 ratio (1,078 million in sales vs 371 million in ad revenue (PwC). Sensationalism sells in Mexican print media.

El Universal was the most read newspaper in 2016, followed by Reforma and El Financiero (Merca 2.0). These newspapers thrive given their physical and digital following. 74.6% of Mexicans are not subscribed to a newspaper, but almost 60% of readers consult more than two newspapers (Merca 2.0).

Main Newspapers

[Reforma](#)

[Excelsior](#)

[El Universal](#)

[El Informador](#)

[Milenio](#)

[La Jornada](#)

Mail

51 million Mexicans have access to the Internet, representing a 41% penetration rate in 2015 according to internetlivestats.com. Direct mail advertising is generally used only by bank and insurance institutions because of the deficiency in the postal service. A large number of fliers and advertising material is distributed daily on main avenues and shopping places to promote products and services.

Radio

In Mexico, radio is a potent and efficient communication tool (98% penetration) because it is listened to in public transportation, restaurants, homes and even in some offices at an accessible price. There are about 1,400 local and regional radio stations. As the third most popular media outlet, it is a very effective advertising method given 3 out of every 10 Mexicans listens to radio (El Economista). Online radio ads are perceived as creative and traditional radio ads as an annoyance by Mexican listeners (the latter are considered too long). This Merca 2.0 study revealed the most popular radio station by age segment.

Main Radios

[Grupo Radio Fórmula](#)

[Grupo IMER \(State radio\)](#)

[MVS Radio](#)

[Grupo Radio Centro \(5 FM and 10 AM stations\)](#)

[Radio Broadcasting Association of Valle de Mexico](#)

Web

In order to satisfy clients' demands, direct marketing has evolved and includes internet promotional campaigns. The most important promotional tools chosen by companies are direct mail and telemarketing. Online campaigns have strengthened the public perception to favor brands that appear online as opposed to those that do not advertise online thanks to banner ads that flash on computer screens. Publicity by e-mail is, in general, deleted and rejected immediately.

Market Leaders:

| | |
|---------------------------|---|
| | Interactive Advertising Bureau - Mexico Konka Telcel SMS Marketing SMS Masivos |
| Main Advertising Agencies | 021 J. Walter Thompson Worldwide Grupo KP Mexican Advertising Agencies Association |

Main Principles of Advertising Regulations

| | |
|---|---|
| Beverages/Alcohol | <p>It is allowed after 10 p.m. and alternates with health, nutrition and sanitary educational information. However, the legislative power can change its regulations to follow European standards. Some issues have been presented to the Senate but have not yet been voted on.</p> <p>Alcohol ads are regulated under the General Health Law, Title IV "Alcoholic Beverages and Tobacco Ads". Its stipulations include movie and TV ads for alcohol must have the same duration, digital or printed ads must have a social responsibility message; high alcohol beverages cannot finance sport events; and alcohol ads cannot suggest drinking leads to success, fame, euphoria or interpersonal relations, among others.</p> |
| Cigarettes | <p>Since 2003, tobacco advertisement has been suppressed from radio and television advertisement as well as electronic media. It is mandatory to add comments about possible health hazards due to tobacco consumption such as 'Smoking kills and causes pulmonary cancer', 'Smoking during pregnancy can produce a stillbirth', etc.</p> |
| Pharmaceuticals/Drugs | <p>Over-the-counter medicines can be advertised on television and other communications media. However, advertisement of prescribed medicines is limited to professional health providers.</p> |
| Other Rules | <p>The Radio and Television Federal Law prohibits the advertisement of vice centres or places that could incite violence, as well as any other image or text that can harass modesty, moral or good behaviour.</p> <p>Advertisement must follow a classified schedule depending on the type of public: children (any schedule); teenagers (after 9 p.m.), and adults (after 10 p.m.).</p> |
| Use of Foreign Languages in Advertisement | <p>Publicity must be expressed in Spanish, but there is no bias against adding expressions in other languages.</p> |
| Organizations Regulating Advertising | <p>Federal Prosecutor for the Consumer Office Consumer Protection Federal Laws Ministry of Communication and Transportation Ministry of Economy</p> |

Learn more about [Sales in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Selling

MARKET ACCESS PROCEDURES

Customs Procedures

Import Procedures Importing agents are in charge of handling all administrative formalities and requesting the necessary authorisations for customs clearance. As a result, it is advised to work with experienced importing agents.

In order to apply the correct taxes/duties, the importing agent must present an import declaration (issued by the [Secretariat of the Economy](#)), a commercial invoice, a bill of lading, a proof of exemption, and a certificate establishing the origin of the goods.

General import taxes depend on the tariff bracket in which the imported goods are classified in conformity with the [Tariff of the General Import and Export Taxes Law](#) or the Mexican Tax Allowance Scheme set forth in free trade treaties. For tax purposes, all Mexican importers must apply to be listed on the 'Padrón de Importadores' (Importer Registry), which is maintained by the Secretariat of Finance and Public Credit.

Mexico has developed 'Sectoral Promotion Programmes' (PROSEC) that seek to reduce or eliminate tariffs on several sectors.

In addition to complying with all applicable standards, foreign manufactured medical devices and healthcare products must have a legally appointed representative or distributor in Mexico that is registered with the Secretariat of Health.

Specific Import Procedures Companies that import goods that appear on the Annex 10 of the Foreign Trade General Rules (FTGR) have to be registered in the [Mexican Register of Importers in Specific Sectors](#). A special tax on production and services (IEPS) is assessed to the importation of alcoholic beverages, cigarettes and cigars, among others (from 25 to 160% depending on the product).

Importing Samples Samples must be classified according the customs list 9801.00.01 of the Legislation of General Tax for Imports and Exports; they can never be sold.

Customs Duties and Taxes on Imports

Customs threshold (from which tariffs are required) Product value up to USD 50 are exempt of duty and VAT.

Average Customs Duty (Excluding Agricultural Products) The average MFN tariff rate for Mexico reached 6.2% in January 2012, which was down from 11.2% in 2007 (WTO, 2012). See this [paper on customs duties in Mexico](#) from the WTO for more information.

Preferential Rates There are customs duty reductions (and even exemptions) for products helping the development of the local industry ('[Maquiladora](#)' Programme). Mexico has more [free trade agreements](#) (FTAs) than any other country in the world with 43. The main free trade zones are:

- [ALENA](#) (suppresses customs duties with a progressive decrease until 2009, especially for goods subject to origin regulations).
- [Other agreements](#) with Latin American countries, such as Chile, Colombia, Venezuela,

| | |
|---|---|
| | Bolivia and Costa Rica. - Mexico is also part of the APEC . |
| Customs Classification | Mexico uses the Harmonised Commodity Description and Coding System - generally referred to as the 'Harmonised System' - that was developed by the World Customs Organisation. The system comprises nearly 5,000 commodity groups, each identified by a six digit code used by more than 200 countries. |
| Method of Calculation of Duties | Customs duties are calculated Ad Valorem on the CIF (cost, insurance and freight) value of the goods, except for goods originating from the U.S. and Canada for which the FOB (freight on board) value is used. |
| Method of Payment of Customs Duties | Payments for rights are paid in cash, check or bank transfer. |
| Import Taxes (Excluding Consumer Taxes) | Tax rate applied on imported goods: - <i>Standard rate</i> : 15% - <i>Reduced rate</i> : 10% when the company's activities are done in a neighboring region, 0% in the case of some specific goods: articles for human consumption, books, medicines, agricultural products. Customs rights and processing fees: 0.8% on the declared value. |

Labeling and Packaging Rules

| | |
|---|--|
| Packaging | The official Mexican list of standards and regulations NOM-050-SCFI-2004 provides information regarding the general labeling of products. Labels must contain: manufacturer's name, importer's name, description of its components, risk warning if applicable, etc. Refer to NOM labeling regulations |
| Languages Permitted on Packaging and Labeling | It has to be written in Spanish, but it can also include expressions in other languages. |
| Unit of Measurement | The metric decimal system must be used. Conversion to other units of measurements can also be included. |
| Mark of Origin "Made In" | It must always include the phrase "Produced in..", "Made in....", "Fabricated in....." or other similar phrases. |
| Labeling Requirements | There are specific regulations for goods such as mass volume products, living animals, books, magazines and press publications, among others. |
| Specific Regulations | NOM-050-SCFI-200 , and NOM- 008-SCFI-2002 . |

DISTRIBUTING A PRODUCT

Distribution Network

Types of Outlet

| | |
|------------------|--|
| Supermarkets | Self-service commercial establishments offering food products, personal care items, clothing and home supplies. Walmart, Comercial Mexicana, Soriana and Chedraui |
| Specialty stores | Huge areas where one can find special products: hardware, linens, furniture, home remodeling items, stationary, electronics and toys. Home Depot , Hermanos Vázquez , Home Mart, Lumen , Juguetibici and RadioShack |

| | |
|------------------------|--|
| Department stores | Large stores that sell famous brand names, national and international products, including clothing, perfumes, footwear, home supplies, electronics and gourmet foods. El Palacio de Hierro and Sears |
| Discount stores | Self-service stores that offer good quality products at wholesale and retail prices. They require customer membership. Costco |
| Shopping centres | Spacious areas located in busy sections of the cities which group together stores and service establishments, including supermarkets, department stores, banks, beauty and health spas, movie theaters, restaurants and fast food places. Centro Santa Fe , |
| Markets and 'tianguis' | Areas reserved for merchants to offer their goods: personal care and esoteric products, plants and flowers, fresh produce, cooked food and handicrafts. Prices are very reasonable. 'Tianguis' are groups of merchants that install themselves in a particular place one or two days per week and they offer products similar to the ones found in big markets. Prices can be negotiated. Mercado de Sonora , Mercado de la Merced , and Tianguis de México . |
| Corner stores | 64% of personal shopping supplies can be bought at these small establishments where merchants offer products of daily household use and consumption at reasonable prices as well as personalized service. They also offer advice to their loyal customers. They sell: food products, dry goods, stationary, flowers, tortillas, hardware, etc. |

Evolution of the Retail Sector

Growth and Regulation According to *Euromonitor*, the packaged food market in Mexico reached US\$47.6 billion in 2016, which is 11th largest market in the world - 2nd in Latin America after Brazil, with a value growth of 5.5% compared to 2015. By the year 2021, retail sales in the packaged food market in Mexico are expected to reach US\$52.4 billion, a value growth of 10%. The retail sector recorded current value growth of 5% in 2015 and major multinationals and local companies continue to expand throughout Mexico in the different segments, signalling that opportunities will continue. The retail environment in Mexico is increasingly competitive due to fierce competition, fast expansion plans, challenges such as multichannel strategies and consumers being more demanding regarding their needs, as well as new value added services offering an interactive and unique shopping experience.

Despite the constant exchange rate fluctuations of the US dollar versus the Mexican peso, and an increase in consumer prices (2.82% in 2016 vs 2.71% in 2015) affecting the Mexican economy, the internal macroeconomic environment remained steady, keeping the consumption levels constant, reflecting positive performance across the retail industry. Grocery sales in Mexico represented more than two-thirds of the overall retail sales in 2016. Grocery retailers and non-grocery retailers are expected to grow.

Lead retailers such as El Puerto de Liverpool SAC de CV, Copper SA de CV and Walmart de Mexico SAB de CV, among others, are expected to continue their growth and success, pushing the retail industry to grow via new outlets and e-commerce around the country. Internet retailing was the most dynamic retail channel in Mexico during 2016, with a 25% growth rate, that should continue over the period 2017-2021 (according to the National Institute of Statistics of Mexico). New players entered the e-commerce competitive landscape, including City Market and Chedraui as well as some newly apps like "Corner Shop", to mention a few.

Leading retailers will need to improve their customer service in order to maintain their competitive edge. A black hole in the Mexican economy is the informal sector and this also includes the retail market. The Mexican National Employers' Confederation reported that in the fourth quarter of 2016, 55% of the country's workforce was in the informal sector, a decrease of 3% compared to 2015.

Market share

Leading the retailing landscape in Mexico with 12% market share (2016), Walmart has maintained its expansion plans, opening new stores in different formats and betting on its strength as it moves into e-commerce. By 2015, all three business formats of Walmart Mexico had internet retailing. These were: Superama (medium-sized supermarkets), Walmart Supercenters (hypermarkets) and Sam's Club (warehouse clubs). The company held an 18% value share of sales in 2015 and led modern grocery retailers with 32% of total sales across the category. For the future, Walmart plans are to continue expanding throughout the country. In particular, the company will introduce new formats (mainly discounter stores "Bodega Aurrera") in new locations in order to accommodate the shopping needs of particular consumer groups in small urban areas with fewer than 100,000 residents, thus capturing a market that has remained under the radar of chained grocery retailers in the past.

Organización Soriana, started in 2015, plans to integrate the acquired hypermarkets and discounter formats they bought from Controladora Comercial Mexicana SAB de CV. Soriana manages five store-based retailing formats: Hypermarkets (Hipermercado Soriana), supermarkets (Supermercado Soriana), discounters (Mercado Soriana and Soriana Express), convenience stores (Super City) and warehouse stores (City Club). Following the strategy of offering new products and services to its clients, Soriana started to include health centres at its hypermarkets and supermarkets, providing medical services at very low prices. Soriana has a privileged position in Mexico's retail market with 10.9% in modern grocery retailers (during 2015). Having different formats to meet the demands of different population segments and with the acquisition of the 160 stores from Comercial Mexicana, Soriana expects to show growth in the market, possibly becoming the second largest retail company in Mexico after Walmart.

Retail Sector Organisations

[Ministry of the Economy: Ministry of Industry and Commerce](#)
[Mexico National Retail Association](#)

E-commerce

Internet access

With the goal of universal connectivity, internet access was instituted as a constitutional right of all citizens of Mexico by the telecommunications reform of 2013. There are currently 85 million Internet users in Mexico, which represents 63% of the population over the age of six. Increased connectivity has spurred the growth of Mexico's emerging digital economy. There were 86.3 million smartphone users in Mexico in 2017, and that number is expected to grow to 90.7 million by 2020. The most popular search engines are Google (94.86%), Bing (3.31%), Yahoo! (1.64%), MSN (0.08%), DuckDuckGo (0.06%), Ask Jeeves (0.02%).

E-commerce market

E-commerce sales revenue in 2017 was US\$ 21 billion, a figure that is expected to reach US\$ 39 billion by 2021. Online shopping currently represents 2% of the country's roughly \$203 billion in annual retail sales, representing a huge opportunity as Mexicans have only begun to adopt e-commerce. There are currently 37.9 million online shoppers in Mexico—a figure that is projected to reach 55.3 million by 2020. Although many Mexicans browse products on mobile, they're more likely to make the final purchase on desktop. 70% of Mexican online shoppers purchase using desktops, while 25% purchase using mobile devices. Mexico's BtoC market is much more developed than its business to business (B2B) market. In 2017, the Mexican B2C e-

commerce turnover grew by 26.21% to US\$ 4.8 billion. In 2016, personal electronics were the largest category, with a market spend of US\$ 2.9 million. Fashion will bypass personal electronics by 2020 and generate US\$ 4.9 million of e-commerce revenue.

E-commerce sales and customers

Segmenting users into gender and age groups shows that, in line with global trends, younger users are the most likely to use e-commerce. However, men between the ages of 25-44 are more likely to shop online than women. By 2020, men between the ages of 16 and 44 will have a US\$ 236 million market share, compared to women of the same age accounting for US\$ 199 million. When not taking gender into account, 32% of buyers are in the 25 to 34 age bracket, followed by 18 to 24 (31%) and 35 to 44 (17%). Laptops and computers are the preferred device when it comes to shopping online. However, mobile shopping is growing, and 45% of Mexicans make mobile purchases every month. Of online shoppers, 44% use only Mexican sites for their purchases, 39% use Mexican and foreign sites, and 5% use foreign sites only. Of the foreign websites, the US accounts for 48% of all Mexico's imports, followed by China, Japan, South Korea and Germany. Popular online payment methods are credit cards (64%), direct bank deposit (12%), online wire transfer (11%) and cash in participating convenience stores (9%).

Social media

Social media is incredibly popular in Mexico, especially among people in the 20 to 30 age range, with 96% of people in that group using at least one social media platform. Internet users in Mexico are spending an average of 3.5 hours on social networking platforms, a number which is steadily on the rise. In the country, 81% of internet users access the internet daily. Mexico is the fifth largest market in the world for Facebook, at 50 million users, with rapid growths also for Instagram and Pinterest. The most popular social networks are Facebook (75.6%), Pinterest (9.98%), Twitter (5.46%), YouTube (5.06%), Instagram (1.84%), Tumblr (0.67%).

Direct Selling

Evolution of the Sector

The [World Federation of Direct Selling Associations \(WFDSA\)](#) 2017 report shows retail direct selling in Mexico grew 2%, was valued at USD 5.887 billion, and involved 2,728,168 independent representatives. Another [2017 WFDSA report](#) divides retail sales as follows: cosmetics and health care (48%); wellness (34%); household goods and durables (12%); and clothing and accessories (6%).

According to [Euromonitor International](#), direct selling is the largest non-store channel for Mexican consumers (over three quarters of non-store retail sales, which includes internet retailing, vending, and home shopping). Mexicans prefer face-to-face shopping compared to other, less personal options. The leading direct selling company in 2017 was Herbalife International de México. Mary Kay Cosméticos, Oriflame de México, and Amway also saw double-digit growth. Other companies such as Stanhome - a manufacturer and distributor of home care products - have combined direct selling with physical store presence.

The [Asociación Mexicana de Ventas Directas](#) promotes best practices in the industry.

Commercial Intermediaries

Trading Companies

Type of Organization

Rarely do distributors deal directly with foreign suppliers. Because of this, it is necessary to use the services of a local Mexican mediator (export agent, non-manufacturer or manufacturer of similar products, service company, resale agent or wholesale distributor) who knows the market and can deal directly with the

commercialisation of the product, development of clientele, proposal of best sales channel, merchandise storage and management of legal procedures involved in introducing a new product to market.

Main Actors [Walmart of Mexico](#), [Chedraui](#) and [Soriana](#). Visit [Commerce in Mexico](#) to find more intermediaries/wholesalers.

Wholesalers

Type of Organization Besides their role as commercial intermediaries, wholesalers also offer services such as the product creation, storage, delivery, etc. Wholesalers generally specialise in high consumption items (food or non-food) or in industrial and crafts equipment.

Main Actors In Mexico City there is a large wholesaler market called [Central de Abasto](#) where food products are dealt.

For more information visit [Wholesalers in Mexico](#).

Useful Resources [Mexican Enterprises Information System - Intermediaries](#)
[Mexican Guide - Find a Commercial Intermediary](#)

Using a Commercial Agent

The Advantages A commercial agent is very useful to set up the initial procedures for an exporting activity or when there are potential clients but the type of market is totally unknown. A commercial agent can establish marketing contacts in a fast and efficient way, controlling the brands and logistics policies up to the moment when the products are finally delivered (providing security to the producer). Using an agent is also efficient when products are required to be in stock and readily available. Companies should consider appointing representatives in multiple cities to broaden distribution. It is usually not advisable to grant an exclusive, national agreement. Moreover, it is important to develop a close working relationship with the appointed commercial agent. There may be many qualified candidates, so high standards can be used in the commercial agent selection.

Where to Be Vigilant Even though a commercial agent can be the person or representative of an enterprise that opens the market doors to a society, it is hard to keep a real control over how effective his procedures are because he works according to his own rhythm and organisational priorities.
 It is important to consider that the customers will be direct clients of the agent and not of the exporting enterprise. It is advised to work with enterprises that offer an association type of business and not only intermediary agents, in order to be directly more involved during the process of commercialisation.

Elements of Motivation The commission fee is a very important motivation element. A common practice between agents is to participate in contests and competitions. Control and good contacts can be useful in order to follow up the agent's activities. Make sure that the agent knows the market well for your product.

The Average Amount of Commission In general it is 15 to 25% of the total sales value.

Breach of Contract It is essential to establish a written agreement document.

Finding a Commercial Agent [Ministry of Economy - Commercial Agents](#)
[Association of Customs Agents](#), Mexico City
[Intelweb](#), Dealers in Mexico
[Latin American Dealers Group](#)

Learn more about [Traders, Agents in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Setting Up a Commercial Unit

| | |
|--|--|
| The Advantages | It is an option for medium and large-size enterprises planning to be involved for a long term. It allows the enterprise to assume complete legal and financial responsibility of business activities performed. |
| Where to Be Vigilant | It is a long process since it has to be registered in different ministries: Finance, Economy, Foreign Affairs, etc. |
| Different Possible Forms of Settlement | |
| A Representative Office | It is possible to create a subcontract, which allows participation in Mexican territory without investing directly and without having a long term responsibility. |
| A Branch Office | There are no major obstacles to create a branch office in Mexico. A branch office is considered a local association by authorities. |
| A Company | The most common forms of commercial companies are the 'Sociedad Anonima' (Joint Stock Company) and SARL (Limited Corporation). All foreign capital participating has to be registered at the General Administration of Foreign Investments and at the Ministries of Economy, Finance and Credit and Foreign Affairs. For more information, consult the General Administration of Foreign Investments website. |

Franchising

Evolution of the Sector The franchise sector in Mexico grew by 10% in 2016. Conservative estimates indicate that despite economic challenges, this sector will grow by at least eight percent in 2017.

Franchises in Mexico are regulated by Article 142 of the Industrial Property Law and Article 65 of its Regulations. Article 142 established the definition of franchise, the requirements for franchise agreements, and standards for pre-sale franchise disclosure.

It is important to register trademarks in Mexico to protect brands. According to the applicable law, a trademark must be used by its owner, by the licensee, or the franchisee of record, or it may be subject to an action of cancellation due to non-use. In this respect, franchising and licensing agreements involving Mexican trademark applications or registrations must be recorded with the Mexican Institute of Industrial Property (IMPI). The time frame for registering a trademark in Mexico is approximately four to six months, assuming there are no objections.

Some Big Franchises [Mc Donald's](#), fast food
[KFC](#), fast food
[Domino's Pizza](#), pizzeria
[Burger King](#), fast food
[Dunkin' Donuts](#), fast food
[Petroleum Statistics - Pemex](#), gas station
[Nutrisa](#), nutrition

For Further Information [Mexican Institute of Industrial Property](#)
[Mexican Association of Franchising](#)

Finding Assistance

Export Trading [Export and Import Enterprises](#)
Companies [Foreign Trade Enterprises in Mexico](#)

Learn more about [Sales in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Buying

CUSTOMS PROCEDURES

| | |
|-----------------------|---|
| Export Clearance | <p>The persons who would like to export merchandise from Mexico must comply with the following regulations:</p> <ul style="list-style-type: none"> -Verify he or she is registered in the Federal Register of Taxpayers. -Register in the Register of Sectoral Exporters only for certain sectors, including alcohol, tobacco, flavoured drinks, fossil fuels and pesticides. -Hire the services of a dealer or a customs agent to prepare the administration procedures by proxy. -Comply with conditions and customs regulations established by the General Legislation of Taxes on Exports. -Pay the customs duty taxes, if applicable. <p>For more information visit Mexican Customs site.</p> |
| Necessary Declaration | <p>Customs declaration must contain information regarding the merchandise: its origin, its components, its unit and global value, custom fees and information about the export agent and consignment receiver. The document containing this information is called a 'pedimento' (requisition) and must be requested to the Ministry of Finance and Public Credit by the agent or by the customs representative. Then, it must be presented at the customs office in order to pay the processing rights' fees.</p> |
| Restrictions | <p>Antiques and archaeological remains - as well as hydrocarbons, crude oil products oil derivatives and natural asphalts - cannot be exported.</p> |
| Export Taxes | <p>Visit the Tributary Administration site to find out if there is an export tax fee for your product.</p> |

INDUSTRIAL AND MANUFACTURING PROFILE

| | |
|--------------------|---|
| Type of Production | <p>Industrial activities constitute 18% of Mexico's GDP and about 90% of its exports. The food, automobile and electronics industries are particularly strong. Thanks to tax reductions in NAFTA and incentives by the Mexican Ministry of Economy, maquiladoras (or assembly plants) play an important role in the manufacturing sector, accounting for approximately 80% of production.</p> |
|--------------------|---|

Type of Manufacturers

| | |
|----------------------------------|---|
| Original Equipment Manufacturers | <p>OEMs (Original Equipment Manufacturer) in Mexico are generally auto part manufacturers due to Mexico's vehicle production working to satisfy great demand. However, production has decreased since the arrival of many new imported vehicle models.</p> |
| Subcontractors | <p>The subcontractor model in Mexico has increased since it was implemented, first in 'maquiladoras' and later in multinational enterprises. The government has supported this model by establishing the Subcontractor Industry System. Cases where benefits are not paid to workers are common. Turnover is high, which leads to a general lack of productivity.</p> |
| Useful Resources | <p>National Confederate Chamber of Industry Subcontracting - Ministry of Economy</p> |

IDENTIFYING A SUPPLIER

Business Directories

Multi-sector Directories

- [All.biz - Mexico](#) - Directory of companies.
- [Cosmos Online](#) - Mexico's business directory.
- [Directorio de Empresas de México](#) - Guide of companies, industries & services in Mexico.
- [Directorio.com.mx](#) - Business directory in Mexico.
- [Hecho en México](#) - Directory of Mexican providers.
- [Mewsearch](#) - Mexico's Yellow Pages.
- [Mexican Employers' Information System](#) - Find a business in Mexico.
- [Mexican Trade Directory](#) - Business directory in Mexico, categorized by product.
- [Mexico All-Biz](#) - Directory of businesses in Mexico.
- [Mexico Business Directory](#) - Online guide to Mexico.
- [Mexico Data Online](#) - B2B data in Mexico.
- [Mexico online directory](#) - Directory of businesses in Mexico.
- [Mexico Red](#) - Directory of Mexican suppliers and distributors.
- [Paginas Amarillas](#) - Mexico's Yellow Pages.
- [Planeta México](#) - A search engine for companies in Mexico.
- [Portal de la Industria](#) - Search and information about industrial products and services.
- [Rim](#) - Business directory in Mexico.

Marketplaces

Domestic Marketplaces [Solistica - Digital Market Group Femsa](#)

Regional Marketplaces [Solistica - Digital Market Group Femsa](#)

Other Useful Resources

Trade Agencies and Their Representations Abroad [French-Mexican Chamber of Commerce and Industry](#)
[Chamber of Commerce of Mexico City](#)
[ProMéxico](#)
[ProMéxico - Mexico Investing Guide](#)

Fairs and Trade Shows [International Trade Fairs](#)
[Mexican Web Directory - National Trade Fairs](#)

Learn more about [Service Providers in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

ORGANIZING GOODS TRANSPORT TO AND FROM MEXICO

Main Useful Means of Transport

Transportation-logistic services are expensive in Mexico. The road network is vast (355,796 km) and the transit of goods by road comprises 61% of commercial freight. Mexico has a modern highway system, primarily comprised of toll roads connecting the main industrial areas located in the Mexico City-Guadalajara-Monterrey triangle. Outside this area, road transportation is fair, although the Government has enacted a programme to improve Mexico's infrastructure. Maritime international trade goes through the ports of Lazaro Cardenas, Manzanillo, Veracruz, Dos Bocas and Cayo

Arcas. All these ports have the high quality infrastructure and equipment to facilitate intermodal, door-to-door merchandise transportation. The railway is mostly used for transporting large volumes of goods to the main ports and borders. Air transport of goods is not as popular due to the lack of infrastructure and the price of fuel.

By Sea

| | |
|------------------------------------|--|
| Ports | Ports of Mexico |
| Transport Professionals | TMM Group CICARGA |
| Government Transport Organisations | Ministry of Communications and Transportation: Ports and Merchant Navy |

By Air

| | |
|------------------------------------|--|
| Airports | Airports of Mexico |
| Transport Professionals | Aeromexpress Cargo Skyteam Cargo DHL Mexico Panalpina |
| Government Transport Organisations | Ministry of Communications and Transportation |

By Road

| | |
|------------------------------------|--|
| Transport Professionals | Mexican Estafeta Schenker Mexico Kuehne Nagel Mexico |
| Government Transport Organisations | Ministry of Communications and Transportation |

By Rail

| | |
|------------------------------------|---|
| Transport Professionals | TMM Group Ferrovalle, Mexico |
| Government Transport Organisations | Ministry of Communications and Transportation |

Learn more about [Sourcing in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Operating a Business

LEGAL FORMS OF COMPANIES

| | |
|--|--|
| <p>Sociedad de Responsabilidad Limitada: Variable Stock Limited Liability Partnership</p> | <p>Number of partners: Minimum: 2; Maximum: 50 Capital (max/min): Minimum of MXN 3,000. Each partner must bring in at least 50% at the time of its creation. Shareholders and liability: Liability is limited to the contributed amount.</p> |
| <p>Sociedad en Nombre Colectivo: General Partnership</p> | <p>Number of partners: Minimum: 2. One of the partners must be designed as manager. Capital (max/min): No minimum capital. Shareholders and liability: Liability is unlimited and responsibility is joint.</p> |
| <p>Sociedad Anonima de Capital Variable (S.A. de C.V.): Variable Capital Limited Liability Company</p> | <p>Number of partners: Minimum: 2, including an administrator. Capital (max/min): No maximum capital. Shareholders and liability: Liability is limited to the contributed amount.</p> |
| <p>Sociedad Anonima (S.A.): Limited Liability Company or Corporation</p> | <p>Number of partners: Minimum: 2, including an administrator. Capital (max/min): No maximum capital. Shareholders and liability: Liability is limited to the contributed amount..</p> |
| <p>Enterprises Federation</p> | <p>SIEM - Sistema de Información Empresarial Mexicano (Mexican Business Information System) COPARMEX - Confederación Patronal de la República Mexicana (Confederation of Employers of the Mexican Republic)</p> |

BUSINESS SETUP PROCEDURES

| Setting Up a Company | Mexico |
|-----------------------------|---------------|
| Procedures (number) | 8.00 |
| Time (days) | 8.40 |

Source: *Doing Business*.

| | |
|-----------------------------------|--|
| <p>For Further Information</p> | <p>Doing Business: Mexico, to learn about procedures to start a business in Mexico SIEM - Sistema de Información Empresarial Mexicano (Mexican Business Information System)</p> |
| <p>The Competent Organisation</p> | <p>The National Business Information System</p> |

Recovery Procedures

| | |
|---|---|
| <p>Minimum Debt-to-Capital Ratio Triggering Liquidation Bankruptcy Laws</p> | <p>When losses are two thirds of the social capital. General Law of Commercial Companies</p> |
| <p>Reorganization and Rehabilitation Laws</p> | <p>Company mergers, transformations, and splits are regulated by the General Law of Commercial Companies.</p> |

THE ACTIVE POPULATION IN FIGURES

| | 2012 | 2013 | 2015 |
|--------------|------------|------------|------------|
| Labour Force | 50,700,000 | 51,480,000 | 52,810,000 |

Source: CIA - The World Factbook

| | 2015 | 2016 | 2017 |
|---------------------|--------|--------|--------|
| Total activity rate | 62.19% | 62.23% | 62.28% |
| Men activity rate | 72.62% | 72.62% | 72.62% |
| Women activity rate | 45.38% | 45.47% | 45.55% |

Source: ILO, Laborstat - Yearly Statistics

For Further Statistics [Mexico National Labour Statistics \(in Spanish\)](#)

WORKING CONDITIONS

Opening Hours

| | |
|-----------------------|--|
| Legal Weekly Duration | 48 hours per week (8 hours per day) |
| Maximum Duration | Maximum of three extra hours daily on a maximum of three times per week. |
| Night Hours | From 10 p.m. to 6 a.m. |

Working Rest Day From 6 a.m. to 8 p.m.

Paid Annual Vacation After one year of continuous work, the employee has the right to six working days of paid vacation. This increases from two to twelve days for every additional year worked.

Retirement Age 65 years old

Child Labour and Minimum Age For Employment Minors, aged between 14 and 16 years old cannot work more than six hours per day, they do not have the right to work extra hours or holidays.

Informal Labour Market According to the International Work Organization, there are 25.5 millions of persons in Mexico who work in the informal market (about 50% of the active population).

THE COST OF LABOUR

Pay

| | |
|--------------------|---|
| Minimum Wage | MXN 1 641 per month (source: ILO, 2013, latest available data). According to the Central Bank of Mexico, the minimum wage is MXN 88.36 per day in 2018. |
| Average Wage | Monthly average gross salary: MXN 6011 (source: ILO, 2017, latest available data). |
| Other Forms of Pay | |
| Pay For Overtime | Overtime is paid double per each extra hour worked. It cannot exceed more than 9 hours per week. |

| | |
|---------------------------|---|
| Pay For Rest Days Worked | The worker is entitled to an additional 25% of his daily salary. |
| Pay For Night Hours | According to the minimum salary assigned to the geographical area as established by the National Minimum Salary Commission. |
| Pay For Overtime at Night | The extra night hours are paid double. |

Social Security Costs

| | |
|------------------------|---|
| The Areas Covered | Disability insurance; pensions for disability, old age and death; medical assistance for maternity care, accidents and illness with benefits extending to members of the employee's family. |
| Contributions | Contributions Paid By the Employer: Employers contribute to the social security system, the housing fund, and the pension fund, for a total of about 25% of wages. However, these contributions are deducted from the salaries of employees. Contributions Paid By the Employee: Employees contribute up to 5% of their salary for social security and the pension system. |
| Competent Organization | Mexican Institute of Social Security Institute of Security and Social Services for the State Workers Ministry of Health |

MANAGEMENT OF HUMAN RESOURCES

Recruitment

| | |
|-----------------------|--|
| Method of Recruitment | Enterprises use specialised methods of recruitment, but recommendations by word of mouth are also common. Nevertheless, applying for a job over the Internet is becoming increasingly popular. |
| Recruitment Agencies | Occ , Trovit , and Bumeran . |
| Recruitment Websites | Bolsa Mexico Infojobs Mexico Federal Government Employment Website |

The Contract

| | |
|------------------|---|
| Type of Contract | Employment contracts can be for a specific job assignment or for a fixed period of time. Unless stated otherwise, contracts are for an indefinite period of time. |
|------------------|---|

Breach of Contracts

| | |
|------------|--|
| Retirement | Reasons to break a job contract include: <ul style="list-style-type: none"> - False information, certificates or references given by the employee or syndicate. - Involvement in violent acts, lack of honesty or maltreatment against supervisors. - Intentional damage of materials during work hours. - Revealing confidential information of the enterprise. - Working under the influence of alcohol or drugs. |
| Dismissals | An employee can break his job contract at any moment without liability if there is justification. Justifications include: <ul style="list-style-type: none"> - Deception on the part of the supervisor or the management group. |

- Violence, lack of honesty or threats against the employee or his family.
- Reduction of the employee's salary.
- Evidence of an existing danger to the employee's safety or health.

Labour Laws

[Work Legislation](#)

[Doing Business: Mexico](#), to obtain a summary of lab or regulations that apply to local enterprises

Dispute Settlement

Conciliation Process

Cases of Dispute Working conditions, unfair dismissal, sexual and moral harassment, verbal violence and physical violence.

Legal Framework Labour conflicts are regulated by the Federal Labour Law and the article 123 of the Mexican Constitution.

Procedure Once the three representatives of the sectors (a government representative, an employee and one of the managers) are present at the Board of Conciliation, the situation is negotiated in order to reach a settlement convenient for all parties. The board can try to conciliate, but if they are not willing or able to reach an agreement then an arbitration process is initiated.

More information can be found in [Art. 123 of the Mexican Constitution](#)

Judicial Structures

Legal Framework The Federal Labour Law gives the Federal Board of Conciliation and the Board of Conciliation and Arbitration the power to act as conciliatory instances for workers and managers.

Competent Legal Body The Board of Conciliation and Arbitrage and The Federal Board of Conciliation answer to the Ministry of Labour and Social Security.

Social Partners

Social Dialogue and Involvement of Social Partners Mexican labour unions are organised by activity sectors and most are affiliated with the Confederation of Mexican Workers (CTM). They are relatively powerful and originally emerged as institutions of social resistance. As a result, in some cases, the unions resist economic structural reforms that may ultimately serve to benefit the economic development of the country.

Unionisation Rate 13.5% of wage and salary earners in 2014 ([OECD](#))

Unions [List of Labour Unions in Mexico](#)
[Confederation of Mexican Workers \(CTM\)](#)

Regulation Bodies [Ministry of Labour and Social Security](#)
[Confederation of Employers of the Mexican Republic](#)

Learn more about [Operating a Business in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Investing

FDI IN FIGURES

Mexico is one of the emerging countries most open to foreign direct investment, the world's fifteenth largest FDI recipient. FDI flows to the country fluctuate strongly depending on the arrival and departure of large international groups. In 2018, FDI inflows edged down to USD 31.6 billion, from USD 32.1 billion a year earlier. While flows remained comparable to levels seen in the last five years, they were considerably below the all-time high of USD 48.5 billion in 2013 ([UNCTAD 2019 World Investment Report](#)). Foreign investments are mostly concentrated in towns neighbouring the U.S border (where many assembly factories are located), as well as in the capital. Thanks to its robust tourism industry, the Yucatan Peninsula also receives substantial foreign investment. Investment mostly comes from the United States and Spain (especially the banking sector). Other sectors receiving significant foreign investment are finance, the automobile industry and the electronics and energy sectors.

In recent years, Mexico's competitiveness has suffered from the rise of organized crime and lack of reforms in the energy sector and tax regulations. Corruption and administrative inefficiency have also been major issues. The liberalisation of the energy and telecommunications sectors has attracted foreign investment, with supply of electricity, gas and water accounting for 13.5% of total FDI flows in 2018. Mexican state-owned oil company Pemex struck a record deal in January 2018 by securing a USD 93 billion investment for exploration operations from different companies such as Royal-Dutch Shell and Qatar Petroleum. The Mexican government also launched a major investment plan for the expansion of infrastructure, including airport infrastructure. The business climate continues to suffer from safety risks in Mexico. The country is ranked 54th out of 190 in the [World Bank's 2019 Doing Business ranking](#), losing 5 spots compared to the previous year.

| Foreign Direct Investment | 2016 | 2017 | 2018 |
|---------------------------------------|-------------|-------------|-------------|
| FDI Inward Flow <i>(million USD)</i> | 30,865 | 32,091 | 31,604 |
| FDI Stock <i>(million USD)</i> | 473,424 | 490,574 | 485,807 |
| Number of Greenfield Investments*** | 485 | 565 | 600 |
| FDI Inwards <i>(in % of GFCF****)</i> | 11.1 | n/a | n/a |
| FDI Stock <i>(in % of GDP)</i> | 45.3 | n/a | n/a |

Source: UNCTAD, Latest available data.

Note: * The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. ** The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. *** Green Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a Foreign Country By Constructing New Operational Facilities From the Ground Up. **** Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.

FDI INFLOWS BY COUNTRY AND INDUSTRY

| Main Investing Countries | 2018, in % | Main Invested Sectors | 2018, in % |
|---------------------------------|-------------------|-----------------------------------|-------------------|
| United States | 38.8 | Manufacturing industry | 49.1 |
| Spain | 13.1 | Electricity, water and gas supply | 13.5 |
| Canada | 10.1 | Retail and wholesale trade | 8.9 |
| Germany | 8.2 | Financial services | 7.9 |

| Main Investing Countries | 2018, in % | Main Invested Sectors | 2018, in % |
|--------------------------|------------|-----------------------|------------|
| Japan | 6.7 | Mining | 4.4 |

Source: [Ministry of Economy \(in Spanish\)](#) - Latest available data.

| | |
|--|---|
| Form of Company Preferred By Foreign Investors | The most common forms of creating a business company are the Limited Liability Stock Corporation (Sociedad Anonima, S. A.) and the Limited Liability Company (Sociedad de Responsabilidad Limitada S.R.L.). |
| Form of Establishment Preferred By Foreign Investors | Subsidiaries and assembling plants for the 'maquiladora' (assembly plant) industry. |
| Main Foreign Companies | IBM , Coca-Cola , Motorola , Walmart , Inditex Group , BBVA Bancomer , Santander Group , Procter & Gamble , L'Oreal , etc. Also, 500 of the largest Latin American enterprises have a presence in Mexico. |
| Sources of Statistics | General Direction of Foreign Investments |

WHAT TO CONSIDER IF YOU INVEST IN MEXICO

Strong Points

Mexico attracts the most FDI in Central and South America:

- In addition to being very open to foreign direct investment, the country is very well integrated into the world economic order: it is a member of NAFTA, OECD, G20 and the Pacific Alliance.
- It enjoys a strategic geographic location and acts as a transit platform to North America and Latin America.
- The country has a wide variety of natural resources, which allows the development of all types of industries at very competitive prices.
- The cost of labour (a young and abundant labour force) is not very high and is relatively well qualified.
- The country is the 8th biggest tourist destination in the world and has in parallel a large and important industrial base.
- The country now enjoys enviable economic and political stability in comparison with other countries in the region.

Weak Points

There are still many obstacles to investment in Mexico:

- The country relies heavily on its partnership with the United States and is therefore vulnerable to any changes to the free trade agreement
- The level of corruption is high and the crime rate is rising
- The country faces important structural problems (economic and social)
- Some sectors are reserved for the Mexican state or Mexican citizens
- Very strong competition in certain sectors
- An economy vulnerable to fluctuations in the oil prices
- Infrastructure (transport and oil sector in particular) and a system of education that are generally deficient and ineffective
- Drug gang violence is a major danger, both socially and economically in many areas, especially in border areas with the US.

Government Measures to Motivate or Restrict FDI

The Mexican government has created an open and secure environment for foreign investors. The recent economic policies should allow investors to ensure the security of their operations, despite an unfavourable external environment at the global level. In 2007 [ProMexico](#) was created. It is a federal entity in charge of attracting foreign direct investment in Mexico.

In June 2016, Special Economic Zones (SEZs) were created to attract investment to the economically underdeveloped areas in the southern states of the country. Companies setting up in these SEZs will receive various incentives, trade facilities, duty-free customs benefits, infrastructure development prerogatives and easier regulatory processes.

Mexico is a leader in FDI attracted to Latin America. To this day, 27 bilateral agreements for the promotion and mutual protection of investments have been negotiated. This makes Mexico a safe place to invest and an ideal base for exporting.

PROTECTION OF FOREIGN INVESTMENT

- Bilateral Investment Conventions Signed By Mexico: Mexico has signed onto [bilateral investment treaties](#) with over 30 countries.
- International Controversies Registered By UNCTAD Organizations Offering Their Assistance in Case of Disagreement: Some cases have been registered, mainly on the real estate sector on areas of tourism in the state of Yucatan. Consult the [dispute settlement proceeding](#). [ICCMEX](#) , International Chamber of Commerce in Mexico
- Member of the Multilateral Investment Guarantee Agency: Mexico is in process of being accepted.

Country Comparison For the Protection of Investors

| | Mexico |
|-------------------------------------|--------|
| Index of Transaction Transparency* | 8.0 |
| Index of Manager’s Responsibility** | 5.0 |
| Index of Shareholders’ Power*** | 5.0 |

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

PROCEDURES RELATIVE TO FOREIGN INVESTMENT

- Freedom of Establishment: Guaranteed
- Acquisition of Holdings: Having a majority of capital holdings in a Mexican corporation is legal, though there are some limitations. For more information, see the text of the the [Mexican foreign investment law](#) governing such limitations.
- Obligation to Declare: To find out the total that must be declared visit the [Mexican Federal Tax Administration](#).
- Competent Organisation For the Declaration: [Mexican Federal Tax Administration \(in Spanish\)](#)

Learn more about [Foreign Investment in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

OFFICE REAL ESTATE AND LAND OWNERSHIP

The Possibility of Buying Land and Industrial and Commercial Buildings

Yes.

Risk of Expropriation

Foreign investors have a right to a compensation if they are victims of expropriation for public means. Expropriations are governed by international law and require rapid fair market value compensation.

INVESTMENT AID

Privileged Geographical Zones

Mexican states are not permitted to compete to attract foreign investment with fiscal incentives. In spite of this, they compete fiercely through the development of programmes that allow them to implement:

- Reduced real estate pricing
- Training programmes for employees
- Reductions in tax payments

In addition, Mexico enacted a law in June 2016 for the creation of Special Economic Zones (SEZs) in four relatively underdeveloped and economically disadvantaged regions of the country:

- The Pacific port of Lázaro Cárdenas (on the border of the states of Michoacán and Guerrero)
- The Isthmus of Tehuantepec (Veracruz and Oaxaca states)
- Puerto Chiapas (Chiapas)
- The Coatzacoalcos Corridor / Ciudad del Carmen (Campeche)

Companies setting up in these SEZs will be offered tax, customs duty and administrative and regulatory benefits.

Free Zones

There are two free trade zones in San Luis Potosi:

1. The 'maquiladora' zone (assembly factories) as well as bonded warehouses, and
2. Bonded zones (in customs), free trading posts to perform activities such as manufacturing, repairing, distribution and sales of merchandise.

Organizations Which Finance

[Nacional Financiera](#), [Banca de Desarrollo](#) and [Bancomext](#).

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy

Auto parts, machinery, equipment, chemicals, financial services and insurance services.

High Potential Sectors

After-sales services for the automotive sector (repairs, maintenance, sale of parts and accessories), electronics, distribution chains, renewable energies, food, beverages and tobacco products, specialised and customised professional technical services. The banking sector is also growing fast and represents an opportunity for investors. The government has expressed its desire to modernise the country's infrastructure,

including hospitals and transport, and seeks to attract increased FDI.

Privatization
Programmes

In the real estate sector (especially for moderately priced housing projects), airports and some refineries. Energy reform has put an end to 76 years of PEMEX monopoly; nationalised in 1938, the company is currently undergoing deep restructuring to allow it to become competitive in the future. The reform has opened Pemex's exploration and R&D activities to foreign investment.

Tenders, Projects and
Public Procurement

[Compranet](#), Public Procurements
[Tenders Info: Mexico](#), Tenders in Mexico
[DgMarket Tenders](#), Tenders Worldwide

SECTORS WHERE INVESTMENT OPPORTUNITIES ARE FEWER

Monopolistic Sectors

Distribution and transportation of liquefied petroleum gas. Generation, distribution and commercialisation of electricity. For more information visit the [Foreign Investing Laws](#).

FINDING ASSISTANCE FOR FURTHER INFORMATION

Investment Aid Agency

[Industrial Development Commission \(Mexicali\)](#)
[National Bank of Foreign Trade](#)

Learn more about [Investing in Mexico](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019