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CONSULTORIA EN NEGOCIOS Y FRANQUICIAS



Profesionalismo con calidez humana



México

CAPITAL:	Mexico City
LANG. SPOKEN:	Spanish and 62 native tongues
AREA:	1.984.375 <u>Km2</u>
POPULATION:	106,860,000





Government



- President: **Felipe Calderón Hinojosa**
- President Calderón was elected in 2006 elections.
- Party: Partido de Acción Nacional (PAN); National Action Party Right Center Organization with liberal ideals.
- The actual government has created an aggressive economic stimulus program to promote the creation of more jobs through franchising for the small and medium business sector.





Mexico's Economic Outlook



We are a rich country

- Mexico has the 4th largest biodiversity in the world.

- Beaches, forests, desert, jungle, fauna.

- Mexico's natural richness is evident.

- 11,000 kms of coasts and beaches.

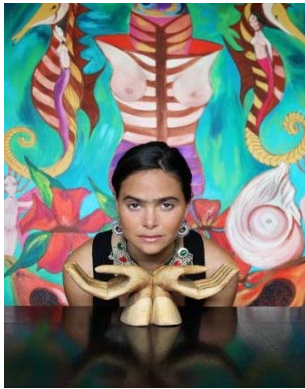


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We are a young country



**Our average age
is 27 years**

**Lowest economic
dependency index in
history.**



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We know how to do things

- We have qualified labor.
- Specific clusters of industrial activity.
- We are a leader in several sectors, such as automotive, aerospace and electronics, among others.

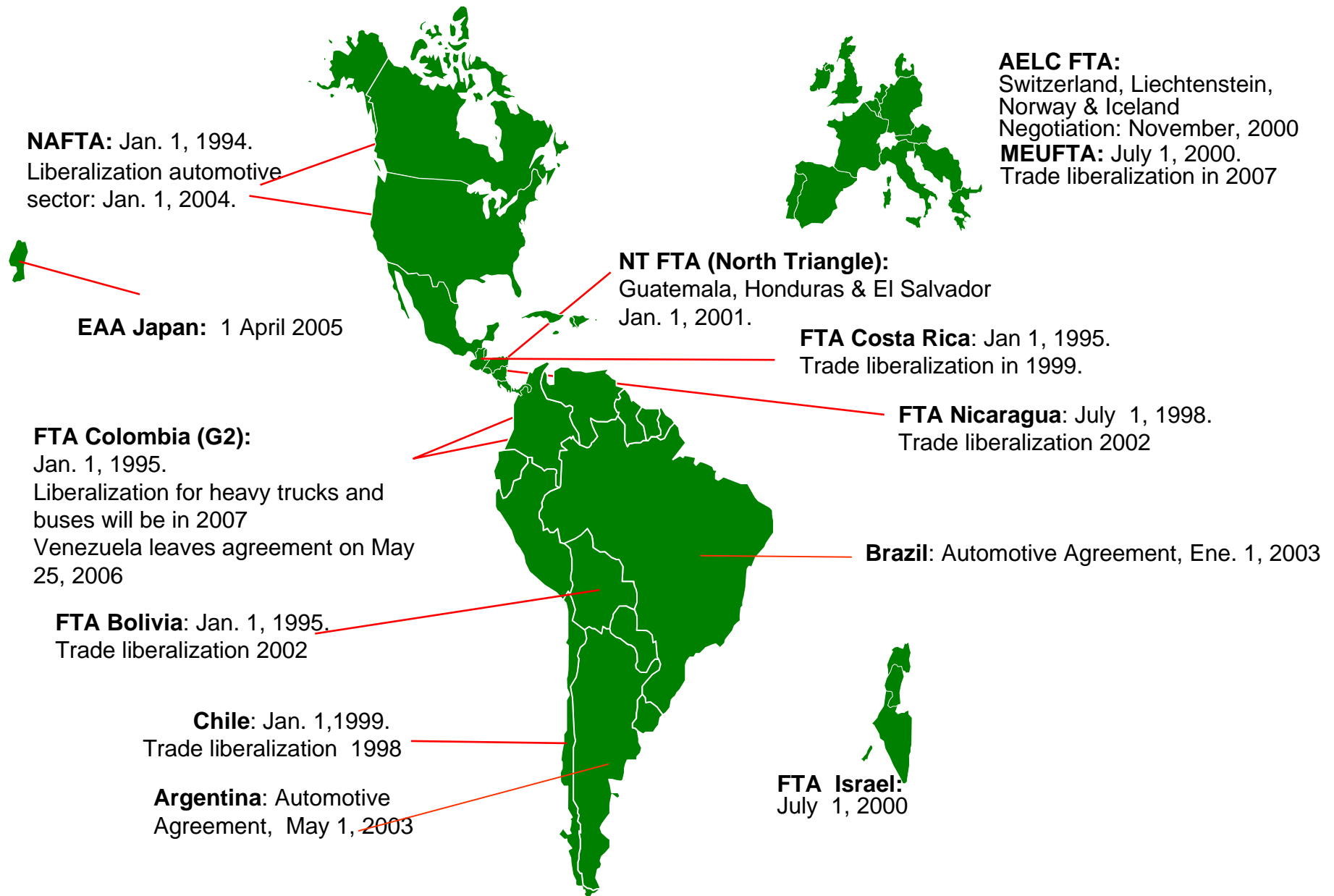


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MÉXICO's FTA



Main strengths of the Mexican economy

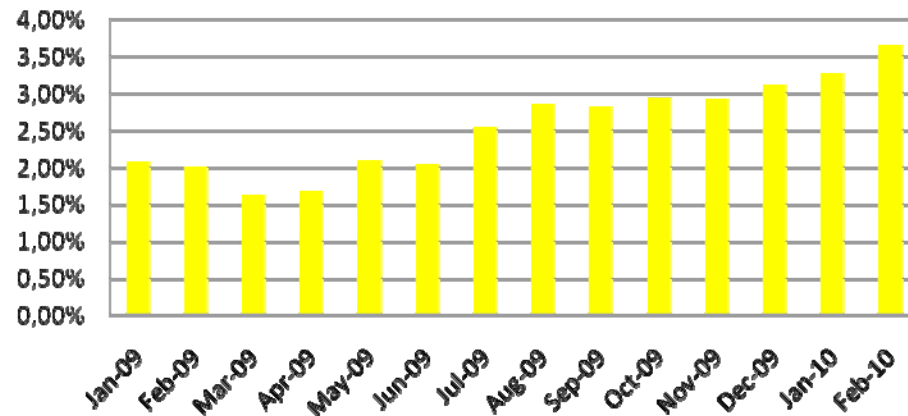
Rank	Country	GDP 2008 (billion dollars)
1	USA	14,265
2	Japan	4,924
3	China	4,402
4	Germany	3,668
5	France	2,866
6	UK	2,674
7	Italy	2,314
8	Russia	1,677
9	Spain	1,612
10	Brazil	1,573
11	Canada	1,511
12	India	1,210
13	Mexico	1,088
14	Australia	1,011
15	Korea	947
16	Netherlands	869
17	Turkey	729
18	Poland	526
19	Indonesia	512
20	Belgium	506

- 1. Market size:** Population of 107 million; GDP above \$1 trillion USD.
- 2. Large exporting base:** One of the 15 largest exporter nations in the world.
- 3. Energy availability:** Ranked 17th in proven oil reserves.
- 4. Demographic bonus:** Dependant population ratio will fall to 46% minimum in 2025
- 5. Ample network of trade and investment agreements:** Free trade agreements with 44 countries (60% of the World's GDP).
- 6. Biodiversity.** Ranked 4th worldwide.

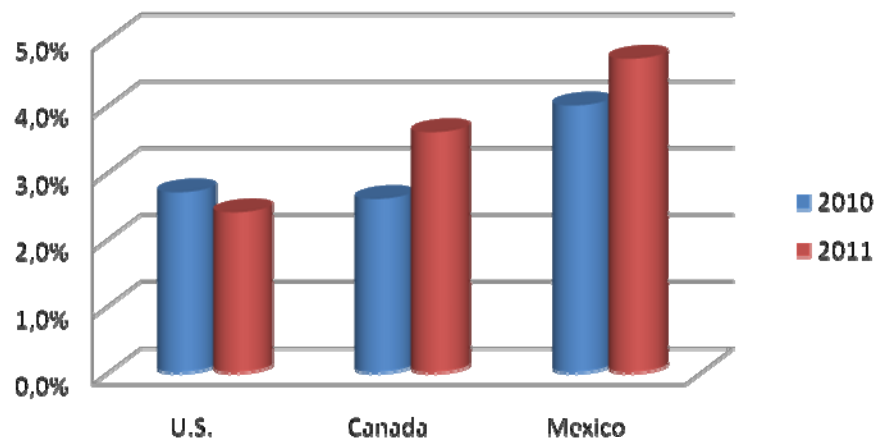
Source: International Monetary Fund



**Mexico: Forecast for Real GDP Growth 2010
(by date of forecast)**



IMF Growth Forecasts

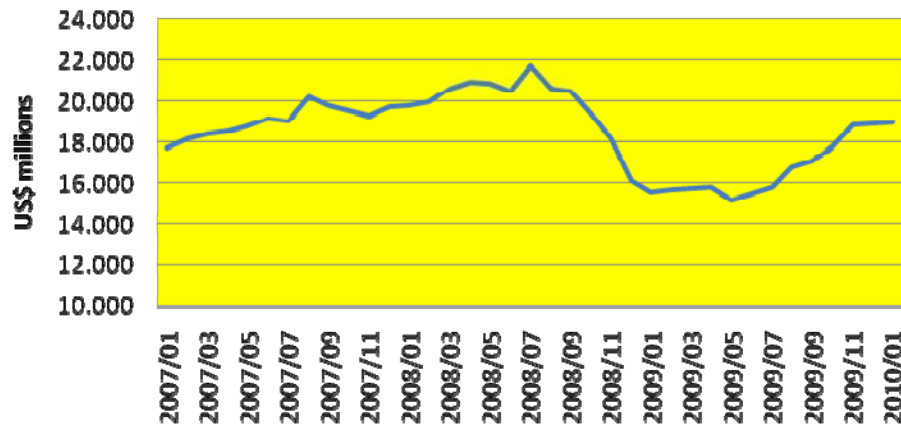


- Mexico was hard hit by the 2009 recession. GDP likely fell 6.8% last year due to a drop in exports and weak domestic demand.
- However, expectations for growth in 2010 have risen steadily.
- The IMF forecasts significantly higher growth for Mexico in 2010 and 2011 compared to the U.S. and Canada.
- In fact, analysts foresee a growth rate of over 4% this year for Mexico's economy.

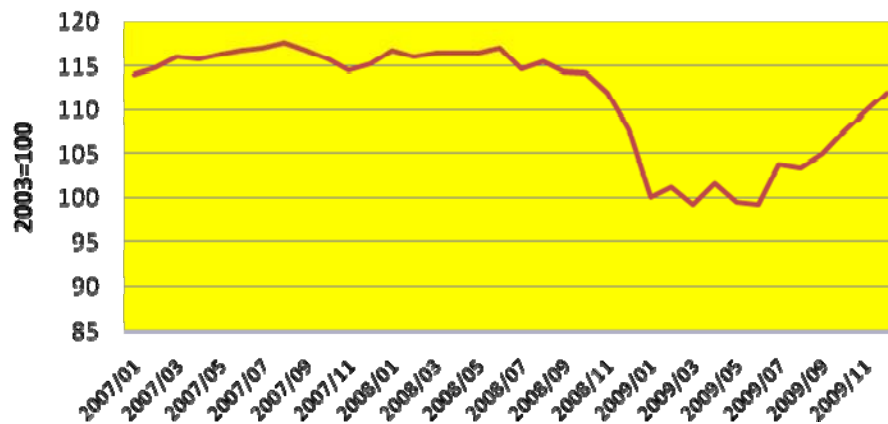
Source: IMF World Economic Update, January 2010*



**Mexico's non-oil exports
(seasonally adjusted)**



**Mexico: Manufacturing output index
(seasonally adjusted)**



- Recovery is being led by exports. Non-oil exports posted a positive y-o-y growth rate of 22% in January 2010 .

- From the cyclical low of May 2009 to January 2010, non-oil exports have risen 25%.

- As a result, manufacturing output has also risen sharply (13% between June and December 2008).

- Output is now only 4% below the pre-crisis maximum.

- In the U.S., manufacturing output is 13% below pre-crisis highs.

Source: INEGI



Mexico Overview

- Under the Administration of President Calderon, all housing initiatives and projects throughout Mexico's 32 states are considered priorities.
- Federal, State and Municipal governments are working closely to strengthen the housing industry in order to solve Mexico's housing deficit of over the 5 million of units countrywide.
- All housing agencies, both government and private, are promoting projects and seeking private investment in order to counter the country's housing deficit.
- Mexico's Federal, State and Municipal government agencies that promote housing cannot resolve the housing deficit on their own; they need the support of private sector local or foreign companies, as well as international housing foundations or institutions.

Source: U.S. Commercial Services reports on Housing and Woodwork in Mexico



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Mexico Overview

- For foreign firms interested in entering Mexico's construction industry, one of the best options is to sign a joint venture agreement with a Mexican housing developer or construction firm that is active in the housing industry.
- Mexican companies' knowledge of the market, labor and legal aspects involved in this industry is invaluable to foreign firms.
- The common business opinion and best way for Mexican companies to attain the necessary expertise in order to competitively complete in today's market is through the acquisition of a foreign industry leader by means of a Master Franchise.



Source: U.S. Commercial Services reports on Housing and Woodwork in Mexico



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Questions?



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Thank You!



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