A

Global Country Study Report

On

“MEXICO”

Submitted To:

Gujarat Technological University

In Partial Fulfillment of the requirement of the award for the degree of

Master of Business Administration,

Gujarat Technological University, Ahmedabad.

Submitted By:

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Academic year:

Batch 2011-2013

Shree Leuva Patel Trust MBA Mahila College, Amreli.
PART-I

General Information

CHAPTER-1

1.1 INTRODUCTION
Mexico has one of the world's largest economies, and is considered both a regional power and middle power. In addition, Mexico was the first Latin American member of the Organization for Economic Co-operation and Development OECD (since 1994), and considered an upper-middle income country by the World Bank. Mexico is considered a newly industrialized country and an emerging power. It has the thirteenth largest nominal GDP and the eleventh largest by purchasing power parity. The economy is strongly linked to those of its North American Free Trade Agreement (NAFTA) partners, especially the United States. Mexico ranks sixth in the world and first in the Americas by number of UNESCO World Heritage Sites with 31, and in 2007 was the tenth most visited country in the world with 21.4 million international arrivals per year.

1.2 DEMOGRAPHIC PROFILE OF THE MEXICO

<table>
<thead>
<tr>
<th>Flag</th>
<th>Coat of arms</th>
</tr>
</thead>
</table>

Demographics of Mexico
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td>115,296,767</td>
</tr>
<tr>
<td><strong>Growth rate</strong></td>
<td>1.12% (2010)</td>
</tr>
<tr>
<td></td>
<td>(2010 est.)</td>
</tr>
<tr>
<td><strong>Birth rate</strong></td>
<td>19.39 births/1,000 population (2010 est.)</td>
</tr>
<tr>
<td><strong>Death rate</strong></td>
<td>4.83 deaths/1,000 population (2010 est.)</td>
</tr>
<tr>
<td><strong>Life expectancy</strong></td>
<td>76.66 years</td>
</tr>
<tr>
<td></td>
<td>–male: 73.84 years</td>
</tr>
<tr>
<td></td>
<td>–female: 79.63 years (2012 est.)</td>
</tr>
<tr>
<td><strong>Fertility rate</strong></td>
<td>2.27 children born/woman (2012 est.)</td>
</tr>
<tr>
<td><strong>Infant mortality rate</strong></td>
<td>16.77 deaths/1,000 live births</td>
</tr>
<tr>
<td><strong>Net migration rate</strong></td>
<td>-3.11 migrant(s)/1,000 population (2012 est.)</td>
</tr>
</tbody>
</table>

### Age structure

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
<th>Male Count</th>
<th>Female Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14 years</td>
<td>27.8%</td>
<td>(male 16,329,415)</td>
<td>(female 15,648,127)</td>
</tr>
<tr>
<td>15-64 years</td>
<td>65.5%</td>
<td>(male 36,385,426)</td>
<td>(female 38,880,768)</td>
</tr>
<tr>
<td>65-over</td>
<td>6.7%</td>
<td>(male 3,459,939)</td>
<td>(female 4,271,731)</td>
</tr>
</tbody>
</table>

### Sex ratio

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Male/female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.96</td>
</tr>
<tr>
<td>At birth</td>
<td>1.04</td>
</tr>
<tr>
<td>Under 15</td>
<td>1.05</td>
</tr>
<tr>
<td>15-64 years</td>
<td>0.94</td>
</tr>
<tr>
<td>65-over:</td>
<td>0.81 male(s)/female</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------</td>
</tr>
</tbody>
</table>

**Nationality**

<table>
<thead>
<tr>
<th>Nationality:</th>
<th>Mexican</th>
</tr>
</thead>
</table>

**Major ethnic:** Mestizo (mixed Spaniard and Amerindian ancestry)- 60%, Amerindian- 20%, White- 19%

**Minor ethnic:** Other- 1.0%

**Language**

<table>
<thead>
<tr>
<th>Official:</th>
<th>Spanish language</th>
</tr>
</thead>
</table>

| Spoken:       | English, Nahuatl, Plautdietsch, Venetian, Basque, French and many others are also spoken varying by region |

[Table 1.1 Detail of Demographic profile]

1.3 ECONOMIC OVERVIEW OF THE MEXICO:

<table>
<thead>
<tr>
<th>Economy of Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Economy of Mexico" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>13th (nominal) / 11th (PPP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>Mexican peso (MXN, $)</td>
</tr>
<tr>
<td>Fiscal year</td>
<td>Calendar</td>
</tr>
<tr>
<td>------------------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td>Trade organizations</td>
<td>APEC, NAFTA, OECD and WTO</td>
</tr>
</tbody>
</table>

**Statistics**

<table>
<thead>
<tr>
<th>GDP</th>
<th>$1.231 trillion (nominal; 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.748 trillion (PPP; 2012)</td>
</tr>
<tr>
<td>GDP growth</td>
<td>5.5% (2010)</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>$11,114 (2012) (nominal)</td>
</tr>
<tr>
<td></td>
<td>$15,782 (2012) (PPP)</td>
</tr>
<tr>
<td>GDP by sector</td>
<td>agriculture: 3.9%, industry: 32.6%, services: 63.5% (2010 est.)</td>
</tr>
<tr>
<td>Inflation (CPI)</td>
<td>3.6%</td>
</tr>
<tr>
<td>Population below poverty line</td>
<td>33% of the population are in poverty (asset based) and 10% of the population lives in extreme (food based) poverty</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>50.9 (2005)</td>
</tr>
<tr>
<td>Labour force</td>
<td>78.2 million (2012 est.)</td>
</tr>
<tr>
<td>Labour force by occupation</td>
<td>agriculture: 10.7%, industry: 33.4%, services: 55.9% (2012)</td>
</tr>
<tr>
<td>Unemployment</td>
<td>6.2% plus considerable underemployment (26%) (2009)</td>
</tr>
<tr>
<td>Main industries</td>
<td>electronics, food and beverages, tobacco, chemicals, iron and steel, petroleum, mining, textiles, clothing, motor vehicles, consumer durables, tourism</td>
</tr>
<tr>
<td>Ease of Doing Business Rank</td>
<td>53rd</td>
</tr>
</tbody>
</table>

**External**

<table>
<thead>
<tr>
<th>Exports</th>
<th>$298.5 billion (2010 est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export goods</td>
<td>automobiles, electronics, televisions, computers, mobile</td>
</tr>
<tr>
<td>phones</td>
<td>LCD displays oil and oil products, silver, fruits, vegetables, coffee, cotton</td>
</tr>
<tr>
<td>--------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Main export partners</strong></td>
<td>US 73.5%, Canada 7.5%, Russia 10% (2010)</td>
</tr>
<tr>
<td><strong>Imports</strong></td>
<td>$301.5 billion (2010 est.)</td>
</tr>
<tr>
<td><strong>Import goods</strong></td>
<td>metalworking machines, steel mill products, agricultural machinery, metals, repair parts for motor vehicles, aircraft, and aircraft parts, oil production equipment</td>
</tr>
<tr>
<td><strong>Main import partners</strong></td>
<td>US 60.6%, China 6.6%, South Korea 5.2% (2010)</td>
</tr>
<tr>
<td><strong>Public finances</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Public debt</strong></td>
<td>$341 billion (2010) / 36.9% of GDP (2010 est.)</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$234.3 billion (2010 est.)</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>$263.8 billion (2010 est.)</td>
</tr>
<tr>
<td><strong>Economic aid</strong></td>
<td>$189.4 million (2008)</td>
</tr>
</tbody>
</table>
| **Credit rating** | • Standard & Poor's:  
  A (Domestic)  
  BBB (Foreign)  
  A (T&C Assessment)  
  Outlook: Stable  
• Moody's:  
  Baa1  
  Outlook: Stable  
• Fitch:  
  BBB  
  Outlook: Stable |
| **Foreign reserves** | $128.299 billion (March 2011) |
1.4 OVERVIEW OF TRADE AND COMMERCE OF MEXICO

1.4.1 Trade:

The agreement opened the door for open trade, ending tariffs on various goods and services, and implementing equality between Canada, USA, and Mexico. NAFTA has allowed agricultural goods such as eggs, corn, and meats to be tariff-free. This allowed corporations to trade freely and import and export various goods on a North American scale.

It appears that, according to the records of the Mexican Government, the value of the foreign imports into that Republic at the present date is about $26,000,000 and that of the exports, $28,000,000, making a total foreign interchange of imports and exports of $54,000,000 per annum.

- Agricultural Trade.
- Bilateral Trade.

[Table 1.3 Trade with Mexico]

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Growth (%)</th>
<th>Imports</th>
<th>Growth (%)</th>
<th>Balance of Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>443.07</td>
<td>20.21</td>
<td>97.61</td>
<td>18.14</td>
<td>(+)345.45</td>
</tr>
<tr>
<td>2006-07</td>
<td>535.36</td>
<td>20.83</td>
<td>789.77</td>
<td>709.08</td>
<td>(-)254.41</td>
</tr>
<tr>
<td>2007-08</td>
<td>591.95</td>
<td>10.57</td>
<td>1,184.22</td>
<td>49.94</td>
<td>(-)592.27</td>
</tr>
<tr>
<td>2008-09</td>
<td>650.98</td>
<td>9.97</td>
<td>1,738.95</td>
<td>46.84</td>
<td>(-)1087.97</td>
</tr>
<tr>
<td>2008-09 (April- Sept.)</td>
<td>364.82</td>
<td>&quot;</td>
<td>735.35</td>
<td>&quot;</td>
<td>(-)370.53</td>
</tr>
<tr>
<td>2008-09(April-Sept.)*</td>
<td>223.30</td>
<td>-38.79</td>
<td>321.51</td>
<td>-56.28</td>
<td>(-)98.20</td>
</tr>
</tbody>
</table>

1.4.2 Commerce:
According to the records of the Mexican Government, the value of the foreign imports into that Republic at the present date is about $26,000,000 and that of the exports, $28,000,000, making a total foreign interchange of imports and exports of $54,000,000 per annum. This commerce is distributed as follows:

Exchanges with England..........................$33,400,000
Exchanges with the United States........ 8,700,000
Exchanges with France.........................5,500,000
Exchanges with Germany...................... 2,000,000
Exchanges with Spain......................... 1,200,000
Exchanges with Belgium....................... 400,000
Exchanges with Guatemala, Chili, &c...... 500,000
Exchanges with Cuba............................ 1,200,000
Exchanges with India and China........... 1,000,000

Total..............................................$54,000,000

1.5 DIFFERENT ECONOMIC SECTOR OF MEXICO:

- Petroleum
- Telecommunication
- Financial Sector
- Agriculture
- Manufacturing Industries
- Entertainment Sector
1.6 TRADE AND BUSINESS RELATION OF MEXICO WITH INDIA

“India, Mexico continue to strengthen trade and investment ties”

Blessed with a shared commitment to democracy, similar geography and climate, and large, thriving domestic markets, India and Mexico have continued to deepen their partnership in the global economy. New investment flows in high-technology, agro-chemicals, and crude oil have solidified the bridge that these two “emerging” nations have been building for the past fifty years.

May 21, 2007, India and Mexico signed a ten-year bilateral investment promotion and protection agreement (BIPPA) to promote the flow of trade on and investment between the countries and to permit the free repatriation of funds by investors. Since then, bilateral trade between the regions has grown rapidly. In 2010, trade between the regions touched $2.8 billion, and is currently growing at a rate of 40% annually. Investment between the regions will likely surpass $10 billion by 2015. Yet, there is still room for further

Mexico’s current imports from India are largely comprised of petrochemicals, engineering goods, automobiles, auto parts, and pharmaceutical products. Crude oil is a major Mexican export to India, along with iron and steel, as well as engineering goods. For example, the Indian giant, Mangalore Refinery and Petrochemicals Limited, is in talks with Brazil and Mexico to purchase heavy crude oil. India, on the other hand, exchanges this crude oil with Mexico for its own refined oil. India also exports agricultural goods, including sesame seeds, medicines, and tea extracts to Mexico. Major Indian IT companies, pharmaceutical companies, and engineering firms have also begun entering Mexico to capitalize on Mexico’s status as a member of NAFTA and its strategic location. For example, leading Indian IT companies, including TCS, Infosys, and Hexaware, and Pharmaceutical giants, Sun Pharma and Wockhardt, have set up joint ventures in Mexico.

1.7 PESTEL ANALYSIS:

PESTEL analysis is useful to get the information about the overall country or to understand all the area of specific country. PESTEL analysis may includes following points:
1.7.1 Political environment

<table>
<thead>
<tr>
<th>Mexico’s political system: the basics</th>
<th>Executive, legislative, and judicial.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Features of mexican politics</td>
<td>A Compromised Social Contract between the Government and the Governed</td>
</tr>
<tr>
<td></td>
<td>Lack of Institutions</td>
</tr>
<tr>
<td></td>
<td>Corruption</td>
</tr>
<tr>
<td></td>
<td>Lack of a Completely Free Press</td>
</tr>
<tr>
<td></td>
<td>The Influence of Non-State Actors</td>
</tr>
<tr>
<td></td>
<td>Human Rights Abuses</td>
</tr>
<tr>
<td></td>
<td>Difficulty of Reform</td>
</tr>
<tr>
<td></td>
<td>Manipulation of Populism and Marginalization of Populations</td>
</tr>
<tr>
<td>Government structure</td>
<td>Executive</td>
</tr>
<tr>
<td></td>
<td>Legislative</td>
</tr>
<tr>
<td></td>
<td>Judicial</td>
</tr>
<tr>
<td></td>
<td>State Government</td>
</tr>
<tr>
<td>Mexican democracy</td>
<td>Local Government</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------</td>
</tr>
<tr>
<td><strong>4 Pillars</strong></td>
<td></td>
</tr>
<tr>
<td>1 Citizen, Law and Rights</td>
<td></td>
</tr>
<tr>
<td>2 Representative and Accountable Government</td>
<td></td>
</tr>
<tr>
<td>3 Civil Society and Popular Participation</td>
<td></td>
</tr>
<tr>
<td>4 Democracy Beyond the State</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The parties</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Partido de la Revolution Institutional (PRI)</td>
<td></td>
</tr>
<tr>
<td>2 Partido De Acción Nacional</td>
<td></td>
</tr>
<tr>
<td>3 Partido De La Revolución Democrática (PRD)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Elections</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Federal Elections</td>
<td></td>
</tr>
<tr>
<td>2 Presidential Elections</td>
<td></td>
</tr>
<tr>
<td>3 Congressional Elections</td>
<td></td>
</tr>
<tr>
<td>4 State Elections</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mexico’s electoral process</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Election Preparation</td>
<td></td>
</tr>
<tr>
<td>2 Election</td>
<td></td>
</tr>
<tr>
<td>3 Publication of the results</td>
<td></td>
</tr>
<tr>
<td>4 Declaration of the validity of the election and of the elected President.</td>
<td></td>
</tr>
</tbody>
</table>

### 1.7.2 Economic analysis

Mexico’s economy is the 11th-largest economy in the world and the second-largest in Latin America, after Brazil’s. Mexico has an open market economy with a strong export sector, though for many years it had strong protectionist trade policies to encourage industrial growth in the domestic economy. The current GDP OF The Mexico is 1.16 trillion dollar and its growth rate is 3.9%.
The Currency in Mexico is the ‘Peso.’ Banco the Mexico is the only bank that can provide the pesos. Current exchange as of today: 13.79 pesos per dollar.

The minimum wage is divided by different geographic areas, area A: 62.33 pesos per day; area B: 60.57 pesos per day and area C: 59.08 pesos. For the year 2012 the minimum wage went up 4.2% and even though this sounds like good news, it is not. The Fact that the wages are 62 pesos per day, which is around $6 dollars, makes poverty higher. This is why most families have their children work on the streets to support the families and due to the fact that none of these products are taxed, it is almost impossible to know exactly how much of this money is made by children working illegally. The statistics say that the wage will go up to a 5% this year, which will also increase the GDP.

Mexico is a country that does transactions for several million dollars in both, imports and exports. Focusing on the latter, we can say that sales from Mexico to international markets, now exceed U.S. $ 230.000 million. It should be noted that although many (both nationals and foreigners) see our nation as an oil producer country, the percentage of oil exports (13.4% until 2009) is going down. Although the oil industry is extremely important, the government of Mexico, knowing that oil is a non-renewable resource has reduced the dependence of both the GDP and foreign trade.

Mexico also exports parts of technology components. Such is the case of Panasonic Mexico, since 50% of its production is exported to Latin America. México exports metals, electronics, automobiles, aircraft, car engines, buses, wine, computers (Lanix is a 100% Mexican company), books, magazines, soap operas, various television programs, movies, cell phones, fine woods, bottled water, electricity, cotton, clothing, fabrics (we export denim that returns to México as jeans with a label, and its cost is three times more expensive!); paper, coal, plastics, cement, glass, medicinal plants, gold and silver jewelry, including watches.

Unemployment in Mexico is becoming more and more troubling. Young Mexicans are the segment of the population that is most affected, suffering unemployment rates twice as high as those among adults. Even worse, better-educated professionals have the highest unemployment rate. Government efforts to raise educational levels in order to promote economic development have failed. Some people blame the neo-liberal economic model, claiming it puts too high a priority on price stability, limits investment, restricts wage growth, and makes conditions even more precarious for the unemployed – a situation that has forced
the government to permit indiscriminate growth in the informal, underground economy. Still other critics cite increased emigration to the United States as proof of Mexico’s inability to generate the jobs that people demand.

Fiscal policy is one of the most powerful instruments that governments use to maintain macroeconomic stability for growth, as well as for intra- & intergenerational transfers of wealth & for correcting market failures. Governments often have at their disposal between 25 & 40 percent of national income for spending, including redistributions across social groups. The literature has studied the effects of trade policies, exchange rates, & the macroeconomic impacts of fiscal spending. However, it has been less focused on the allocative effects of government spending, taxes, & subsidies on the pace & the quality aspects of growth, such as poverty/inequality & the environment.

<table>
<thead>
<tr>
<th>Communication style</th>
<th>No negativity shown in conversation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Positive thinking is preferred.</td>
</tr>
<tr>
<td>National capital</td>
<td>Mexico city</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Social Classes</td>
<td>Upper-class</td>
</tr>
<tr>
<td></td>
<td>Middle class</td>
</tr>
<tr>
<td></td>
<td>Poor class</td>
</tr>
<tr>
<td>Population</td>
<td>112 million</td>
</tr>
<tr>
<td>Religious Beliefs</td>
<td>Roman Catholicism</td>
</tr>
<tr>
<td></td>
<td>pre-Hispanic religious beliefs</td>
</tr>
<tr>
<td>Mexican Specialties</td>
<td>Mexican Folk Art</td>
</tr>
<tr>
<td></td>
<td>Mexican Hat Dance</td>
</tr>
<tr>
<td></td>
<td>Danza de los Viejitos</td>
</tr>
</tbody>
</table>

| Sports In Mexico | 1. Traditional Sport |
|                 | • Charrería |
|                 | • Bullfighting |
|                 | 2. Modern Sport |
|                 | • Football |
|                 | • Baseball |
|                 | • Polo |
|                 | 3. Individual Sport |
|                 | • Boxing |
|                 | • Auto Racing |
|                 | • Golf |

| Festival of Mexico | 1. January |
|                   | • New Year's Day |
|                   | • Merida International Arts Festival |
|                   | • Día de Reyes - Kings Day |
|                   | 2. February |
|                   | • Valentine's Day - Día del Amor y la Amistad |
|                   | • Carnival – Carnaval |
Flag Day - Día de la Bandera
3. October
  - Cervantino
  - Dia de la Raza - "Day of the Race"
4. November
  - Dia de muertos - Days of the Dead
  - Taste of Playa Food Festival
  - Guadalajara International Book Fair
5. December
  - Gran Maraton Pacifico - Great Pacific Marathon
  - Mexico City Christmas Festivities
  - Noche de los Rábanos - Radish Night

Food in Daily Life

1. Breakfast
  - light breakfast of coffee and/or fruit
  - warm tortilla based snack or a bread roll.

2. Meal
  - served between two and four in the afternoon and consists of three or four courses:
    - soup; rice or pasta;
    - meat or chicken—if affordable—accompanied by tortillas and refried beans; and dessert.

3. Dinner
  - served between eight and ten at night and consists mainly of sweet rolls, coffee, and milk. Mexicans frequently eat outdoors.

Socialization in Mexico

- Infant Care
- Child Rearing and Education
- Higher Education

1.7.4 Technological analysis

1) Construction

| Association of the Wall and Ceiling Industries | Represents acoustics systems, ceiling systems, drywall systems, exterior insulation and finishing systems, fireproofing, flooring systems, insulation, and stucco |
contractors, suppliers and manufacturers and those in allied trades.

Quake-Proofs Buildings

Uses steel tendons, steel braced-frames and replaceable "fuses" to help a building survive strong earthquakes were successfully tested.

2) Tourism

Travel Technology

Light-weight laptop computers with universal power supplies, satellite Internet connections, dynamic packaging, GPS tour guide, audio guide, pod guide or i-Tours, such as City audio guides and the biometric passport.

XML-based technologies

Used to support air reservation booking, to implement optional services and merchandising functions in the booking process, establishing of direct connections between Airlines and Travel Agencies.

Online hotel reservation

Popular method for booking hotel rooms. Directly or through the travel agents online hotel room reservation by the several websites.

3) Security

El Paso, TX -- (SBWIRE) -- 06/13/2012

The RRA Center, developer of the world's first automated system to evaluate human trust and risk factors, stated its technology can quickly and accurately screen Mexico's hundreds-of-thousands of police for indicators of corruption and other criminal activities.

The Mexican Federal Government made the polygraph machine to screen all the police officers in Mexico.

There are many others technology which are used to detect corruption and criminal activities by their police and security forces. The failure of polygraph concluded
polygraphs are incapable of accurately screening for loyalty and trustworthiness.

4) **Mexican Agriculture Expands With the Use of Hydroponic Technology**

| hydroponic technology | To reduce the amount of water needed for crop cultivation by an astounding 85 percent in agriculture for [gourmet lettuce industry](#). |
| lettuce plants | Farmers will be able to grow 30,800 per year using only 500 square meters of land and water conservation for places with an insufficient supply of water. |

5) **Online technology**

| 2005 | Sectors grow more than 1000% through many brands to developed websites. |
| Online budget | 65% of firms are already spending 10% of their marketing & leading the industry to be worth around 3.4bn pesos last year. |
| Internet use | 49% claim to download music, 41% visit chat-rooms, 34% share photos or videos and 30% play online games. |
| 2011(WLAN) | The well-known hotel chain President InterContinental Hotels in Mexico has chosen to launch a Motorola Solutions. comprehensive (WLAN) to communicate and provide wireless connection to more than 1,300 rooms in Mexico City. |

6) **Cosmetic Technology**

| 2012 | Developed Aerosol technology for increased personal care product and premium type packaging Lindal's Jorge Rodriguez. |

7) **Technology in Chemical Industry**

| Centre for Energy Efficiency and Sustainability | "Increase the pace of environmentally sustainable innovation, and create a roadmap for businesses and organizations worldwide to incorporate energy efficiency and environmentally focused processes into their daily operations." |

1.7.5 Ecological Analysis:
<table>
<thead>
<tr>
<th>Geography</th>
<th>The Republic of Mexico’s <strong>31 states</strong> and one federal district covers almost 780,000 square mi (2 million square km) making it the world’s eighth largest nation. The country curves from northwest to southeast, The Sea of Cortes lies between the mainland and Baja California, the world’s longest peninsula.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate</td>
<td>Northwestern Mexico and inland northern areas are drier than the rest of the country. It is hot in the summer and north in winter, with temperatures The climate is also dry and temperate, and the mountain peaks are often capped with snow.</td>
</tr>
<tr>
<td>Air pollution in Mexico City</td>
<td>Mexico City &quot;the most polluted city on the planet.&quot; At the time pollution was thought to cause 1,000 deaths and 35,000 hospitalizations per year It has been said that &quot;Mexico City’s air has gone from among the world’s cleanest to among the dirtiest in the span of a generation.&quot;</td>
</tr>
<tr>
<td>Taking control of air pollution in Mexico City</td>
<td>If people largely cause air pollution, they must also be involved in cleaning it up. This phase of the project, carried out through the Women’s Institute, targeted the women who come to the Integrated Women Support Centers were chosen because of their spheres of influence, explains Munoz.</td>
</tr>
<tr>
<td>Water &amp; pollution in Mexico</td>
<td>Drinking water in Mexico is so bad and polluted. In fact, in terms of the sewage and water treatment and delivery systems, all the big cities in Mexico enjoy a level of infrastructure similar to any other modern country of city in the US. People in Mexico rely on bottled water companies for their drinking water needs. The system used to supply water to Valley of Mexico creates more than two billion tons of carbon dioxide per year, significantly contributing to global warming. This amount of energy is</td>
</tr>
</tbody>
</table>
required because water has to travel 170 kilometers through the Cutzamala system at a 1,100 meter slope from Colorines Dam.

**ENVIRONMENTAL LAW IN MEXICO**

**Mexico: New Environmental Law for the State of Nuevo León**

The new Environmental Law for the State of Nuevo León (hereinafter, the "Law") was issued by decree number 252 dated July 15, 2005 published in the Official Gazette of the State of Nuevo León. It is important to emphasize that the publication of the Regulations of the Law and additional regulations related to the Environmental Protection State Agency Law are still pending, among other laws, for the comprehensive application of the Law. It is important to highlight that the Law introduces for the first time, the possibility of carrying out the transfer of the prerogatives derived of licenses, concessions, permits and authorizations to legally carry out emission or release pollutants to the atmosphere, water, ground or establish limits for the utilization of the natural resources, establishing the foundation for the development of a market of environmental bonds, such as carbon bonds.

**Hazardous waste**

A substance is considered hazardous waste when it is explosive, ignitable, corrosive, and chemically reactive or is toxic (directly or indirectly) to plants, animals and/or humans. There is an official list of the hazardous waste items, and when someone is to produce it or handle it, they are to get authorization, prior thereto for that purpose.

**Air**

The law and regulations require certain pollutants not be emitted into the air or not be emitted in quantities greater than it approves of. When someone has a standing (non-moving) pollution source, they are to get a permit to emit, prior to emitting.
The law and regulations require certain contaminants not to be introduced into the uncontrolled or public water source or not to be introduced in quantities greater than it approves of. When someone has a standing (non-moving) pollution source, they are to get a permit to emit, prior to emitting.

1.7.6 Legal analysis:
During three centuries (1519-1821), Mexico, as a colony, was politically and economically controlled and militarily dominated by Spain. Spanish law governed all aspects of the social and economic life of its largest possession in the New World, initially by the direct application of the Spanish laws, codes, and regulations, a collection of important pieces of Spanish legislation adapted to suit the specific and unusual conditions prevailing in the New Spain at that time.

Historically, Mexico served three fundamental objectives for Spain's expansionist policies

- Its vast and varied natural resources and numerous indigenous peoples were perceived and treated as a source of immense wealth and cheap labor for the exclusive benefit of Spain.
- The New Spain was utilized as a strategic territorial base for the occupation and domination of other lands and resources in the Americas
- The new Spanish colony provided Spain with the opportunity to spread the Catholic faith -as a component of Spain's culture, jointly with the Spanish language- by trying to convert their people into their religion, the indigenous peoples in the Western Hemisphere.

THE MEXICAN COURT SYSTEMS

✓ Court system

In general, Mexican courts may be divided into three large groups:

1) Federal courts
Legal, accounting and auditing requirements

Accounting standards are set by regulatory bodies, such as the Mexican Council of Investigation and the 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 “Generally Accepted Accounting Principles (PCGA)”). Accounting registries and books of accounting must be recorded in Spanish.

Additionally, corporations with gross revenue exceeding MXP 34,803,950, assets exceeding MXP 69,607,920 or those with least 300 employees (for each month of the tax year) must submit a special report (dictamen fiscal) prepared by an independent public accountant to the Mexican tax authorities. If the report is submitted, the tax authorities will not audit on general principles, but will instead review to verify that the audit was properly performed. Instead of filing the special report, a taxpayer may opt to electronically submit certain information to the tax authorities.

BUSINESS TAXATION

Companies doing business in Mexico typically are subject to the federal corporate income tax; value added tax (IVA), tax on real property and social security contributions on behalf of their employees. Some taxes are levied at the state and municipal levels. There is also a flat tax, under which corporations (including PEs of non-Mexican entities) and individuals pay the sum of the income tax computed under the income tax law and the excess of the flat tax over the income tax, if any. There is no excess profits tax or branch tax. Under mandatory profit sharing rules, employers are required to distribute and pay 10% of their “adjusted” taxable income to employees. The actual distribution of profits must be paid within 60 days after the corporate income tax return has been submitted (and no later than 31 May of the following year).

MAJOR TRADING PARTNERS OF MEXICO

<table>
<thead>
<tr>
<th>No.</th>
<th>Trading Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>United States of America</td>
</tr>
<tr>
<td>2.</td>
<td>Canada</td>
</tr>
</tbody>
</table>
3. China
4. Germany
5. South Korea

| Table 1.4 Major trading partner |

**Statistical data of Mexico’s foreign trade**

<table>
<thead>
<tr>
<th>Exports:</th>
<th>US$336.3 billion (world's rank: 15th).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports:</td>
<td>US$341.9 billion (world's rank: 14th).</td>
</tr>
<tr>
<td>Major exports:</td>
<td>Manufactured goods, electronics, oil and oil products, aircraft, silver, computers and servers, fruits, meats, consumer electronics, processed foods, vegetables, ships, coffee, LCD screens, electricity, biotechnology, cotton, rolling stock, automotive and aircraft engines, cellular phones, metals, industrial equipment, granite and marble, lithium batteries.</td>
</tr>
<tr>
<td>Major imports:</td>
<td>Vehicles and vehicle parts, electric and electronic machinery and equipment, boilers and steam generators, engines and engine parts, copper and copper products.</td>
</tr>
</tbody>
</table>
| Major export partners: | • United States 73.5%,  
• Canada 7.5%,  
• Germany 1.7% |
| Major import partners: | • United States 60.6%,  
• China 6.6%  
• South Korea 5.2 |

**MAJOR INDUSTRY OF MEXICO**

The **ECONOMY OF MEXICO** is the 13th largest in the world in nominal terms and the 11th by purchasing power parity, according to the World Bank. Since the 1994 crisis, administrations have improved the country's macroeconomic fundamentals. Mexico was not
significantly influenced by the recent 2002 South American crisis, and maintained positive, although low, rates of growth after a brief period of stagnation in 2001. However, Mexico was one of the Latin American nations most affected by the 2008 recession with its Gross Domestic Product contracting by more than 6%. Some of the government's challenges include the upgrade of infrastructure, the modernization of the tax system and labor laws, and the reduction of income inequality.

Tourism is important and vital in many countries. It is a big source of revenue for many countries. Mexico has seen a 53.7% increase in private sector investment, from $12,833,000,000 pesos in 2001 to $20,200,000,000 pesos in 2012 - which has been a key factor in Mexico having the best year of tourism ever in 2011 with 23.4 million people.

Public sector investment has also sky-rocketed, during the Calderon administration, 582% over the administration of President Ernesto Zedillo and 146.8% over the administration of Vicente Fox.

The automotive industry in Mexico accounts for 18% of Mexico’s manufacturing GDP. It generates more than 56,000 jobs and constitutes 21.9% of Mexico’s manufactured exports. Three clusters: NORTHERN CLUSTER that includes automotive majors like Baja California, Sonora, Chihuahua, Tamps and NuevoLeon, the BAIJO CLUSTER that includes Zacatecas, Jalisco, Guadalajara, Michoacan and Silao, CENTRAL CLUSTER that includes the states of Civac, Puebla, Cuautitlan, Hidelgo, Toluca, Santiago and Tultitlan. Automotive Manufacturing in Mexico: The Automotive industry in Mexico has a projected growth of 5.5% per year between 2010 and 2015. This workforce is highly diversified, ranging from basic manpower to highly specialized professionals.

The Mexican Chemical Producers Association (ANIQ), was founded in 1959. Today it represents over 200 chemical manufacturing and distribution companies, with over 450 plants across Mexico. Collectively ANIQ members account for more than 90% of all Mexican chemicals output.

The Textiles industry broadly refers to the production (design and manufacture), distribution, and consumption of textiles. It includes fiber and yarns, threads, broad woven, narrow, non-woven and knit fabrics, textile machinery, linen and uniform supplies, carpet and rugs, canvas mills, textile finishing etc. Some of the main sources from which textile can be manufactured include wool, silk, cotton, jute, and polymers.
Textiles are useful in a number of applications, the most common being in households and various industrial purposes. In households, they are used in the form of home furnishings such as curtains, carpets, cushions and covers, carpets, towels, bed sheets etc. Textiles used for industrial applications are usually referred to as technical textiles. The primary requirements of technical textiles are performance and function. They are used in a number of applications, including in industries such as Automotive, Medical, Protective Clothing, Agro Textiles etc.

Mexico is a net energy exporter; the difference between its energy production and consumption is mainly crude oil exports. Energy consumption by 2010 is estimated to increase to approximately 9.0 Quads, at an average rate of increase of 2.8% per year.

Mexico's current oil development efforts focus mainly on the $10.5 billion Cantarell field, whose output increased 60% between 1994 and 2000. The introduction of nitrogen injection at the Cantarell field, which is improving the field's productivity, began in August 2000, seven months ahead of schedule. Nitrogen injection is intended to raise reservoir pressure and increase the average per well production of heavy Mayan crude, which has fallen from about 35,000 b/d in the 1970s to about 1,400 b/d today.

The electronic industry is one of the key sectors of Mexico's economy. Mexican electronic assembly industry is unable to insert itself in the forefront of technologically more advanced and environmentally friendly electronics markets. Eight out of the 10 world's biggest electronic companies are established in Mexico. Major companies like Samsung, LG, Toshiba, Foxconn, Flextronics and Intel are working in the country and are investing not only in manufacturing plants but also in research and development –using Mexican talent.

PART-II
Major Industry’s in Mexico

ELECTRONIC INDUSTRY

Introduction:
The electronics industry of Mexico has grown enormously within the last decade. Mexico has the sixth largest electronics industry in the world after China, United States, Japan, South Korea, and Taiwan. Mexico is the second largest exporter of electronics to the United States where it exported $71.4 billion worth of electronics in 2011. The Mexican electronics
The electronics industry is dominated by the manufacture and OEM design of televisions, displays, computers, mobile phones, circuit boards, semiconductors, electronic appliances, communications equipment and LCD modules. The Mexican electronics industry grew 20% between 2010 and 2011, up from its constant growth rate of 17% between 2003 and 2009. Currently electronics represent 30% of Mexico's exports.

The electronics industry is one of the most dynamic markets today. New technologies are daily launched into the market and the life cycle of electronic products is extremely short. In order to survive, companies and countries have to be in constant search for improvement and innovation.

The industrial sector as a whole has benefited from trade liberalization; in 2000 it accounted for almost 90% of all export earnings.

Mexican electronic industry succeeds in the world markets. Mexico is a leading manufacturer of electronics and electronic devices in high-demand worldwide, such as cell phones, video game gadgets, computers and televisions, representing millions of dollars in exports and Foreign Direct Investment (FDI).

**Contributing to economic growth**

![Image of a light bulb]

The contribution of Indian electronics and electrical industry to the country’s GDP has been quite substantial and the industry offers varied opportunities for manufacturing. Electric equipment industry contributes over 2 per cent of GDP which is expected to rise to around 12 per cent in 2015. A study conducted by frost & Sullivan, reveals that consumption of electrical equipment is estimated to go up from over $ 28 billion now to $ 363 billion in the coming decade. Industry experts believe that during 2010-2015, the Indian electrical equipment manufacturing will grow at 5.5 times the growth rate of global electronic equipment production.
Indian electronics hardware production increased from 1,10,720 crore in 2009-10 to 1,21,760 crore in 2010-11, registering a growth of 10 per cent. During the year 2010-11 exports of electronics hardware registered a growth of 56 per cent in rupee terms over the preceding year.

In value terms, exports of electronics hardware was 40,400 crore (US$ 8.9 billion) during of the year 2010-11, up from the 25,900 crore (US$ 5.5 billion) in 2009-10.

Electronics hardware production was around US$ 33 billion in 2011-12. It was projected that electronics hardware exports will cross US$ 10 billion in 2011-12 as against US$ 8.86 billion in 2010-11, an expected growth of about 12.8 per cent.

The **Role of Electronics and Hardware Industry in Mexico GDP** is to ensure the growth of the other industries and contribute to the growth of the Mexican economy. The Electronics and Hardware Industry depends on the manufacturing of the semiconductors.

The favorable conditions in Mexico, friendly Government policies have made Mexico one of the leaders in electronics and hardware.

**Role of Electronics and Hardware Industry in Mexico GDP-Importance**

Role of Electronics and Hardware Industry in Mexico GDP is crucial for the development of the IT and the ITES sector in Mexico. Electronics and hardware are the major components of several industrial sectors such as Information Technology sector, Telecommunication sector, Automobiles sector, Electronic appliances sector, Special Medical equipments sector, etc.

**Mexico-Hub of Electronics and Hardware Manufacturing**

- Mexico has become one of the favored destinations pertaining to the electronics and hardware
- The growth of the Electronics and Hardware Industry in Mexico due to the favorable conditions for the electronics industry
- The Government policies are also helping the growth of the electronics and hardware industry
- The Policies pertaining to investments are attracting foreign players in this industry
- The manufacturing of the semiconductor is the most important area pertaining to the electronics and hardware industry
- The semiconductors are used in all kinds of electronic equipments such as cell phone, personal computers, laptops, other implementations in automobile sector, medical equipments, etc
Mexico Semiconductor Association (ISA) is the apex agency pertaining to the semiconductor companies and chip design firms in Mexico

**Advantages of Mexican Electronics and Hardware Industry**

- Multi national corporations can provide to the growing electronics market in Mexico at lower costs by manufacturing semiconductors in Mexico
- Mexico has the potential to come up as the next electronics and hardware destination in the world
- The chip design and other complex components electronic device can be acquired from the Mexican companies at low cost
- Mexico is growing up to be one of the biggest markets for electronic instrumentations
- The consumption value of electronic equipment in Mexico in 2005 is estimated as US$ 28.2 billion
- The main factor pertaining to the success of the Mexican Electronics and Hardware Industry is the growth in the market demand
- The growth in the manufacturing of semiconductor is the key driver in the emergence of Mexico as one of the leaders
- The advantages pertaining to the taxes and duties, the access to technical and engineering expertise, proper manufacturing facilities, lucrative investment offers, etc

**Electronics and Hardware Industry in Mexico GDP-Rising steps**

- Role of Electronics and Hardware Industry in Mexico GDP growth has been phenomenal
- Mexico provides immense opportunities for electronic instrumentation manufacturing
- The projected production within the year 2015 would worth US$ 155 billion
- The development of the electronics and hardware consumers ensures the growth of the industry

The high-speed, low-temperature, cure-on-demand properties of radiation curing are beneficial to countless electronics manufacturing processes.

There are many opportunities for companies involved in radiation curing within the electronics industry. The high-speed, low-temperature, cure-on-demand properties of radiation curing are beneficial to countless electronics manufacturing processes. Radiation-curing technology has shown the ability to improve the manufacturing process while also improving the reliability of the products being made. Radiation-curing processes also provide manufacturers with a way to reduce emissions of volatile organic compounds (VOCs), which
is a growing global environmental concern. For these reasons, electronics manufacturing companies adopting radiation-curing technology within their processes can gain an advantage over competitors who are using other assembly techniques.

Since the electronics market decline in 2001-2002, developed regions and countries (such as Europe, the U.S., Japan and Korea) have experienced slow improvement. Based on these areas alone, the electronics industry would be showing almost no growth. However, strong growth in the developing countries and, in particular China, has given strength to global numbers for growth in electronics production. The global worth (cost of good sold) of the electronics manufacturing industry was estimated to be approximately $923 billion in 2006. Some estimates see the total electronics assembly value growing to $1.3 trillion in 2011.

**Strategies for rapid growth in Electronic industry:**

**Markets**

The manufacture of components has the largest production value of all the product groups within the electronics market. It is estimated that the manufacture of components accounted for just over 30% of the total electronics production value. Japan is the largest producer of components, followed by the United States and South Korea. The market can be broken down into active (TV tubes, diodes and integrated circuits), passive (printed circuit boards) and other components (microphones, loudspeakers and amplifiers).
Radiation-curing technologies play an important role in the manufacturing process of electronic components and improving product reliability.

**Mexico Trade, Mexico Exports, Mexico Imports**

Mexico is the world’s 11th largest economy. It is known for being a free trade economy that is heavily geared towards exports of electronic manufacturing. Mexico’s trade is based on free trade agreements with more than 40 countries, including Japan, Israel, EU and various Central and South American countries.

**Electronic Product Manufacturing**

*The electronic product manufacturing is one of the significant sectors of the economy. Not only because it produces gadgets and other things that makes our lives easier but also it contributes a lot for the advancement in technology.*

Likewise, it also provides convenience to both businesses and homes.

**Nature of the Electronic Manufacturing Industry**

The electronic product manufacturing sector is the establishments that manufacture communication equipment, computers and its peripherals as well as other electronic products. Due to the rapid advancement in technology, this sector becomes significant to the economy in the future. The process of manufacturing electronic products is different from the process of manufacturing other equipment and machinery. This is because the electronic product manufacturing industry uses sensitive circuits and elements in producing electronic products. In like manner, the work force needed in this sector is smaller as compared to other manufacturing industries. The work force of this industry is composed of engineers, technicians as well as other technical workers who have the ability to perform broad research and development. On the other hand, it drives the industry’s production because of the technological innovation.

Manufacturing electronic products also uses intermediate components manufactured by other producers. That is why usually electronic companies and other manufacturing company are located near each other in order to lower the inventory costs of both companies. The industry is divided into small firms that tackle different manufacturing products. Some companies deal with research and development while other deals with manufacturing components of the
electronic products like computer chips and many others. Electronic products are quite sophisticated yet it enables small company to produce various electronics products even with small investment. Likewise, it is also easy to find for investors who are willing to invest their money with new companies in the industry.

The electronic product manufacturing industry has various segments and classified according to the products they manufactured and sell. One of the segments is the peripheral and computer manufacturing that is involve in making computers and other related products and peripherals. However, some of the products used in manufacturing computers are supplied by other companies. Other segments of the manufacturing industry include communication equipment manufacturing, audio and video equipment, semiconductor as well as navigational and control instruments manufacturing.

Moreover, the innovation in the electronic industry creates higher demand in the industry to produce products and applications. That is why they give emphasis on research and development as compared to other manufacturing operations. Likewise, due to the globalization many electronic product manufacturing industry are designed in other countries and shipped to other countries. On the other hand, the electronic product manufacturing industry also offers big chance of employment especially for those who have the knowledge and skills to carry out the job well. Therefore, it does not only give big share in the economy but also in the employment growth.

**Road Ahead**

First thing First. To accelerate growth in this segment, industry experts suggest reduction in sales tax from 12.5 percent to 4 percent. The Indian rural market is still safe and yet to be touched by the effects of slowdown. TV manufacturers should focus on rural markets if they intend to arrest the slowdown. Secondly, India should go global and produce goods both for the developed and emerging markets. Thirdly, in the future, energy-efficient goods would be highly in demand. So India should be prepared to meet the demands for energy efficient products. Last but not the least; the country should manufacture products that appeal to the rural and bottom-of-the-pyramid segments.

**Mexico’s Market**
Mexico is an attractive market of over 105 million consumers with annual foreign purchases that exceed 231 billion dollars, making it the 8th largest importer globally. Mexico’s consumers spend more than five out of every ten dollars on U.S. goods.

**Mexico's imports**

- **Imports**: US$308 billion (world's rank: 13th).

- **Major imports**: Vehicles and vehicle parts, **electric and electronic machinery and equipment**, boilers and steam generators, engines and engine parts, copper and copper products.

- **Major import partners**: United States 55.5%, Brazil 31.4%, Chile 9.3%, China 5.4%, South Korea 5.4%, Japan 4.1%

**Mexico’s Exports:**

Following are some statistics related to Mexican balance of trade:

- **Exports**: US$336.3 billion (world's rank: 15th).

- **Major exports**: Manufactured goods, **electronics**, oil and oil products, aircraft, silver, computers and servers, fruits, meats, consumer electronics, processed foods, vegetables, ships, coffee, LCD screens, electricity, biotechnology, cotton, rolling stock, automotive and aircraft engines, cellular phones, metals, industrial equipment, granite and marble, lithium batteries.

- **Major export partners**: United States 73.5%, Canada 7.5%, Germany 1.7%

**Share in Mexico’s Imports**

Mexico has become the U.S.’ second largest export market buying more products from the U.S. than countries such as:
Electronic Industry location ……(700 + companies)

Trade with India

<table>
<thead>
<tr>
<th>The major items of export to Mexico</th>
<th>The major items of Import from Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drugs</td>
<td>Petroleum (crude and products)</td>
</tr>
<tr>
<td>Pharmaceuticals &amp; Fine Chemicals</td>
<td>Iron &amp; Steel</td>
</tr>
<tr>
<td>Transport Equipments</td>
<td>Fertilizers (manufactured)</td>
</tr>
<tr>
<td>RMG Cotton Incl.</td>
<td>Electronic goods</td>
</tr>
<tr>
<td>Accessories</td>
<td>Gold</td>
</tr>
<tr>
<td>Machinery and Instruments</td>
<td>Transport equipments</td>
</tr>
<tr>
<td>Manufactures of Metals</td>
<td>Silver</td>
</tr>
<tr>
<td>manmade Yarn</td>
<td>Machinery (except electrical and electronic)</td>
</tr>
<tr>
<td>Inorganic/Organic/agro chemicals</td>
<td></td>
</tr>
<tr>
<td>Fabrics</td>
<td></td>
</tr>
<tr>
<td>Made ups, Electronic Goods</td>
<td></td>
</tr>
</tbody>
</table>

Top 10 Electronics Companies in India
Various leading Companies are running Consumer Electronics Business. Many companies have also been listed in Fortune Global 500 companies.

Companies listed below are the top 10 Electronics companies in India among 500 top Electronics companies:

- American Power Conversion
- Hyundai Electronics
- Finolex Cables
- Emco
- LG Electronics
- Philips India
- Havells India
- Solectron Centum
- Hindustan Cables
- Surya Roshni

Top 10 MNCs in Electrical and Electronics in India are:

- Advent Infotech
- Gestetner India
- Unifrax
- Alpine Electronics
- Peninsula Electronics
- ZiLOG India
- Belden Wire & Cable
- Schneider Electric
- Bosch Rexroth
- Sony India

Value Addition Norms for Electronic Hardware Products

<table>
<thead>
<tr>
<th>Value addition achieved</th>
<th>Permissible sale in the DTA (Domestic Tariff Area)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 15%</td>
<td>Nil</td>
</tr>
<tr>
<td>15-25%</td>
<td>Upto 30% of production in value terms</td>
</tr>
<tr>
<td>More than 25%</td>
<td>Upto 40% of production in value terms</td>
</tr>
</tbody>
</table>

Electronic item whose quality should be mandatory to check while production manufacturing:
Mexico EMS SWOT Analysis

❖ **Strengths**

- Proximity to USA results in:
  - Shorter EMS supply chain for products being shipped to US market
  - Lower transportation costs
  - Easier communication and oversight in the electronics manufacturing services industry in Mexico
    - Mexico has less inventory in supply chain compared to China
- Lower and more stable fully burdened EMS direct labor rates than China
- Greater flexibility and responsiveness
- Good Mexico supply base for metal and plastics
- More experienced with Mexico lower volume and high mix manufacturing
- Lower logistics cost relative to China for products shipped to US
- IP rights enforced by law in Mexico

❖ **Weaknesses**

- Physical safety due to ongoing war against drug cartels adds anxiety to companies working there.
- The bureaucracy can be very frustrating to work with.
- High cost of acquiring electronic components and mechanical parts from Asia
- High labor turnover especially in border zone facilities

- **Opportunities**
  - Continue to focus on higher value added, higher technology EMS products in Mexico
  - Develop more domestic capacity for manufacture of electronic components
  - Invest more in training and education
  - Attract more foreign companies wishing to leverage Mexican manufacturing for products to sold into USA/Canada

- **Threats**
  - Mexican economy is tightly bound with the USA/Canada
  - Prevalence of monopolies in most industries within Mexico hurts competitiveness, costs, and service quality
  - Burden that current tax system places on industry

**SUGGESTIONS**

- Mexican government should try to co-operate more and more with Mexican in electronic and high tech-industry for the technological development of the country.
- Sometime policy for the expansion of electronic companies should be liberalizing in mexico for more development.
- If Mexican government develop the high tech and electronic industry then they have to increase export and import with India and U.S.
- The Mexican government should organize the seminars about the high tech technology which are used in current scenario in electronic industry so that they will be able to know about requirement of new equipment in the country and hence also indirectly import export will be increase.
- Mexico's electronics capabilities in the past 25 years have undergone remarkably consistent and rapid expansion in terms of (1) size and capacity of facilities, (2) technological expertise and sophistication, and (3) income earned and impact on the world market.

**CONCLUSION**
Mexico has a technologically advanced market economy, including a rapidly developing high tech in the electronic production manufacturing. The electronics industry of Mexico has grown enormously within the last decade. Mexico has the sixth largest electronics industry in the world after China, United States, Japan, South Korea, and Taiwan. Mexico is the second largest exporter of electronics to the United States where it exported $71.4 billion worth of electronics in 2011. The Mexican electronics industry is dominated by the manufacture and OEM design of televisions, displays, computers, mobile phones, circuit boards, semiconductors, electronic appliances, communications equipment and LCD modules. The Mexican electronics industry grew 20% between 2010 and 2011, up from its constant growth rate of 17% between 2003 and 2009. Currently electronics represent 30% of Mexico's exports.

This brief overview shows there are many opportunities for radiation-curing technologies in a number of applications within the electronics industry. Markets such as flat panel displays, mobile handsets and optical drives provide good growth opportunities for companies providing radiation-curing products. Innovation is key to the success of the electronics industry. Those suppliers of radiation-curing technology who are able to provide innovative solutions will grow with the industry. Manufacturers who realize the benefits of using radiation curing will gain an advantage over their competition.

TOURISM INDUSTRY

Introduction

Tourism in Mexico is a very large industry. Mexico has been traditionally among the most visited countries in the world according to the World Tourism Organization and it is the most visited country in the Americas, after the United States. The most notable attractions are the Meso-American ruins, cultural festivals, colonial cities, nature reserves and the beach resorts. The nation's temperate climate and unique culture – a fusion of the European and the Meso-American – make Mexico an attractive destination. The peak tourism seasons in the country are during December and the mid-Summer, with brief surges during the week before Easter and Spring break. When many of the beach resort sites become popular destinations for
college students from the United States. The vast majority of tourists come to Mexico from the United States and Canada. Other visitors come from Europe and Asia.

**Tourism industry competitiveness**

In the 2011 Travel and Tourism Competitiveness Index (TTCI) report, which is a measurement of the factors that make it attractive to developing business in the travel and tourism industry of individual countries, Mexico was ranked 43rd place in the world's ranking, which is fourth in the Americas. In considering simply the sub index measuring human, cultural, and natural resources, Mexico ranks in the 13th place on a worldwide level, 10th for the natural resources criteria and 19th for the cultural criteria. The TTCI report also notes Mexico's main weaknesses, which includes ground transport infrastructure (ranked 79th), insufficient health and hygiene (ranked 64th) and safety and security concerns (ranked 128th).

Travel & Tourism sustains more jobs than the automotive and chemicals manufacturing industries combined across every region of the world. In every region of the world, T&T directly sustains more jobs than the financial services, communications and mining industries.

**Role of tourism in economy of Mexico**

It accounts for US$6 trillion dollars, or 9%, of global gross domestic product (GDP) and it supports 255 million jobs worldwide, either directly or indirectly. That’s almost 1 in 12 of all jobs on the planet.

Despite progressive downgrades to growth forecasts through 2011, the industry grew by 3% over the course of the year (in terms of Travel & Tourism’s contribution to GDP).

Tourism’s direct contribution to GDP in 2011 was US$2 trillion and the industry generated 98 million jobs. Taking account of its direct, indirect and induced impacts, Travel & Tourism’s total contribution in 2011 was US$6.3 trillion in GDP, 255 million jobs, US$743 billion in investment and US$1.2 trillion in exports.

**Activities of tourism in Mexico**
1. Mexico signs a National Agreement for Tourism
2. Mexican airlines increase their geographical coverage
3. Mexico takes actions to improve its foreign image
4. Chained hotels focus on expanding their geographical coverage
5. Mexico aims to diversify the origin of incoming tourists

**Mexico’s Ministry of Tourism**

SECTUR (public) is Mexico’s Ministry of Tourism, which appoints the presidents of both FONATUR and the Promotional Council for Tourism. SECTUR’s mandate is to design, coordinate and implement tourism policy, and it works alongside state tourism authorities to accomplish these goals. Funding is sourced from the federal government and FONATUR. FONATUR is a national body funded by its own revenues and federal government resources whose key role is to develop and manage centrally-planned tourism centers (e.g., Cancun) via infrastructure development and private investment attraction. A joint venture with private institutions and the national government created the Promotional Council, which operates with government resources supported by private representation markets Mexico to all regions.

- Comparative position and trend in business Activities in Mexico

**Rank of Mexican and Indian tourism industry in world with Arrival of tourist in 2011-2012**

<table>
<thead>
<tr>
<th>year</th>
<th>Rank</th>
<th>Country</th>
<th>Arrival of tourist</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2</td>
<td>Mexico</td>
<td>23.40 million</td>
</tr>
<tr>
<td>2011</td>
<td>9</td>
<td>India</td>
<td>6.29 million</td>
</tr>
</tbody>
</table>

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**Trend in business Activities in Mexico**

In March, 2004, international travel to Mexico generated more than US$1 billion in revenues in the one month, according to statistics released by Mexico's Tourism Secretariat. This US$1.05 billion figure pushed the country's first-quarter international tourism revenues to US$2.94 billion, representing a 14 percent increase over first-quarter 2003 figures, Mexico's Tourism Secretariat reported. In January 2004 the figure was US$914 million, and in February 2004 US$972 million.

Mexico's Tourism Secretariat figures revealed that more than 5.2 million international tourists visited Mexico during the first quarter of 2004, 14.6 percent more than during the same period last year.

According to Mexico's Tourism Secretariat, an additional 2.1 million tourists arrived on cruise ships during the first quarter of 2004, up 0.2 percent from the same period in 2003; they spent 127 million dollars during the period, up 5.3 percent from the first three months of 2003.

Also breaking records was the average spending of international tourists while in Mexico, which Mexico's Tourism Secretariat reported at an all-time high of US$724 in the first quarter of 2004, up from US$690 during the same period in 2003.

According to Banco de Mexico, the tourism industry's trade balance during the first three months of 2004 posted a US$1.373 billion surplus, up 18 percent from the same period in 2003.

**TRENDS IN TOURISM ACTIVITY**

1) Macroeconomic stability in the transition to a new administration
2) Economic impact of tourism

3) International and domestic tourism trends
   - International tourism: inbound flows
   - International tourism: outbound flows
   - International tourism: balance of payments:
   - Domestic tourism

4) Distribution in space and time of tourism demand
   - Seasonal fluctuations in demand:
   - Geographical distribution of tourism

❖ Policies, norms and visa regulation for Mexico

Tourism policy within the framework of the National System of Participative Planning

The National Program for Tourism 2001 - 2006 is the basic instrument of the federal government for planning the policy of the institutions in the sector and their relationship with other government institutions

The Program is inscribed in the overall framework of the National Development Plan, 2001 - 2006. It is instrumental in reaching three of its objectives:
   • to increase the level of competitiveness throughout the economy;
   • to promote balanced regional economic development and,
   • to create the conditions for sustainable development.

The vision of what the Industry and Government expect of tourism in the long run, as set out in the Program, states that:

“By 2025 Mexico will be a leading country in tourism, since it will have diversified its markets, products and destinations, and its firms will be competitive at the domestic and international level. Tourism will be recognized as playing a key role in economic development and it will have grown with full respect for the natural, cultural and social environment, contributing all the while to enhancing national identity.”

Objectives, strategies and policy actions
Tourism policy is articulated around four interrelated sets of objectives. In each of them an effectiveness area is defined for the goals the program seeks to achieve:
- The first of these is the consolidation of tourism as a national priority and acts as the focal point for the other three policy axes;
- The second set of objectives strives to achieve the total satisfaction of tourists traveling in Mexico;
- The third deals with the actions directed at attaining sustainable destinations; and
- Finally, the fourth axis of tourism policy seeks to enhance the development of competitive Firms.

**Visa Regulations in Mexico for tourism**

**Passports:**

A valid passport is required by nationals referred to in the chart above; however, it is highly advisable that your passport is valid for at least six months after the date of entry to Mexico as immigration officials and airlines may apply different criteria than those stated by official sources.

**Visas:**

Visas are not required by nationals referred to in the chart above travelling for touristic or business purposes. You should obtain a landing card valid for 180 days from your airline on direct flights or at any port of entry. You may be asked to show a return/onward ticket and proof of financial means. You must keep your landing card throughout your stay as you will have to present it when you leave.

**Visa note:**

Nationals not referred to in the chart are advised to contact the embassy to check visa requirements for Mexico.

**Types and cost:**

Tourist visa: £23.65.

**Validity:**
Tourist visa: up to six months.

Transit:

The maximum stay for visitors in transit is 30 days.

Application to:

Consulate (or consular section at embassy).

Working days:

Visa processing usually takes two working days.

Entry with children:

The Mexican authorities have suspended the need for children travelling alone to carry a notarized permit from their parents; this decision will be reviewed in January 2014. Until 23 January 2014 minors won’t need a parental permit from their parents when travelling alone or with just one parent. Nevertheless, it is recommended that minors do have a parental permit and the copies of their parents' passports when they travel alone or with just one parent.

Entry with pets:

If you wish to bring your pet into Mexico, you must present a veterinary certificate to the Office of Agriculture and Health Inspection at your port of entry. This must certify that your animal has been inspected, is in good health and has been vaccinated against rabies.

Norms related to tourism in India

India relaxes tourist visa norms

In a boost to the tourism industry, India has relaxed its tourist visa rules by lifting restrictions imposed on foreign visitors to have a two-month cooling off period between subsequent visits.
However, citizens of Pakistan, China, Iran, Iraq, Bangladesh, Afghanistan, Sudan and people of Pakistani and Bangladeshi origin and “stateless persons” will continue to come under the 60-day gap rule.

The restriction was imposed in 2009 after the Mumbai terror attack when it was found that Lashkar-e-Taiba terrorist David Headley had “grossly misused” his multiple-entry visa with which he made nine trips to India and prepared footage of 26/11 targets for the Pakistan-based terror group.

In its 23 November order, the Home Ministry said, “The provision relating to the two-month gap between two visits of a foreign national to India on a tourist visa has been reviewed by the government. It has now been decided to lift the restriction of two-month gap on re-entry of foreign nationals coming to India”.

The move to review the visa restriction was initiated by the Prime Minister’s Office (PMO) in January 2012 after concerns were raised by the Tourism Ministry that the negative perception following the move had affected flow of tourists.

The PMO had asked the ministries of Home and External Affairs to review the restrictions, including the possibility of bringing in more countries under the visa-on-arrival scheme and improving conditions at major airports.

4.4.2 Government eases visa norms for tourists

NEW DELHI: The government has eased restrictions on tourist visas which had mandated a two-month gap between consecutive visits by foreign nationals.

However, nationals of Afghanistan, China, Iran, Pakistan, Iraq, Sudan, Bangladesh, foreigners of Pakistani and Bangladeshi origin and "stateless persons" will continue to come under the 60-day gap rule. The move is likely to breathe fresh life into the tourism industry and comes just ahead of the peak tourist season. India's share of international tourist arrivals in 2011 was a mere 0.64%.

Visa Regulations in India for tourism

1 Instructions for Visa Applicants
Passports valid for a minimum of six months beyond date of intended departure from India should accompany visa applications.

Paste one photo and staple the other one on the form at specified place.

Foreigners holding other nationalities (other than the country where applying for visa), should submit proof of long-term (at least three years)/permanent residence in the country (where applying). For citizens of other countries, a reference has to be made to their country of residence for which an additional fee is applicable and will involve extra processing time. Please refrain from making inquiries about the status of application during this time.

Tourist Visa

Is given for 6 months but it might be extended to e.g. 1 year for Austrian citizens, to e.g. 5 years for British citizens, to e.g. 10 years for US citizens. As Rajan Sehgal, CEO of Arrivals explains, the extension is reciprocal which means that e.g. all Schengen States (where Austria belongs to) admit Indian citizens a tourist visa of 1 year max., so India admits all Schengen States citizens a tourist visa of 1 year max.

Fees

The fee structure depends on the nationality of the passport holder and type/duration of visa applied. The existing fee structure is:

<table>
<thead>
<tr>
<th>Type of Visa</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Visa</td>
<td>$5</td>
</tr>
<tr>
<td>Six months tourist/entry visa</td>
<td>$30</td>
</tr>
<tr>
<td>One year tourist/other visa</td>
<td>$50</td>
</tr>
<tr>
<td>Visa Category</td>
<td>Fee</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Business/student visa for one year</td>
<td>$50</td>
</tr>
<tr>
<td>Beyond one year to Five year tourist/business visa</td>
<td>$100</td>
</tr>
</tbody>
</table>

### 4.5.4 Processing Duration
Depends on the type of visa applied.

### 4.5.6 Visa Validity
Visa is given for a period for which passport is valid. For example, if a passport is valid until April 30, 2013 and an applicant is applying for 5 years visa on December 31, 2009, the applicant will not be issued a 5 years visa as the passport expires before the 5 year visa.

Validity of all visas is counted from the date of their issue.

Tourist visa up to 5 years may be granted if the foreigner is connected with the tourism trade.

If visa is for more than 180 days, registration is compulsory within 14 days of first arrival in India.

The duration of stay in India, for each visit on a tourist visa or business visa is only for a period of 6 months even though a valid visa may be for more than 6 months. This means that before the 6 month are over the foreigner has to go to the Foreigner’s Regional Registration Offices (FRRO) to fill out a form for extension. He has to state a reason and to show a letter from the company or a certificate from a doctor for illness. The forms for this are available at the ministry of Home affairs and the conversion takes only 3 to 4 weeks, as Rajan Sehgal reliably says.

**Discrimination of Foreign Tourists**
There exists both, negative and positive discrimination of foreign tourists. Very obvious is
the **negative discrimination** at monuments like the Taj Mahal where a foreigner pays Rs
750.- but an Indian Rs 20.-, or Rs 110.- before 7 am or after 5 In the year 2000 the fee was
raised to a staggering Rs 960.- for foreigners but has been lowered to the current Rs 750.-
after international protests.

The same goes for historical places like the Out a Minar complex where a foreigner pays Rs
250.- but an Indian Rs 10.- only. As mentioned before the ever lasting argument for this
unjust treatment is the different exchange rate of the rupee to most foreign currencies. To be
able to afford maintenance has to hold as an argument, too – as if other countries had no
expenditures for maintenance. After all, some foreign tourists do not mind being
discriminated like this claim Rajan Sehgal.

<table>
<thead>
<tr>
<th>Location</th>
<th>Entry Fee for Indians</th>
<th>Entry Fee for Foreigners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agra Fort, Agra</td>
<td>Rs 20</td>
<td>Rs 510</td>
</tr>
<tr>
<td>Elephanta Island, Mumbai</td>
<td>Rs 10</td>
<td>Rs 460</td>
</tr>
<tr>
<td>Humayun’s Tomb, Delhi</td>
<td>Rs 5</td>
<td>Rs 250</td>
</tr>
<tr>
<td>Kailasa Temples, Ellora</td>
<td>Rs 10</td>
<td>$ 10</td>
</tr>
<tr>
<td>Red Fort, Delhi</td>
<td>Rs 5</td>
<td>Rs 100</td>
</tr>
</tbody>
</table>

**Barriers of Tourism industry in Mexico**
They are not only suffering from community structural weaknesses in tourism but also not been able to attract her deserved number of tourists. Moreover, there other problems such as weak tourism organizations Communities must acknowledge and address the many barriers to that community capacity building.

- A lack of community participation in development policy
- A lack of knowledge and awareness
- Power imbalances between governments and local communities
- Segmented and complex institutional arrangements
- Lack of financial resource.

One of the major barriers identified by the study is that the members of communities have restricted access to the decision making alongside with other obstacles. This has implied that they are lacking a sense of ownership to tourism in Mexico. Several studies reveal that without creating opportunities for local people to take part in the decision-making process it would be very difficult for local communities to get adequate benefits from tourism development of the Mexico.

**Barriers of tourism industry through FGD**

<table>
<thead>
<tr>
<th>Common barriers in both district</th>
<th>Barriers in new district</th>
<th>Barriers in Old district</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Inadequate funding</td>
<td>- Lack of empower leader</td>
<td>- Poor conditions of roads, deterioration of local parks and sidewalks.</td>
</tr>
<tr>
<td>- limited resources</td>
<td>- Low level of sense of community</td>
<td>- Lack of capacity of community organizations to provide protection from</td>
</tr>
<tr>
<td>- lack of planning</td>
<td></td>
<td>- historical building</td>
</tr>
<tr>
<td>- inadequate technical assistance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Lack of coordination between residents and government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Community power structures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- no suitable constructions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- lack of really residential</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
business opportunities

Mexico Tourism Board plans to come to India

India's state visit to Mexico is a clear indication of the growing relationship between the countries. Gerardo Sanchez-Maleno, minister, deputy chief of mission, Embassy of Mexico in India, speaks about the country's plans regarding tourism promotion in India. By Anupama Sushil

How does Mexico perceive India as a potential market?

Mexico rate India as the third-largest market in Asia. This is also attributed to the tourist numbers from India to Mexico that saw an increase of 180 per cent in the period 2005-07. This year the Mexico tourism body participated at two major trade fairs in the Indian capital which makes Delhi one of the main target markets, apart from Mumbai and Kolkata. According to the Mexico Tourism Board, India is an English speaking country, which is why it will surpass China and Japan.

What initiatives have you planned for India?

The tourism board is planning to come to India sometime next year and is looking at opening an office here. Currently, our focus is on creating awareness about our products and making
people realize the diversity of Mexico as a destination. There will soon be a publicity campaign on Mexico in the broadcast media.

The board is also strongly looking at the possibility of inviting the Indian film industry. Encouraging business communication between travel operators the past year saw participation of about six important Indian travel agents at Tainguis Turistico - Mexico's premier tourism event. The embassy aims to take in more agents for the next year now and newer agents who would be keen to explore the Mexican market.

**How do connectivity and visa issues stand currently?**

While there are no direct flights right now, Aero Mexico, Mexico’s official airline, will be expanding its services into Shanghai from Mexico City this year. This means that many international carriers can now tie up with the airlines and create connections into Mexico directly from Shanghai. This will surely make travelling to the country easier. Aero Mexico has tied up with Air France for the same and is actively looking for more tie-ups with different carriers.

Mexico is also making provisions as far as visas are concerned with multiple-entry visas. Earlier, the stay duration permitted was less but now we want business travelers to extend their stay thereby increasing chances for leisure tourism.

**Mexico Tourism Board Aims to Increase Inbound Indian Tourists in Mexico**

Mexico Tourism Board in collaboration with Travel + Leisure India & South Asia and The Leela Mumbai, India, together organizes an event at the Leela Mumbai on February 11, 2013. The aim of this event is to jointly increasing the inbound Indian tourism to Mexico by educating the traders and tourism industry decision makers about the various routes and destinations still unexplored in Mexico.

The event is kept in alignment with the visit of Mr. Guillermo Eguiarte, Regional Director Asia, Mexico Tourism Promotion Board to India. The objective of the seminar is to enlighten the travel trade fraternity about the immense tourism and MICE opportunities offered by Mexico.

**SUGGESTIONS**
The Mexican authorities have suspended the need for children travelling alone to carry a notarized permit from their parents. Minors won’t need a parental permit from their parents when travelling alone or with just one parent. It is recommended that minors do have a parental permit and the copies of their parents' passports when they travel alone or with just one parent.

There is a Tourist visa: up to six months and the maximum stay for visitors in transit is 30 days, so Mexican government has to increase the validity and stay period.

For children and teenagers, there is nothing more entertaining, so Mexico government has to try to establish more restaurants Planet Hollywood Cancun, Rainforest Café, and Hard Rock Café to entertain them.

The crime in Cancun City is predominantly a situation found in most large urban centers and involves crimes against the person among the local citizens and theft primarily. While violent crime does occur as in any city, it is certainly not a pervasive aspect of Cancun culture and society. In recent years, reported crime has increased generally in the city areas frequented by locals due to ongoing criminal activity associated with loosely affiliated extensions of the organized drug cartels in Mexico. As a result, violent crime has increased but typically involves those associated with the warring cartels and is rarely evident in the tourist areas. So Mexican government has to increase the safety for tourists and provide insurance facilities to tourists.

**Safety Recommendations**

The State Department recommends that tourists visiting anywhere in Mexico should travel on main roads during daylight hours, in particular toll roads, which are more secure. Once in Mazatlan, stay in the tourist areas. Leave an itinerary with friends and avoid traveling alone. Also make sure that you have a cell phone that works in the city. Don’t display expensive jewelry or large amounts of money that could attract the attention of criminals. Store your valuables, including your passport, in the hotel safe. Don’t travel alone. This one thing can help prevent much of the crime that could happen to a tourist in Mazatlan.
INTRODUCTION

The Mexican textile industry has been suffering a massive loss in global market share in the last few years. Research in this area is needed because of the importance that the manufacturing of textiles and garments has on the Mexican economy; they accounted for 6.5% to the manufacturing contribution to GDP. It is a market that employs a significant amount of labor and accounts for 6.7% of all manufacturing exports.

Understand the deterioration in the textile sector by focusing on the main international events that have contributed to its demise, namely the end of the Multi-Fiber Agreement. This potential resides in the experience this sector has gained from NAFTA participation, strategic geographical location between North America and Latin America, recent improvements in the industry.

Description of the textile and garment industry

- Clothing Sector

The clothing sector is divided into two major markets; the high-quality fashion market and the mass production segment characterized by lower-quality and/or standard products. Depending on what segment we focus on, we can describe the clothing sector as being an unskilled labor-intensive, low wage, industry or a dynamic and innovative one, relying on modern technology with well paid skilled workers and a high degree of flexibility.

- Textile Sector

The textiles and clothing sectors can be seen as a production network divided into specialized activities with a high degree of demand driven supply chain as can be seen in the following chart where the dotted lines represent the flow of information.

Chart 2: Supply Chain in the Textile and Clothing Industries

Source: WTO
**Policy Recommendations**

The textile and garment industry is a highly competitive market. During the last few years newly entrants to the market like African economies, Pakistan, Turkey, India and Dominican Republic have driven prices down due to oversupply of their products. This factor has been further exacerbated with China’s overproduction. In spite of this, Mexico still has the potential to adapt to the new market trends given its NAFTA experience and key factors, as those from Chart 7, that give it comparative advantage against other countries.

Mexico is highly competitive when compared with other countries in the region; it has a strategic position between Central America, the Caribbean region and the North American markets of Canada and the US. Central America has started to develop their first assembly lines and this not necessarily poses a threat to Mexican labor if it is flexible enough to adapt to new market trends faster and separate itself by establishing quality standards.

By belonging to NAFTA we have seen that Mexico has been greatly favored, Compared to NAFTA nations Mexico has a comparative and absolute advantage in labor costs, improvements in infrastructure and its ability to provide “full package” production, give Mexico a powerful tool for future trade within the region.

**ROLE OF MEXICAN TEXTILE INDUSTRY**

The Mexican textile industry has gone through remarkable changes. In my opinion, The changes were both revolutionary and evolutionary. Looking back over the often violent history of Mexico, there can be no question that the various political upheavals that ended with the Revolution of 1910 had a profound influence on the industry, just like on other aspects of Mexican life. On the other hand, the textile business has shown a gradual development since 1910 and then an enormous upswing when the NAFTA (North American Free Trade Agreement) treaty between the U.S., Canada and Mexico became operational early 1994.

Raw cotton production in Mexico did not benefit from NAFTA; agriculture was somehow overlooked in the treaty negotiations. The Mexican cotton grower gets very little help from the government, and depends therefore entirely on the market price.

**ROLE OF TEXTILE INDUSTRY IN ECONOMY OF MEXICO**
The Mexican economy is divided into nine industries, including manufacturing. The manufacturing sector can be further broken down into nine sub-industries which include textiles. In the period between 1986-1990, the textile industry contributed 2.5% of the total GNP of Mexico and 12% of the manufacturing industry's GNP. By 1990, the textile industry had 11,000 establishments that generated around 850,000 jobs. It was the fourth ranked contributor to Mexico's GDP after food/beverages, metal, and chemical products. During the first three months of 1997, the textile industry represented 7.1% of the manufacturing industry GNP and 18.88% of Mexico's total GNP. In this period the textile industry also represented 1.34% of Mexico's total GNP. The textile industry consists of the three main manufacturing processes. These are the fiber sector, the textile sector, and the apparel sector.

**Mexico clothing and textile sector rides boom and bust**

Mexico has experienced a tremendous boom and bust cycle in its textile and apparel industry over the last two decades. China replaced Mexico as the top supplier of textiles and apparel to the US, and continues to grow while Mexico's market share falls.

In 2007, China's clothing and textile exports to the US grew by 36%, while Mexico's fell by 7%, according to Canaintex (Cámara National de la Industrial Textile).

By 2008 China's share of the US import market for textiles and clothing was at 35.1% in value terms, while Mexico had dropped to the fourth largest supplier.

Mexico has also been badly affected by the economic crisis. In a press conference in the end of 2008, the president of Canaintex, David Garcia said: "The textile industry is one of the sectors most hard-hit by the crisis. It's gone badly for us. A lot of companies have closed and a lot of employment has ended. We must act quickly in order to save our sector."

**STRUCTURE OF MEXICAN TEXTILE INDUSTRY**

Unlike other major textile-producing countries, Nigeria textile industry is comprised mostly of small-scale, non-integrated spinning, weaving, finishing, and apparel-making enterprises.

- **Ownership Structure**
Public and Private Sectors

FUNCTION OF MEXICAN TEXTILE INDUSTRY

- Operational
- Manufacturing
- Performance
- Activity of textile industry in Mexico
- Supply and Demand
- Plant and Equipment

MEXICO’S TEXTILE BUSINESS ACTIVITIES

From January through September 2004, U.S. imports of Mexican-made apparel reached $5.069 billion, 4.3% below the total registered for the same period in 2003, according to the
CNIV, Mexico’s textile industry association. Meanwhile, U.S. imports of Chinese garments grew 21.7% during that period to reach $6.69 billion.

- A New Threat
- A Smooth Transition to Free Trade
- Work to Do at Home

Present position of the India and Mexico

➢ Indian present growth trend
- The Indian textile industry can be divided into a number of segments such as cotton, silk, woolen, readymade, jute and handicraft
- The total cloth production registered during September 2010 was 10.2 per cent higher than that registered for September 2009.
- The highest growth was observed in the power loom sector (13.2 per cent), followed by hosiery sector (9.1 per cent).
- The total textile exports during April-July 2010 (provisional) were valued at US$ 7.58 billion, The share of textile exports in total exports was 11.04%
- Cotton textiles has registered a growth of 8.2% during April-September 2010 -11, while wool, silk and man-made fiber textiles have registered a growth of 2.2% while textile products including apparel have registered a growth of 3%
- The Textile sector grew at 3-4 per cent during the last 6 decades. As per the 11th Five Year Plan (FYP), it was projected to fast-track to a growth rate of 16%.

➢ Mexican Present Position in Textile Industry
- In Mexican textile growth is 4% to this year.
- According to the Mexican Textile Manufacturers Association, around 85% of textiles sold in Mexico are smuggled, and the country loses around $325m in potential Value Added Tax revenue annually due to materials smuggling.
- Manufacturing accounts for less than 5% of GDP, compared to 14% in South Africa. However, there is large potential for growth, given a large domestic market of 150m people and Mexico’s wide array of natural resources.
**Mexican Export/Import**

**Mexican Export**

- At a product level, cotton, not carded or combed, was the largest export product from Mexico at **2.4bn in 2010**.
- Between 2006 and 2010, the fastest growing export product among the top ten exports was woven fabric of cotton growing at an average of 1,131% year on year. In 2010, exports of woven fabric of cotton grew by 614%.

**Indian Textile Export/Import**

Indian textile industry has produced many of the products which is export to various countries like USA, EU Member States, Canada, Mexico, Japan, Saudi Arabia, and Republic of Korea, Bangladesh, Turkey, etc. Its all are exporting to fiber, yarn, cotton, fabrics, made ups, Carpet, jute, etc. are export and India has also provide other textile product during the 2010-11.

**Indian textile import**

<table>
<thead>
<tr>
<th>Products</th>
<th>2010-11</th>
<th>2010-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiber</td>
<td>13425.92</td>
<td>3364.47</td>
</tr>
<tr>
<td>Yarn and Fabrics</td>
<td>70432.76</td>
<td>86579.01</td>
</tr>
<tr>
<td>Carpet</td>
<td>6469.82</td>
<td>5453.44</td>
</tr>
<tr>
<td>Ready-made Garments</td>
<td>81588.01</td>
<td>102344.8</td>
</tr>
<tr>
<td>Jute</td>
<td>3387.88</td>
<td>3272.34</td>
</tr>
<tr>
<td>Others textile Items</td>
<td>2648.44</td>
<td>3171.52</td>
</tr>
</tbody>
</table>
Comparison of India and Mexico on basis of following point

- **Cost Parameters**
  India has a comparative advantage in Labour cost over many of the developed countries and other competing countries. As Compare to Indian Labour Mexican labor are unemployed and they have very poor advantages about the textile industry.

- **Integrated Production Structure**
  India is the third largest cotton producer; second largest producer of cotton yarn, cellulose fibre/yarn, silk; fourth largest producer of synthetic fibre/yarn; and largest producer of jute. Easy availability of quality and competitive raw materials in the form of textiles is an added advantage in the trade scenario where factors like timeliness, low costs, flexibility, and quality are also gaining importance. Mexico has also provided many of the products which is use in the textile sectors. In the poor performance of the country Mexico’s contribution is 8.03% in textile sectors.

- **Technology**
  India accounts for 61% of global looms capacity, 22% of global spindle capacity. India has the second largest yarn-spinning capacity in the world after China, accounting for roughly 20% of world's spindle capacity, and approximately 35-40% of India's spindles are less than ten years old and accounts for the global textile capacity is the less as compare to India. If it shoes like that the Mexico use less technology as compare to India. And also the economies of scale increase the India.

- **Productivity**
  India's poor productivity levels undermine the Labour cost advantage. If the textile import and export data in 2010-11 base the increase the export is 20% or increase import is 16% so the production is not that much poor as compare to Mexico. In the year 2010-11 base the Mexican Export should be reduce and there import should be increases. At that particular point of time as compare to Mexico have good opportunity to do the business.

- **Domestic Market**
  The Indian domestic market for all textile and apparel products is estimated at $26 billion and growing at 15 per cent annually. The Mexican domestic market not that much developed as compare to India in that the estimated data should be $14 billion and Growing 11.2%. In this market base estimation shows that the to increase the growth of the market.
NORMS OF MEXICAN TEXTILE INDUSTRY

Mexico had a huge upswing in 1990s after entering into NAFTA (North America Free Trade Agreement) with Canada in 1994, becoming the world's one of the largest textile manufacturers. It assumed to provide US with the biggest Textile and Apparels market, but with Asian and Central American markets becoming cheaper, envisages did not turn out to be that fruitful. Over the past decade, Mexico's textile sector has derived some of its greatest benefits from tariff reductions that resulted from the country's numerous free-trade agreements.

Mexico’s industrial policy and economic performance under import substitution (1940-1984)

From the 1940s until the second half of the 1970s, Mexicoís economic development was based on strong state intervention to foster industrialization through import substitution. FDI was heavily regulated; it was accepted as a minority partner only in non-strategic areas of manufacturing, and excluded from the rest.

By 1982, the 1,155 state-owned companies (not counting the recently nationalized commercial banks) had intervened in forty-one of the forty-nine branches of industrial activity. In some of these, they exercised significant market power (SHCP, 1994). A fundamental element of Mexico is industrial strategy was, and still is, the maquiladora program.

During the import substitution phase, Mexicoís manufacturing sector thus received government support through four different channels:

1) Artificially high wholesale prices of final products sold in the domestic market, due to trade protection;

2) Low costs of key inputs, energy and other utilities due to subsidies and tax incentives;

3) Subsidized credit from development banks, certain public entities, and the private banking sector; and

4) tax exemptions on certain imports of machinery and equipment (Moreno-Brid and Ros, 2004).
The Evolution of the Internal Institutional Framework

Legal protection of workers

- Scope of constitutional and legal (LFT/LFTSE) protection

Individual Rights

Protection of collective rights

- Scope of the right to strike
- Trade union power and collective bargaining
- Scope of union participation
- Union autonomy vis-à-vis the state and employers
- Democracy within trade unions
### Mexican Official Norm

<table>
<thead>
<tr>
<th>NOM-004-SCFI-2006</th>
<th>Commercial information: Labeling for textile goods, clothing, and accessories</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOM-020-SCFI-1997</td>
<td>Commercial information: Labeling for leather, tanned natural hides, synthetic or artificial looking materials, and leather goods, as well as products made of such materials.</td>
</tr>
</tbody>
</table>

### NORMS OF INDIAN TEXTILE INDUSTRY

**Government Policies Relating to the Textile Industry in India**

- Human Resource Development
- Thrust areas
- Acts
- Government policy on cotton and man-made fiber
- Efforts
- Financing arrangement
- Information Technology
- Preamble
- National Textile Policy

MP plans to ease pollution norms for textile units

Rules and Regulations textile industry in india
Interpretation

**Membership and fees**

(a) Eligibility of Membership

(b) The student membership shall be open to those falling under one of the following categories:

**Class of membership**

There will be seven classes of members:

- **a** • Honorary Members
- **b** • Patron Members
- **c** • Life Members
- **d** • Ordinary Members
- **e** • Overseas Members - Class A
  • Overseas Members - Class B
- **f** • Organisational Members
- **g** • Student Members • Class A
  • Student Members - Class B

Register of Members
PRESENT TRADE BARRIERS

Tariff And Tariff Administrative Measures

- Import Restrictions
- Barriers To Customs Procedures
- Discriminatory Taxes And Fees On Imported Goods
- Technical Barriers To Trade
- Sanitary And Phytosanitary Measures

Trade Remedies

Anti-Dumping

- The unfair practices in the Mexican anti-dumping measures
- The Fulfillment of Mexico's Commitment to its Reserved Anti-dumping Measures as Described in the Protocol on the Accession of the People's Republic of China

Safeguard Measures

On October 23, 2005, the Mexican Ministry of Economy published in its Official Journal the Guidelines on the Implementation of the Transitional Safeguard Mechanism specified in China's WTO Accession Protocol. However, Mexico is believed to negotiate with China before adopting the special safeguard measures.

Subsidies

Currently, the Mexican government provides subsidies amounting to 26.6 billion Peso (about US$2.3 billion) for farmers producing basic agricultural products through its "target income plan" every year.
Mexican domestic agriculture is greatly supported by the government and its agricultural products can enjoy a competitive advantage over foreign agricultural products.

**Business Opportunities With Mexican Textile Industry**

In Mexico, the textile industry has undergone several growth phases. Today, it is one of our top industrial sectors. Between 1993 and 2001, this industry grew at an average annual rate of 15 percent, and in 2001 it employed 800 thousand workers. During 2002, this sector accounted for 1.6 percent of total GDP, and 7.5 percent of manufacturing GDP.

There is no doubt that the liberalization of the sector, under NAFTA, helped the industry to increase its production and exports.
INFORMATION TECHNOLOGY (IT) INDUSTRY

2.1 INTRODUCTION OF MEXICAN INFORMATION TECHNOLOGY INDUSTRY

Mexico's information technology (IT) industry is posting promising growth on the back of aggressive public policies that promote government, academic and private-sector support. Currently rated fourth worldwide as a provider of IT services, the country is expected to climb to third position in the medium term.

HUMAN CAPITAL IS THE KEY

Javier Allard emphasizes the level of training of Mexican personnel as one of the country’s major advantages for the IT industry. According to data from the National Association of Informatics Education Institutions (ANIEI), which groups together more than 900 universities and senior high school and technological education centers, it has been calculated that every year around 65,000 professionals graduate from IT-related programs.

MEXICAN GOVERNMENT INITIATIVE IN IT SECTOR

Only recently has the IT sector received attention from the Mexican government. Prior to the formation of ProSoft, incentives for promoting the IT services industry were minimal. Not surprisingly, government attention was focused on the much larger industries of oil, auto manufacturing and tourism. Although there have been governmental incentives for promoting R&D, these initiatives are not industry specific.

MAJOR MEXICAN IT COMPANIES
DEPARTMENT OF INFORMATION TECHNOLOGY

The Department of Information Technology Act was signed after the 2007 New Mexico Legislative Session to create a single, unified cabinet level department that consolidates Enterprise Information Technology (IT) services previously duplicated within state agencies, and to provide additional IT services and functionality that improve and streamline the agencies’ IT systems. The new Department consolidates the authority and functions formerly administered by the Office of the Chief Information Officer, the Information Technology Commission, and the Information Services and Communications Divisions, the radio communications bureau and the telecommunications bureau of the General Services Department.

DEPARTMENT OF INFORMATION TECHNOLOGY SERVICES

Enterprise Application and Desktop Services

1. Email
2. Application Maintenance
3. Software Application Design and Development
4. Managed Desktop

Hosting and Storage Services

Mainframe
Application Hosting Environment
Server Administration
Equipment Hosting
Data Storage and Backup

Communication Services
THE MEXICAN GOVERNMENT HAS THREE ICT PRIORITIES:

- The development of the software industry
- The creation of digital supply chains
- E-governance

2.2 ROLE OF INFORMATION TECHNOLOGY INDUSTRY IN THE ECONOMY OF MEXICO

- Mexico must enhance its productivity and efficiency and increase economic competitiveness across industries through the intensive use of information technology and IT services tools.

- Investment in knowledge (i.e., software development, R&D, and higher education) in countries such as USA, Switzerland and Finland is more than 6% of GDP. For Mexico, it is less than 2% and with a very low growth rate.
► Internal market: Opportunity for growth
► IT/GDP in Mexico is 1.3% vs. 4.3% in OECD countries
► SW/GDP in Mexico is 0.10% vs. 0.61% world average.

► Mexico market for software & IT Services is USD 2.6B vs. 7.4B in Brazil and 5.2B in Korea.
► Trade: evolve to high-value services markets.
► Mexican model is oriented to external markets: 7th world exporting economy.

GRAPH OF REVENUES BY IT SUB SECTOR IN 2012.

GDP BY IT SUB SECTOR (In %), 2012

INDUSTRY DEVELOPMENTS
Mexico’s government has launched three initiatives designed to promote technology adoption among enterprises. The three programs will allocate hundreds of millions of pesos to businesses that incorporate technology into their operations. The new initiatives followed a plan launched in December 2008 to provide MXN5.78mn in subsidies to IT firms in states Guerrero, Hidalgo.

**KEY TRENDS AND DEVELOPMENT**

Mexican PC sales were boosted in 2011 by a 4.1% increase in the minimum wage, the first above-inflation increase for five years. This effect was expected to fade, however, in H211 and consumer credit is forecast to weaken in 2012. Mexico City and its surrounding area will remain the mainstay of the market. However, Mexico's underpenetrated south east and Pacific regions are expected to offer growth opportunities over BMI's five-year forecast period, particularly in the south-east. IT penetration in the public sector remains relatively low in the region and larger Mexican IT distributors have now taken notice of latent demand.

### 2.3. STRUCTURE OF MEXICO IT INDUSTRY

- **IT services**
- **IT enabled services**
- **Software products**
- **Hardware**

#### IT SECTOR DIVIDED IN FOUR CATEGORIES SUB SECTOR

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Companies by IT sub sector , 2012</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Software Computer Services</td>
<td>80.30%</td>
</tr>
<tr>
<td>2</td>
<td>Communication Services</td>
<td>3.90%</td>
</tr>
<tr>
<td>3</td>
<td>IT manufacturing</td>
<td>6.30%</td>
</tr>
<tr>
<td>4</td>
<td>IT whole selling</td>
<td>9.40%</td>
</tr>
</tbody>
</table>
2.4. BUSINESS ACTIVITIES AND FUNCTIONS OF INFORMATION TECHNOLOGY INDUSTRY.

There are main four business activities of IT Industry.

1. Management Activity constitutes Softtek has one of the few female CEOs in a large multinational company. Blanca Trevino, President & CEO of Softtek, assumed the position in August 2000. She has worked in IT for over 26 years.

2. Information technology services: The portfolio of information technology services is composed of the following:

   - Application development services
   - Application value management
   - Application validation services
   - IT infrastructure services

(4) **IT infrastructure**, and freeing internal resources to focus on business-critical initiatives. Through its unique Near Shore® model, Softtek delivers cost-efficient, SLA-driven services that are supported by a mature delivery methodology, aligned with ITIL best practices and a mature Six Sigma quality program.

### 3.1 COMPARATIVE POSITION OF MEXICO IT SECTOR WITH INDIAN IT SECTOR

Table of Mexico it sector business activities (dollars in billion)

<table>
<thead>
<tr>
<th>MEXICO IT SECTOR BUSINESS ACTIVITIES</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information and technology, manufacturing</td>
<td>8,079</td>
<td>7,317</td>
<td>7,887</td>
<td>8,308</td>
</tr>
<tr>
<td>Increment by assuming 100 in 2008-09 as a base year</td>
<td>100</td>
<td>90.56</td>
<td>97.62</td>
<td>102.83</td>
</tr>
<tr>
<td>Information and technology, services</td>
<td>50,517</td>
<td>50800</td>
<td>51714</td>
<td>53089</td>
</tr>
<tr>
<td>Increment by assuming 100 in 2008-09 as a base year</td>
<td>100</td>
<td>100.56</td>
<td>102.37</td>
<td>105.09</td>
</tr>
<tr>
<td>Total production of information and technology, manufacturing</td>
<td>58574</td>
<td>58068</td>
<td>59566</td>
<td>61368</td>
</tr>
<tr>
<td>Increment by assuming 100 in 2008-09 as a base year</td>
<td>100</td>
<td>99.13</td>
<td>101.69</td>
<td>104.77</td>
</tr>
</tbody>
</table>

Table of Indian It Sector Business Activities (Dollars in billion)
<table>
<thead>
<tr>
<th>INDIAN IT SECTOR BUSINESS ACTIVITIES</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information and technology, manufacturing</td>
<td>1875.77</td>
<td>2166.33</td>
<td>2460.44</td>
<td>2863.78</td>
</tr>
<tr>
<td>Increment by assuming 100 in 2008-09 as a base year</td>
<td>100</td>
<td>115.49</td>
<td>131.17</td>
<td>152.67</td>
</tr>
<tr>
<td>Information and technology, services</td>
<td>4698</td>
<td>6115.33</td>
<td>6773.33</td>
<td>7718</td>
</tr>
<tr>
<td>Increment by assuming 100 in 2008-09 as a base year</td>
<td>100</td>
<td>130.17</td>
<td>144.17</td>
<td>164.28</td>
</tr>
<tr>
<td>Total production of IT sector services &amp; manufacturing</td>
<td>6573</td>
<td>8276.66</td>
<td>9223.77</td>
<td>10581.77</td>
</tr>
<tr>
<td>Increment by assuming 100 in 2008-09 as a base year</td>
<td>100</td>
<td>125.91</td>
<td>140.33</td>
<td>160.99</td>
</tr>
</tbody>
</table>

3.2 PRESENT POSITION OF INFORMATION TECHNOLOGY INDUSTRY IN MEXICO AND INDIA.

Mexico’s IT/BPO Industry export (Billion of US Dollars)

INDIA’S IT/BPO INDUSTRY EXPORT
3.3 PRESENT TRENDS OF BUSINESS BETWEEN INDIA AND MEXICO

IMPORT-EXPORT BETWEEN INDIA AND MEXICO

India's exports were 2.95 billion dollars in 2012 increasing by 24% from 2.38 bn in 2011. Engineering products topped the list of export items of India as usual. Exports of vehicles and parts were 466 million dollars followed by diesel- 439 m, organic chemicals-306 m, electrical and sound equipments-290 m.

INDIAN IT COMPANIES OPERATING IN MEXICO

Indian IT companies have established software development centres, BPOs, KPOs and Call Centres in fourteen countries (Argentina, Brazil, Chile, Uruguay, Mexico, Colombia, Peru, Venezuela, Ecuador, Panama, Costa Rica, Nicaragua, Dominican Republic and Guatemala) of the region employing 20,000 Latin Americans. The Indian companies have developed a new near-shore business model of 12/12 in which they service their North American clients for 12 hours from the same time zone operations in Latin America and the remaining 12 hours from India.

TRADE AGREEMENTS BETWEEN INDIA AND MEXICO

Mexico and India have announced plans to expand economic and trade relations with an eye on eventually negotiating a full free-trade agreement (FTA). In a meeting in New Delhi in late May, Mexico's Economy Secretary Eduardo Sojo Garza-Aldape and India's Commerce Minister Kamal Nath agreed to create a group made up of senior trade officials to work out details for a trade accord. In a decisive step toward that goal,

COMMERCIAL RELATIONS INCREASES GREATLY

Trade between India and Mexico amounted to US$1.6 billion in 2006-2007, compared with only US$251 million in 1990-1991. And some members of India's private sector foresee total trade increasing significantly in coming years. Bilateral trade could potentially reach US$3 billion by 2010, said Sunil Bharti Mittal, president of Bharti Enterprises.

INDIA SEEKS TO TAKE ADVANTAGE OF NAFTA
Indian government and business officials readily admit that they see an FTA with Mexico as a bridge to the North American Free Trade Agreement (NAFTA) and to other countries in Latin America. And Sojo is using that premise to lure Indian companies to invest in Mexico. "We have free-trade agreements with 44 countries," the Mexican economy secretary said. "By establishing a base in Mexico, Indian companies can avail themselves of a preferential access to economies that account for 70% of the world's GDP."

4.1 NORMS AND POLICIES OF MEXICO FOR IT INDUSTRY FOR IMPORT/EXPORTS

THE REQUIREMENTS AND REGULATIONS FOR IMPORTING ARE STILL EVOLVING UNDER NAFTA.

It is the responsibility of the importer to define what certificates are required and from whom to obtain them. The Mexican government strictly enforces all customs regulations, particularly when it comes to potentially under-valued Asian-origin goods.

CERTIFICATE OF ORIGIN:

A certificate of origin is required from all foreign suppliers or exporters. If the product qualifies as North American in content, the exporter must use the NAFTA Certificate of Origin in order to benefit from preferential treatment under NAFTA. This document may be issued by the exporter or broker and does not have to be validated or formalized.

NORMS OF CERTIFICATION:

(Norms Officials Mexicans - Mexican Official Standards). Mexico has mandatory standards, called NOMs, that certain products must meet. Most IT products are subject to NOM-019-SCI-94 (security requirements) and NOM-024-SCI-94 (commercial information, instructions, and guarantee criteria for electric and electronic products). Compliance with these standards must be demonstrated by all equipment and technologies by being tested in an accredited Mexican laboratory prior to importation, and a certificate of compliance must be obtained from the Ministry of Economy.

DUTIES

To identify the duties and taxes it is first required to know the medium in which the software is presented in order to correctly classify the import for customs purposes. However, the duties and taxes are assessed on the declared value by the importer of record (in other words, the value of the intellectual property).
Software imports are subject to a 15 percent Value Added Tax (VAT, or IVA in Spanish) of the CIF invoice value and the Customs Processing Fee (CPF). The CPF in Mexico is approximately US$13, and it is assessed on the invoice value. However, as of July 1, 1999, definitive imports with a certificate of origin from NAFTA countries are no longer subject to payment of the CPF.

**4.2 NORMS AND POLICIES OF INDIA FOR IT INDUSTRY FOR IMPORT/EXPORTS**

- Indian Government has set up the Software technology Parks of India (STPI) in the year 199, in order to promote the software Exports.
- Total Exports made by STPI registered unit during 2008-09 were Rs.215571 crore which is about 90% of total software exports from the country.
- 51 TPI centers were established up till now, since the inception of the STPI scheme.

**Benefits under STP Scheme:**

- Full Exemption on customs duty on Imports
- Full Exemption from Central Exercise on indigenous procurement
- Educational Institutions/Hospitals without payment of duty.
- Export proceeds will be realized within 12 months.

**DUTIES AND TAXES ON SOFTWARE IMPORTS DUTIES**

- There is no import duty/customs duty on import of software in India.
- Taxes are charged on the value declared in the invoice. For example, if the value in the invoice is USD 100, taxes will be levied on the said amount.
- The current rate is 12.36%. However, other local taxes, such as sales taxes, are levied by India's 29 states at a particular state's announced rate.

**SOFTWARE LICENSES: CUSTOMS CLASSIFICATION, IMPORT DUTIES, TAXES, OTHER LICENSING**

- The HS number for Software Licenses in India is 49070030.

**IMPORT DUTIES/TAXES APPLIED**

- A software license is treated at par with software and thus is also duty-free.
- Other additional taxes applied on software licenses not applicable.
SOFTWARE DELIVERED OVER THE INTERNET/ELECTRONICALLY DELIVERED SOFTWARE

- No taxes are currently levied on software downloaded from the Internet.
- Recently, as of May 16, the Central Government has proposed to levy a service tax at 12.36% on the development of customized software, or download of all software.

IT SERVICES: TAX TREATMENT AND OTHER REGULATIONS

- All services, including IT training attract a service tax of 8 percent.
- Specifically related to this question, 'information technology service' includes any service in relation to designing, developing or maintaining computer software, or computerized data processing or system networking, or any other service primarily in relation to the operation of computer systems.

4.3 PRESENT TRADE BARRIERS FOR EXPORT/IMPORT WITH MEXICO’S INFORMATION TECHNOLOGY INDUSTRY:

Intellectual Property Rights (IPR) Protection

- MEXICO is a member of the World Intellectual Property Organization (WIPO) and is a part to several international intellectual property agreements.

Non-Tariff Barriers

Security Issues

- Modern Information Technology enables the individual to Access and manipulate data, for e.g. one can easily process data stored on any computer in MEXICO with the help of cloud computing from India.

Information flow restrictions

- In this Global Economy it is said that Information is power. There are certain restrictions of law in International dataflow.

Regulatory issues – Technical regulations and standards
- MEXICAN Exporters were facing certain regulatory issues with China, India and Japan for software exports of Medical Equipments.

**Tariff Barriers**

**Distance as a Non-Tariff Barrier**

- Geographical distances have impeded trade between India and Latin America.
- There is no direct shipping service from India to Latin America. Goods have to be shipped to Europe or Singapore which increases freight costs and shipping times.

**Trade Barriers**

These categories include:

(i) import policies;

(ii) Standards, testing, labeling and certification

(iii) Government procurement

(iv) Export subsidies

(v) Lack of intellectual property protection

(vi) Services barriers;

(vii) Investment barriers;

**5.1 POTENTIAL FOR IMPORT EXPORT IN INDIA**

**Indian it spending and domestic production**
5.2 OPPORTUNITIES FOR INDIA IN MEXICO

1. Export promotion

One of the main objectives of the Software Industry Development Plan is to raise Mexican software exports —and ultimately to make Mexico a world leader in software services (Mexico, Secretarial de Economic, 2004, p.26). One of the areas where government support is most needed is with basic marketing to promote exports, and this area may be targeted for such support as export promotion programmers develop.

2. Trade facilitation

There are many trade mechanisms by which IT sector growth can be stimulated. These mechanisms including: bilateral agreements; free trade areas, such as the Free Trade Area of the Americas (FTAA) and NAFTA; and common-market approaches, such as the Southern Common Market, or the Southern Common Market (MERCOSUR).

3. FDI promotion
In 2003, FDI accounted for nearly 9% of gross capital formation in Mexico. The need for capital and access to it in Mexico will play an important role in determining software industry capacity. Thus, work needs to be done in this area, as is acknowledged in the federal Government’s Software Industry Development Plan.

### 5.3 CONCLUSION

So we can conclude here that currently Mexico and India have good business relation as well as so many IT companies of India are operating in Mexico. And in future also there are more chances of increase in total import and export. Mexico have 40 trade agreements by doing business with Mexico we get advantage of NAFTA. Mexico is second largest

### 5.4 SUGGESTIONS

1. Indian companies which are not operating in Mexico should start operating over there because IT market boom and good business environment.

2. India should increase trade with Mexico in order to get the benefit of NAFTA.

3. IT services and product demand is quite high in Mexico so we should increase the possible export.

4. There is quite liberalization for export so India should take maximum benefit of that.

5. We should continue the bilateral trade agreement forever as it is beneficial for the India.
CONSTRUCTION INDUSTRY

1. INTRODUCTION

[1]What is the construction Industry?
Construction is a vast industry that is made up of many types of building and civil engineering jobs. The construction industry includes jobs in carpentry, road construction, bridge development, and home design. This industry is one of the largest in the world because it is responsible for creating the infrastructure for cities, towns, and countries.

There are three major parts to the construction industry.
1. general contractors
2. specialty trade construction
3. civil engineering construction.

- Definition of the Construction Industry
The construction industry is a sector of the economy that transforms various resources into constructed physical economic and social infrastructure necessary for socio-economic development. It embraces the process by which the said physical infrastructure are planned, designed, procured, constructed or produced, altered, repaired, maintained, and demolished.

- Characteristics
➔ the supply of labour, materials and building components to the formal construction sector directly in response to needs of clients.
➔ It also includes works carried out by individuals and groups on a self-help basis without contracting.
➔ Small and medium enterprises are vital for ensuring diversity and flexibility of the economy responsible for the creation of employment and growth.
➔ the construction industry is a fundamental economic activity which permeates most of the sectors of the economy it has a major role to play in achieving social economic development objectives of any country

[2.2.1] Objectives of Construction Industry Development
• Increased value for money to industry clients as well as environmental responsibility in the delivery process
• The viability and competitiveness of domestic construction enterprises
• Optimization of the role of all participants and stakeholders through process, technological, institutional enhancement and human resource development.

[2.2.2] VISION, MISSION AND GOAL

(1) **Vision** : To have a dynamic, efficient and competitive local construction industry that is able to undertake construction projects of any magnitude and participate effectively in providing its services in the regional and global market place.

(2) **Mission** : The mission is to create an enabling environment for the development of a vibrant, efficient and sustainable local industry that meets the demand for its services to support sustainable economic and social development objectives.

(3) **Goal** : The goal of the construction industry development is to develop an internationally competitive industry that will be able to undertake most of the construction projects in Tanzania and export its services and product.

(4) **CHALLENGES**

In order to attain the envisaged Vision, Mission and Goal, the Construction Industry in Tanzania faces major challenges which include:

  a) Developing adequate local capacity
  b) Mobilizing adequate resources in terms of finance, equipment and human resources.
  c) Achieving international competitiveness
  d) Increasing the share in work opportunities for local contractors and consultant

❖ **Structure of Construction Industry:**
[2.3] Five force model for construction industry

**Suppliers**
1. Land sellers
2. Construction contractors
3. Building materials and home furnishing/equipment manufacturers
4. Capital providers

**Rivalry**
1. Fierce competition among large developers
2. Product differentiation
3. Higher inventory cost

**New entrants**
1. Capital
2. Technology
3. Legal authorization
4. Expertise and know-how

**Substitutes**
1. Competitive product by another developer
2. Existing private housing
3. Social housing

**Buyers**
1. Industry cycle stage
2. Regulations to protect consumer interests
3. Financial state of individual developers

[2.4] SWOT ANALYSIS
### STRENGTHS:

- Emerging Industry:
- Huge Growth Potential:
- Huge Export Contributor:
- Improves the Productivity:
- Adds Value:
- Sophisticated Construction Input:

### WEAKNESSES:

- Improper Customer Services:
- Costly Products:
- Low Skilled Labour:
- Low Emphasis on Marketing:
- Low Awareness:

### OPPORTUNITIES

- SAARC Countries have great opportunity of develop product:
- Exports:
- Low Labour Cost:
- Foreign Direct Investments:
- Expenditure in Construction Sector:
- CRAMS: (Contract Research and Manufacturing Services )

### THREATS

- Stricter Environment Regulations:
- Lack of Technical Guidance:

### [2.5] Chronological Development

The history of construction is a complex subject encompassing the history of building materials, the history of engineering, the history of building techniques, economic and social history of builders and workmen, the history of construction machinery and temporary works, etc. Each of these has a complex literature devoted to it.

### [2.6] Introduction to construction Industry

In the fields of architecture and civil engineering, construction is a process that consists of the building or assembling of infrastructure. Far from being a single activity, large scale construction is a feat of human multitasking. Normally, the job is managed by a project manager, and supervised by a construction manager, design engineer, construction engineer or project architect.
[2.6.1] Types of Construction Project:

1) **Residential Building Construction:**
   - Residential construction practices, technologies, and resources must conform to local building authority regulations and codes of practice. Materials readily available in the area generally dictate the construction materials used.

2) **Commercial Construction:**
   - Commercial building construction is procured privately or publicly utilizing various delivery methodologies, including cost estimating, hard bid, negotiated price, traditional, management contracting, construction management-at-risk, design & build and design-build bridging.

3) **Industrial construction**
   - This kind of construction is used in the huge industry of the country. There are many examples available like…Construction Industry, cloth industry. This all industries are prepared in great conscious. The logic and structure are creating before implementation of the project. This kind of projects takes many years

4) **Heavy Civil Construction:**
   - This activity area involves considerably larger projects that are not classified as buildings, for example:
     - large earthworks such as motorway embankments and cuttings
     - water works such as reservoirs and harbors
     - large concrete works such as dams
     - other infrastructure works such as roads and railways.
   - The people who are involved in this work are known as civil engineers. Structural engineering is the process of using mathematics to design and detail a structure in order to make it stable, able to support its loads and safe for the occupant

[2.7] **Construction industry Segmentation**
There are the following as described as the segment of the construction industry. Which are mainly Infrastructure and real estate, that also contain the sub-division under it, as shown in the chart.

[2.8] **Construction processes**

1. **Design team**

   The modern trend in design is toward integration of previously separated specialties, especially among large firms. In the past, architects, interior designers, engineers, developers, construction managers, and general contractors were more likely to be entirely separate companies, even in the larger firms.

2. **Legal aspects**
A construction project must fit into the legal framework governing the property. These include governmental regulations on the use of property, and obligations that are created in the process of construction.

3. Interaction of expertise

Design, finance, and legal aspects overlap and interrelate. The design must be not only structurally sound and appropriate for the use and location, but must also be financially possible to build, and legal to use. The financial structure must accommodate the need for building the design provided, and must pay amounts that are legally owed.

4. Procurement

Procurement describes the merging of activities undertaken by the client to obtain a building. There are many different methods of construction procurement; however the three most common types of procurement are:

   1. Traditional (Design-bid-build)
   2. Design and build
   3. Management contracting

2.9] Key Risk Factors for Construction Industry

1) Manpower Shortages
2) Procedural and Legal Vulnerability
3) Low project risk, but high payment receivable risk
4) Infrastructure Bottlenecks
5) High level of fragmentation
6) Delays in land acquisition:
7) Delays in Master Plan / Development Plan Review and Implementation -
8) Frequent and expensive reconstruction

[2.10] ROLES OF CONSTRUCTION INDUSTRY OF MEXICO

❖ Contribution by the Construction Industry
These have included the creation of employment opportunities; local expenditure on goods and services; contributions to government revenues, to gross domestic product, and to foreign exchange reserves; and the supply of energy to industry and commerce.

**SOCIAL ROLE OF CONSTRUCTION INDUSTRY IN MEXICO**

1. Inner-city regeneration Key term
2. GDP.
3. Local and national contributions

[2.11] Function of construction industry in Mexico

**Performance criteria & Element**

1. Identify the industry work context and setting
2. Organize and accept responsibility for own workload
3. Work in a team
4. Participate in identifying and pursuing own development needs
5. Participate in site meeting

**Business activities of Mexican construction industry:**

1. **Building**
   
   Building is the general terminology used for construction; it covers a wide variety of construction work, for example, a garden wall, a single building or project, or a housing estate of 250 homes.

2. **Architecture**
   
   This is the design side of construction. It relies on professional architects and technicians who provide a design service for clients and strive to produce a design that meets the needs of the client, while being eyecatching and sustainable.

3. **Planning**
   
   Planning is the process of controlling a built environment project. Quality planning is essential to every construction or building project. A built environment project requires labour, plant, materials and subcontractors. Planning is necessary to coordinate, control, forecast and communicate a contract programme.

4. **Surveying**
   
   This is the activity of measuring the land, the building and any external works, as well as the setting out of the building, its associated external works and any other items needed to be placed in position relative to the architect’s drawings. Surveying requires the use of tools such as levels, tapes and theodolites to measure lengths and angles, and to calculate areas and volumes.

5. **Civil and structural engineering**
   
   - large earthworks such as motorway embankments and cuttings
   - water works such as reservoirs and harbours
   - large concrete works such as dams
   - other infrastructure works such as roads and railways.

6. **Building services engineering**
   
   This covers the services that support a building, for example, the heating, lighting and waste disposal. Services can be simple or very complex.

7. **Facilities and estate management**
A building needs to be maintained (looked after) during its life. Some items need to be replaced when they wear out or break, and others, such as fire extinguishers, must be replaced more frequently for safety.

**3PositionOfIndustry**

### [3.1] Position of Mexican Construction Industry

<table>
<thead>
<tr>
<th>Particular</th>
<th>INDIA</th>
<th>MEXICO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>New Delhi</td>
<td>Mexico City</td>
</tr>
<tr>
<td>Population</td>
<td>1,189,172,906</td>
<td>12,20,00,000</td>
</tr>
<tr>
<td>GDP per Capita</td>
<td>$1.85 Trillion</td>
<td>$1.16 Trillion</td>
</tr>
<tr>
<td>Export</td>
<td>Labour, services, Steel, construction equipment</td>
<td>Construction equipment, engineers, architecture</td>
</tr>
</tbody>
</table>

### [3.2] POSITION OF INDUSTRY

(Chart: Comparison Employment of the Indian and Mexican Construction Industry)
Mexico is the eleventh largest economy in the world, with a Gross Domestic Product of US$1.66 trillion (2012). It is also the eleventh in terms of population with more than 114 million people for 2012, thus allowing Mexican exports to be not only raw materials such as oil or silver, but also manufactured goods and even high-technology products.

### 3.2.1 Comparision of India & Mexico Construction

Statistics related to Mexican balance of trade:

(Chart: Major Export partners of Construction of Mexico)
**Imports:**
US$341.9 billion (world's rank: 14th).

- **Major imports:**

- **Major import partners:**
  United States 60.6%, India 21%, China 6.6%, South Korea 5.2%

(Chart: Major Import partners of Construction of Mexico)
When exports of construction machinery from the U.S. dropped by more than a third due to the global economic slump in 2009, shipments of such equipment to India jumped up 55 per cent, Association of Equipment Manufacturers (AEM) has said.

In 2009, India imported construction machinery worth $181 million, up 55 per cent over 2008, making it the US’ top 14th export destination for the equipment, AEM said.

India is the only country in the US’ 15 construction machinery export destinations to have registered an increase in 2009.

U.S. construction equipment exports dropped more than 38 per cent in 2009 compared to the previous year.
• MEXICO. exports totaled $43.6 billion in 2011, a 31 percent increase from 2010. Since 2000, exports have increased 153 percent. The MEXICO. share of the global market for construction machinery and related equipment varies by industry. For construction and mining machinery and fluid power pumps and motors, MEXICO. market share is approximately eight percent. MEXICO.

• CAPITAL GOODS INDUSTRY IN INDIA
The capital goods industry is the backbone of India’s manufacturing sector. India produces wide range capital goods, including machinery and machine tools. Some of the prominent capital goods produced in India include heavy electrical machinery, textile machinery, machine tools

Export Construction and Mining Machinery
India produces a wide range of construction and mining machinery – such as hydraulic excavators, wheel loaders, backhoe loaders, bull dozers, dump trucks, tippers, graders, pavers, asphalt drum / wet mix plants, breakers,

The determinants of export demand
Other things being equal, the demand for UK exports ought to increase in line with income in the rest of the world. So, other things being equal, the demand for exports ought to be negatively related to the relative export price.
[2.3] Impact of FDI in construction industry

Recently, the Government acceded to a long-pending demand and permitted 100% foreign direct investment (FDI) in construction and development projects in India and the federal government permitted construction and development projects 81% in Mexico.

(Chart: Comparison of FDI impact on India and Mexico)

So far, only non-resident Indians (NRIs) and persons of Indian origin (PIOs) were permitted to invest in the housing and real estate sectors. Foreign investors other than NRIs were allowed only in development of integrated townships and settlements either through a wholly-owned subsidiary or through a joint venture company in India along with a local partner.

The new policy ensures that FDI would now be construction-centric instead of land-centric as in the past. Foreign investors can come in any area but would have to construct at least 50,000 square metres within a time frame so that they do not hold land for speculative purposes. At least 50 percent of the project must be developed within three years of the first parcel of land being handed over. The development has to commence within a specific time-frame.

According to the new norms, the existing 100-acre stipulation has been reduced to 25. Foreign investment will be allowed in office accommodation too. Earlier, FDI was
permitted in commercial construction, but only as part of a township project. In the new dispensation, a foreign investor can even construct stand-alone facilities.

**FACTORS AFFECTING CONSTRUCTION AND LAND PLANNING**

The environment

The building regulations and technical requirements

Capital equipment and materials

The project site, measures affecting the mobility of construction products

Contractors multiple authorisation requirements

Experience of working in the country.

Guarantee and liability insurance related to construction work also need to be taken into account.

Restrictions on land and real estate use or ownership are normally applied to all 14 sectors, but typically have direct bearing on the provision of construction services.

- **Commercial presence and the movement of people**

the construction sector and so are economic needs tests, which include a wide range of criteria for allowing foreign provision from the perspective of how the local community would benefit

**Government procurement and subsidies**

In light of the importance of public procurement for construction services, regulations adopted in this area can significantly affect trade in the sector. The main restrictions relate to discrimination towards foreign providers, inadequate procurement procedures and lack of transparency throughout the procurement process

**Present Position of Construction sector in GUJARAT**
4. POLICY AND NORMS OF CONSTRUCTION INDUSTRY IN MEXICO

4.1 Policy and Norms of Construction Industry for Mexico for Import & Export including licensing, Permission, Taxation

POLICY OF CONSTRUCTION INDUSTRY IN MEXICO

The Construction Industry Research and Policy Center (CIRPC) is a unit of the College of Business Administration at the University of Tennessee. Construction Resources Analysis, the predecessor of the center, was an outgrowth of continuing efforts under four secretaries of labor, beginning with Secretary

the MEXICO Department of Labor's Employment Standards Administration, with support from the MEXICO Department of Energy and the Tennessee Valley Authority (TVA), funded development of a system of econometric models and databases that provided detailed information, both historical and current, on construction activity for each county in the nation.

Need for Construction Industry Policy
- To improve the capacity and competitiveness of the local construction enterprises (contractors, consultants and informal sector)
- To develop an efficient and self-sustaining roads network that is capable of meeting the diverse needs for construction rehabilitation and maintenance of civil works for trunk, regional, districts and feeder roads network.
- To ensure efficient and cost effective performance of the construction industry that will guarantee value for money on constructed facilities in line with best practices.
- To promote application of cost effective and innovative technologies and practices to support socio-economic development activities such as road works, water supply, sanitation, shelter delivery and income generating activities.
- To ensure application of practices, technologies and products which are not harmful to both the environment and human health.

(1) Performance Improvement of Informal Construction Sector Policy:

- Recognize and promote the useful existence of the informal construction sector as an integral part of the construction industry.
- Carry out research, document and disseminate information on the informal sector for the purpose of its development.
- Improve productivity and quality of products and Support the establishment of credit facilities for the informal sector.

(2) Policy for Export of Goods and Services

- Promote the delivery of quality goods and services for international competitiveness.
- Facilitate access to information on market opportunities and business partners.
- Promote the establishment of financing schemes that support export activities.
- Promote strategic alliances with regional and international players.
- Establish business advisory services for exports.
- Create incentives for exports.

(3) Policy for Improvement of Quality and Productivity
Promote the application of best practice standards on productivity, quality, management and appropriate, state-of-the-art, delivery arrangements. Promote the use of modern technologies and facilities.

Ensure effective supervision.

Promote self-regulatory mechanisms for the industry.

Establish sustainable arrangements for provision of construction equipment to the industry.

Ensure transparency and accountability in procurement, design and contract administration.

(4) Policy for Human Resource Development

Training institutions shall be urged to ensure demand driven curricula.

(5) Policy for Availability of Construction Equipment

Revive the establishment of plant hire facilities, hire purchase and other forms of credit arrangements.

Provide incentives to franchise dealers to provide equipment and spare parts to contractors on credit or hire purchase arrangements.

Reduce the cost of construction equipment through financial rebates such as tax relief.

(6) Policy for Promoting Women and Youth Participation in Construction Activities

The government and the stakeholders of the industry shall promote the development, participation and representation of women and youth. The Government shall at regional levels establish coordination units to facilitate implementation of women and youth participation activities.

Implement positive discrimination measures in order to allow enhanced participation of women.

Promote voluntary collaboration forums for women and youth in technical fields related to the construction industry.
(7) **Policy for Promoting the Prevention of Corruption In the Industry:**

- The government and the stakeholders of the industry are committed towards preventing corruption in the construction sector by:
  - Enhancing efficiency, transparency and accountability in procurement, design and contract administration.
  - Instituting mandatory technical auditing of all major public-financed projects and any other projects where there shall be suspicion of malpractice.
  - Ensuring payment of living wages to employees.
  - Adhering to Public Procurement Act.

**Norms of the Indian construction industry**

1) **Norms for appointing construction professionals**

- **Selection**
  
  The government performs bidding processes with companies, in which the company or professional that presents the most viable offer is selected. Typically, warranties or bonds are required to assure the satisfactory fulfilment of the contract.

  There are no variations between local and international projects. However, only Mexican companies (that is, those constituted under Mexican legislation and residing within the country's territory) can participate in local tenders (which are those that specifically exclude foreign bidders).

- **Appointment and liability provisions**
  
  Generally, liabilities are dealt with in the contract under provisions for bonds and warranties. The same provisions apply to both local and international projects.

2) **Norms for Payment for construction work**

- **Methods of payment**
  
  There are no statutory or legal procedures for paying contractors. All methods of payment are purely based on contract. There is not a most common method of payment, but workers receive their payment weekly.
3) Norms for Subcontractors

Generally, subcontractors and contractors enter into an agreement that includes indemnifications in the event of a breach. In most cases, these indemnifications are the same as those included in the main contract. Back to back clauses are frequently used in Mexico. Both parties need to reach an agreement before engaging a subcontractor. The subcontractor must undertake the obligations and responsibilities according to the frame contract.

4) Norms for Licensing of construction

Licensing Before construction
- Land use licence.
- Land use change
- Construction licence.
- Licence to excavate in the municipality
- Authorization for the use of explosives (if applicable)
- Archaeological clearance.

Licensing during construction
- Authorization to cross federal roads and/or highways
- Authorization to cross state roads and/or highways.
- Authorization to cross municipal roads.
- Authorization to cross railroads

Licensing on completion of construction
- Construction termination certificate, from the Urban Development Direction of the municipality in which the project is developed.
- Civil protection approval, from the Civil Protection Direction of the municipality in which the project is developed.

5) Labour laws

Local worker
- Protection of employees' rights and interests, Minimum wage payments.
- Maximum labour hours. Workers must be over 14 years of age. If a worker is over 14 years of age but under 16 years of age, his working hours must be adjusted to his school hours to allow him to continue studying.

- **Foreign workers**

  - No more than 10% of technical and professional employees can be foreign (technical employees include drillers, electricians, engineers, surveyors and professional employees)

- **Norms for Health and well-being of construction worker**

  - Provide clean drinking water to all workers
  - Provide adequate number of decentralized latrines and urinals to construction workers.

5. **TRADE BARRIER IN IMPORT AND EXPORT**

- **IMPORT CLEARANCE PROCESS**

  This is the FedEx Express clear electronic Customs clearance stem. Starting at the origin, state-of-the-art technology allows the processing of shipment paperwork and electronic transmission of documents to the designated FedEx Hub and destination clearance location.

- **Customs brokers**

  A licensed customs broker must submit the customs declaration. The broker must have a power of attorney from the importer. From the business point of view, the customs broker provides advice on trade and customs matters. From the tax point of view, the customs broker is liable for any misbehavior concerning the application of the proper customs procedure, the tariff classification of the goods, the correct payment of duties and taxes and the strict compliance with non-tariff barriers

- **Tariff barriers and duty**

  Mexican tariff items have 8 digits. Knowing the correct tariff classification is crucial. This will determine the duty rate and establish any applicable non-tariff barriers.

  Once the customs broker calculates the applicable duties and taxes, they are paid at the commercial banks located at the ports of entry.
Registration requirements

A company seeking to import goods into Mexico must have a tax number and must also be registered as an importer. The registration procedure is relatively simple, but it may take some weeks. Sector-specific registration is a major concern. Persons who want to import certain sensible goods are required to be registered in one of 32 sector

Value added tax (VAT)

Customs authorities collect a value added tax (VAT) upon entry of the goods into Mexico. For more information, see "Duties and Other Fees", below.

- Customs fees (DTA)
- Inspection
- Customs practices/International complaints
- Radiation Check from Japan
- Document Requirements

Transportation documents: The bill of lading and the air waybill, endorsed by the transport company, are also attached to the customs declaration. These documents normally prove the date on which the goods entered the customs territory.

Certificates of origin: Certificates of origin are used to authenticate the origin of the goods imported. They may be required for different purposes. Certificates of origin may be required to claim a preferential tariff treatment when the good originates from a specific free trade area.

EXPORT BARRIER:

- Taxes: Export taxes are very rare. The may be applicable in order to deter the exportation of certain live animals, for example.
- Customs procedures: A licensed customs broker files the export declaration on behalf of the exporter. Any document stating the commercial value of the goods and
the applicable document evidencing compliance with non-tariff measures, if any, will be attached to the customs declaration

6. INDIAN CONSTRUCTION OPPORTUNITY & ACTIVITY

(1) Civil Aviation
- The Opportunities

Domestic and international passenger traffic in India is projected to grow annually at 12.5 per cent and 7 per cent respectively over the next decade, and domestic and International cargo traffic at 4.5 per cent and 12 per cent.

CEMENT

CMA is the apex representative body of large cement manufacturers in India. It is a unique body with the private as well as the public sector cement units as its members.
- Opportunities
  - To promote Indian cement industry’s growth
  - To protect consumer interests
  - To identify newer usages of cement

(2) PORTS

India enjoys a strategic location in the Indian Ocean and has a vast coastline of around 6,000 km. However, due to the conscious policy the country followed for over four decades self-reliance through import substitution rather than export-led growth-its share in international trade was not significant.

- The Opportunities
  Under the Government of India's Eighth Five-year Plan (1992-97), outlay for major ports was Rs 32 billion (US$0.9 billion). But it is estimated that investments worth Rs 254 billion (US$7.3 billion) are necessary to create the 350 million tonnes of additional capacity needed by 2005-06.

(3) ROADS
Industrialisation in India has brought in its wake considerable demand for more and better roads. A better road network will result in enormous savings, estimated to be between Rs 200 and 300 billion (US$5.7-8.6 billion) per annum. Improvement of the road network will also enable commercial vehicles to run 500-600 km per day, which is the average distance covered by them in the developed world, as opposed to the 200-300 km per day average in India currently.

- The Opportunities:

Rural roads in India are categorised as Expressways, National Highways, State Highways, Major District Roads, Other District Roads, and village roads. Highways are estimated to total Rs 1,180 billion (US$33.7 billion). Of this,

(3) Railways

Demand for rail services has grown in tandem with economic expansion, quickly outstripping the supply capacity of existing assets (GOI 2002). Pricing anomalies and different priorities assigned to the Indian Railways (IR) stretched the internal resources to the extent that regular maintenance of fixed assets was accorded low priority.

- Opportunities

Delhi Metro’s first section from Shahdara_Tis Hazari was inaugurated on 24 December 2002. Phase I of the project has three lines: Shahdara-Tri Nagar-Barwala (28 km), Vishwavidyalaya-Central Secretariat (11 km), and Barakhamba Road-Connaught Place-Dwarka (23 km). This phase of the project is expected to be completed by September 2005.

(4) URBAN INFRASTRUCTURE

India today faces the problems which most economies have faced at some point in their evolution:

The Opportunities:

Urban infrastructure projects are eminently suitable for public-private partnerships. Arrangements such as Build-Own-Operate (BOO), Build-Own-Operate-Transfer (BOOT), Build-Own-Lease-Transfer (BOLT), are promising options.
Construction

Mexico’s goal is to be ranked in the top 30 of the world Economic Forum’s Infrastructure Index. They have developed a new strategic plan that will steer the country into raising the coverage and quality of its infrastructure by 2012. According to that index, Mexico was ranked 71st out of 133 countries in 2009-2010, with the following rankings:

Housing

The housing initiatives announced by President Calderón will impel the housing industry in the short and medium term. These initiatives will support Sare, Urbi, Ica, Ara, Geo and Homex, the largest housing developers, as they aim to accomplish the housing plans of the present Administration. Some of the initiatives are: a) Support the 6 million workers

Opportunities

Concessions, PEF (projects funded by the Federal Government), PPP’s (private public partnerships), and Highway Assets (projects supported by FARAC funds), are the most utilized tools that the Mexican government is using to promote private investment in infrastructure projects

7. SUGGETION FOR INDIA AND MEXICO CONSTRUCTION INDUSTRY

(i) Managing issues and variables affecting career aspirations and development while concurrently focus on factors that influence women’s entry into construction

(ii) Centre on ensuring equal opportunities exists for women working within the sector and ensuring them to remain within it. Present a clear path for career opportunities regardless of gender thus providing equal opportunities among employees (Dainty et.al, 2000).

(iii) The role of the social partner such as the European Trade Union Confederation (ETUC), the private-sector employers’ organization (UNICE) and public-sector organization is valuable in regulating employment and equality issues (Clarke et al, 2004)

(iv) The recommendations for recruitment of women into construction must hub at the elementary and secondary schools and conversing with students about the prospects offered within the industry

(v) Another suggestion made by Wangle (2009) is the improved communication and coordination between secondary schools and post-secondary schools construction.
(vi) Clear advertisement for female apprenticeships program providing on-the-job training with benefits.

(vii) Agapiou (2002) in his study presented suggestions on how to retain women’s participation in construction from the women’s perspective. Majority agree that they have to learn ‘to fit’ into the worksite culture by being able to take a joke and being broad-minded, do not pretend to be man – ask for help if required.

(viii) Allowing flexible work schedule and work-hours as suggested by the Swedish Construction Federation in its policy which is a positive encouragement for female workers to stay.

(ix) Employers must also be sensitive to providing better facilities on site for female workers including PPE; toilets and changing rooms.

8. CONCLUSION

The construction industry also includes many specialty trade groups. These include bricklayers, floor installers, and carpenters, to name a few. Most specialty trade groups work under the direction and guidance of the general contractor. Civil engineering construction is another area of the construction industry. This area specializes in building roads, bridges, tunnels, and other infrastructure.

So that create an enabling environment for the development of a vibrant, efficient and sustainable local industry that meets the demand for its services to support sustainable economic and social development objectives.
AUTOMOBILE INDUSTRY

For the past 15 years, Mexico’s automotive industry has grown at a steady pace year after year. Because of Mexico’s proximity to the U.S., Mexico was extremely attractive to automotive manufacturing companies and is the world’s largest automotive market.

Automotive companies from the U.S., Japan and Europe have shifted their assembly and manufacturing plants to Mexico to take advantage of its strategic location, low labor costs and NAFTA.

The automotive industry in Mexico accounts for 18% of Mexico’s manufacturing GDP. It generates more than 56,000 jobs and constitutes 21.9% of Mexico’s manufactured exports.

Mexico’s automotive industry is characterized by the following:

• Highly integrated manufacturing operations that includes assembly operations to tier 3 suppliers.

• The presence of major OEMs: Passenger vehicles (Nissan, Toyota, GM, Ford, Chryseler/Fiat, Volkswagen, and BMW) Commercial vehicles (Hino Motors, Isuzu, Volkswagen, Freightliner, Scania, Volvo, Mercedes Benz, Kenworth, International and Giant Motors) Engines (Detroit Diesel, Man and Cummins).

• An export oriented industry steered by automotive engineering, product design, testing and R&D.

• Three clusters: NORTHERN CLUSTER that includes automotive majors like Baja California, Sonora, Chihuahua, Tamps and NuevoLeon, the BAIJO CLUSTER that includes Zacatecas, Jalisco, Guadalajara, Michoacan and Silao, CENTRAL CLUSTER that includes the states of Civac, Puebla, Cuautitlan, Hidelgo, Toluca, Santiago and Tultitlan.

• Auto majors from the U.S. and Japan such as Ford, GM, and Toyota have established their manufacturing plants in Baja California, Sonora and Chihuahua (Northern Border Region)

• The existence of more than 1,100 manufacturers of auto parts of which 30% are domestic
and the rest are foreign. These companies manufacture air conditioning equipment, engine components, steering, suspension and logistics, die casting, molding and electronic components.

- Low shipping costs and stable exchange rate.

- Time to market: 4 days to reach the Northern border of the U.S. from Central Mexico, 12 days by ship from China to Mexico, 18 days by ship from France to Mexico

THE ROLE OF THE AUTOMOTIVE INDUSTRY IN THE MEXICAN ECONOMY:

The role of the automotive industry in the Mexican economy is critical, given the impact it has on other core industries such as steel, glass, and rubber. It is regarded as an industry that substantially impacts the country’s economic welfare. With an output of more than 1.5 million vehicles in 2009, Mexico reaffirmed its position as the tenth largest producer of vehicles worldwide, according to a report of the International Manufacturers of Motor Vehicles. The automotive industry is the second-most strategic sector of the Mexican economy after the oil industry and the most important subsector of the manufacturing industry. Given the geographic proximity and economic and business links between Mexico and the U.S., 81% of Mexican automobile production is intended for export, with 80% of the manufactured vehicles going to North America, 10% to Europe, and 8% to the rest of Latin America.

In recent years, this has led major manufacturers to strengthen their presence in Mexico, solidifying the country’s status as a center of automotive production. These major market players have also invested in “compact” and "subcompact” vehicles, relying on the fact that Mexico offers one of the best platforms to meet the growing export demand for smaller cars by consumers worldwide. Seven of the world’s largest manufacturers have chosen Mexico as their production center and export platform, some of which have been operating in the country for more than eight decades. Only three American manufacturers, GM, Ford, and Chrysler, the leading German carmaker Volkswagen, and major Japanese companies such as Nissan, Honda, and Toyota operate assembly plants in Mexico, and together produce 40 car models in the country.

Comparison of Mexico Automotive industry with Indian Automotive industry:

In recent years, India has emerged as a leading center for the manufacture of small cars.
Hyundai, the biggest exporter from the country, now ships more than 250,000 cars annually from India. Apart from that there are other exporters from India are Maruti Suzuki, Nissan, Tata Motors, etc. on the basis of the production, export, companies involved in these countries the comparison is made which is as follows:

Export destinations in 2011-2012 and growth from previous year

<table>
<thead>
<tr>
<th>Country</th>
<th>2010-2011 (in USD Millions)</th>
<th>2011-2012 (in USD Millions)</th>
<th>Percentage Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
<td>593.64</td>
<td>525.24</td>
<td>-11.52</td>
</tr>
<tr>
<td>Mexico</td>
<td>93.80</td>
<td>94.10</td>
<td>0.32</td>
</tr>
<tr>
<td>India</td>
<td>249.14</td>
<td>216.11</td>
<td>-13.26</td>
</tr>
</tbody>
</table>

Here as compare to Mexico India is not achieve that much growth in year 2011 to 2012. it shows that India have negative growth (-13.26) while united states of America achieve (-11.52) growth is better than India.

Countries by motor vehicle production

<table>
<thead>
<tr>
<th>Country region</th>
<th>2011-2012</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>3,936,448</td>
<td>3,536,783</td>
</tr>
<tr>
<td>Mexico</td>
<td>2,680,037</td>
<td>2,345,124</td>
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</table>

Production of car per 1000 people

<table>
<thead>
<tr>
<th>Rank</th>
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<th>Motor vehicles per</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rank</td>
<td>Country/Region</td>
<td>2011</td>
</tr>
<tr>
<td>------</td>
<td>----------------</td>
<td>--------</td>
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<tr>
<td>07</td>
<td>India</td>
<td>2,309,874</td>
</tr>
<tr>
<td>13</td>
<td>Mexico</td>
<td>905,888</td>
</tr>
</tbody>
</table>

**Present Position and Trend of Business**

**Mexico’s Automotive Industry: Exports and Production**

(Units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Total Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1.6 million</td>
<td>2.0 million</td>
</tr>
<tr>
<td>2009</td>
<td>1.6 million</td>
<td>2.1 million</td>
</tr>
<tr>
<td>2010</td>
<td>1.2 million</td>
<td>1.5 million</td>
</tr>
<tr>
<td>2011</td>
<td>1.8 million</td>
<td>2.2 million</td>
</tr>
<tr>
<td>2012</td>
<td>2.1 million</td>
<td>2.5 million</td>
</tr>
<tr>
<td><strong>2011-2012</strong></td>
<td><strong>15.3 %</strong></td>
<td><strong>13.1%</strong></td>
</tr>
</tbody>
</table>

The MAI is also one of the country’s largest employers, with more than 509,000 formal jobs (direct...
and indirect), a large percentage of which are for skilled workers, and is one of the production chains offering the best pay and training and professional development opportunities. All that has contributed to improving general competitiveness in the regions in which it operates, thanks to the formation of clusters of suppliers and service providers, to the fact that it attracts highly qualified technical and professional personnel, to the spillover of technological capabilities applicable to other similar or related industries, such as the electricity, electronics and aerospace industries, and to the contagion and imitation of the good operating and administrative practices that spread out to local companies engaged in a wide variety of business endeavors in different sectors of the economy.

**Policy and norms of automobile industry of México**


**NAFTA rule for export and import in Mexico**

To increasing the use of Mexican-made components in Mexican domestically produced models, the government issued a second decree in 1962. It increased the domestic content requirement to 60% from its previous level of 20% and mandated that power train production be undertaken only in Mexico for models intended for domestic sale.

The government prohibited all imports of finished vehicles and limited foreign ownership of parts producers to minority shares.

Tariffs on auto parts can go as high as 6%, but usually average in the range of 3.1 to 3.7%.

The provisions decided by government:

1. Permitted foreign firms 100% ownership of export-oriented plants, but only 40% ownership of suppliers serving the Mexican market;
2. Raised local content rules to 36% of the components’ value for models sold in Mexico;
3. Required foreign assemblers to maintain a positive Mexican balance of trade;
4. Allowed finished cars and light trucks to be imported into Mexico (beginning in 1991) for the first time in nearly thirty years, but limited market share to 20%, and required exports to positively offset imports by a ratio of 1.75 to 1 in 1994;
5. Set tariffs for finished vehicles and parts and continued to bar imports of used vehicles; and
6. Allowed Maquiladora plants to sell some of their output domestically.

At the end of 1993, Mexico imposed tariffs of 20% on cars, 10% on dump trucks, 20% on other trucks and buses, and 10 to 15% on auto parts.

Under Nafta, the Mexican tariff of 20% on autos were reduced to 10% upon the Agreement's implementation.

Warning

If vehicles manufactured abroad conform to U.S. safety, bumper, and emission standards, it is because these vehicles are exported for sale in the United States.

4.1.2 Mexico Vehicle Permits

Mexico has very strict rules regarding the entry of foreign motor vehicles. Travellers are allowed to bring only one vehicle into the country at a time. Those travelling with a recreational vehicle are not entitled to tow a second vehicle, unless it is registered in the name of an accompanying traveler. It is the owner's responsibility to obtain a Temporary Vehicle Importation Permit (solicitud de importación temporal de vehículos) at the customs office at the U.S.-Mexico border or, in some cases, within 30 km of the authorized border zone (zona
fronteriza). Travellers should ensure that they obtain a permit upon entry and cancel this permit before exiting Mexico.

**Government eliminates property tax on domestic cars**

The move to tighten regulations for used-car imports is one of several steps by the government to assist the Mexican auto industry in increasing domestic sales of vehicles assembled in Mexican plants. In early July, the administration also announced that it would phase out property taxes (Impuesto Sobre Tenencia) on cars produced in the domestic market.

**POLICIES & NORMS OF INDIA FOR IMPORT & EXPORT OF MEXICO**

1) Taxes Policies & norms for exporting or importing of Mexico in Automobile Industry:

**Duties:**
The total Customs duty incidence on cars comes to around 181%. The car can only be imported, if you are transferring residence into India and the engine capacity is less than 1600 cc, there is no cc limit for old and used cars, in your possession for more than 1 year.

**Taxes:**
The Mexican Value Added Tax is 11% for the vehicles that are registered in the Northern border region. The VAT for the remainder of the country is 16%.

**Duty Rates**
Duty rates in Mexico vary from 0% to 140.4%, with average duty rate at 13.97%. Some products can be imported free of duty (e.g. laptops, and other electronic products).

**Sales Tax**
VAT is the levied on imports at a standard rate of 16% calculated on the sum of the CIF value, duty, and DTA. Some products can be imported free of VAT.

**Minimum thresholds**
Imports with a FOB value, i.e. product value, of up to USD 50 are exempt of the duty, however they are still subject to VAT and DTA.

**Tariffs:**
Mexico maintains a 30% tariff for new vehicles, and 50% tariff for used vehicles on U.S. and Canadian vehicles not meeting the NAFTA rule of origin & on vehicles from all other countries that do not have an FTA with Mexico.

**Other taxes and custom fees**
- DTA or Customs Processing Fee is applied to all imports at a rate of 0.08% of the sum of the CIF value and duty.

2) **License Policies & Norms for export of Mexico in Automobile Industry:**

**Licensing policy for Industry**

- Industry kept intended for the community division,
- Industry retained under necessary license.
- Items of manufacture reserved for the small scale sector.
- If the proposal attracts location restriction.
  
  a) **Industrial Entrepreneurs Memorandum (IEM)**
  Industrial activities immune from obtaining an industrial license are necessary to file an IEM in Part 'A' with the Secretariat of Industrial Assistance (SIA), section of Industrial Policy. Immediately after inauguration of marketable manufacture, Part B of the IEM has to be overflowing in the prearranged arrangement.

  b) **Domestic Sales**
  The Commercial Vehicles fragment grew slightly at 4.07%. While average & weighty Commercial Vehicles declined by 1.66%, glow Commercial Vehicles recorded an increase of 12.29%.

  3 Wheelers sales demolish by 9.71 % through sales of merchandise Carriers moribund radically by 20.49% & Passenger Carriers declined by 2.13 percent during April- March 2008 compared to the last year.

  Two Wheelers registered an unenthusiastic enlargement rate of 7.92 %during this period, with motorcycles and electric two wheelers segments moribund by 11.90 % & 44.93 % respectively.
c) **Exports**

Automobile Exports registered an enlargement of 22.3% through the present financial year. Enlargement was guided by two wheelers division which grew at 32.31%. Commercial vehicles and Passenger Vehicles exports grew by 19.10% and 9.37% correspondingly.

d) **Imports**

Well-developed Indian automotive industry produces a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicle

I. **Current Scenario of Export of Mexico or Imports in India:**

Norms tell about amount of duty free import of inputs allowed for specified products. There are no restrictions on imports of capital goods. In the past 30 years Indian imports have risen quite dramatically. At present imports accounts for 17% of the GDP. Capital goods have been continued to be imported and in the last three years, their share has fallen from 25% to 22%

3) **Permission Policies & Norms of India for export of Mexico in Automobile Industry:**

**Duration of Vehicle Import Permit**

The Import Permit lasts for as long as your current visa lasts. If this FMM (Tourist Visa) the period is 180 days. If you are living in Mexico on a FM-3 resident visa.

**Documentation Required for Vehicle Import Permit**

Foreigners will need to show:

- Proof of nationality (e.g. Passport)
- Their Mexican visa or tourist card
- Proof of ownership of the vehicle*
- A valid driver's license with photo

**Financed Vehicles, Rental Cars and Company Cars**

In the event the vehicle is being financed or leased, a letter of credit or invoice from the corresponding financial institution will need to be presented.
**Payment of Import Bond**

The Mexican authorities require that the driver also deposits a bond, which is forfeited if the car is not exported by the expiry date printed on the import permit.

**About The Permit (Windscreen Sticker)**

Permit "document" is a special sticker that is affixed to the inside of your car's windshield.

**Taking Your Car Out of Mexico**

The Mexican government is very strict on the import and export of vehicles in Mexico and uses a centralized computer system to track and trace all cars entering and leaving the country.

**Business potential of Mexico**

Mexico automobile industry’s export has increased considerably, from 3% in 1985 to 40% in 1991. Engines and parts showed an increasing export orientation until 1986, but subsequently weakened.

At any rate, since 1986 the export orientation of the automotive sector is notorious. The trade balance of the automotive industry registered a deficit of 3 billion dollars in 1981, the peak of the oil boom.

Nissan traditionally showed a limited export drive; its few exports were principally to Latin America and only very recently did it start exporting vehicles to Japan.

The export drive is most noticeable in Ford and General Motors, but exports also represent a significant percentage of Chrysler’s sales.

Together with Nissan, they are the only companies exporting light trucks, and have similar export ratios in this segment (30–40%).

Mexico gradually emerges as the South American auto manufacturing hub, local parts suppliers are coming under increased pressure to improve their quality and meet standards demanded by international original equipment manufacturers (OEMs).
The large number of used vehicles being driven in Mexico provides opportunities for exports of repair equipment and replacement parts.

In 2012 used cars 8-10 years old can be imported and in 2013 used cars 6-8 years old can be imported.

Many companies are coming to Mexico to reduce costs.

According to Promexico, the Government body that encourages investment in the country, the establishment of this factory of the Indian company would generate 200 sources of employment in a home.

Many market opportunities exist for Indian firms in Mexico:

1) Developing domestic innovation capabilities
2) Productivity and quality upgrading
3) Mergers and acquisitions
4) Clean transportation technologies
5) Advanced manufacturing technologies
6) Supply of essential automotive components and systems to OEMs

Mexico has remained one of the most attractive destinations for investment in the automotive sector, particularly for companies seeking to enter new markets and strengthen their presence in America.

Nissan and Volkswagen have expanded their operations and product lines to maintain their leadership not only in the local market but also in markets across Europe and Asia.

while Japan’s Mazda is to install a new plant that will bolster the competitive position of Mexico in the global automotive industry.

Currently, an opportunity to consolidate Mexico as a strategic partner for the development of the industry is being explored with Mexico.
Mexico is a reliable and experienced partner for Mexican automotive companies and it is expected that, in the short term, these companies will seek to increase and consolidate their presence within the country.

TRADE BARRIERS

Import Policy Barriers

One of the most commonly known non-tariff barriers is the prohibition or restrictions on imports maintained through the import licensing requirements. Any form of import licensing (other than an automatic license) is, therefore, to be considered as an import restriction. Article XX of the GATT Agreement provides for certain general exceptions on grounds of protection of:

- Public morals,
- Human, animal or plant life or health,
- National treasures of artistic, historic or archaeological value etc.

Besides import licensing, import charges other than the customs tariffs and quantitative restrictions there are other forms in which import restrictions can be imposed through import policy.

Standards, Testing, Labeling & Certification Requirements

Prima-facie Standards, Testing, Labeling and Certification requirements are insisted upon for ensuring quality of goods seeking an access into the domestic markets but many countries use them as protectionist measures. The impact of these requirements is felt more by the purpose and the way in which these are used to regulate trade.

Export Subsidies & Domestic Support

Both export subsidies and domestic support have a great bearing on the trade of other countries. While export subsidies tend to displace exports from other countries into the third country markets, the domestic support acts as a direct barrier against access to the domestic market.
Some of these measures include import quotas, licensing, exchange and other financial controls, prohibitions, discriminatory bilateral agreements, variable levies, advance deposit requirements, antidumping duties, subsidies and other aids, government procurement policies, government industrial policy and regional development measures, competition policies, immigration policies, customs procedures and administrative practices, technical barriers to trade, and sanitary and phytosanitary measures.

Here we can say that this is the country where automotive companies are attacking to enter in the Mexico while
**PHARMACEUTICAL INDUSTRY**

**Introduction of pharmaceutical industry:**

Mexico has one of the world's largest economies, and is considered both a regional power and middle power. In addition, Mexico was the first Latin American member of the Organization for Economic Co-operation and Development OECD (since 1994), and considered an upper-middle income country by the World Bank. Mexico is considered a newly industrialized country and an emerging power. It has the thirteenth largest nominal GDP and the eleventh largest by purchasing power parity. The economy is strongly linked to those of its North American Free Trade Agreement (NAFTA) partners, especially the United States. Mexico ranks sixth in the world and first in the Americas by number of UNESCO World Heritage Sites with 31, and in 2007 was the tenth most visited country in the world with 21.4 million international arrivals per year.

Mexico is one of the most attractive pharmaceutical markets in the Latin American region. It is increasingly aligning its regulations and legislation with US standards, and in 2008 abolished the requirements for pharma companies to have a manufacturing plant in Mexico, therefore lowering barriers to market entry for multinationals.

In addition, Mexico has close economic ties to the United States, the result of both geographic proximity and the common market created by the North American Free Trade Agreement (NAFTA). Given these factors like:

- A young, literate work force
A growing economy,

A powerful trading partner in the United States

Mexico has one of the world's largest economies, and is considered both a regional power and middle power. In addition, Mexico was the first Latin American member of the Organization for Economic Co-operation and Development OECD (since 1994), and considered an upper-middle income country by the World Bank. Mexico is considered a newly industrialized country and an emerging power. It has the thirteenth largest nominal GDP and the eleventh largest by purchasing power parity. The economy is strongly linked to those of its North American Free Trade Agreement (NAFTA) partners, especially the United States. Mexico ranks sixth in the world and first in the Americas by number of UNESCO World Heritage Sites with 31, and in 2007 was the tenth most visited country in the world with 21.4 million international arrivals per year.

Mexico is a developing country, but its economy is actually fairly robust compared to other developing and even some developed countries, as the following statistics indicate. Although a high percentage of Mexicans live below the poverty level, the gross domestic product (GDP)—a measure of economic strength—has recently been estimated to be about $1 trillion with an annual growth rate of 3%. In comparison, Mexico’s southern neighbour, Guatemala, has a GDP of just under $60 billion and an annual growth rate of 3.2%. Mexico’s economy ranks nearly even with Canada’s in terms of GDP (total gross, not per capita) and Mexico’s GDP is growing faster than Canada’s. Mexico’s population is young; the median age is approximately twenty-five years, and there is a relatively high literacy rate of 92.2%, roughly equivalent between males and females. In addition, Mexico has close economic ties to the United States, the result of both geographic proximity and the common market created by the North American Free Trade Agreement (NAFTA). Given these factors like:

- a young, literate workforce
- a growing economy,
- a powerful trading partner in the United States
The role of pharma industry in economy of Mexico:

There is a large market for drugs in Mexico. Out of over 130 existing pharmaceutical manufacturers only 60 are in active manufacturing. This is despite the installed capacity of the industry to produce between 50% and 75% of the nation’s drug needs. Capacity utilization is below 30% and about 70% of the drugs are thus imported.

According to the Pharmacists Council of Mexico (PCN), there were 128 registered drug manufacturers, 1,534 retail pharmacies, 724 drug distributors and 292 drug importers in Mexico in 2010. Mexico has a total of 14,607 public and 9,034 private healthcare facilities (National Bureau of Statistics). However, it has been estimated that there are over 10,000 unregistered patent and proprietary medicine stores, which are thought to sell over the counter (OTC) products only.

At present, to global Pharma companies, Mexico and India possess the best ratio of cost to product/service quality among all emerging countries. However, the current labour and raw material costs in the Indian pharmaceutical industry are generally about 25% to 30% higher than in Mexico. That fact makes Mexico more attractive than India to pharma companies when they source bulk materials or outsource long-term, large-scale manufacturing projects.

The key challenges confronting Mexico’s pharmaceutical market include fake medicines, poor healthcare infrastructure and the limited spending power of citizens. The pharmaceutical market was estimated to be worth US$ 500 million in 2009 and should grow substantially at around 12 per cent year-on-year to reach US$ 717 million by 2011. Despite government efforts to promote domestic manufacturing, Mexico remains heavily dependent on imported pharmaceuticals. The revised National Drug Policy (NDP) (2004) set a target for 70 per cent (in volume) of the country’s demand for medicines to be met by local drug manufacturers by 2008. Consequently, Government policies support local production of essential medicines in accordance with the NDP.

Collectively, the Mexican pharma industry is able to produce more than 60 dosage forms with a total of about 5,000 medicines. Among all dosage forms, the powder for injection is the largest group, followed by oral solids. As a comparison, India is currently able to make almost all types of dosage forms with a total of more than 60,000 medicines. A large number
of Indian companies has even gained the formulation and manufacturing capabilities for
difficult-to-make forms, including injectables and soft gels.

Currently, an increasing number of Mexican pharma companies are aggressively improving
their production facilities and aim to get them certified by the regulated countries. Compared
with their Mexican counterparts, a larger number of Indian pharma companies possess large
manufacturing facilities that have already been certified by the regulated countries.

Currently, Mexico markets finished drugs in more than 170 countries and regions. But the
largest markets are still the developing countries. The current total export value of dosage
forms is only a little more than $2 B. Sales of the Mexican-made finished drugs in the
developed countries account for about 40% and are mostly marketed by the Mexican
divisions of major multinational pharma companies. In comparison, the current total export
value of India’s finished drugs is about $11 B. About half of the Indian-made finished drugs
are marketed in the well-regulated markets, mostly by the Indian companies themselves.

The importation of goods to Mexico is governed by the Customs and Excise Management
Act; Customs and Excise Notices; and guidelines set out by the Federal Ministry of
Finance. Importers must complete an import declaration form & other required documents
include: an attested invoice, bill of entry, copy of bill of lading/airway bill etc., a packing list;
certificate of insurance; a bank receipt for import duties; a Clean Report of Inspection (CRI)
issued by the Pre-shipment inspection agent; and, if applicable, other documents, such as
health certificates, required for the clearance of imports subject to specific standards and
technical regulations for health, safety, and sanitary. Temporary imports and imports of
samples and advertising materials are also subject to specific documentary requirements, as
are goods for transhipment or in transit.

**Structure of Mexico pharma industry:**

According to the Pharmacists Council of Mexico (PCN), there were 128 registered drug
manufacturers, 1,534 retail pharmacies, 724 drug distributors and 292 drug importers in
Mexico in 2010. Mexico has a total of 14,607 public and 9,034 private healthcare facilities
(National Bureau of Statistics). However, it has been estimated that there are over 10,000
unregistered patent and proprietary medicine stores, which are thought to sell over the
counter (OTC) products only.
Functions of Mexican pharma industry:

✔ Research and Development
✔ Regulatory Affairs
✔ Quality assurance
✔ Production
✔ Quality Control
✔ Sales and Marketing

Business activities of pharma industry:

✔ Registration
✔ Selection
✔ Procurement
✔ Distribution
✔ Service delivery

Comparative position of pharma industry of Mexico with India:

Comparative position of Indian Pharma industry
Comparative position of Mexico pharma industry

Growth of both country’s pharmaceutical industry
<table>
<thead>
<tr>
<th>Country</th>
<th>2011-12</th>
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</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>22% CAGR</td>
</tr>
<tr>
<td>India</td>
<td>16% CAGR</td>
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**Policies and norms of Mexico for pharmaceutical industry:**

- Export-import norms of mexico pharma industry
  - Customs Procedures and Valuation
  - Rules of Origin
  - Custom Tariffs
  - Duty Exemptions and Concessions
  - Import and export administration
  - Import bans
  - Products
  - Pharmaceutical Import Regulation in Mexico
  - Import- Export Licensing
  - Taxes/tariffs

**Present trade barriers for import and export:**

- Technical Barriers to Trade
- Multiple Approvals by Various Drugs Regulatory Authorities
Potential for export/import & business opportunities in future:

Potential for Gujarat to export pharma goods in Mexico

It can be said that Pharmaceutical exports from Gujarat has clocked a 12 per cent growth during the 2010-11 fiscal touching around Rs 11,000 crores, according to estimates from the Indian Drug Manufacturers' Association (IDMA). "Gujarat contributed nearly 28 per cent of national pharmaceutical exports in the last financial year, which is roughly around Rs 11,000 crores. The Mexican authorities are inviting more and more Indian pharma players to set up manufacturing facilities and hike exports to the African country, the domestic pharma leaders have asked for some sort of financial incentives like tax holidays.

Potential import from Mexico in Indian market:

India is the most preferred country to source pharma products because of its quality and its competitiveness. According to the Cygnus report, in 2004, amoxicillin was the first major exported formulation product from India with the export value of Rs 49.90 corer.

At present, India-Mexico trade is about $10 billion, with the trade balance heavily in favour of Mexico. Mexican exports to India are around 9 billion us dollars, while India's exports to Mexico are only a little over 1 billion us dollars.
Mexico Pharmaceutical market Stood at 11bn in 2008. [IMS Health]
- Rank 11th largest Pharma market in 2008; expected to grow at 1-5% during next five year. [IMS Health]
- Considering lower level of income of Mexicans among OECD countries the prices of medicines are 5 times the level of income adjusted prices in US.
- Low competition from generic sector allows higher prices for medicines.
- Per-capita spending on Pharmaceuticals in Mexico is highest in Latin America.
- Mexico is characterized by overwhelming health inequalities – reflecting the large regional differences in income and health.
- The top three causes of death in Mexico are diabetes, heart disease and cerebrovascular disease (in parallel with the worrying rates of obesity, especially in the northern states).

- Almost all of the major multinational research-based pharmaceutical companies are present in Mexico. These firms accounted for 84% of the total value of pharmaceutical sales in Mexico in 2003.
- Senosiain, The top domestic company ranked fifteenth overall and demonstrating almost negligible growth.
- Majority of the Market is occupied by Branded products with generics accounting for just 4% of total pharmacy sales.
• Despite fairly strong intellectual property rights protection, low R&D spending on the development of pharmaceuticals in Mexico has meant there is little in the way of innovative activity in this sector.

• The degree of product market competition, as measured through an indicator on product market regulations for 2003 shows Mexico to have one of the tightest regulated markets among OECD countries.

Global Trade of Drugs & Pharmaceuticals; Mexico

Business opportunities in future:

✓ Supply of pharmaceuticals:

The reality regarding supplies of medicines in Mexico is that those who are not trained and registered as pharmacists are actively involved in supplying pharmaceuticals, using unregistered premises. Rural and poor communities, which have no health facilities, receive medicines from patent stores and vendors in open market places.

✓ Supply of inputs:

All active pharmaceutical ingredients (APIs) used in Mexico are imported, mainly from India. The National Institute for Pharmaceutical Research and Development (NIPRD) has carried out research and development into pharmaceutical grade starch since it would be very advantageous to local drug manufacturers if starch could be processed locally to produce pharmaceutical grade starch, pre-gelatinized starch used as pharmaceutical binder, and
dextrose monohydrate marketed as glucose powder (nutraceuticals), which is a major ingredient in intravenous infusions.

✓ Procurement of medicines and medical supplies:

Procurement is a key challenge in the supply of medicines in Mexico and, as in the case of distribution; procurement of medicines and medical supplies is fragmented and involves too many organizations. In the public sector, there is a national procurement policy and a dedicated procurement department has been created to cater for health related items. The idea is to involve all actors and pull together all procurement resources in order to enjoy pooled procurement benefits.

✓ Future growth:

Mexican companies need to attain the right product–mix for sustained future growth. Core competencies will play an important role in determining the future of many Mexican pharmaceutical companies, in an effort to consolidate their position, will have to increasingly look at merger and acquisition options of either companies or product. This would help them to offset loss of new product option, improve their R&D efforts and improve distribution to penetrate markets.

✓ Research and development of medicines:

In a landmark innovation, the National Institute for Pharmaceutical Research and Development, with Government help, initiated and completed the research and development of a new medicines. The product has been granted orphan drug status by both the United States Food and Drug Administration and the European Medicine Evaluation Agency.

✓ Investment opportunity:

Mexico's pharmaceutical industry is relatively small and the installed capacity only caters for about 50-75% of the nation's drug needs. Mexico is still largely dependent on the importation of drugs and the federal government has as a result banned the importation of a number of drugs in order to stimulate local production.

**SWOT analysis of India and Mexico:**
MEXICO

• **Strengths**
  - Mexico more attractive than India to pharma companies
  - Its growth was good i.e in 2009 it having worth of US $500 and in 2011 US $ 717 worth.
  - However, the current labour and raw material costs in the Indian pharmaceutical industry are generally about 25% to 30% higher than in Mexico.

  ➢ **Weakness**
  - Poor healthcare infrastructure
  - Mexico remains heavily dependent on imported pharmaceuticals

  ➢ **Opportunities**
  - Existing large market size in Mexico
  - Can increased Research and Development (R & D) efforts at the National Institute for Pharmaceutical Research and Development (NIPRD)

  ➢ **Threats :**
  - Mexico’s pharmaceutical market include fake medicines.
  - Most of the industries are not having proper pattern and licensing.

INDIA

• **Strengths**
  - Providing employment to millions of peoples.
  - Essential drugs at affordable prices are available
  - Availability of very skilled technical and scientific manpower

  ➢ **Weakness**
  - Low investment in innovative Research & Development
• Lack of resources to compete with MNCs for New Drug Discovery Research

➢ **Opportunities**

• Licensing deals and collaborations with MNCs for New Chemical Entities and New Drug Delivery Systems

• Providing marketing operations to sell MNC products in domestic market

➢ **Threats:**

• Product patent rule poses serious challenges to domestic industries unless it invests in R & D.

• Exports effort in an inferior position by procedural hurdles in India

Increased research and development efforts at the National Institute for Pharmaceutical Research and Development and national universities can lead to the emergence of new therapeutic agents, nutraceuticals and phytomedicines from Mexico’s abundant indigenous biodiversity and traditional medicines.

Health monitoring agencies are urgently needed to enforce government policies and maintain standards and legal system should also provide recourse for citizens who seek redress in the event of medical negligence. If all these systems can be connected by a determined and focused leadership, then Mexicans would enjoy decent healthcare, from the health centers at grassroots level to the teaching hospital referral centers in urban areas.

The most important recommendation is for better allocation of financial and other resources by NAFDAC and investing in up-to-date technology to assist officers in their work. Purchasing vehicles for inspectors of would halt the practice of having manufacturing companies transport inspectors to and fro manufacturing sites. This would not only reduce the safety risk to the inspectors, it would also limit the potential for enticement and regulatory capture.

The recommendation is to place greater emphasis on human resources. This involves hiring qualified personnel and re-training current staff. Short staffing was a particular problem in drug inspection at the ports and this is problematic given that the ports are a porous entry
point for counterfeit drugs and with fewer staff, more counterfeit products are likely to be missed. In addition, an enhanced salary and benefit package for current NAFDAC officers would help shield them from tempting offers made by desperate companies, however, this would be contingent on an increase in budgetary allocation to the NAFDAC from the Federal Government.

The local pharmaceutical industry may benefit from incentives which favour registration of high-quality locally manufactured drug products over foreign imports. One of NAFDAC's mandates is to "strengthen confidence in made-in-Mexico products" so processes that favour local drug manufacturers in the long term could result in a more responsive and accountable industry which ensures higher quality of locally-made products and would also stimulate the nation's economy. The establishment of such initiatives would require initial investments into Mexico's manufacturing facilities so that they are in line with WHO Good Manufacturing Practices as a starting point.

To further restore confidence in the Mexican drug industry, closer monitoring of patent and proprietary medicines dealers is recommended to ensure that they do not distribute drugs they are not authorized to. This could be in the form of both routinely scheduled and unplanned inspections of their facilities. As well, the suppliers of their products should be verified and more closely monitored by inspectors to ensure that they are legitimate, compliant with NAFDAC regulations, and that their products are quality controlled.

A recommendation is for public availability of internal/external audit results of drug regulatory agencies. Apprehension about public scrutiny may provide an incentive for all agencies to ensure that their processes are well-documented and consistent, and that they are fully compliant with the standard operating procedures set out for them. This measure would increase transparency as well.

In accordance with the theme of public accountability, the area of drug registration suffered from a lack of public availability of documentation describing the terms of reference or criteria for member selection of the committee that decided which drugs would be approved for registration. Being able to assess these documents publicly would also improve transparency and with increased transparency, there is a lower potential for inefficiency and/or corruption.
To reinforce transparency and accountability of the inspection process, it is also recommended to regularly rotate inspectors to different sites. An explanation given for not rotating inspectors was that greater lengths of time spent at a particular port increased the expertise of the inspectors there. Furthermore, respondents demanded that some inspection units should be decentralized into the various local government areas as opposed to remaining primarily in state capitals.

The key objective of the pharmaceutical sector in Mexico remains the attainment of self-sufficiency in the supply of quality and affordable essential medicines to the population of more than 140 million in Mexico and potentially to an additional 140 million in the ECOWAS sub region.

Government policy designed to promote the local production of essential medicines through a series of practical incentives is a major boost to the pharmaceutical industry in Mexico.

A robust and progressive pharmaceutical sector in Mexico is foreseen in the coming decade. Stakeholders are collaborating in designing a mobile phone-based anti-counterfeiting system and technology verification techniques. Equally significant are forward strides in drug distribution through mega distribution companies.

Thus, from the overall study of the Mexico and India country we can say that there is great opportunities are existed in future for India to do business in Mexico. Thus, it shows the bright future for both countries.
OIL AND PETROLEUM INDUSTRY OF MEXICO

The petroleum industry in Mexico makes it the sixth largest producer of oil in the world and the tenth largest in terms of net export as of 2007. It is the second largest oil producer in the Western Hemisphere behind only the United States and just ahead of Canada. However, Mexico is not a member of OPEC or any petroleum production related organizations.

The sector is crucial to the Mexican economy; while its importance has been reduced in recent years, oil revenues generate over 10% of Mexico's export earnings.

Exploratory wells were first drilled in Mexico in 1869, but oil was not discovered until the turn of the twentieth century. By 1901, commercial production of crude oil in Mexico had begun. By 1910, prospectors had identified the Panuco-Ebano and Faja de Oro fields located near the central Gulf of Mexico coast town of Tuxpán. Systematic explorations by foreign companies (mainly American) came to supersede the uncoordinated efforts of speculative prospectors. Mexico became an oil exporting nation in 1911.

Mexican President Lázaro Cárdenas intervened in the legal preceding by expropriating the oil industry and nationalized the petroleum industry, giving the Mexican government a monopoly in the exploration, production, refining, and distribution of oil and natural gas, and in the manufacture and sale of basic petrochemicals. Between 1938 and 1971, Mexico's oil output expanded at an average annual rate of 6%. In 1957, Mexico became a petroleum net importer after domestic demands exceeded domestic production. However, production rose to 177 million barrels (28.1×10⁶ m³) by 1971 with the exploitation of new oil fields in the isthmus of Tehuantepec and natural gas reserves near the northeastern border city of Reynosa, but the gap between domestic demand and production continued to widen.

**Oil production**

Mexican production peaked in 2004 and is now in decline.

Mexico produces three grades of crude oil: heavy Maya-22 (accounting for more than half of the total production); light, low-sulfur Isthmus-34 (28% of production); nd extra-light Olmeca-39 (20% of production). At the beginning of 2002 Mexico had the second largest proven oil reserves in the Western Hemisphere with 30.8 billion barrels (4.90×10⁹ m³). However, according to Pemex, Mexico’s reserves/production ratio fell from 20 years in 2002 to 10 years in 2006, and Mexico had only 12.4 billion barrels (1.97×10⁹ m³) of proven oil reserves left by 2007. Mexico stands ninth in the worldwide ranking of conventional oil reserves with only Venezuela higher in the Western Hemisphere.
Hemisphere (although Canada ranks higher if proven reserves of unconventional oil in oil sands are included)

<table>
<thead>
<tr>
<th>Year</th>
<th>million barrels per day</th>
<th>thousand cubic meters per day</th>
<th>Rank</th>
<th>Percentile</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>3.59</td>
<td>571</td>
<td>5</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>3.59</td>
<td>571</td>
<td>5</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>3.46</td>
<td>550</td>
<td>5</td>
<td>-3.62%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>3.42</td>
<td>544</td>
<td>6</td>
<td>-1.16%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>3.50</td>
<td>556</td>
<td></td>
<td>+2.3%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>3.00</td>
<td>477</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2.98</td>
<td>474</td>
<td>7</td>
<td>-0.1%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2.5</td>
<td>400</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Industry profile
In 2010, Mexico was the 7th largest producer of oil in the world – producing 3.001 million barrels a day – as well as being the 2nd largest exporter of oil to U.S. Mexico also produces 60.35 billion cubic metres of natural gas every year, making it the 12th largest producer in the world. As written into the constitution, mineral resources are the “nation’s property” and as such the all energy supplies are controlled by the state. The state-owned Pemex is responsible for research, exploration and sales, and is the second largest company in the whole of Latin America, behind Brazil’s Petrobras. Mexico’s oil industry though has been in a serious decline since the 1980s, with Pemex being heavily taxed and thus lacks funds to explore new sources. In 2010, Services contributed to 62.5 percent of Mexico’s GDP, with the two most important services being tourism as well as finance and banking

Petroleum Industry Structure
The American Petroleum Institute divides the petroleum industry into five sectors; upstream, downstream, pipeline, marine and service & supply. The petroleum industry is usually divided into three major components: upstream, midstream and downstream, though midstream operations are usually included in the downstream category

1) Upstream:

2) Midstream

3) Downstream
Business Activities of Petroleum Industry in Mexico

1. Drilling activity
2. Deepwater development
3. Research & Technology

Functions of Petroleum Industry in Mexico:

1. Gathering

The gathering process employs narrow, low-pressure pipelines to connect oil- and gas-producing wells to larger, long-haul pipelines or processing facilities.

2. Processing/refining

Processing and refining operations turn crude oil and gas into marketable products. In the case of crude oil, these products include heating oil, gasoline for use in vehicles, jet fuel, and diesel oil. Oil refining processes include distillation, vacuum distillation, catalytic reforming, catalytic cracking, alkylation, isomerization and hydro treating. Natural gas processing includes compression; glycol dehydration; amine treating; separating the product into pipeline-quality natural gas and a stream of mixed natural gas liquids; and fractionation, which separates the stream of mixed natural gas liquids into its components. The fractionation process yields ethane, propane, butane, isobutene, and natural gasoline.

3. Transportation

Oil and gas are transported to processing facilities, and from there to end users, by pipeline, tanker/barge, truck, and rail. Pipelines are the most economical transportation method and are most suited to movement across longer distances, for example, across continents. Tankers and barges are also employed for long-distance, often international transport. Rail and truck can also be used for longer distances but are most cost-effective for shorter routes.

4. Storage

Midstream service providers provide storage facilities at terminals throughout the oil and gas distribution systems. These facilities are most often located near refining and processing facilities and are connected to pipeline systems to facilitate shipment when product demand must be met. While petroleum products are held in storage tanks, natural gas tends to be stored in underground facilities, such as salt dome caverns and depleted reservoirs.
5. **Technological applications**

Midstream service providers apply technological solutions to improve efficiency during midstream processes. Technology can be used during compression of fuels to ease flow through pipelines; to better detect leaks in pipelines; and to automate communications for better pipeline and equipment monitoring.

**How much petroleum does the India import and from where?**

The India imported approximately 11.4 million barrels per day of petroleum in 2011 from about 80 countries. We also exported 2.9 MMbd of crude oil and petroleum products, so our net imports (imports minus exports) equaled 8.4 MMbd. The net imports accounted for 45% of the petroleum consumed in the United States, the lowest annual average since 1995.

"Petroleum" includes crude oil and refined petroleum products like gasoline and biofuels such as ethanol and biodiesel. In 2011, about 79% of gross petroleum imports were crude oil, and about 60% of the crude oil processed in U.S. refineries was imported.

The top five source countries of Indian petroleum imports in 2011, were Canada, Mexico, Saudi Arabia, Venezuela, and Nigeria. Their respective rankings vary depending on whether you consider total/gross petroleum imports or net petroleum imports (gross imports minus exports). Net imports from OPEC countries accounted for 52% of U.S. net imports.

<table>
<thead>
<tr>
<th>Top Sources of Imported Petroleum to the India in 2011 In Million Barrels per Day (and Percent Share of Total Imports)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Import Sources</strong></td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>Total, All Countries</td>
</tr>
<tr>
<td>OPEC Countries</td>
</tr>
<tr>
<td>Persian Gulf Countries</td>
</tr>
<tr>
<td><strong>Top Five Countries</strong></td>
</tr>
</tbody>
</table>
Canada | 2.706 (24%) | 0.295 | 2.411 (29%)  
Mexico | 1.205 (11%) | 0.569 | 0.636 (8%)  
Saudi Arabia | 1.195 (11%) | 0.002 | 1.193 (14%)  
Venezuela | 0.944 (8%) | 0.032 | 0.912 (11%)  
Nigeria | 0.817 (7%) | 0.015 | 0.802 (10%)  

**Current trend of Petroleum industry in Mexico**

Mexico on issues related to cross-border trade, Mexico’s participation in the Trans-Pacific Partnership (TPP) agreement negotiations, economic conditions in Mexico, migration, and border issues. Congress also will likely take an interest in the economic policies of Mexican President elect Enrique Peña Nieto, who is expected to enter into office for a six-year term on December 1, 2012.

Mexico in petroleum industry ranks third as a source of U.S. imports, after China and Canada, and second, after Canada, as an export market for U.S. goods and services. The United States is the largest source of foreign direct investment (FDI) in Mexico.

The United States and Mexico share many common interests related to trade, investment, and regulatory cooperation. The two countries share a 2,000 mile border and have extensive interconnections through the Gulf of Mexico.

**Export & import of petroleum industry in Mexico**

The leading U.S. import from Mexico in 2011 was crude petroleum oil. Crude petroleum oil imports amounted to $39.8 billion, or 15%, of total U.S. imports from Mexico in 2011 (see Table 2). After sharp decreases in 2009 caused by the global economic downturn, all leading imports from Mexico increased in 2010 and 2011. The next leading U.S. import items in 2011 from Mexico were passenger automobiles ($15.5 billion); television receivers ($14.9 billion); automatic data processing machines ($13.8 billion); and auto parts ($13.7 billion).

Mexico is the third-leading supplier of total U.S. energy imports, after Canada and Saudi Arabia. Crude oil imports from Mexico totaled $39.8 billion in 2011, accounting for 12% of total U.S. crude oil imports.
**Current trend of Petroleum industry in India:**

Indian import and export policy: Import is the antonym of export. In the terms of economics, import is any commodity brought into one country from another country in a legal way. The economic needs of the country, effective use of foreign currency are the basic factors which influence India's import policy. There are mainly 3 basic objectives of the Indian import policy:

- To make the goods easily available.
- To simplify importing license.
- To promote efficient import substitution.

**Current Scenario of Imports in India**

There are few goods which cannot be imported namely tallow fat, animal rennet, wild animals, unprocessed ivory etc. Most of the restrictions are on the ground of security, health, environment protection etc. Imports are allowed free of duty for export production. Input output norms have been specified for more than 4200 items. The norms tell about the amount of duty free import of inputs allowed for specified products. There are no restrictions on imports of capital goods. Import of second hand capital goods whose minimum residual life is of five years is permitted. Export Promotion Capital Goods (EPCG) scheme provides exporters to import capital goods at a concessionary custom rates. In the past 30 years Indian imports have risen quite dramatically. At present imports accounts for 17% of the GDP. Capital goods have been continued to be imported and in the last three years, their share has fallen from 25% to 22%.

**Standards, Testing, Labeling, and Certification**

Rules concerning sanitary and standards, testing, and labeling are perfectly defined, but Bureaucratic hurdles slow the import approval process. Regardless of origin, Mexico requires that all food, drug, cosmetic, and pesticide imports be accompanied by certificates of analysis from manufacturers and appropriate national authorities; and specified animal products, plants, seeds, and soils must be accompanied by proper inspection certificates. By law, items entering Mexico must be labeled exclusively in the metric system.

U.S producer Goods to meet this requirement are costly and limit U.S. exports to Mexico. The NCS is charged with preventing the entry of products with dual or administration markings, but such items are often found in Mexican markets. The National Agency for Food and Drug Administration and Control (NAFDAC) is charged with protecting Mexican consumers from fraudulent or unhealthy products. The agency continues to focus special attention on eliminating the illicit importation of counterfeit and expired pharmaceuticals, particularly from East and South Asia.
NAFDAC’s is not unlimited capacity for carrying out inspections and testing contributes to what critics have characterized as an occasionally heavy-handed or arbitrary approach to regulatory enforcement which sometimes leads to delays in clearance of legitimate food imports. Although Mexico has no laws governing agricultural biotechnology or bio safety, the government is generally supportive of biotechnology.

Oil & Gas Domestic Production and export Scenario)

The official said ONGC will pay Rs 30,296 crore for the nine-month period, up 42.3 per cent over Rs 21,291 crore pay-out in the same period a year ago.

The company had in the first six months shelled out Rs 17,760 crore and so it will provide an additional Rs 12,536 crore in the third quarter when it considers Q3 earnings this week.

OIL will pay Rs 4,478 crore towards fuel subsidy for the April-December period as opposed to Rs 1,596.68 crore pay-outs in the corresponding period last year.

It had in the first half paid Rs 2,625.09 crore towards fuel subsidy and would give a further Rs 1,852.91 crore in the third quarter when it considers the financial results on Saturday.

GAIL’s share has been fixed at Rs 2,120 crore for the first nine months of current fiscal, the official said.

While the Government had in June 2010 freed the pricing of petrol from its control, it continues to regulate the retail rates of diesel, domestic LPG and kerosene

BUSINESS OPPORTUNITIES IN FUTURE

The future Opportunities at door of petroleum sector in Mexico are as follows:

1. Opportunities for foreign investments and technology partnerships in the upstream sector:

Securing supplies is expected to remain on top of India’s energy agenda for the foreseeable future. While a lot of exploration activity has taken place in the on-land and shallow basins of the country, it is believed by many that deepwater and ultra deepwater Oil & Gas resources hold a key to substantially increasing domestic production. However, Indian companies especially the PSUs have limited technical and monetary bandwidth or experience to undertake exploration and development activities in such areas. This creates a plethora of opportunities for strategic investors having relevant technical expertise and financial muscle such as BP to invest in the country through partnerships with local public and private sector companies.

2. Opportunities for transactions and partnerships in assets abroad:
The race for securing future energy supplies has led Chinese NOCs to aggressively scout for Oil & Gas assets abroad during the last few years. Many Indian companies have been aggressively scouting for opportunities to pick up equity oil abroad or pick up strategic stakes in unconventional acreages in order to acquire technology/expertise for similar developments back home.

3. Opportunities for E&P services and equipment companies

The sector offers great future opportunities for both Indian and international companies driven by factors such as:

- Vastly unexplored and underexplored sedimentary basins
- Pending work commitments on NELP blocks
- Enhanced recovery programs
- Unconventional hydrocarbon exploration activities gaining momentum in India

4. Substantial latent demand in the natural gas sector

Many of the end customers of the natural gas sector offer significant latent demand on account of factors such as lack of infrastructure or last mile connectivity. The opportunities available through unlocking of this latent demand through infrastructure expansion are immense especially as gas is cheaper than crude oil and other feedstock for many industry sectors.

5. Refining Sector

India has its sights well set on becoming one of the major global refining hubs. In order to realize this aspiration, India will focus on expanding its capabilities and position itself to become an increasingly important player in the international export markets for refined petroleum products. The country is expected to be one of the major investors in development of refinery infrastructure in the world during the next couple of decades. The cumulative investment in refining infrastructure in the country during 2011-2035 as per projection by the IEA under the new policies scenario is expected to be about US$ 140 billion.

6. Opportunities in tank age

Import of crude oil will grow at a CAGR of 4.25% as per IEA projections for the next 20 years. Average per barrel cost of crude imports has seen a CAGR rise of 6.42%. Thus pushing a strong thrust on the infrastructure of storage tanks within the country.

7. Opportunities for pipeline transportations
Compared to advanced economies like USA, where more than 60% of petroleum product movements happen by pipeline, in India, currently, only 35% of product movement happen over pipelines. Cross-country pipeline networks, preferred as a cost-effective, energy-efficient, safe and environment friendly mode for transportation of crude oil and petroleum products, have been playing a vital role in meeting India’s energy demand. They are now a key constituent of the country’s infrastructure, transporting crude oil from import terminals as well as domestic sources to inland refineries, and finished products from refineries to major consumption centres. If the industry, regulator, Government and policy makers find suitable solution for regulatory approvals, right of way etc. India has a substantial “head room” for growth in both crude and petroleum product pipelines.

**Suggestion**

Based On The Findings Of This Work, It Is Inevitable To Provide A Set Of Policy Recommendation That Would Be Applicable To The Mexico’s Economy:

The Mexican National Petroleum Corporation (NNPC) Should Diversify Its Export Baskets Through Downstream Production, This Will Enhance The Refined Petroleum For Exports;

Government is focusing more on oil exporting so they also focus on petroleum exporting to developed Mexico

Security Should Be Boosted On The High Sea Where Crude Oil Products Are Being Smuggled. This Will Help Reduce The Loss From Illegal Export Of Crude Oil Products;

Mexico’s oil production is decreases every year so government also take care to increase oil production

Government Should Give Immediate Attention To The Indigenes Of The Region Where Crude Oil Is Being Extracted From. This Will Reduce The Unrest In That Region;

Mexico’s refining capacity is underutilized so government should have to more focus on utilization of refining capacity

Government Should Establish An Institution That Will Ensure That The Multinational Oil Companies Are Socially Responsible To Their Host Community;

The taxes should be replaced by a specific duty structure and interestingly, it does not mention oil bonds and sharing of subsidy by oil companies