

## Business in Mexico

Mexico is a country of huge potential which has demonstrated predictable, stable economic growth. It is a dynamic market and analysts predict that its economy will be the world's seventh largest by 2050. It covers an area about the same size as the whole of Western Europe and occupies a strategic global position, being the natural bridge between Latin America to the south and the United States and Canada to the north.

### What are the Opportunities?

---

With its impressive network of Free Trade Agreements (including North America and the EU) and its strategic location in-between the US and Latin America, Mexico has the potential to act as a springboard into the region as well as being an attractive proposition in its own right.

### What's so special about Mexico?

---

Mexico is the largest trading nation in Latin America and one of the world's top 15. As the economy has grown so has the demand for imports. UK exports of sophisticated goods and services have grown due to that demand. Mexico was the first Latin American country to become a member of the Organisation for Economic Co-operation and Development (OECD) and is also a founding member of the World Trade Organization (WTO).

### What are the challenges?

---

Mexico is perceived to be a tough proposition, even for the seasoned exporter, due to high levels of bureaucracy and complicated procedures. In fact, doing business in Mexico is no more difficult than in other emerging markets, and in many cases it is much easier.

The government is actively working to reduce bureaucracy and improve competitiveness, and is driving forward reforms to attract new investment and diversify trade. Naturally, some things are done differently here but, as with all overseas markets, many of the potential pitfalls can be avoided with adequate preparation.

UK Trade & Investment helps companies of all sizes do business in Mexico through a network of international trade teams based in the English regions and devolved administrations. In Mexico, there are dedicated trade & investment teams based in Mexico City, Monterrey, Guadalajara, Tijuana and Villahermosa.

### Mexico's Free Trade Agreements Publication

---

Mexico has free trade agreements with more countries than any other in the world – 12 agreements with 44 countries. Mexico is expected to continue expanding its network of agreements to diversify its export markets and to attract Mexican and foreign enterprises to invest and reap the benefits of joint production in a strategic location.

The EU-Mexico Free Trade Agreement has led to the elimination of all tariffs on EU-origin industrial goods. With no import duties UK exporters can now compete on equal terms with exporters from the USA and Canada.

Although there is no EU free trade agreement with the USA, British companies can take advantage of Mexico's North American Free Trade Agreement with the USA and Canada (NAFTA). By establishing themselves in Mexico, British companies can use Mexico as a low cost manufacturing base with direct, duty-free access to the largest consumer market in the world, the United States.

## Health Care and Life Science sector in Mexico

Business Monitor International (BMI), states healthcare spending in Mexico is expected to rise from US\$70.24bn in 2011 to US\$101.03bn by 2016. This will make it the second most important market in Latin America.

### Market overview

---

Health provision has been a high priority for the Mexican government. Mexico's epidemiologic profile – including cancer, obesity, cardiopathies and diabetes, demands greater use of medical devices and diagnostics.

Diabetes has been one of the leading causes of death and disability in Mexico. Patients use a large number of disposable needles for insulin injections and wound care products to treat diabetic ulcers. Innovative drug makers are investing in developing technology that will allow insulin to be delivered by other means. Medical devices are expected to rise in value from US\$4.19bn in 2011 to US\$7.66bn by 2016, at annual growth rate of 12.8%. The key driver of growth will be the expansion of access to services. About 80% of the population has some form of health coverage, and it is expected to reach a 100% of Mexicans to be covered by one of the main health public institutions in the country

### Key opportunities

---

#### *Investment and supply of pharmaceuticals*

According to BMI the value of the total pharmaceutical market in Mexico reached US\$12.99bn in 2011. This is a growth of 5.6%. This has been mostly driven by an ageing population and the increasing incidence of chronic diseases. In the next five years more than 5,000 patents of pharmaceutical products will expire representing an opportunity for big companies to develop the formula as a generic product.

#### *Training in Geriatrics*

Recent continual population growth has presented new health challenges for the Mexican Ministry of Health. According to an official census, in 2010 there were 10.5 million people over 60 years of age; by 2020 this figure will increase to 15 million, and by 2050 the number will rise to 36 million people over 60. PPPs (Public Private Partnerships), including training in PPP hospital management As part of the government's strategy to decentralise high specialisation health services, the Ministry of Health has issued a "master plan for health". The first high speciality hospital built under the PPPs scheme started operations in March 2007. The UK is held in very high regard as a centre of excellence for PPP consultancy.

#### *Consultancy in institutional reform, quality assessment and management, patient safety & medical ITs*

Since the National Strategy includes areas such as processing homologation, accessibility, efficiency, efficacy, quality guaranty, and patients' security. There is a lot of space for British guidance in these areas including technical, live support and intelligence.

### Getting into the market

---

To export successfully to Mexico, you will probably need to employ an agent or a distributor. An agent is a company's direct representative in a market and is paid commission. A distributor sells products to customers after buying them from the manufacturer – their income comes from the margin they can make on resale.

Local representation is strongly advisable. In some cases where health certification is required, a local agent is a legal requirement.

Source: UK Trade & Investment (<http://www.ukti.gov.uk>)

View content: <http://bit.ly/PHs1qS>, <http://bit.ly/16QF55z>

#### **Contacts:**

**Marcela Lopez**, British Embassy Mexico. Tel. +52 55 1670 3243 or email: [marcela.lopez@fco.gov.uk](mailto:marcela.lopez@fco.gov.uk)

**Paola Jimenez**, British Embassy Mexico. Tel. +52 55 1670 3241 or email: [paola.jimenez@fco.gov.uk](mailto:paola.jimenez@fco.gov.uk)