

Mexico: Trade platform to the EU, Japan, and North America

On April 1, 2005, entered into force the Economic Partnership Agreement Mexico-Japan (EPAMJ) that was signed last September 17, 2004, by Mexico's President, Vicente Fox, and Japan's Prime Minister, Junichiro Koizumi. By providing an adequate legal framework, the Agreement fosters closer economic ties between Japan and Mexico and brings about new trade and investment opportunities for firms of both countries. Thanks to Mexico's network of free trade agreements, investment opportunities also open for Mexico's trade partners.

With the EPAMJ, **Mexico has become the only country in the world with preferential access to the three largest and most profitable markets in the world (North America, Japan, and the EU).** It has also consolidated its position as the strategic business center where the trade relationship among these three regions is harnessed. In fact, business perspectives opened with this Agreement are beginning to influence investment decisions of several firms. Six Japanese firms have already announced new investments in Mexico. Among them are: Sony, Toshiba, Mitsubishi, Panasonic, Toyota and Honda.

The EPAMJ allows Mexican products to enter duty-free to the Japanese market, even for specific sensitive products. Japanese investment could increase sharply under this agreement, mainly in the manufacturing and service sectors. Through its cooperation mechanism, the Agreement provides ground for an improved economic relationship between Mexico and Japan. For additional information visit: <http://www.economia.gob.mx>

TABLE OF CONTENTS

MEXICO-EU

Mexico: Trade platform to the EU, Japan, and North America
Economic Indicators

MEXICO-EU FREE TRADE AGREEMENT

First consultation meeting of the Revision Clauses of the MEFTA
Mexico's Official Gazette Notices
EU Official Journal

INVEST IN MEXICO

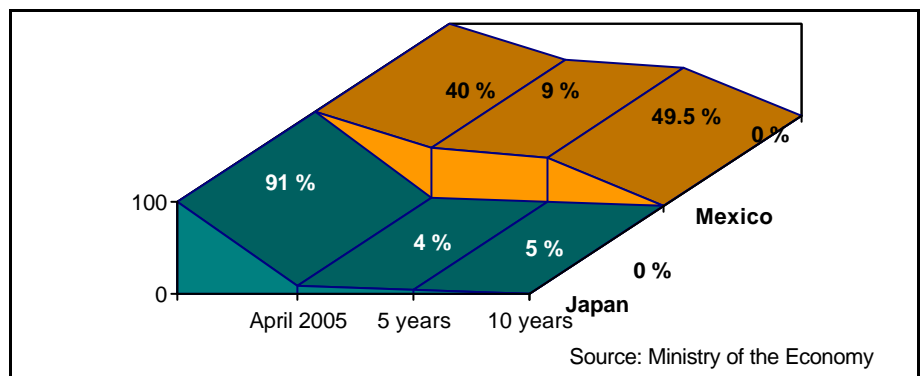
MEXICO: WORLD'S SUPPLIER

Trade fairs and exhibits in Mexico

April 2005
Year 5, no. 4

AAEMJ: Tariff elimination in the industrial sector

Percentage of imports facing duties



Economic Indicators

Inflation rate: 0.33% (February 2005); 0.34% (January-February 2005)

Industrial Gross Domestic Product: 3.10% (Jan 2005/Jan 2004)
Manufacturing 2.90%; Construction 5.20%; Mining 2.90%

General Index of Economic Activity: 4.03% (Jan 2005/Jan 2004)

Consumer Confidence Index: 105.7 points (March 2005)
9.70 percentage points (March 2005/March 2004)

Open unemployment rate: 3.81% (February 2005) *Source: INEGI*



First consultation meeting of the Revision Clauses of the MEFTA

From February 28 to March 2, 2005, was held in Brussels, Belgium, the first consultation meeting of the Mexico-EU Free Trade Agreement (MEFTA), as provided by the revision clauses of the Agreement. Revision of the MEFTA are part of Decisions 2/2000 and 2/2001, included in the text of the Agreement, by which Mexico and the EU agreed to look for greater levels of liberalization of trade in services, agricultural, and investment.

When the MEFTA was negotiated, both parties were confident that WTO negotiations, that were in course at that time, would lead to a substantial liberalization in these areas by 2003, results that would have provided ground for further bilateral liberalization. However, WTO negotiations have not yet concluded and the time has come for both parties to analyze these topics, as stated in the MEFTA.

Although the consultations do not mean an expansion of the Agreement, the MEFTA revision could include the creation of a new chapter on investment and the improvement of market access conditions in the areas of agricultural and services. This meeting is the first step toward this end. During the three-days meeting, Mexico and the EU reviewed the Agreement and exchanged proposals on how to implement the revision clauses.

For more information: www.economia.gob.mx

Mexico's Official Gazette Notices

- 03-02-05 AGREEMENT amending the existing one, which identifies the goods described in the General Imports and Exports Tariff Law (TIGIE) subject to the compliance of Mexican Official Standards, when exported or imported.
- 03-03-05 DECREE approving the Agreement between Mexico and the Hellenic to avoid double taxation and to prevent the fiscal evasion on income tax and capital gains.
- 04-03-05 AGREEMENT which modifies the similar one which identifies the goods subject to previous import/export permit to be granted by the Ministry of the Economy.
- 07-03-05 ANNEX 8 of the Eighth Resolution of modifications to the 2004 Fiscal Resolution (2004 FR).
- 09-03-05 ANNEX 18 of the Eighth Resolution of modifications to the 2004 FR.
- 17-03-05 DECREE which modifies certain duties of the Decree establishing several sectorial promotion programs.
- 18-03-05 Eighth RESOLUTION containing the modifications of the 2004 General Rules of International Trade and its annexes.
- 18-03-05 LAW on Bio-security and Genetically Modified Organisms.
- 25-03-05 Tenth RESOLUTION of Modifications to the 2004 FR.
- 31-03-05 Customs RESOLUTION of the Economic Partnership Agreement between Mexico and Japan (EPAMJ).
- 31-03-05 DECREE establishing the applicable rates of the General Import Tariff Law for goods originated in the area conformed by Mexico and Japan.
- 31-03-05 DECREE promulgating the EPAMJ, an its implementation Agreement.

(to access texts visit <http://www.economia-bruselas.gob.mx>)

EU Official Journal

- 12-03-05 Decision No 5/2004 of the EU-Mexico Joint Council of 15/12/2004 adopting, pursuant to Article 17(3) of Decision No 2/2000, an Annex to the said Decision on mutual administrative assistance in customs matters.
- 12-03-05 Council Decision of 31/01/2005 on the conclusion of an Additional Protocol to the Economic Partnership, Political Coordination and Cooperation Agreement between the European Community and its Member States, of the one part, and Mexico, of the other part, to take account of the accession of the 10 New Member States (NMs) to the EU.
- 12-03-05 Additional Protocol to the Economic Partnership, Political Coordination and Cooperation Agreement between the European Community and its Member States, of the one part, and Mexico, of the other part, to take account of the accession of the 10 New Member States (NMs) to the EU. Also, notice of the date of entry into force.
- 12-03-05 Decision No 1/2005 of the European Union-Mexico Joint Council of 21 February 2005 introducing a corrigendum in Decision No 3/2004 of the EU-Mexico Joint Council. Also, notice of the date of entry into force.

(to access the texts visit <http://www.economia-bruselas.gob.mx>)

INVEST IN MEXICO

Federal Instruments for the Promotion of Foreign Direct Investment (FDI)

The Federal Government has put in place several instruments for the promotion of productive investment in Mexico. Through these instruments, qualifying projects and investors are granted support in the form of fiscal incentives and exemptions. The Investment Promotion Unit of Mexico elaborated the following inventory of FDI promotion instruments.

Foreign Trade Programs

Under these programs, beneficiaries are offered the possibility to receive refund or exemptions for import duties paid on the import of raw materials, parts and components for the manufacturing of goods in Mexico.

1. Import duty drawback for exporters
2. Maquiladora Program (In-bond Program) Temporary import program for export (PITEX) Sector Promotion Program (PROSEC)
3. High-export companies (ALTEX)
4. Regla Octava

Fiscal Incentives Programs

Qualifying investors can opt for immediate deduction from their corporate income tax.

1. Immediate deduction of investments located outside the 3 major Metropolitan areas
2. Incentives for Maquila
3. Going South Program (PMHS)

Labor

These programs aim at promoting technical training for employees, in order to increase labor qualifications.

1. Training for labor competency
2. Linkage to education
3. Internships (domestic and international)
4. Program for support of training
5. Creation of New High Value-added Businesses from Scientific and Technological Developments (AVANCE).

Innovation and technological development

These programs grant support for projects that help Mexico to transform itself into an economy that extensively utilizes top-of-the-line technologies and generates knowledge.

1. Sector Programs
2. Fiscal Credit
3. System of Technological Centers
4. Highly skilled workforce

For detailed information about these programs, contact directly:

Office for Investment Promotion

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Investment opportunities MEXICAN STATE OF CHIAPAS

The State of Chiapas is promoting investment projects in the following areas:

CRUISES AND SHIPPING

- Commercial maritime shipping, tourist cruises and maintenance of shipping fleets industries
- Development of infrastructure for tourism services
- International trade services

FOOD AND BEVERAGES INDUSTRIES

- Natural and vegetable oils and fats; fertilizers; and natural plastics
- Conserves, meats and food gifts, chili peppers, sauces, fast food, balanced and fat-free food products
- Syrup, chocolates, flours, cakes, pastries, desserts, ice creams, trowels, juice, sodas, concentrated and colorants and dehydrated of fruits and vegetables

FISHING

- Installation of fish and shrimp processing and packing plants
- Renovation of fishing fleets
- Sport fishing

PLASTICS

- Manufacturing of PET containers, tubes, tanks, and closures for food packings.

MINING

- Mining, plants of cement and hydrated lime; laminating of marble and granite; plants of benefit and concentrated, coverings, finished, tiles and floors.
- Chemical, pharmaceutical, fertilizing, painting and paper industries
- Sulfuric acid and hydrochlorate plants

STATE INCENTIVES

- Programs for the financing of infrastructure for industries (FIDEIN) and for SMEs (FOFESSA)
- Program of training and employment (ICATECH and State Service for Employment) for a six-months period.
- Land, warehouses and buildings property of the State
- Construction of industrial facilities and housing projects nearby, including day-care centers.
- 50% financing of cost for the conduction of market researches, environmental impact assessments, and other technical researches and studies.
- Assistance in the compliance of formalities at no cost
- Granting of industrial exclusivity
- Guaranteed water and energy provision
- Creation of collective and/or urban supply routes

For detailed information, visit:

www.sde.chiapas.gob.mx/default.html

MEXICO: WORLD'S SUPPLIER

Trade Fairs and Exhibits in Mexico

SECURITY MEXICO 2005

May 11-12, 2005

Mexico City, Mexico

Technology, products, services, and solutions for the security industry

Event Management: E.J. Krause de México

Tel.: (52) 55 / 1087-1650 Int. 1141

Fax: (52) 55 / 5523-8276

E-mail: reina@ejkrause.com

Website: www.securitymexico.com

HÁBITAT EXPO 2005

May 19-21, 2005

Mexico City, Mexico

Products and accessories for houses, gardens, restaurants, and hotels

Event Management: Tradex Exposiciones Internacionales, S.C.

Tel.: (52) 55 / 5604-4900 Ints. 115, 116, 132

Fax: (52) 55 / 5605-1080

E-mail: lulu@tradex.com.mx

Website: www.tradex.com.mx/

Habitat_05/index.html

EXPO MERCERIA Y MANUALIDADES

May 25-28, 2005

Mexico City, Mexico

Handcraft products and accessories

Event Management: Tradex Exposiciones Internacionales, S.C.

Tel.: (52) 55 / 5604-4900 Ints. 102, 104, 105

Fax: (52) 55 / 5605-1080

E-mail: mercedes@tradex.com.mx

Website: www.tradex.com.mx/Emm_05/index.html

Selected export products from the Mexican State of Chiapas:

Product: Honeybee
Production: 65 tns.
Target market: Domestic and international
Presentation: Jars of 350 and 700 grs.
Brand: Mocho
Category: Honeybee
Region: VII - Sierra
Municipality: Motozintla
Supplier: Productores Indígenas Serranos de Chiapas, A.R. de I.C.

Product: Mango dessert
Production: 216,000 Boxes
Target market: International
Presentation: Pure Pak of 230 grs.
Brand: Infrut
Category: Processed food
Region: VIII - Soconusco
Municipality: Tapachula
Supplier: Industria de frutas tropicales S.A. de C.V.

Product: Banana enano gigante variety
Production: 40 containers
Target market: Domestic and international
Presentation: Commercial boxes of 18.14 kgs.
Brand: Soconusco Quality
Category: Fresh foods
Region: VIII - Soconusco
Municipality: Mazatán
Supplier: Sector de producción Mazatán de R.S.M.

Product: Organic coffee. Roasted and grounded
Production: 690 tns.
Target market: Domestic and international
Presentation: Bags of 500 grs.
Brand: Mocho
Category: Coffee
Region: VII - Sierra
Municipality: Motozintla
Supplier: Productores Indígenas Serranos de Chiapas, A.R. de I.C.

For more products, visit: <http://www.sde.chiapas.gob.mx/>

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