



TRADE LINKS LAZOS COMERCIALES

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Mexico's business incubation

Business incubators are support centers for entrepreneurs that facilitate the creation of enterprises. They offer integral support services for the development and implementation of business plans, including technical, financial and market viability assessment. Services offered by these centers are modeled after highly developed domestic and international methodologies, and they comprise support in all fields, from information on market opportunities to financing, training and consultancy, as well as assistance in complying with governmental procedures.

The creation of new businesses, especially those that generate added value through innovation and technological development, fuels a country's economy and generates better jobs for its population. Mexico truly believes in this notion, not only because business incubation has proven to be one of the most effective tools in achieving the said objectives, but also because it helps to gradually attain a more innovative, and thus more competitive, productive sector.

Since its inception in May 2004, the National System for Enterprise Incubation (SNIE) has invested more than US\$ 34.4 million for the creation and operation of 196 business incubators. In 2006, the number of incubators is expected to reach 240, thus representing an additional investment of almost US\$23 million for the creation of new incubator centers and seed capital for incubated firms. These centers are expected to create 5,449 new firms and 13,147 new jobs. Thanks to the training and financing provided, 80% of firms incubated under the SNIE prosper.

The SNIE finances up to 70% of the best projects that are submitted, through three types of business incubators:

- **Traditional incubator-** supports the creation of firms in sectors that have basic requirements for their operations, in terms of physical and technological infrastructure. Incubation of firms at these centers usually lasts 3 months. Most firms supported by traditional incubators concentrate on retail activities and/or the supply of services to

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Trade Fairs and exhibits in Mexico

HABITATEXPO

May 18 - 20, 2006

World Trade Center, Mexico City.

Architecture, Interior and Industrial Design

Event Management: TRADEX Exposiciones Internacionales

Phone: (52) 5604.4900

ext. 126/110/136

Fax: (52) 5605.1080

E-mail: lulu@tradex.com.mx

Website: www.habitatexpo.com

MEXIGRAFIKA

May 25 - 27, 2006

CINTERMEX Monterrey, Nuevo Leon. Mexico

VII Exhibition of Graphical Arts

Event Management: MEXIGRAFIKA

Phone: (52) 81 / 83.69.66.60, 64 y 65

Fax: (52) 81 / 83.69.67.32

E-mail:

ljarizmendi@cintermex.com.mx

Website:

http://www.mexigrafika.com

8ª EXPO AVENTURA Y ECOTURISMO

June 2 - 4, 2006

World Trade Center, Mexico City.

Tourism

Event Management: TRADEX

Exposiciones Internacionales

Phone: (52) 5604.4900 ext. 122 /124

E-mail: anacorral@tradex.com.mx

Website:

http://www.tradex.com.mx/Aventura-06/index.html

Mexico's business incubation

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industries, in the businesses of shoe retail, copying centers, office supply stores and small restaurants. There are 61 traditional incubators.

- **Intermediate technology incubator-** supports the creation of businesses with semi-specialized requirements for their operations, in terms of physical and technological infrastructure. These firms demonstrate innovative elements in their procedures. Incubation in these centers usually lasts 12 months. Many of the firms created by these incubators are semi-specialized firms involved in the manufacturing of components and equipment of sectors such as electronics and medical supplies. There are 125 incubators of this type.
- **High technology incubator-** supports the creation of businesses in specialized or advanced areas such as: information and telecommunication technologies (ITC), microelectronic, micro electro-mechanical systems, biotechnology and pharmaceutical. Projects presented in these centers could take more than 2 years to complete the incubation process. There are 10 high-tech incubators so far.

Mexico's business incubation system is one of the most successful systems in Latin America. Through its support, it keeps alive Mexicans' entrepreneurial spirit, which has been ranked amongst the most active in the world by the *Global Entrepreneur Monitor*. The incubation carried out by SNIE both contributes to and benefits from synergies with other enterprise support projects and funds such as: the Small and Medium Enterprise (SME) Fund, which provide financing to SMEs in the form of credits, risk capital, and guarantees; deregulation and regulatory improvement projects such as the Rapid Business Start-up System (SARE); and other initiatives run by the private sector. In fact, financial companies of the private sector in Mexico have already begun to reap the benefits of financing innovative projects throughout the supply chain of productive sectors in Mexico.

For more information visit: www.siem.gob.mx/snie/

Mexico's Total Trade in February (billion US\$)			
	2005	2006	%
World	31.5	37.2	18.3
Exports	15.5	18.8	21.7
Exports (excluding oil)	13.5	15.9	17.9
Imports	16.0	18.4	15.0

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
	2004	2005	%
January-December			
Exports to the EU	6,567.6	9,821.6	49.5
Imports from the EU	21,955.3	25,962.6	18.3
Exports to the EFTA	811.5	1,014.6	25.0
Imports from the EFTA	1,102.0	1,262.4	14.6

Source: Banco de México

STATE OF OAXACA



Oaxaca is the fifth largest state in the country and is located in the Pacific Coast, in South-eastern Mexico. It borders with the states of Puebla, Veracruz, Chiapas and Guerrero. Oaxaca has 570 municipalities distributed in the following eight regions:

1. **Central Valleys** - Characterized by its intense commercial and tourism activity, as well as by its *mezcal* industry.
2. **Istmo de Tehuantepec** - Produces petroleum and cement. It hosts the port of Salina Cruz.
3. **Papaloapan River** - Agro-industrial oriented region, with strong agriculture and livestock production.
4. **Coast** - Produces high quality coffee. It also has attractive tourism and natural sites.
5. **Mountain (North)** - Region with great potential for forestry and metallic minerals for exploitation.
6. **Mountain (South)**: Great forestry resources and eco-tourism activities.
7. **Cañada**: Declared biosphere reserve for its great variety of cactaceous. Ideal for growing fruits.
8. **Mixteca**: Region with great potential in non metallic minerals. Emerging software industry.

Between 1998 and 2004, Oaxaca registered an average economic growth rate of 2.3%, contributing 1.5% to the national GDP. Likewise, between 2000 and 2005, this state has maintained inflation and unemployment rates below national average. In 2005, Oaxaca was recognized (acknowledged) by the Financial Times' Foreign Direct Investment Magazine as the state with the less economic costs in Mexico. All of its regions are rich in natural resources and offer attractive opportunities to investors. For more information, please visit:

www.oaxaca.gob.mx/economia

Figures on economics and population	
Capital	Oaxaca de Juarez
Population	3,522,000
Active population	1,513,672
GDP (2003)	US\$ 9,223,863 millions
Foreign Investment	US\$ 6.5 millions (1999-2005)

Economic Indicators
Inflation rate: 0.15% (February 2006); 0.74% (January- February 2006)
Industrial Gross Domestic Product: 6.00% (Jan 2006 / Jan 2005) Manufacturing: 6.30%; Construction: 6.60%, Mining: 4.20%
General Index of Economic Activity: 5.74% (Jan 2006 / Jan 2005)
Consumer Confidence Index: 108.1 pts. (February 2006) 0.20 percentage points (February 2006 / February 2005)
Open unemployment rate: 3.60% (February 2006) <i>Source: INEGI</i>

Infrastructure	
Highways	16,164 km
Railroads	634 km
Airports	3 international; 2 domestic
Ports	3 tourism; 1 cargo
Industrial parks	4
Higher education	94 institutions

INCENTIVES TO INVESTMENT
<ul style="list-style-type: none"> • Exemption and/or reduction of several state taxes and fees during the first 4 years of operations • Financing for infrastructure • Link with other incentive programs • Access to training programs

Investment Opportunities	
Agriculture	Coffee, mango, papaya, lemon, litchi, pineapple, pitaya, Jamaica (" <i>ibiscus</i> "), among other fruits. Orientation towards "organic" production
Agro-industry	Oaxaca produces 65% of the <i>mezcal</i> produced in the entire country.
Forestry-Wood	Fifth national producer of pine, holm oak and red cedar.
Aquaculture	Oaxaca promotes the establishment of high technology farms.
Mining	Opportunities for exploration and exploitation of metallic minerals (gold, silver, copper, lead and titanium) and non metallic ones (marble, quarry, onyx, limestone and salt).
Software Industry	Its development is promoted through the integration of clusters, qualified workforce and enterprise incubators.
Energy Generation	It offers one of the most important aeolian resources of the world.
Tourism	Rich in archeological zones, beaches, colonial cities and natural areas. New tourist developments are promoted.
Retail	Dynamic and strong sector in the state.

Financial Indicators
Foreign exchange rate: 10.89 peso/dollar (31-03-2006)
Internacional reserves: \$67,546 million dollars (24-03-2006)
Mexican stock market index (IPC): 19,273 (31-03-2006)
Interest rate treasury bonds CETES 28 days: 7.27% (30-03-2006)
<i>Source: Banco de México</i>

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- 03/03/06 DCREE modifying the existing one establishing the applicable duties for 2006, of the General Import Tax for goods originally from the European Community, the States conforming the EFTA, El Salvador Guatemala, Honduras y Nicaragua; as well as the applicable duty between April 1 2006, and March 31 2007, of the General Import Tax for goods originally from Japan.
- 06/03/06 AGREEMENT publishing the third and fourth quarterly reports for 2005, of the trust account, managing the cooperation program between Mexico and the European Commission on human rights.
- 15/03/06 AGREEMENT which modifies several tariff-quotas, for the importation of powder milk and dairy based preparations for 2006.
- 17/03/06 AGREEMENT advertising the mechanism to assign preferences in 2006, for imports with preferential duties granted under Mexico's commitments in the World Trade Organization.
- 20/03/06 DECREE which approves the Agreement between Mexico and Iceland for the protection and promotion of investments signed in Mexico City, on 24/06/05.
- 29/03/06 AGREEMENT which modifies the similar one, establishing the classification and the list of goods requiring previous export/import permit by the Ministry of the Economy.
- 31/03/06 Twelfth RESOLUTION containing the modification to various Fiscal Regulations for 2005.
- 31/03/06 AGREEMENT establishing the criteria for granting previous importation permits under tariff heading 98.02 of the General Import/Export Tariff Law.

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- 01/03/06 L59 Commission Regulation (EC) No 355/2006 of 28 February 2006 imposing a provisional anti-dumping duty on imports of certain side-by-side refrigerators originating in the Republic of Korea.
- 07/03/06 L65 Council Decision of 27 February 2006 on a Community position within the EU-Chile Association Council on the amendment of Annex I to the Agreement establishing an association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, to take into account the consolidation of the tariff preferences granted to Chile by the Community scheme of generalized tariff preferences (GSP).
- 24/03/06 L87 Agreement between the European Community and the United States of America on trade in wine.
- 28/03/06 L89 Protocol to the Agreement between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other, on the free movement of persons regarding the participation, as contracting parties, of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic pursuant to their accession to the European Union.
- 28/03/06 L90 Agreement between the European Community and the Swiss Confederation on cooperation in the field of statistics.
- 31/03/2006 L93 Council Regulation (EC) No 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialities guaranteed.
- 31/03/2006 L93 Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

To access text visit: <http://www.economia-bruselas.gob.mx>

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