

# US Commercial Service



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*United States of America*  
*Department of Commerce*

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## How to Enter Mexico's Landfill Gas Energy Market

# Our Network & What it can do for you

- Trade specialists in over 100 U.S. cities and 83 countries worldwide...



## We can...

- Locate international buyers, distributors & agents
- Provide expert help at every stage of the export process
- Help you to enter new markets faster and more profitably

# USEAC NETWORK ORGANIZATION



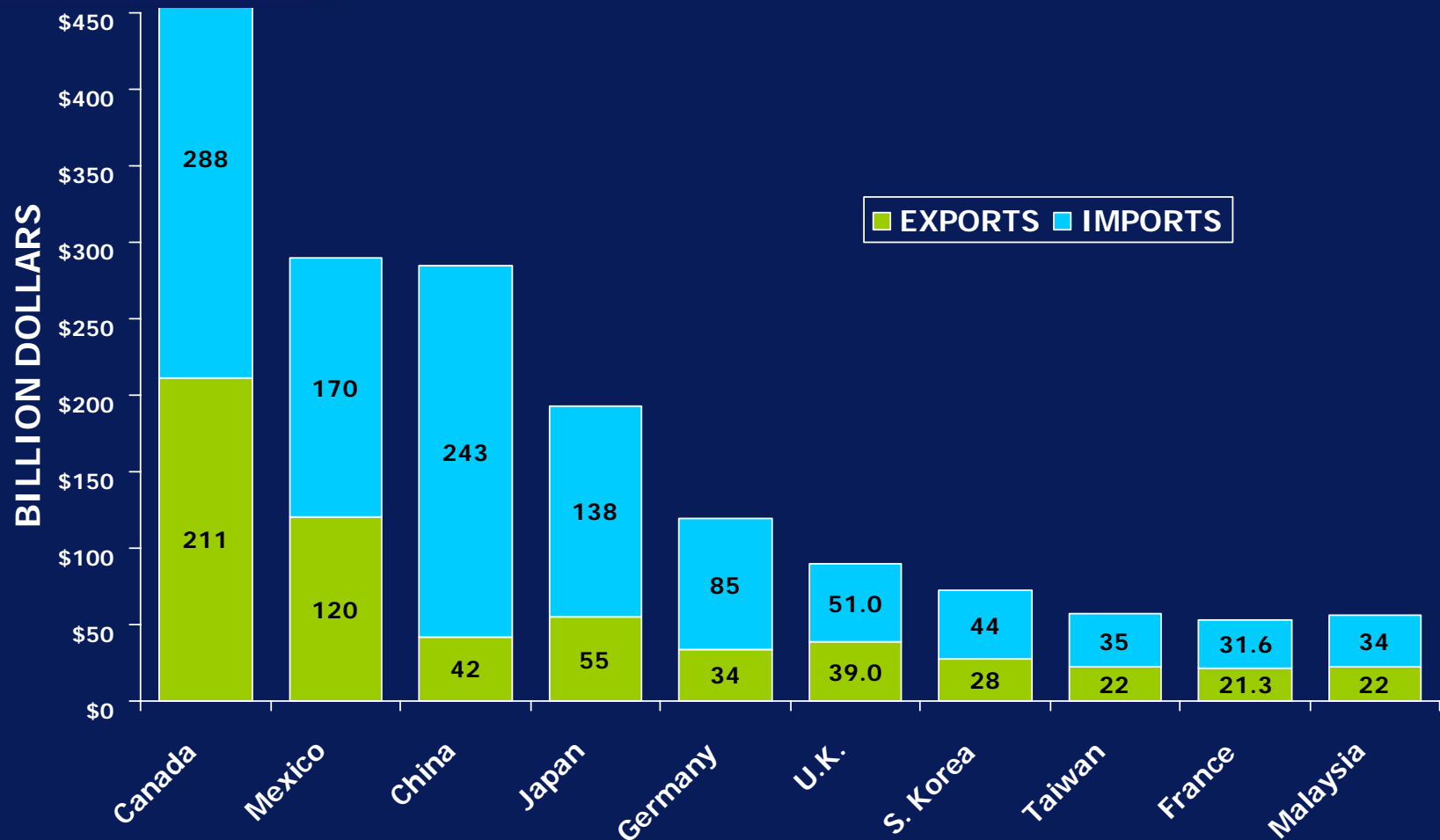
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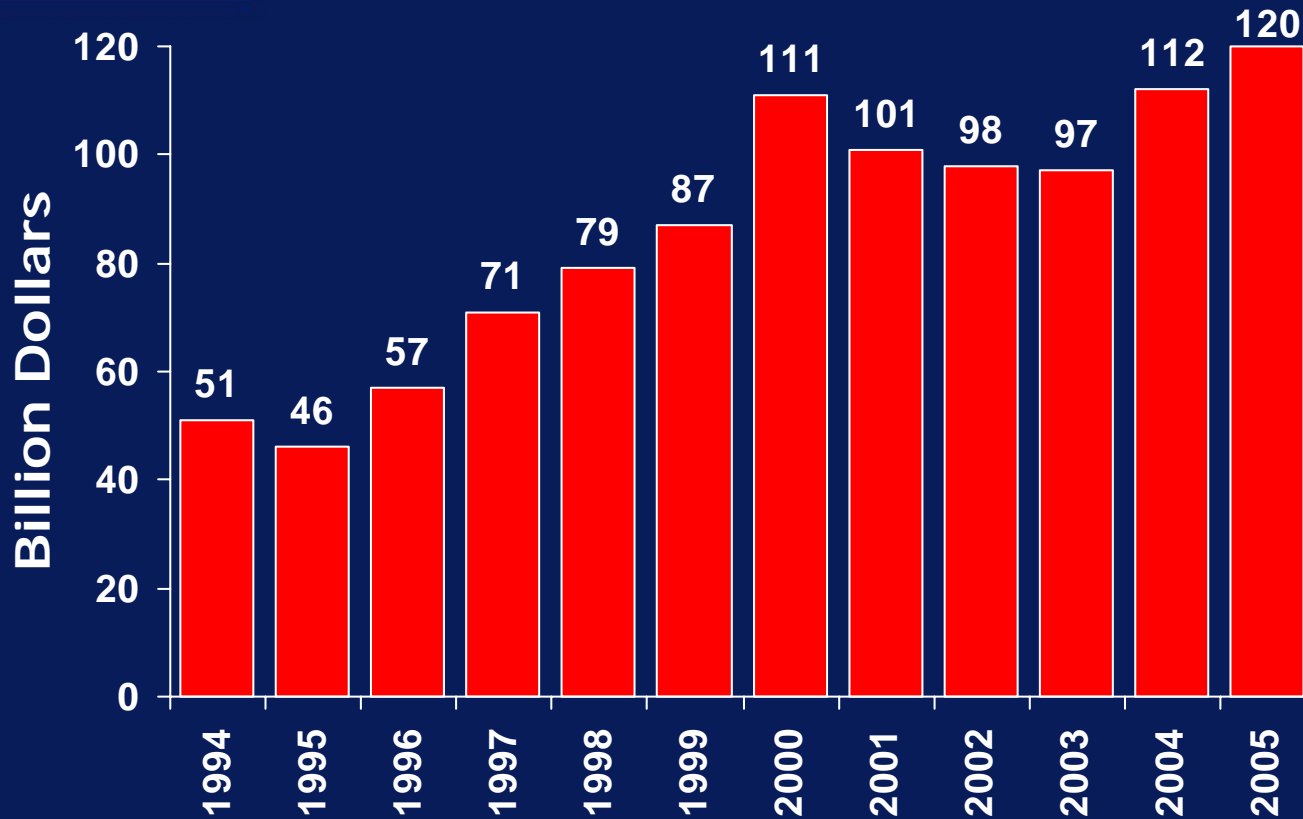
# Mexico – A Snap Shot

- **Pop: 104 million**
- **GDP per capita - US\$ 6,500**
- **Adjusted for Purchasing Power – US\$ 9,800**
- **74 percent urban**
- **Under 20 - 44 %**
- **Wealthy - 5%**
- **Upper Middle - 18%**
- **Middle Class - 37%**
- **Poor - 40%**

# TOP U.S. TRADING PARTNERS in 2005



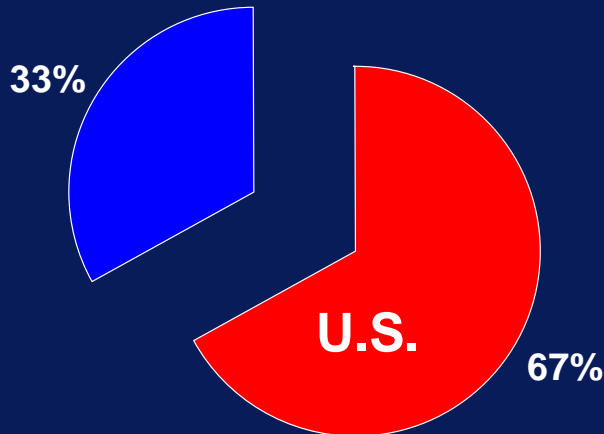
# U.S. Exports to Mexico



Source: International Trade Administration, U.S. Department of Commerce.

# U.S. Trade with Mexico

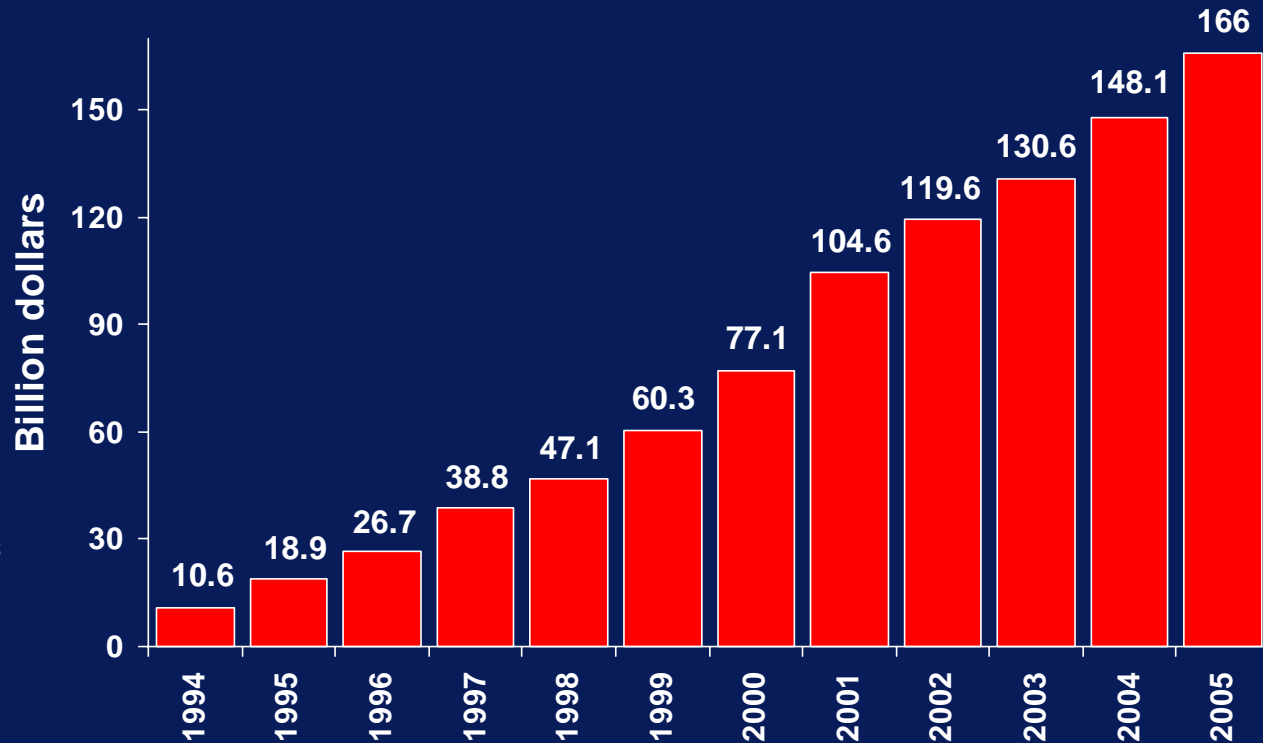
## Mexico's Bilateral Trade



- Second largest U.S. trading partner
- U.S. exports \$120 bn to Mexico (54% in manufacturing).
- Mexico exports \$172 bn to the U.S.
- Installed base of Foreign Direct Investment: over \$150 bn.
- Mexico's Export Manufacturing (Maquiladoras):
  - Concentrated in NE Mexico.
  - 80% U.S. owned.
  - Import \$70 bn (60% from U.S.)
  - 56,000 suppliers in U.S.

# Foreign Direct Investment in Mexico

Accumulated FDI 1994-2005: \$166 billion



Source: Secretariat of  
Economy, General  
Directorate of Foreign  
Investment.

# The Impact of NAFTA

- Almost no tariffs on U.S. industrial exports to Mexico
- More than 85% of U.S. Goods enter duty-free
- By 2008, 100% will enter duty-free
- Elimination of Barriers
- Institution of Dispute Resolution Process
- U.S.-Mexico bilateral trade increased **232%**:
  - from \$88 billion in 1993 to \$292 billion in 2005

# The Future of NAFTA

- Clearly not about cheap labor
- It is about integration of the North American marketplace
- It is about moving up the value-added chain
- It is about maintaining and increasing competitiveness and productivity
- Mexico, like the U.S., fears losing its manufacturing sector to other countries – why? Over the last 5 years:
  - **China's exports to the U.S. grew 300%**
  - **Mexico's exports to the U.S. grew 30%**

# Mexico's Advantages

- **NAFTA! Access to Goods/Services/Market in U.S.**
- **Proximity to World's Best Consumer Market.**
- **Forced Disruption to Mexican businesses since 1993.  
Complete?**
- **Shared Culture: Western, Hispanic.**
- **Large installed base of manufacturing in various sectors.**
- **Perception of stronger legal protections than in China.**
- **Seen as politically stable.**
- **Macroeconomic stability.**

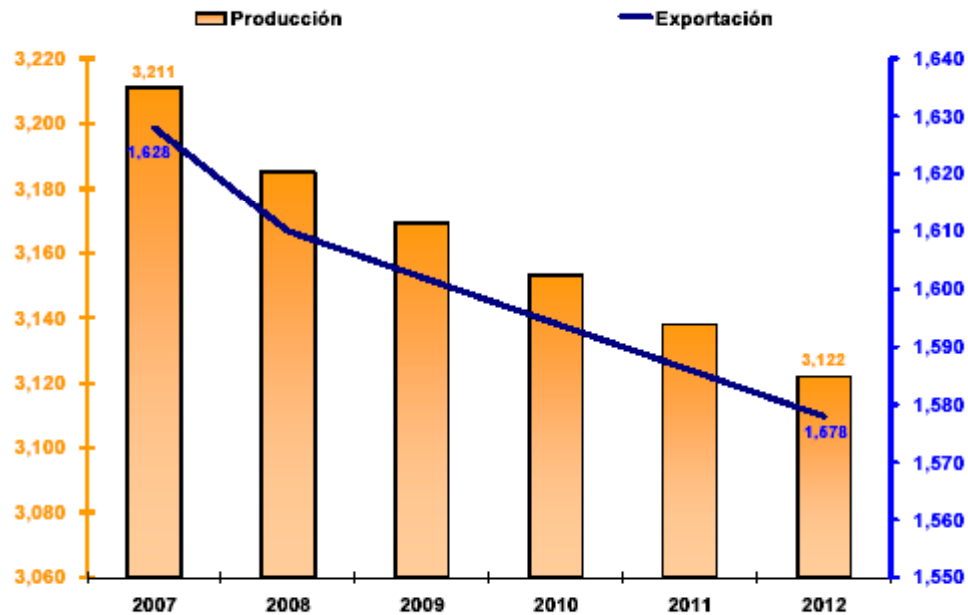
**Location, Location, Location...**

# Mexico – Outlook for 2007

- U.S. economy – we buy 80% of Mexico's exports
- GDP growth – 3.5%
- Inflation – 3.6% - 4.4%
- Macroeconomic stability
- Remittances, oil and tourism
- New President
- Divided Congress

# One Point on Energy Opportunities...

Producción y Exportación Petrolera (miles de barriles diarios)



Fuente: Pemex

# HAZARDOUS WASTE MANAGEMENT

- Mexico generates approximately 8 million tons of hazardous waste per year. Only 12% is disposed of properly
- The existing infrastructure for hazardous waste management is limited and insufficient for processing the waste generated by Mexico's expanding economy and growing industrial sector

# SOLID WASTE MANAGEMENT



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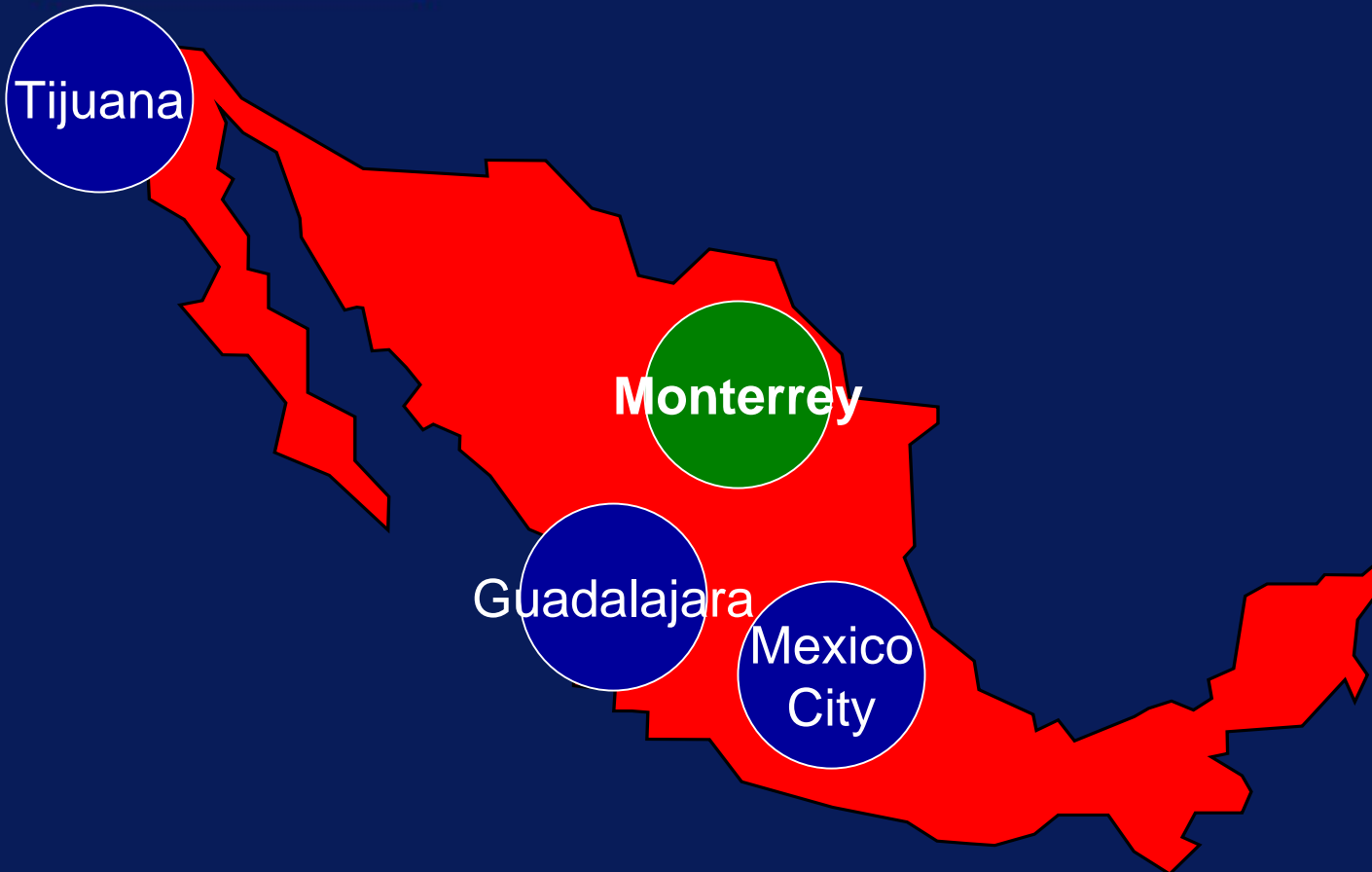
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- Mexico requires significant investment in both hazardous waste and municipal solid waste management.
- Less than half of both municipal solid waste and hazardous waste receives proper handling, confinement and/or treatment in Mexico

# Where We Are in Mexico



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# What Can Help You Enter This Market?

- **Good local representation.**
- **Knowing where purchasing decisions are made.**
- **Identification of your customers – 1<sup>st</sup> or 2<sup>nd</sup> tier?**
- **Assessment of customers as suppliers.**
- **Finding out what your customers need.**
- **Understanding what financial tools are at your disposal to offer financing.**
- **Balancing risk of offering financial terms to your customers.**
- **Following up!**



# Thank You!

## How to Contact Us

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