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Antonio GARRIDO
Head of International Desk Latin America

SUPPORT BY THE CRÉDIT AGRICOLE GROUP

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The International Desk for Latin America of the Crédit Agricole Group provides support to the Group's business clients in Mexico to help them implement their operations on location, particularly opening accounts, guarantees, securities and providing financing, information and banking advice. For this purpose, it relies on the representative office of Crédit Agricole CIB in Mexico as well as large local partner bank groups.

For non-banking matters, the International Desk offers the support of local law and accounting offices and its partners as well as expertise in business internationalisation.

MEANS OF PAYMENT

With Mexico

Company cheque
Bank cheque
SWIFT transfer
Bill of exchange
Promissory note
Documentary remittance

Documentary credit

Usage

Weak / None

Weak / None

Common

Weak / None

Weak / None

Common

Common

ADVICE FROM THE INTERNATIONAL DESK



General Information

Mexico is the second largest Latin American market, with growing domestic demand and a growing middle class, as well as a strong industrial base as a regional export platform.

Thanks to trade agreements concluded with many countries and economic areas (network of over 50 countries), including the EU since the 2000s, Mexico can be an industrial and logistics base of particular interest to all of the American market, particularly the North. After the NAFTA (with the United States and Canada) was called into question, a new free trade agreement to replace the NAFTA (USMCA) was signed by Mexico in November 2018 and ratified in June 2019. The agreement was also signed by the united States in January 2020 and by Canada in March 2020.

Mexico is a country that is currently benefiting from trends towards the regionalisation of value chains (‘nearshoring’), following the geopolitical/economic events and shocks of recent years (pandemic and disruption of supply chains; Russia-Ukraine war; US-China tensions and trade war; the Taiwan issue). Against this backdrop, and given the country's close integration with the large North American market, Mexico is well placed to attract new foreign investment flows, including in the context of ‘friendshoring’.

Mexico offers a USD-based industrial base at attractive costs compared with Asia, and proximity to the US market in sectors such as automotive (25% of exports), aerospace, energy, agri-food and services. Large French multinationals and mid-caps are also present in Mexico (+600).

Mexico has just overtaken China (Q1/2023) as the United States’ main trading partner, with around ~15% of flows, compared with 12% for China. 80% of Mexican exports go to the United States.

The country suffers from the absence of a solid legal framework (no bar exam, no bar association) and situations are changing rapidly. It is therefore of the utmost importance that the investor is supported by excellent legal advice. Foreign investment is not subject to any restrictions except in the energy sector, road haulage and passenger transport by land and air forestry and media sectors. The demands of foreign investment agreements in the petroleum and electricity sectors remain complicated.

In Mexico the personalisation of trade relationships is highly important and establishing personal relationships is indispensable to success in business. During trade meetings it is the custom to solely negotiate at the equivalent hierarchical level. Consequently, to facilitate decision-making, contacts should be made directly with the decision-makers, who are often the directors of the Mexican companies. On the whole, Mexicans like to have a relationship of trust with the person they are doing business with, and a more informal approach to various subjects (family, travel, culture, sport) is a natural way of nurturing and facilitating exchanges. Building a relationship of trust takes time.

It is strongly recommended that you travel frequently to Mexico to meet your contacts in person, as well as to carry out regular business monitoring, particularly in the case of a direct establishment.

The majority of Mexican businesses can use English but speaking Spanish is highly appreciated. It is difficult for a Mexican to say no, and for this reason the business owner must remain clear in his/her expectations and commit to a specific course. It is good to be on time but not necessarily to demand this of your Mexican contact partners.

Means of Payment & Banking Specificities

Mexico is one of the most economically open countries in Latin America and has a very solid, stable banking system with the presence of major foreign players. It is possible to open accounts in foreign currencies (USD/EUR), including for non-resident companies. However, there may be complexities in relation to the legal form (subsidiary versus branch) and the requirements for documentation and legalisation and registration of documents, especially for newcomers to Mexico.

It’s important to bear in mind that all these processes can take a long time to complete, so the sooner you get started the better. We advise entrepreneurs to be well supported by local legal/accounting specialists who are used to working with international clients. Some banks also offer a dedicated service for foreign SMEs and mid-caps, which can make it easier to establish contact and open an account as quickly as possible, in addition to monitoring the most appropriate banking relationship.

New subsidiaries in Mexico often find it difficult to obtain lines of credit or financing, especially in the start-up phase and without a minimum credit history. Support from the parent company and through its reference banking network (international bank guarantee) can provide a solution for mobilising lines of credit locally.

The Mexican development bank, the Nafin (Nacional Financeira) is only involved in risk-sharing, and not in providing preferred rates as it is in Brazil.

When participating in a call for tenders or signing a contract with a public entity or company linked to the Mexican State, the option of requesting a *fianza*, which is not a bank guarantee, must be taken into account. This is a type of local guarantee with specific regulations, and can only be issued by an *afianzadora* (insurance company). These entities are regulated by the CNSF *(National Insurance and Surety Commission)*. To issue a *fianza* in Mexico, you need a bank counter-guarantee confirmed by a Mexican bank, so the support of the parent company remains essential. Consult the International Desk for Latin America for more information.

OUR OFFER AVAILABLE IN THIS MARKET



OPTIMISE YOUR CASH FLOW

RESIDENT COMPANY

Availability

Account opening

Local currency

✓

International currencies

✓

NON-RESIDENT COMPANY

Availability

Local deposit account opening

Local currency

✓

International currencies

✓

PROCESSING LOCAL PAYMENTS METHODS

Availability

Cheque

✓

Bill of exchange

✓

Electronic banking

✓

Cash

✓

CASH MANAGEMENT/E-BANKING

Availability

MT940 Bank statements

✓

MT101 Transfer order

✓

MT942 Intraday bank statements

✓

Cash pooling domestic

✓

Cash pooling international

✓