Mundo Tradewinds

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the ***Monterey Bay International Trade Association (MBITA)*** *a BAYTRADE Partner,*

and the ***California Hispanic Chamber of Commerce (CHCC)***

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A Man on the Move, Latino Style

The President of the **San Diego Hispanic Chamber Of Commerce**, *Marco Polo Cortes*, was born and raised in Chula Vista. He was the youngest of eleven offspring of parents who immigrated from Tijuana, Mexico. After attending Southwestern College he later transferred to San Diego State University where he received a Bachelors Degree in Political Science. Currently, Marco is working on a Masters Program in Latin American Studies at San Diego State University. Marco Polo work experience includes working as a special assistant for Council member, Juan Vergas, the first Latino ever elected to the San Diego City Council in 1993. He also worked for San Diego County Supervisor Greg Cox (1994-95) as a Community Representative.

Cortes has been involved in several businesses in addition to devoting much of his time in a variety of civic groups and community based organizations. Currently Marco and his brother co-own an outdoor media company, Sky Vision Media Network, LLC, providing services in both San Diego and Tijuana. "I don't know if it's cultural," Marco Polo says. "I think people really want to work for themselves and be their own boss." Adding to his busy schedule, Mr. Cortes is also a board member for The Greater San Diego County Chamber of Commerce, San Diego City County Reinvestment Task Force, San Diego Council on Literacy and was recently, appointed to the Chula Vista Planning Commission.

SDCHCC has grown dramatically to a current membership of 1,100 members. Mr. Cortes states about 37,000 Latino-owned businesses operate in San Diego County representing annual gross sales of $3.4 billion.

Marco Polo says that many government and service agencies typically give "lip service" to helping minority business grow which he is trying to change. "The existing system is not working," says Cortes. "Our goal is to ensure that there is equal opportunity in contracting and purchases conducted by the city of San Diego. "One out of three Latinos in San Diego is white-collar," says Cortes.

"The chamber is currently seeking as much as $120,000 in city funding to start an outreach program that would aim to get more "disadvantaged" small businesses to bid on non-construction contracts. These city projects include anything from providing office and sanitation supplies to consulting services", says Marco Polo.

"This program puts the rubber to the road," continues Marco. He also notes that the toughest problem facing the 1,000 or so Hispanic entrepreneurs has been obtaining equity and venture capital from an entrenched financial system.

San Diego County has become one of the country's leaders in Hispanic-owned businesses, with numbers growing 125 percent between 1987 and 1992. Mirroring the national profile of such firms, most of San Diego's Latino-owned companies offer services and they also are active in finances, insurance and real estate as well as retail and wholesale trade.

Latinos are the nation's fastest-growing pool of business owners. From 1987 to 1992, the last year of available Census Bureau data, Hispanic-owned businesses increased 76 percent, compared with 26 percent for all businesses. Their receipts expanded at twice the total rate. They outpace other minority groups, including African-Americans (a racial group of similar size) and Asian-Americans, who are noted for their entrepreneurship.

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Mexico and its Major Industries

The following report has been compiled by the MBITA staff and is based on research conducted by The Foreign Commercial Service (FCS) office of the USDOC located in Mexico City. The following facts and figures on six of Mexico's major industries is where most of Mexico's economic growth will occur in the next five years. Exports for services, contracts, sub-contracts and specific products related to these industries in Mexico will provide both import and export opportunities for California companies.

Support for these opportunities through various services such as trade missions, match-making events, targeted tradeshows market research and qualified trade leads will be provided by the MBITA staff, the CalTrade Coalition, the USDOC and the International Trade Commission of the CHCC.

Construction Equipment

- The Mexican congress approved a budget of US$15 billion for basic infrastructure development for 1997. In 1997 the private sector will finance US$3 billion dollars of public infrastructure programs. These projects include the construction of bridges, railroads, roads, and wastewater plants.
- Other important infrastructure projects include the building and remodeling of petrochemical plants, gas pipeline networks, infrastructure for petroleum exploration, both private and public electrical generation plants, modernization and possible construction of a new international airport, and construction of industrial and municipal non-hazardous and hazardous waste facilities.
- Public sector expenditures for construction of industrial plants and associated infrastructure will play an important role in the recovery and growth of this industry during the next three years, resulting in greater demand for imported construction equipment.
- The US dominates the Mexican market for construction equipment with an estimated 66.9% of the total market.
- The US dominates the import market as well, with 75% of the market. Financing is a crucial factor within this industry. US equipment is financed through domestic and foreign commercial banks. Competition comes from Canadian, German, and Japanese companies who offer more generous in-

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In San Diego County, the variety and vibrancy of Hispanic entrepreneurship has put the region at the forefront of the phenomenal nationwide growth of Latino-owned businesses. "They're popping up all over, as retail businesses and as service and manufacturing businesses", says Ken Clark, a service coordinator at the Small Business Development Center (SBDC) and International Trade Center at Southwestern College.

Most evident lately in San Diego is the number of Latinas forming businesses. Hispanics also are starting manufacturing and high-technology enterprises. In San Diego County, there are 446 Hispanic businesses that each generate annual revenues of more than $1million, according to a study the Tomas Rivera Policy Institute conducted in July for the Latino Business Association.

Owners of companies in Mexico are a recent addition to the San Diego entrepreneurial scene, says Bernie Weiss, a trade specialist at the center. Taking advantage of the North American Free Trade Agreement, they are establishing operations across the border to better serve both U.S. and Mexican markets.

"The Monterey Bay International Trade Association (MBITA) (http://www.mbita.org) and the CalTrade Coalition (http://tradeport.org) look to Mr. Marco Polo Cortez and the SDHCC as a leader in the Hispanic business community to help our combined efforts in providing the most comprehensive international business training and support services to Hispanic owned businesses throughout the State of California," says Tony Livoti, Director of the Monterey Bay International Trade Association.

Global eCommerce

MBITA will be conducting a series of Global eCommerce seminars in "virtual" time and in person entitled Global eCommerce - 2000.

These Global eCommerce seminars will allow small and mid-sized businesses to "leap-frog" their knowledge and operational procedures into a 21st century eCommerce, export-ready company.

The seminars will cover market research, competitive intelligence, shipping and logistical operations and banking transactions, while using CD Roms, proprietary online databases, various software applications and, of course, the powerful World Wide Web.

These seminars will be presented in person or through periodic "online" and "real-time" trainings through the internet. Please stay tuned for dates and program information.

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terest rates of 2 to 4% to major end-users. The quality of the equipment is comparable to US equipment.

• It is expected that total imports from US will grow largely because of the quality of the equipment and reduction of tariffs due to the NAFTA.

Selling to Maquiladoras

• Mexico remains the leader in production-sharing operations among all nations with which the US trades, due to competitive wages, proximity to US markets, and manufacturing operations that complement those in the US.

• Maquiladoras are the fastest growing industrial sector in Mexico, with an average annual growth rate of 8% in the number of factories being established.

• This growth can be attributed, in part, to greater productivity in Mexican plants due to increased technological levels and better trained workers. Another important factor influencing Maquiladoras growth is that Asian labor costs continue to rise, making a plant in Mexico, where labor costs are very competitive, more attractive.

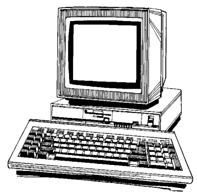
• Since assembly plants in Mexico use a higher proportion of US-made parts than do plants in Asia, the use of assembly operations in Mexico supports more employment in the US for component producers.

• 74% of maquiladora operations have been developed along the US-Mexican border, the other 26% of maquila factories are operating in non-border cities.

• Currently, 65% of the maquiladoras are operating in four sectors: electronics, automotive parts, textile and furniture.

• The Mexican federal government, with state government support, is promoting the installation of maquiladoras in non-border cities with operations concentrated in the following sectors: agriculture, textiles, metalworking, petrochemical derivatives, and the assembly of machinery and precision equipment.

Computer



• In 1997, the total size of the Mexican market for portable computers, hand-held PCs and Personal Digital Assistants (PDAs) was US$169 million, an increase of 75%.

• This large increase was partially due to pent-up demand created by the severe economic crisis of 1995 and 1996, which resulted in lower computer prices and availability of commercial loans from the banks.

• In 1998, the sales increased 27.8% due to lower oil prices and lower exports. The Mexican government receives approximately 40% of its revenue from oil sales.

• IBM manufactures all its portable computers (except hand-held computers) for the US/Mexico/Canada in Mexico; 80% of their total production is exported. Acer as-sembles its computers in Mexico for sale domestically and for the export market.

• More international companies are expected to establish manufacturing or assembly facilities in Mexico to take advantage of NAFTA, the lower cost of labor, and the expanding domestic and Latin American market.

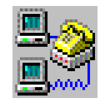
• Domestic production of portable computers increased 90% in 1997 because of increased exports, lower prices, pent-up demand in Mexico, and the improving domestic economic situation.

• Domestic production has captured 60% market share. Domestic production is predicted to increase 20% annually from 1998 through the year 2000.

• US portable computers hand-held PC, and PDA manufacturers currently supply v30.5% of the Mexican market versus 9% by third world countries and 60% by domestic production.

• It is projected that 1998 US imports into Mexico will increase to US$59.3 million. The annual percentage increase for the years 1999 through 2001 for US portable computers, hand-held PC's, and PDA imports is estimated to be 18%.

Telecommunication



• Cellular radiotelephony networks in Mexico have been operational since 1990.

• The market has grown fifty five-fold, from an average of 20,000 subscribers in 1990-1991 to 800,000 in mid-1996 to 1.1 million in 1997.

• In 1989 Secretaria de Comunicaciones Y Transportes (SCT) established 9 cellular service regions in Mexico. Concessions were allocated to ten companies in two bands.

• The development of the paging market was slow until the end of 1991, when only 49,000 users were registered. Through the end of 1996, the growth has been at a 40% compounded annual rate.

• Two US and one European equipment firms hold a strong equity position among Mexican cellular telecommunications providers.

• An issue for all cellular and paging systems is interconnection to wire-line networks.

• Telmex, has maintained relatively high interconnection rates, which ultimately limit penetration levels by wireless services dependent on linkage to wired services.

• By participating as capital and/or technological partners of Mexican telecommunication service providers, US companies have taken the lead in competition against the former Telmex monopoly. In paging

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companies, Motorola is the main technology and equipment provider but does not participate in the capital of service companies.

- All services analyzed in this report require interconnection with wire-line systems. Most of Mexico's existing wire-line telecommunications infrastructure was developed by the Ericsson (Sweden), using European standards. This creates some barriers for US companies trying to break into this market.

LATIN AMERICA CALENDAR OF EVENTS

Oct 14-17
EXPO FORRAJE
Buenos Aires
Agriculture Machinery & Equipment

Oct 25-29
COMDEX MEXICO
Mexico City
Telcos, Internet & Computer Services

Oct 26-28
EXPO COMM
Monterrey
Telcos & Internet Services

Oct 29-Nov 7
INTL TRADE FAIR
Santiago
Intl Trade & Manufacturing Tech

Nov 9-12
EXPO COMM BRAZIL
San Paulo
Telcos

Nov 15-19
WORLD FOOD MEXICO
Mexico City
Agriculture, Food & Packaging Technology

Nov 17-19
EXPOSEC
San Paulo
Security Services

Nov 19-21
CONSTRUEXPO
Guadalajara
Construction, Hospitality

Nov 19-21
EXPOFOOD BRAZIL
Porto Alegre
Food & Beverage

Nov 3-6
HOSPITALARIA
Buenos Aires
Healthcare Industry

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