EXPORT DEVELOPMENT CANADA GUIDE

Doing business in Mexico

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TAKE ON THE WORLD

Contents

Why Mexico matters for Canadian exporters in 2026

Canada and Mexico are strategic, North American partners with strong economic, political and social ties. For more than 80 years, Canada and Mexico's relationship has been characterized by development of cultural connections, growing trade and investment.

Culture and business etiquette also play an important role in building trust and long-term commercial relationships in Mexico. While Canada and Mexico share close economic ties under the Canada–United States–Mexico Agreement (CUSMA), business norms, communication styles and expectations can differ. For practical guidance, see EDC's Cultural tips for doing business in Latin America, which outlines key etiquette and cultural considerations relevant to Mexico and other markets across the region.

Since the signing of the North American Free Trade Agreement (NAFTA) in 1994, bilateral trade between our two countries has grown more than tenfold, reaching approximately C$75 billion in 2024.

Today, Mexico is one of the largest global economies (15th), based on the size of its gross domestic product (GDP). In addition, Mexico's favourable labour demographics, growing consumer class of about 130 million people and well-educated, skilled labour force, offers Canadian businesses a wealth of opportunities. Considered to have one of the most open economies worldwide, Canadian investors and exporters can gain immediate access to 50 markets given the 15 free trade agreements (FTAs) Mexico has signed.

On July 1, 2020, CUSMA came into force, the world's largest trade bloc with a combined population of 495 million and total GDP of nearly US$25.1 trillion. The successor to NAFTA, the new trade deal seeks to further strengthen the already strong trilateral trading relationship and increase support to Canadian firms that are looking to diversify their international sales.

Mexico is emerging as one of the most strategically important markets for Canadian exporters in 2026, driven by a convergence of trade policy timing, market opportunity and North American supply chain realignment.

Mexico is Canada's third-largest trading partner, with significant untapped potential. Despite its importance, Mexico accounts for just 1.1% of Canadian exports, leaving the market underdeveloped relative to its size, proximity and integration with North American manufacturing. Strengthening commercial ties with Mexico has become a strategic priority for Canadian business leaders.

Canada is doubling down on Mexico following the critical 2026 CUSMA review

The mandatory 2026 review of the Canada-United States-Mexico Agreement (CUSMA) marks a pivotal moment for North American trade. While the review process highlighted the potential for future negotiations and ongoing annual reviews, CUSMA remains in force with no immediate changes to market access or tariff treatment for Canadian exporters. Against this backdrop, Canadian exporters increasingly view Mexico as a critical hedge against U.S. trade unpredictability.

Canada has already accelerated its engagement:

- The Team Canada Trade Mission to Mexico in February 2026 drew more than 240 organizations and 370 delegates, signalling historic interest from Canadian firms.
- A new Canada-Mexico Comprehensive Strategic Partnership, launched in 2025, aims to deepen bilateral trade and position both countries for CUSMA's next phase.

Nearshoring is transforming North American supply chains—and Canada stands to gain

Mexico is now the United States' largest trading partner, and nearshoring is driving rapid investment into Mexican manufacturing, particularly in automotive, electronics, aerospace, med-tech and information and communications technology. This shift is strengthening the integrated North American manufacturing ecosystem and creating new supplier opportunities for Canadian firms.

As nearshoring accelerates:

- Demand is rising for Canadian components, inputs and expertise as Mexico expands manufacturing capacity.
- Mexico announced US$40 billion in new manufacturing investments in 2025 and 2026, opening doors for Canadian exporters in machinery, materials, automation, clean technologies and advanced manufacturing systems.

Logistics and trade flows are shifting, improving efficiency

Nearshoring is also reshaping North American logistics. Deeper cross-border integration between the U.S. and Mexico is indirectly benefiting Canadian exporters by shortening lead times, reducing supply chain risk and improving regulatory co-ordination under CUSMA.

At the same time, sector-specific opportunities are expanding rapidly where Mexican demand aligns with Canadian strengths, including advanced manufacturing, agri-food, clean technologies, digital industries and creative sectors. But doing business in Mexico isn't without its challenges, including the issues of security and corruption. On the former, you need to understand that the dynamics are considerably different than in Canada. Security costs, in terms of your premises and personnel, will be higher and require a deeper level of due diligence. Corruption is one of the top challenges for businesses. But on a more positive note, there have been marked improvements since the inception of NAFTA, and they're expected to continuing under CUSMA. Regardless, be vigilant—as you should be when brokering deals anywhere, including Canada because no jurisdiction is immune to business threats.

Canada–Mexico trade overview (2014–2024)

A decade of deepening North American integration

Over the past decade, Canada and Mexico have become increasingly integrated trade partners, forming a tightly connected North American supply chain—first under NAFTA and now under CUSMA. As both economies expanded their industrial capacity and deepened regional integration, bilateral trade grew steadily—driven by Mexico's rise as a manufacturing hub and Canada's role as a reliable supplier of industrial inputs and agri-food products.

The result is a highly complementary trade relationship: Canada primarily exports intermediate goods that feed Mexico's manufacturing engine, while Mexico exports finished manufactured products to Canadian consumers and businesses.

Canada's exports to Mexico

Canada's exports to Mexico have grown in step with Mexico's rapid industrial expansion and deeper integration into North American supply chains. As Mexico strengthened its position in automotive, electronics and machinery manufacturing, demand increased for Canadian industrial inputs and agri-food commodities that support production and processing. By 2025, Canadian exports to Mexico reached C$8.9 billion, underscoring the growing importance of the market for Canadian firms.

Canada's export mix remains concentrated in intermediate goods that are essential to Mexico's production capacity. Top export categories include vehicles other than railway or tramway, machinery and industrial equipment, meat and edible offal, electrical and electronic equipment, and iron and steel. These products align closely with the needs of Mexico's automotive assembly plants, electronics clusters and fast-growing food-processing sector.

The structural drivers behind these flows are well established. Mexico's manufacturing ecosystem depends on high-quality machinery, metal inputs, automotive components and electronic parts—areas where Canadian exporters have long-standing competitive strengths. At the same time, population growth and rising food demand have increased Mexico's imports of Canadian agricultural products such as pork, cereals and oilseeds. Regional content rules under CUSMA further reinforce North American sourcing, supporting sustained demand for Canadian parts, materials and agri-food inputs.

Mexico's exports to Canada

Mexico's exports to Canada have expanded even more rapidly, reflecting its role as a major producer of finished manufactured goods. By 2025, Mexico exported approximately C$53.3 billion in goods to Canada—more than six times the value of Canada's exports to Mexico—driven by large-scale automotive, electronics and consumer-goods manufacturing.

Mexico's leading exports to Canada include cars, delivery trucks, computers and electronics, as well as a broad range of manufactured products such as appliances, medical devices and industrial equipment. These sectors dominate because Mexico's automotive and electronics clusters are deeply embedded in North American production networks, supplying both Canadian consumers and Canadian manufacturers that rely on integrated cross-border supply chains.

This imbalance in trade values reflects the complementary nature of the relationship rather than a lack of opportunity for Canadian firms. Mexico specializes in final assembly and high-volume manufacturing, producing competitively priced vehicles, electronics and consumer goods for the Canadian market. In turn, Mexico benefits from preferential market access and supply chain efficiencies under CUSMA, supported by sustained investment in its industrial base. The result is a mutually reinforcing trade corridor in which Mexico serves as a critical supplier of finished goods, while Canada remains a key provider of inputs, materials and expertise.

Top sectors for Canadian companies expanding to Mexico

Thanks to Export Development Canada's (EDC) Business Connections Program, we maintain close relationships with leading Mexican companies in various industries interested in working with Canadian expertise and innovation. As such, the most relevant sectors of opportunity for Canadian exporters and service providers in Mexico are: Advanced technology and advanced manufacturing, cleantech, agri-food and retail.

2.1 Advanced technologies and advanced manufacturing

Over the past decade, Mexico's appetite for advanced technologies in different fields and applications has seen a significant growth. There's a strong potential in communication (telecom) services, information and technology services and enterprise software, semiconductors and electro mobility. Furthermore, applications for the digitalization of businesses, blockchain, Internet of Things (IoT), artificial intelligence (AI), cybersecurity and fintech (financial technologies) have also seen a significant market uptake and offer interesting opportunities for Canadian exporters in Mexico.

The development of Mexico's information and communication technology (ICT) industry is being driven by the mobile telephone, broadband and broadcasting sectors, mostly pushed by the government and private companies' interest in developing and expanding their use of cloud-based solutions, ICT services and enterprise software.

As a regional powerhouse and home to some of the most important ICT firms such as America Movil, AT&T Mexico and Axtel-Alestra, Mexico is also a gateway to other key markets in Latin America. As such, Mexico can provide a base for Canadian ICT firms that want to open new markets in the Caribbean and Central and South America.

Light manufacturing

The Mexican market is ideal for assembly operations due to its competitive cost savings, existing industry clusters, strategic geographical location, quality workforce and ease of entry. Mexico's light manufacturing industry plays a crucial role for its contribution to the country's economic development, as well as the production of consumer goods and the extensive capital value chains. Consequently, the light manufacturing (LTM) sector has been looking to improve the use of technologies to keep its appeal for international investors.

Some of the products and services that have seen the biggest demand in recent years:

- medical devices
- biotechnology
- quality control suppliers
- testing and related secondary services
- plastics
- environmental technologies such as water resources equipment
- solid waste management
- recycling
- soil remediation
- air monitoring
- medical waste management
- environmental engineering
- security and safety devices, like closed-circuit television (CCTV) systems
- semiconductors

Mexico is also a gateway to other key markets in Latin America. As such, Mexico can provide a base for Canadian ICT firms that want to open new markets in the Caribbean and Central and South America.

Automotive

The automotive sector in Mexico is globally recognized for its outstanding capacity to manufacture passenger vehicles, heavy and specialized vehicles and automotive parts. Mexico ranks as the seventh-largest country in vehicle production and is the fifth-largest country in vehicle exports. The automotive industry contributes 21% of the country's manufacturing GDP. The automotive sector remains a high-potential opportunity for Canadian exporters to Mexico.

This sector has become a net receiver of foreign direct investment (FDI), comprising 13% of the total foreign capital received in Mexico, due to its strategic location in the so-called Bajio *(bah-hee-oh)* region. It's comprised by four central states: Guanajuato, Aguascalientes, Querétaro and Jalisco. As a result of its strategic location, as well as the concentration of more than 600 original equipment manufacturers (OEMs) and key Tier 1 and Tier 2 suppliers, the sector benefits from competitive production costs, efficient logistics and skilled labour. This clearly maximizes the business potential for Canadian investors and suppliers.

In the Mexican market, demand is strong for parts manufacturers of:

- engine
- electrical components
- gearboxes
- drive axles
- steering wheels
- precision assembly devices
- machined parts
- hybrid vehicle parts
- suspension systems
- semiconductors

Plastic parts, electronics and technologies for emission reduction are also in high demand.

With CUSMA in place, the more robust rules of origin for automotive are expected to incentivize production within Canada, the U.S. and Mexico, maintain the competitiveness of the North American auto industry and ensure well-paying jobs.

Aerospace

According to the Mexican Aerospace Industry Federation (FEMIA), the aerospace industry in Mexico has had a steady annual growth since 2004, when the sector accounted for only 100 companies. Today, there are more than 370 aerospace companies, mainly focused in design and engineering, manufacturing with an 80% of concentration, maintenance-repair-overhaul facilities (MROs) and ancillary services (airline test, training centres, etc.) for commercial and military aircrafts. Mexico is a global leader in the aerospace industry and ranks as the sixth-largest exporter to the U.S.

Many international aerospace firms have established their secondary-components supply chains in Mexico to benefit from its competitive operating costs, highly educated local workforce, well-developed aerospace infrastructure and strong regulatory framework. A large number of these companies is concentrated in the northern region. In this area, the aerospace industry is focused on the generation of new technologies and the promotion of clusters, in joint collaboration among companies, universities, R&D centres and local government offices.

Mexico’s four principal states for the aerospace industry are:

1. **Querétaro:** Specialized in complex fuselage parts, landing gear, turbine design, manufacturing, assembly and maintenance.
2. **Baja California:** Develops the fuselage systems, power plants and main outsourcing for the aerospace and defence industry with capabilities in engineering, engine manufacturing, composite materials and specialized training centres.
3. **Sonora:** Specialized in turbine and engine component manufacturing. Focused on the development of supply chains and innovation and in the manufacturing of turbines and blades. The strength of this state is focused on R&D activities, in which the Sonora Institute for Advanced Manufacturing and Aerospace collaborates with private sector companies.
4. **Chihuahua:** Chihuahua: A high-technology manufacturing hub specializing in precision machining, wire harness production, surface treatments, structural assembly, and certification, repair and maintenance services.
5. **Nuevo Leon:** Emerging in advanced manufacturing, automation, tooling and R&D centres linked to universities and technology parks.

2.2 Cleantech

Mexico's cleantech sector is growing rapidly, driven by nearshoring, rising industrial demand for sustainability and ambitious targets to generate 43% of electricity from clean sources by 2030. As manufacturing activity expands—particularly in export-oriented industries—demand is increasing for reliable, low-carbon energy solutions. Key growth areas include solar, wind, green hydrogen and electric mobility.

Key growth drivers include:

- **Solar leadership:** Mexico is a leader in industrial solar process heating and has strong potential for solar PV and wind generation. Solar capacity is expected to grow at a compound annual growth rate of 8.5% through 2034, supported by high irradiation levels and rising corporate demand for clean power.
- **Electric mobility:** With 439 companies now active in the local EV supply chain—a 37% increase in under a year—Mexico has surpassed several Asian competitors as the top exporter of electric vehicles to the United States. The country is cementing its role as an EV manufacturing powerhouse, with production projected to exceed 250,000 electric units this year. However, the public charging network faces an estimated US$10-billion infrastructure gap, creating opportunities in charging, grid integration and energy-management solutions.
- **Innovators:** Mexico's cleantech ecosystem is expanding, driven by startups, specialized incubators and growing demand for sustainable solutions in energy, water and waste management. As of 2025–2026, innovation is particularly active in electric mobility, regenerative agriculture and waste-to-energy technologies.

Mexico's commitment to reducing greenhouse gas emissions by 22% and sourcing 43% of energy from clean sources by 2030 presents significant opportunities for Canadian cleantech firms. Priority areas include renewable power, green hydrogen, water treatment, smart grids and industrial decarbonization—particularly in urban centres and export-oriented manufacturing hubs.

Key opportunities for Canadian companies

- **Renewable energy and storage:** Growing demand for solar, wind, biomass and battery-storage solutions as Mexico transitions away from fossil fuels.
- **Water and wastewater management:** Severe water stress—especially in cities such as Monterrey and Mexico City—is driving demand for wastewater treatment, water reuse and digital water-management technologies.
- **Smart cities and urban mobility:** Opportunities in smart grids, intelligent lighting, EV-charging infrastructure and sustainable transportation systems.
- **Industrial decarbonization:** Strong demand for technologies that help manufacturing and mining reduce emissions and improve energy efficiency.
- **Waste-to-energy:** Increasing interest in solutions that convert waste into energy to support urban development and circular-economy goals.

Strategic advantages and support

- **Trade agreements:** The Canada-United States-Mexico Agreement (CUSMA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) provide a stable and predictable framework for trade and investment.
- **Government and institutional support:** Canadian Technology Accelerators (CTA) and Export Development Canada (EDC) offer financing, risk mitigation and market intelligence to support Canadian companies entering or expanding in Mexico.
- **Regional partnerships:** Collaborating with local firms and leveraging the Pacific Alliance framework (Chile, Colombia, Peru and Mexico) can help accelerate market entry and scale.

Canadian companies should be prepared to navigate a regulatory environment that's increasingly shaped by sustainability and ESG (environmental, social and goverance) considerations, particularly for energy, infrastructure and industrial projects.

2.3 Agri-food

Mexico's agri-food sector is one of the most dynamic and strategically important segments of its economy, supported by strong domestic consumption, expanding export capacity and an increasingly sophisticated supply chain. Demand continues to rise for high-quality imported products, advanced processing technologies and value-added foods—areas where Canadian companies are particularly competitive.

Shifting consumer preferences toward healthier, premium and specialty food products are reshaping the market, especially in large urban centres. Population growth, rising formal employment and the continued expansion of modern retail and food-service channels are strengthening long-term demand for reliable international suppliers.

Mexico represents a high-potential agri-food market for Canada, underpinned by the Canada-United States-Mexico Agreement (CUSMA). CUSMA is one of the most comprehensive and open trade agreements for agricultural products, offering predictable rules, reduced barriers and strong market-access provisions. These advantages enable Canadian agri-food exporters to compete effectively while supplying Mexico with consistent, high-quality products.

Canadian products align closely with evolving Mexican demand trends, particularly across grains, oilseeds, pulses, processed foods, proteins and organic or functional products. Canada's reputation for quality, safety and reliability positions its exporters well in several high-potential categories.

Key opportunity areas include:

- **High-quality grains, cereals and oilseeds:** Strong and consistent demand for wheat, canola, oats, barley and specialty grains used in food processing and animal feed.
- **Pulses and plant-based proteins:** Canadian lentils, peas and chickpeas are well regarded by both consumers and industrial processors, supporting food security and plant-based product innovation.
- **Meat and protein products:** Opportunities exist for beef, pork and specialty proteins, particularly within foodservice, hospitality and institutional channels.
- **Functional, organic and wellness foods:** Rising consumer interest in clean-label, low-sugar and nutritionally enhanced products is driving demand for premium and value-added offerings.
- **Industrial ingredients and food-processing inputs:** Growth potential in additives, supplements, nutraceuticals and specialized ingredients that support Mexico's expanding food manufacturing sector.

The foodservice and hospitality industries—especially quick-service restaurants, hotels and institutional catering—are increasingly seeking reliable international suppliers that can support menu innovation and global culinary trends. At the same time, the rapid expansion of e-commerce and grocery delivery platforms has broadened consumer access to imported agri-food products across the country.

Despite its strong performance, Mexico's agri-food sector remains highly price sensitive, making it essential for exporters to balance quality with cost competitiveness. Logistics efficiency, shelf life and clear value-added attributes play a critical role in purchasing decisions among retailers and distributors.

Regulatory compliance is another key consideration. All agri-food products entering Mexico must comply with Official Mexican Standards (NOMs), which cover commercial, sanitary, phytosanitary and front-of-package (FOP) labelling requirements. Products classified as high in sugar, sodium, or saturated fats must display prominent warning seals, influencing packaging design and product formulation strategies.

Canadian exporters benefit from strong institutional support through the Trade Commissioner Service (TCS) and Export Development Canada (EDC), which provide market intelligence, regulatory guidance, introductions to local partners and access to agri-food-focused trade missions. Combined with the market-access advantages offered by CUSMA, this support positions Canadian companies well to compete and grow within Mexico's evolving, high-potential agri-food sector.

2.4 Infrastructure

In 2019, the AMLO administration announced an ambitious infrastructure plan worth C$48 billion (about 20.5% of Mexico's GDP), which includes highways, railways, ports and investments in water, tourism and telecommunications. The Mexican government expects that most of the investment will come from the private sector, which is expected to attract more than C$3 billion in investment from pension funds and private investment funds. Recognizing that lack of transparency has been one of the country's Achilles heels to attract reputable international investors in the past, the government highlighted that the 147 projects that are part of the announcement will comply with standards set out by Mexico's *Consejo Coordinador Empresarial* (CCE).

The current Mexican administration launched a platform called Mexico Projects Hub to provide information on investment opportunities in infrastructure and an assortment of other projects.

2.5 Retail

Mexico's retail sector continues to demonstrate stable and consistent growth, supported by high consumer confidence, a growing middle class and a resilient upper-income segment. Opportunities exist across virtually all product categories and sales channels—not only through traditional brick-and-mortar retail, but increasingly through e-commerce, which has become a core component of consumer purchasing behaviour.

Mexico represents a high-potential retail market for Canadian companies, underpinned by a young population, rising digital adoption and the market-access advantages provided by the Canada-United States-Mexico Agreement (CUSMA). The country's central region is particularly important, accounting for nearly 80% of national e-commerce potential and serving as a key logistics and consumption hub.

Lifestyle shifts among younger demographics are driving demand for higher-quality and healthier products, including ready-to-eat foods, premium categories, meats and deli items, wellness products and specialty, or gourmet goods. These trends align closely with competitive Canadian offerings, particularly in organic, functional and health-based foods, as well as nutraceuticals.

Changing lifestyles of the young demographics have created a trend and increased the demand for high-quality and healthier products, ready-to-eat foods, premium products, meat and deli, wellness, specialty and gourmet.

The Mexican retail market also presents notable opportunities in the following areas:

- **E-commerce and digital retail:** Online grocery, marketplace integration and omnichannel strategies are becoming essential as digitalization accelerates and consumer expectations evolve.
- **Agri-food and specialty foods:** Mexican consumers and retailers show strong demand for Canadian grains, oilseeds, meats, processed foods and value-added specialty products.
- **Private-label partnerships:** Major retailers—Soriana and other national chains—are actively seeking innovative, high-quality Canadian products for their private-label portfolios, spanning both premium offerings and value-oriented staples (e.g., rice, beans and soy).
- **Consumer goods and cosmetics:** Growing appetite for apparel, household goods, furniture and cosmetic products is creating broader opportunities for Canadian exporters beyond food categories.

Despite its strong performance, the retail sector remains highly price-sensitive, with buyers and retailers closely evaluating product decisions based on category margins and profitability. Higher-priced products may face challenges unless they clearly deliver differentiation, quality, or functional value.

Regulatory compliance is another critical consideration. Updates to Mexico's Official Mexican Standards (NOMs) introduced mandatory commercial and sanitary technical requirements for products intended for human or animal consumption. These regulations include strict front-of-package (FOP) warning labels for products classified as high in sugar, sodium, or saturated fats—requirements that directly affect packaging design and product formulation. Full compliance is essential for market entry and long-term competitiveness.

Canadian companies benefit from strong institutional support through the Trade Commissioner Service (TCS) and Export Development Canada (EDC), which provide tailored guidance, market intelligence, financing tools and access to trade missions. Geographic proximity between Canada and Mexico further enhances competitiveness by offering logistical and cost advantages over more distant international suppliers.

What Canadian companies need to know about Mexico's business environment

Mexico is one of the countries most open to foreign direct investment (FDI) and is the 10th-largest FDI recipient in the world. As such, our trade and investment relationship has seen strong growth since NAFTA came into force in 1994.

3.1 Doing business in Mexico: Key cultural differences for Canadian companies

Canada and Mexico share strong bilateral ties and an increasingly integrated economic relationship. However, important differences in business culture can shape negotiations, partnerships and day-to-day collaboration. Understanding these differences helps Canadian companies build trust, avoid missteps and establish durable commercial relationships.

Relationship-driven business culture

Business in Mexico is highly relationship-driven. Meetings often begin with informal conversation, and investing time in rapport-building is a critical foundation for successful negotiations. Trust and personal connections frequently precede commercial decision-making.

Canadian business culture tends to be more task-oriented and agenda-driven. Canadian companies operating in Mexico should expect—and embrace—a more personal communication style and allow time for relationships to develop.

Hierarchical decision-making

Mexican organizations often operate with more centralized and hierarchical decision-making structures. Decisions may take longer as they move through senior leadership levels, particularly in large firms, or public sector-adjacent organizations.

By contrast, many Canadian companies delegate greater authority to mid-level managers. Understanding where decision-making authority sits—and engaging senior leaders early—can help advance discussions more effectively in Mexico.

Communication style: Diplomatic and indirect

While Canadian communication is typically direct and concise, business communication in Mexico tends to be more diplomatic and indirect. Politeness and respect are emphasized, and a direct refusal may be avoided in favour of more nuanced responses.

Reading context—including tone, phrasing and pauses—is important, particularly in negotiations or sensitive discussions. Clear followup and confirmation can help ensure shared understanding.

Time, flexibility and pace

Business schedules in Mexico can be more flexible and meetings may not always start exactly on time. Relationship-building often takes precedence over rigid agendas, especially in early interactions.

Canadian companies should allow additional time between meetings and expect discussions to evolve more fluidly than they might in Canada.

Importance of in-person engagement

Face-to-face interaction plays an important role in building credibility and trust in Mexico, particularly at the start of a business relationship. While Canadian firms may be comfortable with remote engagement, in-person meetings can significantly strengthen early partnerships and negotiations.

Did you know

Canadian trade and investment with Mexico is steadily growing, with

more than $46.4 billion

in two-way merchandise trade in 2024.

Mexico remains Canada's

fifth-largest merchandise trading partner.

Mexico is Canada's third-largest source of merchandise imports

$33.4 billion in 2024,

...and its fourth-most important merchandise export destination

$6.1 billion in 2024.

Formality and professional respect

Business etiquette in Mexico tends to be more formal than in Canada. Professional dress, titles and respectful greetings are important. Canadians should use formal titles (such as Lic., Ing. or Dra.) and a person's surname until invited to do otherwise.

Handshakes are common in professional settings. Greetings may vary slightly depending on context, but a respectful, formal approach is generally expected.

Building long-term partnerships

Mexican firms often prioritize long-term collaboration over transactional deals. Successful partnerships are built on mutual respect, trust and consistent follow-through.

Learn more: For practical guidance on meetings, communication, negotiations and professional etiquette, see Doing business in Mexico: 12 essential etiquette tips.

As Canada and Mexico deepen co-operation across sectors such as advanced manufacturing, agri-food, clean technologies and digital industries, cross-cultural understanding becomes an essential component of sustainable commercial success.

Canadian direct investment in Mexico was $46.4 billion in 2024, which is Canada's ninth-largest direct investment destination. Mexico's stability, growing consumer class and competitive labour continue to make it an attractive market for Canadian exports and investment. As a result Mexico has been identified as a priority market.

The FDI rules for Canadian investors is governed by the provisions of the foreign investment chapter within CUSMA. These assure non-discriminatory treatment of most FDI in Mexico, remove performance requirements for FDI projects and liberalize automatic approval procedures for FDI. Expropriation of property is forbidden except for a public purpose, and even then, is subject to international law and must include compensation at fair market value. Mexico's CUSMA membership also guarantees the open conversion and transfer of funds to Canadian investors.

Various PROSEC programs (sectorial promotion programs) eliminate or reduce the most-favoured-nation import duties on certain inputs used to produce specific products. PROSEC programs support 23 sectors, including electronics, home appliances, automotive and auto parts, textiles, apparel and footwear.

Foreign investment protection

CUSMA provides Mexican investors transparent and predictable access to Canadian markets through reciprocal, legally binding rights and obligations. One of 12 in the new agreement, the investment chapter contains a comprehensive set of protections to international and Canadian investors similar to those found in other free trade agreements (FTAs), including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

3.2 Reserved sectors

Some sectors remain reserved to the state, including:

- Nuclear energy and radioactive materials
- Coinage and printing of money
- Postal services
- Control, supervision and surveillance of ports of entry

There's a more restricted category, which reserves certain sectors for Mexican nationals. These include:

- Development banks
- Certain professional and technical services
- Domestic transportation for passengers, tourism and freight

Apart from these sectors, FDI in Mexico is essentially free from any requirements for government approval.

3.3 Investment incentives

Mexico provides various incentive programs for international investors. The following are the major ones:

- The IMMEX/maquiladora program came into effect in 2006 and provided companies operating under this program with several forms of tax and administrative relief. IMMEX is a program applied to foreign goods, which are temporarily imported for export such as manufacturing, transformation or repairing processes, or for the provision of export services.
- Among these was a provision that exempted maquiladora companies from paying the value-added tax (VAT) on goods they imported temporarily in order to manufacture, transform, or repair products that would then be re-exported.
- The IMMEX program allows companies to temporarily import the necessary goods (machinery or supplies) to be used in these processes without paying:
    - General import tax (IGI)
    - Value-added tax (IVA)
    - Compensatory fees, when applicable
- Since the 2013 financial reforms, the standard VAT of 16% applies to all goods imported temporarily by maquiladora firms. To be exempted from paying the VAT, the company must obtain a certification from the Mexican tax authorities.
- Various PROSEC programs (sectorial promotion programs) eliminate or reduce the most favoured nation import duties on certain inputs that are used to produce specific products. PROSEC programs support 24 sectors, including electronics, home appliances, automotive and auto parts, textiles, apparel and footwear. For more information on the 24 sectors, please visit this Spanish-only website.
- Several Mexican states have developed their own industrial development policies and provide state-level support to potential investors. This can include reductions in real estate prices, as well as cuts to state payroll taxes, transfer taxes and deed registration taxes. Some jurisdictions offer employee training programs and new infrastructure if needed.

IMMEX and PROSEC procedures are free and should be carried out before the Mexican Ministry of Economy at the Ventanilla Única for Mexican Foreign Trade (VUCEM), a one-stop window in custom offices around the country.

It's worth noting that Mexico's incentive programs are mostly facilitated by local government officials rather than at the federal level. When planning to set up a business in Mexico, Canadian companies should consider speaking with at least three potential Mexican local governments agencies to explore their incentive package and choose the best option.

Somewhat offsetting the shortage of credit is the relatively low cost of doing business in Mexico.

In 2012, Mexico passed a major labour reform bill into law. It streamlines the hiring and firing of workers, establishes an apprenticeship system, sets up an hourly wage system and regulates outsourcing. It also forbids job discrimination based on sex, health, sexual preference, age and disability.

3.4 Foreign trade zones

Since 2002, Mexico approved the operation of free trade zones (FTZs), allowing free trade of industrial products by reducing trade barriers in these regions. This was done to encourage investment, creation of jobs, improvement of production and economic stability. Currently, there are two approved FTZs. In the northern border (comprising Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon and Tamaulipas) and southern border of Mexico (Quintana Roo, Chiapas, Campeche and Tabasco). These FTZs provide a tax credit of 50% of the value-added tax (VAT) and a tax credit equivalent to one-third of the income tax due in the fiscal year income.

3.5 Labour

In 2022, Mexico passed into law a labour reform bill, which included the creation of a labour justice institution, new union participation programs and the prohibiting of outsourcing labour except for specialized services—to comply with CUSMA commitments.

The labour chapter in CUSMA aims to improve the labour standards and working conditions in the four regions. CUSMA is expected to enhance the enforcement and protection of labour national laws, policies of fundamental principals and human rights at work. This includes the right to collective bargaining and the prohibition of importation of goods produced through forced labour, among others.

In order to assure this chapter agreements are being respected, there will be a three-member panel of independent labour experts, whose job will be to investigate potential violations.

The labour chapter is subject to dispute settlement.

3.6 Social unrest

Traditionally, social unrest hasn't been a major risk for Canadian investors. But, the violence that has accompanied the government's war on Mexico's drug cartels is still a concern. Certain parts of the country, notably those along the border with the United States, as well as non-border areas where the cartels are active, present greater risks than other regions.

The Mexican Institute for Competitiveness' (IMCO) annual *State Competitiveness Report 2025*, for instance, estimates that the states with the highest levels of insecurity are Morelos, Guanajuato, Zacatecas, Mexico (Estado de Mexico) and Tabasco. In contrast, the state with the highest security perception is Yucatan.

If you're considering an investment in Mexico, you should pay close attention to possible security problems in the area where you intend to do business and plan accordingly. Still, it's important to keep the threat in perspective. Most Canadian affiliates are based in more secure regions of Mexico and aren't affected by social unrest.

A key mechanism supporting the establishment of foreign companies in Mexico is the government's Single Window for Investors, an online platform that centralizes the main procedures, permits and regulatory requirements needed to operate in the country. Through this portal—available at www.ventanillaunica.economia.gob.mx—investors can access official guidance, submit applications, track processes and consult information related to foreign trade, corporate registration and regulatory compliance. By consolidating administrative steps into a single interface, the system reduces processing times and enhances legal certainty when setting up a business presence in Mexico.

Market-entry options for selling into Mexico

Subject to the restrictions mentioned earlier, international companies may use a range of entry strategies to establish themselves in Mexico. The most common approaches to setting up a Mexican presence are described in this chapter.

4.1 Obtain the authorization to use the company name online

The company name can be reserved directly by the public notary through the following online platform: mua.economia.gob.mx/mua-web/muaHome. On the website, the following information must be included: Name, type of company and the notary public with whom the constitution will be formalized. Once all the information is provided, the notary must sign the request with the electronic signature (*e.firma*).

The Ministry of Economy will first check its availability and then proceed if it complies with the legal framework. The authorization is issued via email within the next two days and is valid for 180 days.

Once the company's incorporation deed is made, the notary public will notify the Ministry of Economy of the authorized company name.

4.2 Obtain a tax registry number (RFC) with the tax authorities (*sistema de administración tributaria - SAT*)

The company must obtain a tax identification number (*Registro Federal de Contribuyentes—"RFC"*) from the tax authorities. Notaries can obtain it at www.sat.gob.mx/personas/tramites-del-rfc.

He/she submits the information on the company and retrieves the RFC and the tax identification card in PDF format. The entrepreneur can also obtain the RFC, but needs to go in person to the service centre to provide an electronic signature.

4.3 Register with the local tax authorities

The company must register with the local tax administration and enrol in the registry of taxpayers for payroll tax (*Inscripción de Datos al Padrón de Contribuyentes del Impuesto sobre Nóminas*).

The company can register at the *Alcaldia* (city hall) office and the documents required include:

- Articles of association and legal representative identification
- Application form for enrolment
- Taxpayer identification number (RFC)
- Notice of enrolment at the IMSS

In addition, this procedure can be completed in Mexico City online at innovacion.finanzas.cdmx.gob.mx/siscon/.

The company will need the electronic signature (e.firma) and the registration of the legal representative.

The company is enrolled immediately and will receive a receipt of the application. Since September 2018, the annual payroll tax declarations must be presented only through the online platform with the company *e.firma*.

You can operate in Mexico by using sales representatives such as agents and distributors, instead of setting up a local presence. In this case, you're considered a non-resident business. Be sure, however, that your representatives don't engage in activities that would require you to establish a Mexican business entity.

4.4 Standardized companies and its legal forms

Sociedad Anonima (S.A.) and variants

The S.A. is the equivalent of a Canadian corporation. It must have at least two shareholders and a minimum of $50,000 pesos in capital stock. The *Sociedad Anonima de Capital Variable* (S.A. de C.V.) is a variation of the S.A. that has variable capital, so that the minimum fixed capital can be changed after the corporation is set up. Both these entities are for non-public companies. A publicly traded company is called a *Sociedad Anónima Bursátil de Capital Variable* (S.A.B. de C.V.).

Sociedad de Responsabilidad Limitada (S. de R.L.)

This is a limited liability partnership. It can be up to 100% foreign-owned and must have a minimum of $3,000 pesos in starting capital stock. It must also have at least two partners who manage the company. A common variation, which is the same in most respects except for having variable capital, is the *Sociedad de Responsabilidad Limitada de Capital Variable* (S.R.L. de C.V.).

Sociedad Civil (S.C.)

The "civil partnership" or S.C. is the most common organization for professional service providers. It has no minimum capital requirements, no limit on the number of partners and is taxed as a corporation.

Branches

A foreign company may open a branch instead of incorporating. A branch provides rights and responsibilities that are similar to that of a corporation, including tax liability and access to local courts.

Joint ventures

A joint venture between a Canadian and Mexican firm is considered to be independent of its parent companies and must be registered as a separate business.

Agents and distributors

You can operate in Mexico by using sales representatives such as agents and distributors, instead of setting up a local presence. In this case, you're considered a non-resident business. Be sure, however, that your representatives don't engage in activities that would require you to establish a Mexican business entity. If they do, the government may decide that your firm is operating an undocumented Mexican subsidiary, which can lead to difficulties.

Somewhat offsetting the shortage of credit is the relatively low cost of doing business in Mexico.

Finances, taxes and getting paid

Mexican banks have traditionally been very cautious lenders, and small- to medium-sized companies can find it difficult to obtain credit. More recently, however, the banks have been loosening their rules and lending to a broader spectrum of businesses. But lending rates remain high.

5.1 The banking system

The *Banco de México (Banxico)* is the country's central bank. Its primary functions are to provide currency to the domestic economy and ensure the stability of the currency's purchasing power.

Mexico also has several government-owned development banks that service specific economic needs and lend through commercial banks and other financial institutions. One of the two main banks in this category is the *Nacional Financiera*, SNC-(Nafin) and *Banco de Comercio Exterior (Bancomext)*, which provides loans to companies in priority sectors and acts as the financial agent of the federal government in the negotiation, contracting and management of credits from abroad. The second, *Banco Nacional de Obras y Servicios Públicos* (Banobras), promotes and finances infrastructure projects and public works, primarily through sub-national government lending and project financing.

The commercial banking sector is highly concentrated, with a few large banks controlling most of the market. Regional and niche banks account for the remainder. The government allows international competition in the sector and Canada's Scotiabank Inverlat has become one of the country's largest banks in Mexico.

Canada and Mexico have a tax treaty that allows Canadian companies to avoid double taxation when operating in Mexico.

5.2 Paying taxes

The federal government is the only Mexican entity that taxes the income of corporations, so there are no state or municipal corporate income taxes. The corporate tax year is the same as the calendar year and can't be more than 12 months long.

Corporations in Mexico are taxed on their worldwide income from all sources, while non-resident corporations are taxed on their Mexican income alone. The 2013 reforms eliminated the former flat-rate corporate tax (IETU) and set the value-added tax (VAT) to 16% throughout the country. Since 2014, the corporate tax rate has remained at 30%.

Note: Canada and Mexico have a tax treaty that allows Canadian companies to avoid double taxation when operating in Mexico.

5.3 Getting paid

Mexican lending rates are high relative to Canada's, so insisting on secure payment terms that will be expensive for potential customers (such as letters of credit or cash in advance) may cost you sales. Allowing over-lenient terms to secure sales is risky, however, since many Mexican importers find it difficult to finance their foreign purchases, they may often pay late, which will make your cash flow unpredictable. Worse, if a Mexican customer doesn't pay at all, it can be very difficult to collect on the debt.

The best solution to the payment problem is two-pronged: First, always negotiate your sales contracts and their credit terms very carefully, using qualified local counsel. Second, use receivables insurance to protect yourself against non-payment, as described later in Solutions from EDC.

Dispute settlement

The state-to-state dispute settlement system in CUSMA provides a transparent mechanism for the resolution of disputes for all chapters of the agreement. Almost all of the obligations in the agreement, including those related to labour and the environment, are subject to this dispute settlement system. The bilateral facility-specific rapid response mechanism (RRM) falls under its own regulations and will provide Canada with an enhanced process to ensure the effective implementation of specific labour obligations in covered facilities.

Although CUSMA, by and large, retained certain dispute resolutions mechanisms from NAFTA, it's expected that Canada-Mexico disputes will be governed by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) rather than CUSMA.

Canada isn't party to CUSMA's Investor-State Dispute Settlement (ISDS) provisions. Under CUSMA, investor-state arbitration is limited to the U.S. and Mexico. However, the original NAFTA ISDS mechanism will remain available to investors with respect to their existing investments for a period of three years after entry-into-force of CUSMA. Access to ISDS for disputes between Canadian or Mexican investors and Mexico or Canada, respectively, is possible under the CPTPP. Note: Intellectual property (IP) protections registered in Canada such as patents, trademarks, designs and copyrights, don't extend to Mexico. CUSMA has improved IP protections, but you must register for these protections in Mexico and they'll be enforced under Mexican law. Always do this with the help of Mexican legal counsel specializing in IP protection.

Navigating Mexican customs as a Canadian exporter

Mexican customs law is very strict about the submission, preparation and accuracy of import documents, and errors can lead to large fines or even confiscation of the goods. In short, don't try to do it yourself.

If you're an exporter, you should expect your Mexican customers to handle the process of clearing your goods through customs (although you'll have to provide a CUSMA certificate of origin, if applicable). If you operate an affiliate in Mexico, however, and it brings goods into the country, it acts as an importer and will have to comply with all Mexican customs rules and regulations.

7.1 Using customs brokers

Prior to the end of 2014, customs regulations required all Mexican importers, including foreign affiliates, to use licensed Mexican customs brokers to clear goods into the country. As of 2015, however, the importer is allowed to manage all customs paperwork and compliance requirements without going through a broker.

If you have an affiliate that imports goods into Mexico, be aware that trying to handle your own customs clearance is extremely risky. Mexican customs law is very strict about the submission, preparation and accuracy of import documents, and errors can lead to large fines, or even confiscation of the goods. In short, don't try to do it yourself. For this reason as well, Canadian exporters should insist that their Mexican customers use competent, reputable customs brokers to clear their shipments into the country.

7.2 Documentation

The basic customs documents are the import declaration (*pedimento de importación*), the commercial invoice, a packing list and the bill of landing. These must be submitted to customs by the importer (or by the importer's customs broker, which is much safer), and they should reflect exactly what's in the shipment. If they don't match, the shipment will be delayed at best and confiscated at worst. For some products, customs may also require additional documentation to prove compliance with various standards and regulations (e.g., certificate of origin, certificate of weight and volume, identification of goods, etc.). Once the import declaration is validated, the applicable taxes and duties have been paid, and all supporting documentation is deemed acceptable, Mexican customs will release the goods and they can enter Mexico.

To avoid potential problems, the company should obtain advice from a Mexican customs broker or consultant to help with the certification process.

7.3 Import regimes

Mexico has several “import regimes” whose tariff rates are affected by CUSMA qualifications. Canadian exporters and Mexican affiliates of Canadian companies most often use the following regimes:

Permanent imports

These goods are intended to remain in Mexico. If they’re made in Canada, they may be eligible under CUSMA for duty-free treatment or reduced duties when entering the country. To show that the goods qualify, you must provide a CUSMA certificate of origin for them.

Tariff rates vary according to the merchandise. For CUSMA-qualified goods, the tariff (if any) is calculated on their freight on board (FOB) value. For unqualified goods, the tariff is calculated on their cost, insurance and freight (CIF) value. In addition to any tariffs, a VAT of 16% is also applied according to either the FOB or CIF, depending on the goods’ CUSMA status.

Temporary imports

Temporary imports are goods that are to be re-exported within six months and attract no duties, taxes, or other fees, although they must comply with all other customs provisions.

As discussed earlier, however, goods that are imported temporarily under the maquiladora program for purposes of manufacture, transformation, or repair, are subject to VAT at a rate of 16%. A company in this situation may be able to avoid the VAT by obtaining a certification stating that the imported goods will be used to manufacture products that will then be exported. To avoid potential problems, the company should obtain advice from a Mexican customs broker or consultant to help with the certification process.

Financing and risk management tools for exporting to Mexico

EDC provides many kinds of solutions for Canadian investors and exporters, including several Mexico-specific solutions for Canadian companies with Mexican affiliates.

8.1 Managing risks

EDC Credit Insurance

With EDC Credit Insurance, 90% of your insured losses are covered against the risk of non-payment caused by a variety of events.

Our credit insurance protects you against the risk of non-payment caused by an array of events, including customer bankruptcy, non-payment, contract cancellation, issues with currency conversion, or transfer, and more.

Whether you want the security of knowing a few or many of your sales are protected against non-payment, we have the credit insurance solution that's right for you:

- EDC Select Credit Insurance: If a customer doesn't pay you, EDC will cover 90% of your insured losses. It's a short-term coverage only when you need it.
- Portfolio Credit Insurance: Protect your profits with Portfolio Credit Insurance and, get covered for 90% of your insured losses if a customer doesn't pay. It's an ongoing coverage for active exporters.

Performance Security Insurance

EDC will cover 95% of your insured losses if a customer wrongfully calls a letter of guarantee, or if a call is triggered by you not being able to meet your obligations due to specific political risks.

8.2 Securing financing

Buyer Financing

EDC can help you gain a competitive edge by providing buyer financing to your international customer and taking on the risk of non-payment for you.

If you have a Mexican affiliate that requires financing for capital goods purchases, or if a Mexican customer needs cash to buy your products, EDC may be able to help by providing direct financing. Alternatively, EDC may be able to guarantee a loan to your Mexican buyer or affiliate through its partnerships with local financial institutions.

Direct Lending

EDC can offer direct financing to your company or your foreign affiliate through a secured loan.

A loan can be made directly to your Canadian company in support of its international investment, or to your foreign affiliate, secured by the foreign assets.

Get financing for the range of loans you need, including bilateral loans, club deals, or syndicated loans:

- various lending structures are possible
- EDC lending support is priced based on the level of risk and the market involved

Structured and Project Finance

Structured and Project Finance is designed specifically for limited recourse financing of long-term, capital-intensive projects.

EDC acts as a partner with international project sponsors to advise, arrange and underwrite financing.

Structured and Project Finance support is for you if:

- your project generates revenues of more than $50 million
- you have export activities outside of Canada
- you need structured financing in order to execute a large-scale global project in the extractive, power, utilities, infrastructure, or industrial sector
- your project clearly demonstrates economic benefits to Canada

8.3 Growing working capital

Export Guarantee Program

EDC's Export Guarantee Program can help your bank provide you with additional access to financing. We share the risk with your bank by providing a guarantee on the money you borrow, encouraging them to increase your access to working capital.

Account Performance Security Guarantee

Issue letters of guarantee without putting up cash or credit to your bank as collateral. EDC will provide a 100% guarantee to your bank for any bonds it posts on your behalf.

Foreign Direct Investment Inbound

International companies with interest in developing greenfield or brownfield investments with or without capital expenditures (capex) in Canada, should contact our federal partners, including the Trade Commissioner Service, Invest in Canada and other relevant provincial partners, to unlock potential investment opportunities and facilitate their international expansion. Greenfield and brownfield investments are two types of foreign direct investment. With greenfield investing, a company will build its own facilities from the ground up. Brownfield investment happens when a company purchases or leases an existing facility.

Based on the benefits that this investment would bring to Canada, EDC can support up to the full capital costs, the cost of Canadian supply, or the purchase price of a company's investment in Canada, offering competitive rates to borrowers based on credit quality, general market conditions and the length of repayment terms being considered. We typically partner with other financial institutions when providing this type of financing. To find out more information, please contact EDC's regional office in Mexico City.

Foreign Exchange Facility Guarantee

Protect your margins with the Foreign Exchange Facility Guarantee, avoiding posting collateral as payment assurance for your foreign exchange contract provider and keep your cash free for doing business.

Surety bonds

Encourage your surety company to provide you with the bonding capacity you need to grow your business. We can reinsure them against losses if a customer demands payment against your surety bond.

Global corporate partnership program

When a company is developing its cutting-edge Canadian capabilities, EDC can assist the partnering firm through our export solutions. This offers the company access to diversified and competitive financing, which ultimately benefits their customers, and to social initiatives in Canada. Examples include collaboration on efforts to close the gender gap in tech, working with EDC's Inclusive Trade group to support Indigenous trade and expanding a company's supply chain.

Contacting EDC

Relevant sources for information

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canadainternational.gc.ca/Mexico-mexique/index.aspx?lang=eng

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Canadian Chamber of Commerce in Mexico

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To find out more about EDC's solutions and how EDC can help you do business in Mexico, please contact us.

EDC contacts in Canada
Please refer to our **contact us** page for the correct office in your region.

EDC's offices in Mexico
mexico@edc.ca

ABOUT EXPORT DEVELOPMENT CANADA

Who are we?

Export Development Canada (EDC) is Canada's export credit agency. Our job is to support and develop Canada's export trade by helping Canadian companies respond to international business opportunities. We're a self-financing Crown Corporation that operates at arm's length from the Government of Canada.

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