GRAPH EXPO

September 9–12, 2007
McCormick Place South • Chicago, IL

México

2006 Performance and Status of the Economy and of the Printing Industry

September 2007

Country:

México

Vice-President of CONLATINGRAF

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Content

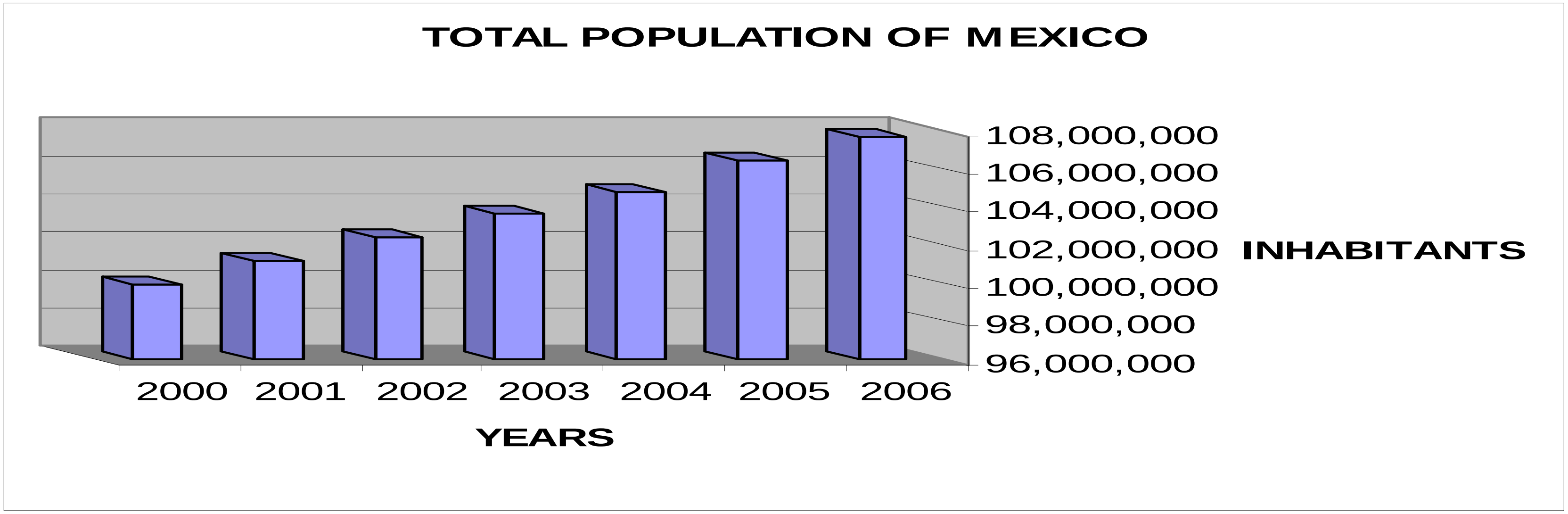
1.- Indicadores de México

- **Statistics Regarding México**
  - Total Population
  - Table of increased population
  - Economically active population and unemployment
- **Financial Statistics of Mexico**
  - Types of changes in respect to the dollar
  - Interest and inflation tables
  - Gross Domestic Product and the participation of the graphic sector

Statistics Regarding México

AÑOS	2000	2001	2002	2003	2004	2005	2006
Total Population	99,929,495	101,208,925	102,443,471	103,636,353	104,790,554	106,451,659	107,729,079
% Of Variation	2.50	1.28	1.22	1.16	1.11	1.59	1.20

Source: INEGI

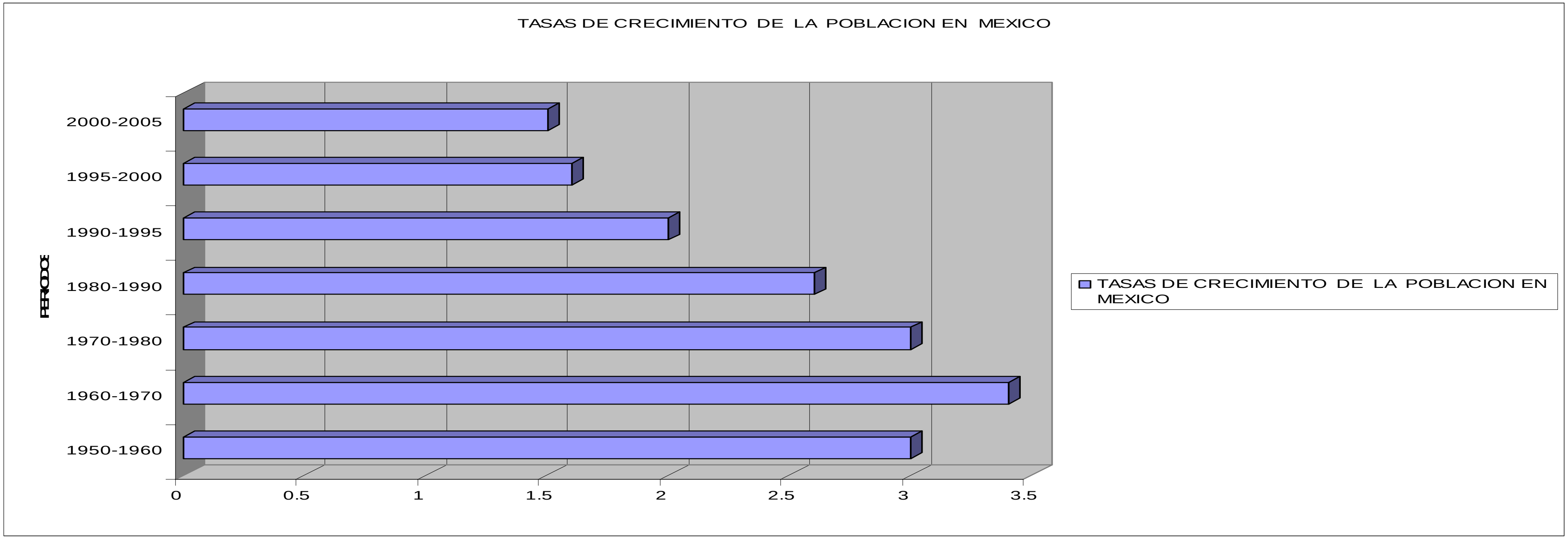


In this table you can see that in the last 10 years the population in Mexico has risen by almost 8 million. Now in the year 2006 the total population is hovering above 107 million.

Population Statistics

Source: INEGI

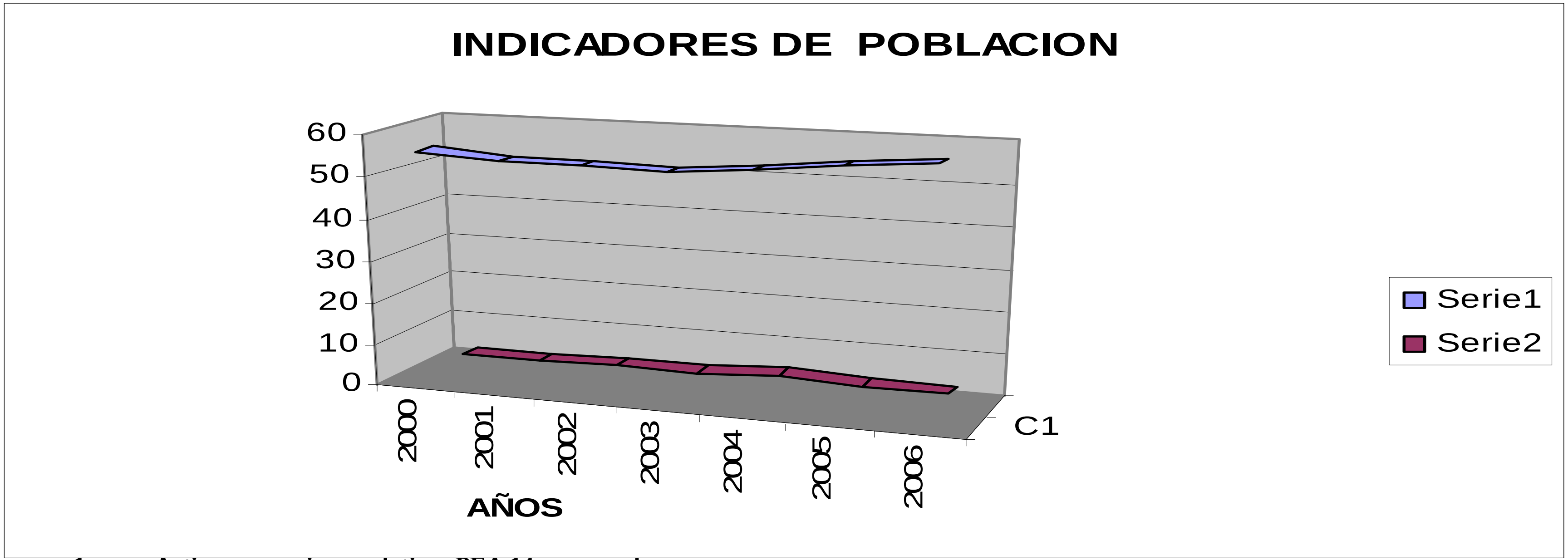
Period	Populattions:annual average growth Rate %
1950-1960	3
1960-1970	3.4
1970-1980	3
1980-1990	2.6
1990-1995	2
1995-2000	1.6
2000-2006	1.5



In the analysis of the decades since the turn of the century you can see that Mexico's population has decreased by about 3% annually. It is also important to note that this trend is continuing as you can see that in just over 5 years Mexico has seen a 1.5% drop in population.

Population Statistics

	AÑOS	2000	2001	2002	2003	2004	2005	2006
PEA 1		55.7	54.5	54.5	54	55.6	57.6	59
TASA DE DESEMPLEO 2		2.2	2.3	3	2.7	3.8	3	2.9



1 **Active economic population: PEA 14 years and more**

% of total population

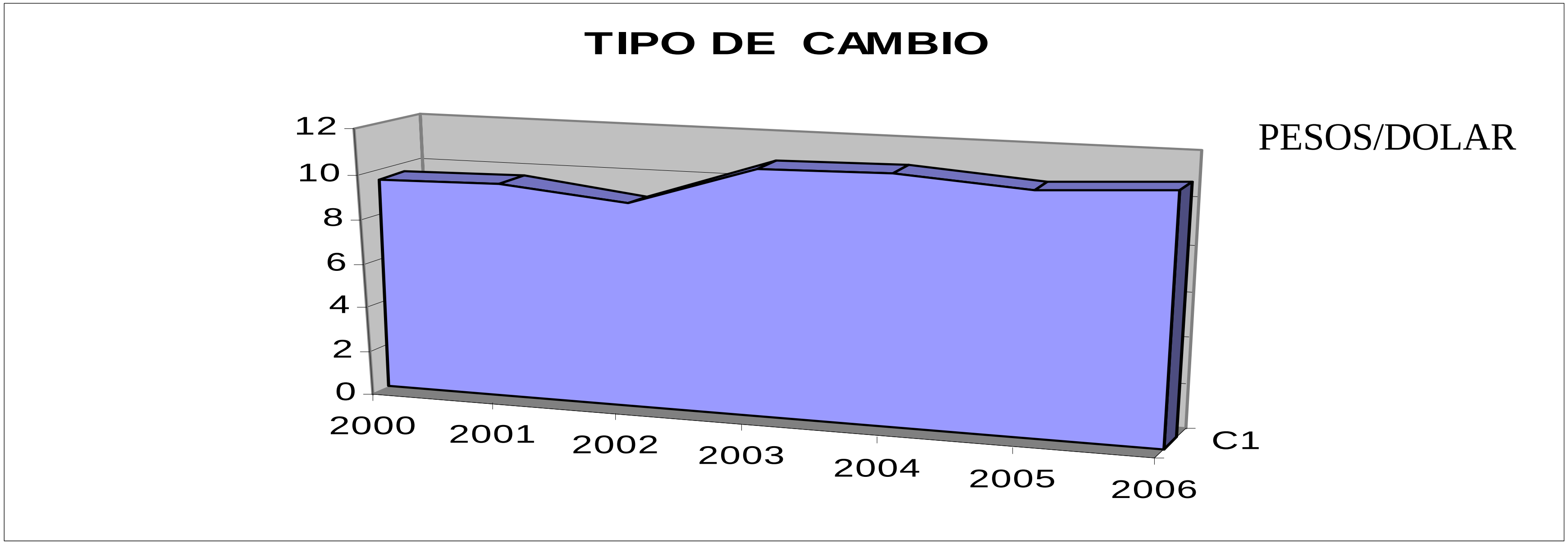
2 **% of The Economically active population and unemployment**

Fuente: INEGI. Sistema de cuentas nacionales de México.

The active economic population has grown more than 3 points in the past few years, while the percentage of unemployment has gone up and down an average of about 2.8 percent .

Economic figures

	AÑOS	2000	2001	2002	2003	2004	2005	2006
TIPO DE CAMBIO $/DÓLAR		9.6	9.7	9.1	10.9	11	10.6	10.9



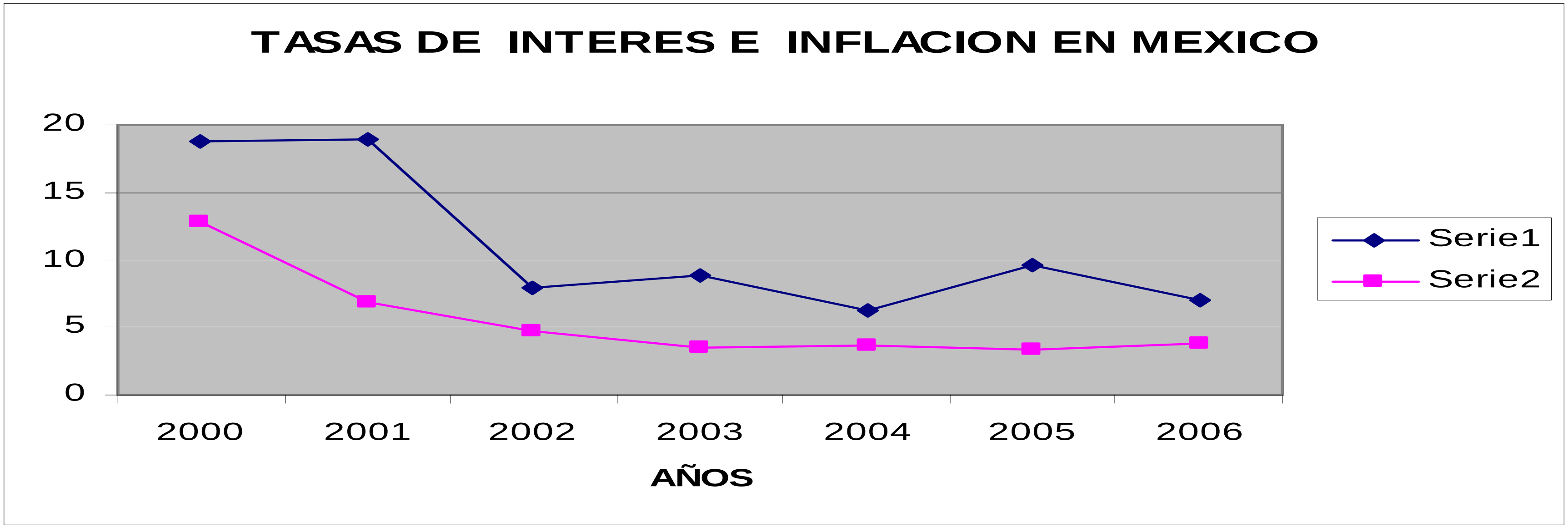
Fuente: INEGI

The rate of change remains stable at the end of 2006 due to the considerable increase in international reserves, low inflation and interest rates. This strict monetary control comes inspite of the turbulent oil prices that were experienced at the end of the period.

Financial figures

Fuente: Banco de México

Years		2000	2001	2002	2003	2004	2005	2006
Interest Rate		18.8	19	8	8.8	6.3	9.6	7.0
Annual inflation		12.9	6.9	4.8	3.5	3.6	3.3	3.8



SERIE 1 TASA DE INTERES

SERIE 2 INFLACION

These interest rates are higher than inflation, sometimes more than double. However these figures show a tendency towards stability over the last few years.

Gross Domestic Product

AÑO	PIB TOTAL 1	IND. MANUFACTURERA 2	PROD PAPEL, EDITORIALES E IND. CONEXAS 3	EN EL PIB TOTAL 3/1	EN LA INDUSTRIA MANUFACTURERA 3/2
1998	3,848	749	30	0.78%	4.0%
1999	4,600	884	35	0.76%	4.0%
2000	5,497	1,013	39	0.71%	3.8%
2001	5,811	1,031	40	0-69%	3.9%
2002	6,267	1,068	40	0.64%	3.7%
2003	6,849	1,123	41	0.6%	3.7%
2004	7,634	1,253	44	0.58%	3.5%
2005	7,886	1,294	45	0.58%	3.5%
2006	8,170	1,341	47	0.57%	3.5%
FUENTE: CENSOS ECONOMICOS INEGI					millones de pesos de 1993

AS you can see in regards to the graphic industry the Gross Domestic Product chain of productivity has decreased in the past few years. This means that the government and private sector will have to work together to imporve production nationally and on a global scale. The national sector has proposed a few directions for action are currently being implemented. One example is the opening of companies internationally, new schemes to increase productivity, and better market studies which show strengths and weaknesses.

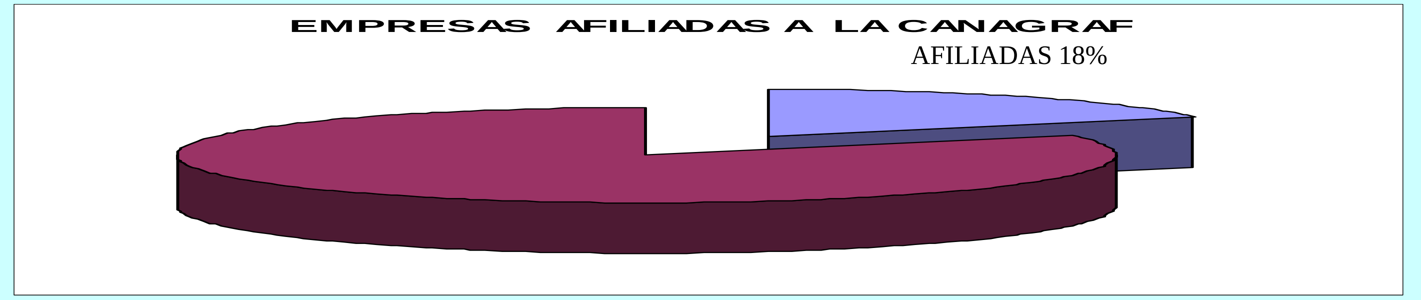
2.- Graphic Industy figures

- Companies affiliated with the chamber
- Number of companies in the graphic industry
- Employees
- Main products of the Mexican graphic industry
- Paper consumption in Mexico per-capita
- Balance of commercial graphic product

Companies Affiliated with the Chamber

The amount of Companies	Affiliated Companies	Non-affiliates
15,545	2,825	12,720
100%	18%	82%

Fuente: Cámara Nacional de la Industria de Artes Gráficas

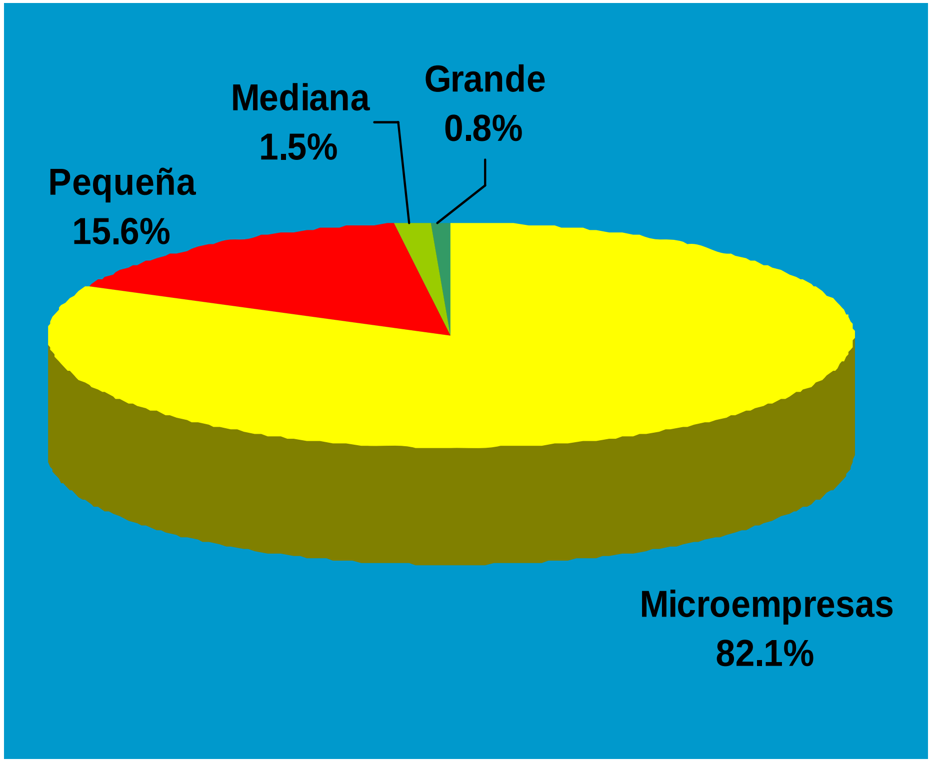


At the start of 2007 Mexico decreed its non-obligatory affiliation to chambers the reason being that 2,825 companies refer to voluntary affiliations with CANAGRAF. In Mexico you work in the development of diverse fortification programs in the graphic sector with the intention to obtain a large affiliation of companies. For example: the fortification of the institutional magazine, qualification programs, the creation of the National Advice for the Industry Development of Graphic Communication (CANAGRAF)and our export program at ourPYmexport Center,the different encounters of industrialists in 10 cities and also agreements with the educational institutions to reinforze the capacitation area

Número de empresas en la industria grafica en 2006

- The graph displays the majority of the micro and small company particiapnts. Of which 97.7% of the 15,545 registered companies participated in 2006. However this is 4% less than in 2005 since there were 16,200 registered companies according INEGI.
- Less than 1% are large companies with more than 200 employees.

Concepta	Number of Companies	%
MICROEMPRESAS (1 – 20)	12,762	82.1
PEQUEÑAS (21 – 100)	2,425	15.6
MEDIANAS (101 – 200)	233	1.5
(MAYOR DE 201)	125	0.8
TOTAL	15,245	100



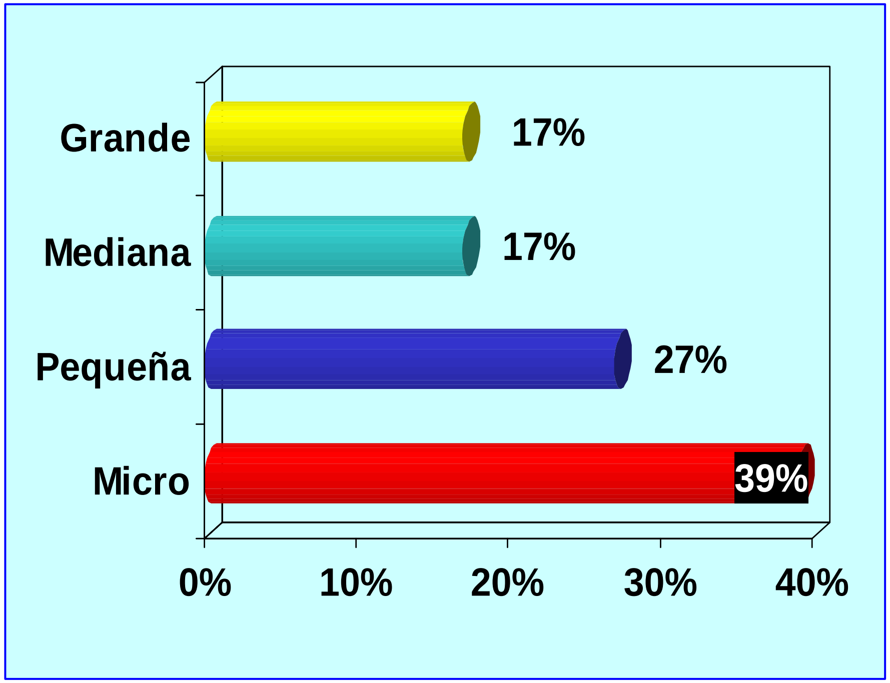
Fuente: Cámara Nacional de la Industria de Artes Gráficas

Empleos productivos

In regards to employment this sector is responsible for 136,214 jobs in 2006, which is less than the 142,00 registerd jobs in 2005. We must also take into account that for each direct job 5 indirect jobs are generated consequently contributing about 700,000, which help support the same amount of families. It is important to point out that the micro and small companies generate more than 65% of this employment

Concept	Number of Workers	%
MICROEMPRESAS (1 – 20)	53,531	39.3
PEQUEÑAS (21 – 100)	36,642	26.9
MEDIANAS (101 – 200)	22,748	16.7
GANDES (201 – MAS)	23,293	17.1
TOTAL	136,214	100

Fuente: Cámara Nacional de la Industria de Artes Graficas



Personal ocupado por tamaño de empresas del sector

Main Products of the Graphic Industry

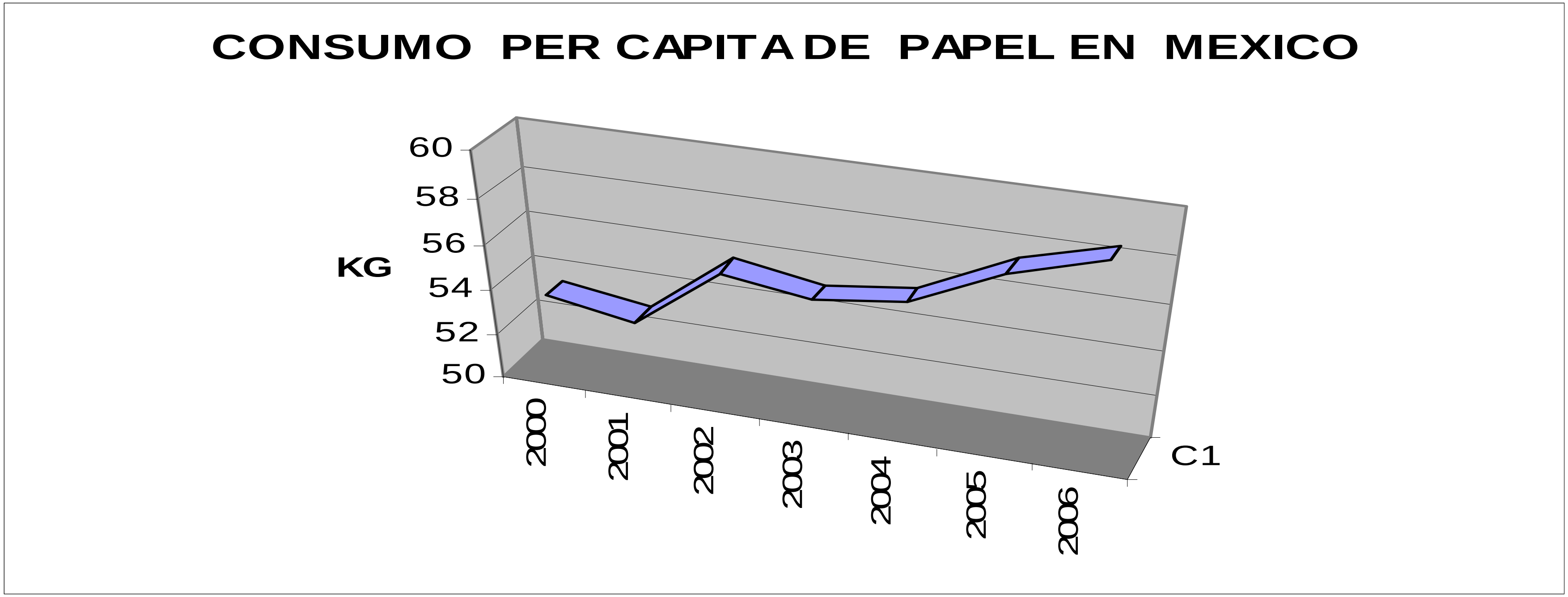
ARTICULOS
Hojas membretadas, tarjetas de presentación y volantes
Libros, revistas, boletines, informes anuales, calendarios y almanaques
Folletos, catálogos y carpetas
Tarjetas conmemorativas, invitaciones, estampas y postales
Formas fiscales, administrativas y continuas
Diseño y/o edición
Posters y trabajos artisticos
Etiquetas
Maquila
Negativos, peliculas y placas
Material de oficina, agendas y similares
Articulos puntos de venta, promocionales y displays
Cajas plegadisas
Periodicos
Empaques flexibles y autodheribles (Bobina)
Otros empaques
Otros

Fuente: Diagnostico económico, tecnológico y de mercado de la industria de artes gráficas

Paper Consumption per-capita in mexico (Kilograms)

FUENTE: Memoria Estadística de la Industria de la Celulosa y el Papel

2000	2001	2002	2003	2004	2005	2006
53.6	53	55.8	55.2	55.7	57.5	58.6



As you can see the consumption of paper per-capita in Mexico has significantly increased from 53.6 in 2000 to 58.6 kilograms in 2006.

Commercial Balance of Graphic Products

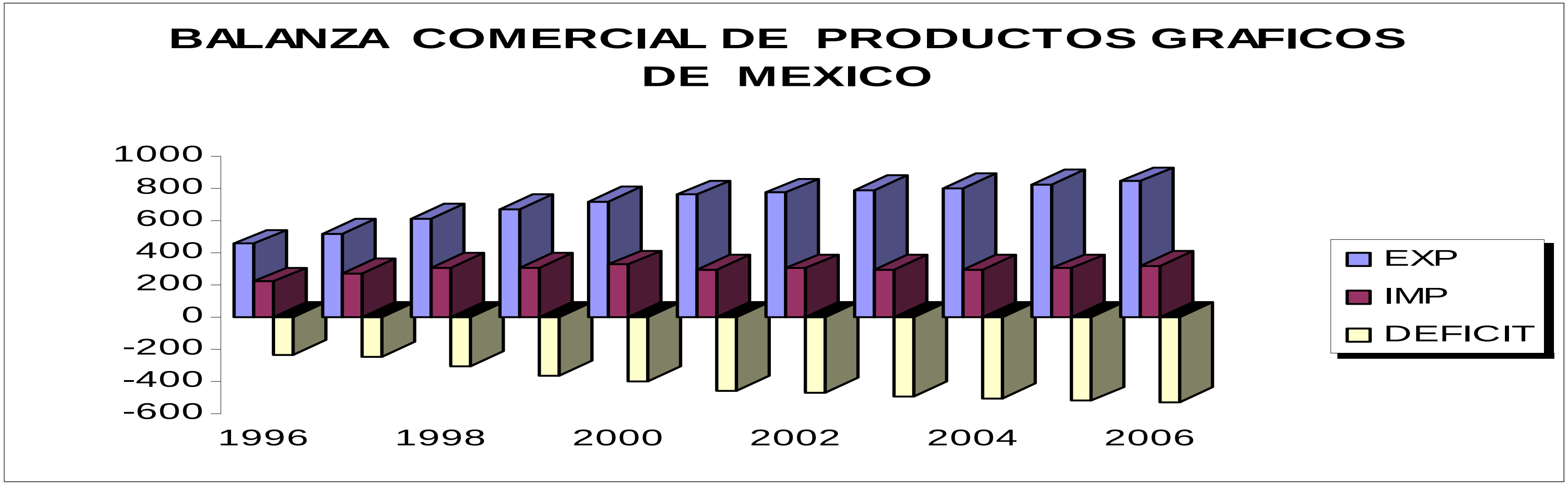
AÑOS	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
IMPORTACIONES	452	513	613	667	720	757	770	783	795	821	841
EXPORTACIONES	217	268	307	302	323	297	299	294	290	300	315
DEFICIT DEL SECTOR	-235	-245	-306	-365	-397	-460	-471	-489	-505	-521	-526

Fuente: Secretaria de Economía

millones de dólares

Between the years of 1996-2006 the importation of graphic products increased significantly and looks like it has become a permanent trend. In the 10 year span their has been an exponetial increase just shy of $100 million dollars. On the other hand exportation increased from $217 to $315 during the same 10 year period. By analyzing these figures we can see that there is a $520 million deficit in our commericla balance graphic products over the past 10 years.

Commercial Balance of Graphic Products



Fuente: Secretaria de Economía

Before this deficit, the graphic Mexican sector had generated various alternatives to increase exportation. One possible solutions were the creation of one Pymexporta center within National Chamber.Another would be the introduction of objective market studies and commercial missions in the USA, Europe, South America and Asia, generating different qualifying consulting programs which involve printed graphic exportation. Finally, the idea of creating promotional material for Mexican companies capable of exporting commercial printing.

3.- Evaluation of the Mexican Graphic Sector

•Principal positive aspects recorded by mexican graphic industry in 2006

•Principal negative aspects recorded by Mexican Graphic Industry in 2006

•Summary of the Mexican Graphic Industry in 2006

Principales aspectos positivos que registró la industria gráfica en México en el 2006

1. The quality of our nationally printed porducts is still recognized in the art graphic world by obtaining different international awards for our work.
2. The knowledge and productive capacity of our manpower is one element that allows us to maintain the high quality of our printing..
3. The development of at least 10 entrepenurial encounters in the last 3 years like programs of productive articulation and promotion to entreprenuers and providers in all different regions of the country..
4. The consensus amoung the graphic institutions of Mexico to create the national advice for the develoment of the Industry of Graphic Communications, which promotes the develoment productivity within the national graphic industry.
5. It is expecting a growth between 5 and 10% in the Mexican Graphic Industry in 2006, which is a derivative from the surronding variable stable microeconomics.

Principales aspectos negativos que registró la industria gráfica en México

1. The growing amount of printed exports.
2. The reduction of GD Pin regards to productive chain throught the past 10 years . This includes actions at the productive chain level, industrial branch, private sector and government.
3. In 2006 an oversupply of printed products continued. It is believed that 86% of the graphic companies worked one 8 hour shift.
4. Also there is oversupply of equipment for the printing section of 3 to 1 and also an obsolence of the same in certain regions of the country.

Resumen de la situación gráfica en México en 2006

CONCEPTS	INCREASE	STABLE	REDUCTION
EMPLOYMENT			X
# OF COMPANIES			X
INVESTMENTS		X	
VOLUME OF SALES	X		
CONSUMPTION OF PAPER PER-CAPITA	**X**		

FUENTE: Cámara Nacional de la Industria de la Celulosa y el Papel