President Carlos Salinas de Gortari displayed his legendary wit and charm when he met with 75 delegates and guests from the FWA of New York, Inc. at Los Pinos, the President’s palatial home in Mexico City. Speaking in flawless English, the President complimented the delegates on their wisdom in choosing Mexico as the first country in Latin America to host their annual international delegation. The delegates, seated around a large rectangular conference table, heard President Salinas describe the changes that are taking place in Mexico under his leadership, as well as his views on the North American Free Trade Agreement. The meeting lasted more than one hour, during which the President took time to answer questions from FWA members.

Commenting on FWA President Barbara Roberts’ introductory remarks, President Salinas told the delegates that he was impressed by their experience and knowledge. He was also impressed by the commitment they showed in coming to Mexico to learn first-hand about investment opportunities and to gain a better understanding of his country. His talk covered several themes that the delegates would hear repeated during their week-long visit, stressing the economic, social and political changes that are going on in Mexico. He was particularly proud of the re-privatization effort which has generated over $25 billion so far, most of which has been used to reduce government debt. He assured the delegates that he is committed to seeing that Mexico is ready to be a part of the emerging global economy.

The President said he was surprised by the apparent lack of self-confidence on the part of the U.S. shown in the NAFTA talks. He believed that given the strong ties already existing between the two countries, an agreement was inevitable sooner or later — sooner being better for the U.S. and Mexico, and later being better for their competitors. He said that Mexico was also changing socially and politically, with progress being made in social services and rural development. He noted that politics in Mexico are competitive and stressed the importance of a strong democratic process.

As President Salinas entertained questions from FWA members, he responded to a question on what “guarantees” he could give that the reforms he has made will be permanent. The President said that the Mexican people would demand that his policies remain in place. To support this he cited examples such as employee stock ownership and the return of overseas capital on the part of wealthy Mexicans. In response to a question about the concerns of women in Mexico, President Salinas said he felt strongly that women’s views were being expressed and heard. He related that in his travels around the rural countryside, he found that women more than men were the ones who participated in meetings, made decisions and spoke out for the whole community. He said he was counting on the women of Mexico to play a major role in making changes at the rural community level.

At the conclusion of the meeting, FWA President Barbara Roberts presented President Salinas with a Steuben crystal apple as a gift from the delegation along with a smaller apple which was a gift from New York City’s Mayor Dinkins. This was followed by a picture-taking session in which individual pictures were taken of each delegate shaking hands with President Salinas.

* Special thanks to Manuel Alonso, Consul General of Mexico in New York City.
Dear International Delegates, International Trip Sponsors, Friends and Members of the Financial Women’s Association:

It was a great pleasure to work with each of you in the planning and execution of the trip to Mexico in May of this year. While the richness and depth of that experience is difficult to convey to those who could not be with us every moment of every day of our visit, we can unequivocally report that this was a most productive and educational trip which surpassed all expectations.

In the pages which follow, our delegates have tried to capsuleize our experiences by highlighting each of our sessions and picturing some of the fun.

We thank all those who invested personal time and energy in the preparation effort. We thank our sponsors for their generous assistance. We would like to give special recognition to our Mexican sponsors who are listed herewith not only for their financial contributions, but also for the exceptional hospitality we received in Mexico. We are aware that the gestures made by our Mexican friends were extended in demonstration of their support for the Free Trade Agreement. We are grateful for their willingness to share first hand experience and knowledge of the changes and new opportunities for investment in Mexico which are evolving under President Salinas’ administration.

We hope to have the opportunity to get together soon and often to hear follow up presentations by those speakers who addressed us in Mexico so we can stay abreast of the ongoing changes and the multiple opportunities as they develop south of our border. We would also like to introduce our new Mexican friends to the entire FWA membership in New York. Please feel free to call us with any ideas, suggestions, or special requests which you may have regarding future follow up.

In closing, we would also like to acknowledge with a great deal of pride the delegates who represented the Financial Women’s Association of New York in Mexico. We thank you for your keen interest in Mexico, your intelligent participation and your thoughtful interaction with our speakers. Your enthusiasm resulted in wonderful camaraderie and a sensational learning experience for “all things Mexican”!

It was delightful to have you with us.

Elizabeth Wyckoff and Dominique Martinet
1992 FWA Co-Chairs
International Committee

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FINANCIAL WOMEN’S ASSOCIATION OF NEW YORK

BARBARA B. ROBERTS
FWA President 1991-1992

MINA BAKER KNOLL
FWA President 1992-1993

NANCY SELLAR
FWA Executive Director

Design & Production: Ellen Quitin Graphics
MAYOR CAMACHO'S WELCOME IN THE SALON DE CABILDOS

Manuel Camacho Solis, the Mayor of Mexico City, and Juan Enriquez, Director General of the City’s Development Agency, welcomed the FWA delegation in the Salon de Cabildos, a recently restored, elegant chamber normally reserved for heads of state. Mayor Camacho is a possible contender to succeed President Salinas.

Mexico City is the largest city in the world—with 20 million residents. When Mayor Camacho took office in 1988, the city was seen as hopeless, with economic decay, fiscal mismanagement, monumental environmental problems, over-population and little foreign investment.

Camacho’s leadership, paired with a compatible parallel national strategy under President Salinas, has turned Mexico City around. The Mayor initiated deep reforms in every area of municipal management and increased accessibility of the city government to the citizens. A re-energized Consejo Consultivo under the leadership of Dr. Teodoro Cesarmar was particularly effective in increasing the participation of the citizens in the urban problem/resolution process. As Mexico City has almost 25% of the population of the entire country, the process of addressing the urban issues of health care, pollution, security and education results in national models for change.

The Mayor spoke with great pride and confidence about his efforts to balance the city’s budget, to enhance the city’s infrastructure (the metro, roads, bridges, drainage and water treatment plants) and to implement measures to address traffic and pollution issues. Mr. Enriquez emphasized that under Camacho, Mexico City is significantly less dependent on government subsidies. Subsidies are no longer given at the beginning of a large, unproven project. A major goal is economic reform to encourage foreign investment.

In the Mayor’s view, making public education increasingly available is the next national priority. The most appropriate educational/vocational model is being thought for the extensive vocational training needed.

* Special thanks to Manual Alonso Consul General of Mexico and Dr. Teodoro Cesarmar.

IMPRESSIVE ECONOMIC ACHIEVEMENTS FOR LASTING CHANGE

A stirring overview of “Salinastroika”, Mexico’s economic transformation over the last decade, was hosted in the Club Industriales, a private club for industry leaders, by Bank of America NT and SA in Mexico.

Mr. Rodolfo Al borelli, V.P. and County Manager, introduced Lic., Oscar Espinoza Villarreal, Director General of Nationale Financiera S.A. (NAFINSA). NAFINSA has moved from financing just a few large government enterprises to providing capital for thousands of smaller privately-owned companies.

Sr. Espinoza’s highlighted Mexico’s major structural reforms to date:

- Budget deficit reduced from 17 percent of GDP in 1982 to 1.3 percent in 1991, with possibly a small surplus in 1992 and external debt halved since 1988.
- Economic growth moving from a 5.3 percent decline in 1983 to an increase, rising to 4 percent in 1991.
- Privatization efforts nearing conclusion, with the number of nationalized firms dwindling from 1,155 in 1982 to 269 in 1991.

Modernization of the financial system is an integral part of the reform process and a means of promoting economic growth by making more capital available at lower cost, stressed Sr. Espinoza. Reforms include privatization of the banks; development of a universal banking system; internationalization of the capital markets; encouragement of thrifts, credit unions, etc., to help smaller businesses; and establishment of a system of forced savings for retirement, using the assets to finance growth. He concluded that there is every reason to expect sustained growth in Mexico, assuming the signing of the North American Free Trade Agreement.

* Special thanks to Rodolfo Al borelli and Magdalena Carral de Figueroa.
PEMEX AND THE MEXICAN OIL INDUSTRY

Dr. Francisco Rojas, Director General of Petroleos Mexicanos, welcomed the FWA delegation in the Board Room of the Pemex Tower. Pemex is one of the ten largest oil producers in the world, controls all the production and commercialization in Mexico, and is wholly owned by the Mexican nation. As the number one taxpayer in Mexico, PEMEX paid approximately 90% of its profits to the government in 1991.

The Federal budget of Mexico depends on Pemex for one-third of its income. As an integral contributor to the Mexican economy, management continuously seeks to administer Pemex as efficiently and productively as possible. A major issue confronting Pemex is allocation of an appropriate profit to R & D while continuing to meet the economic needs of the government.

Future capital expenditures will include investment in cleaner fuels, greater security and concern for the environment.

* Special thanks to Manuel Alonso, Consul General of Mexico.

NORTH AMERICAN FREE TRADE NEGOTIATIONS

Dr. Jaime Serra Puche, Secretary of Commerce and Industry joined the FWA delegation at the Franz Mayer Museum to address the topic of Free Trade.

The Secretary briefly outlined economic issues of the 80's. In order to address fiscal issues, the government aimed to obtain macroeconomic stabilization and microeconomic efficiency, both of which involve adjustments in public finance. These measures included capping government spending and increasing government revenues. As an indication of their success, Secretary Serra Puche noted that in 1986, the fiscal deficit represented 17% of GDP, while a small surplus has been forecasted for 1992.

In addition, the Mexican economy was closed to the world with every import subject to tariffs and/or permits, a practice which provided opportunities for corruption. The difficulties in the importation of goods limited competition for Mexican producers, resulting in high prices that contributed to inflation. As part of the plan to open the Mexican economy, President Salinas has considerably reduced tariffs and permit restrictions. At the present time only 10% of imports are subject to tariffs, with only 2% subject to licenses.

One element of the opening of Mexico's economy is the negotiation of a free trade agreement (FTA) with its two neighbors to the north. Implementing the North American Free Trade Agreement (NAFTA) would help the uneven income distribution in Mexico, Secretary Serra Puche said. The goal is to educate and train the population, and provide jobs.

Secretary Serra Puche’s response to U.S. opponents of NAFTA is that the FTA will improve the overall competitiveness of the North American region. He explained that the free trade agreement will, in effect, establish permanent policies which will facilitate future planning and provide the ability to make long term decisions, thereby helping to maximize profits. In addition, the region will be able to benefit from economies of scope from which economies of scale will eventually surface. Finally, he said, it will send the right signals to investors and the business community.

Secretary Serra Puche sees NAFTA as a “win-win" proposition for our two countries. According to the Secretary, not only does NAFTA make sense from an economic point of view, but there are also the human and political reasons to consider. The important thing to remember he said, is that, “Mexico and the U.S. will be neighbors forever”.

* Special thanks to Magdalena Carrol de Figuerola.
PRIVATIZATION IN MEXICO — IMPRESSIVE RESULTS

The man behind Mexico’s efforts to privatize state-owned industry, Dr. Jacques Rogozinski, Coordinator General of the Privatization Unit, Finance Ministry, addressed the FWA’s delegation at the Banker’s Club. He noted that prior to the Salinas administration, the public sector grew dramatically as the government sought to rescue failing banks, save industrial jobs and maintain political stability. As a result, huge government subsidies were put in place which salvaged inefficient companies but left them unable to compete in world markets. Over a 50 year period, Mexico accumulated over 1,500 state owned companies.

Under President De La Madrid, continued fiscal deficits led the government to consider the possibility of the likely failure of some state-owned companies. However, this unpopular economic policy contributed to the erosion of support for the PRI among the electorate which was evident during the 1988 presidential campaign.

The Salinas government quickly moved to eliminate the protectionism which had made Mexican industry uncompetitive, according to Mr. Rogozinski. Important subsidies such as gas and electricity were eliminated. The government also began to sell off small companies, as the country and its leadership adjusted to new economic and ideological realities.

With the privatization effort now drawing to a close, Mr. Rogozinski reflected on some of the lessons learned and problems encountered. The government now favors cash deals over those involving debt/equity swaps, viewing the latter as unnecessary subsidies to the purchaser. Unexpected roadblocks were met during this process, such as the difficulty in establishing clear title to properties which had been assumed to be state-owned. Nevertheless, under Salinas, $17 billion in revenues have been generated by the privatization process, which Mr. Rogozinski sees ending by March of 1993.

* Special thanks to Magdalena Carral de Figueroa.

THE ONGOING BUSINESS AND GOVERNMENT DIALOGUE

Claudio Gonzalez, CEO and Managing Director of Kimberly-Clark and Special Advisor to the President, spoke at dinner at The Hotel Marquis Reforma. Speaking from his unique vantage point as spokesman of the private sector to the Government, Mr. Gonzalez noted that the key test of Mexico’s economic progress is the flow of investment into Mexico from all sources, particularly the “off-shore savings” being repatriated by the Mexicans themselves.

Mr. Gonzalez sketched Mexico’s post World War II history as a closed protectionist economy that worked fairly well at that time with an agrarian base and some mining interests; this resulted in moderate growth and inflation through the 1960’s. As a protectionist economy, Mexico grew inefficient and non-competitive. By the late 1970’s the state found oil and intervened in the economy; the government borrowed on its oil reserves until the oil price bubble burst. Faced with that experience, the government, first under de la Madrid and then Salinas, determined to open the economy and downsize government. As a result, while oil represented 60% of Mexico’s $10 billion in exports in 1986, it was 5.3% ($6.7 billion) of its $122 billion in exports in 1991.

The delegates pressed Mr. Gonzalez with doubts about the permanence of the Mexican miracle. He assured the delegation that the permanence lies in the commitment to change the structural root causes of economic problems and to change attitudes to stay the course. The privatization effort is nearly complete; savings rates should be increased with the new pension schemes. Much remains to be done, such as the development of a reliable telephone system and an improved banking system.

Mr. Gonzalez spoke of Kimberly-Clark’s commitment of $500 million over the next 18-30 months. The company sells $950 million to the Mexican economy. He noted that the Mexican urban consumer is trading up in product quality. Kimberly-Clark makes diapers more economically in Mexico than in the U.S. Mr. Gonzalez stressed that companies coming to Mexico have an opportunity to make strategic value-added decision. Mr. Gonzalez expressed his attitude toward NAFTA by saying that either the U.S. and Mexico will integrate or both will suffer. Collectively, both can be stronger.

* Special thanks to Margaret Grey of the North American Institute and Alicia Cheiminsky of the Mexico Investment Board.
LUNCHEONS AT ACCIVAL, BANAMEX, CITIBANK, AND PROBURSA

At a break-out lunch at Banco Nacional De Mexico (BANAMEX), Gerardo Vargas Ateca, Director, reviewed the history of the banking sector from the crisis of the 1980’s to the deregulation of the present. During the 1980’s, the government used the banks as a means of financing the overwhelming fiscal deficit. Marginal reserve requirements rose as high as 105% and private sector credit was non-existent. Banks did business by brokering loans between companies that had funds to sell and those that needed to borrow.

The Salinas government, in addition to the privatizing the banks, began a wave of banking deregulation. Interest rates were freed up and reserve requirements declined dramatically, leading to increased financing activity and renewed growth. In May, 1991 a change in banking regulations allowed for the creation of holding companies with universal banking charters as well as for the possibility of foreign ownership.

Mr. Vargas sees the future of banking as bright, particularly since Mexico is substantially under-banked. Ample investment capital exist, margins are high, and there is plentiful technological and managerial talent. He sees the retail sector continuing to be one of the strengths of the Mexican banking system in the coming years.

At Probusa, Casa de Bolsa, the FWA was hosted by Mr. Eduardo Trigueros G., Vice President, and various other representatives, who gave an excellent overview of the Mexican economy and their view on the future growth of the financial markets. This brokerage firm is part of the rapidly growing Grupo Financiero Probusa, S. A. de C. V., which is a diversified financial services firm involved in commercial banking, insurance, factoring and investment banking as well as brokerage. It was the first financial services group to receive approval in 1990.

The delegates were interested to learn that Probusa manages a “sinca”, an investment fund, that specializes in financing small businesses run by women, which is perhaps the only one of its kind in Mexico.

* Special thanks to Vivian Holzer, President, Holzer & Co.

THE STOCK MARKET AND REGULATORY ENVIRONMENT

A visit to the Mexican Stock Exchange was highlighted by Lic. Emilio Illanes Diaz, Director General of the Association of Casas de Bolsa A.C., who provided an overview of the Mexican Stock Market.

There is only one exchange in Mexico with a central security depository so that most trades are completed by book entries. Twenty-six brokerage firms are active in the market with a net worth of U.S. $1.2 billion and approximately 9000 employees. Eight of those firms have affiliates in the United States; six in New York City, one in Texas and one in California.

The total market capitalization is U.S. $135 billion, which represents 25% of Mexican GNP. This value is small relative to the value of Mexican banks, most of which are now privately held. This market has grown 45% in value during the period 1983-1990 and is larger than its counterparts in other emerging markets in Latin America and Asia.

Foreign investment is a major contributor to this rapid growth. In 1992, 64% of foreign funds went into the stock market. The remaining 36% went to direct investments. The total value of new funds from abroad in 1992 so far is U.S. $41 billion, 85% coming from the United States.

For the future, Ing. Illanes expects to see the introduction of new investment instruments like options, short sales and warrants in Mexico. He also expects more instruments to be offered in foreign markets, a liberalization of the commission structure and the growth of financial groups able to offer a full range of financial services in a more competitive environment. He foresees more regulation and standardization of practices.

* Special thanks to J. Alexander Caldwell, V.P. & Director, Bank of America N.A.
INSURANCE — AN INDUSTRY DOMINATED BY CHANGE

The Mexican insurance industry’s past, present and future were outlined for the delegation by Mr. Kurt Vogt Sartorius, consulting actuary and former CEO of La Nacional Provincial. Insurance is a growth industry in Mexico, according to Mr. Vogt, with bright prospects for increased efficiency and profitability based on an internationalization of operations and positive prospects for the Mexican economy.

After the first Mexican insurance company was founded in 1897, numerous foreign insurers had been involved in the industry; most left the country in the 1930’s. Until quite recently, there were essentially no foreigners in the insurance sector. Even now, 30% is the maximum investment permitted to a foreigner (although the Insurance Commissioner can allow a 49% ownership if he deems it appropriate).

There are currently 36 insurance companies in Mexico. The industry has premiums of $3.5 billion, which are derived 56% from life (including accident and health) and 64% from property/casualty. Motor is the largest component, accounting for 28% of premiums. The ratio of insurance premiums to GNP is only 1.3% in Mexico, which is very low compared to the world standard of 5% to 8%, and 3% in Spain which is generally viewed as a high growth market.

In the intermediate term, Mexico's insurance industry will benefit from consolidation and increased efficiency. Compulsory auto liability insurance will increase the motor segment of the business, while the new state-mandated 2% pension plan will benefit the life and money management side of the business. Agents and brokers will continue to be the best distribution channel for insurance. As to ownership, there will be continued privatization and internationalization as more foreigners own or invest in Mexican insurers. (Currently, 3 U.S. companies and 6 European companies have stakes in insurers.) Overall financial groups will likely predominate, where an insurer is joined under one holding company with a bank, securities brokerage, leasing company and other financial services entities.

In the long run, insurance habits will change in Mexico, with additional coverage being sought particularly for liabilities. Foreign ownership will be permitted up to 100%, and internationalization will help transform the industry.

With more capital from investors being put into better information systems, training, human resources and operating efficiencies, Mexican insurers should be well positioned.

In Mr. Vogt's words, “the road to follow is still very long and difficult, but the challenge is very exciting and the insurance market is prepared to do its part for the progress of Mexico and its people”.

* Special thanks to Myra Tobin, Managing Director, Marsh & McLennan, and BMZ S.A. de C.V.

GOVERNMENT AGRICULTURAL POLICY

The structural reforms made by the Salinas government in agricultural policy were described to the FWA delegation by Lic. Jose Octavio Lopez Presa, Coordinator of Advisors to the Under-Secretary of Planning of the Secretariat of Agriculture and Water Resources:

- Reform of the ejido system of land tenure, allowing peasants to organize and produce the way they see fit, pledge their land as collateral for loans, and join together with Mexican and international partners in agriculture ventures.
- Re-privatization of the commodities markets and a movement away from domestic price controls.
- Elimination or reduction of most tariff barriers and import licenses.
- A commitment to NAFTA.

The delegation questioned Lic. Lopez on subjects ranging from the types of industries the government is targeting for joint venture investment, to the effects of the changes on rural social structure, to the significance of NAFTA for Mexican grain producers, to government plans for agricultural education.

Lic. Lopez’ presentation was sponsored by Rabobank Nederland. He was presented by Mr. Cor Broekhuysen, Deputy General Manager.

* Special thanks to Adele Epstein, V.P. Rabobank, for support of this breakfast.
THE NEED FOR A COMMODITIES FUTURES MARKET IN MEXICO

Among the major challenges Mexico faces in its move to open foreign trade and investment is the modernization of the country's agricultural sector. At the invitation of Merrill Lynch, Lic. Jose Ignacio Portillo, Coordinador General de Apoyos y Servicios a la Comercializacion Agropecuaria (ASERCA), an agency of the ministry of Agriculture and Water Resources, discussed some of the major efforts now underway to achieve this goal.

While Mexico has impressive agricultural resources, full exploitation of them until now has been hampered by a number of problems, including farmers' lack of understanding of the marketing process, deficient infrastructure for storing, warehousing, packaging, pricing and transporting products, and the competitive advantages offered by imported products that are subsidized by foreign governments.

In April, 1991 ASERCA was created by presidential decree to address these problems. Among its major tools was the directive to create a Mexican Agricultural Futures Exchange that would provide hedging mechanisms to protect against commodity price fluctuations and provide assurances of competitive prices, thus assuring Mexico competitive opportunities in the world futures market.

The Mexican Agricultural Futures Exchange Corporation will offer vital services to its members and users. It will provide a mechanism for price discovery, allow price hedging, reduce inventory financing costs and consumer prices, dispense market information, offer an alternative market for physical products and attract risk capital.

* Special thanks to Patty Silvers, Vice President, Merrill Lynch.

FREE TRADE — THE PRIVATE INDUSTRY PERSPECTIVE

Palacio de Hierro of Grupo BAL, one of the largest and most diversified industrial groups in Mexico, sponsored the FWA's elegant luncheon and discussion of the private industry's perspective on the Free Trade Agreement (FTA). Juan Bordes Aznar, Director Corporativo Tecnica Administrativa BAL, introduced Mr. Armando Ruiz Galindo Urquide, Director General Desarrollo Manufactura Internacional, in the courtyard of the Franz Mayer Museum.

Mr. Bordes outlined the history and holdings of Grupo BAL, which include illustrious names such as Casa de Cremi (brokerage), Grupo Nacional Provincial (insurance, bonding), Penoles (mining and chemicals) and Palacio de Hierro (the prestigious 100 year-old department store chain).

Mr. Ruiz Galindo, as a member of private industry and Vice President of the National Association of Exporters and Importers, spoke strongly in favor of the FTA. He also described COECE, a task force formed in 1990 to represent the private interests and comprised of representatives of business, trade associations, councils and the stock exchange. Mr. Ruiz Galindo ended his comments by underlining the private sector's wish to export high quality goods at competitive prices.

Although normally closed Mondays, the museum remained open to FWA members following Ruiz Galindo's speech, thanks to the generous contribution by Grupo BAL and due to the good will of museum management. The museum houses an exquisite collection of decorative arts representing the unique philanthropic effort of one of Mexico's most renowned financiers.

* Special thanks to Ing. Juan Bordes, Grupo BAL, which is headed by Lic. Alberto Batilleres.
BUSINESS IN MEXICO: AN AMERICAN SUCCESS STORY

At a luncheon held at the lovely Hacienda de Los Morales, Michael T. Tangney, President and General Manager Latin America of Colgate-Palmolive, described the company’s product line and operation in Mexico which was established in 1925. Employing approximately 5000 people with over $500MM in sales, Colgate in Mexico has more product categories than most other subsidiaries of the $6 billion giant consumer products company.

Coming down from over 160%, the 1992 inflation rate is expected to approach 15% with single digits anticipated next year and real interest rates expected to average 25% in 1992. Despite such volatile economic conditions, the Colgate-Palmolive Mexican operation expects its rate of return to be greater than 10%, double the historic corporate rate of return of 5%. They have been successful in achieving a number one market share in eleven of their markets, including dental care, shampoo, dishwashing, fabric softeners, scouring cleanser, Handiwipes, fragrances, baby products & mouthwash, and are number two in six product categories. Eight new products were introduced in 1991 and many more are expected in 1992. Colgate-Palmolive currently operates 91 manufacturing facilities in 165 Countries. Of its 1991 sales, 36% was generated from the US & Canada, 32% from Europe, and 18% from Latin America, of which 40% was generated from Mexico.

* Special thanks to Colgate-Palmolive.

BUSINESS IN MEXICO: A EUROPEAN SUCCESS STORY

Alfredo Castillo, Domecq’s International Trade Marketing Director, hosted the delegates’ visit to the Pedro Domecq Ranch and reviewed the story of how Pedro Domecq, the famous Spanish sherry producer, transported the wine industry from Europe to Mexico where it did not previously exist. Domecq arrived in Mexico in the early 40’s, expanded throughout Mexico in 1951, and diversified into several other areas in the 1990’s, including tourism, agriculture, fine arts, and show horses.

Domecq produces wine, brandy and whiskey in Mexico for the Mexican and International markets. Its Presidente Brandy is the most popular drink in Mexico. In its first year, 1958, Domecq sold 3000 cases; in 1991 it sold 5.2 million cases.

The Mexican wine and spirits market in 1991 represented 32 million cases. Domecq has 85% of market share in the Brandy market. Overall, their wine and spirits market share is 41%. "Mixability" was the key factor in Domecq’s marketing approach to Mexico — anything that can be mixed with Coke sells best.

The highlight of the afternoon was a spectacular show featuring Domecq’s internationally renowned dancing horses. The Aztec Horse has been bred by the company and is Domecq’s unique signature in Mexico.

* Special thanks to Michael Domecq, President, Domecq Importers.
WOMEN LEADERS SPEAK

The Mexican women spoke, and the FWA listened...spellbound. The Women Leaders in Mexico panel presented Mexico from a range of perspectives, and their insights gave us a feel for the heart and soul of the country.

Government, academia, business, and the media were superbly represented by our four distinguished panelists: Ambassador Sandra Fuentes-Berain, Director General for the Pacific Rim, Ministry of Foreign Affairs; Denise Dresser, Professor of Political Science at Autonomous Technological Institute of Mexico; Maria Eugenia Pichardo, Managing Director and International Division Head, Acciones y Valores de Mexico, S. A. de C. V.; and Rossana Fuentes-Berain, Journalist for El Financiero and co-anchor of "Mundo Empresarial", a weekly radio show.

Professor Dresser described herself as a political scientist in search of middle ground between two politically dichotomous views of Mexico, and presented in caricature the opposing views of both supporters and critics of the government in a thought-provoking speech entitled "A Tale of Two Mexicos". The common ground, according to Dresser, is that each side believes that Mexico's integration into the world economy is inevitable, and that a country that isolates itself from international commercial flows faces greater obstacles to economic development. Economic reform and free trade will irrevocably alter the relations and relative strengths of different sectors and groups within Mexican society. The challenge is to make Mexico's political institutions and practices compatible with economic liberalization - to ensure that all of Mexico's population is propelled into the First World without pushing 40 percent into the Fourth World. She believes that the responsibility of women leaders in Mexico is to "construct, consider and contemplate visions for the country's destiny", to make the transition possible and enable the two Mexicos to become one.

Ambassador Fuentes-Berain eloquently enlarged upon this theme of two Mexicos by presenting issues for women in Mexico: the cross-border, universal women's issues of reconciling familial and personal interests - using relevant and interesting autobiographical experiences from her roles as wife, mother, and senior diplomat. For Mexican women, whose societal position has historical legacies in behaviors and attitudes influenced by taboos from both Aztec and Spanish cultures, the two Mexicos are evidenced in differing roles from rural versus urban areas. Urban dwellers are subject to the benefits of social progress realized through the media, while in rural society the historical-religious legacy of idealized woman still prevails centuries later.

Ambassador Fuentes-Berain strongly believes that it is a responsibility of the media to assist in creating a model of national conduct and that providing educational opportunities to all levels of society is the most important factor in changing the cultural values of Mexican society.

Maria Pichardo, who has held a senior position in a predominantly male financial services company for the past 13 years, opened her presentation by sharing with us that this was the first time she had ever addressed such an audience of women. She followed up with an anecdote (much to the delegations' amusement) that she had been told at a conference: that menopause and pregnancy are the reasons that women are not in position of power in the world. Women, universally, can find the humor in this. Ms. Pichardo then made a slide presentation on the exciting changes in the Mexican stock market over the last few years, which have resulted in Mexico's position as third in Latin America stock index growth. With P/E ratios of 14 or 15 in 1991, Pichardo believes Mexico is still a relatively cheap market. She believes there is not going to be a devaluation of the peso, since real interest rates are good in terms of the dollar. International markets capitalized was $5B in 1991, expected to double in 1992, with total market capitalization growing from $40B in 1990 to $100B in 1992. In her opinion, the sectors with the greatest perspective for foreign investment are: 1: food, beverage, tobacco; 2: cement and building materials; 3: retailing; 4: communications; and 5: financial.

Rossana Fuentes-Berain's presentation was true to her profession - candid and direct, citing the short-comings in professional journalism in Mexico, where she believes there is both overt and covert pressure on those who criticize the government. There is no First Amendment in Mexico. The media, in Ms. Fuentes-Berain's words, has been "por la opinion del gobierno, no por la opinion public", therefore the plight of a journalist - particularly a female journalist - has not been easy and not always safe in a society which still must come to terms with openness. She believes women could play a much greater role in the field, but that glass ceilings exist which first must be shattered. Although female journalism graduates outnumber males by 3:1, of 27 editorial, managerial and executive positions at her newspaper, only 4 are occupied by women.

Echoing the theme of her fellow panelists, Ms. Fuentes-Berain believes that education is the key to cultural change in Mexico. The desired outcome of the economic, political and social changes now taking place is a nation in which all segments of society have a voice.

* Special thanks to Myra Tobin.
A TASTE OF MEXICAN CULTURE:

THE LITERARY PERSPECTIVE

Angeles Mastretta, journalist and author of Mexican Bolero and Warren with Big Eyes, presented a dramatic and thought-provoking perspective on the relationship between men and women in Mexico. An image from an old photograph typifies the traditional viewpoint of this relationship. Much has changed since the photograph taken 80 years ago depicting warriors on horseback followed by women on foot carrying the supplies. Today, women are no longer willing to delegate their destiny or their wars to men. Ms. Mastretta described the trend of women leaving men to fend for themselves unwilling to tolerate machismo and in some cases abuse. Today 40% of households are supported solely by women.

Ms. Mastretta responded to questions from the delegation in a frank and heart-felt manner and drew on personal anecdotes to convey her belief that while women’s role in society has improved, much more change is needed.

About half a dozen Mexican women attended most of the FWA program and had a chance to participate in the discussion. The head of the Mexican Association of Women Business Owners (Asociacion Mexicana de Mujeres Jefes de Empresa), Arcelia Ruiz-Vivanco described the association, which has chapters in a number of Mexican cities and relationships with various international organizations.

Also present were Magdalena Carral of the Foreign Affairs Ministry and Ana Maria Gon Wong of CBG in Mexico, both important contributors to the overall organization and success of our trip.

THE ROLE OF THE CHURCH

A visit to the famous Basilica of the Virgin of Guadalupe shrine was an opportunity to observe another fundamental aspect of Mexican life and culture. Father Carlos Barntholtz explained the historical significance of this site visited by 10-12 million each year, where the Virgin is said to have appeared three times to an Aztec Indian. He guided the delegation through the new Basilica, a spectacular structure built in the form of a stadium in 1976, where services are held for thousands of worshippers, the foundation of the 16th Century church and the old basilica, built in 1709, destroyed by earth quakes. Recent changes in government policy toward the Church were addressed and the importance of the church providing leadership to both rural and urban populations was emphasized.

U.S. AMBASSADOR NEGROPONTE WELCOMES THE FWA

The FWA delegation was warmly welcomed at the residence of Ambassador John Negroponte and his wife, Diana. FWA members were joined by Mexican friends, guests, speakers and sponsors.

Ambassador Negroponte, in short official remarks, fielded questions regarding the Free Trade Agreement, optimistically predicting passage possibly before the end of 1992.

On a lighter note, the conversation shifted to the very special modern art which fills each of the spacious rooms of this Ambassadors residence. The collection was assembled by Mrs. Negroponte with the assistance of the curator of MOMA. The works are by new era American artists with a special emphasis on emerging women painters. The reception was an opportunity to share with and thank individually all those who contributed to a highly successful and enlightening week in Mexico.

* Special thanks to Alicia Rodriguez, Regional Director, New York, Mexican Government Tourism Office and Mireya Teran, Minister for Cultural Affairs, New York, Consulate General of Mexico.
**FWA DELEGATES**

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**“THE IMPORTANT THING TO REMEMBER  
IS THAT MEXICO AND THE U.S.  
WILL BE NEIGHBORS  
FOREVER”**

-Dr. Jaime Serra Puche  
Minister of Commerce