

# Ready to Assemble: A New Economic Diplomacy for Mexico

## *Modelo para armar: una nueva diplomacia económica para México*

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### **Abstract:**

Mexico recently announced far-reaching changes to its foreign policy that involve conferring responsibility for trade and tourism promotion to its representations abroad. Although these are tasks foreign representations have always performed, the country's economic diplomacy will now be more centered in these entities. This article offers a series of recommendations—from the viewpoint of a foreign representation and beyond organizational models—of strategies and activities essential to the development of a new economic diplomacy designed to achieve specific goals and that is aligned with national interests.

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### **Resumen:**

Recientemente se anunciaron cambios fundamentales en materia de política exterior: Las representaciones de México en el mundo se harán cargo de las funciones de promoción comercial y turística, si bien estas tareas de promoción siempre les han sido inherentes. La nueva diplomacia económica tendrá ahora una centralidad. Este artículo presenta una serie de recomendaciones, desde la perspectiva de una representación en el exterior y más allá de modelos de organización, de aquellas estrategias y actividades que se estiman primordiales en el desarrollo de una nueva diplomacia económica de México, que contribuya a objetivos puntuales, alineados al interés nacional.

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### **Key Words:**

Trade promotion, commercial diplomacy, economic diplomacy, diplomatic functions, strategy, embassies and consulates.

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### **Palabras clave:**

Promoción comercial, diplomacia comercial, diplomacia económica, funciones diplomáticas, estrategia, embajadas y consulados.

# Ready to Assemble: A New Economic Diplomacy for Mexico

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## Introduction

Mexico recently announced two far-reaching changes to its foreign policy. Firstly, its embassies and consulates will now be responsible for promoting exports and attracting foreign direct investment—tasks that were previously performed by ProMéxico. And secondly, these same embassies and consulates will also be responsible for international tourism promotion via the Tourism Diplomacy Council created on July 12, 2019, following the dissolution of the Mexican Tourism Board.

The transferal of these functions and responsibilities to the Secretariat of Foreign Affairs (SRE) is at once a show of confidence in the Mexican Foreign Service, indubitably the longest-standing civil service in Mexico and the one that enjoys the greatest prestige, and acknowledgment of the inherent diplomatic nature of these duties.

Nonetheless, it is a colossal undertaking. In this case, my analysis is not so much focused on the organizational aspect: in some countries, trade and foreign affairs are grouped in the same ministry; in others they co-exist with specialized agencies for the international promotion of trade and tourism; and in yet others, their foreign ministries are responsible for both.<sup>1</sup>

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<sup>1</sup> Donna Lee and David Hudson comment on how a growing number of States are modifying their diplomatic practices and organizational structures in light of the ever-increasing impor-

In turn, some economic and tourism promotion agencies form part of a ministry (be it foreign affairs or trade); others are autonomous organizations (that report to a ministry) or independent ones (financed either by private associations and chambers of commerce or a combination of public and private funds as the result of a trust).<sup>2</sup>

Each country has its own organizational structure for international economic promotion. These structures have changed and continue to adapt, depending on the priorities of the country in question, but the point—one that there is ample evidence for worldwide—is that, regardless of the organizational model a country chooses, it can only become a successful player on the international economic arena with well-designed institutional economic promotion policies and conditions that make it viable to effectively implement these.

As regards Mexico, the new economic diplomacy model should be based on the fact that the country is already fully integrated into the global economy, where it competes aggressively for market access for its companies, and to attract foreign direct investment and foreign tourists with high purchasing power.

Mexico is the world's 15th-largest economy<sup>3</sup> and 12th-largest exporter,<sup>4</sup> boasting trade agreements with 46 countries, including NAFTA (which

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tance of commercial and economic diplomacy. Donna Lee and David Hudson, "The Old and New Significance of Political Economy in Diplomacy", in *Review of International Studies*, vol. 30, no. 3, July 2004, 343-360, available at [https://www.researchgate.net/publication/32895042\\_The\\_Old\\_and\\_New\\_Significance\\_of\\_Political\\_Economy\\_in\\_Diplomacy](https://www.researchgate.net/publication/32895042_The_Old_and_New_Significance_of_Political_Economy_in_Diplomacy) (consulted on: October 7, 2019).

<sup>2</sup> In our own region, *i.e.* Latin America, we find a series of models. In the case of our Pacific Alliance partners, for example, Chile's agency for the promotion of exports, foreign direct investment and tourism forms part of its Foreign Affairs Ministry, while Colombia has an autonomous board representing the Ministry of Foreign Trade, the Foreign Trade Bank and export and business associations. The same board is also responsible for managing Colombia's nation brand. In Peru, the Commission for the Promotion of Exports and Tourism is an autonomous organization that reports to the Ministry of Trade and Tourism.

<sup>3</sup> International Monetary Fund, "World Economic Outlook Database," in IMF Database, April 2019, at <https://www.imf.org/external/pubs/ft/weo/2019/01/weodata/index.aspx> (consulted on: August 19, 2019).

<sup>4</sup> World Trade Organization, "Global Trade Growth Loses Momentum as Trade Tensions Persist," press release 837, April 2, 2019, at [https://www.wto.org/english/news\\_e/pres19\\_e/pr837\\_e.htm](https://www.wto.org/english/news_e/pres19_e/pr837_e.htm) (consulted on: August 19, 2019).

has evolved into the USMCA), the recently signed Trans-Pacific Economic Cooperation Partnership and the Global Agreement with the European Union (also recently renegotiated). Likewise, it is the world's 12th-largest recipient of foreign direct investment<sup>5</sup> and the sixth-largest recipient of foreign tourists.<sup>6</sup>

Questions as to Mexico's new economic promotion model have a strategic angle related to the responsibilities the SRE will assume, but more broadly speaking, they are concerned with the pressing need to shore up the country's integration into the global economy and channel the vigor of its external sector toward domestic development goals, like closing the inequality gap and raising income levels; reducing regional disparities by promoting the development of less privileged states; and incorporating micro, small and mid-size companies into global value chains, given that most of the major actors in the external sector are basically large corporations.

As such, it does not seem overly audacious to state that the strategic, logistical and organization challenges of this new economic diplomacy in the short and medium terms will be comparable only to the greatest exigencies of Mexico's foreign policy.

To address any concerns in this area, I will explain in detail the conceptual framework of the economic promotion activities, responsibilities and priorities in question before offering a series of recommendations for the design and effective implementation of a new economic diplomacy model for Mexico. At the same time, I would like to underline just how important economic diplomacy is to strengthening Mexico's presence on the world stage. Said recommendations encompass the actors, features and operation of the new model and have been drawn up based on the "hands-on" field experience of Mexico's embassies and consulates.

<sup>5</sup> Data for 2018. United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2019. Special Economic Zones. Key Messages and Overview*, Geneva, UN, 2019, 3, at [https://unctad.org/en/PublicationsLibrary/wir2019\\_overview\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wir2019_overview_en.pdf) (consulted on: August 19, 2019).

<sup>6</sup> World Bank, "International Tourism, Number of Arrivals", at [https://data.worldbank.org/indicator/ST.INT.ARVL?most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/ST.INT.ARVL?most_recent_value_desc=true) (consulted on: August 19, 2019).

## Old Tasks, New Definitions

The concept of economic diplomacy dates back centuries, but it was not until recently that debate came to center on its importance as a basic priority and essential tool of foreign policy, as opposed to a mere accessory to the diplomatic *métier*.<sup>7</sup>

In this respect, Mexico is no exception, having embraced this model in which economic diplomacy is deemed a peripheral activity. The applicable articles of the Mexican Foreign Service Law (articles 43 and 44) were drawn up more than 25 years ago and have not been amended despite reforms thereafter. Article 43, section I states that it is the task of mission heads to “Keep the Secretariat informed of the main aspects of the political, economic, social and cultural life of the State before whose government or international organization they are accredited”, while article 44, section II states that heads of consular offices shall be obliged to “promote trade and tourism exchanges with Mexico in their respective consular constituencies and report back to the Secretariat on these periodically”.

There is also a “standard” organizational manual for embassies that assigns promotional functions to office heads and that is more specific as regards the goals and functions of the economic, trade and tourism promotion sections of Mexico’s overseas representations. In general, though, these functions have been limited to providing information, handling consultations and indirectly assisting the Mexican business community. It is here that the full potential of a new economic diplomacy can be applied, not just in State-State, but in State-company and company-company relations,<sup>8</sup> with a view to creating conditions attractive to investors and assisting Mexican companies in their internationalization efforts.

The regulatory framework aside, it is a well-known fact that Mexican diplomats have always partaken in economic promotion activities. For ex-

<sup>7</sup> The author recommends reading Marta Czarnecka-Gallas, “The Role of Economic Diplomacy in Enhancing National Competitiveness”, in *Nierówności Społeczne a Wzrost Gospodarczy*, no. 28, 2012, 62-73; Huub Ruël and Robin Visser, “Commercial Diplomats as Corporate Entrepreneurs: Explaining Role Behaviour from an Institutional Perspective”, in *International Journal of Diplomacy and Economy*, vol. 1, no. 1, 2012, 42-79; and D. Lee and D. Hudson, *op. cit.*

<sup>8</sup> M. Czarnecka-Gallas, *op. cit.*, 69.

ample, in countries where there were no trade or tourism attachés, it was Mexico's foreign representations that carried out basic trade and tourism promotion functions.

These representations have kept circuits of contacts and activities on their agendas, which means they have ties with prominent local actors in the economic, financial and industrial spheres of their constituencies; economic sectors of the government and Mexican investors, where applicable; local business leaders, presidents of chambers of commerce and employer and trade guilds. These circuits take a broad-based view of economic diplomacy that covers the promotion of Mexican exports, as well as investment and tourism.

What is different about the new model is the focus and scope of the economic diplomacy tasks that now fall to the SRE. As tasks with the clear, specific purpose of creating value,<sup>9</sup> these will be grounded in Mexico's foreign policy and will extend to activities related to cultural, academic and scientific-technical cooperation. In other words, all future economic diplomacy efforts will be channeled down parallel institutional highways leading in the same direction.

If a definition were required, you could say this *new economic diplomacy* consists of a series of activities that range from the promotion of trade, investment and tourism, transfers of technology and scientific and technical cooperation to cultural diplomacy and activities associated with nation branding, Mexico's international image and its standing in the global economy.

It is believed this new economic diplomacy will be effective only if a holistic, coordinated approach is taken to promotion. Based on what we have learned from other organizational models, the best way we can achieve this is by strengthening the system of communicating vessels and fostering constant dialogue between the SRE and other actors, whether private (Mexican business chambers and entrepreneurs) public or sub-state (primarily state governments).

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<sup>9</sup> See Michel Kostecki and Oliver Naray, "Commercial Diplomacy and International Business", in *Discussion Papers in Diplomacy*, April 2017, at [https://www.clingendael.org/sites/default/files/pdfs/20070400\\_cdsp\\_diplomacy\\_kostecki\\_naray.pdf](https://www.clingendael.org/sites/default/files/pdfs/20070400_cdsp_diplomacy_kostecki_naray.pdf) (consulted on: October 7, 2019).

Furthermore, establishing economic diplomacy as a priority of the country's foreign policy will help us define national interests in our relations with specific countries with greater precision and clarity.

Like any other nation, Mexico is entitled to question how much its existing relationships with specific countries are worth and how much potential they have. Setting aside geo-strategic concerns, for purposes of economic diplomacy the value of these relationships could, strictly speaking, be assessed based on trade, mutual investment, flows of tourists and the size of expatriate communities. The number of students and professors participating in exchange and cooperation projects could also be factored in, as well as concrete variables like basic legal scaffolding that makes it possible to put relationships into proper context (for example, political consultation mechanisms, agreements for the avoidance of double taxation and the reciprocal promotion and protection of investments, and free trade, cooperation and visa waiver agreements).

There is a very good reason for gauging the value of our relationships: like many countries, Mexico has finite resources and has embarked on an austerity plan that demands efficient spending and the need for short-term results, while proximity to the greatest world power of the last century makes the very idea of diversification appear atavistic. The purpose of this essay is not to suggest diversification alternatives, but simply to point out that, regardless of the economic diplomacy model adopted, priorities will have to be defined, whether these are countries, regions or markets. One useful exercise would be to classify markets, based on their importance in terms of Mexico's economic interests, priority sectors and projects, including those industries where the country enjoys competitive advantages and has export potential. Foreign representations are in a position to make valuable contributions to this strategic exercise and would basically be responsible for implementing the model.

## Assembling the Model

The proposed economic diplomacy model is a two-pronged one, consisting of the promotion of trade and investment on the one hand and tourism promotion, the management of the nation brand and Mexico's image

on the other. It is understood that both will imply new tasks<sup>10</sup> for embassies and consulates, especially for their central offices.

Given the extent of the changes introduced, it is important to reflect on the features of the new model, including its actors and how it will operate. From the standpoint of the actors involved, there are two aspects to be taken into consideration. Firstly, virtually all areas of educational, cultural, technical and scientific cooperation have an imbedded economic content, be it disseminating greater knowledge of the country or contributing to the development of the creative industries, the promotion of the cultural economy and transfers of cutting-edge technologies. Secondly, there is the role institutions play in coordinating central offices with other government actors; business organizations and the ministries of the Economy and Tourism, and the international relations areas of Mexico's 32 states. The smooth operation of the model presupposes complete synchronicity and constant dialogue between all actors under the coordination of the SRE: if everyone works toward the same goal, it is highly likely the strategy will work and yield results.

In effect, a basic task of the SRE will be to coordinate and implement the economic promotion strategies of the agencies and entities of the federal public administration, which lend particular importance to the promotion and growth of the export sector, attracting investment and the subsequent creation of well-paid jobs. Coordinating the public sector is crucial to the success of promotion activities and should be extended to the rest of the country, with differentiated strategies being implemented for each of its 32 states. As mentioned previously, it is vital promotion efforts in the area of cultural, academic and scientific-technical cooperation be aligned with the new economic diplomacy model. Consequently, the new cultural promotion and cooperation policy, which seeks to symbolically reconfigure Mexico and serve cultural circuits with high-impact results, will also have to be taken into account. As we will see later, good, consistent management of the Mexico brand will allow for the drawing up of promotion strategies tailored to the specific projects and priority productive sectors of states.

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<sup>10</sup> Kostecki and Naray say that trade promotion includes tasks like participating in tradeshows (sectorial), the organization of trade missions, conferences and seminars and promotional campaigns for the "Made in" brand, while OECD literature includes the granting of export credits in these activities. M. Kostecki and O. Naray, *op. cit.*



Overseas, Mexico's representations will be the main actors responsible for implementing these strategies, it being understood that a priority will be to increase and systematize their contact with the economic areas of governments, national and local agencies for the promotion of trade and investment, chambers of commerce, business organizations, private sector leaders, local companies with a presence in Mexico, Mexican companies operating in the constituency; and media specializing in economic matters. These representations will have to be able to act, adapt and in some cases improvise if need be.

It is also understood that measures will be taken to provide specialized training for foreign service staff in priority areas of the country's new economic diplomacy policy, which could be greatly enriched by the input of the academic and business sectors. In this instance, it would be advisable to draw on the distance-learning experience of the Instituto Matías Romero to train the diplomatic corps in the promotion of exports and investment, the use of data platforms, technical and scientific cooperation, the promotion of Mexico's image, management of the nation brand and tourism promotion.

It would also be helpful to determine whether or not scholarship programs for Mexicans studying abroad coincide with the country's specialized technical needs, especially in the so-called STEM disciplines (science, technology, engineering and mathematics). At the same time, these programs could be used to explore heretofore untapped opportunities to the benefit of communities that have not traditionally been incorporated into these areas.

The second aspect is the no small matter of financing. In a restrictive budgetary environment, where concerted efforts are being made to cut back on spending and improve efficiency, we need to look at alternatives that allow for the allocation of a base budget to economic diplomacy activities.

As regards *promotional* strategies, a central aspect is the management of the nation brand, defined as "the strategic self-presentation of a country with the aim of creating reputational capital through economic, political and social interest promotion at home and abroad".<sup>11</sup> According to the

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<sup>11</sup> Gyorgy Szondi, "Public Diplomacy and Nation Branding: Conceptual Similarities and Differences", in *Discussion Papers in Diplomacy*, October 2008, 5, at <https://www.kamudiplomasisi.org/pdf/nationbranding.pdf> (consulted on: October 7, 2019).

nation brand ranking 2018 compiled by Brand Finance,<sup>12</sup> Mexico is Latin America's most valuable nation brand and the 14th globally, reason why all international promotion activities need to be consistently conducted under the banner of the *Mexico* brand.

As for the implementation of the *Mexico* brand, economic promotion activities should also use the *Made in Mexico* brand in support of export activities and the internationalization of Mexican companies, especially micro, small and mid-size ones, which constitute one of the main pillars of the Mexican economy—so important is this sector that promoting their exports and incorporation into global value chains has been established as a priority of the federal government's new economic promotion strategy. Similarly, we need to consider designing a brand for the promotion of gastronomic activities that picks up on UNESCO's designation of Mexican cuisine as Intangible Cultural Heritage. The *Mexico* and *Made in Mexico* brands and the aforementioned gastronomic brand should be used consistently in all the country's economic promotion activities to the point where they become emblematic.

By the same token, micro, small and mid-size companies would greatly benefit from a mechanism designed specifically to assist and advise them as to opportunities for positioning their products and services within the framework of the country's international trade agreements.

In drawing up promotion strategies, it should be remembered information provision is an essential part of the work carried out by foreign representations. A recent study by the European Economic and Social Committee on best export promotion practices<sup>13</sup> recommends the systematization and publication of information on line as a necessary starting point. In keeping with this recommendation, it follows that we urgently need a modern, attractive website that concentrates all information related to government programs for the promotion of exports and to assist Mexi-

<sup>12</sup> Brand Finance, *Nation Brands 2018. The Annual Report on the most Valuable Brands*, London, Brand Finance, October 2018, 7, at [https://brandfinance.com/images/upload/brand\\_finance\\_nation\\_brands\\_reports\\_2018.pdf](https://brandfinance.com/images/upload/brand_finance_nation_brands_reports_2018.pdf) (consulted on: August 21, 2019).

<sup>13</sup> Henri Lahtinen and Heikki Rannikko, *Study on Best Practices on National Export Promotion Activities*, in Brussels, European Economic and Social Committee/Ramboll, September 2018, at <https://publications.europa.eu/en/publication-detail/-/publication/e13fa3ef-f54-11e8-a96d-01aa75ed71a1/language-en/format-PDF> (consulted on: October 7, 2019).

can companies with their internationalization processes. The Data Mexico platform, presented on April 30 by the Ministry of the Economy (SE), is an instrument for the design of public policies and decision-making that could address recommendations on best practices. This innovative, open-source digital platform uses analysis and data visualization to facilitate decision-making in the areas of industrial policy, innovation, competitiveness and the attraction of investment. Aside from the business community, academics and civil society organizations, Data México users will include government officials, meaning Mexico's diplomatic and consular network will be able to complement the website with detailed information on their respective constituencies. This, in turn, will require maintaining open lines of communication with Mexican companies already operating abroad, so they can voice their views and concerns. The site could also feature a guide to doing business in Mexico, which each representation could have translated into the local language.

General strategies should also include an analysis of the most effective promotion tools, such as specialized tradeshows and tourism fairs, taking into account the contribution of foreign representations, in keeping with the criteria and parameters established by the SRE in coordination with the SE, the Ministry of Tourism (Sectur)—in light of the “Cooperation Agreement to Promote Exports and Attract Foreign Investment” entered into by the SRE and the SE in January 2019, and the Cooperation Agreement on Tourism Promotion entered into by the SRE and Sectur in April 2019—, the business sector and especially potential opportunities for the country's micro, small and mid-size companies. Some studies suggest that:

Fairs and exhibitions are one of the most complex but irreplaceable communications tools, either for promoting or presenting the new products and services, as well as for maintaining or gaining relations. So, they should be used in the diplomatic activities as often as possible with the aim of promoting the national economic interests and the development of a network of business contacts abroad.<sup>14</sup>

<sup>14</sup> Dina Tomšić, “International Fairs as a Tool of Economic Diplomacy,” in *Croatian International Relations Review*, vol. 14, no. 50/51, January-June 2008, 44.

As regards the concrete tasks of foreign representations, the new economic diplomacy model will focus on those the government deems priorities: the promotion of trade; assistance for Mexican companies seeking to position their products on new markets, thereby fostering the growth of the export sector and the integration of global chains, particularly the incorporation of micro, small and mid-size companies; and measures to increase the national content of exports and attract investments that create better-paid jobs and spur economic activity.

Several studies agree that diplomatic representations can be an invaluable asset when it comes to promoting exports. Such studies indicate that opening an embassy in a country tends to lead to an increase in the number of export companies operating there; that the promotion of exports by foreign services helps break down barriers that prevent companies accessing markets, and that embassies play an important role in the promotion of exports, especially in the case of mid-size companies.<sup>15</sup> Similarly, other studies have shown that “commercial diplomatic services are particularly useful for newcomers to a given market or for SMEs with no experience in exporting”.<sup>16</sup> In the case of large companies, commercial diplomacy tends to focus more on PR efforts involving the government of the host country and private sector leaders.<sup>17</sup>

Given that conventional barriers to trade have eroded and transportation costs have been reduced by better logistics, other barriers, often intangible, have taken on greater significance. For example, cultural and institutional distance appears to play an increasingly important role in international trade relations.<sup>18</sup> The obstacles exporters tend to encounter nowadays can be grouped into four categories: a) lack of information

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<sup>15</sup> See Shon Ferguson and Rikard Forslid, *Sizing up the Impact of Embassies on Exports*. SSRN Electronic Journal. (IFN Working Paper 1012), February 2014.

<sup>16</sup> M. Kostecki and O. Naray, *op. cit.*, 9.

<sup>17</sup> *Ibid.*, 18.

<sup>18</sup> Marie-Lise E. H. van Veenstra, Mina Yakop and Peter A. G. van Bergeijk, “Economic Diplomacy, the Level of Development and Trade”, in *Discussion Papers in Diplomacy*, no. 119, October 2010, in [https://www.clingendael.org/sites/default/files/pdfs/20101000\\_cdsp\\_artikel\\_%20van%20Veenstra,%20Yakop%20and%20van%20Bergeijk.pdf](https://www.clingendael.org/sites/default/files/pdfs/20101000_cdsp_artikel_%20van%20Veenstra,%20Yakop%20and%20van%20Bergeijk.pdf) (consulted on: October 7, 2019).

(lack of knowledge on how to export and on potential markets); b) internal restrictions (financial, human resources); c) procedural barriers (language, cultural differences, red tape at both ends),<sup>19</sup> and d) exogenous factors (exchange rate, taxes, corruption, among others).<sup>20</sup> For foreign representations, this requires extensive knowledge of the local market (legislation, cultural differences) and implies intense PR work with actors (national and local government institutions, trade and investment promotion agencies, chambers of commerce, employer and business associations, among others) that can facilitate the entry and sale of Mexican products and the operation of Mexican companies in the country.<sup>21</sup>

Numerous studies concur that the primary activity supporting commercial economic diplomacy is *intelligence*, which includes information provision and the handling of business consultations by companies from both the country of origin and the country in which the representation is located. According to Kostecki and Naray, one commercial diplomat they interviewed said that approximately 95% of clients do not request complicated services, but mainly basic information on legal matters, the country's political situation, etc.<sup>22</sup> Consequently, foreign representations need to be equipped to provide both basic business information (business environment, regulatory framework, trade facilities, political situation, etc.) and timely intelligence on export and investment opportunities.

<sup>19</sup> Kostecki and Naray say that assistance is perhaps less urgent in neighboring countries than in distant markets where the greater the cultural differences and differences in the way of doing business, the more important the initial supporting role of the embassy. M. Kostecki and O. Naray, *op. cit.*, 13.

<sup>20</sup> Sridhar N. Ramaswami and Yoo Yang, "Perceived Barriers to Exporting and Export Assistance Requirements", in Salih Tamer Cavusgil and Michael R. Czinkota (eds.), *International Perspectives on Trade Promotion and Assistance*, New York, Quorum Books, 1990, 197-206.

<sup>21</sup> The common denominator in academic publications is emphasis on how important it is for representations to *network* and assist companies with *matchmaking processes*.

<sup>22</sup> "The main support activity of commercial diplomacy is intelligence, which includes information search and dealing with business enquiries from the home and host country firms. A Central American commercial diplomat considers that 'about 95% of clients do not ask for elaborate services but mainly for basic information on legal issues, political situation, etc.' A typical question might be: 'is there a market for product X in country Z?'" M. Kostecki and O. Naray, *op. cit.*, 8.

Foreign representations will also play an essential part in the promotion of tourism. According to the World Travel & Tourism Council, travel and tourism accounted for 17.2% of Mexico's GDP in 2018,<sup>23</sup> while recent figures reveal that 4.25 million people or 3.7% of the country's economically active population are employed by the tourism sector.<sup>24</sup>

General strategies for the promotion of tourism, to shore up Mexico's international image and manage the "nation brand" can be used to help diversify the country's tourism products and services, particularly toward new destinations, promote innovative projects involving indigenous peoples, and encourage foreign tourists to spend more while in the country.

Likewise, foreign representations should maintain contact with international tourism actors, such as tour operators, airlines and specialized publications. They could also recommend effective promotion formats depending on the economic and cultural features of the market in question, including participation in fairs and familiarization trips, and furnish foreign tourists with specialized information via mass campaigns, digital media and websites, or have Sectur's website *www.visitmexico.com* translated into as many languages as possible.<sup>25</sup>

## Conclusions

This article puts forward a series of recommendations, from the standpoint of a foreign representation, of strategies and activities deemed

<sup>23</sup> World Travel & Tourism Council, *Mexico 2019 Annual Research: Key Highlights*, at <https://www.wttc.org/economic-impact/country-analysis/country-data/> (consulted on: August 21, 2019). According to the National Institute of Statistics and Geography (Inegi), tourism accounted for 8.7% of the country's total GDP in 2017. See *PIBT y las cuentas nacionales* in Inegi, "Turismo", at [https://www.inegi.org.mx/temas/turismosat/default.html#Informacion\\_general](https://www.inegi.org.mx/temas/turismosat/default.html#Informacion_general) (consulted on: August 21, 2019).

<sup>24</sup> Ministry of Tourism, *Resultados de la actividad turística, June 2019*, 30, at [http://www.datatur.sectur.gob.mx/RAT/RAT-2019-06\(ES\).pdf](http://www.datatur.sectur.gob.mx/RAT/RAT-2019-06(ES).pdf) (consulted on: August 21, 2019).

<sup>25</sup> Salvador Gil-Pareja, Rafael Llorca-Vivero and J. A. Martínez-Serrano believe the work of embassies has a positive effect on tourist flows, impacting international tourism by as much as 15% to 30%. Salvador Gil-Pareja, Rafael Llorca-Vivero and J. A. Martínez-Serrano, *The Impact of Embassies and Consulates on Tourism*, July 2005.

essential to the development of a new economic diplomacy. While the promotion of trade, investment and tourism have always been tasks intrinsic to foreign representations, Mexico's new economic diplomacy will now be centered in the SRE and will encompass activities ranging from the promotion of trade, investment and tourism, technology transfers and scientific-technical cooperation to cultural diplomacy, activities related to nation branding and Mexico's international image.

Concentrating economic diplomacy efforts in the SRE will require more effective coordination in at least three areas: within the ranks of the SRE itself; between the SRE and other government bodies like the ministries of the Economy, Tourism, Agriculture and development banks, business associations and state ministries; and between the SRE and the country's foreign representations. It therefore goes without saying that the success of any strategy implemented and the results it yields depend on coordination.

Where possible, centrally designed promotion strategies should ideally incorporate recommendations made by Mexico's foreign representations, given their extensive knowledge of local markets. Three basic ones should include: the consistent, flexible management of the *Mexico* brand; consulting services and assistance for micro, small and mid-size companies; ease of access to information on government programs for the promotion of exports, assistance for Mexican companies seeking to position their products and services on international markets and measures to attract investment.

Finally, the new economic diplomacy model should be designed to further specific economic goals aligned with matters of national interest, like improving social wellbeing, closing the social inequality gap, creating well-paid jobs, fostering entrepreneurship and innovation via technology transfers, incorporating micro, small and mid-size companies into global value chains and reducing regional disparities.