PANORAMA CREATIVO

Map for the Development of Canadian Creative Industries in Mexico

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Panorama Creativo
Presentation

Ever since it was founded in 2004 as an institute of higher education, **CENTRO** has been at the forefront of professionalizing creativity in Mexico.

At the intersection of various disciplines such as design, film, technology, architecture and science, CENTRO seeks a balance between theory, praxis and action with a focus on social impact, sustainability and entrepreneurship. We understand creativity as a catalyst for change, innovation and value creation.

Research is one of the core aspects of CENTRO's programs and methodologies. Since 2013, our **Creative Economy Research Centre (CIEC)** has disseminated the content of its own scientific research. CIEC also coordinates academic publications, provides specialist consultancy services to public and private organizations, and regularly carries out studies and analyses of data on the creative sectors and networks of professionals in each sector.

Creative Panorama is a project funded and promoted by the Government of Canada through the **Embassy of Canada** in Mexico and **Canadian Heritage.** This report presents the latest findings of research into specific creative industries in Mexico. Contributors included research professors and graduates from CENTRO's Future Studies, Data Visualization and STEAM departments.

The authors of this report gathered and analysed information from several sources and at various stages:

I. Online sources.

II. Specialist publications and databases, to determine the size of the consumer its main categories and employment figures for each sector.

III. Interviews with Canadian organisations from various sectors.

IV. Research into best internationalization practices.

V. Working groups with key academic staff from CENTRO and various creative industries in Mexico in order to analyse the phenomena with the greatest impact on the Mexican creative ecosystem.

VI. Prospective research based on two methodologies: signal detection and fringes using Amy Webb's model, and Fran Ackerman and Collin Eden's model of stakeholder influence mapping.

VII. Data visualization and information analysis.

Today we know that the complexity and magnitude of the challenges facing society calls for collaboration and co-creation, and that creativity—as a means of generating, discovering, designing, and exploring connections—is essential for the future.

Thanks to the hard work of the CENTRO team working on Panorama Creativo, and the vision shown by the team at the Embassy of Canada in Mexico and Canadian Heritage, we now have this roadmap for the path ahead.

For more information and/or contact with the qualified contacts referred to in this report, please contact the office of the Trade Commissioner and Cultural Affairs Officer of the Embassy of Canada in Mexico: MXICOInfoCentre@international.gc.ca and mexico.commerce@international.gc.ca

Creative Economy Research Centre - CENTRO
Mexico City, 2020–2021

CUSMA's Impact on Creative Industries in Mexico and Canada

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For the creative economies in Mexico and Canada, this year is important on three counts: the United Nations declared 2021 the International Year of Creative Economy for Sustainable Development, the pandemic's continuing impact on the cultural sector, and the new three-way trade agreement between Canada, the United States and Mexico—or CUSMA, as it is known in Canada—is now entering into force.

This text reflects on these three developments that frame the discussion about the challenges and opportunities for the ecosystems of potentially compatible creative ecosystems between Mexico and Canada, which we refer to as part of a new stage of financial, commercial and cultural integration in North America.

The fourth section refers to some examples of best practice and recent lessons learned for bilateral cooperation on creative industries between both countries.

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1.

International year of creative economy for sustainable development

The United Nations General Assembly (UNGA) declared 2021 the International Year of Creative Economy for Sustainable Development to develop the global creative economy fairly, sustainably and profitably through investment, international co-operation and the creation of high-impact national, regional and international public programs.

This UN initiative recognizes "the ongoing need to support developing countries and countries with economies in transition in diversifying production and exports, including in new sustainable growth areas, including creative industries."[1]

The British government's innovation agency, Nesta, has described the creative economies collectively as "those sectors which specialise in the use of creative talent for commercial purposes."[2]

These economies provide 30 million jobs across the planet, employing more young people aged 15-29 than any other sector of the economy. Globally, their annual exports exceed US$250 billion and represented up to 10% of GDP in some countries.[3]

Over the past 40 years we shifted firstly from the initial concept of "cultural industries"—limiting the role of factories and machinery—to "creative industries," expanding the range of traditional "arts" to include other areas not considered "typically" cultural, such as videogames and advertising. This was followed by what the IDB called the "Orange Economy," before we reached today's more comprehensive, ecosystemic, fluid and plural concept that we understand as "economies of creativity"—human activities whose main input is the talent and innovative skills of individuals or association, which is then translated into the creation of goods and services subject to intellectual property laws.

The UN's declaration for 2021 reaffirms the strong and wide-ranging links between the creative economies and the objectives of the 2030 Agenda for Sustainable Development, especially in connection to those aiming to foster economic growth and innovation, eradicate poverty, create full and productive employment and decent work for all, improve quality of life, empower women and young people, and reduce inequalities within and among countries.

As two countries with solid and flourishing creative economies, and within the context of greater financial and commercial integration after the signing of CUSMA—recognizing the challenges and opportunities of its implementation—Mexico and Canada are ideally placed to play a proactive and leading role in the global discussion about the creative industries which will have at least four crucial moments in 2021 and 2022:

1 United Nations & General Assembly. (2019). *International Year of Creative Economy for Sustainable Development.* [74 Session]. Draft Resolution.

2 British Council. (2019). *Skills for the Creative Economy: Needs, Education and Learning Styles in México.*

3 UNESCO. (2018) *Investing in Creativity Report.*

The UNGA's High-Level Meeting on Culture and Sustainable Development to be held in the spring of 2021; the 15th Global Creative Economy Forum organised by the UN Conference on Trade and Development (UNCTAD) for April 2021; the Second World Conference on Creative Economy, in Bali, Indonesia, in May; and, of particular importance, the World Conference on Cultural Policies (Mondiacult), scheduled to take place in Mexico in 2022.

These different forums, and especially Mondiacult 2022, will provide occasions to discuss and revise the world's cultural policies in the 21st century, similarly to the first edition of Mondiacult (1982) four decades ago. Therefore, the following four months appear are an ideal moment for Mexico and Canada—as well as the United States—to consider new approaches to the economic and commercial integration represented by creativity, the economy of ideas and knowledge, diversity and innovation.

Both countries aspire to a new technological, digital and virtual partnership that is also about culture, communities and social impact, and that can build a new narrative about the North American identity.

2.
The pandemic and its consequences

For the creative economies in Mexico and Canada, 2021 is also a year in which we continue to monitor, learn and attempt to mitigate the many impacts of the COVID-19 pandemic in our two countries' cultural and creative sectors.

Despite their contrasting stages of development, Mexico and Canada both have creative sectors largely consisting of micro-, small- and medium-sized companies, and these have borne the brunt of the pandemic's effects on the economy.

Official reports from Canada indicate that the contribution to GDP of the arts, entertainment and creative industries sector fell by 58% between July 2019 and 2020, and employment generated in this area of the economy also decreased by 38% during the same period.

Figures show an even more drastic decrease in employment in Mexico's creative sector in Mexico because of the pandemic, with a fall of 48% in the past year according to statistics from the Ministry of Culture. This bleak scenario is compounded by the fact that 62% of those employed in Mexico's creative sector lack social security benefits and labour rights, in a vulnerable and fragile situation where informality and the so-called "shadow economy" is still beset by wide margins of action and invisibility.[4]

4 Mexico-Canada Partnership. (2020). *Cultural and Creativity Working Group Meeting*, 12(Nov).

A recent study by the UNAM public university about the pandemic's effects on Mexico's cultural sector in 2020 revealed that 56.4% of workers in the sector faced a sudden loss of income; on average, 68% of their income comes exclusively from their artistic and creative work, 53% of workers in the cultural sector are independent, and 33% of them lost their entire income during the health crisis.[5]

Both governments have announced emergency measures to support the creative sector to mitigate the pandemic's toll.

In April 2020 the Canadian government announced a US$500 million emergency support fund (ESF) for the country's creative sector, in addition to pre-existing programmes offering it direct support and funding; Mexico's cultural ministry, meanwhile, largely stuck to the same budgets allocated before the pandemic to promote creative initiatives and productions, and it introduced a programme to provide immediate support to the artistic community called "Contigo a la Distancia." However, Mexico has not established a unique, transparent and ambitious fund as an official response to the pandemic in the same way as Canada. Nor has it been able to set up an innovative partnership between the country's private and public sectors as the foundation for a new programme to help the creative sector weather the storm of the pandemic.

The contrasts between Canadian and Mexican responses tell us that pandemic's impact on the creative economy calls for a radical change, a genuine paradigm shift. This would begin with a reassessment of the eminently social nature of the cultural policies during the pandemic and its aftermath, given the need to create new programmes and to assign substantial funds to reduce the crisis of 2020 that is set to worsen in 2021.

This aim is not simply to safeguard heritage and infrastructure, foster creativity and artistic training, or promote cultural consumption, innovation and the ecosystems of creativity. Although public and private institutions must continue carrying out their traditional role in such areas, we need to add another ingredient: new and generous funding that directly supports creative communities, a series of measures befitting a new welfare state, proportional to the magnitude of the crisis facing us.

A 10-point call to action published last year by the 22 member countries of the Organization of Ibero-American States (OEI) clearly identifies this need: "We call for the utmost commitment to support for artists, institutions and companies in the cultural sector, and where necessary we ask for special support based on our current situation, in order to help us recover from this crisis as strongly as possible, to ensure its future sustainability and to maintain decent jobs in this sector."[6]

The pandemic poses a serious dilemma for the creative sector's sustainability both in Mexico and Canada. Despite efforts to adapt working methods and to migrate toward digital formats to develop audiences at a distance, it is difficulty to monetize these initiatives faced with the crushing competition of mainstream content pouring out from the major centres of production. Furthermore, Mexico still suffers from unequal access to IT infrastructure and lags in hyperconnectivity, making for an enormously challenging situation.

5 UNAM. (2020). P*ara salir de terapia intensiva. Estrategias para el sector cultural hacia el futuro.*

6 OEI. (2020). *Un decálogo en defensa de la cultura durante la pandemia.* Organización de Estados Iberoamericanos.

Even as the pandemic continues to hold sway in 2021, some initiatives for dialogue and bilateral cooperation between Mexico and Canada on the creative economy already exist, and these could mark the beginning of a new era of collaboration.

Here we can refer to Canada's participation—together with Germany, France, Finland and Australia—in the international working group that is analysing and designing alternatives for diversifying online content in the digital era (Diversity of Content Online - Towards Guiding Principles). This group's objectives include developing ways of ensuring the economic viability of non-hegemonic content producers and creators, increasing the transparency of the use and impact of Big Data applications and algorithms in this area, and to give a new boost to the generation of local and national content. Canada has offered to provide information to Mexico about the information generated by this group's work. Eventually, Mexico could even join, given that recent indicators from the UN Conference on Trade and Development (UNCTAD, 2018) show that Mexico is among the world's top 20 exporters of cultural goods.[7]

The fourth section of this text refers to some examples of best practice and lessons learned in the field of bilateral cooperation in the creative industries which, taken together, give grounds for optimism for the years ahead. Suffice to say that the region needs to gain more integrated access to the nascent information and innovation economy in the 21st century. Therefore, a stronger creative and cultural sector is vital both for Mexico and Canada, along with joint efforts to enhance cooperation between the creative communities of both countries, to create collaborative networks, mentorship links, business accelerators and incubators in various sectors, and to encourage the exchange of best practices and experiences on every level.

As the health-related and economic impacts of the pandemic continue into 2021, it is increasingly clear how important the creative economy is as a means of promoting sustainable and inclusive economic growth, based on the stimulation of innovation through local and international public policies, and the creation of employment opportunities particularly for the up-and-coming young population. Inclusive creativity for a global recovery. Culture and creativity as sources of wealth, social cohesion, diversity, interculturality, empowerments of vulnerable groups and environmental sustainability.

7 UNCTAD. (2018). *Creative Economy OUTLOOK: Trends in international trade in creative industries, 2002–2015. United Nations Conference on Trade and Development.*

3.

CUSMA and the creative industries in Mexico and Canada

In the original NAFTA negotiation that entered into force in 1994, just like in the negotiations the led the signing of CUSMA between 2017 and 2020, Mexico—unlike Canada—did not call for the so-called "cultural exception." It did not include culture as a specific item in the agreement, although its many areas of exchange contemplate cultural industries and goods, some of them within the context of e-commerce.

Culture—in other words, the internationally accepted definition of "cultural products"—was simply not on Mexico's negotiation agenda. Chapter 32 (Exceptions and general provisions) aims to protect editorial and audiovisual industries which in principle would only benefit Canada (CUSMA, Article 32.6).[8]

The exchange of physical and digital goods, services and cultural products in North America, and its impact with the entry into force of CUSMA, poses a significant challenge for the three signatory countries. But it also opens a wide range of opportunities for new exchanges in the creative economy, especially through the cooperation between Mexico and Canada. Therefore, CUSMA represents a legal instrument to help explore new projects and, in the specific case of Mexican-Canadian projects in the creative economy, it bears repeating that there are no legal, commercial or tariff barriers in the way.

International trade in cultural goods, as an accurate reflection of the increasing dynamism of the world's creative economy, is a flourishing global phenomenon, but this industry continues to face inequality and regional imbalances.

One UNESCO report (UIS, 2016) refers to a doubling of the export of cultural goods from 2004 to 2013, increasing from US$108.4 billion to US$190.5 billion. Nevertheless, this figure still only represents 1.22% of the global total of exported goods.[9] The global market for cultural goods clearly shows sustained growth over the past 10 years, though this expansion has not benefitted developing countries proportionally.

Of the total amount of cultural goods exported in 2013, Eastern European and Central Asian countries only contributed 2.7% of the global total. Latin America ranks even lower: its exports only represented 1.2% of the world's total cultural goods, in stark contrast to the other countries in the North American region (Canada and the US) whose exports accounted for 49% of this global trade.[10]

8 T-MEC. (2020). *Reporte T-MEC: Compendio de los Reportes T-MEC publicados entre el 13 de junio de 2019 y 25 de mayo de 2020.* Gobierno de la Ciudad de México.

9 UNESCO & Institute for Stadistics (2016). *The globalisation of Cultural Trade: a shift in consumption international flows of cultural goods and services 2004-2013.*

10 *Idem.*

As a middle-income country, over the past two decades Mexico's creative economy has made progress. A 2010 report by UNCTAD and the UN Development Programme (UNDP) shows that Mexico has Latin America's largest creative economy, and that it ranks 18th in the world based on the value of the exports of its industries related to music, videogames, books, television and film.[11] This information is backed up by the same report for 2018, which shows Mexico's creative economy as being one of the 10 strongest performers among developing countries, and the only Latin American country on this list.[12]

Moreover, Mexico is one of the top-10 countries in the export of interactive audiovisual products (videogames), a sector that grew globally by 122% between 2004 and 2013. China leads this field by a significant margin, accounting for half of the world's total videogame exports. Despite this Chinese dominance, in 2013 Mexican videogame exports represented 1.3% of the global total, placing the country 9th in the world, behind China, the United States, Japan, Germany, the United Kingdom, Canada, the Netherlands, and Singapore.

Similarly, global figures for videogame imports show that in 2013 Mexico rose from 9th to 8th in the world, above Spain and the Netherlands.[13]

The United States is the second-largest exporter of cultural goods (behind China). In 2013, 17% of its cultural goods were exported to Canada, and 5.2% to Mexico; this compares to 3.2% its total imports of cultural goods for that same year coming from Canada, and 3% from Mexico. Both cases reveal that both Mexico and Canada (to a slightly lesser degree) have a trade deficit in this area.[14]

Evidence exists of a closing gap between developed and developing countries in terms of the global total of cultural goods exports. In 2013, the difference was 68% versus 25%, respectively, compared to 58% versus 35% in 2016, a significant difference within the space of just three years.[15] This points to a strong performance by emerging economies in the international trade of cultural goods, something that Canada must consider when considering the weight and dynamism of Mexico as a trade partner in the creative industries.

In 2010 China overtook the United States as the largest exporter of cultural goods. However, the United States still imports the most cultural goods and this will have a strong impact on CUSMA: our common neighbour and strategic partner is the largest global consumer of cultural goods and services, and this is a major factor when considering joint Mexican-Canadian projects to integrate and create synergies between the two nations' creative sectors.

In any case, statistics on the international trade in cultural goods and services continues to be of only limited informational and analytical use, even for developing countries which, like Mexico, have official satellite accounts for studying the performance of their cultural sectors.

11 UNCTAD. (2010). *Economia Creativa, Informe.*

12 UNESCO. (2018) *Investing in Creativity Report.*

13 UNESCO & Institute for Stadistics (2016). *The globalisation of Cultural Trade: a shift in consumption international flows of cultural goods and services 2004-2013.*

14 *Idem.*

15 *Idem.*

Considering the various indicators of international organisations (UNESCO, WTO, UNCTAD, WIPO), an initial and non-comprehensive method of revising aspects of cultural trade within the CUSMA framework should include the following aspects: music, videogames, performance arts, film, video and audiovisual products, visual arts, photography, design, architecture, handicrafts, advertising services, museums, the publishing industry, festivals, gastronomy (excluding foodstuffs), tangible and intangible cultural and natural heritage, tourism, software, computing and databases, fashion design and the tailoring industry, and copyright.

Canada gives more importance to the trade of goods and services as a pillar of its economic growth. Therefore, it considers the access of its products to international markets to be strategic through the negotiating mechanisms of international trade, and particularly within the North American bloc.

In 2016, Canada's cultural sector and creative economy generated US$53.6 billion, or 2.8% of its GDP. In that same year, Canadian exports of cultural goods produced an income of US$16 billion, representing 2.5% of its total exports. In other words, within a space of just five years (2011–16), Canada's cultural exports increased by nearly 25% relative to its overall volume of exports.

Canada's cultural sector creates employment for 650,000 people, representing a total of 3.5% of the country's job market, attesting to the importance of Canada's creative industries in boosting the country's economic development and wellbeing. By comparison, in Mexico, according to the most recent estimates of Mexico's statistics agency, INEGI, the cultural economy accounts for 3.1% of the national GDP, a slightly higher percentage than in the case of Canada. In terms of employment, it creates nearly 1.4 million jobs, double the figure in Canada, yet far lower as a proportion of the countries' respective populations.

The small size of its internal market for the consumption of cultural goods for a population of 38 million is precisely Canada's main incentive in its trade strategy for its international distribution of these goods. For example, two-thirds of the revenue generated by the Canadian music industry currently comes from foreign sources, a significant increase compared to figures for 2005, just 15 years ago, when these sales accounted for just 28% of the total. Therefore, the Entertainment Software Association of Canada (ESAC) considers that in the years to come it will not be able to survive on the international market if the levels of local production do not keep up with the global sales volume that is much greater than the domestic consumption capacity.[16]

The United States and European Union member countries are the main export destination for Canadian cultural goods, with the U.S. by far the largest recipient of these goods. In 2016, the United States absorbed 63% of Canada's cultural goods, totalling a consumption of US$10 billion, compared to Canada's imports of US$13 billion of U.S. cultural products.

16 AEFA. (2019). *Cultural Diplomacy at the front stage of Canada`s Foreign Policy.* Senado de Canadá & Comité de Asuntos Internacionales y Comercio

The U.S.–Canada trade balance for the import/export of cultural goods and services continues to favour the United States, although Canadian authorities consider that the deficit would be even greater without inclusion of cultural exception in NAFTA in 1994 (this same measure was also included in the 2020 CUSMA agreement).

The European Union is Canada's second most important partner in this sector and, similarly to its relationship with the United States, it has a fairly symmetrical balance of trade with the European bloc: 12% of Canada's cultural exports are destined for EU countries (an annual total of US$1.9 billion), whereas Canada's imports of cultural goods from the European Union represent a total of 11 per cent of its global consumption (US$2.2 billion).

China is the third largest importer of Canadian cultural products, followed (if we disaggregate the EU countries) by the United Kingdom, Germany and France. In terms of Canada's imports of cultural goods, the United States figures as its main supplier, followed by the European Union, China and Mexico in fourth place. The United States, the European Union, China, the United Kingdom, Germany, France, Australia, Mexico, Hong Kong and India are Canada's largest trade partners for cultural goods.

Regardless of these indicators, in 2018 the Senate of Canada's Foreign Affairs and International Trade Committee declared that statistics "may not provide a comprehensive and entirely accurate picture" of 21st century trade flows in Canadian cultural products, due to the changing dynamics in which these goods are produced, circulate and are consumed around the world, and given the intensive use of new digital technologies for their distribution and appropriation.[17]

NAFTA's culture clause was eventually included in Articles 2106, 2107 and Annex 2016 of the agreement, and it will only be enforced in the relationship between Canada and the United States. For the CUSMA negotiations, Canada essentially maintained its same position as during the NAFTA negotiations in defending its economy and cultural heritage, although it did have to show more flexibility in its position, particularly on the issue of subsidies for digital cultural products and the principle of technological neutrality, as finally contained within the agreement signed in 2020.

Similarly, CUSMA prohibits the imposition of customs duties on the transmission of any electronic content (CUSMA, Articles 19.3 and 19.1). Only with the implementation of the new agreement will it become clear whether Canada's negotiations on these two extremely sensitive issues prove beneficial or harmful.[18]

This article proscribes any discriminatory application (a combined mechanism of national treatment and most-favored-nation treatment) of digital products, including cultural ones. This includes all computer programs, text, video, sound recording and image, produced for commercial sale or distribution, and that can be transmitted electronically (CUSMA, Article 19.1).

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17 *Idem.*

18 T-MEC. (2020). *Reporte T-MEC: Compendio de los Reportes T-MEC publicados entre el 13 de junio de 2019 y 25 de mayo de 2020.* Gobierno de la Ciudad de México.

Chapter 19 of CUSMA refers to digital products, comprising computer programs, text, video, image, sound recording or other products that are digitally encoded, produced for commercial sale or distribution, and that can be transmitted digitally (Article 19.1). No Party shall impose customs duties, fees, or other charges on or in connection with the importation or exportation of digital products transmitted electronically (Article 19.3). Chapter 19 also relates to Chapter 20, on intellectual property rights.

CUSMA once again specific referred to cultural exception for Canada, encompassing the publishing, audiovisual, music and telecommunications industries—including television and cable broadcasting, satellite programming and broadcast cultural network services (CUSMA, Article 32.6). It also incorporated an article on protecting the economic stability, certainty and integrity of indigenous people's rights, specifically referring to Canadian legislation on this issue (CUSMA, Article 32.5).

Canada must treat the signatories of the agreement in the same way as its own nations (national treatment), remove any customs duties and allow unrestricted access to the cultural market, among other requirements. It also reserves the right to take a measure of equivalent commercial effect (in other words, make claims and seek compensation) if the interests of the other two parties were affected by Canadian cultural exception (Article 32.6.4).

As noted above, during the CUSMA negotiations the Mexican government decided not to seek to include any provision of exceptionality for Mexico's cultural sector. Nevertheless, after its implementation in 2021, the possibility exists for a series of affirmative actions for Mexican–Canadian cooperation in order to seek new synergies and areas of opportunity in the creative economy.

This refers to projects of creative integration, digital innovation, co-productions and common public policies to develop the knowledge economy, and especially following up CUSMA's impact on the trilateral exchange of cultural goods and services, with reliable, detailed and verifiable statistics.

Mexico and Canada are responsible for strengthening their digital production ecosystem to meet the challenges of the new agreement by stimulating the local economy and safeguarding diversity.

Given the current trends in the international circulation of cultural goods and services in the digital era, the creative economies of Canada and Mexico—despite their asymmetries—become richer and more diverse thanks to the contact and exchange with the rest of the world's cultural production, whether this is produced in the hegemonic centers of culture and the commercial circulation of content, as well as the production that continues in the peripheries. This shows the ample opportunity for both countries to consider embarking on a collaborative project for their creative industries within the framework of CUSMA.

The core principles of UNESCO's 2005 Convention on cultural diversity neither contradict nor are necessarily excluded because of the final CUSMA agreement signed by Canada, Mexico and the United States. The challenge lying ahead for us in the years to come will be to boost the competitiveness of the Mexican and Canadian creative sectors and to increase the plurality of their actors and producers, within a global context of strong competition and constant changes in technological paradigms of cultural production.

This is a complex process that will put to the test the ability to adapt and reconvert our binational cultural practices, within a framework that obliges us to defend diversity. We must not forget that the digital ecosystem built up around the creative industries in the 21st century should ensure the protection and promotion of human rights, democratic values, the cultural rights of minorities, and the safeguarding of diversity, as well as the freedoms of creation, expression, information and communication.

The free circulation around the world of digital content cannot be perceived as an inescapable threat to the construction of a regional or national identity for countries with vigorous creative economies such as Mexico and Canada, provided that there is an ongoing adaption and transformation of this identity. Despite the threat of a hegemonic mass culture imposed and controlled by the large conglomerates of mainstream culture, opportunities can still exist for local cultural and creative expressions. Given the right support, they can still have a rightful global reach. Innovative, multi-sector and long-term public policies, combined with bilateral dialogues, can ensure a balanced exchange and protect cultural diversity.

Currently, in our current digital ecosystem of global cultural production, not all products that can be grouped together in the wide-ranging world of culture are simply merchandise, nor can they all claim the privileges of exception. Ultimately, we are faced with the possibility of developing alongside one another, with both countries' creative economies playing an equally important role.

4.
Best practices and opportunities

As in any bilateral relationship, cooperation between Mexico and Canada in the creative economies has a rich history and particular identity. It has evolved on various fronts, and particularly over the past decade. In this final section, I would like to refer to some notable examples as an initial guide to continue this journey of integration and binational synergy.

I.

The Mexican culture ministry's information service—Sistema de Información Cultural (SIC)—reports a yearly total of 638 art and culture festivals.[19] These take place across practically the entire country and encompass a wide variety of genres, each one forming part of the creative economy and including music and the performing arts, literature and the publishing industry, the spread of knowledge, popular cultures and handicrafts, cultural tourism, film, gastronomy, design, architecture, visual arts, animation, new media and digital culture.

Some of these festivals have acquired an international reputation. Such is the case of the **Guadalajara International Book Fair (or FIL),** the second largest of its kind in the world, only behind the Frankfurt Book Fair. On average, nearly a million people attend this event in Mexico each year. Canada was guest of honour in 2006, and the region of Quebec was chosen in 2003. **Guanajuato's Festival Internacional Cervantino** is Latin America's largest performance arts and music festival, and Canada took part as guest of honor in 2019; **Mexico City's Corona music festival** is among the 10 largest international rock and contemporary music festivals in the world, and Canadian groups have regularly appeared in the line-ups.

19 SIC México. (2020). *Festivales*. [gráfica]Gobierno de México.

Mexico City hosts the largest number of festivals (121), followed by the states of Jalisco (38), Puebla (35) and Nuevo León (28). Lower down on the list are Tabasco (3) and Nayarit (5).

Festivals of art and culture constitute a creative industry in themselves. These events produce direct and indirect economic benefits in the geographical locations where they are held; they provide an immediate source of employment for logistical, technical and administrative staff, as well as for the local creative communities; they make a verifiable impact on the economic development of their host cities; they attract public-private investments; and lastly, they contribute to the cohesiveness of the community, encouraging social interaction and strengthen the social fabric.

However, as shown by the data from the SIC, a stark regional imbalance persists in the locations of Mexican festivals. Furthermore, in the vast majority of cases they lack international programming and reach. And, to conclude, the pandemic has created a crisis for these events that are almost invariably planned to be in-person.

In 2020, the pandemic caused the cancelation of almost every Mexican festival; only the strongest and most important events managed to adapt to a virtual format with online activities. Even so, they failed to make up for the millions of dollars lost by restaurants, hotels, transport, construction and design companies that suffered irretrievable losses due to these festivals' migration to a virtual format.

The urgent shift toward new, virtual (or hybrid) formats for festivals—veritable engines of the creative economy—has been one of the most visible impacts of the pandemic.

Furthermore, this situation has developed at a time when the themes of traditional types of festivals have begun in recent years to migrate toward a more liquid, fluid and transmedia concept of this area of the creative economy: these "Expanded Festivals" combined new technologies, science, art, culture, social and environmental themes to the extent of erasing or redefining the thematic boundaries that date from the 20th century.

In this context, a promising outlook exists for Mexico and Canada to collaborate and to build on solid foundations, such as those laid by the **MUTEK festival**—a transmedia platform to promote and spread cutting-edge ideas on digital art and sound.

This festival was born in Montreal in 1999. Its Mexican edition was launched in 2003 and has developed into become one of the country's most important festivals. Two decades on, MUTEK has developed as an international network of festivals going by the same name, held across Latin America, Asia and Europe, becoming an important means of supporting artists connected to new technologies and transmedia disciplines, helping to multiply the audiences interested in digital culture and creativity exponentially. This represents a paradigmatic case of a 21st century "Expanded Festival" and a meeting point for innovators from around the world, a perfect interface between the cosmopolitan aspect of contemporary culture and the latest evolution of the creative economy.

Can we imagine expanding this Mexican–Canadian collaboration to include festivals in other parts of Mexico? Can we hope for technologically innovative companies from both countries to come up with initiatives to find digital alternatives, in response to the overriding need to migrate toward different kinds of formats? Could the development of new digital technologies of experiences (augmented reality, immersive reality, 3-D) help create connections between Mexico and Canada to promote the creative economy applied to the development of new festivals? These three questions are worth answering given the success of the **MUTEK festival.**

II.

Another good example is the **Pixelatl International Animation Festival** held yearly in the city of Cuernavaca since 2012. This event promotes the creation and transmission of content and graphic and audiovisual narratives; recent editions have seen a strong participation of Canadian creatives and companies.

Pixelatl, with limited support from the private sector and Mexico's state and federal government, has successfully established a creative community linked to the animation industry. It has genuine and potential backing from large-sized international film studios, television companies and the publishing industry. "All artists are entrepreneurs," says José Iñesta, director and founder of Pixelatl, in this festival's declaration of principles, adding "the culture of collaboration boosts economic growth." His words sum up the world of opportunities opening up for the creative communities in Mexico and Canada.

III.

Just over a decade ago, Mexico's public agency to promote art and culture **(FONCA)**, incorporated circus arts as part of the catalogue of art forms eligible to receive public funding and to be considered for its initiatives to stimulate creative works.

Canada is particularly well-known for the success, international reach and leadership of its circus arts. Since it was founded in 1984, the **Cirque Du Soleil**, based in Montreal, has grown to become the world's largest theatre producer, with fixed venues in several cities across the world, multimillion dollar revenues, and it has an iconic cultural status in the contemporary showbusiness industry. Over all these years, an unknown number of Mexicans—circus artists, promoters, musicians, administrators—have formed a part of this experience. Other Canadian circuses, such as **Cirque Éloize**, have enjoyed major international exposure and also involve Mexican talent.

In 2018, the Mexican government—through its tourism promotion board (CPT)—commissioned **Cirque Du Soleil** to produce a new show to be performed at several of its venues, based on Mexican culture, arts and identity. The result was **"Luzia,"** which cost the Mexican governemt US$47 million for its design and performance. The new show was conceived to showcase typically Mexican visual and thematic archetypes as an indirect way of attracting international tourism to the country.

Over and above its hits and misses, this initiative certainly represents (at least in financial terms) the largest Mexican–Canadian cooperation to support their creative industries.

At its launch, it was announced that **"Luzia"** would remain on the company's international portfolio until 2023 and would eventually be performed in 450 cities all over the world. There is currently no way of knowing if this commitment has been honoured, nor if it was included in the contract; nor do we know if there is any way of measuring the project's impact, return on investment, or hard data to indicate that each one of the dollars invested by the Mexican government converted into foreign visitors to Mexico. But most importantly, this is an example of a binational collaboration in the creative industries that deserves to explore new and more equitable horizons.

IV.

MASSIVart is a Canadian art consultancy and production agency with 10 years' experience and a global reach. It works with artists, architects, developers, designers and creative and emerging talents to create art-driven events, architectural design, commissioned works of art and cultural programs. This Montreal-based firm also has offices in Toronto, Shanghai, Paris, Dubai and since two years ago, in Mexico City.

In 2019, an announcement was made about the creation of the international firm **FilAmericas,** the result of a partnership between a Quebec-based textile company, FilSpec-Sherbroke, and a Mexican company from Puebla, Hilaturas Los Ángeles, that also works in the textile industry.

Less than five years ago, Mexican cultural promoters and artists resident in Toronto, Salvados Alanís and Ximena Berocochea set up the **Institute for Creative Exchange - Americas (ICE)**, a not-for-profit organization that promotes multi-disciplinary artistic expressions among creators in Mexico, Canada and the United States. This independent platform has been used to create and rethink new narratives to explain the space in which we all live: North America.

These three varied yet overlapping case studies perfectly illustrate the opportunities and challenges lying ahead for the creative communities of Mexico and Canada within the framework of CUSMA.

5.
Conclusions

The creative sector is one of the most well-established and flourishing areas of the Mexican economy. Mexico is one of the world's top-20 exporters of cultural goods and services, and the only Latin American country in this position. Recent indicators from various organizations indicate that despite the pandemic Mexico remains financially stable, with increasing inflows of foreign investment and a growing internal market. The country also has a predominantly young population, a demographic that consumes more cultural goods and products. Federal and state policies are providing increasing support for the sector while public and private educational programs are promoting the creative economy and professionalizing its workforce. Although Mexico's communications and technology infrastructure requires updating and a more even distribution, the country is making progress to become more internationally competitive. Finally, the legal framework and trade rules set out in CUSMA, a treaty that recently entered into force, are opening doors to more synergies between the creative economies in Mexico and Canada through free bilateral trade with a minimum of restrictions.

The integration of Mexican and Canadian creative economies looks set to intensify over the coming decade. Certain sectors (film, video and audiovisual media, video games, festivals, cultural tourism, music and the performing arts, design and software) already boast significant bilateral cooperation and have particularly strong potential.

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Introduction: Creative Industries in Mexico

This chapter contains a descriptive market research assessing the size of some of Mexico's creative industry sectors, as well as their growth and commercial structure, to reveal potential business opportunities between Mexico and Canada. This report compiles relevant information and an economic analysis of the following sectors: textile and fashion, interactive media, graphic design, editorial design, the performing arts and audiovisual media.

Mexico offers a broad range of opportunities for Canadian firms keen to enter the market. Understanding Mexico's creative industries requires knowledge of the country's demographic and political context that can affect this economic and creative connection.

Macroeconomic context of the country

Over the past 10 years, Mexico's macroeconomic policies have generated moderate growth but the country still faces a problem of inequality and it needs to improve the population's wellbeing and to reduce the size of the informal economy. Furthermore, organisations such as the OECD[1] have called for fiscal strategies, business and employment regulations to boost companies' productivity.

The following economic and demographic rankings for Mexico provide a useful overall context:

According to the WIPO's Global Innovation Index (GII), Mexico ranks 2nd among Latin American countries, and 11th among the upper middle-income group economies.

Mexico's HDI in 2019 was 0.779, positioning it as a country of high human development, ranking 76th out of 189 countries and territories.

Mexico has the world's 10th largest population. It has 126 million inhabitants with an average age of 29. The country has 31 million young people—aged 15–29—representing 25% of the total population.

In terms of economic infrastructure, 70% of the population has internet access, and 87.5% have cell phones, 88% of which are smartphones (INEGI, 2020a and 2021a, and EBANX 2021). One positive effect of the pandemic has been the increase in e-commerce, rising from 12% in 2020 to 25% during January and February 2021.

Mexico is the world's 15th largest economy and the 2nd largest in Latin America (IMF). In 2020, its GDP was CA$1.4 trillion, and in 2019 its GDP per capita was CA$13,000. On this basis, the WBG classifies it as an upper-middle income country. After its GDP fell by 8.5% in 2020 due to the negative impact of COVID-19, the IMF forecasts 4.3% growth in 2021 and 2.5% in 2022. Over the past four years, inflation has remained lower than the current annual level of 5%.

In terms of the job market, the COVID-19 crisis has caused a spike in unemployment, which increased to 5.5% in 2020. The unemployed population aged 15 and over represented 3.8% in December and 4.4% in November, as a proportion of the economically active population (EAP), equivalent to 2.1 million people in December 2020.

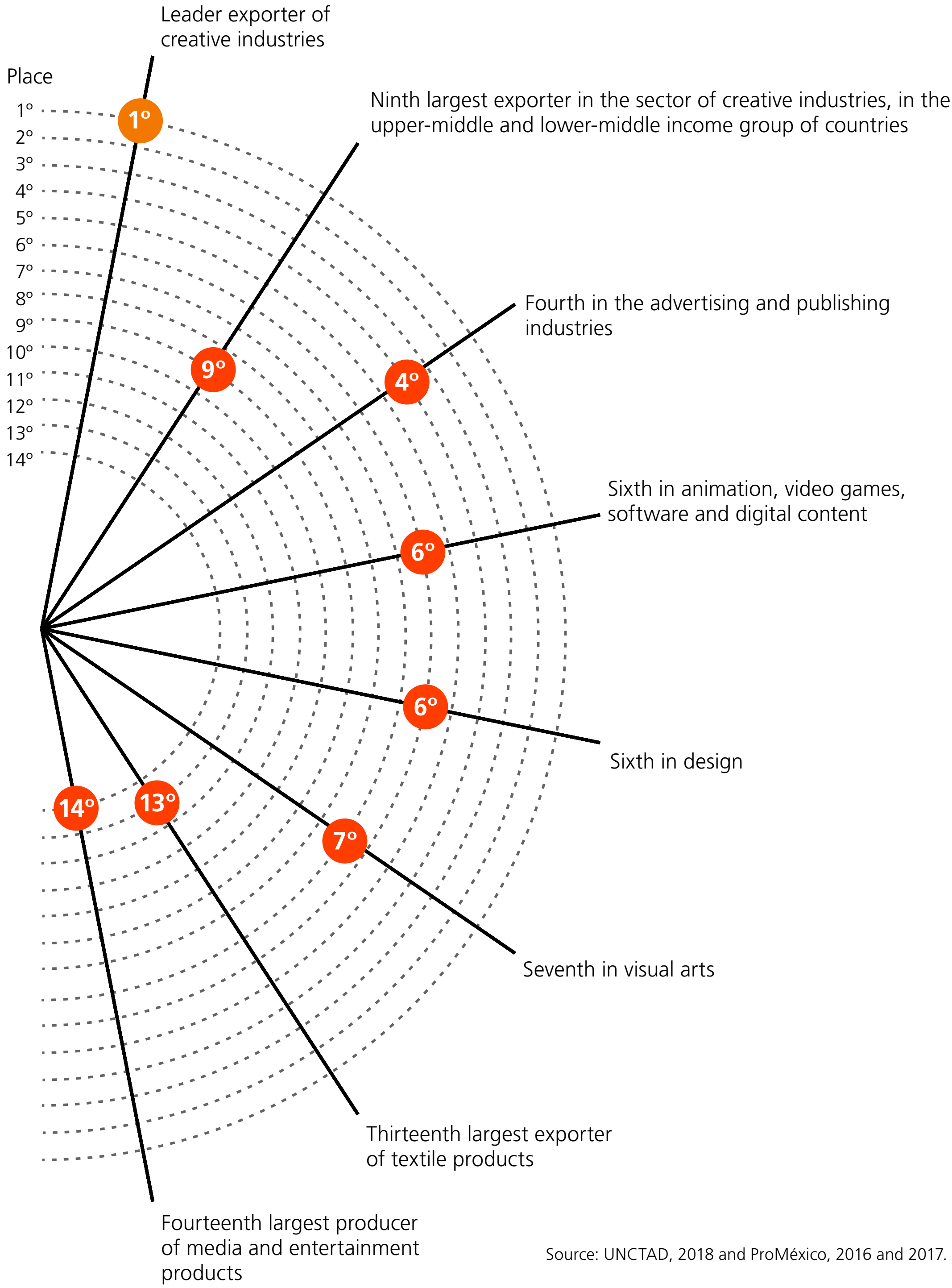
In 2019, Mexico ranked 60th in the Ease of Doing Business 2020 section of the WBG's Doing Business report (2019); this study compares reforms to improve the business climate in 190 countries.

1 See glossary of abbreviations at the end of the report.

Creative industries in Mexico

UNESCO's Creative Cities Network includes eight Mexican cities: Puebla, Mexico City and Querétaro have a strong reputation for design, Guadalajara for digital arts, Mérida and Ensenada for gastronomy, Morelia for music, and San Cristóbal de las Casas for handicrafts and folk arts.

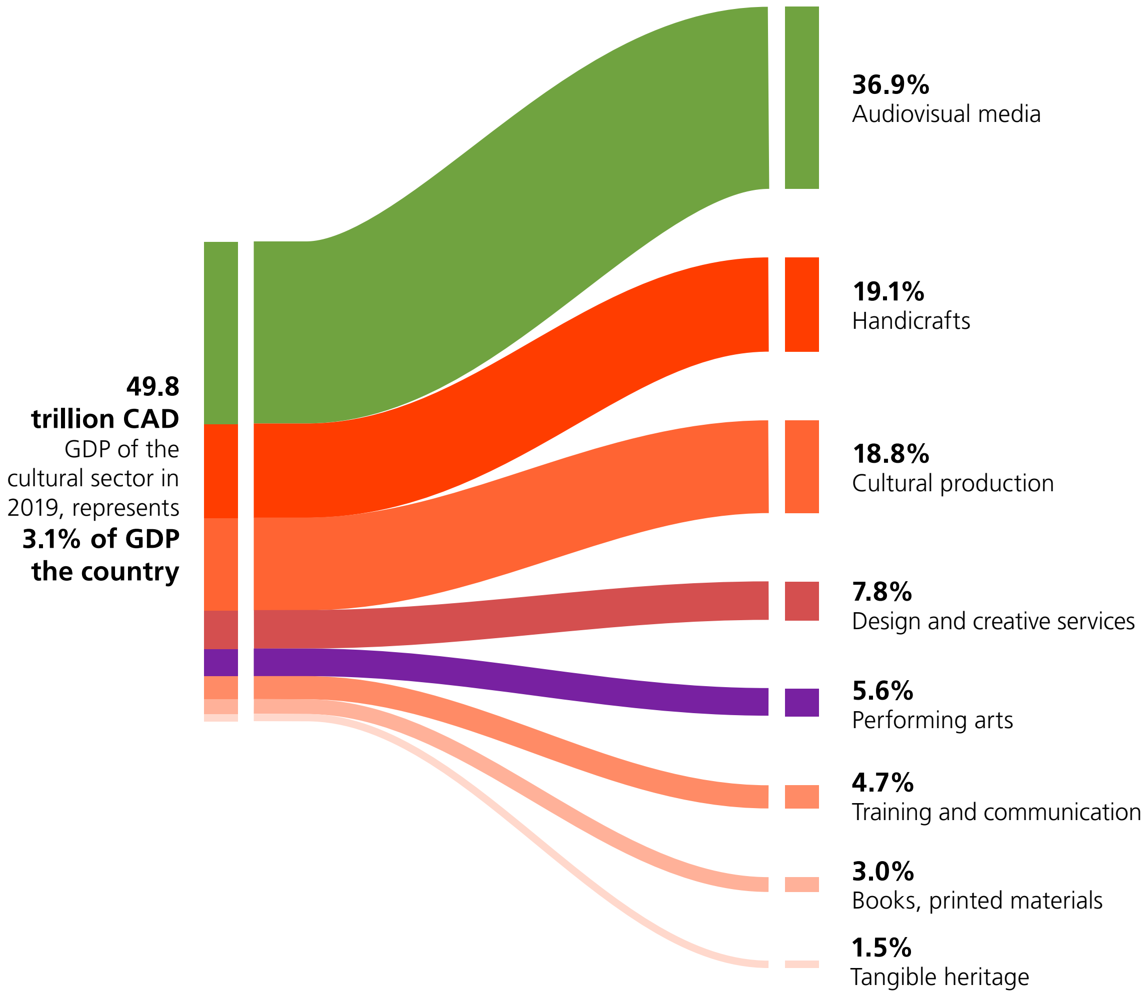
Mexico is Latin America's leading exporter of creative industries.



Source: UNCTAD, 2018 and ProMéxico, 2016 and 2017.

In 2019, the culture sector recorded a GDP of CA$49.8 billion, representing 3.1% of the country's GDP (INEGI, 2019a). Audiovisual media contributes a further 37% to the sector's GDP, and for the purposes of this report we considered other productive sectors related to the creative economy, such as textiles, footwear, clothing, etc., allowing us to estimate an impact greater than the 7% of the country's GDP.

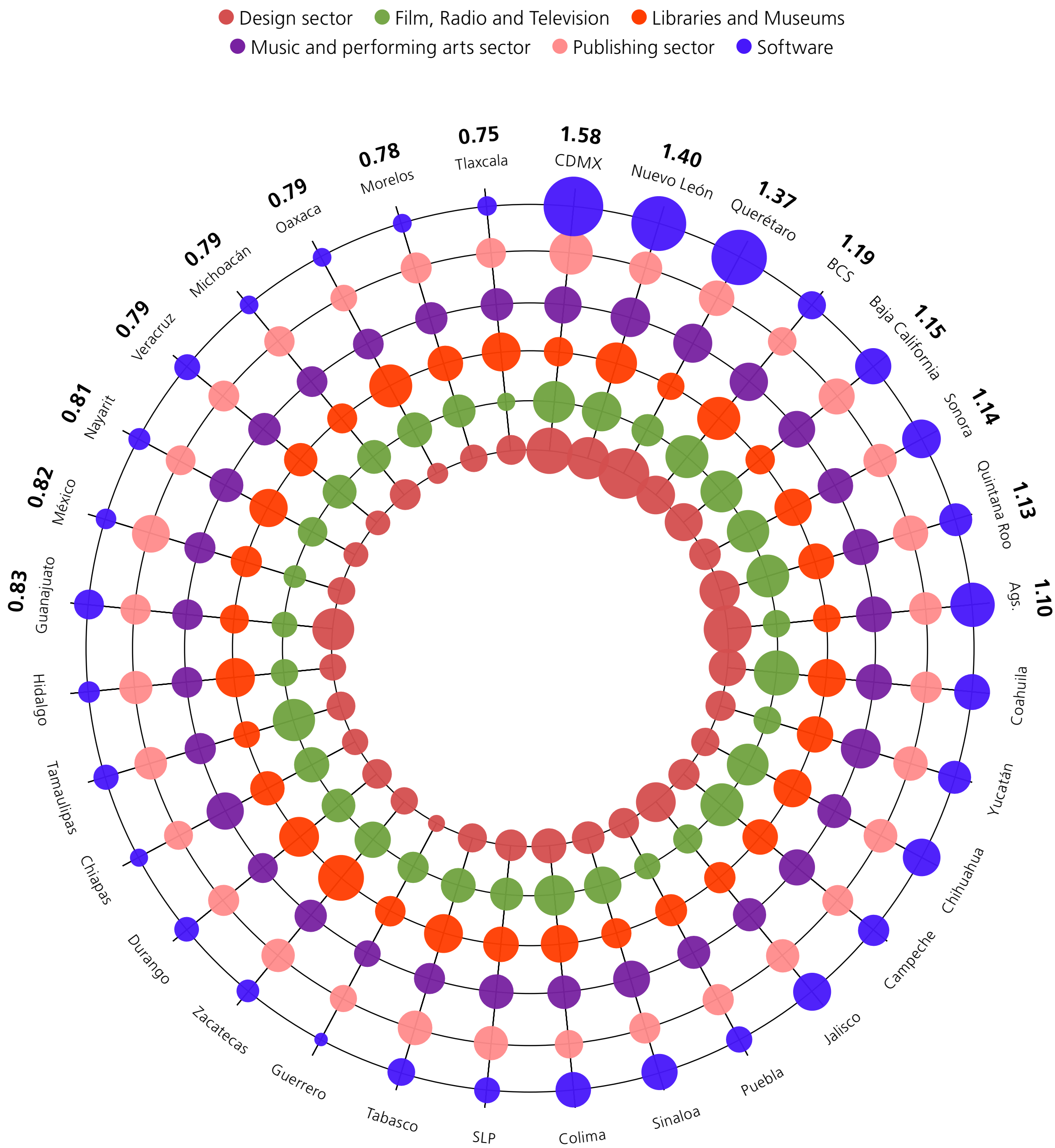
GDP of the Culture Sector



Source: INEGI, 2019a.

Establishments by sector in Mexico

The average of the total of Creative Industries of each state of the republic is shown. Mexico City tops the ranking.



Source: modified from Compás Creativo - Centro de Cultura Digital, 2021.

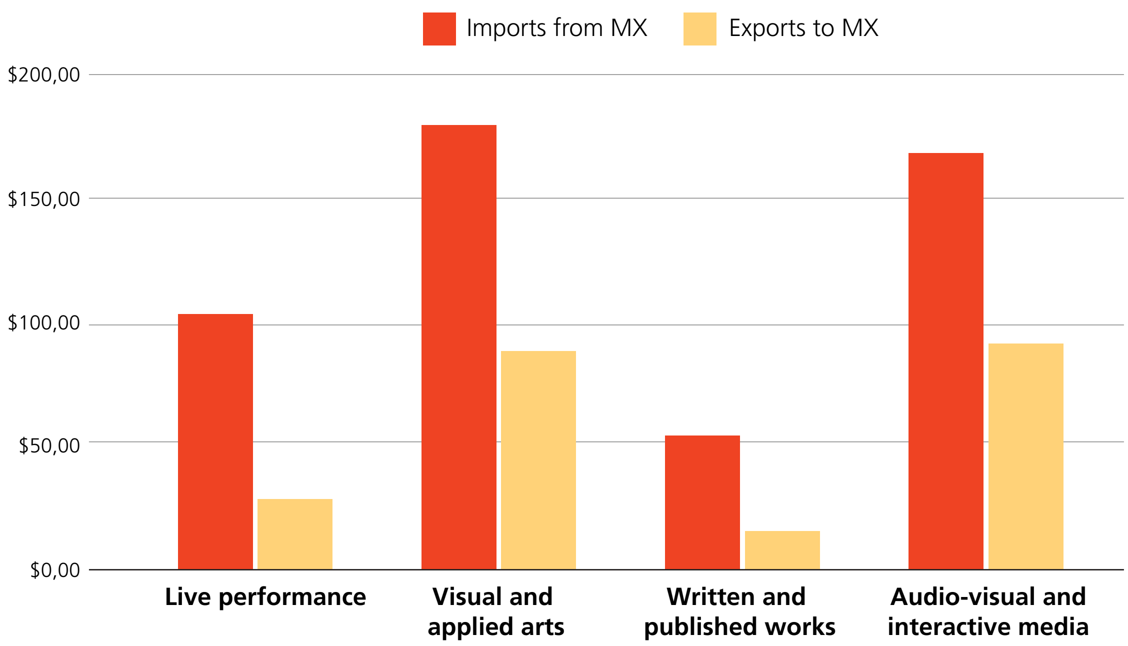
Mexico-Canada trade relations in the creative sector

In 2017, Mexico's exports of creative goods to Canada totaled CA$6.6 million.[2] However, only 1.6% of Mexican exports went to Canada, compared to the United States that received 86.7% (ProMéxico, 2017).

Mexico is the fourth largest supplier of cultural products for Canada. Mexico imported CA$726.7 million of cultural products in 2018. The most important sub-sector was the visual arts (CA$180.4 million) followed by audiovisual products and interactive media (CA$168.9 million).

In 2018, Canada's exports of creative goods to Mexico totaled CA$279.5 million. The most important sub-sector was the audiovisual products and interactive media (CA$91.9 million), followed by the visual arts (CA$89.3 million).

Trade balance, 2018 (million CA$)



Source: Statistics Canada, 2018.

2 The information stopped being updated after the dissolution of Proméxico in 2019. The calculation was carried out with its own methodology, without being public.

Horizon Analysis

This analysis is based on two methodologies: Amy Webb's signal detection and fringe model, and Fran Ackerman and Collin Edel's model of stakeholder influence mapping.

Amy Webb's CIPHER model on signal detection identified contradictions, inflections, practices, hacks, extremes and rarities in each sector. Continuing with Webb's proposed methodology, these signals were identified in the three fringe layers:

Now
Soon
Distant

Depending on the level of impact of the signal in the short, medium and long term.

Amy Webb's signal detection and fringe model

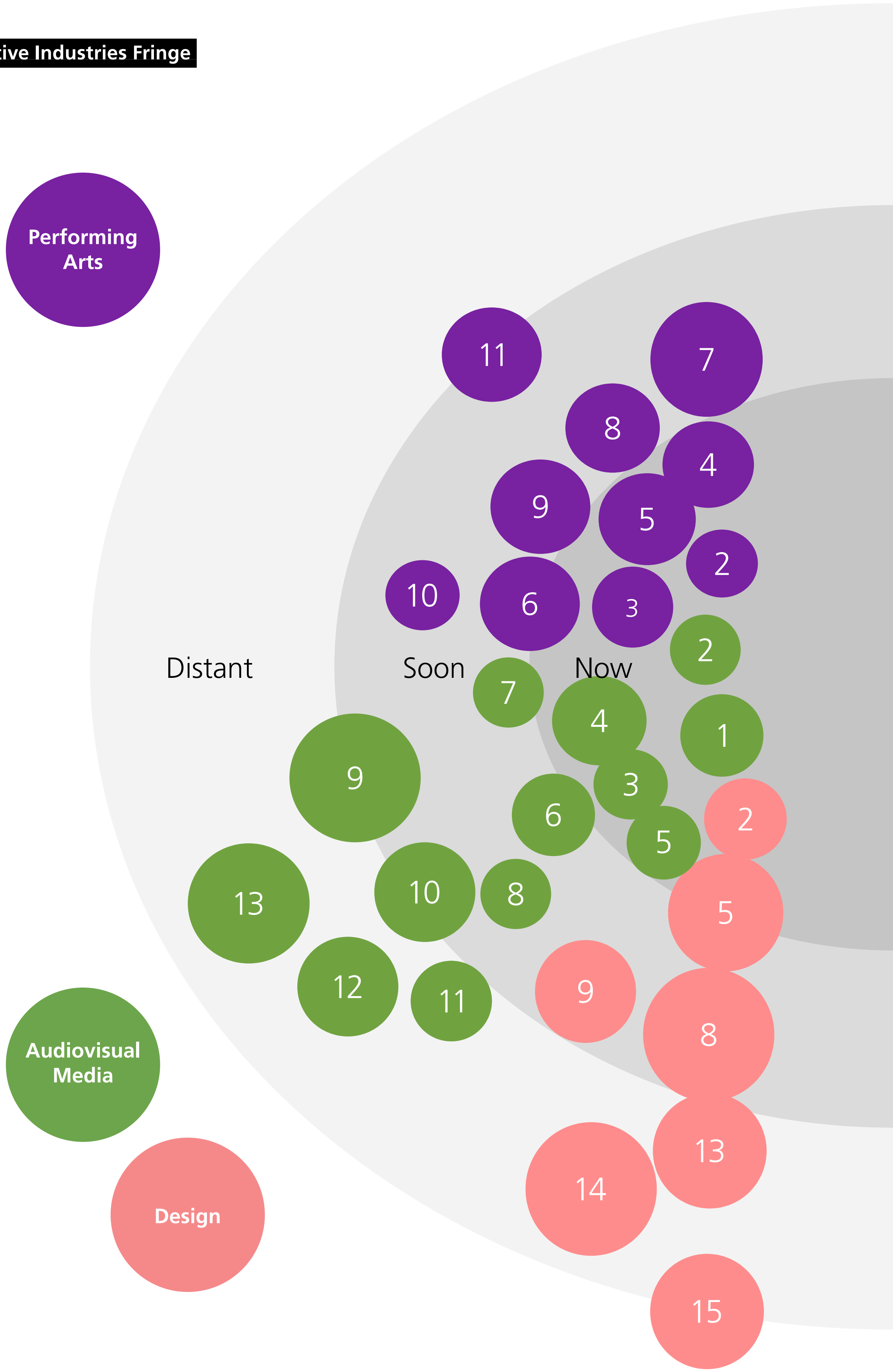
The fringe is a structure that allows us to explore the importance of signals for analytical purposes—in this case Mexico's creative sectors studied in this report—providing a broader perspective by including unusual actors who can have an impact in each sector. Therefore, the mapping of each sector's stakeholders seeks to highlight the potential impact of organizations instead of being a list of participants in each sector.

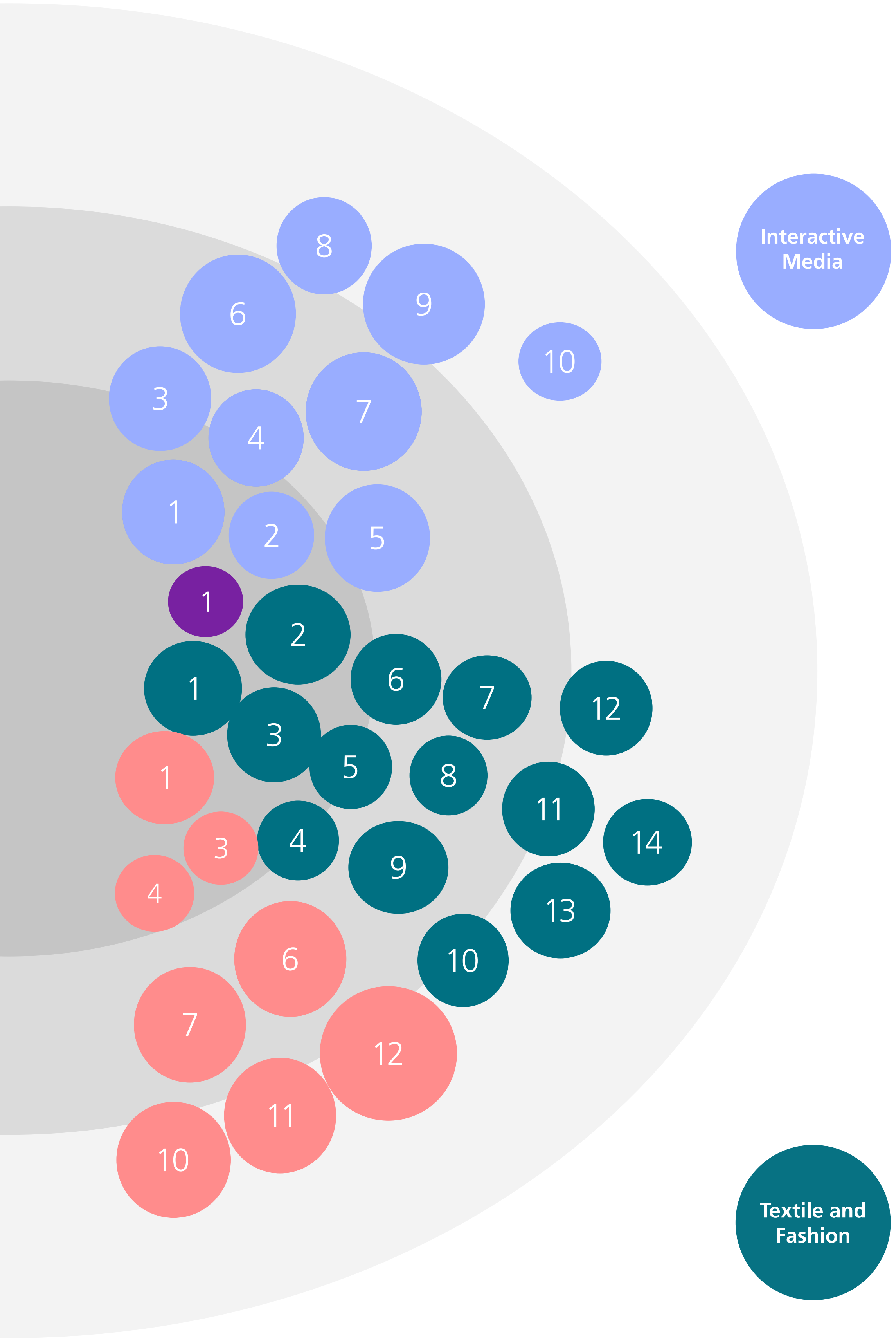
Within this scheme, we identified signals for the **creative industries** over intervals of time: what is happening now, what will happen soon and what will happen in a distant future.

For each signal we highlight principal and secondary stakeholders, which have been classified into representatives of **industry, academia, the public sector and civil society** to add a finer level of detail to the analysis.

In each chapter, this report analyzes stakeholders in each sector using the methodology developed by Fran Ackerman and Collin Eden (2011). It was classified into power/interest matrix, with stakeholders being **subjects, key players, experts or the crowd,** depending on their place in the matrix.

Creative Industries Fringe




Interactive Media
Textile and Fashion
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10

Performing Arts

1. International organizations help create alliances to activate local production
2. Mexico joins UNESCO's ResiliArt movement
3. Teatrix expanded its presence to other LATAM countries and increased its content to create synergies with other companies
4. Mexico City condones the preliminary payment of taxes on public performances
5. Due to the pandemic, the ministry of culture digitalizes cultural content to offer the Mexican population
6. Audiences lose interest in the theatre via streaming
7. Mexico Creativo creating collaboration networks to support projects of other national and international institutions
8. Ministry of culture seeks to deactivate art collectives due to lack of budget and interest
9. Lack of resources forces The College of Theatrical Producers and RECIO to submit various proposals to the Mexican government
10. Government reactivates alliances to rescue IMSS theaters
11. Mexico is the 2nd largest podcast market in LATAM after Brazil. 42.8 million podcast listeners

Audiovisual Media

1. Mexico is the 2nd largest podcast market in LATAM after Brazil. 42.8 million podcast listeners
2. Digital platforms should charge 16% IVA
3. OTT sector grows at the expanse of paid TV
4. New spaces on film industry to visibilize the LGBTTTQ community, gender studies and human rights
5. Access to entertainment content mainly via smartphones
6. Revenue from podcast advertisement increases from 1 to 15 million in just 4 years
7. Movie theaters enter streaming market
8. Mubi plans to open its first physical movie theater in Mexico City
9. Mexico's entertainment and media industry will have a combined annual growth of 2.27%
10. Mexico overtakes Brazil ad largest OTT market
11. Video content will account for 80% of data consumption
12. OTT market generates revenues of US$ 1.5 billion
13. Investment in advertising in Mexico's podcast industry to reach US$ 23 million

Design

1. New editorial designs for SEP education books
2. 40.1% of Mexicans read between 0-1 books per year
3. Publishing industry receives meagre government support
4. Steps taken to support independent book stores
5. Increasingly visual editorial designs = INFOGRAPHICS DIGITAL ONLINE
6. Ebook sales increase 32.7%
7. Alliance of independent publishers, Amazon
8. Sustainability challenge by foreign entities
9. Increasing numbers of design festivals
10. Booktubers increase book sales
11. NEOBANCOS organizing design festivals
12. Blockchain and alternative for book privacy
13. Audiobook streaming can reach 25%
14. Platforms for content production and distribution of printed and audiovisual content
15. Beek quadrupled user numbers and time spent on platform

Interactive Media

1. Guadalajara named Digital Creative City
2. Immersive art experiences
3. Deepfake to create content in Mexico
4. Amber Mexico begins operations
5. Tec de Monterrey organizes national e-sport competition
6. New degree courses in video game design and development
7. Professionalization of e-sports in Mexico
8. E-sports scholarships
9. Digital platforms should charge 16% VAT
10. E-sports generates revenue of US$22 million

Textile and Fashion

1. Women more innovative in implementing solutions during pandemic
2. Pandemic causes financial losses and boosts e-commerce
3. Two marketplaces and a department store leading e-commerce sales
4. Digitalization increases across fashion sector
5. Initiatives to re-appraise artisanal products
6. Artisan organizations marketing products abroad
7. Mexico prioritizes comfort, durability, and high quality
8. Accessibility for designers in other countries
9. NGOs promote sustainable development of indigenous communities and their designs
10. Environmental certificates in textile industry
11. Design to raise awareness
12. Cross-cutting design from the editorial industry to fashion
13. Brands seeking more neutral aesthetic, responding to customer preference
14. Technological innovation in raw materials and processes

1.

Audiovisual media

1.1

Summary

The audiovisual media sector is particularly strong in Mexico. This report gathers data on the film industry, on digital content production and television. Updated and transformed methods of audiovisual media content creation and production have adapted to digital media and new consumers.

Film, internet, radio and television represent 37% of Mexico's GDP in the culture sector, creating 194,939 jobs.

Despite the COVID-19 pandemic's impact on the media and entertainment sector, specialists are confident of its recovery and even growth to reach US$26.05 billion in 2024. This belief is based on the certainty offered by the film industry which, before the pandemic hit, had maintained an average growth rate of 4.7% over the past 10 years.

1.1.1 What opportunities does this scenario offer?

Mexico organizes 168 film festivals that promote and support national and international productions, as well as the professionalization of the industry, stand out:

- **Guadalajara International Film Festival (FICG)**
- **Los Cabos International Festival Internacional**
- **Morelia Intenational FIlm Festival (FICM)**
- **UNAM Intenational Film Festival (FICUNAM)**
- **Guanajuato International Film Festival (GIFF)**
- **FInternational Film Festival with Alternative Media (FICMA)**

The business meetings take place alongside these festivals. For example, during the FICG but separate from the press conferences, the Ibero-American Film Market brings together producers, distributors and sales agents who spend long days putting together new film projects. During these important festivals, embassies and cultural institutes and councils often provide official representation to provide a liaison between possible interested parties. For example, Canada was invited to participate as a guest country at the GIFF in 2017.

1.1.2 What opportunities does this scenario offer?

In the area of co-productions, it is interesting to note that in 1991 Mexico and Canada signed the Film and Television Co-Production Agreement to support co-productions in both countries. All co-productions under the auspices of this agreement will be considered national productions by both countries, among other advantages. This is an ideal way of accessing the significant benefits offered by the industries of both nations.

It is also essential to acknowledge Mexico's world-class physical infrastructure and production teams, wide variety of natural settings, rich cultural identity, talent and experienced teams. Above all, the country offers competitive prices. Furthermore, the public funding available for Mexican co-productions also explains why this is one of the strongest industries all along its value chain. Fausto (2018, dir. Andrea Bussmann) is an important example of a Mexico-Canada co-production. The average cost of a film produced in Mexico is MXN$17.2 million (just over CA $1 million) (IMCINE, 2020).

Animated series, features and shorts offer plenty of potential for the animation sector. If the current growth trend continues, **this segment could represent up to 13% of the sector's GDP.** Mexico has 500 studios, mostly in Mexico City and Guadalajara, but also in other cities such as Mérida, Chihuahua and Tijuana.

The initiatives are designed to support this sector, it is ripe for development. Mexico's public sector has not focused on the sector and has overlooked the growing national and global trend of animation productions, as opposed to countries such as the United States, Spain and Chile that see this industry's genuine potential.

Ánima Estudio is Mexico's pioneering animation studio that is now seeking to enter the international market. After knocking on various doors in search of financing, it managed to interest 20th Century Fox in a project that opened up international horizons. This studio now produces movies with US$6-8 million budgets and it is the first Mexican firm of its kind to collaborate with Disney. It has also produced series with Netflix, such as Las Leyendas (2017).

Within the film industry in Mexico, film theatre complexes were hit particularly hard by the pandemic in 2020. Moviegoers bought 62 million tickets, almost an 81.5% fall compared to 2019 figures. Despite this drastic collapse in box-office receipts, the **National Film Industry Chamber** is confident of the sector returning to 2019 levels during the second semester of 2021.

The **Cineteca Nacional** is an important component of Mexico's film infrastructure, functioning as a distribution channel and venue for screening archive films, and its audience figures have reached as many as 1.4 million. In 2020, it disbursed CA$833,846 for patents, copyright and royalties. The Canadian Embassy, together with other companies in the industry, have used this space to organize the **Canadian Film Week** (Semana de Cine Canadiense), featuring a selection of films representing various styles, themes and genres to provide a wide-angle view of the state of Canadian filmmaking. In 2021, Mexican audiences flocked to the second edition of this event.

1 See glossary of abbreviations at the end of the report.

The Mexican film industry has outstanding productions, scriptwriters, actors, technical and distribution professionals, as well as a wide range of programs that provide funding for films and to involve national and foreign producers.

Through **IMCINE,** the federal government administers various funds, notably **Eficine 226,** a fiscal stimulus for taxpayers through Article 226 of the Income Tax Law that supports the production or postproduction of feature fiction films, animations and documentaries.

This has become a popular means of enabling new film projects because it allows producers to recover some of the resources used for their projects. The Mexican state provides its film industry around MXN$800 million (CA$50 million) in public funding and other forms of stimulus, one of the highest figures in Latin America.

As the world's fourth-largest movie theatre market, with 955 film theatre complexes and a total of 7,493 commercial screens, Mexico has had to reinvent its offer of content by exploring the film screenings on streaming platforms with productions that were unable to be released in movie theatres or by offering musical events broadcast live. The value of the Mexican market for OTT services could grow to US$1.454 billion by 2024.

1.2 Key stakeholder matrix

To understand the components of the audiovisual media sector, we have used the methodology proposed by Fran Ackerman and Collin Eden (2011).

This methodology allows us to identify the key stakeholders in a system based on their agency, and it suggests how to interact with them in each case.

Each quadrant reflects the location of the **stakeholders belonging to industry, academia, the public sector and civil society.** Each stakeholder is classified into a power/interest matrix as follows:

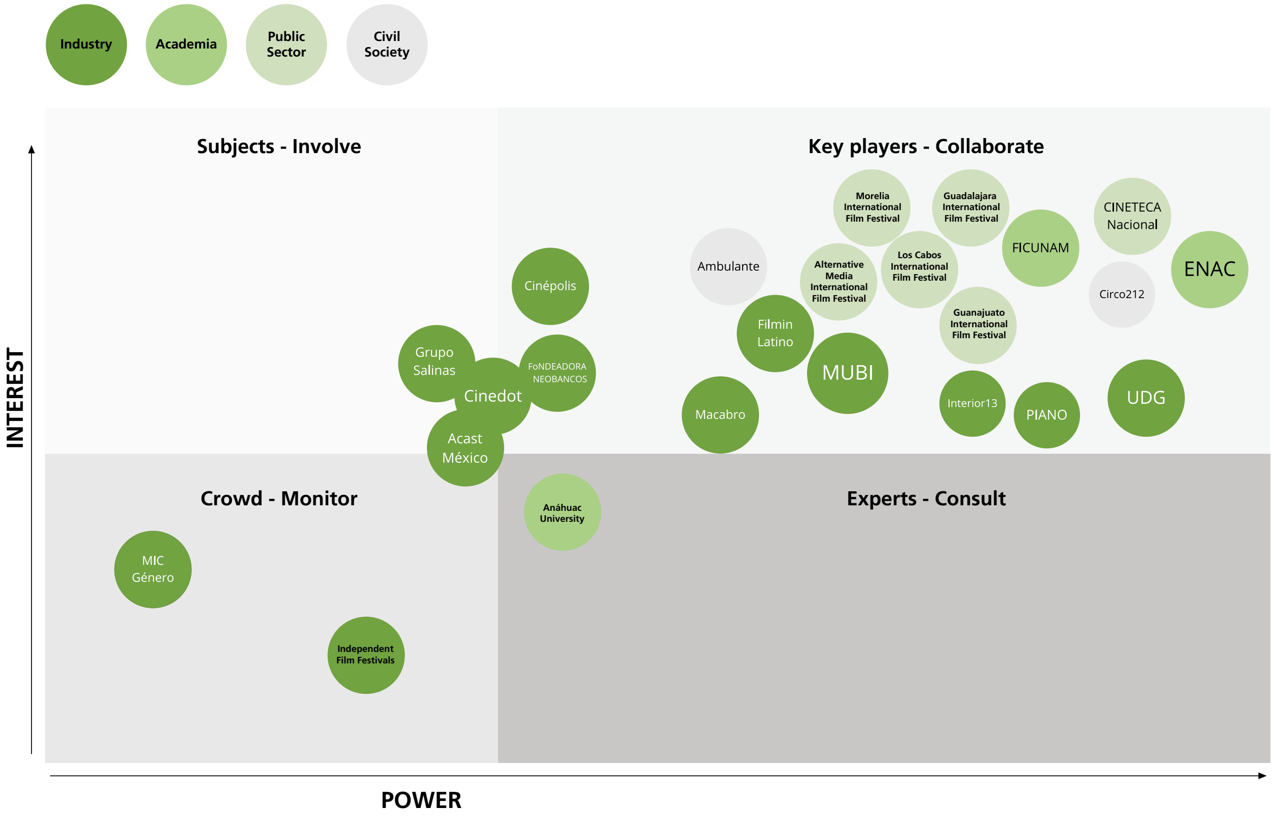
Involve subjects. *(Subjects have significant power but little influence. The best approach is to include these players in the strategy to keep them satisfied due to their power over the topic in question)*

Collaborate with key players. *(Players have high levels of power and influence. Any strategy to be developed needs to consider them because they are strategic partners for the project)*

Consult experts and influencers. *(Influencers and context setters have significant influence but little power)*

Monitor the crowd. *(The crowd includes bystanders who have limited power or influence. The recommended course of action is to monitor them in order act in case they change quadrant at some point in the future)*

Key stakeholder matrix



1.3
Signal and trend analysis

Audiovisual media		
	Cable TV	Mexico is one of the countries with the most pay television subscribers, but numbers have been decreasing significantly since 2016. A report by Digital TV Research[2] reveals that 4 million subscribers in Latin America canceled their subscriptions due to financial difficulties caused by the pandemic. Many of these users migrated toward streaming services, as they are much more affordable. Pay television sustained the rest of the telecommunications sector during 2020, generating a revenue of $25 billion pesos in the year.[3] Some reports indicate that this income, which increased by 6% in the past year, is created by the packages that offer telephone, internet and television services to subscribers. **Televisa** continues to be Mexico's most important broadcast television group. To increase its presence in streaming platforms, it has entered a partnership with **Univision,** expanding the market. The association between both platforms sought to create new content and share series produced for **Blim.**
	Film	Although some film festivals had to be cancelled during the pandemic, others managed to continue online or in-person with more limited programming and strict health measures in place. The alliance between the **FilminLatino**[4] streaming platform with festivals such as Macabro and the Morelia International Film Festival as an alternative for viewing its program indicates the importance of technology partnerships to attract more viewers, not only in extreme cases such as during the pandemic, but as an alternative means of reaching larger audiences in the near future. An increasing number of independent festivals are giving visibility and sharing new stories on themes such as gender, sexuality and the LGBTTTIQ community. Some movie theatre companies responded to the closure of theatres, which are still operating with reduced capacity, by showing their content on various streaming platforms. The **Cinépolis Klic**[5] platform clearly expanded during lockdown and this even differentiated it from its competitors that were severely affected by the pandemic. The Cineteca Nacional launched a similar initiative recently with the "Sala Virtual", its own streaming platform.

2 Digital TV Research. (2021). Digital TV Research 2021. Simon Murray.
3 López, Z. (2021, marzo 16). *TV de paga, el segmento que sostuvo a las telecomunicaciones en 2020*. Expansión.
4 Quiroga, R. (2020). *FilminLatino será plataforma alterna para festivales de cine por pandemia.* El Economista.
5 Reyes, E. (2020). *Así es como Cinépolis Klic creció en siete países de América Latina*. Expansión.

Audiovisual media		
	Film	The availability of funding and budget cuts have directly affected this sector. Although most productions, particularly independent films, are on hold, the consequences of cuts in funding and public resources will become evident in the longer term.
	Video Streaming	This sector has been an area that has grown strongly with the pandemic; its greatest impact can be seen in the significant increase in the number of Mexican users on social networks. The increasing number of streaming videos available through Instagram, Facebook **and** Youtube has helped in the communication and creation of events through streaming services during lockdown. This provided an opportunity for public and private institutions, the media and consumers in general, to create their own events, making it possible to attract wider audiences. The classification among these niche amplifiers has been interesting. With their specific focuses, niches have a stronger influence because the communities are curated and well-developed. Many opportunities for the creative industries exist in this area.
	Podcast	The podcast industry has particularly strong potential in Mexico. The well-known consultancy firm PwC forecasts a growth of 42.8 million podcast listeners by 2024, up from 16.7 million in 2019[6], which would make Mexico the second-largest podcast market in Latin America after Brazil. To back up this forecast, we can refer to the decision by Swedish company **Acast** to open offices in Mexico due to the country's enormous potential. In Mexico alone, Acast-hosted content has increased by 53% since it opened in March 2020 until August 2020.[7] Meanwhile, **Deezer** signed a partnership agreement with **Grupo Salinas** to promote podcasting in the country and to position Mexico as part of its global strategy. An important finding as part of the same PwC study was that advertising revenue from podcasts between 2019 and 2024 is set to grow annually by 33%. These numbers are related to the reduction of pay television subscribers, as well as the results of the survey of "super-listeners" that mentions that 49% of podcast fans revealed the advertising is effective over this channel.[8]

6 PwC. (2020). *Global Entertainment & Media Outlook 2020 – 2024: Digitalización, el as bajo la manga.* PwC.

7 Contreras, P. (2020). *Crece la industria del podcast en México.* Acast. NotiPress.

8 Edison Research. (2021). *Super Listeners 2020.* Edison Research.

1.4
Investigation report

1.4.1 Definition of the sector in Mexico and subsector profiles

The audiovisual media sector is one of the most important in Mexico. This research compiles information from the film industry, and content production for digital and television platforms. Audiovisual media content creation and production has modernized and transformed to keep up with the latest digital media and new consumers. In the past, Mexico has been a leading producer of televised content and in the development of an industry that consists of networks and corporate players, and additionally due to state fiscal stimulus packages and funding. The country's film industry enjoys increasing international prestige and its professionals are continually developing projects outside Mexico but also opening doors within the Mexican market. Festivals have become important players within this context.

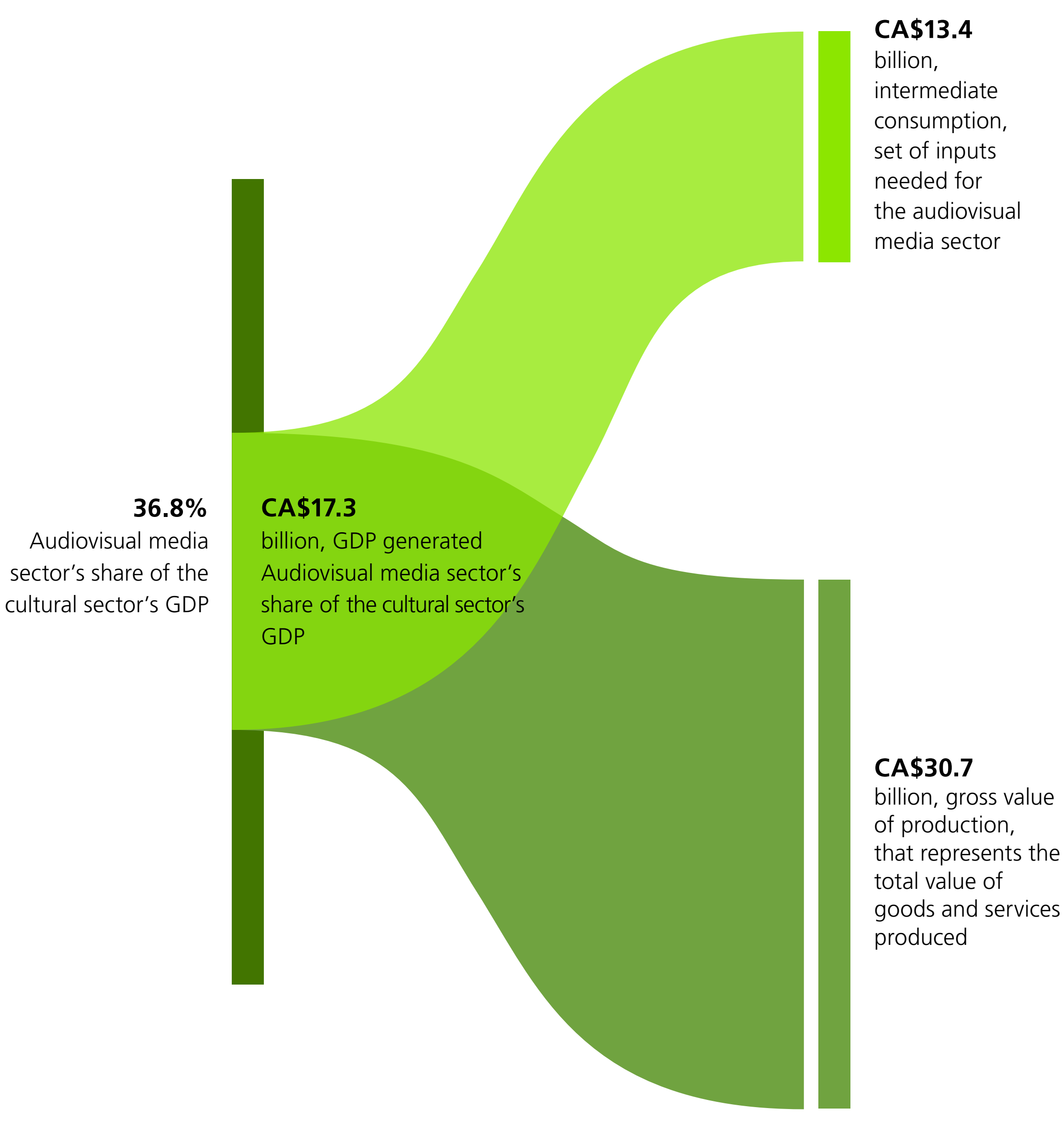
The digital environment—and particularly the use of mobile devices—is currently setting new patterns for the consumption of televised content and audiovisual media; content companies such as YouTube and Netflix have become strategic partners to develop new forms of entertainment and content for the major networks. It is important to note that Mexico also has the necessary infrastructure for the distribution and consumption of local and international audiovisual products.

One of the main sources of statistical information used to compile this report, the Cuenta Satélite de la Cultura en México, defines audiovisual media as including film, internet, radio, television, video games, intellectual property, as well as trade and public administration related to each one of these activities.

In 2018, the sector contributed 36.8% to the GDP of the culture industry, a percentage distributed between the various activities in this area. The GDP that was generated reached CA$17.3 billion. Intermediate consumption (IC), in other words the set of inputs required for the audiovisual media's economic activity, reached CA$13.4 billion, and the gross value of production (GVP), which represents the total value of goods and services produced, was CA$30.7 billion.

Mexico is undoubtedly an important player in the sector's new developments; it is equipped to meet the strong demand for content, it is open to more opportunities for all content generators, and it can find strategies to increase budgets.

Intermediate consumption and gross value of production, audiovisual media sector

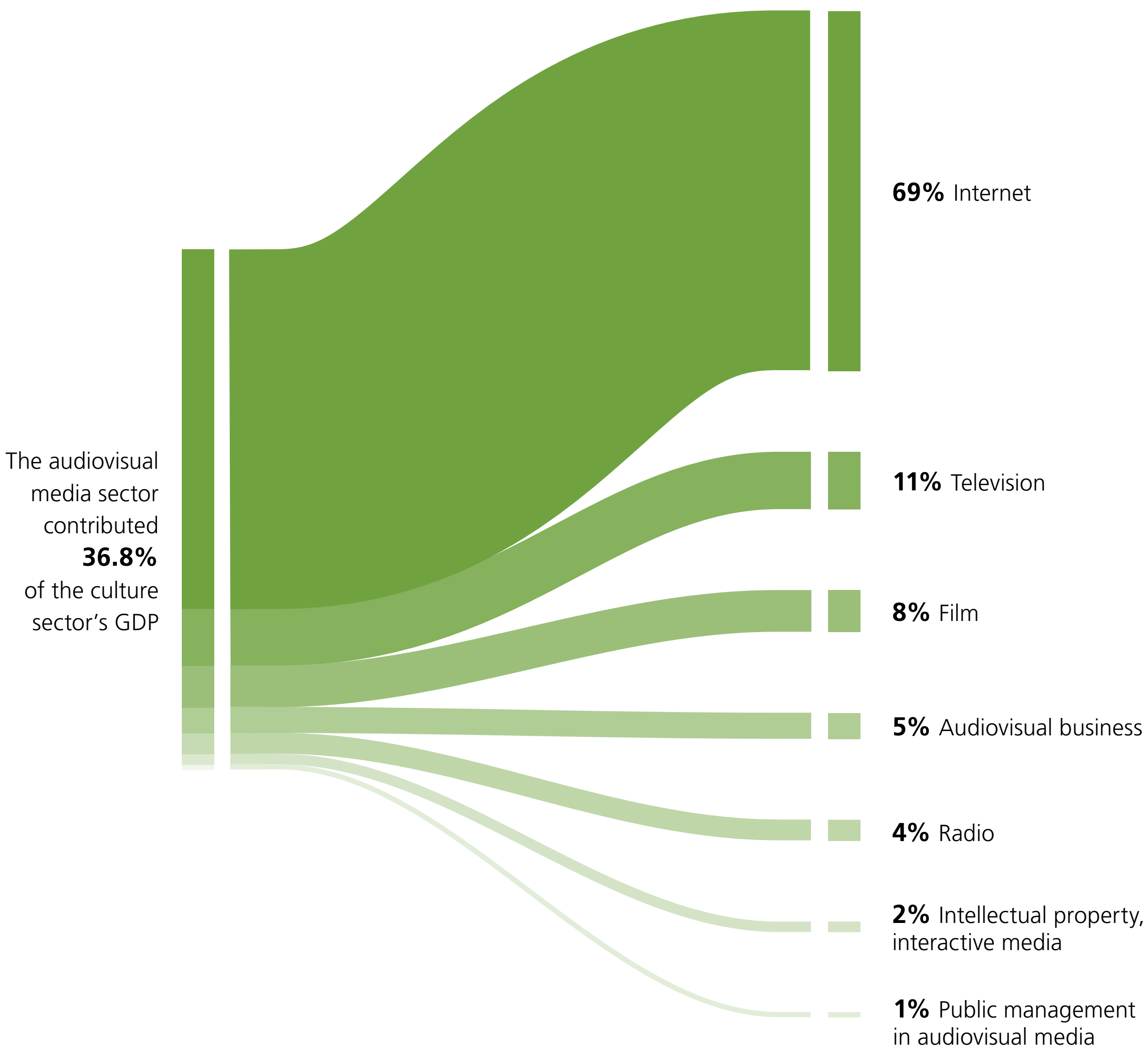


Source: IMCINE, 2020.

1.4.2 Contextual information

The audiovisual media sector's contribution is subsumed within the culture sector's GDP figures. As mentioned above, in 2018 it contributed 36.8% to the culture sector's GDP (3.1% of the total GDP). For the same year, audiovisual media created 194,939 jobs, 32% in the internet sector, 19% in television, 16% in film, among others (IMCINE, 2020).

Percentage distribution of GDP, audiovisual media (2018)



Source: IMCINE, 2020.

The COVID-19 crisis created a complex situation. The sectors that consume content on streaming platforms have seen their revenues increase by 26%, and videogames by 12%. On the other hand, the film sector's revenues fell by 68% (Milenio, 2020). After COVID-19, the recovery of the media and entertainment sector is expected to enjoy steady growth and earn revenues of US$26.05 billion in 2024. As a final note, we know that in 2018 Mexican household expenditure on film increased to over CA$2.1 billion.

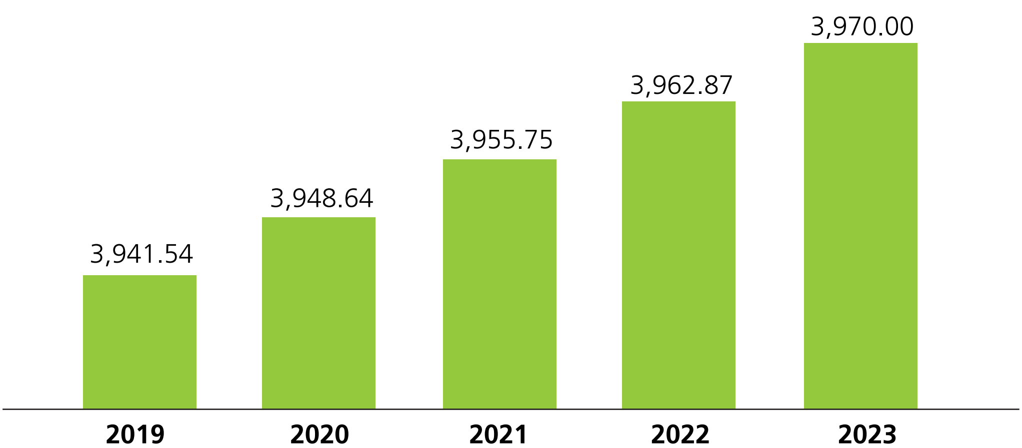
1.4.3 Subsectors

The audiovisual sector's contribution is subsumed within the figures for the culture industry in general. As mentioned before, in 2018 it contributed 36.8% of the culture industry's GDP (3.1% of total GDP). The audiovisual media sector generated 194,939 jobs in 2018, 32% of which were in the internet subsector, 19% in television, 16% in film (IMCINE, 2020).

Television

The television industry in Mexico has performed very strongly and continued developing and transforming to meet the challenges set by the digital era. Its growth is expected to be under 1% until 2023. The two main television networks generate the most employment in the sector, with 9,976 jobs in 2019.

Television Industry Revenue 2019-2023 (USD Million)



Source: Statista, 2019.

In terms of infrastructure, América Móvil is the leading company in media and telecommunications in broadcast television in Mexico, and earned revenues of MXN$1,007,971.2 million in 2019; followed by Televisa in second place with earnings of MXN$101,407.02 million, and then by AT&T in third place with MXN$61,593.5 million (Expansión, 2020).

Broadcast television's most popular channels are El canal de las estrellas (52%), Canal 5 (44%), Azteca uno (42%), Azteca siete (39%) and Imágen TV (9%) (IFT, 2020).

Within this subsector, it is important to note the recent merger between Televisa and Univision will create the largest content producer in the Spanish-speaking world. These leading companies took this decision after years of ceding ground to digital platforms, mainly Netflix, that will attract 48 million subscribers in Latin America over the next five years. Televisa-Univision is seeking to expand its presence in the streaming market for 600 million people (including 190 million in North America). Streaming services accounts for 70% of network traffic with more than 850 million households subscribed to various services. With almost 550 series released each year, the huge business sector has revived the world of entertainment.

Film

In 2018, film generated CA$1.3 billion in GDP and its gross output totaled CA$2.6 billion, maintaining an average growth rate over the past 10 years of 4.7%. For the same year, household expenditure on film was CA$2,400 pending 2018.

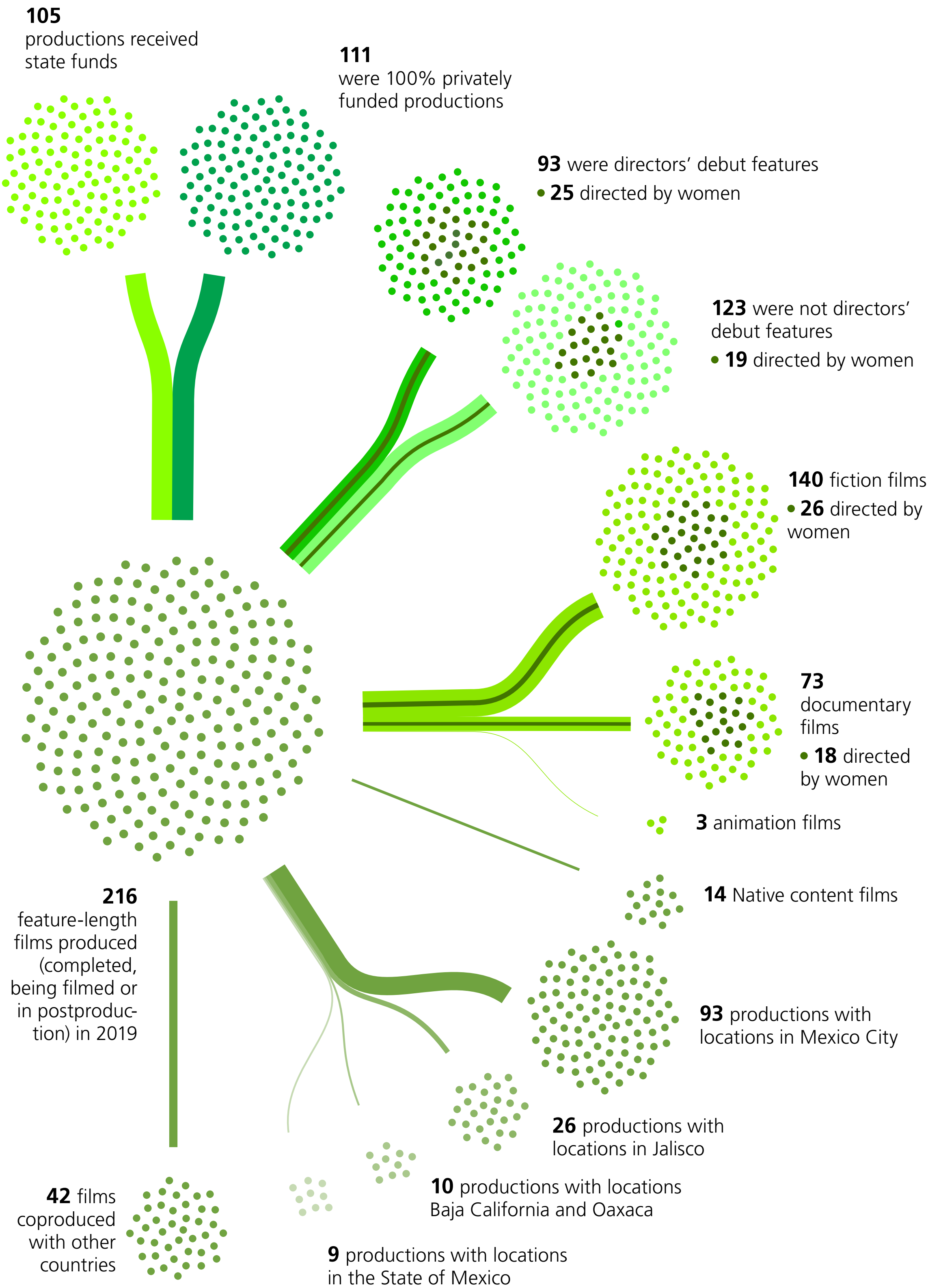
The film industry generates 30,946 jobs, with women representing 40.6% of total employees. In 2018, wages for film-industry employees totalled CA$135 million, or 9.7% of the entire GDP generated. Average salaries were CA$4,400.

Experts from the Mexican Film Institute (IMCINE) revealed that the 2018 Global Report UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions (2005) directly correlates the allocation of public funds to film production and the number of national productions:

- This report shows that Mexico ranks 13th in the world in the number of film productions; Canada ranks 17th. Mexico has one of the three strongest film industries in Latin America, alongside Argentina (12th) and Brazil (15th). The information indicates that every country at the top of the list has a public funding program for their respective national film industries. The average production cost of a feature-length film is just over CA$1 million, and this figure has become lower (IMCINE, 2020).

- There are conditions and opportunities for international joint venture projects as a way to reach the Spanish-speaking market.

Feature films produced in Mexico



Source: IMCINE, 2020.

This industry's growth can be seen equally in the production, distribution and screening of films:

- Mexico has the fourth-largest number of moviegoers and movie theatres, after China, India and the United States.

- CANACINE's report reveals another important factor: Mexican moviegoers increasingly prefer to watch Mexican productions.

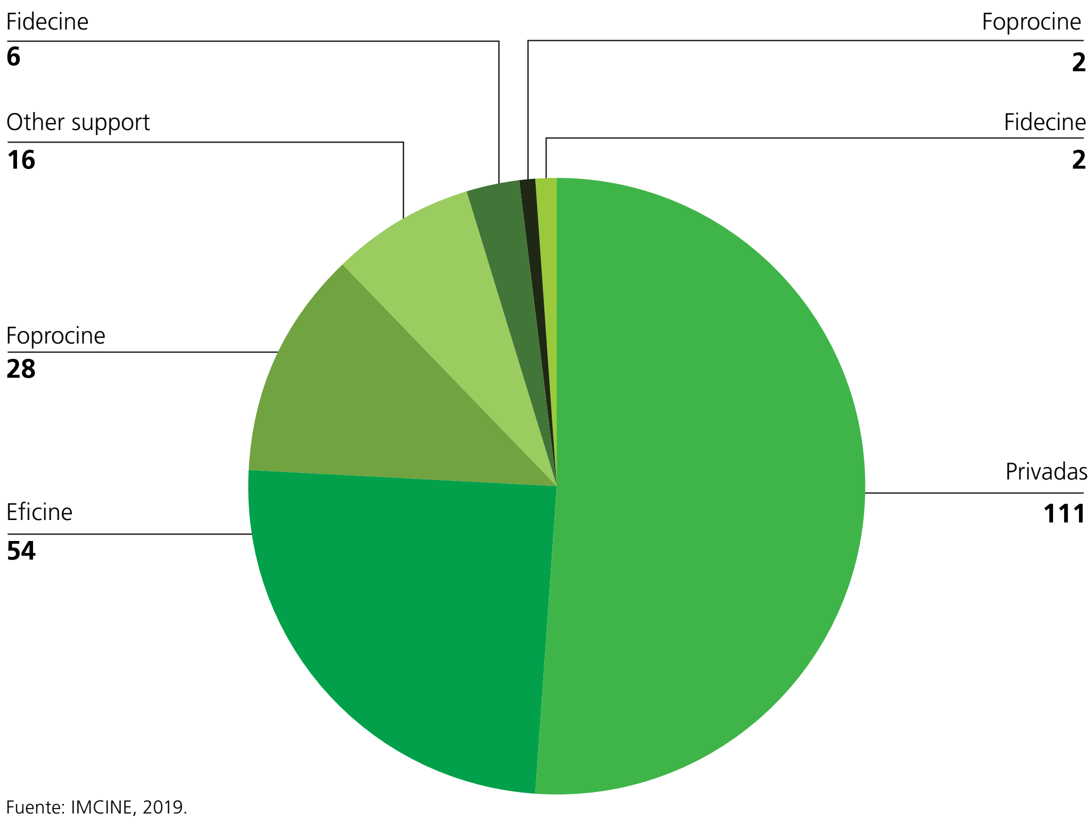
- In 2019, movie theatre complexes screened 499 releases, 23% of which were Mexican productions that generated CA$122 million in box office revenue, representing a 26% increase compared to 2018.

The strengthening of the Mexican film industry is clear both within Mexico and abroad. Several Mexican filmmakers have received global recognition and awards from high-profile festivals such as the Oscars, the Golden Globes, Cannes Festival and the Berlin International Film Festival.

Mexican filmmakers have various sources of funding their productions thanks to the government's fiscal stimulus programs that have spurred the growth of the film industry in Mexico since 1997. However, as can be seen below, private investment continues to be the largest source of income to carry out productions.

In terms of infrastructure, in 2019 Mexico had 7,493 screens in commercial movie complexes, a number that was increasing yearly until 2020, when there was a slight decrease (5%), as well as 615 alternative movie screening venues.

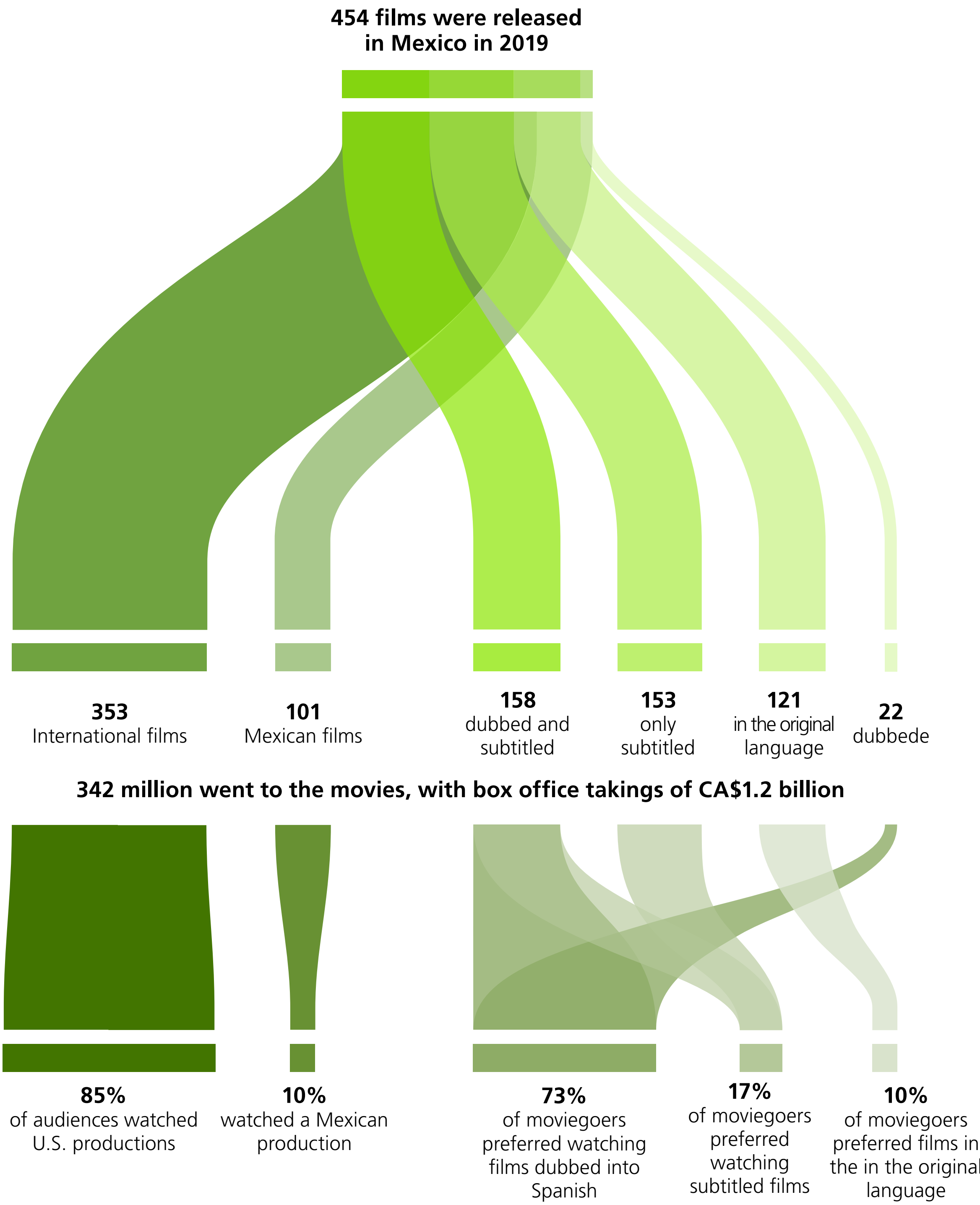
Mexican features registered in 2019 by source of founding



Fuente: IMCINE, 2019.

Mexico is the world's fourth-largest market for film (after China, India and the United States) with 341 million moviegoers and revenues of almost CA$1.2 billion.

Mexican film industry

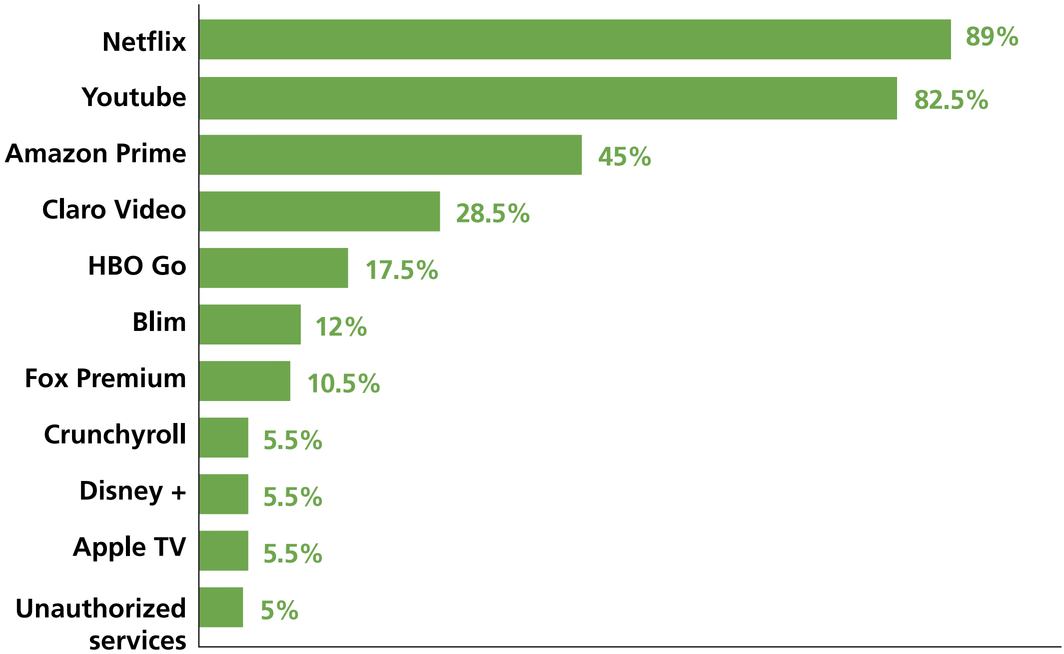


Video Streaming

The COVID-19 pandemic gave over-the-top (OTT) service companies the opportunity to reinvent their offer of content in various ways; for example, they added films that could not be released in movie theatres and showed live concerts.

Entertainment companies also proved resilient by making incursions into OTT video services, offering plays, concerts and night-time events.

Leading video streaming services in Mexico in 2020



Source: Statista, 2020c.

The Mexican OTT market generated revenues of US$881 million in 2020, a 26% increase compared to 2019. This figure will increase up to US$1.4 billion in 2024.

In terms of outstanding content and audience figures on digital platforms in Mexico, you can mention:

- 'La Casa de las Flores' (2018) one of Netflix's most recent productions in Mexico), attracted 7.4 million viewers within the first month of its release, making it the most-seen series in the country with the seventh-highest rating in Latin American in recent weeks, according to Parrot Analytics. Produced by Manolo Caro's production company called Noc Cinema.

- The second-highest audience figures correspond to the series called Luis Miguel, filmed for an estimated US$13 million (the equivalent of US$1 million per episode), and viewed by 3.3 million people in recent weeks.

- The third season of Club de Cuervos, attracting the third-highest audience figures for Mexican series in the country, reached 1.8 million viewers.

HBO Latinoamérica is a pioneer of made-in-Mexico series for OTT platforms. The first one was Capadoccia: un lugar sin perdón, produced by Argos Comunicación, and was on screens between 2008 and 2012. Notable recent productions include Monarca, released in 2019. Another Mexican production company is Lemon Studios, founded by the brothers Billy and Fernando Rovzar in 2003.

The global streaming service Amazon Prime confirmed its plans to produce 15 series and 5 original, local films each year over the following 3 to 5 years in Mexico. The same company also announced that it will invest more than US$2.65 million in donations to COVID-19 funds to support the TV, film and theatre production community in Mexico and elsewhere in Latin America where the company is developing local and original content (Forbes Staff, 2021).

A 2020 report by Mexico's Federal Telecommunications Institute on supply and demand of OTTs and audiovisual content includes a survey carried out in households with internet on the consumer habits in the Mexican market:

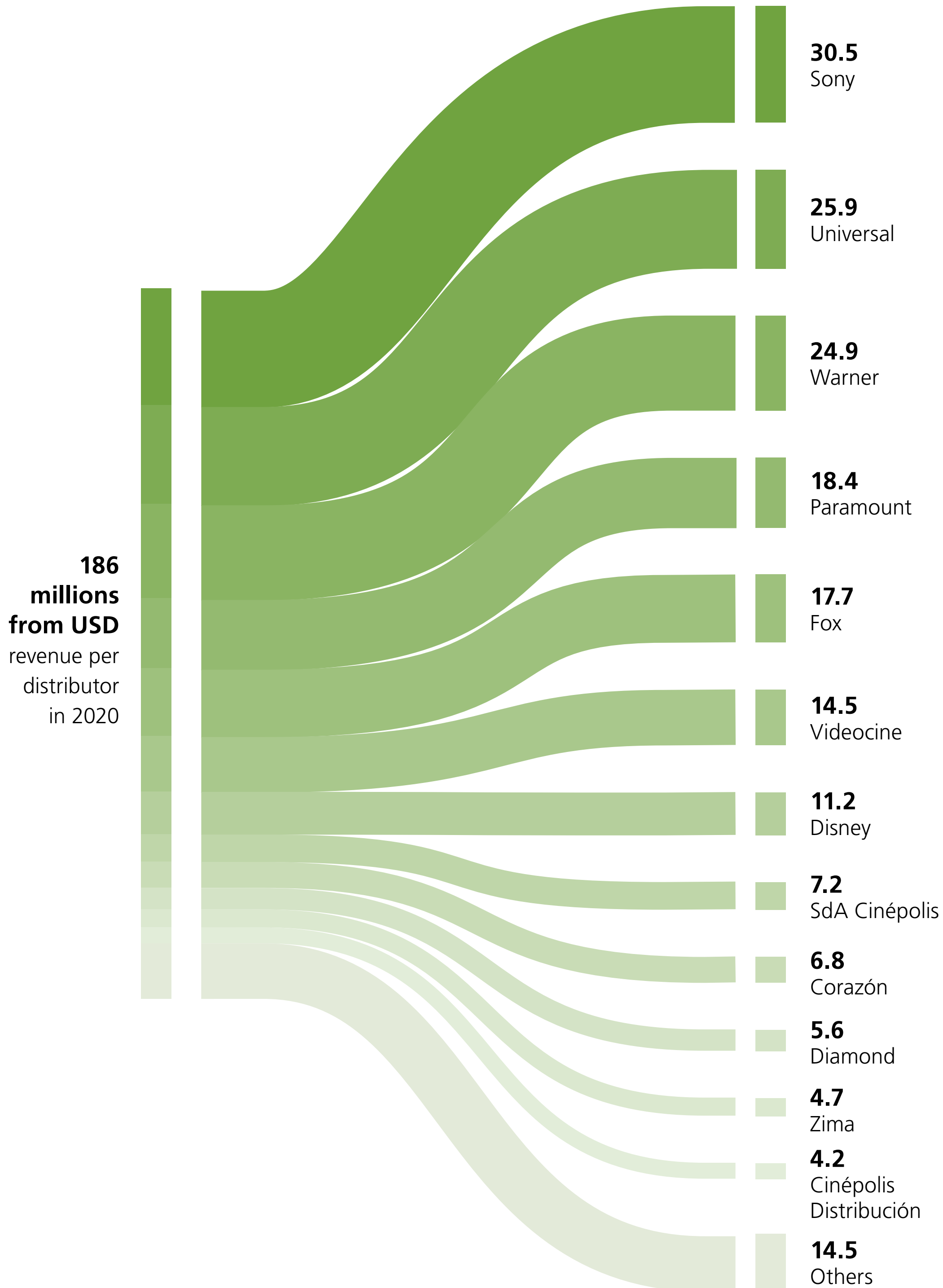
- 72% of households consume free content, 71% pay subscription fees and only 14% do not watch any online content at all.

- Interviewees report their favourite content to be films (85%), series (71%) and documentaries (40%).

As a final note, the screening of films in Mexico is the result of agreements between movie theatre representatives and distributors. Once a distributor has analysed the market (type of movie, launch) they start negotiating with movie theatre companies, for example national chains such as Cinépolis or independents such as Cine Tonalá in Mexico City. When setting the dates for launching some international films, distributors often take into account the release dates in the United States and use them as a basis for deciding the date in Mexico. Aside from the in-person film experience—especially after the pandemic—it is undeniable to see the potential of the various offers of content consumption today in virtual rentals, downloads, purchases and monthly subscriptions to digital streaming platforms. Below we provide the most recent indicators for distributors in Mexico:

Below we provide the most recent indicators for distributors in Mexico:

Income per distributor during 2020 (millions of USD)



Source: Comscore.

1.5
Success stories
Film Festivals

Guadalajara International Film Festival (FICG)	ficg.mx

As Latin America's most well-established film festival, FICG is strongly placed within the national and international film industry. It provides a venue for training courses and creative exchanges among professionals, international film critics and students from across the subcontinent. Its activities include keynote conferences attracting experts from around the world, film screenings, and competitions.

The only large-scale event to be recognized with the Certificate of Voluntary Environmental Compliance (PCAV). This recognition is designed for institutions and events that apply integral strategies in the productive processes of services to reduce environmental risks and their negative impacts, including environmental performance indicators, showing the reduction in the carbon footprint created by their processes and services.

Los Cabos International Film Festival	cabosfilmfestival.com

An independent film festival established in 2012 that is held in the state of Baja California. A gathering of all key industry players (filmmakers, distributors, producers, actors, scriptwriters, photographers, etc.) and audiences to appreciate films and promote professional collaborations.

Meet Mart, a meeting of professionals in the value chain. Gabriel Figueroa Film Fund, a fund for developing documentaries and fiction films.

Morelia International Film Festival (FICM)	moreliafilmfest.com

A festival organized by a non-profit association that receives public and private fundings. Its main sponsors are Cinépolis, the state government of Michoacán, and the national Ministry of Culture.

Directory of Mexican filmmakers. **Impulso Morelia,** an initiative for securing post-production funding.Conferences and special presentations with national and international guests.

Production Companies

Lemon Studios	thelemonstudios.com

A film, television and theatre production company founded in 2003. Established as one of the most important content producers in Latin America and in the U.S. Hispanic market. More than 13 national and international productions that have worn prizes such as **"Un Certain Regard"** at Cannes and an International Emmy. Creators of the largest box-office hits in Mexican history such as **Matando Cabos, Km 31, Salvando al Soldado Pérez.** Producers of large series such as **La Piloto** that ranks them top in the prime-time Hispanic market.

Several productions with memorable story lines. Promoter of new talents through El ABC del Showrunner diploma course, run in collaboration with CENTRO, a higher-education institution

Canana	canana.net

A film and television producer and distributor focused on Latin American projects with an international vocation. Creators of important independent films and documentaries. Development of stories and films that respect the context, audience and director's vision. A promoter of Latin American talent. The company joined forces with Golden Phoenix Productions, owned by Discovery Channel, to co-produce various documentaries on the unresolved murders of more than 300 women on the border city of Ciudad Juárez in the state of Chihuahua (Mexico).

Noc Noc Cinema + Mr. Woo	woofilms.tv

A production company focused on films, advertising and alternative content with major hits such as **La Casa de las Flores** on streaming platforms. Creators of box-office successes such as **Érase una vez...**pero ya no that rank highly in genres of Romance, Comedy, Musicals, TV series, Fantasy. Producer of TV series, plays and films. Collaborates with Netflix on series productions and Cinépolis on films.

Mexican Film Commission	comefilm.gob.mx

A government institute stimulating the growth of the Mexican film industry, establishing policies for the audiovisual sector's expansion; it supports film production, distribution, and screenings in Mexico and abroad, and promotes national film productions.

COMEFILM provides a service for Mexican and foreign audiovisual producers, offering everything required for filming in Mexico, government contacts, specialist guides for producers, incentives for the film and audiovisual industry, professional and specialist accompaniment and general information on filming in Mexico. It provides contact details of professionals in the sector: casting agencies, presenters, providers, producers, post-producers.

Distributors

Videocine	**videocine.com.mx**

Mexico's most important independent film distributor. It has participated in more than 400 national films and it currently has an 8% share of the distribution market. Videocine has distributed 15 of the 20 most successful Mexican films at the box office. It also distributes internationally over a variety of platforms.

It has collaborated with other key industry players such as Altavista Films, Argos Cine, Plural Entertainment, Cinépolis Producciones and the Mexican Film Institute.

MUBI	**mubi.com**

Distributor, producer and subscription-based streaming service that offers a curated film selection. It manages a film industry database and online magazine called La Libreta.

Mubi offers a wide variety of international films through its membership model. Promotion for memberships at a discounted rate, with a comprehensive range of audience reviews.

Televisa - Univision Nueva Plataforma Streaming	**Nueva Plataforma Streaming**

Televisa and Univision merged in 2021 to expand their content offer both in Mexico and the United States and with a global vision that will increase the availability streaming content in Mexico.

The platform will combine more than 86,000 hours of content in various genres, mainly entertainment and sports, including classic telenovelas and Televisa sports programs, along with more than 550 series.

Animation

Festivals

International Animation Festival Pixelatl	**pixelatl.com**

An animation, videogame and comic festival held in Morelos, Mexico. Organized by a Mexican association founded in 2011 to promote the creation and distribution of content as well as audiovisual and graphic narratives, to expand the national offer and to expand audiences in Mexico and abroad.

The association has kept the festival at a size that ensures a high-quality venue for professional networking. It measures its success based on the number of intellectual property registrations resulting from the festival, instead of attendance figures.

Studios

Ánima Studio	**helloanima.com**

Latin America's most important animation studio, with offices in Mexico City, Madrid and the Canary Islands. A specialist in 2D and CGI animation, creators, producers, and managers of high-quality brands as well as developers of original content for children and their families. Their most recent projects include the series **Las Leyendas, Cleo & Cuquin, PINY Institute of New York** and the feature-length films **La Leyenda del Charro Negro, Ana y Bruno** and **Ahí viene Cascarrabias.**

The studio produces content for Netflix, co-producing with Televisa or Televisión Española. They have revived classic characters from 20th-century television. They associated with Liv Capital investment fund and occasionally participate in film promotion initiatives sponsored by Mexican government's film institute, FIDECINE.

Cinema Fantasma	**cinemafantasma.com**

An animation studio specializing in stop-motion productions. They also work in advertising, special effects, art installations and experimental projects.

They have worked on projects for NFL México, Cartoon Network and Nickelodeon, among others. Despite their rapid growth, they work to ensure a handcrafted approach to certain process to maintain their reputation for high-quality productions.

1.6
List of qualified contacts

FESTIVALS	Participation and point of contact with national and international experts
Morelia International Film Festival	info@moreliafilmfest.com moreliafilmfest.com
Los Cabos International Film Festival	hola@cabosfilmfestival.com cabosfilmfestival.com
DOCSMX Documentary Film Festival	contacto@docsmx.org docsmx.org
Guadalajara International Film Festival	info@ficg.mx ficg.mx
UNAM International Film Festival	ficunam@fic.unam.mx ficunam.unam.mx
Guanajuato International Film Festival	info@giff.mx giff.mx
Alternative Media International Film Festival	festivalficma@gmail.com ficmafest.org
Animasivo Contemporary Animation Festival of Mexico City	info@animasivo.net animasivo.net
Ambulante	hola@ambulante.org ambulante.org
PRODUCERS	**Alliances for film, television and streaming co-productions**
Lemon Films	+52 (55) 5085 7743 +52 (55) 5256 6008 thelemonstudios.com
CANANA	arturo@canana.net canana.net
No Ficción	info@noficcion.mx noficcion.mx
Pimienta Films	info@pimientafilms.com pimientafilms.com

Filmadora	info@pinpointcomunicacion.com filmadora.mx
Piano	info@somospiano.com somospiano.com
Talipot Studio	contacto@talipot.studio talipot.studio
GIFF	info@giff.mx giff.mx
Noc Noc Cinema	info@mrwoo.tv woofilms.tv
DISTRIBUTORS	**Film distribution in Mexico**
Corazón Films	cley@corazonfilmsmexico.mx corazonfilmsmexico.mx
Videocine	+52 (55) 5339 3000 videocine.com.mx
Gussi	gussicine@gmail.com gussi.com.mx
Zima Entertainment	info@cvt.com.mx zima.mx
Cinépolis Distribución	aac@cinepolis.com cinepolisonline@cinepolis.com YT Cinepolis Distribución
Mexican Film Commission	comefilm.contacto@imcine.gob.mx locations.mexico@imcine.gob.mx comefilm.gob.mx
MUBI	hello@mubi.com mubi.com
Televisa and Univision	+52 (55) 5254 5000 corporate.televisaunivision.com
Sony Pictures México	sonypictures.com.mx
Universal Pictures México	mauricio.a.duran@nbcuni.com universalpictures.com.mx

Warner Bros. Pictures México	cley@corazonfilmsmexico.mx warnerbroslatino.com
20th Century Fox México	+52 (55) 5339 3000 FB @TCFHE
Diamond Films Latam	gussicine@gmail.com diamondfilms.com
Paramount Pictures México	miguel_castillo@paramount.com paramountpictures.com.mx
ANIMATION	**Potential collaborators for animation production and distribution**
Ánima Studio	info@animaestudios.com helloanima.com
Cinema Fantasma	info@cinemafantasma.com cinemafantasma.com
WEBINAR EXPERTS: Creativity without borders: Business opportunities in the audiovisual sector	**Consultancy services on the sector, strategic business and government contacts**
Fernanda del Monte **Expert in transmedia storytelling and faculty member of the MA in Scriptwriting, CENTRO**	fdelmontem@centro.edu.mx FB @ferdelmonteescritora
Elena Fortes **Cofounder of Ambulante and No Ficción, a production company, cultural strategist**	noficcion.mx FB @noficcionmexico elena@noficcion.mx
José Miguel Álvarez **Technical manager, IMCINE**	imcine.gob.mx FB @imcine jmalvarezi@centro.edu.mx
Fernando Rovzar **Cofounder and Creative Director, Lemon Studios**	thelemonstudios.com fernando@lemonfilms.com

2.

Interactive Media

2.1

Summary

Mexico's Ministry of Culture defines interactive media as digital media that allows interaction between users or with the media themselves to provide entertainment, information and education. These media include two professional categories: creators and facilitators, the latter focused on adapting media to facilitate distribution to end users (Ministry of Culture, 2018).

We should preface this sector's findings by point out that 70.8% of Mexico's population has internet access and the advent of the 5G network (2022–2024) is likely to increase data consumption substantially.

2.1.1 What opportunities does this scenario offer?

As expected, interest in digital experiences has grown exponentially as a result of the pandemic, people's lockdown in their homes and reduced in-person social contact. This has caused a significant spike in demand. Users are seeking new kinds of social interaction with others by using digital spaces for entertainment, to keep informed and even to learn through streaming services (TV, music, videogames).

The niche of video game players or gamers deserves a special mention as a prime asset for the sector; Mexico earns more than any other Latin American country in e-sports.

App video games generated a revenue of US$525 million; this figure is higher than the income produced by the sale of physical video games for consoles and computers, which generated US$182 million and US$15 million, respectively. Podcasts are another growth area in recent years, reaching a total of 16.7 million listeners in 2019.

2.1.2 What opportunities does this scenario offer?

There are numerous success stories in the market of immersive experiences, including shows using augmented reality, virtual and/or mixed reality.

Different projects have become successful in Mexico thanks to the human talent and existing infrastructure: collaborations with visual artists, architects, urban designers, developers designers and creatives in general, as well as collaborations with architecture studios to develop projects on commission and to design brand experiences.

If the health situation allows the development of these experiences, a promising future awaits for international collaborations to meet the country's growing digital demand.

In Mexico, the availability of data records and market estimates for the interactive media sector is still at an embryonic stage. However, a growing number of initiatives are measuring the size of this subsector and its different areas of activity.

The Iberoamericana de Tecnología Inmersiva Report provides information about 22 countries, including Mexico, and details how more than 700 companies and organizations are working on these technologies. This same study reveals the percentage of internationalization of interactive media projects, showing where Latin American professionals work abroad: Europe (41%), Canada and the United States (36%) and Asia (15%).

Opportunities exist for platform developers where business models can be consolidated globally for the development of videogames and apps related to the interactive media sector. These niches offer different success stories, especially in the audiovisual sector, notably Trick Eye México and Van Gogh Alive.

2.2
Key stakeholder matrix

To understand the components of the audiovisual media sector, we have used the methodology proposed by Fran Ackerman and Collin Eden (2011).

This methodology allows us to identify the key stakeholders in a system based on their agency, and it suggests how to interact with them in each case.

Each quadrant reflects the location of the **stakeholders belonging to industry, academia, the public sector and civil society.** Each stakeholder is classified into a power/interest matrix as follows:

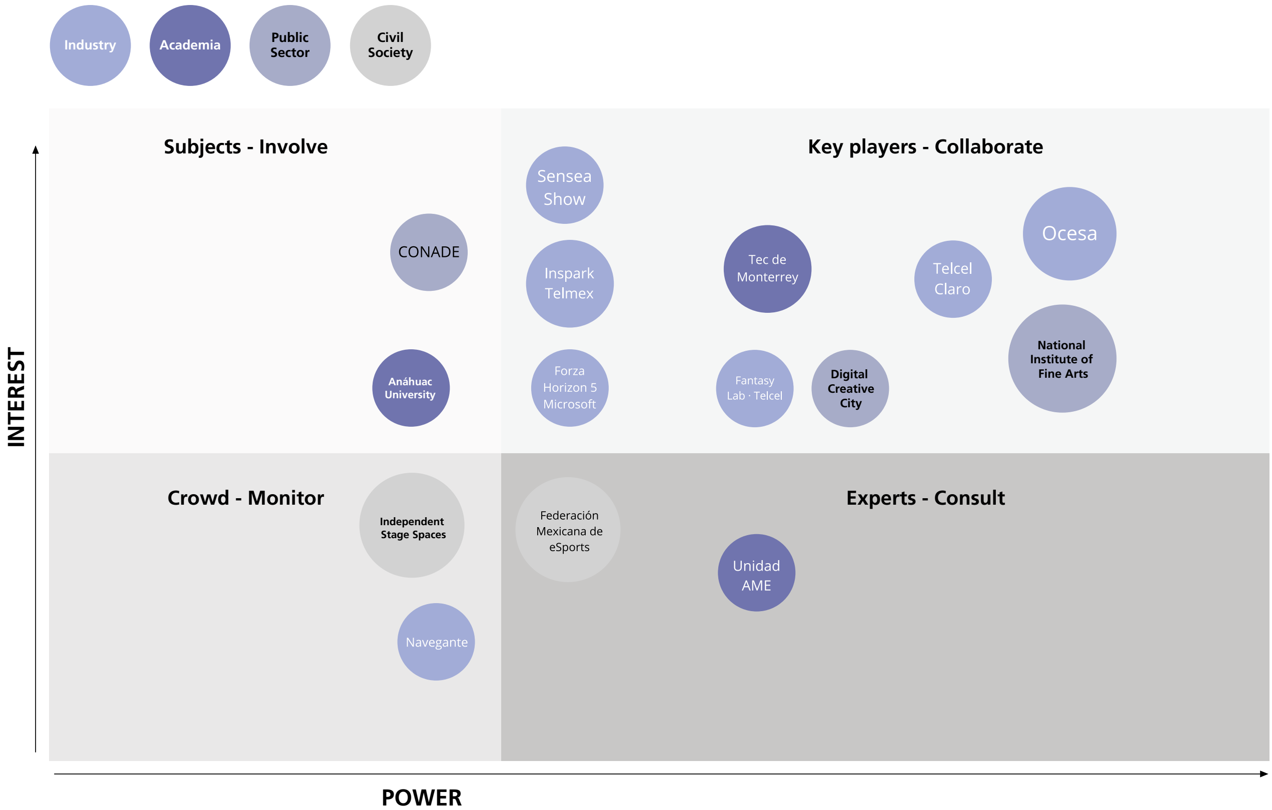
Involve subjects. *(Subjects have significant power but little influence. The best approach is to include these players in the strategy to keep them satisfied due to their power over the topic in question)*

Collaborate with key players. *(Players have high levels of power and influence. Any strategy to be developed needs to consider them because they are strategic partners for the project)*

Consult experts and influencers. *(Influencers and context setters have significant influence but little power)*

Monitor the crowd. *(The crowd includes bystanders who have limited power or influence. The recommended course of action is to monitor them in order act in case they change quadrant at some point in the future)*

Key stakeholder matrix



2.3
Signal and trend analysis

Interactive media

Videogames

Videogames have become important in Mexico, which is currently the top revenue generator in Latin America for e-sports, earning US$8.6 million[1] in 20191 and with the potential to reach US$22 million in 2024.[2] Private universities in Mexico are beginning to form videogame teams. There is also a growing interest in offering education to train videogame professionals.

The creation of the Mexican E-Sports Federation (FEMES) represents an important step toward professionalization; it has now received the official recognition and approval of the country's National Council for Physical Culture and Sport, effectively making e-sports an official sport in Mexico.[3] New market players include Telcel and Claro which recently signed a partnership deal with **Liga Latinoamericana de League of Legends,** not only to expand their market in Mexico but throughout Latin America.[4]

In connection to videogame development, the Amber México agency, founded by a collective of creatives resident in San Francisco, Los Angeles and Bucharest, opened its new offices in Guadalajara.[5] This forms part of an important partnership called **Ciudad Creativa Digital** led by the local government of Guadalajara—this is one reason why the **UNESCO Creative Cities Network** included the city on its list, in the "Digital Arts"[6] category. Guadalajara has since announced additional funding for the project[7] which promises to bring in more technological and innovation companies, such as Amber, which are interested investing in Mexico.

1 See glossary of abbreviations at the end of the report.
2 PwC. (2020). *Global Entertainment & Media Outlook 2020 – 2024: Digitalización, el as bajo la manga*. PwC.
3 Juárez, A. (2019). *Se anuncia la Federación Mexicana de eSports.* El Universal.
4 Señal News. (2021). *Telcel y Claro expanden su estrategía de eSports.* Señal News.
5 Amber. (2020). *Amber Expands to Mexico. Amber.*
6 UNESCO. (2020). *UNESCO y ocho Municipios de México establecen Red Mexicana de Ciudades Creativas.* UNESCO.
7 Becerril, A. (2019). *Gobierno de Jalisco replantea el proyecto de innovación Ciudad Creativa Digital.* El Economista.

Interactive media	Immersive Experiences	Immersive experiences have been growing since 2019. On the one hand, some experiences relate to entertainment and virtual reality, such as **Inspark** that was sponsored by Telmex, and the case of **Fantasy Lab** with the Dreams project, sponsored by Telcel; this reveals the interest of certain important stakeholders in Mexico to take a lead in this kind of project. Within this area, some shows are based on globally recognized artists, such as **Van Gogh Alive,** **Monet Experience** and the recently inaugurated Frida Inmersiva the first show of this kind to feature a Mexican artist, promoted by **Ocesa** and created by **Cocolab,** an important Mexican studio that designs, produces and operates digital multimedia and technological experiences. We can also observe the creation of a strong and independent scene (in contrast to the above examples) by Mexico's Institute of Fine Arts (INBA).

2.4 Investigation report

2.4.1 Definition of the sector in Mexico and subsector profiles

The interactive media sector in Mexico is constantly evolving and has numerous component parts and professional disciplines, ranging from the academic sphere to market players, and with connections to art and culture.

Technology creatives are increasingly recognized for their technical and intellectual skills and their high level of efficiency in meeting tight production deadlines. Mexico has a well-equipped body of professionals in this area that needs more connections with industry collaborations and projects. Mexico's technological infrastructure creates an ample market for the consumption of products and services generated by this sector.

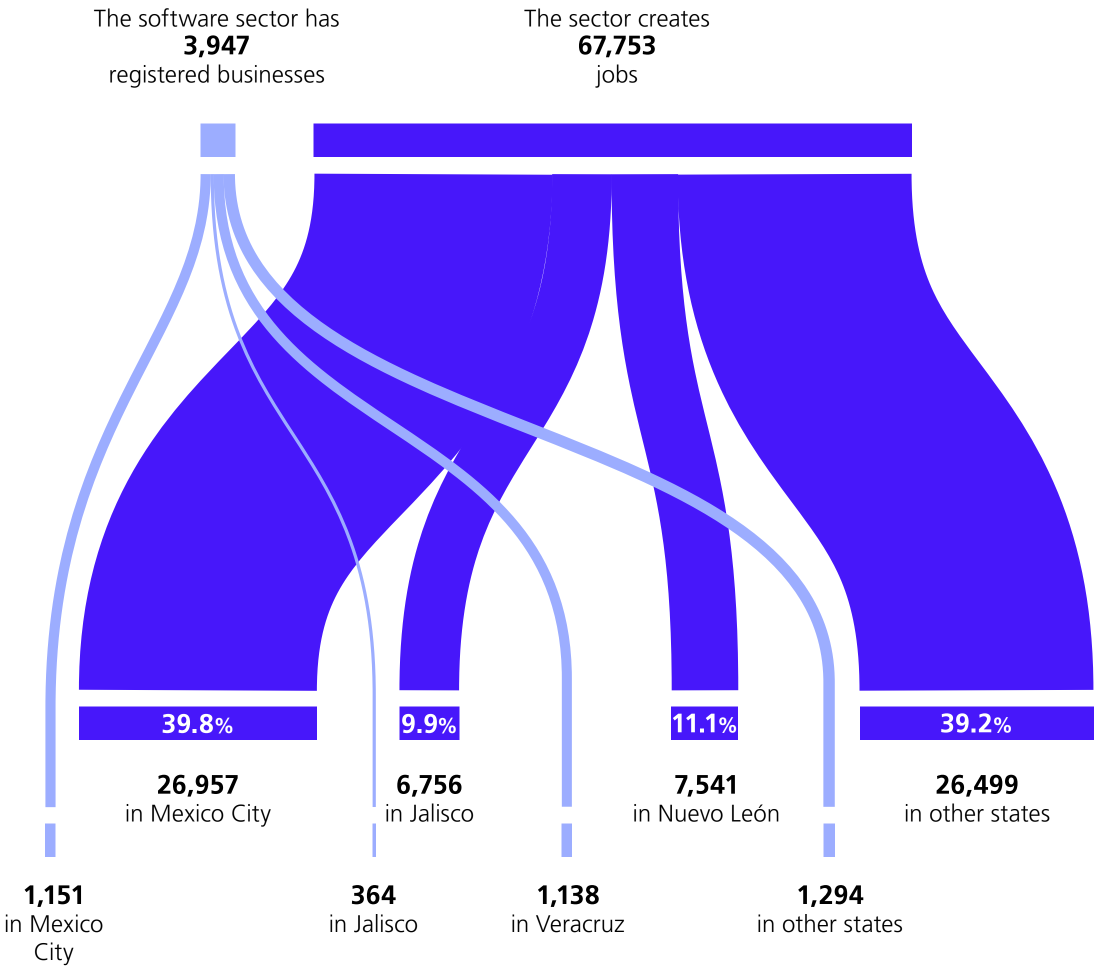
Mexico's interactive media sector has seen exponential growth. Within the context of digital immersion due to the pandemic, the new needs and an increase in people's general interest in digital experiences has driven demand substantially. As a result, the supply of expert creatives has not been able to keep up with demand.

One aspect of this rapidly developing sector has been the use of interactive media in sound design, in creating narratives with technological tools for cultural and commercial applications, digital experiences, hardware development, interaction experiences using augmented and virtual reality, as well as animations and/or animated films with various applications.

2.4.2 Contextual information

According to a report by Mexico's INEGI statistics agency (DENUE, 2018), the software:

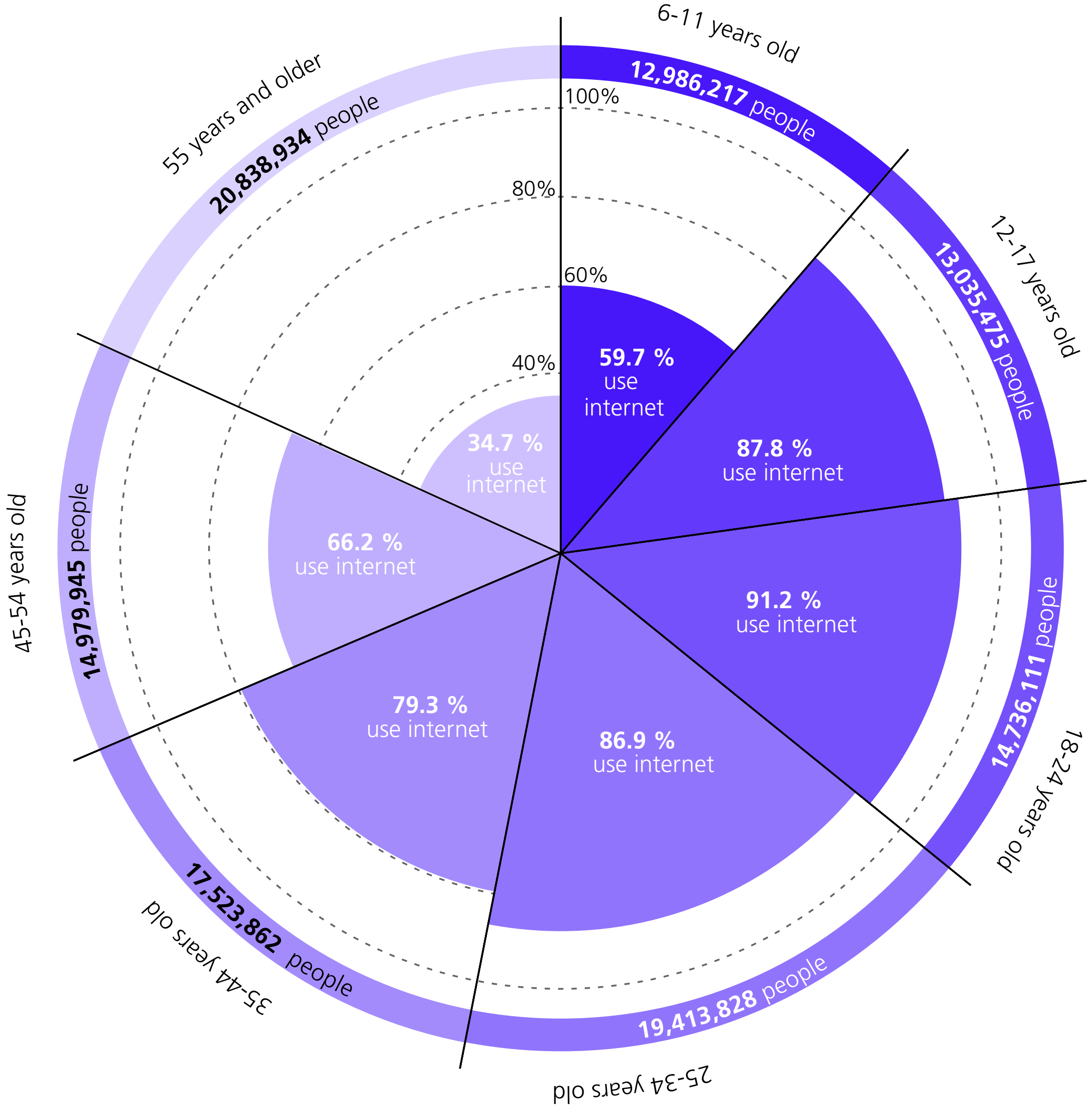
Businesses and employment impact, software sector



Source: DENUE, 2018.

Internet access in Mexico

70.8% of the Mexican population have internet access,
with a total of **80 million i**nternet users



Source: INEGI, 2020.

In 2017, revenues from mobile internet services overtook fixed-line telephony income for the first time:

- Mobile internet provides could maintain this growth in revenue to reach US$6.417 billion by 2024, with fixed-line broadband services remaining constant at US$3.605 billion (Kantar *et al*., 2020, and PwC, 2020).
- América Móvil is the market leader in telecommunications services, with 2019 sales of MXN$1 billion, followed by Grupo Televisa and AT&T México (Expansión 2020).
- 93% of users connect through a smartphone, 70% through a computer, 72% through a Smart TV and 53% through a tablet or a video-game console.
- Smartphones have become the main data consumers and provide the main access to entertainment for Mexican consumers: 90% of netizens have access to streaming systems (TV, music, gaming).

The above information reflects the evolution in the Mexican market, and the new opportunities available for content and entertainment developers who need to understand consumption patterns and to consider mobile devices' formats when designing their offers.

Finally, the Catálogo Inmersivo Iberoamericano 2018—a catalogue and research project produced by UNTREF MEDIA and Trends de Ventana Sur—identifies businesses and institutions working with immersive technologies and includes testimonies by the key actors in this sector, as well as a report on XR Industries (expanded reality) and market forecasts. The project's participants come from Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Uruguay and Venezuela. The catalogue features more than 700 companies and organizations working with immersive technologies in the countries included within the scope of the project.

Among the participating countries, virtual reality (VR) is the most-used technology at 85.9%. Augmented reality (AR) is at a slightly lower though still significant level of 69%, followed by 360-degree video at 57.5% and mixed reality—a blend between virtual and augmented reality—at 53.1%.

In Mexico, the Center of Digital Culture launched an initiative called "México Creativo, Mapeando las industrias creativas en México" (2018). Due to the recent and developing presence of these sectors in Mexico, official information is still lacking and instead there are records of meetups of creative professionals working in these disciplines.

A total of 1,100 groups were identified and broken down into the following main areas: 399 in software, 182 in design and 92 in videogames, immersion and apps, with total of 60,000 unique members.

Due to the exponential growth in the use of digital platforms, Mexico charges 16% of income tax on all transactions conducted on them. For reasons of fairness, it has been suggested that digital platforms such as Uber, Netflix and Amazon should pay these taxes. The new framework covers four aspects of the business model:

- Downloads or access, considering streaming platforms such as Netflix.
- Intermediation between third parties who offer goods or services to those who request them, applicable to companies such as Uber and Amazon.
- Online clubs.
- Distance learning.

E-commerce and the possibilities of remote working undoubtedly consolidate a business model on a global scale mainly used by companies and start-ups developing video games and apps, as well as in the development of transnational projects. These are small- and large-sized private businesses and focus on the production and creation of immersive (especially audiovisual) content. Meanwhile, public and not-for-profit organizations tend to focus on the research and development of experiences.

2.4.3 Subsectors

Video game industry

The video game's subsector is one of the most popular elements of the interactive media sector and boasts the highest levels of consumer activity. The data is not only important from the perspective of game creation and design, but also because of the infrastructure used for their consumption. For example, Mexican gamers prefer to play video games on mobile devices than on consoles or computers and define what is the market segment that opens possibilities to a Canadian company we can consider the following according to Competitive Intelligence Unit (CIU) data:

The number of gamers in Mexico reached 68.7 million the users in 2020, 15.1% more than the year before 4.2 million games are aged between 41 and 50, equivalent to 30% of the population within this age range; 3.6% of baby boomers (>50 years old) play videogames, representing 17% of the population in this age range (Alto Nivel, 2020, with CIU data).

The following devices are most used for videogame consumption: 68% smartphone, 33% games console, 12% tablet, and 10% computer.

The value of the videogame market in Mexico reached US$1.375 billion, a 9.1% increase compared to 2019.

The PwC report estimated that in 2020 the video game and e-sports industry would grow by 26% and 12%, respectively, to reach a total value of US$988 million in the video game market. Video game apps produce revenues of US$525 million, more than the income produced from the sales of physical video games played on consoles (US$182 million) and computers (US$15 million).

Immersive experiences

Immersive technologies include augmented reality (AR), virtual reality (VR) and mixed reality (MR). This market has exponential growth forecasts: Statista's figures indicate that it will increase from US$30.7 to 296.9 billion between 2021 and 2024.

Its applications in different sectors include medical services: cultural projects, entertainment, medical services, education, job training, manufacturing, marketing and advertising, to mention the most prominent.

Due to the rise and consolidation of diverse multimedia creative studios that have an international status, the convergence of technology with the arts and entertainment offers a wide range of business and collaborative opportunities. A paradigmatic example of the latter is the International Creativity Festival | MUTEK, originally from Montreal, which has had 16 editions in Mexico City between 2003 and 2019 with attracting an average spectatorship of 400,000 festivalgoers thousand.

The establishment of a growing number of consulting and artistic production agencies is increasing have entered the market. It has been demonstrated that Mexico has the proven talent and infrastructure to develop projects and collaborations with visual artists, architects, town planners, developers, designers and creatives. It is noteworthy In particular, to mention there have been collaborations with architectural firms to develop custom projects and design brand experiences.

In this context, there is a promising future exists for international collaborations that can able to fulfill meet the requirements of the country's rising digital demand. The acceleration of production times, the openness to different disciplines and the reinvention of creative processes among Mexican creatives, have all prompted digital media collaborations with other countries.

According to a survey by GCE, the Day of the Dead (Día de Muertos) is the most important tradition for Mexicans, as only 26.4% report they do not commemorate it (GCE, 2019). The international prominence of this Mexican tradition rose after it was showcased within the James Bond film Spectre, directed by Sam Mendes (2015), and Disney's Coco by Disney (2017). For the 2020 parade, due to the COVID-19 pandemic, the transmission was offered through an AR platform that was developed by Vuela Corp . This company is experienced in the internationalization of local content. For example, the Day of the Dead Parade in Russia during 2018 that had 100 volunteers from around the world, was viewed by 20,000 people and appeared on 70 international media outlets and 1,000 press releases. Additionally, the transmission of the same event in 2019 had a record audience of 2.6 million spectators (Vuela Corp, 2019).

Estado Latente, a Mexican advertising agency, was the winner in won the categories of Content, Effectivity, Innovation, PR and Interactive in the last FICE, Ibero-American Creativity and Strategy Festival (2017), positioning Mexico as a country that is qualified to develop immersive experiences and offers market opportunities as an end consumer of this technology (Estado Latente, 2017).

In 2020, Virtual Reality (VR) technology and Augmented Reality (AR) generated US$15.6 billion (CA$19.5 billion) according to Statista.

Mexico's estimates of this market are still at an early stage of development, but we can still find success stories where virtual reality is used for entertainment, such as Inspark, a techno-entertainment park that opened its doors in 2018 in Mexico City, or Cinépolis VR that welcomes interactive gamers in its movie theater complexes.

According to the Guía Iberoamericana de Tecnología Inmersiva, comprising 22 countries including Mexico, more than 700 companies work with these technologies. They focus on the following disciplines: Virtual Reality (85.9%), Augmented Reality (69%), 360-degree video (57.5%) and Mixed Realities (53.1%). (UNTREF MEDIA / Trends from Ventana Sur).

The annual income in this sector in Latin American countries ranges between US$500,000 and US$1 million. The following countries have the strongest track records in this area: Argentina, Brazil, Colombia and Mexico. These are small- and large-sized private businesses and focus on the production and creation of immersive (especially audiovisual) content. For their part, public and not-for-profit organizations tend to specialise in the research and development of experiences (UNTRED MEDIA / Trends of Ventana Sur).

2.5
Success stories
Multimedia design studios

MASSIVart	**massivart.com**

Founded 10 years ago, this Canadian agency has a global presence and focuses on art productions and consultancy services. It works with artists, architects, developers, designers, and creative and emerging talents to create art events, architectural design, commissioned art works and cultural programs. Originally a Montreal-based company, it now also has offices in Toronto, Shanghai, Paris, Dubai, and it has now also set up operations in Mexico City.

Its offer of services includes public art consulting, experience production, and art projects with a social impact.

Van Gogh Alive	**vangoghalivemx.com**

The most visited multi-sensory experience in the world. In Mexico, it was sponsored by Banco Azteca and Must Wanted Group, as a 360-degree show that combines digital screens, sounds effects, and video mapping to achieve full immersion into Van Gogh's paintings from the 1880 to 1890 period.

The show uses Sensory4, a patented system that combines multi-channel motion graphics, cinema-quality surround sound and up to 40 high-definition projectors.

Digital Creative City	**ciudadcreativadigital.mx**

An initiative by the Federal Government's Economy Ministry, the Federal Mortgage Corporation, the State Government of Jalisco, the National Chamber of Telecommunications and Information Technology and the Guadalajara City Council to set up a creative industry cluster in Guadalajara, Jalisco. The project includes office space for businesses, higher-education institutions, and housing.

A yearly networking event for professional creatives takes place as part of this initiative that forms a part of the UNESCO Digital Creative Cities. The project is managed by a decentralised government agency that has survived the change in administration.

Cocolab	**cocolab.mx**

A group that creates multimedia experiences including video, audio, interactive technologies, lighting, video mapping. They developed "FRIDA," a multi-sensory immersive experience that displays Frida Kahlo's works on a monumental scale in combination with music, set design, sculpture and digital interaction and animation.

INTUS	intus.tv

A multimedia studio that creates interactive and/or immersive experiences, augmented reality projects and custom-designed software.

The studio has a multimedia venue for immersive experiences called Inspace, where Intus Workshops, an educational platform for interaction, offers training on design solutions, augmented reality and more. Intus also regularly carries out digital experiments.

Videogame developers

Larva Game Studios	larvagamestudios.com

A video game development studio based in Guadalajara founded in 2005. In collaboration with the state and federal government, as well as universities, the studio has helped consolidate the industry in Mexico.

Its various business acceleration and networking programs have led to creative collaborations with peers in Silicon Valley. Offices in Mexico and the United States.

Squad	squad.com.mx

A digital services company that offers services such as website development, CRM, social media, mobile marketing, newsletters. It also develops technological solutions such as apps, videogames and augmented reality installations.

In 2011 they developed the **Kerbal Space Program** space simulator that they continue updating.
In 2013, NASA Squad players developed a way to use NASA-based technologies on their own mission of redirecting asteroids.

Hyperbeard	hyperbeard.com

This video game studio develops games for mobile phones. In 2016 they created Kleptocats in collaboration with Apps-Orama and the application became a global phenomenon. Their other mobile games include KleptoCats 2, Clawbert ToyTown, DR.Meep, KleptoDogs, Monkeynauts, Axolochi and Tsuki Adventure.

In collaboration with Funko, Hyperbeard licensed merchandise related to the characters in the Kleptocats game. Some of their creations are inspired by local traditions such as the Day of the Dead. Kleptocats was their first major success and enabled them to set up officially as an independent company.

Lienzo	lienzo.mx

A video game development studio established in 2012 in Chihuahua, Mexico. Projects include: Hunter's Legacy, Aztech, Hunter's Legacy Purrfect Edition, Mulaka.

Their games draw on local culture, with a world-class production quality, design and narratives. Their games have won numerous prizes around the world.

2.6
List of qualified contacts

EVENTS AND FESTIVALS	Participation and point of contact with national and international experts
MUTEK	contacto@mutek.mx mutek.org
INMERSIVA	contacto.ccd@gmail.com labinmersion.centroculturadigital.mx
MULTIMEDIA DESIGN STUDIOS	**Potential collaborators for co-productions and/or adaptations of international events for development in Mexico**
MASSIVart	mexico@massivart.com massivart.com
INTUS	gil@intus.tv intus.tv
Ciudad Creativa Digital	transparencia.ccd@jalisco.gob.mx ciudadcreativadigital.mx
Cocolab	josue@cocolab.mx amachorro@cocolab.mx cocolab.mx
F3 Studio	hola@f3.studio f3.studio
Runente	rgonzalez@centro.edu.mx runente.com
Medusa Lab	ary.ehrenberg@gmail.com medusalab.mx
Pinknoise Studio	alejandro.lizardi@pinknoise.es pinknoisestudios.com
Pauta Creativa	contacto@pautacreativa.com.mx pautacreativa.com.mx

VIDEO GAME DEVELOPERS	**Potential collaborators for video game production and distribution**
Larva Game Studios	+52 (33) 3122 3242 larvagamestudios.com
Cinética Studio	lio@cinetica.studio jon@cinetica.studio cinetica.studio
Chupacabra Game Studios	rafa@chupacabragamestudios.com chupacabragamestudios.com
Media Interactive Studios (MIS)	hola@mediainteractive.agency mediainteractive.agency
Lienzo	hola@lienzo.mx lienzo.mx
Hyperbeard	hola@hyperbeard.com hyperbeard.com
Squad	info@squad.com.mx squad.com.mx
WEBINAR EXPERTS: Creativity without borders: Business opportunities in the interactive media sector	**Consultancy services on the sector, strategic business and government contacts**
Roberto Cabezas **Director of undergraduate and postgraduate programs in Creative Technologies, CENTRO**	jcabezas@centro.edu.mx IG @rheadsh robertocabezas.work
Marcela Flores **Director of Digital Culture Centre**	mflores.ccd@cultura.gob.mx centroculturadigital.mx
Gilberto Castro **Cofounder and Creative Director of INTUS Interactive Design**	intus.tv IG @intus.tv Vimeo @intus.tv
Federico Isuani **Cofounder of Beker / Socialand and Chairman of IAB México**	federico.isuani@beso.agency LK @FedericoIsuani beso.agency

3.

Performing arts sector

3.1 Summary

Mexico is a major provider of creative services and products, and the performing arts sector is no exception. This report considers theatre, the circus arts and dance, with a focus on Mexico's audience statistics to explore the potential opportunities in the market. The performing arts audience is mainly concentrated in Mexico City, with theatre and dance attracting the largest audiences.

3.1.1 What is the current situation in this sector?

The performing arts in Mexico receive significant investments. In 2019, the Cultural Entertainment services sector contributed CA$26.8 million.[1]

This is one of the sectors most badly affected by the COVID-19 pandemic, recording a fall of 53% in 2020, and generating employment for 298,000 people.

To provide some context, 42% of the Mexican population attends cultural events, mainly live music concerts. Mexico is host for four of the six highest-grossing festivals in Latin America: Corona Capital Festival, Electric Daisy Carnival, Vive Latino and Pa'L Norte. Receipts from these festivals totaled almost US$40 million in 2019, a figure that could not be repeated in 2020 due to COVID-19 restrictions.
Mexico's statistics agency (INEGI) provides interesting information that shows the preferred genres within

1 See glossary of abbreviations at the end of the report.

the performing arts are distributed as follows: musical productions (22.9%); comedy (20%); opera (17.1%); plays (14.30 %); tragedy (11.4%); and monologues (8.6%).

Performing arts mainly attract the age groups 18-24 (20.4%) and 25-34 (38.7%).

Mexico City continues to dominate the number of venues for this sector (164 theatres). It is followed by Nuevo León (32), Veracruz (30), Jalisco, the state of Mexico and Puebla (29) in terms of the number of theatre venues.

During this research we reviewed a survey of 8,780 people conducted by the UNAM's Cultural Services department which revealed the public's following preferences in the performing arts sector: concerts (32.2 %), theatre (23%) and dance (11.3%).

3.1.2 What opportunities does this scenario offer?

During recent years, shows created in Canada and performed in Mexico have had great success, in particular the plays of Marc Michel Bouchard, Wajdi Mouawad and Michel Tremblay, the world-renowned **Cirque du Soleil** and the spectacular **Cavalia** show. Mexico's theatre and dance subsectors have functioned as business models, based on the adaptation of international shows through a licensing model.

Despite the disruption caused by the pandemic, the use and adaptation of streaming has been a success by offering a different experience that removes the physical barriers imposed by a performance venue. This development has been essential to mitigate the effects of lockdown, diversifying and even internationalizing consumer profiles with unprecedented inclusiveness. Given the potential increase in the consumption of creative experiences after the pandemic, it is possible to strengthen the foundations for these links between the performing arts industries to build on.

3.2
Key stakeholder matrix

To understand the components of the audiovisual media sector, we have used the methodology proposed by Fran Ackerman and Collin Eden (2011).

This methodology allows us to identify the key stakeholders in a system based on their agency, and it suggests how to interact with them in each case.

Each quadrant reflects the location of the **stakeholders belonging to industry, academia, the public sector and civil society.** Each stakeholder is classified into a power/interest matrix as follows:

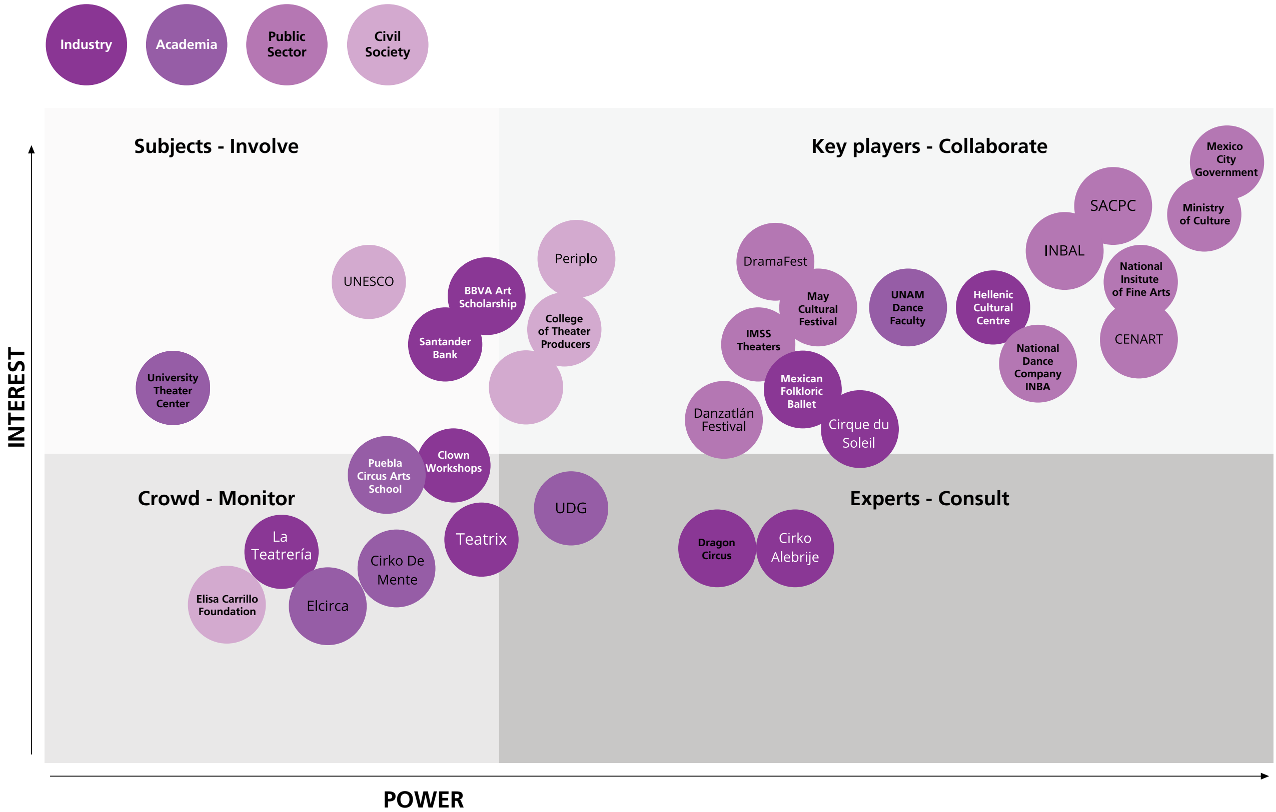
Involve subjects. *(Subjects have significant power but little influence. The best approach is to include these players in the strategy to keep them satisfied due to their power over the topic in question)*

Collaborate with key players. *(Players have high levels of power and influence. Any strategy to be developed needs to consider them because they are strategic partners for the project)*

Consult experts and influencers. *(Influencers and context setters have significant influence but little power)*

Monitor the crowd. *(The crowd includes bystanders who have limited power or influence. The recommended course of action is to monitor them in order act in case they change quadrant at some point in the future)*

Key stakeholder matrix



3.3
Signal and trend analysis

Performing arts		
	Theater	Theatre was one of the industries that took advantage of digitalization and streaming to overcome some of the difficulties caused by the indefinite closure of venues caused by the pandemic. Some notable examples include the evident success of **Teatrix, Cultura y Salud de la Universidad de Guadalajara** and **La Teatrería** in Mexico City. Although users have recently shown a declining interest in these streaming platforms, this trend could be reverted by adding other performing arts to expand the range of content for audiences and to acquire a more enduring appeal. Festivals such as **DramaFest** show us the importance of international partnerships, in this case Mexico and Russia, as well as the importance of the support for cultural initiatives by the BBVA's Art Scholarship program, which funded the creation of Drama Zoom[2], the festival's digital version. Looking to the future, the reactivation of the IMSS network of theatres in partnership with the Ministry of Culture is an important initiative that will rescue 38 venues.[3] This shows us the need to create local productions for these venues, and to promote the distribution of content on the right streaming platforms in order to continue reaching a large audience interested in culture.
	Dance	Dance companies will eventually resume their activities, both in order for dancers to rehearse in the right conditions and for live performances. However, this will require certain changes that will be reflected mainly in the adaptations of works to make them comply with the maximum number of dancers allowed on stage. It will be crucial to maintain alliances with governments, theatres and international institutions, and to implement clear health and safety protocols, in order to prioritize the mutual and responsible care for the health of artists, technical personnel and assistants working on public performances. These measures will seek to prevent unexpected closures and cancelations as happened at the Compañía Nacional de Danza and the Centro Cultural Helénico.[4]

2 BVA. Barbosa, D., & Reyna, A. (2020). *DramaFest opta por la construcción de narrativas teatrales de modo virtual.*

3 Nolasco, S. (2020). *Reactivarán red de teatros del IMSS.* El Economista.

4 El Universal. (2020). *Secretaría de Cultura reconoce que cierre del Helénico es por un positivo a covid-19.* El Universal.

Performing arts		
	Dance	Furthermore, we cannot overlook the current importance of technology and streaming in the case of hybrid and completely digital formats. This has enabled festivals such as **Danzatlán**[5], promoted by Elisa Carrillo and the state government of the State of Mexico, which offer the possibility of attracting wider audiences and including international dancers and companies.
	Circus arts	As a result of the closure of venues during lockdown, circus companies have required support from the government, investment funds, shareholders and the private sector to survive and gradually resume their activities. Without these partnerships seeking to reopen or create digital spaces, it will be practically impossible to save collectives, festivals and independent artists. Despite the existence of government initiatives such as **Contigo en la Distancia** and Sistema de Apoyos a la Creación y a Proyectos Culturales, as well as the scholarship program called **Beca de Arte de BBVA,** more efforts are still required. Although the pandemic has posed various challenges, it has also confirmed that high-quality cultural products can be widely distributed over the internet and broadcast television. The artistic community has continued to create and adapt content despite the difficulties and their work has led to successful transformations and adaptations such as **Foro Periplo** and Festival Cultural de Mayo in Guadalajara.

5 Piñón, A. (2021). *Danzatlán, de Elisa Carrillo, regresa a los escenarios en formato híbrido.* El Universal.

3.4
Investigation report

3.4.1 Definition of the sector in Mexico and subsector profiles

Mexico is very active as a provide of creative products and services, and the performing arts sector is no exception. This report on the performing arts focuses on theatre, the circus arts, dance and interdisciplinary shows, highlighting public consumer statistics in Mexico to explore possible ways into the market. Audiences of the performing arts are generally located in Mexico City, with theatre and dance the most popular subsectors.

The performing arts in Mexico develop at the intersection between public and private initiatives. Productions by government institutes create less impact because they do not invest sufficient resources for a national or international program of creation and promotion. Therefore, a set of cultural integration policies shared between Mexico and Canada would provide an excellent opportunity for potential collaborations in this field.

Mexico and Canada share significant cultural affinities, and these bonds can be strengthened to help exchanges in theatre. For example, festivals have provided an effective means of creating collaborations in this sector because they provide a forum for exchanges and dialogue.

Residencies and cultural exchanges provide another model worth exploring in more depth and actively integrating in order to create stronger ties to companies.

Commercial and independent theatrical productions have the potential for international collaborations, either as educational and academic initiatives or as tourist attractions.

Young people are the main market in this sector and comprise 65% of total audience numbers. Mexico City has the largest number of theatres (164). Before the pandemic, almost 39 million Mexicans went to a play.

3.4.2 Contextual information

In 2019, the sector of cultural, sports and entertainment—which includes some activities of the performing arts sector—generated a revenue of CA$26.8 billion; COVID-19 caused this figure to fall by 53% in 2020. The GDP of the performing arts totaled CA$2.8 billion, compared to CA$600 million for music and concerts.

In 2019, the GDP was CA$2.8 billion for the performing arts, and CA$600 million for music and concerts.

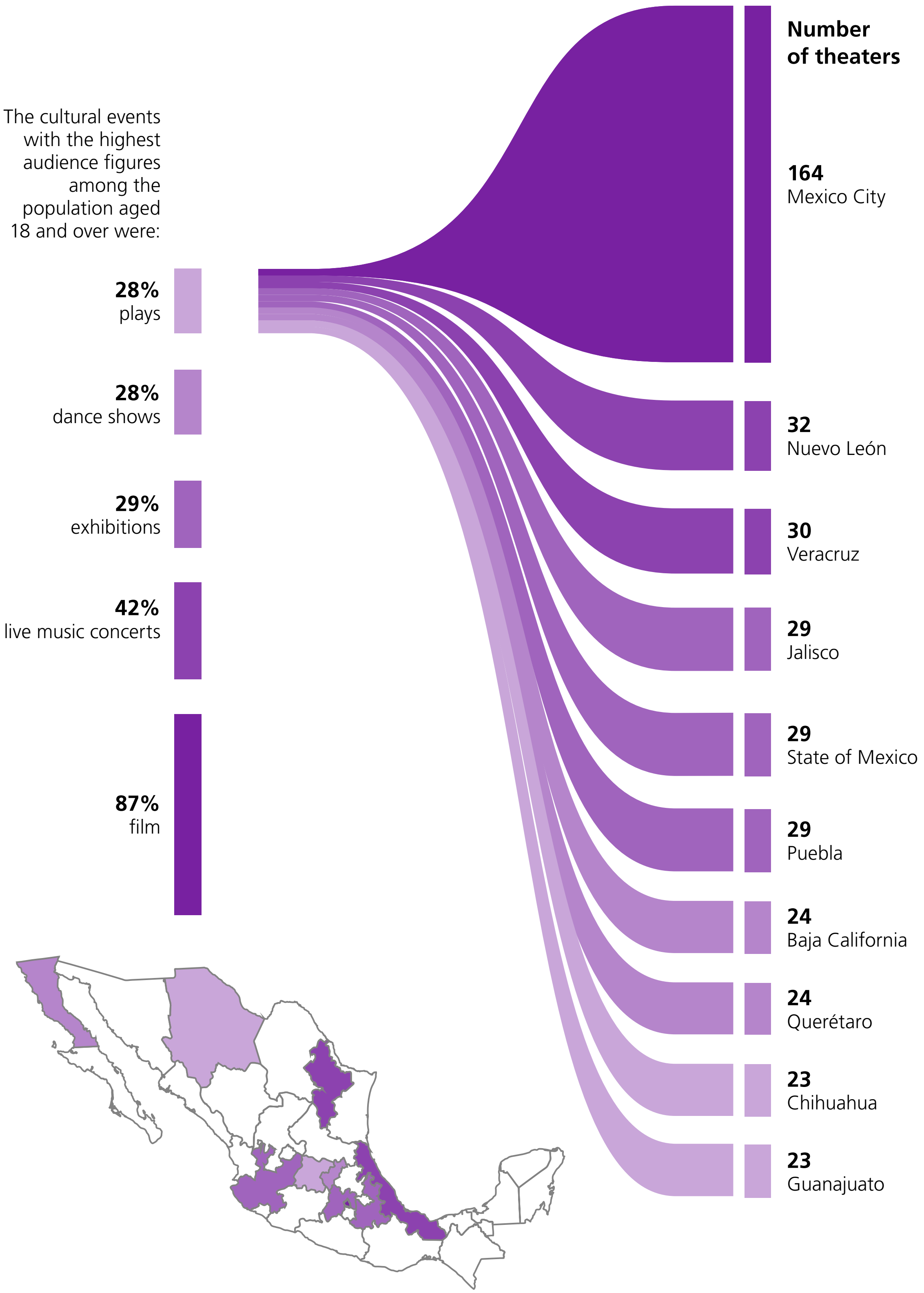
In 2020, the cultural promotional office of the National Autonomous University of Mexico (UNAM) carried out a survey on consumer habits (Encuesta Nacional sobre Hábitos y Consumo Cultural 2020), conducting 8,780 interviews, 48.7% in Mexico City and 51.3% elsewhere in Mexico. This indicates to us that Mexico City continues to be main the hub for the performing arts sector.

The results of this survey showed the following consumer preferences for the performing art:
Concerts - 32.2%
Theatre - 23%
Dance - 11.3%

Cultura UNAM, 2021.

The pandemic has had some positive impacts on the performing arts sector in Mexico. The implementation of streaming has removed physical barriers imposed by venues for performances. Audiences are more diverse and even international, opening up the sector in an unprecedented way. Within a context that promises potential consumer growth of creative experiences in the post-pandemic period, the situations in which these links between the performing arts industries are magnified.

Cultural Sector



Source: MODECULT, 2020 and SIC México, 2020.

3.4.3 Subsectors

Theatre throughout

Performing spaces are essential for this sector's development.

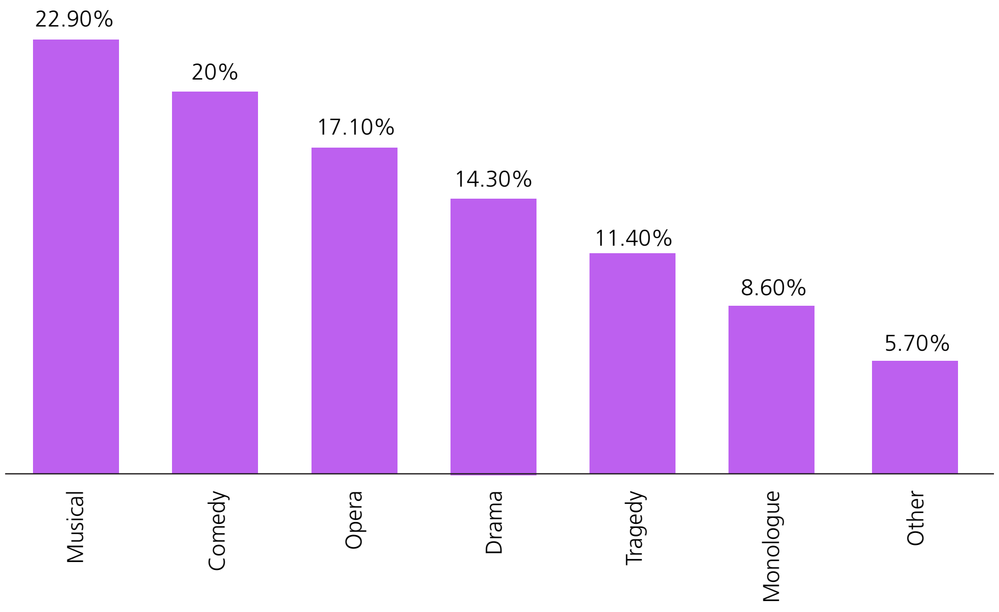
Mexico has more than 700 venues, located in less than 200 cities; 70% are public, and the rest are privately owned or independent. Few of them stage their productions, and they mainly work with third-party productions.

This theater infrastructure is distributed as follows:
Mexico City (164)
Nuevo León (32)
Veracruz (30)
Jalisco, the State of Mexico and Puebla (29) theaters

Audiences of the performance arts are generally young, aged between 25 and 34 (38.7%), followed by the 35-44 age group (26.6%) which leads us to the conclusion that the consumers in this sector are open to innovative and experimental productions.

A lower percentage of the audience might choose a more conservative production, in other words the 55-64 age group (2.4%) (Merca 2.0., 2017 and INEGI 2018).

The following table shows the different preferences for theatrical genres in Mexico:



Source: Merca 2.0, 2017.

Dance and Circus Arts

Mexico's dance sector is outstanding in three particular areas: classical ballet, contemporary dance, and folkloric dance.

A national survey in 2010 on consumers' cultural habits (Encuesta Nacional de hábitos, prácticas y consumo culturales 2010) revealed that 33% of Mexicans have attended a dance performance (27% at paid events). Of these audiences, 59% have chosen folkloric or traditional Mexican dance, 17% classical dance and 11% contemporary dance.

The **National Dance Company of Mexico's National Institute of Fine Arts (INBA),** one of the strongest institutions in the sector in Mexico, has brought to the stage classical and innovative productions as well as the most popular shows from its repertoire, for a wide range of audiences and the largest number of states in Mexico.

The **UNAM's dance department** is also one of Mexico's leading producers. In 2018, it produced eight choreographed works with a total of 3,591 asistentes, and in 2019 three choreographed works with a total of 2,122 asistentes (Dirección General de Planeación, *et al.* 2008-2020).

The internationally acclaimed Ballet Folklórico de México is a dance company founded by Amalia Hernández in 1952. Over the course of its history, it has staged performances for more than 22 million people (Mejía, 2019).

The circus arts have been flourishing in recent years, with the creation of schools, festivals, agencies, and collectives, along with other initiatives. These new projects have helped strengthen the international relations in this subsector. It is worth mentioning also that contemporary (interdisciplinary and experimental) circus productions are more popular than traditional circuses that have seen a dwindling in their audience numbers.

Some independent venues in Mexico include circus arts within their programming. Professionals in this sector constantly work with organizations and collectives to find the ideal spaces to carry out their projects. Nowadays, circus projects focus on a multidisciplinary approach, public shows, and mobility and promotion of artistic products at a local, national and international level. This sector explores collaborations that support contemporary creations and professional artistic training and that contributes to increasing audience sizes. Seven out of every ten Mexicans enjoy circus shows that involve experimental creative proposals.

In cities such as Guadalajara independent cultural centres have opened such as **ELCIRCA,** a specialist circus arts school, together with related events, for example the **Periplo International Festival.**

As a final comment, co-productions offer a wide array of opportunities to generate shared products, produce contents with an international reach, and for the consumption of imported content or adaptations of international productions for the local market.

3.5
Success stories
Festivals

Corona Capital	**coronacapital.com.mx**

This festival held in Mexico City is one of the ten largest rock and contemporary music festivals in the world, and Canadian groups regularly perform at the event.

Specific collaborations with influencers so that they can experience the festival and share content on their social networks and promote the festival prior to the event. During the pandemic, some of its content was adapted for home entertainment platforms.

Cirque Du Soleil - Luzia	**cirquedusoleil.com**

In 2018, the Mexican government's National Tourist Board (CPT) commissioned Cirque Du Soleil to produce a new show for its various venues themed around Mexican culture, identity, and arts.

A collaboration with the federal government to develop content for the promotion of cultural tourism.

DramaFest	**dramafestmx.com**

This year the DramaFest International Festival of Contemporary Theatre reinvented itself given the uncertainty caused by the pandemic. Its adapted content available via Drama Zoom was initially a response to the Covid crisis but has now become a new line of business.

Organizations

Colegio de Productores de Teatro y Red RECIO	**Facebook @RECIOCDMX**

The College of Theatrical Producers and the RECIO, Independent Organized Cultural Spaces collaborated for the first time to develop a series of proposals to mitigate the economic impact of the Covid crisis and as a joint response to the financial difficulties that could worsen in the months to come. They are working with groups from the art community, creating constructive links and collaborating to ensure a representative, plural and transparent organization of the performing arts sector.

Independent Stage Spaces

Foro Periplo	**elperiplo.com**

The aim is to convert the site into a creative studio that makes it possible for participating projects to develop various performance and creative proposals. "Periplo punto cero" is a different way of experiencing circus, theatre, and dance.

This model combines in-person shows for small groups and performances streaming live on the internet.

Teatrix	**teatrix.com**

The first platform in Mexico that makes it possible to enjoy online plays in high-definition, inviting fans of the performance arts to access a catalog of various genres (drama, comedies, musicals, classics, and one-person shows). An affordable means of accessing current and historic theatre through a monthly subscription.

A video streaming platform accessible from any device, offering unlimited access to the entire catalog of plays in Mexico.

Dance and Circus Arts

National Arts Centre - CENART	cenart.gob.mx

An institution established to disseminate, research, train, promote, debate, and teach art, culture and interdisciplinary subjects. It offers a unique academic program, including courses for children, postgraduate diplomas in art education and professional training in dance, theatre, music, and the visual arts. It also incorporates the Film Training Centre (CCC) and promotes the education and dissemination of circus arts. CENART also has four national centres of art research (as part of the INBA) focused on theatre, dance, the visual arts and music, and the Multimedia Centre for teaching and experimentation in the electronic arts.

Experimentation with new technologies applied to art. A program of remote artistic learning. Highly specialized library. Coordination with states to support other training centers around Mexico. The CENART buildings themselves are also architectural masterpieces, each one created by a different artist.

Vuela Corp	vuelacorp.com

Mexico's Day of the Dead Festival at the World Cup in Russia, producer of large-scale shows and theatrical performances combining the very best in artistic talent and the performing arts.

Producer and creative agency for alternative entertainment, theatre and large-scale shows combining the very best in artistic talent and the performing arts, in order to communicate messages of change to transform the world.

Cirko De Mente	cirkodemente.com.mx

Cirko De Mente has made an impact on the contemporary circus arts scene by opening up a training centre. This project not only established a company and a school offering a degree program in Contemporary Circus Arts, it also opened a Circus Documentation Centre and themed mobile library with more than one thousand specialized publications.

By offering training courses, creations, dissemination, and documentation, Cirko De Mente is promoting contemporary circus arts in Mexico.

3.6
List of qualified contacts

FESTIVALS	Participation and point of contact with national and international experts
Drama Fest	+52 (55) 5621 3434
Cervantino International Festival	contacto.fic@cultura.gob.mx festivalcervantino.gob.mx
University International Theatre Festival	prensateatro10@yahoo.com.mx teatrounam.com.mx
International Week of Contemporary Drama	difusion@teatrolacapilla.com teatrolacapilla.com
Corona Capital	contactoocesa@cie.com.mx coronacapital.com.mx
Danzatlán	internationaldancefestival@danzatlan.com FB @festivaldanzatlan
Mayo Festival	difusionfestival@gmail.com festivaldemayo.org
ORGANIZATIONS	**Identifying and making contact with creators, exhibitions spaces and services within the sector**
RECIO Networks	reciocdmx@gmail.com FB @RECIOCDMX
College of Producers	colegioproductores@gmail.com colegiodeproductoresdeteatro.org
INDEPENDENT STAGE SPACES	**Possible physical and online performance spaces**
Shkspr & Cia	hola@shakespeareycia.com foroshakespeare.com
Teatrix	infomx@teatrix.com teatrix.com

INDEPENDENT STAGE SPACES	Possible physical and online performance spaces
EL 77 CCA	coordinacion@el77.mx el77.mx
Centro Cultural Helénico	helenico@cultura.gob.mx helenico.gob.mx
DANCE AND CIRCUS ARTS	**Identifying spaces and productions within the sector**
Centro Nacional de las Artes CENART	gobmx@funcionpublica.gob.mx cenart.gob.mx
Compañía Nacional de Danza	cndanza.difusion@gmail.com companianacionaldedanza.inba.gob.mx
Periplo Desarrollo y Cultura AC	periplo.mi@gmail.com elperiplo.com
Cirque Du Soleil - Luzia	contact@cirquedusoleil.com cirquedusoleil.com/es/luzia
Cirko de Mente	cirkodemente@gmail.com cirkodemente.com.mx
Vuela Corp	contacto@vuelacorp.com vuelacorp.com
WEBINAR EXPERTS Creativity without borders: Business opportunities in the performing arts sector	**Consultancy services on the sector, strategic business and government contacts**
Fernanda del Monte **Expert in transmedia storytelling and faculty member of the MA in Scriptwriting, CENTRO**	fdelmontem@centro.edu.mx FB @ferdelmonteescritora
Juan Meliá **UNAM Theatre Director**	teatrounam.com.mx jmelia.teatrounam@gmail.com
Boris Schoemann **Director of La Capilla Theatre and the International Week of Contemporary Drama**	teatrolacapilla.com Borischoemann@yahoo.com.mx

4.

Design

4.1

Summary

Mexico has a strong design sector in general, and this section provides information mainly about editorial design, graphic design in advertising and illustration.

4.1.1 What opportunities does this scenario offer?

Another strong sector is graphic design linked to the publishing industry. The country has 411 publishers, divided up into large publishing houses and independent firms, to make Mexico's publishing sector the eleventh-largest in the world.

This industry accounts for 3% of the country's cultural GDP (approximately CA$1.7 billion), comprising the publication of books, newspapers and magazines, creating around 80,750 jobs.

In 2020, Mexico's publishing industry experienced one its most unusual periods. The widespread financial crisis made it necessary to accelerate the uptake of new technologies all along the book production chain.

Furthermore, the amount spent on graphic design in advertising in Mexico has increased since 2012 and this trend is forecast to continue to US$4.63 billion in 2024.

Mexico is the second largest advertising market in Mexico after Brazil, representing 18% of the region's advertising expenditure in 2020.

The DENUE[1] (2018) registers 15,042 advertising and market businesses, 3,380 (22.5%) in Mexico City, 1,127 (7.5%) in Jalisco and 1,019 (6.8%) in the state of Mexico (Merca 2.0).

4.1.2 What opportunities does this scenario offer?

The majority of the reading public in Mexico prefer en genres is distributed as follows:

- Literature (40.8%), mainly novels and science fiction titles
- Court books academic or university texts (33.6%)
- Subjects of self-improvement, self-help or religious books (28.2%)
- Books on general culture (23.4%)
- Manuals, guides or recipe books (7.5%)

Books for children and young adults constitute one of the strongest segments in the publishing sector. Despite also being affected by the pandemic, this continues to be an interesting business niche because of the high quality of its book production and distribution

Within this niche, Canada's multiculturalism creates strong potential for illustrated children's books, of interest to Mexican readers who can take advantage of the world of symbolic connections through non-verbal expressions, thus overcoming the language barrier between Canada and Mexico.

To give an idea of the size of the publishing sector, Mexico organizes 159 local, regional, national and international book fairs each year. The most important event is Guadalajara's International Book Fair (FIL), the largest of its kind in the Spanish-speaking world and the second-largest book fair after Frankfurt Buchmesse. The variety of experiences offered to visitors by these fairs (writing workshops, book signings and launches) make them especially appealing for groups or families. These attractions provide a compelling reason to visit and give businesses a magnificent venue to exhibit products.

Running in parallel to these book fairs, important business roundtables and activities take place to link publishers with distributors.

1 See glossary of abbreviations at the end of the report.

4.2
Key stakeholder matrix

To understand the components of the audiovisual media sector, we have used the methodology proposed by Fran Ackerman and Collin Eden (2011).

This methodology allows us to identify the key stakeholders in a system based on their agency, and it suggests how to interact with them in each case.

Each quadrant reflects the location of the **stakeholders belonging to industry, academia, the public sector and civil society.** Each stakeholder is classified into a power/interest matrix as follows:

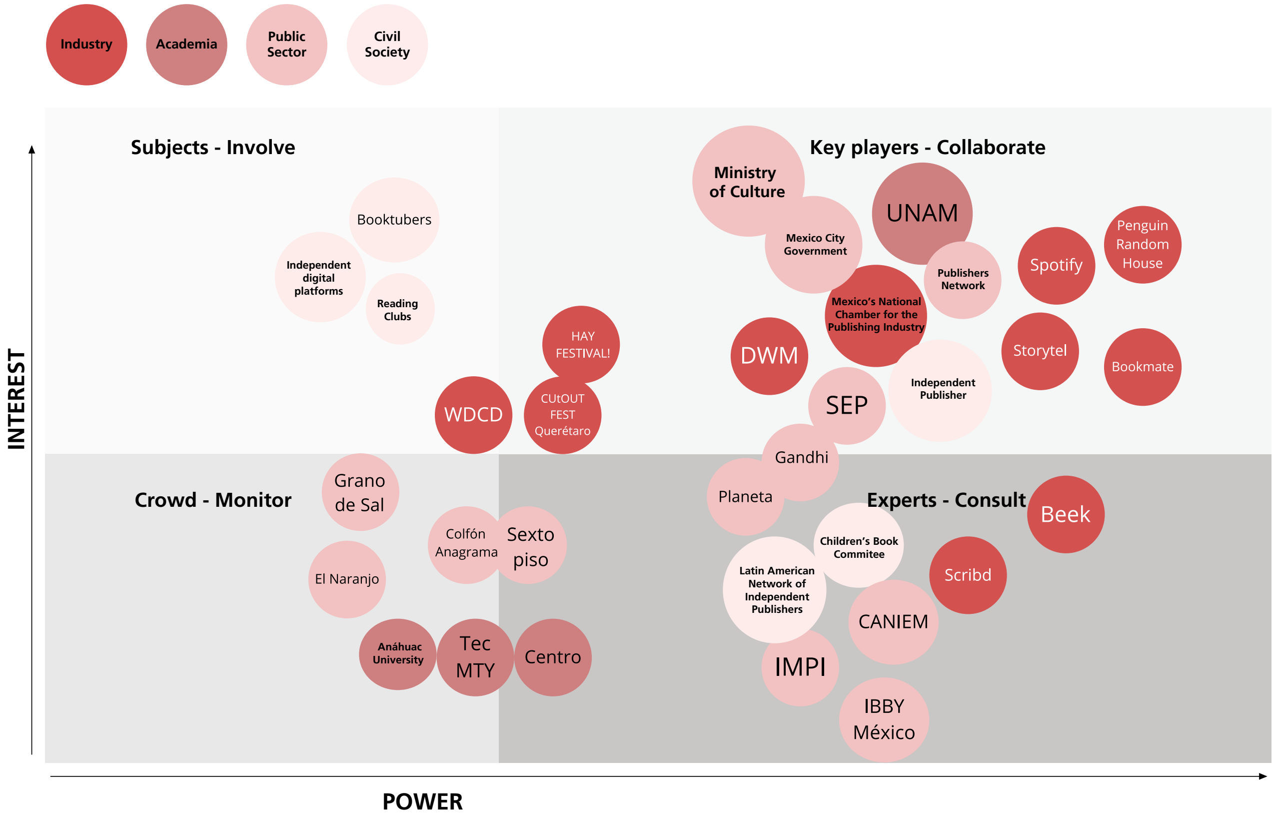
Involve subjects. *(Subjects have significant power but little influence. The best approach is to include these players in the strategy to keep them satisfied due to their power over the topic in question)*

Collaborate with key players. *(Players have high levels of power and influence. Any strategy to be developed needs to consider them because they are strategic partners for the project)*

Consult experts and influencers. *(Influencers and context setters have significant influence but little power)*

Monitor the crowd. *(The crowd includes bystanders who have limited power or influence. The recommended course of action is to monitor them in order act in case they change quadrant at some point in the future)*

Matriz de actores clave



4.3
Signal and trend analysis

Design

Editorial and Advertising Oriented Graphic Design

The publishing industry and bookstores are suffering a crisis due to the pandemic. In common with many other industries, it fell victim to changing consumer behaviours.

Moreover, the informal book market has a direct impact on the publishing industry, weakening the economy and strengthening informal trade; consequently, the use of Blockchain and NFT technologies are being considered as means to help protect books and their marketing.

Independent businesses are showing more positive results, having joined forces to strengthen the publishing industry. As the most proactive actors in this industry who devise strategies themselves, these players are working hard to remain visible for consumers and to create new and advantageous business opportunities.

The closure of schools and the consequent impact on children and their families has boosted sales of children's literature, which has increased its share of the publishing market and shown its more creative side in the print format; small bookstores in this market segment have also been performing more strongly.

Another positive has been the emergence of talents known as Booktubers, a cultural phenomenon that has developed around mediators between millennials and centennials, promoting and encouraging reading through video recommendations. This movement has become a core part of publishing companies' digital strategies. Along the same lines, social networks are establishing the presence of book clubs, promoting the sale of books and reading in general.

Digitalization is one of the most promising paths ahead for this industry, offering potential for more opportunities and growth.

Independent designers, managing their own digital and physical platforms to promote their work, are showing positive signs of development. The publishing industry is also influenced by the trends of audio content and book streaming. International market players such as Bookmates and Scribd came to Mexico in 2019, signalling the market potential with an expected growth of 25% and a particular interest in self-help books and further education. Beek is a start-up that quadrupled its user numbers and time spend within the app, creating an additional impulse to create new original content. An interesting opportunity exists to launch audiobooks in Spanish.

More national and international design festivals are being held, creating communities and activities to promote talent, businesses and communication. In Mexico, Design Week México has national and international reach and provides a good example of such events. Similarly, academic institutions see opportunities in the creative industries and are promoting talents and creating spaces to encourage design and creativity in Mexico.

4.4 Investigation report

4.4.1 Definition of the sector in Mexico and subsector profiles

Mexico has a strong and multi-faceted design sector. This report focuses mainly on editorial design, graphic design (advertising and illustration), as well as some specific examples of product design at an urban scale. In general, designers work in many areas in Mexico, ranging from small-scale, individual projects to mass-produced design. The design sector offers many opportunities for project development through the promotion of characteristically Mexican local and handicraft materials and processes that undoubtedly hold interest for Canadian professional creatives.

Large agencies, studios and firms—along with some independent designers—have given the sector an international dimension. Finding the right balance between corporate work and local companies presents one of the main challenges in this area and also offers an opportunity for successful collaborations. Both market sizes are undoubtedly competent.

Mexican designers usually develop complete projects from their creation through to the management. They are also interlocutors and generate narratives to connect to new clients and can position a brand or design product within the Mexican market.

A close relationship exists between consumers and designers in Mexico—a link that helps the creative and market process. In terms of market performance, there is a tendency for producers to view design as an additional production cost, and this undervalues design as part of the production process. An area of opportunity exists in Mexican consumers' view of design; often it is unclear that design is an inherently valuable part of the end product. The design and branding market in Mexico has one of the most diverse budgets, and prices vary considerably for proposals.

Product design on an urban scale is tied to urbanization management, with an emphasis on making physical improvements to public space. Urban designers rarely enjoy the freedom or creative control offered in other design areas, but this niche has developed strongly in Mexico in a range of disciplines and with a balance between engineering, ecology, local history and urban transport planning.

The COVID-19 pandemic has upsized both graphic design and product design with a wider range of e-commerce tools to create a more dynamic collaboration network. This shifting context has created the need for speed and efficiency rather than in-depth creative proposals. This has created an ideal context for collaborations.

4.4.2 General background information

As mentioned above, Mexico is one of the world's top countries in creative productions. The country as the 9th-largest exporter in the creative sector among middle- and low-income countries, the 6th-largest exporter of design generally and the 4th-largest exporter of advertising and publishing products involving design (UNCTAD, 2018).

Binational Trade Mexico - Canada 2018 (million CAD)

	Imports from Mexico	Exports to Mexico
Written and published works	55.1	16.2

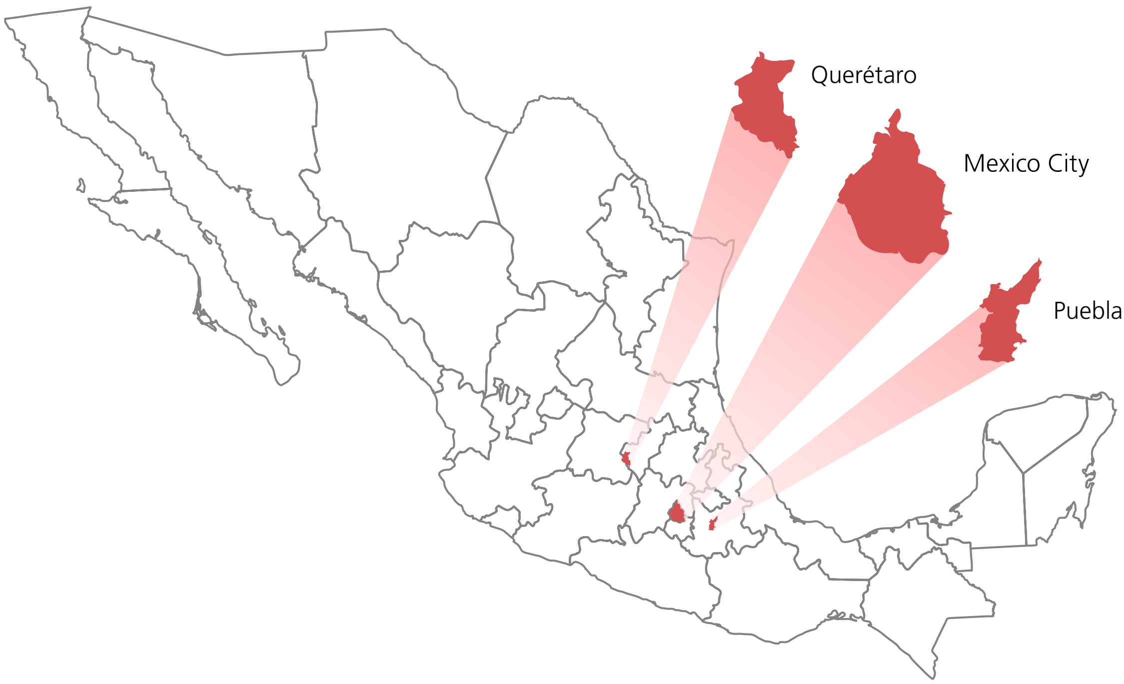
Source: Statistics Canada

Eight Mexican cities appear on the Unesco's Creative Cities Network, with Mexico City, Puebla and Querétaro listed in the field of design. Other important international distinctions included Mexico City's designation in 2018 as Word Design Capital, a program and designation of the Montreal-based World Design Organization (WDO).

The design and creative services sector's market value, as classified in Mexico's databases and records, contributes 3.1% of the culture sector's total GDP. The design sector contributes 7.8% to the culture sector's GDP, which is equivalent to CA$3.9 billion (INEGI 2019a).

Another important consideration is the generally young age of professional designers. A survey by the Observatorio Laboral (2021) reveals the age breakdowns of professionals working in the sector, with 27.1% aged between 20 and 24 and 39.5% between 25 and 34 years old.

Mexican cities in the UNESCO Creative Cities Network



This information also points to a young and broad-based consumer market. It is also notable that Mexico has more than 332 teaching centres offering bachelor degree courses in Design, 42,987 design students, and 24.4% of professional designers work independently (Forbes 2014). These figures show that the professional profile of workers in the various areas of the design sector offer an attractive opportunity for Canadian firms.

The following table shows the connection between establishments in the most important cities connected to production in the graphic design sector:

	Número de establecimientos	Estimación de empleo
Advertising and marketing	15,049	15,802
Design	2,751	14,779

Most of these establishments are in Mexico City, State of Mexico, Jalisco and Puebla.

4.4.3 Subsectors

Publishing

Mexico has the world's eleventh-largest publishing sector. The country hosts 159 local, regional, national and international book fairs each year. Since 1987, Guadalajara's International Book Fair (FIL) has been the largest event of its kind in the Spanish-speaking world and the second largest book fair after Frankfurt Buchmesse.

Despite the literacy rate increasing from 12% to 90% in the 10-15 age group from 1990 to 2000, Mexican still adults read on average two books per year. Also, the publishing sector's informal economy accounts for 10% of the annual market.

The findings of the MOLEC, statistics on adult's reading habits in Mexico, during the first quarter of 2020 revealed that 41.1% of the literate population aged 18 and over reported reading at least one book in the past twelve months—a decrease compared to 2006 (45.9%). It also showed that Mexicans' average time spent reading increased in proportion to higher levels of education. The main reasons people read books were for entertainment (38.7%), for work or study (27.1%) and general culture (25.5%), among other lesser factors (INEGI, 2020d).

The publishing industry contributed 3% to the cultural GDP, approximately CA$1.7 billion, mainly consisting of book, newspaper and magazine publications. Nielsen BookScan Mexico data revealed that, up until June 14, 2020, the fallout of COVID-19 had caused Mexican publishing sales to drop by 29.3% compared to 2019.

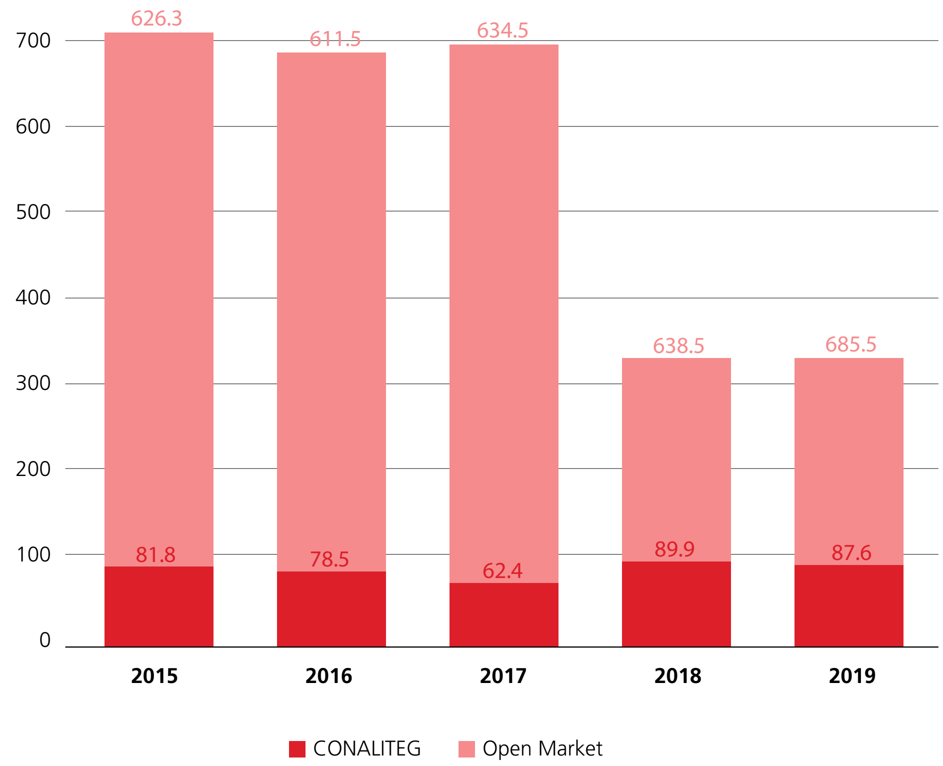
In the report by Mexico's INEGI statistics agency (DENUE, 2018), the publishing subsector consists of 19,216 firms, 92.7% of which employ at least five people. The State of Mexico has 2,940 firms (15.3%), Mexico City, 2,934 (15.3%) and Jalisco, 1,366 (7.1%) (DENUE, 2018).

This sector created 80,750 jobs in the sector: Mexico City has 27,313 workers (33.8%), State of Mexico 8,913 (11%) and Jalisco 5,046 (6.2%).

In 2019, private-sector publishers and CONALITEG—a government agency that provides free textbooks—co-produced 119 million books, 30% of which were provided free of charge for the basic education sector. This highlights the government's dominant role as both publisher and buyer.

The Mexican market is divided principally into the public and private sectors. The publishing sector has three main sales channels: government, bookstores and schools.

Book sales (millions of CAD)



Source: CANIEM, 2020.

Data from Picodi's survey reveals relevant information about Mexicans' purchasing habits in the publishing subsector: 67% of buyers prefer to acquire books in physical locations, while 18% prefer them in a digital format and 15% prefer free book downloads.

In 2019, digital book sales generated revenues of CA$16 million. Sales have grown on average by 24% per year (CANIEM, 2020). Mexican readers continue to prefer printed books. However, digital publications are gaining ground and this is opening up opportunities for Canadian producers that can offer their content in this format that enjoys simpler distribution channels.

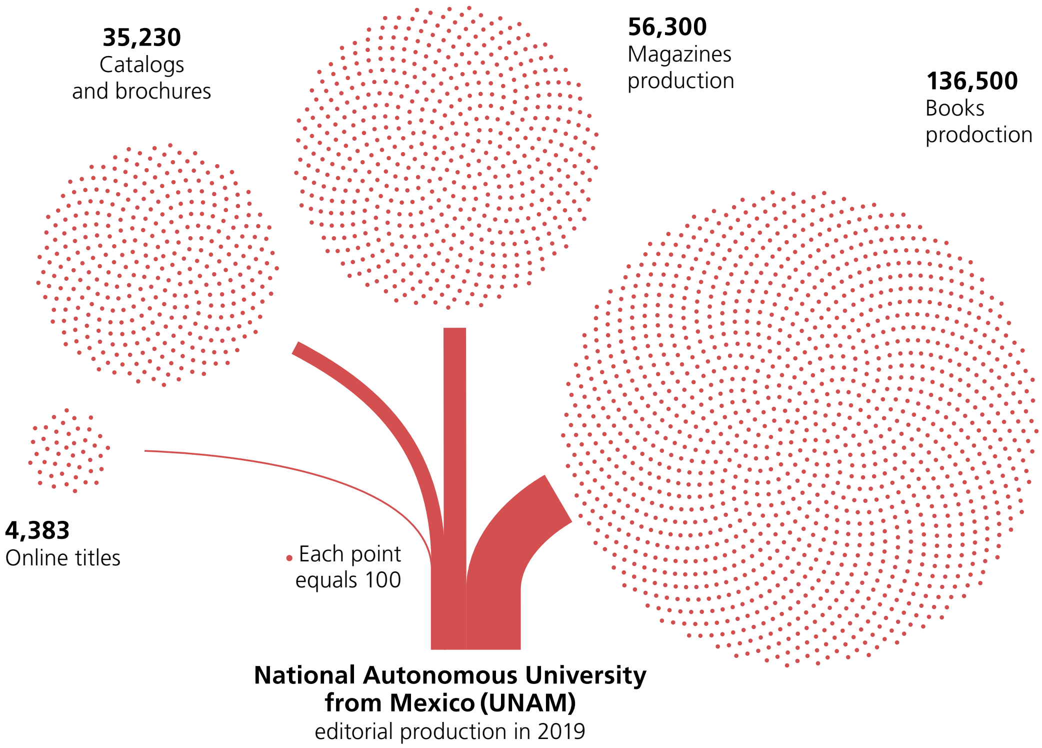
Mexico's Department of Culture's information service—Sistema de Información Cultural (SIC)—reveals that the country has 411 publishing companies, the majority located in Mexico City (70%).

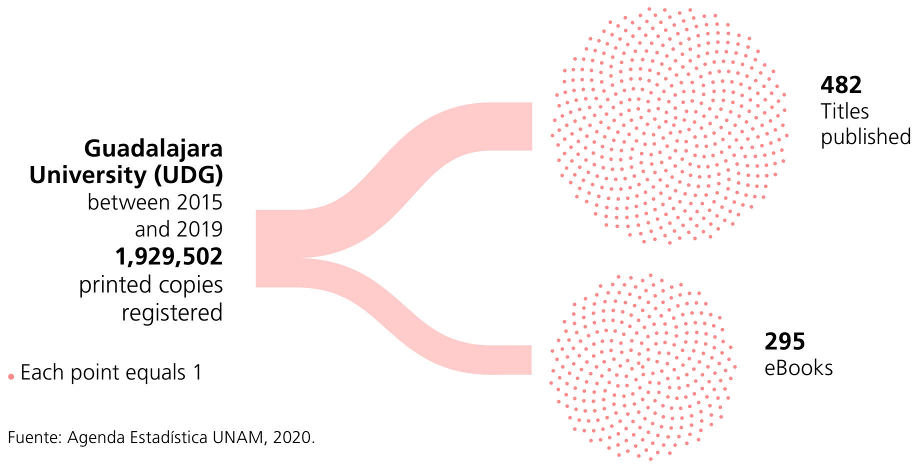
The publishing industry has two major components in Mexico: 1) the main publishing houses and 2) independent publishers. The former group includes market players such as Penguin Random House, with imprints such as Alfaguara, Aguilar, Debate, De bolsillo, Lumen and Caballo de Troya; Planeta, with the imprints Tusquets, Seix Barral, Espasa, Crítica, Paidós and Destino; and Santillana (Quiroga, 2021). Some noteworthy independent publishers include Sexto Piso, Almadía, Alias, Era, RM, Elefanta, Minerva, Dharma, Trilce, Sur+, Antílope and Aldus.

Approximately 80% of publishers are classified as micro, small and newly established businesses, indicating a highly unconcentrated publishing market. Transnational publishing houses with operations in Mexico publish around 1,500 books each year, whereas a successful independent publisher will only bring out 10 to 30 titles a year.

University publishers also play an important role in Mexico's publishing industry and are potential partners for collaboration. The two most representative university publishers are:

University publishers





Fuente: Agenda Estadística UNAM, 2020.

Finally, apart from the details listed above, we can also map the interests with the publishing production based on author records, which tell us that in 2019 the type of records and the kind of company producing the books as well as the ISBN, according to the most frequently registered topics:

ISBN by topic:

Social Sciences - 8,933
Literature and Rhetoric - 7,314
Geography and History - 1,697
Technology - 1,589
Fine Arts - 903

Graphic design (advertising)

Advertising expenditure in Mexico has been increasing since 2012 and is expected to continue its growth trend to reach US$4.63 billion by 2024. The country is Latin America's second largest advertising market (behind Brazil), representing 18% of the region's advertising spend in 2020.

According to figures from DENUE (2018), the advertising and marketing sector consists of 15,042 firms, 67.4% with at least five employees: 3,380 firms (22.5%) are based in Mexico City, 1,127 (7.5%) in Jalisco and 1,019 (6.8%) in the State of Mexico (Merca 2.0).

Creative professionals are mainly concentrated in Mexico City. This sector generates 150,802 jobs: 61,407 (40.7%) in Mexico City, 10,568 (7.0%) in Nuevo León and 10,513 (7.0%) in Jalisco.

Television has been the dominant player in Mexican advertising. Nonetheless, the US$2.27 billion expenditure on TV advertisements in 2018 is forecast to fall to US$2 billion in 2024. Other traditional forms of advertising are also losing ground: for example, advertising spending in newspapers is expected to fall by 22%, from US$345.5 million in 2018 to US$270.2 in 2023.

Internet advertising expenditure is expected to grow annually by 8% by 2024. In 2020, the following companies have invested mainly in digital advertising: online stores (12.8%), telecommunications firms (4.7%), software and apps (3.9%), financial services (2.4%) and retail stores (2%). The main digital advertising agencies include: Element, Wunderman, BNN, Ingenia Agency and Mirium Agency.

There has been a notable increase in investments in digital advertising through mobile phones and other portable devices. It is estimated that almost 74% of advertising spending in Mexico was through mobile phones in 2020, representing an increase of approximately 10% compared to the two preceding years (Statista, 2020d).

4.5
Success stories
Publishing industry festivals

Guadalajara International Book Fair – FIL	**fil.com.mx**

The world's second largest book fair after Frankfurt, with an average of almost one million visitors attending each year. Canada was guest of honor in 1996, and Quebec in 2003.

An event that brings together participants at every part of the supply chain (authors, readers, publishers, distributors, copyright experts, printing companies, illustrators, etc.) in one place.

International Children's Book Fair - FILIJ	**filij.cultura.gob.mx**

One of the largest and most prestigious national and international book fairs that promotes reading among children and publications, as well as providing a venue where leading authors, academics, researchers, and specialists in children's literature can meet.

A commercial space for independent publishers to multinational publishing companies, a varied activity program including reading promotion workshops for children, performances (theatre, clowns, dance, circus, puppets); story-tellers; music, film; exhibitions; talks with writers. Illustrators are key participants at this fair which runs two major competitions: the National Poster Competition called "Invitemos a Leer" to encourage reading and the Catalog of Children's Book Illustrators.

Hay Festival Querétaro	**hayfestival.com/queretaro**

Hay Festival of Literature & Arts is an annual literary festival that started out in a small village called Hay-on-Wye in Wales. The event brings together authors, musicians, filmmakers and other figures of international stature. The Mexican edition takes place in Querétaro.

The festival creates a venue to celebrate the finest cultural and scientific works, promoting exchange, dialogue and critical analysis. The program includes international artists appearing at inclusive, accessible events.

Mexican and international private companies work together with public-sector bodies to maximize the festival's impact and to benefit the local population.

Independent publishers

Editorial Sexto Piso	**sextopiso.mx**

Established in Mexico City (in 2002), and in Spain (since 2005). Currently one of the largest independent publishing houses in Mexico, with its catalogue so far totalling more than 400 books distributed in Mexico, Central America, Colombia, Chile, Argentina, Venezuela, and Spain.

This publishing house specializes in recovering little-known works and classics; it publishes leading contemporary authors and publishers Latin America's new voices. Its titles include literary texts, philosophical works, and books on contemporary issues, as well as children's books and graphic novels. For the publication of Barney's Version (Mordecai Richler, 2011), Sexto piso bought the rights for the translation into Spanish (previously published by another imprint). In 2013, it received the Llibreter Prize for the best book of the year, an award that allowed it to relaunch the book.

AM Editores	**ameditores.com**

The most important art book publishers in Mexico with 20 years of experience; experts in developing commissioned products and a leader in the areas of architecture, interior design, gastronomy, and culture.

A specialist in architecture, interior design, lifestyle, art, travel, gastronomy and other genres, AM Editores is a platform for research, design, photography and printing to offer top-quality, cutting-edge products.

Design Festivals

Design Week Mexico	**designweekmexico.com**

Since 2009, Design Week Mexico has promoted and contributed to the local design scene. Each year its program analyses and reflects on local design challenges with global relevance.

High social impact initiatives such as Canal Nacional, a program to rescue, preserve and enjoy the canal that flows through three Mexico City boroughs. This project has incorporated the participation of citizens, experts, and authorities to make significant improvements to the canal, which is now included on the heritage list drawn by the World Monuments Fund.

4.6
List of qualified contacts
Publishing industry

FESTIVALS	Participation and point of contact with national and international experts
Guadalajara's International Book Fair (FIL)	info@moreliafilmfest.com fil.com.mx
International Children and Youth Book Fair	dgpferias@correo.conaculta.gob.mx filij.cultura.gob.mx
Palacio de Minería International Book Fair	contacto@docsmx.org filmineria.unam.mx
Hay Festival Querétaro	info@ficg.mx hayfestival.com/queretaro
PUBLISHERS	**Major distributers**
Colofón México	portalweb@colofonlibros.com colofonlibros.mx
Editorial Anagrama	lmatarrondona@anagrama-ed.es anagrama-ed.es
Era	ventasenlinea@edicionesera.com.mx edicionesera.com.mx
Santillana	santillanainformamx@santillana.com santillana.com.mx
Mirahadas	info@mirahadas.com mirahadas.com
Porrúa	atencion@porrua.com porrua.mx
Fondo de Cultura Económica	+52 (55) 5227 4672 fondodeculturaeconomica.com
Gustavo Gili	info@editorialgg.com editorialgg.com

Herder México	ventas@herder.com.mx herder.com.mx
Planeta	mvidriales@planeta.com.mx planetadelibros.com.mx
Océano	info@oceano.com.mx oceano.com.mx
Penguin Random House	megustaleermex@penguinrandomhouse.com penguinlibros.com/mx
Siglo XXI	face@sigloxxieditores.com.mx sigloxxieditores.com.mx
WEBINAR EXPERTS: Creativity without borders: Business opportunities in the editorial design sector	**Consultancy services on the sector, strategic business and government contacts**
Uzyel Karp **Chair, Visual Communication, CENTRO**	ukarp@centro.edu.mx
Cristina Paoli **Founder and Director, Cultural Design Studio Periferia**	periferia.com.mx cristina@periferia.com.mx
Santiago Fernández de Caleya **Director, Turner Libros**	turnerlibros.com sfcaleya@turnerlibros.com
Tomás Granados **Director, Grano de Sal Press**	granodesal.com tomas.granados@granodesal.com

Design

FESTIVALS	Participation and point of contact with national and international experts
Design Week México	hola@designweekmexico.com designweekmexico.com
ZsonaMaco Diseño	juan@zonamaco.com cecilia@zonamaco.com zsonamaco.com
What Design Can Do México	info@whatdesigncando.nl whatdesigncando.com
Illustration Biennial	contacto@bienaldeilustracion.com bienaldeilustracion.com
Fair of Contemporary Illustration, Gran Salón de México	info@gran.salon gran.salon

GRAPHIC DESIGN STUDIOS	Potential collaborators for co-productions
Taller de Comunicación Gráfica	taller@tcg.mx
Cantera Estudio	contacto@canteraestudio.com canteraestudio.com
Carl Forsell	carl@forssell.mx forssell.mx
Ápice | Maira Fragoso	maira@apice.mx apice.mx IG @apicemx
Landor	hello@landor.com landor.com
Grupo W	info@grupow.com grupow.com
Seis Grados Estrategia & Diseño	+52 (55) 6284 8116 seis-grados.com.mx
Menta	laura@menta.is menta.is

Anagrama	hello@anagrama.com anagrama.com
Bienal Comunicación	info@bienal.mx bienal.mx
Savvy Studio	hola@vvstudio.net savvy-studio.net
Firmalt	info@firmalt.com firmalt.com
Face	office@monumento.co designbyface.com
Memo y Moi	moi@saturnastudio.com saturnastudio.com

ILLUSTRATORS	**Potential partners for binational projects**
PICTOLINE	alo@pictoline.com pictoline.com
All City Canvas	hello@allcitycanvas.com allcitycanvas.com
Jorge Alderete	contacto@jorgealderete.com jorgealderete.com
Alejandro Magallanes	am@tallerdediseno.mx alejandromagallanes.com
Grand Chamaco	hi.chamaco@gmail.com IG @grand_chamaco
Hilda Palafox (PONI)	info@hildapalafox.com cargocollective.com/hildapalafox
Flavia Zorrilla	claire@holroydecartey.com flaviazdrago.com
Mónica Loya	loya.monica@gmail.com monicaloya.work
Yanin Ruibal	curator@saatchiart.com saatchiart.com/yaninruibal

César Moreno	hola@pinchemoreno.com pinchemoreno.com
Pogo	hola@heypogo.com heypogo.com
Zoveck Studio	contacto@zoveck.com zoveck.com
Hola Combo	68voces@gmail.com 68voces.mx
Mazatl	mazatl@justseeds.org graficamazatl.com
Alejandro Magallanes	am@tallerdediseno.mx alejandromagallanes.com
Mike Sandoval	miguel.sandovalbelmont@gmail.com mikesandovalstore.com
WEBINAR EXPERTS: Creativity without borders: Business opportunities in the editorial design sector	**Advice and consultancy on the sector, strategic, business and institutional**
Uzyel Karp **Chair, Visual Communication, CENTRO**	ukarp@centro.edu.mx
Maru Aguzzi **Director, Gran Salón México**	gran.salon maru@gran.salon
Karime Tosca **Founding Partner, Neko and Director of Architecture Proyects in Neko Mexico**	nekomexico.com karimetosca@nekomexico.com
Samuel Alazraki **Founder Partner, Cantera Estudio**	canteraestudio.com samuel@canteraestudio.com

Product design

DESIGNERS	Potential allies for co-productions, imports and exports of products, points of sale and exchange
Tributo	info@tributo.mx tributo.mx
Neko México	karimetosca@nekomexico.com nekomexico.com
Esrawe Studio	studio@esrawe.com esrawe.com
Ariel Rojo Design Studio SC	info@arielrojo.com arielrojo.com
Emiliano Godoy	info@emilianogodoy.com emilianogodoy.com
LARA HNOS.	hola@larahermanos.mx larahermanos.mx
Jorge Diego Etienne	info@jorgediegoetienne.com jorgediegoetienne.com
Onora Casa	info@onoracasa.com onoracasa.com

5.

Textile and fashion

5.1

Summary

In Mexico, data and indicators on the textile and fashion industry are subsumed within reports on the manufacturing sector, because they are not included in cultural sector data. Therefore, in line with the aims of this report, the information on the textile and fashion industry is focused on the following sub-sectors: manufacturing textile products except clothes, the apparel industry, leather and leather goods, and footwear using leather.

5.1.1 What opportunities does this scenario offer?

The textile and fashion sector mainly consists of women's apparel and fabric production that creates around 640,000 jobs, mainly in retail.

Mexico has imported up to US[1] $11 billion of textiles and garment, 1.7% from Canada. It is notable that Canada received 8.2% of Mexico's total footwear exports.

For every MXN$100 (equivalent to CA$6) of textile industry inputs, $58.9 comes from Mexico, with imports accounting for the remaining $41.1.

1 See glossary of abbreviations at the end of the report.

Mexico is the world's ninth-largest footwear manufacturer, producing 251 million pairs of shoes in 2019. The Trans-Pacific Partnership was instrumental in enabling this performance by channeling US$69.7 million of direct investment into the footwear industry, an amount that represents 24% of the total foreign direct investment in this industry. It is notable that Canada received 8.2% of Mexico's total footwear exports.

5.1.2 What opportunities does this scenario offer?

The fashion industry in Mexico has become an attractive market for luxury brands over the years, thanks to a stable economic context, the removal of possible custom tariffs, and a shopping mall real-estate boom. These factors have helped boost the consumption of premium goods.

Various foreign companies (mainly jewellers) have invested in market segments for consumers with medium and premium purchasing power, taking advantage of consumer appetite for luxury goods and to ensure financial stability.

Mexico's leather and leather goods constitute one of Mexico's most well-established industries and is a strong component of the country's economy, with a current total of 13,000 business establishments, mostly connected to footwear using leather, an activity that accounts for 78% of total production.

Mexico has various distribution channels, classified on the basis of client profiles. Specialist clothes and footwear stores are one the most important of these channels, accounting for 38.4% of total sales, followed by department stores (17.8%) and direct sales (15.4%). The most important sales channels for leather goods and products in Mexico are department stores (48.3%) and boutiques (37%).

Electronic commerce has established its place in this sector. As has happened throughout the rest of the world, e-commerce has continued expanding its share of the action. Increasingly frequent online purchases as a distribution channel and Mexican consumers' new purchasing habits offer a potentially good opportunity for companies wishing to position themselves in the market, using the available technological resources to increase their online sales.

The Mexican Online Sales Association or AMVO, **published details of the main online sales platforms in the fashion sector: Liverpool (26%), Mercado Libre (15%) and Amazon (14%). In 2019, e-commerce footwear sales represented 4% of the total. In Mexico this channel increased by 28.6% that same year, higher than the global average growth rate of 20.7%, according to eMarketer.**

It is recommendable to take advantage of a presence in shopping malls and the growth of the luxury segment where the expanding offer has reached an approximate total of US$14 billion according to Euromonitor International. Mexico's wealthy sector with a premium lifestyle represent 14% of the total population. Half of these consumers are aged between 36 and 50, and are mainly business people (62%).

Economic stability and macroeconomic growth combine to make a robust sector, and the apparent lack of custom tariffs is also a relevant factor.

5.2 Key stakeholder matrix

To understand the components of the audiovisual media sector, we have used the methodology proposed by Fran Ackerman and Collin Eden (2011).

This methodology allows us to identify the key stakeholders in a system based on their agency, and it suggests how to interact with them in each case.

Each quadrant reflects the location of the **stakeholders belonging to industry, academia, the public sector and civil society.** Each stakeholder is classified into a power/interest matrix as follows:

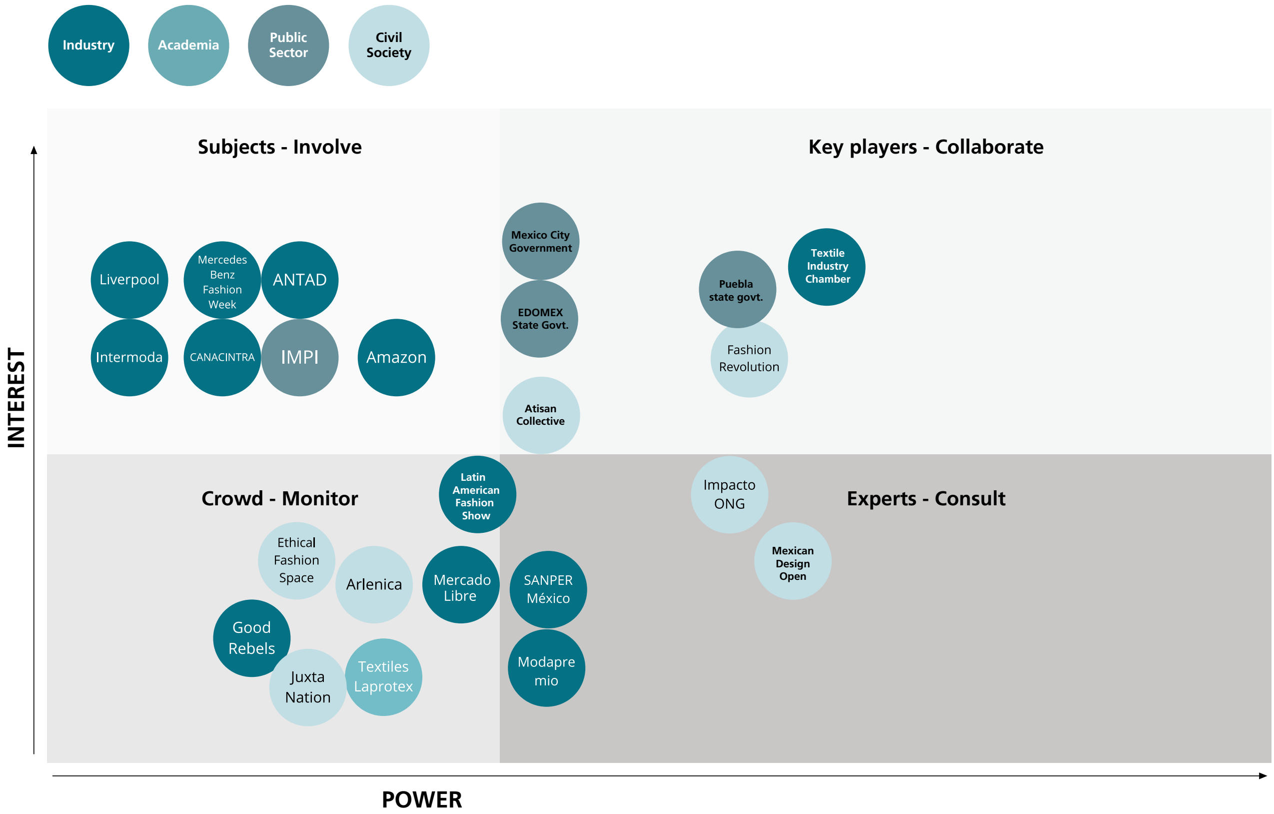
Involve subjects. *(Subjects have significant power but little influence. The best approach is to include these players in the strategy to keep them satisfied due to their power over the topic in question)*

Collaborate with key players. *(Players have high levels of power and influence. Any strategy to be developed needs to consider them because they are strategic partners for the project)*

Consult experts and influencers. *(Influencers and context setters have significant influence but little power)*

Monitor the crowd. *(The crowd includes bystanders who have limited power or influence. The recommended course of action is to monitor them in order act in case they change quadrant at some point in the future)*

Key stakeholder matrix



5.3
Signal and trend analysis

Textile and Fashion	**Textile and Clothing Industry**	Similarly to the other creative industries, the textile and fashion industry has undergone significant challenges due to the economy's contraction. We can identify various examples of digital transformation and innovation, and the shift from traditional retail to e-commerce is particularly important. This transition is still at an early stage, hence strong potential exists for consultancy, solutions and simple implementation to adopt new strategies in this area. Specifically in regard to e-commerce, the main winners have been Mercado Libre, Amazon and Liverpool, with smaller brands using social networks and requiring support in order to compete on a larger scale. Opportunities exist for artisan collectives which are opening doors for fair trade exports, such as in the case of Ensamble Artesano or Onora. A need exists for consultancy, accompaniment and distribution channels to export handcrafts, textiles, apparel and even design. One factor to consider are the signals of the tendency to establish fairer environmental, hiring and manufacturing conditions. Women-led companies are being the most innovative. A good example is **Fashion Revolution**[2], which is leading a new index that has the potential to set the standard for the industry.
	Footwear	The Guanajuato Footwear Chamber of Commerce has been the most representative player in the footwear industry, working alongside other businesses and government institutions in the state. The footwear value chain had been under constant pressure due to shoe imports from China, and it has have been very vocal in maintaining the import tariffs for strategic materials such as leather. Women's footwear represents the strongest-growing sector (9%) in recent years while the children's footwear has decreased most (5.7%), perhaps due to the ageing population and decreasing birth rates. The cost of shoes has risen constantly since 2016. Mexican footwear has been at a disadvantage compared to other markets in terms of synthetic raw materials. Retail businesses are the most important actors, as this is an industry where SMEs play an important role, representing 90% of players, including small workshops and self-owned production centres that manufacture for large brands and companies.[3] The large informal sector is an important factor, and this is the result of the lack of patented design and development, as well as a low investment in research and development.

2 Sánchez, S. (2020). *México tendrá su primer índice de transparencia para la industria de la moda.* Forbes México.

3 Dussel, E., and Pérez, L. (2020). *Nuevas condiciones, retos y oportunidades de la cadena de calzado en México poscovid-19.* Cámara de la Industria del Calzado del Estado de Guanajuato.

5.4
Investigation report

5.4.1 Definition of the sector in Mexico and subsector profiles

Mexico offers competitive advantages in the textile and fashion industry in several areas such as its micro- and macro-economic context, purchasing power and the salary costs of Mexican creatives.

Specifically for Canada, the strategy to achieve a permanent market relates to a balance between the target price proposal, the right design, the long-term financing to keep the product on the market and brand positioning. Mexico has a qualified design and manufacturing proposal, as well as specialization in mass production at a cost that opens opportunities for collaboration.

Mexico offers several high-potential areas in its relationship with Canada:

- Design suited to local trends, along with the business infrastructure and purchasing power of Canadian customers.

- Growth of e-commerce translated into increasing online business in Mexico without intermediaries.

  The COVID-19 pandemic has led to an increase in profits and direct contact with the end customer. However, this growth in e-commerce has posed a significant challenge for the Mexican industry when compared to other countries with more experience—such as in the exchange and return of goods (internationally, 25% of products sold are later exchanged or returned) or in the high costs of international distribution.

- The collaboration with Mexican design, paying attention to authorship processes and cultural appropriation.

  One area of significant opportunity to internationalize the industry is based on the production of inputs such as textile staple fibres from various communities and using different craft processes. Despite the limited scale of production, the new generations show an increasing interest in the ecological and traditionally Mexican aspects of textiles.

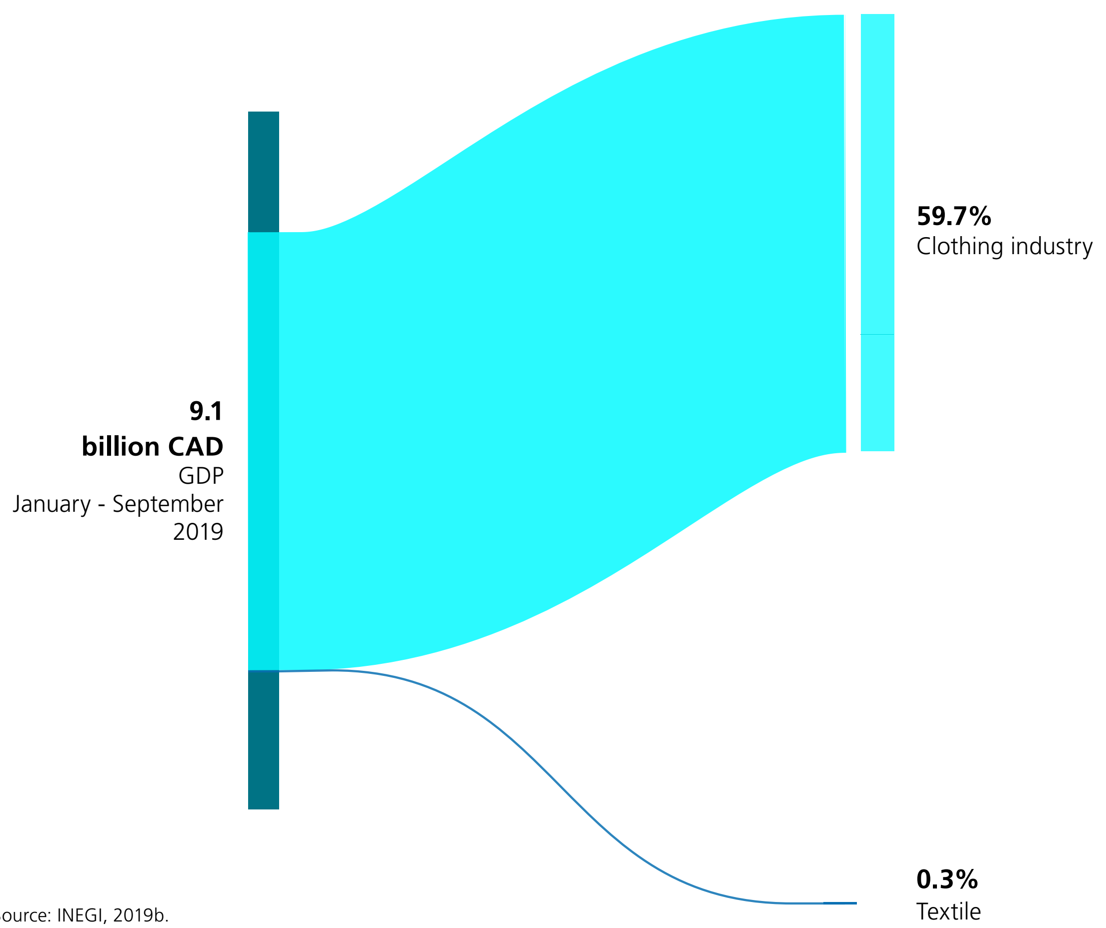
It is important to mention that the informal economy makes a significant impact on the fashion sector in Mexico; for example, formal transactions constitute 77.5% of the GDP in this sector, compared to 22.5% in the informal business.

Mexico can incorporate some Canadian business models such as clusters—a private-public initiative to create collaborative networks. As another example, fashion incubators provide infrastructure and services for new and established projects. The Canadian fashion incubator model could be used to delegate some of the manufacturing process in Mexico; for example, tailoring or specific embroidery work using its manufacturing infrastructure, in a way that enables the end product to be assembled in Canada.

5.4.2 Contextual information

The GDP of the textile and apparel industry contributed 3.2% of the manufacturing industries' GDP and ranked tenth among the most important manufacturing economic activities in 2019. GDP was CA$9.1 billion (in current dollar terms) between January- and September 2019, contributing 0.3% to the textile industry and 59.7% to the apparel industry.

GDP of the textile and clothing industry

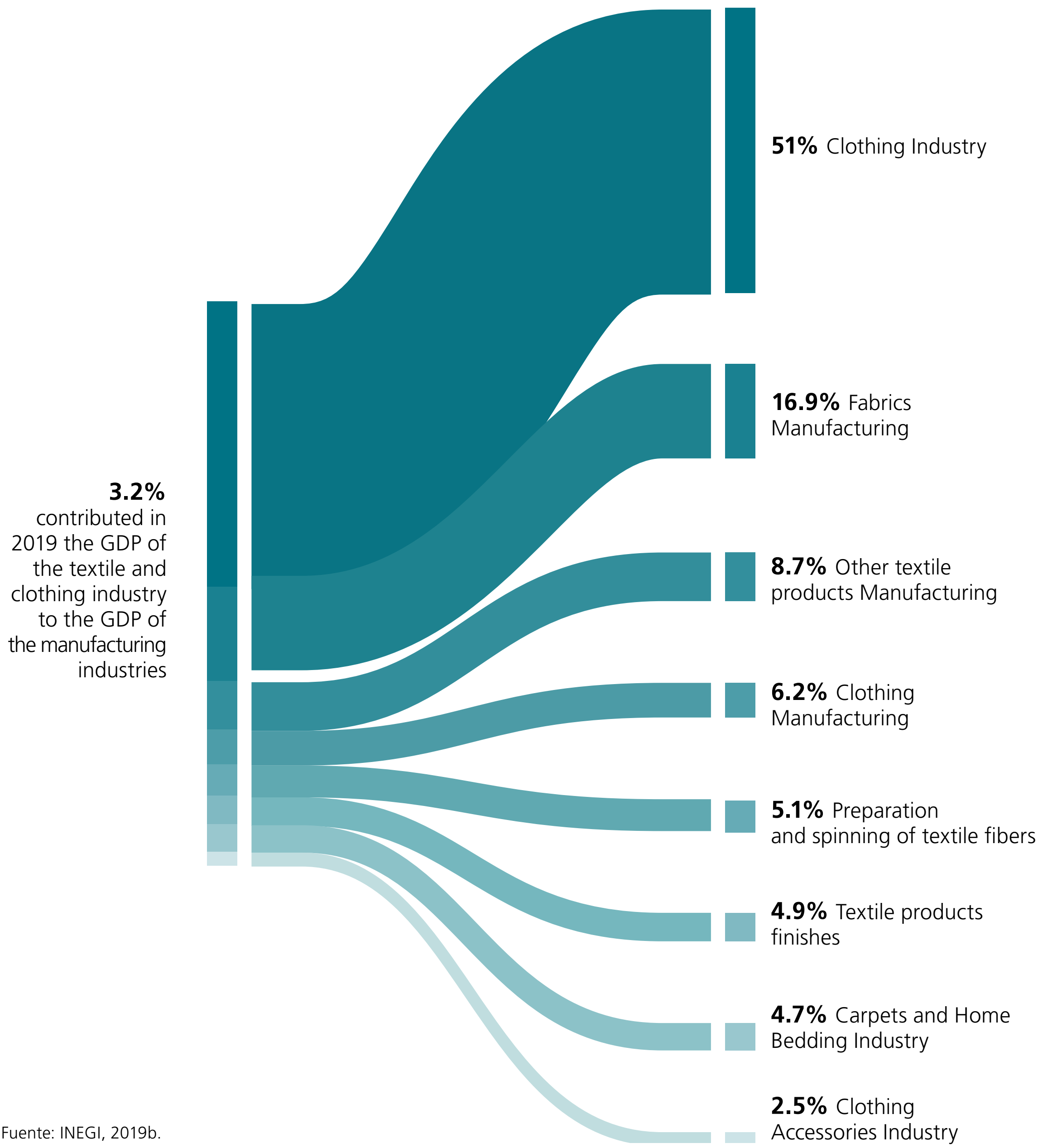


Source: INEGI, 2019b.

The textile and apparel sector's GDP increased following the establishment of NAFTA in 1994 until 2000, the same year in which China joined the WTO. From this point on, the sector's performance steadily declined until 2015 when the government established guidelines ("Decreto Textil") to promote the sector's development (INEGI, 2020c). These guidelines were published in 2015 in the official government gazette (Diario Oficial de la Federación) and have since helped the textile and apparel industries following China's entry into the WTO.

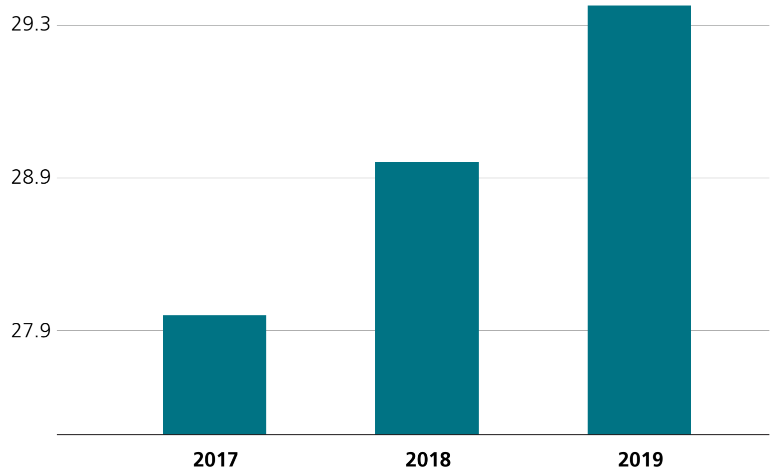
The textile and apparel industry employed 640,000 people in 2018 (208,000 in the textile sector; 432,000 in the apparel sector). Fewer jobs have been created since 2003. In the apparel sector, 6 out of 10 jobs are filled by women.

Textile and clothing industry - Distribution of GDP by activities



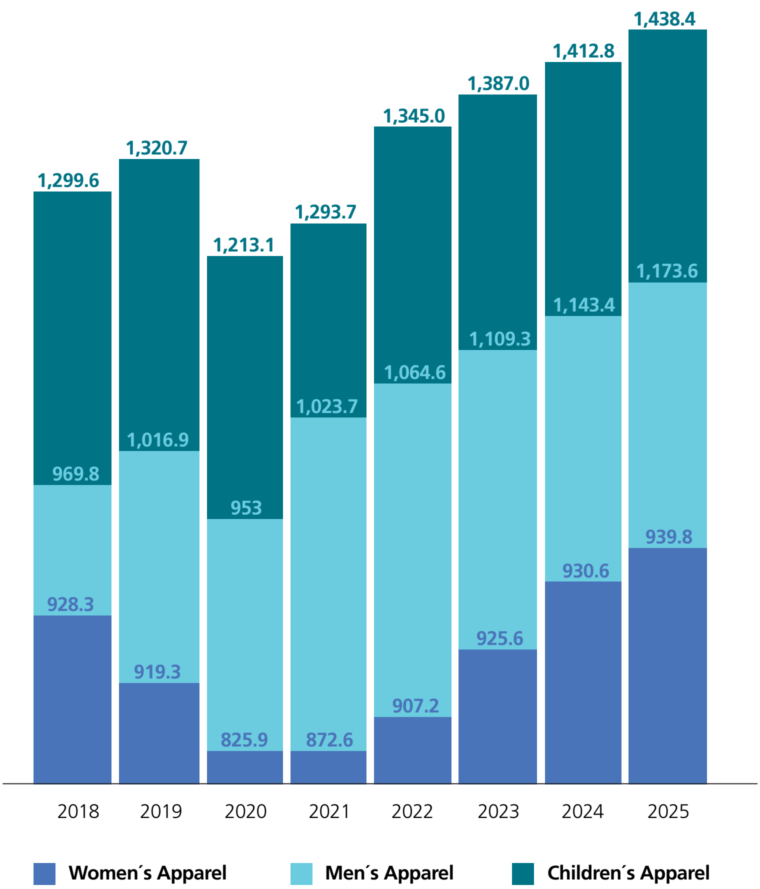
Fuente: INEGI, 2019b.

Value of the retail apparel market in Mexico (billion U.S. dollars)



Source: Trendex North America, 2020.

Apparent consumption of apparel in Mexico from 2018 to 2025, by segment (in million pieces)



Source: Statista, 2020a.

5.4.4 Subsectors

Textile and apparel industry

INEGI's monthly survey of the manufacturing industry (base year 2013) reveals that Iin 2019, the five most important products generated by the textile industry were

- denim fabrics, representing 11% of Mexico's textile production
- soft fibres for mixed fabrics (4.9%)
- sack manufacture using jute (3.3%)
- soft fibres for mixed yarns (3.1%)
- the manufacture of non-woven fabrics for industrial use (3.1%)

Inputs for the textile industry constitute another important area of opportunity. National goods represented 58.9% of the total expenditure on the textile industry´s inputs, compared to 41.1%, which was imported and, for the apparel industry, the ratio was 57.1% came from Mexico and 42.9% was imported.

The textile and apparel industry employed 640,000 people in 2018, 60% of whom were women, making the sector a potential ally in the struggle to close the gender gap in Mexico.

In 2018, Mexico exported CA$9.3 million in the textile and apparel industries and imported CA$14.9 million, 1.7% of which came from Canada. The increasing trade with Canada put Mexico in a strong position to reduce its trading dependence on the United States.

Mexico has an important apparel ecosystem since, as a proportion of its contribution to GDP, this sector represented 51% versus textile manufacturing's 16.9% of the total.

In 2019, the five most important products generated by the apparel industry were: men's trousers (13.2%), knitted men's t-shirts (6.8%), knitted-fabric t-shirts (6.1%), women's trousers (3.7%) and men's suits (3.5%).

The most important inputs imported into Mexico for the apparel industry are

- Machinery and equipment for the textile industry
- Textile product finishes and the manufacture of coated fabrics

Footwear

Mexico is the world's ninth-largest footwear manufacturer; for example, it produced 251 million pairs of shoes in 2019. Most of the footwear manufacturing is concentrated in four states: Guanajuato, Jalisco, State of Mexico, and Mexico City. The municipal districts of León, San Francisco del Rincón and Purísima del Rincón in the Guanajuato region produce 68.4% of the country's footwear and 76.4% of leather and leather finishes.

Despite its position as one of the world's top ten manufacturers, Mexico has slowed down its rate of production by 3.46% compared to 2018. On the other hand, the country is very open to trade. In 2019, Mexico's footwear exports can be broken down as follows: 85.2% was exported to the United States, 8.2% to Canada and 6.6% to other countries (Dussel and Pérez, 2020).

The leather and leather finishes industry is a solid component of the Mexican economy, and currently has more than 13,000 business establishments.

Mexico's statistics agency shows that the footwear manufacturing sector consists of (in descending order of importance): leather shoes, fabric shoes, and plastic shoes. In the leather goods sector (in descending order of importance): handbags and travel cases etc., leather and leather goods, other products using leather substitutes (INEGI).

Leather footwear is the main product within the footwear manufacturing sector, providing employment for 73.3% of those working in the sector and accounting for 78% of total production.

According to the economic survey of 2019, the footwear industry provided employment for 135,567 people, representing 2.1% of the country's entire manufacturing workforce. Furthermore, the inputs required for footwear manufacturing generates approximately 215,000 additional jobs for suppliers. The State of Guanajuato is the main production centre in the country.

Three sectors represent an opportunity for international trade in this sector:

1. Inputs | The footwear industry requires domestic and foreign inputs (imports); in particular, local demand represents 80% of the total.

2. Investments | Between 2007 and 2015, the member countries of the Trans-Pacific Partnership directly invested US$69.7 million in Mexico's footwear industry, representing 24% of the FDI in this industry. The two investor countries are the United States, which invested US$71.2 million and Canada, that accumulated negative flows of US$-1.5 million. In this sense, Mexico receives 1.6% of Canadian footwear exports to Latin America and the Caribbean, while 45.2% of footwear products imported by Canada from Latin American and the Caribbean come from Mexico.

3. Imports and exports | Imports and exports in Mexico mainly come from China; however, Spain is the country's sixth largest trade partner. Footwear sales in Mexico in 2019 reached US$1.737 billion and leather goods US$703 million. Since 2014, footwear imports have increased by 29%. In terms of exports, the United States is the top export destination for Mexican products, followed by Canada and then Guatemala. One of Mexico's competitive advantages over the United States is "speed to market", zero tariffs and the country's privileged location to meet demand quickly.

The main distribution channels for international products are specialist stores, department stores, online shopping, and direct sales. While the retail trade based on physical stores continued dominating distribution in both sectors in Mexico, e-commerce began to increase its market share in 2019. The two leading clothing and apparel stores in Mexico had the following market share in 2019: Liverpool (8.5%) and Palacio de Hierro (1.6%). We can compare these percentages with the share of Zara, a part of Grupo Inditex (4.7%).

5.5
Success stories

Event

Mercedes - Benz Fashion Week México	fashionweek.mx

Founded in 2006, this is a meeting to internationalize Mexican fashion. The event brings together professionals working in the sector: designers, models, journalists, public relations experts, stylists, fashion editors, etc.

Marketing companies

Grupo Diltex	grupodiltex.com.mx

A company founded in 1949 that manufactures and markets clothes and beauty products such as lingerie and cosmetics under the brands Ilusión, Vanity Fair and Fruit of The Loom.

In 1995 it began exports to the United States, Central and South America. It constantly adapts its designs to respond rapidly to consumer trends across the region.

Siete Leguas	sieteleguas.com.mx

A textile company founded in 1958. It has established itself as leader in the production of denim and the manufacture of jeans, becoming a strategic provider for the main brands offering this type of garment in the United States.

Continuous-improvement processes implemented to cut delivery times by 40% and to increase quality by 99%; with these changes the company has increased its sales by 65% in recent dates.

Tavex	tavex.com

Global leader in the denim sector, the fabric used for jeans, and a leader in South America for work clothes fabrics. Focused on the fashion segment and differentiated from denim, Tavex offers innovative textiles to the world's largest sportswear brands and chains.

Grupo Cuadra	cuadra.com.mx

A company specialising in exotic, high-quality handmade leather products: footwear, apparel, handbags, accessories, and suitcases.

High production quality and distribution over physical and online channels.

Laprotex Fabrics	laprotex.com

Underwear clothing factory, sports apparel, footwear, uniforms, bed linen, and more. The first Mexican fabric company to receive the ISO 9001 certification, as well as the ISO 45001 and ISO 14001, due to the good environment performance in its processes and products.

It uses raw materials such as nylon, polyester, and lycra; more recently it has incorporated the use of textiles made of recycled PET bottles.

5.6
List of qualified contacts

EVENTS AND FESTIVALS	Participation and point of contact with national and international experts
Fashion Week México	cory@colours.com.mx fashionweek.mx
Latin American Fashion Summit	info@latamfashionsummit.com latamfashionsummit.com
Fashion Fest	advertising@condenast.com.mx Vogue.contacto@condenast.com.mx vogue.mx/tags/fashion-fest
ANPIC	montaje@apimex.org anpic.com
SAPICA	info@sapica.com sapica.com
MARKETING COMPANIES	**Production, manufacture and marketing of national and international inputs, apparel and brands**
Grupo Diltex	jsromano@ilusion.com.mx grupodiltex.com.mx
Ropa Siete Leguas	Wavalos@sieteleguas.com.mx sieteleguas.com.mx
Telas Laprotex	laprotex@laprotex.com laprotex.com
Tavex	aleon@tavex.com.mx tavex.com
Grupo CUADRA	n32238@yahoo.com cuadra.com.mx
MEXICAN DESIGNERS	**Collaborations and exchanges of designs and sales points**
Carla Fernández	itzel@carlafernandez.com carlaflora2@gmail.com carlafernandez.com
Caralarga	ana@caralarga.com caralarga.com.mx

Kris Goyri	contacto@krisgoyri.com pr@krisgoyri.com krisgoyri.com
Ricardo Seco	customers@ricardoseco.com ricardoseco.com
Pink Magnolia	ventas@pinkmagnolia.com.mx pinkmagnolia.com
Lorena Saravia	online@lorenasaravia.com lorenasaravia.com
Julia y Renata	juliayrenata@yahoo.com FB @juliayrenatafrancomx
WEBINAR EXPERTS Creativity without borders: Business opportunities in the textile and fashion sector	**Consultancy services on the sector, strategic business and government contacts**
Mónica Mendoza **Designer and expert in** **the textile and fashion sectora**	LK @monica mendoza bravo monica.mendozab@gmail.com
Marta Carmela Sotelo **Jewelery designer and Chair,** **Textile and Fashion, CENTRO**	martacarmela.com msotelo@centro.edu.mx
Jacobo Romano **Director, Ilusión and Fiorentina,** **Grupo Diltex**	grupodiltex.com.mx LK @ilusion maquiladora hexa jsromano@ilusion.com.mx
Fernando Cuadra **Founder, Grupo Cuadra,** **footwear and accessories brand**	cuadra.com.mx FB @CuadraOficial n32238@yahoo.com

6.

Creativity without borders

Business opportunities in Mexico

Eight webinars focused on interested Canadian enterprises to approach the Mexican creative industry scene. Here are the links to conversations with experts from Mexico in each of the sectors of the creative industries.

Total Webinar Attendance: 271
Canadian Creatives in Attendance: 121

Webinar

Creativity without borders

Moderator: :

Kerstin Scheuch

Director General at CENTRO. Expert in innovation, education and design

Edgardo Bermejo

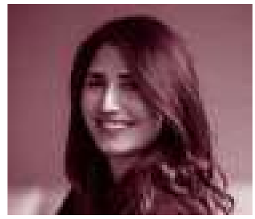
Specialist in cultural diplomacy and international cultural cooperation

Christine Angelo

International Director of Trade Operations at Patrimoine Canadian Heritage

Gustavo Guzmán Favela

Founder at Yotta, a firm specializing in the development of creative companies



Nathalie Baaklini

Creative brand strategist for the retail and luxury sectors and experiential marketing

This first edition of this series of webinars provides general information about Mexico’s creative sector and the trade relationship with Canada. Discussions with guest experts focus on the skills, experience and areas of opportunity within both countries’ creatives sectors. The most important points include:

- The importance of creating a bridge between countries to export creativity and to create new sources of employment, promoting the creative industry to raise its profile in Canada, creating positive collaborations between these two countries.
- Technology and innovation in creativity is generating new growth opportunities in the education and business sectors. The participants talk about the industry’s growth over the past five years and how language barriers can be overcome to develop creative works in animation, audiovisual projects, video games, music, etc.
- The strong potential of festival coproductions and collaborations, stronger exchanges of knowledge among universities, and the development of artistic projects with a focus on international collaboration.
- Ways that the new CUSMA trade agreement enables possible synergies to boost economic development as well as public and private investment in the creative sector. As an area of opportunity, participants point to the potential for stronger business leadership in Latin America’s digital content branding sector.

Total Attendance: 115
Canadian Creatives in Attendance: 67

Watch:webinar summary

Watch:Complete webinar

Webinar

Creativity without borders: business opportunities in the audiovisual media sector

Moderator

Fernanda del Monte

Expert in transmedia narratives and professor of the Master in Scriptwriting at CENTRO

Fernando Rovzar

Co-Founder and Creative Director of Lemon Studios

Elena Fortes

Co-founder of Ambulante and a production company No Ficción. Cultural strategist

José Miguel Álvarez

IMCINE
Technical Coordinator

Nathalie Baaklini

Creative brand strategist for the retail and luxury sectors and experiential marketing

Fernanda del Monte launches this webinar with a presentation of the audiovisual media industry's global impact and scale, with a particular focus on films produced in Mexico and digital content. She describes the various sector activities that are growing in importance: narrative concepts, production processes on various scales and in different genres, the participation and creation of festivals, new national and international launches, the increase in film productions by women, international awards and acknowledgments, as well as the state's role in productions. The work of streaming content producers and the rapid growth of this subsector is emphasized.

Apart from sharing success stories about international partnerships to showcase Mexican talent, the participants discuss the general outlook of the audiovisual sector, film festivals' strategic role in developing international collaborations, the potential of digital platforms to expand markets, the current expansion of this subsector and the creation of film coproductions as bridges between countries. Another subject of conversation is the institutional perspective showing the increased support for Mexican film in recent years, a sign of strength of the film industry and an interest in funding international coproductions.

Total Attendance: 31
Canadian Creatives in Attendance: 10

Watch:webinar summary

Watch:Complete webinar

Webinar

Creativity without borders: business opportunities in the interactive media sector

Moderator:

Roberto Cabezas
Chair, Creative Technology at CENTRO

Mariana Delgado
Director, Centro de Cultura Digital

Gilberto Castro
Co-founder and Creative Director, INTUS Interactive Design

Federico Isuani
Chief Digital Officer & Co-Founder Beker | Socialand and secretary of the board of directors of the IAB Mexico (Internet Advertising Bureau)

Nathalie Baaklini
Creative brand strategist for the retail and luxury sectors and experiential marketing

In this webinar, Roberto Cabezas gives an overview of the growth of Mexico's interactive media sector, technological infrastructure, and information about its status within the global economy and the value of cultural and social exports. Participants discuss how the creative sector contributes to growth in technical and conceptual terms, in relation to the scope of software production. This creates an opportunity for international collaboration, with Mexico ranking tenth in digital interaction products and in the development of multidisciplinary projects. A strong potential exists for Mexico-Canada multi-talent collaborations in developing various services and products in this area, from entertainment to education. Video games, augmented and virtual reality, and immersive experiences are among the most important and competitive subsectors.

The guest speakers underscore their commitment to developing digital technologies through various links: artistic and sociocultural expressions, intercommunication, collectivization and the democratic use of information. Other topics include project developments in various immersive and interactive technologies, services offered by Mexican productions and based on creativity and innovation, as well as a business focus on opportunities around the world and specifically for the Canadian market. This event offers a roadmap for the future of an economically valuable, networked international culture in digital productions.

Total Attendance: 26
Canadian Creatives in Attendance: 6

Watch:webinar summary Watch:Complete webinar

Webinar

Creativity without borders: business opportunities in the performing arts sector

Juan Meliá
Director of Theater, UNAM

Verónica López
Curator, cultural manager, theater critic and cultural journalist

Boris Schoemman
Artistic Director, La Capilla Theater and the International Week of Contemporary Dramaturgy

Moderator:

Fernanda del Monte
Expert in Transmedia Narratives and Professor of the Master in Scriptwriting at CENTRO

In this final edition of the webinar series, Fernanda del Monte provides key information about the consumption and infrastructure of the performing arts in Mexico. She focuses on the subsectors of theater, circus arts, dance and interdisciplinary shows, presenting the most important findings about public consumption and how activities in this sector continue to be centralized in Mexico City.

Experts set out the overall context of the performing arts sector and the kind of productions with export potential such as the circus arts, music and dance. Mexico and Canada have significant cultural affinities that strengthen bonds that promote various types of exchange. Mexican dramatic works have been successful exports to Canada, and vice-versa. The subsidies provided for this sector in Canada can provide a model and also help encourage coproductions. Mexico has the potential to emulate Canadian best practice and also increase its consumption of Canadian productions.

Total Attendance: 26
Canadian Creatives in Attendance: 17

Watch:webinar summary

Watch:Complete webinar

Webinar

Creativity without borders: business opportunities in the editorial design sector (I)

Moderator:

Uzyel Karp

Chair, Visual Communication Degree at CENTRO

Cristina Paoli

Founder and Director, Cultural Design Studio Periferia

Santiago Fernández de Caleya

Director at Turner Books

Tomás Granados Salinas

Director,Grano de Sal Press

Nathalie Baaklini

Creative brand strategist for the retail and luxury sectors and experiential marketing

In this webinar Uyzel Karp offers key data about the size of the publishing market in Mexico. The topic of conversation revolves around the production chain in Mexico's publishing sector, from creative processes and editorial design to management issues related to book distribution. What are the factors and challenges within the publishing sector today? The participants identify the sector's current potential in Mexico, because books as objects maintain significant value and therefore the designer plays a crucial role. Through their aesthetic decisions, editorial designers in Mexico double up as editors, a profile that undoubtedly offers a competitive advantage. The discussion also focuses on two particular aspects of the publishing industry in Mexico: the existence major publishing houses and independent publishing firms, and how each of these business models can be the basis for successful collaborations.

The participants' shared experiences confirms that Mexico offers significant opportunities for the sector, from the creative phase to distribution, because the country hosts some of the world's most important international book fairs. The Guadalajara International Book Fair (FIL) continues to be a world-class event, especially within the Spanish-speaking world. Book fairs offer a venue for dynamic and innovative interactions for the publishing sector. From a business perspective, they offer an excellent opportunity for networking and sales. The culture sector and museums are noted as niches that provide many examples of successful international collaborations. Due to the profile of its designers, the diversity of national and international publishing houses and distribution companies, Mexico offers significant opportunities for collaboration in this sector.

Total Attendance: 30
Canadian Creatives in Attendance: 8

Watch:webinar summary

Watch:Complete webinar

Webinar

Creativity without borders: business opportunities in the design sector (II)

Uzyel Karp

Chair, Visual Communication Degree at CENTRO

Maru Aguzzi

Director, Gran Salón México

Karime Tosca

Founding Partner, Neko and Director of Architecture Proyects in Neko Mexico

Samuel Alazraki

Founder Partner, Cantera Estudio

Moderator:

Nathalie Baaklini

Creative brand strategist for the retail and luxury sectors and experiential marketing

In this webinar Uzyel Karp presents important information about the design sector in Mexico, particularly graphic design and with a focus on brand identity, graphic applications and product applications in public space. The four expert panelists in these areas share their experiences in the sector and international collaboration strategies.

Mexico is a leading exporter of creative resources and is one of the world's top design exporters. UNESCO's Network of Creative Cities includes eight Mexican cities, including Puebla, Mexico City and Querétaro for their contributions to design. The guest speakers help identify this sector's current potential in Mexico and how digital platforms currently enable a more direct interaction with clients and collaborators to develop international projects.

Total Attendance: 25
Canadian Creatives in Attendance: 4

Watch:webinar summary

Watch:Complete webinar

Webinar

Creativity without borders: business opportunities in the textile and fashion sector

Moderator:

Mónica Mendoza

Chair, Textile and Fashion Design at CENTRO

Fernando Cuadra

Founder, Grupo Cuadra, footwear and accessories brand

Jacobo Romano

Director, Ilusión and Fiorentina | Grupo Diltex

Nathalie Baaklini

Creative brand strategist for the retail and luxury sectors and experiential marketing

In this webinar, Mónica Mendoza kicks off the conversation with a statistical overview of the sector in Mexico, with a focus on the textile, apparel and footwear subsectors. Indicators are provided on the overall GDP contribution within the manufacturing industries, the informal economy's impact on the sector, the levels of export of these goods and services, as well as data that shows why Mexico is such a highly competitive country.

The participants include two Mexican business leaders from the textile and footwear manufacturing sector, whose experience provides a broad perspective on the country to promote international business and open up new markets. They discuss how different brands position themselves in terms of sales in Mexico and abroad through partnerships. Specific examples show how Mexican brands have developed their marketing strategies and points of sale in the United States and Central America.

Total Attendance: 18
Canadian Creatives in Attendance: 9

Watch:webinar summary

Watch:Complete webinar

Glossary of Abbreviations and Acronyms

5G Quinta Generación de Tecnologías de Telefonía Móvil

AMVO Mexican Association of Online Sales

ANUIES National Association of Higher Education Universities and Institutions

BID Inter-American Development Bank)

CAD Canadian Dollar

CANIEM Mexican National Publishing Industry Chamber

CIEC Creative Economy Research Centre

CIU The Competitive Intelligence Unit

CONADE National Commission of Physical Culture and Sports

CONALITEG National Commission on Free Textbooks

COVID-19 Coronavirus 2019

CPT Mexican Tourist Board

CUSMA Canada-United States-Mexico Agreement

DENUE National Economic Statistics Directory (INEGI)

EAP Economically Active Population

ENOE National Employment and Occupation Survey (New Edition)

ESAC Asociación Canadiense de la Industria del Software para Entretenimiento

FEMES Mexican E-Sports Federation

FICG Guadalajara International Film Festival

FICM FMorelia International Film Festival

FICMA Alternative Media International Film Festival

FICUNAM UNAM International Film Festival

FIL Guadalajara International Book Fair

FMI Fondo Monetario Internacional

FONCA National Fund for Culture and the Arts

GBM Grupo Banco Mundial

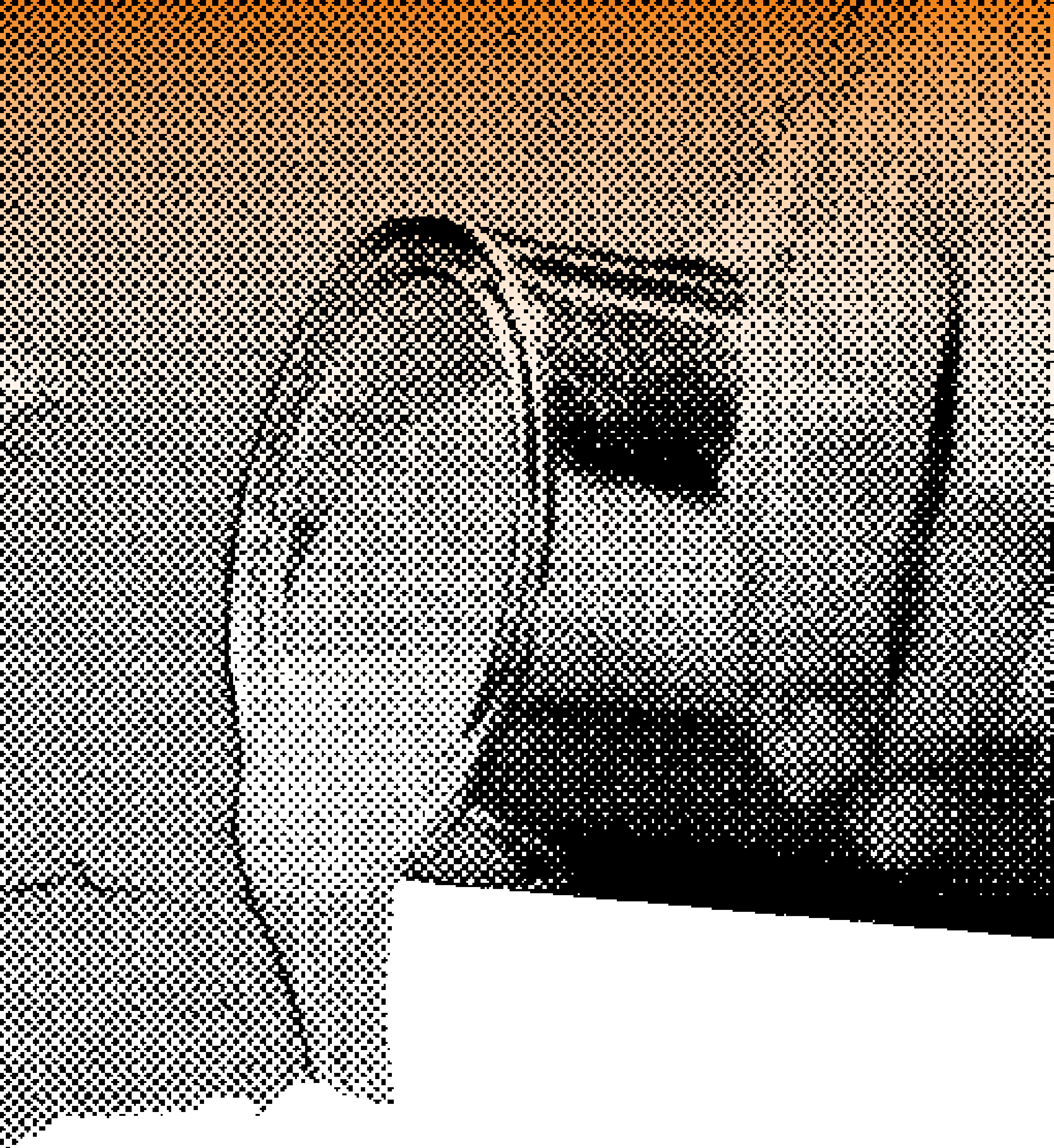
GCE Strategic Communication Cabinet

GDP Gross Domestic Product

GIFF FGuanajuato International Film Festival

GII Global Innovation Index

ICE Institute for Creative Exchange - Americas
IDH Índice de Desarrollo Humano
ICTs Information and Communication Technologies
IDB Inter-American Development Bank
IMCINE Mexican Film Institute
IMCO nstituto Mexicano para la Competitividad A.C.
IMF International Monetary Fund
INEGI National Institute of Statistics and Geography
INPC National Consumer Price Index
IoT Internet of Things
MB Megabyte
MDP Million pesos (Mexican)
MOLEC INEGI's statistics on reading
MUSD, MDD o mdd Millones de Dólares Estadounidenses
MXN Mexican Peso
NAFTA North American Free Trade Agreement
NDP National Development Plan
OCDE Organization for Economic Cooperation and Development
OTT Over-the-top broadcasting
PISA Program for International Student Assessment
PwC PricewaterhouseCoopers
SEDATU Agrarian, Land and Urban Development Ministry
SEMARNAT Environment and Natural Resources Ministry
SIC Ministry of Culture's Information System
UN United Nations
UNAM National Autonomous University of Mexico
UN Comtrade United Nations Commodity Trade Statistics Database
UNCTAD United Nations Conference on Trade and Development
UNESCO United Nations Educational, Scientific and Cultural Organization
USD US Dollar
WBG World Bank Group
WIPO World Intellectual Property Organization
WTO World Trade Organization



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