



**AMERICAN SOCIETY OF APPRAISERS**

*The Bear and the Porcupine*

*Distant Neighbors?*

*Opportunities and Challenges for Valuers in Mexico*

**ASA'S 2007 International Appraisal Conference**

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*July 16, 2007*

*I would like to thank specially the following persons for their invaluable support in the preparation of this work. Without their esteemed cooperation and help this document would have not been possible:*

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Alfredo Asali de la Mora  
Adriana Berrocal Gonzalez  
Federico Casas Alatraste  
Jorge Castaños Moreno  
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*Pedro Hernandez Guerrero  
Michael Kercheval  
Óscar Zavala Jiménez*

*Hilco-Acetec  
Jones Lang Lasalle Mexico  
KPMG Mexico  
T Systems Mexico, S.A. de C.V.  
Jones Lang Lasalle Mexico  
Instituto de Administración y Avalúos de Bienes  
Nacionales, México  
Price Water Coopers Mexico  
International Council of Shopping Centers  
Gromex*

*I would also like to thank Bety, of Better World Translators for her support in translating this document and her patience with my constant changes and impulsive language.*

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**ADDENDA**  
**(Slides for presentation)**

*“The greatness of Mexico, often hidden, expects to be uncovered, but it will only advance in its own context ...”*

**Alan Riding**  
*“Distant Neighbors”, 1985*

## 1.- Introduction

**(SLIDE 2)** From 1972 to 1984, Alan Riding was correspondent for several renowned magazines and newspapers in Mexico, such as The Financial Times, The Economist and The New York Times, among others. Since his arrival to Mexico, Riding decided to embrace the challenge to understand, and in his own words, “to decode a complex and fascinating country” what he accomplished by devoting countless hours in the development of a book in which he would explain his vision on the main cultural, social and political aspects of Mexico, establishing the differences and the reasons for such differences, between Mexico and the United States of America.

The book was finished in 1985, and the title of the book “Distant Neighbors, A Portrait of Mexicans” says a lot about his main conclusions and the grounds for such conclusions.

Riding begins his book by saying: **(SLIDE 3)** “It is probable that in no other place around the world, two countries as different as Mexico and the United States can live side by side. When crossing the border, the contrast is appalling: from have to have-not, from standardization to improvisation, from artificial flavors to hot spices. But physical differences are less important. It is probable than in no other place around the world two neighbors understand each other so little. More than due to development degrees, both nations are separated by language, religion, race, philosophy and history.

**(SLIDE 4)** United States is a country of merely two hundred years and is already living the XXI century; Mexico, on the other hand, is a millenarian nation and still subject to its past”.

“Distant Neighbors” was written with the objective to inform, document and guide foreigners about Mexico and its culture. I really never knew accurately about the acceptance of the book in the States, but I do know that even if that was not the purpose of the author, the book was not only very well accepted in Mexico, but also became a “Mexican Best Seller”, placing Alan Riding in the list of outstanding writers and thinkers, who have studied the culture and behavior of Mexicans.

**(SLIDE 5)** “The purpose of this book is to make Mexico more available to non-Mexican people” Riding said. “It is not inspired by a wish to expose the vulnerable points of the country, but by my belief that the book will be also helpful for Mexico, as its northern neighbor will understand it better”

The great value of the book is its achievement of having describe successfully and with elegance the Mexican people, explaining in detail the reasons of the huge differences of origin and culture between **(SLIDE 6)** “Mexicans incapable of detaching from a past to which they still belong” and foreigners, particularly North Americans, who “insist in wishing things evolve according to their plans, expecting magical and meteoric changes, according to their needs and objectives”. One uncertain and diffident, shy and secluded Mexican and one foreigner with conqueror looks according to the author, mark the big differences between Mexicans and foreigners, the “distant neighbors”.

End of Riding's quotes.

**(SLIDE 7)** Jeffrey Davidow was member of the Diplomacy Service of the United States since 1969; throughout his career of more than 34 years he specialized in Latin America, where he served several diplomatic missions in Chile, Guatemala, Venezuela and Mexico, where he was ambassador from 1998 to 2002. In June 2003 he retired from the diplomatic service, holding the title of Ambassador For Life, the highest rank awarded by the State Department of the United States of America.

After complying with his diplomatic task in Mexico, Davidow decided to reflect his experiences and feelings between Mexicans and Americans in a book he entitled "The Bear and the Porcupine", inspired by the metaphor originated in Náhuatl mythology, that says that the Bear and the Porcupine, both inhabitants of the dangerous forest of Aztlán, had an unexpected encounter that put them in the defensive side, the porcupine's spines bristle and the bear, stops and laughs at the "menacing" enemy.

"Do you think you can kill me with your small arrows"? The bear mockingly asks.

"No, I don't. But do you think you can step on me without feeling pain due to my spines?" Replies the bragging porcupine

I'm not afraid of your small arrows. **(SLIDE 8)** I'll allow you to stay by me and to serve me. You will bring me seeds and berries. I, in turn, will protect you from the jaguar and the fox"

The porcupine, keeping his spines bristled replies: "No, I do not want to live with you. You are inconsiderate and your presence in the forest is a danger for my children. I only serve to my God Huitzilopochtli, who shall defeat other gods and will protect my people".

This is the parable used by Davidow, at the beginning of his book, trying to explain the complex relationship between Mexico and United States, which he lived, as Ambassador for more than 6 years. "The porcupine fails to consider himself as a very unpleasant gnawing animal, while the bear does not consider himself as an animal moving with extreme force", indicates the author; **(SLIDE 9)** "in the minds of both animals, they are eagles, the national symbols of these two countries and this wrong perception is common in many issues causing lack of understanding between both nations".

**(SLIDE 10)** "No other nation in the world has such a heavy impact on the daily lives of average American citizens as Mexico does", says the author, "what we produce in our factories and our farms, the prices of so many products, the wages we pay and that we earn, the language we teach, the crime we suffer, the geographical diversity of our country and, in many locations, the air we breath and the water we drink, are all influenced by events in Mexico". "On the other hand, and maybe the most obvious, no other nation affects Mexico more than the northern giant".

Davidow continues: “Currently, we cannot assure where does the relationship is heading to”. *(SLIDE 11)* It is a journey with no clear destination and without reliable maps. We will have to build the road as we travel, and we will have to do it together. It won’t be easy, there are tremendous obstacles for a greater cooperation.”

“Maybe the biggest obstacle is ignorance. People in both countries know very little about the neighbor and do not understand each other, giving rise to poisonous resentment and growing prejudices. It is true that many Mexicans and Americans have a clear vision of the other side of the border, but in general, for nations so significant for each other, there is an alarming lack of understanding”

*(SLIDE 12)* “We are different animals, as the bear and the porcupine are. The size and weight of the United States of America seem to be a menace over Mexico, and even in a benign position, America’s weight can be overwhelming. We heavily cross the forest, ignoring that our passing through can inadvertently step on other creatures. And when in worst positions – when the lack of vision or generosity drives us to be less willing to face the complex reality of the relationship –yes, we can be a tough neighbor”

*(SLIDE 13)* “But frequently, Mexico is not the most attractive neighbor. Its hypersensitiveness towards the bear of the north makes its spines bristle, ready for action, which complicates even the simplest cooperation. And poverty and weak institutions generate or aggravate problems, which become ours, and we must struggle with them (immigration and drugs, just to mention a few).”

*(SLIDE 14)* “In the same way that the United States suffers from ignorance and frequently shows off its power, Mexico is equally ignorant, has only partial or distortional knowledge of the United States. And suffers from a delayed national psychological development, that frequently instills a childish resentment and self-defensive stance”

*(SLIDE 15)* “Now we have the opportunity to create something qualitatively different in North America. We should be moving beyond those mere trade figures, notwithstanding the significance of such figures, in order to start the development of higher integration levels, to include new institutions, new perceptions and to create new realities in order to serve our respective national interests. Therefore, both countries must grow up, one by accepting the hardheartedness of the bear, and the other accepting the defensive stance of the porcupine”.

End of Davidow’s quotes.

It is important to stand out that in both cases, Riding and Davidow ask for the prudence of Mexican and foreign readers while interpreting their assertions. Both declare themselves fully responsible for their writings and both, likewise, express their deep love for Mexico and for Mexicans alike, and they both are convinced that the purpose of their honest words, far from offending or hurting, is to express their interest in supporting the improvement of the relationship of both nations.

The purpose of the work I present here is not to deeply analyze the differences between foreigners and Mexicans. Personally, I'm truly convinced that our asymmetries are surmountable. For this, however, it is necessary, first, to acknowledge that such differences exist and then, with a mature attitude, look for the best communication and identification with each other. I am sure of many success stories regarding bilateral relations, with profitable results for both parties.

I cannot talk about present appraisal challenges and opportunities in Mexico, without talking about the need of greater understanding between us. My vision regarding our relationship, at our professional activity level, i.e., appraisal, is not as dramatic as that expressed by Riding and Davidow, although I do admit the presence of important barriers and limitations, which we must understand first in order to overcome these obstacles.

Thus, my purpose is to provide you with a general summary of the valuation activity currently in Mexico, its strengths and weaknesses, still present, and above all, to explain the real opportunities that I find for a greater bi-national integration in our field.

## **2.- Macroeconomic Outline**

*(SLIDE 16)* Presently Mexico enjoys macroeconomic conditions that can predict important stability and growth periods. A single glance to the history of Mexico's indicators confirms the above. The enforcement of restrictive policies for public expenditure and a good discipline in finance have allowed us to pass in the last 20 years from excessive expenditure and two and three-digit inflation to an orderly situation in all sectors and interest and inflationary rates not seen before in the country.

*(SLIDE 17)* Thus, the economic activity in Mexico keeps on growing, employment reactivation has maintained permanent growth in recent years and consequently, unemployment rate has decreased. Additionally, the existence of a more stable macroeconomic environment has allowed the government to extend the term of internal debt instruments, which has benefited all types of credit operations *(SLIDE 18)*. The single availability of finance instrument at terms of more than ten years, with fixed rate and national currency is an unequivocal sample of changes in Mexico's economic stability.

*(SLIDE 19)* Specific mention deserves foreign investment in Mexico, because this investment represents also the stability measure of the country, as it is an expression of Mexico's reliability. The average direct foreign investment in Mexico, during the 2001 – 2006 period was of 20 billion Dollars per year; this figure is above Brazil and Argentina. However, these figures are to be taken cautiously, because although optimistic, Mexico has still low-investment levels, as only 1% of the global private capital for these purposes is invested in Mexico.

*(SLIDE 20)* Foreign investment funds, such as Kimco, Black Greek Group, GE and La Salle Investment Management, to name a few, have expressed their intentions to participate in Mexico with investments near to 3.2 billion dollars in the next five years. Investment



funds indicate stable economy, with little fluctuation exchange rates, and in general, with the newly elected government, continuous growth and stability can easily be guaranteed.

**(SLIDE 21 )** To the benefit that fresh money coming into the country for direct foreign investment, we must add the significant amount of foreign currency sent by Mexicans or Mexican descendants working in the United States and Canada, that in the year 2006 closed with a figure higher than 20 billion dollars, being this item, the second most important source of foreign currency in our country.

**(SLIDE 22 )** An important financing plan in Mexico is the FIBRAS Fund, the Mexican version of REITS or Real Estate Investment Funds; this plan looks for, through the stock market transactions of real estate assets and placement in capital markets, the generation of elements for the growth and diversification of the real estate sector. Regulations are not clear yet for the valuation of the mentioned real estate assets, but, no doubt, the instrumentation represents a very attractive market segment for Mexico's valuation activities.

Thus, Mexico constitutes today a country that based on discipline has achieved attractive levels for both internal and external investment.

I do not intend to come here and talk to you only about the positive aspects of my country, that undoubtedly, still features deficiencies and improvement needs, among others, the urgent need of higher growth of Gross National Product which, at least, shall duplicate current levels of 3% annual and lowering of poverty and inequality that in spite of the greater dynamism recently reported, still shows significant disparities, causing the great evil now affecting Mexico: lack of security. **(SLIDE 23 )**

Today, only 8% of the population receives an income higher than US \$100,000 annually, while 33% earns an average annual income of US \$38,000 and a huge 59% an average annual income of US \$4,000, but exactly the same need to increase well-being levels, to pass from macroeconomic improvement to microeconomic improvement, taking advantage of the huge resources of Mexico, together with the foreseeable political stability, makes Mexico today, a good place for the development and growth of investments.

**(SLIDE 24).** A very favorable demographic profile, with a population averaging 27 years, a third younger than 14, a work force of 34.5 millions and 75 years life expectancy, considered high for a developing country, produce, in one hand, positive response conditions, regarding human resources, although the same, generate unpostponable demands of goods and services.

**(SLIDE 25)** That is why the Economist Intelligence Unit business environment rankings score Mexico strongly on a number of measures including the political and institutional environment, macroeconomic stability, market opportunities, private enterprise and foreign investment policies, the foreign trade and exchange regime, tax system, financing, labor market, and infrastructure. Undoubtedly, in addition to the returns expected by investors,

the above-mentioned elements generate confidence, and therefore have placed Mexico in an important position, achieving qualifications near to those of Italy, Japan and Chile.

So, Mexico is an emerging country with good investment conditions and particularly, in the valuation market, Mexico is a place that will witness an increasingly growing demand of works. **(SLIDE 26 )**. These are good times for the powerful and heavy bear and for the bragging porcupine to adopt positive attitudes and to look for greater and more productive joint ventures.

### **3.- Real Property Valuation:**

**(SLIDE 27 )**Real Property valuation in Mexico has experienced significant positive changes in recent years. These changes have translated, generally, in greater quality of works, above all, as a consequence of regulations established by all sectors, among others, the Expert Valuation Professional Certificate issued by the Public Education Department, which guarantees that appraisers now comply with certain number of training courses and exams. In my opinion, holding such certificate is not a panacea, as it does not constitute a model program for the whole nation, there is no uniformity, and there are some “too flexible” schools; However, some institutions, as the Federation of Valuation Colleges and Institutes (Fecisval) together with some universities and professionals colleges, as the *Colegio de Ingenieros Civiles de México*, have implemented reasonably good programs.

#### **3.1.- Guaranteed Credit:**

**(SLIDE 28 )** Today, real estate valuation for credit purposes is fully dominated by housing with mortgage loans, that entails a perspective of hard work at short and medium terms, based on the macroeconomic stability forecasted for the coming years and programs implemented by the government., These conditions allow us to foresee vigorous real estate activity in this sector, with programs bound to decrease housing shortage in the country, resulting in the need to build approximately 800,000 houses per year in the next six-year term.

**(SLIDE 29 )** The intention to avoid improper valuation practices for this type of houses, has derived however in misleading concepts, and it seems that if a complex format is **laborious** and difficult to fill-out, it will produce better results. In my opinion, the filling of formats in compliance with SHF is quite laborious and the complexity does not justify the ends. For example, the Fannie Mae format is more friendly and accessible and produces the same practical results.

#### **3.2.- Credits for Other Types of Properties:**

National credit for other types of properties, such as industrial, commercial, tourist, etc., has not been encouraged with the same force due to the lack of funding programs that could generate money availability at affordable rates. This has been a matter of complain for the country’s productive sectors, the lack of such programs thwarts development and growth **(SLIDE 30 )** In general terms, valuation of real estate properties for credit uses complies with guidelines under Document 1462, issued by the Mexican Association of Banks in the year 2000, the contents of this documents include a strong influence of the USPAP

standards, which, it is fair to mention, the American Society of Appraisers brought to Mexico and has continually update it.

### **3.3.- Real Property Valuation with Other Purposes and Uses:**

The format of Document 1462 and the included regulations, turn into a kind of universal format that with some minor changes – depending on the final use of the valuation – constitutes the basis for several purposes and uses, like purchase-sale operations, insurance, taxes, etc.

### **4.- Valuation of Machinery and Equipment:**

*(SLIDE 31)* The origin of work orders for machinery and equipment can easily be located in financial institutions with 25%, other 25% by governmental sector and 50% by the private sector. The standardization and development are also strongly influenced by USPAP standards and, in the banking sector, by Document 1462, under the section of this specialty.

As hereinafter referred to, assets value updating in financial statements, equipment and machinery valuation lost grounds when the compulsory rule for public companies was cancelled.

*(SLIDE 31.A)* In this area we can see an increasingly globalizing trend, thanks to the facility to access market databases through the Internet, resulting in greater competition at all levels.

In meeting the demands of clients, the strongest trend in this sector is toward the integration of services, such as valuation of stock, controls and procedural system of assets, as a whole now known as “Asset Management”. Today, globalization demands appraisers to resort to the databases of international auctioneers.

### **5.- Business Valuation**

*(SLIDE 32)* Mexico has little standardization in this important branch of valuation. Being this a relatively young discipline with a significant specialization degree, its professional practice at a large scale is carried out by international big companies like Price Waterhouse Coopers, Deloitte, KPMG, Mancera, etc.

*(SLIDE 32.A)* Presently, the academic formation for business valuation is attained at universities, within the curriculum of professional careers related to the financial sector, such as Industrial Engineer, Business Administration, Accounting, etc. but, above all, in Finance graduate studies, that specifically include subjects on Corporate Finance and Business Valuation.

Through our chapter, in Mexico we have offered twice the BV-201 course, and based on this we have tried to start the series of the four ASA courses. Unfortunately, these courses

failed to attract the interest of those with finance professional studies backgrounds, and other interested persons, not meeting the profile, resulted in non-satisfactory results.

Business valuation standards in Mexico are as varied and informal as little are the requirements to enforce good practices. Truly, we can say that today in Mexico there is a significant number of “business appraisers”, from improvised engineers and accountants to specialized areas of big international companies as above mentioned or investment funds, who carry out good technology and well detailed-works.

**(SLIDE 33)** One recurrent reason to value business in Mexico and that has increased recently is that of Merger-Acquisition transactions. According to data gathered by Pricewaterhouse Coopers in collaboration with Mergermarkets, in 2006, 110 such transactions were reported in Mexico, this figure represents approximately 80% of the total operations, as many others are not publicly disclosed, therefore the total amount of transactions is in the range of 15 - 20 billion U.S. Dollars.

The above figures reflect a composition of 60% of acquisitions by foreign companies and 40% Mexican purchases, including acquisitions abroad. The 14,415 recorded operations indicate an important increase over those recorded in the year 2005, that amounted to 9,346 and that undoubtedly are a proof of the increase in Mexico’s reliability to invest.

#### **6.- Valuation for Financial Purposes:**

**(SLIDE 34)** The valuation community in Mexico devoted to re-express financial statements for companies, since 1976 lived intense professional activity, derived from high inflationary levels, accounting regulations, through Bulletin B7, that established the need for companies to update the value of assets, either through the National Index of Consumer Prices (equivalent to the CPI of the USA) or through the issuance of periodical valuations, being mandatory for public companies, the updating through valuation. And then, Document 1106 and later, Document 1118 of the Securities and Exchange Commission were issued and included regulations to value assets at the level of Replacement Net Values, under the “Specific Costs” method.

Unfortunately, deficient valuation practices and complicities between some valuation companies and auditors’ firms derived in the derogation of the compulsory need to carry out valuation to re-express financial statements in 1997, through Bulletin B10 under the 5<sup>th</sup> amendment, issued by the Association of Public Accountants, requesting only updating through inflation indexes.

Since then, the value updating practice only through these indexes has been carried out by the majority of companies, complying with mandatory standards to which they are subjected, however, this has not solved the uncertainty problem for values re-expressed in financial statements, due to discrepancy in increase percentages provided by said indicators against the actual increase or deterioration of the asset’s costs either for excessive, little or ill-usage, insufficient maintenance or technological innovations.

**(SLIDE 34.A C-15)** Derived from the above, and reinforced by the Enron problem, in the year 2005 the same Association of Public Accountants issued Bulletin C-15 “Deterioration of value of long-term assets and disposition”, that establishes the methodology to modify net value of assets, providing criteria that allow identification of situations that may present evidence of possible deterioration in the value of long-term tangible and intangible assets.

The practice of dispositions under Bulletin C-15 is accurately carried out by many important auditors’ firms, mainly for big companies or Stock Exchange listed companies; But, as it is not an expressed obligation to be carried out by registered or certified appraiser, and due to the lack of methodology and duly defined formats, the general practice for other companies is internally executed and with little regulations.

In summary, today very little is the contribution of we appraisers in the re-expression of financial statements and the future is not certain regarding this matter. Previous bad practices and the generalized “domestic” application of standards in small and medium companies feature a vague perspective, which, in my opinion, we the appraisers may surmount only through the improvement of quality in our work, both, from the technical and ethical positions.

#### **7.- Government Valuation :**

**(SLIDE 35 )** The Institute of Administration and Valuation of National Assets – INDAABIN – is the agency in charge of valuations for the federal public sector. Recently, the transformation of valuation practice in this sector has been also significant, in the standardization as well as the same practice and methods to develop such works.

The General Law of National Assets of 2004 expressly appoints the Public Function Secretariat, Head of the INDAABIN Sector at government level, as the responsible agency for the issuance of standards, procedures, criteria and methodologies of technical nature according to which all property appraisals and reports for lease estimates shall be executed.

Nowadays, the INDAABIN methodology is supported on the Normative Control Octagon, that establishes as starting point Methodologies based on intended uses of valuation for acquisition, alienation, compensation, re-expression of financial statements, leasing, concession, insurance and judicial proceedings, from which the Technical Criteria derived and from these, the Technical Procedures, covering the specialties of Real Estate, Personal Property, Machinery and Equipment, Works of Art, Agricultural Properties and Businesses.

It is worth mentioning that INDAABIN not only is in charge of preparing and supervising government valuation, the agency is also in charge of important functions in the administration of the nation’s property wealth.

**(SLIDE 36)** There are three outstanding aspects among Indaabin’s recent advances:

Based on Indaabin’s initiative, Mexico’s courts are now accepting for judicial resolutions the Market Value definition established under the International Valuation Standards,

leaving behind those times of great uncertainty and confusions derived from countless value definitions that produced “tailored works”, that is to say, using the definition of value that best suited one of the parties involved.

Additionally, the General Law of Public Property under article 147 grants Indaabin the power to define criteria for different uses, applying with due justification, values above or below the Market Value which currently allows – specially in cases of indemnity or transfer – to solve difficult problems involving expropriation or sale of infringed lots or with improper settlements, by applying the rule of “Regularization Value” or “Ordered Realization Value”, that is equivalent to “Liquidation Value”.

Finally, together with the increasingly strong order now present in Mexico calling for the elimination of fee payment based on the value of properties (Contingent Fee), Indaabin is adopting a fee associating the fee payment directly to the physical characteristics of properties, such as the land’s surface or built surface and even man-hours work.

## **8.- The Second Home Market:**

**(SLIDE 37)** A very interesting market in Mexico in recent years is that represented by houses acquired by foreigners, particularly north Americans and Canadians; “the second home” in tourist sites, that are acquired for resting purposes, by retired people, the so-called “Baby Boomers” generation.

**(SLIDE 38)** An interesting document published in 2002 by the American Epidemiology Society, in the Journal of Epidemiology, titled “Population Ageing in the USA; Implication for Public Programmes”, establishes that like the rest of the world, the USA is an ageing society. Between 2000 and 2050 the number of older people is projected to increase 135%. Over this time period, the proportion of the population that is over the age of 65 will increase from 12.7% in year 2000 to 20.3% in year 2050. If we translate these figures in retired population, we can say that today, 14% of the total population are retired Americans, this is 40 million citizens and in the next 30 years 100 million U.S. citizens will be reaching unproductive ages.

**(SLIDE 39)** If we link the above mentioned figures to the natural beauties of Mexico, considering more affordable costs and prices and, of course, to other factors regarding juridical and personal safety, to encourage the acquisition of a second house or retirement houses, the real estate market in this sector poses a formidable perspective. Considering only the border states of California, Arizona, New Mexico, Texas and Florida, to name only a few potentially influence areas, that together absorb 28% of the U.S.A. population, represent a very attractive market for real estate brokers, for developers and of course, for appraisers.

We can summarize this by saying that currently, the real estate sector lives favorable times to invest in an emerging market in open growth, with political and macroeconomic stability and great needs that must be met. **(SLIDE 40)** In other words, these are good times for the valuation activity. Favorable times for the bear and the porcupine to work together.



## **9.- International Valuations and Designations**

Special mention deserves this matter, which, I'm sure, will be of interest to the audience.

I call "international valuation" to that carried out by national or foreign appraisers, but contracted by an international financial company or institution and that frequently looks for market value for acquisition or credit purposes.

If we consider that of the 20 billion dollars of direct investment in Mexico 20% is destined to the real estate sector and considering, additionally, the figure of 15 to 20 billion Dollars in transactions corresponding to mergers and acquisitions of companies, we can clearly find out that there is a very interesting market of international valuation in Mexico in all disciplines.

The majority of international valuation works are executed by foreign appraisers, or luckily, by international companies seated in Mexico, which leaves behind the Mexican appraiser. However, no doubt, there are success cases when Mexican appraisers are contracted for this type of works, but such cases are few. The reason for this lies, first, on the Mexican appraisers lack of sufficient knowledge regarding standards, and second, lack of confidence by investing companies and foreign banks. Thus, it's been hard for many of us with sufficient knowledge and experience to be taken in consideration. Personally, I consider myself lucky for being part of this market, although by far not yet with the leverage I would like to.

**(SLIDE 41)** My personal experience in the real estate valuation area, the most familiar one for me, is that our ASA degree, with all the long hours of study that it entails, has not been fully accepted as we expected when we began to train and study many years ago. Particularly by USA or Canada clients that look for the MAI designation by the Appraisal Institute for income producing properties. I think this derives mainly due to the combination of two factors: first, the certification of professional studies to attain such designation and secondly, the very good promotion this MAI designation receives by the same AI which has favored it significantly. The above does not apply to M&E and BV. These two ASA designations are most respected in Mexico.

For American and Canadian clients USPAP is really important; it is necessary to understand it, apply it and to be duly updated. It is practically impossible to be a provider of international valuation services if you do not know these standards.

## **10.- The Three Big Barriers**

Three additional obstacles, which I call them "The Three Big Barriers": The Market Information Barrier, The Language Barrier and The Property Title Barrier.

**(SLIDE 42)** Under requests of international valuations frequently we find market information requests that sometimes represent challenges impossible to meet, because in Mexico there is no easy access to public information, as examples indicated in the slide, which is common in some European or North-American countries. There are some data

requests, such as the one depicted in this slide that, except for really exceptional cases, are absolutely impossible to meet.

The lack of reliable market data in Mexico is one of the great obstacles and in many cases has been the cause of significant controversy. I personally have had access to reports submitted by important international companies, signed by renowned appraisers indicating unsupported data under the sales heading, or reports with significant unreliable information. Except in extraordinary cases, when there is no reliable public information, not even through the property title – which sometimes include fake acquisition prices – one depend on the owner’s word, on a real state broker or on other appraiser.

Personally, I am honest with the client since the very beginning, explaining in my proposal the following: **(SLIDE 43)** *“it is very important to emphasize that frequently information on real estate operations actual prices in Mexico is not available, however, we will make our best efforts to obtain the closing price, so we could be working with offer prices, applying the corresponding commercialization factor, that adjusts the offer to the actual sale price”*.

Most times there is no problem with clients, but sometimes the contract is not awarded, and maybe the lack of such information is the reason. However, I strongly believe that it is important to clarify things first in order to avoid further complications.

In addition, language sometimes does not receive the proper significance it has. I know that technical aspects are fundamental factors for a good performance; however, both, the client and the service provider shall be ready to overcome communication barriers. **(SLIDE 44)** A client interested in his/her property will surely wants clarification or further details on the report submitted by the appraiser, maybe directly or through conference calls, and the lack of proper communication leaves the client frustrated, as herein demonstrated, of course, I’m exaggerating, when Mr. Bear calls Mr. Porcupine to request details on several issues of the report and when Mr. Bear talks about the sales comparison approach Mr. Porcupine provides details on capitalization rates, and thus, lack of communication causes the end of negotiations.

**(SLIDE 45)** Appraisers of properties in Mexico must be very careful regarding the legal title of the subject property and must inform the client of the prevailing risks, particularly in some zones of the country where there are several irregularities and “multiple owners” that may appear months and even years after with a “genuine” deed, producing painful headaches or worse still, millionaire losses, as the one illustrated herein, which resulted in an infamous “fraud to Gringos” in the Ensenada area.

## **11.- Final Words**

### **Dear audience**

During this presentation I have tried to give you an updated general outline on valuation in my country, in the different specialty fields, as you can see Mexico is still an area full of opportunities within a favorable environment for investment and development. Sound macroeconomic figures and stability, together with the great need to grow constitute,



undoubtedly, the driving elements to conceive our nation, today, as a good source to develop a profitable professional work.

Mexico's valuation practice, in all specialties, offers to nationals and foreigners a promising panorama. We are the ones that are responsible for giving value to things, and thus we are an indispensable element in the chain that leads to purchase-sale, insurance or credit grants in the country's important real estate sector.

**(SLIDE 46)** "Mexico, a land of contrasts", says the adage, and it is true, while we have innumerable natural resources and great beauty, and we own enormous wealth in rivers, forests, coastlines and energy reserves, we are still suffering enormous shortages.

There are some advances, no doubt, but ... how many times we have wondered why we have not been able to revert our great disparities? And maybe the most brutal answer lies in one of those anonymous e-mail messages I once received that really shocked me ....

**(SLIDE 47)** The difference between developed and developing countries is not antiquity. Egypt, a millenarian culture with poverty levels; Australia, a young nation and great development levels, this is an unequivocal proof.

**(SLIDE 48)** The difference between rich and poor countries is not the availability of natural resources; Japan, for example, with its "floating factory" imports raw materials from around the globe, processing them and exporting, is one of the economic powers of the world; Switzerland, without oceans, has one of the greatest fleets of the world; No cacao, but the best chocolate. Other unequivocal proof.

**(SLIDE 49)** Race is not what makes us different, as demonstrated by the productive force that Latin or African peoples represent to countries in Central Europe, the Nordic nations or the United States. Neither intelligence, we have seen students from poor countries immigrating to rich countries and attaining excellent results in education.

No, none of these factors are the difference between developed and developing countries; the difference lies in "attitude" **(SLIDE 50)** and all what this word implies

I believe that the same idea of attitude is the one that must strengthen a better understanding between us and I dare to assert that there lies the true challenge to take full advantage of the huge opportunities that I have already mentioned. In my professional activity and particularly in the practice of international valuation I have lived the remoteness of our vicinity expressed by Riding when dealing with arrogant heavy bears with annoying conqueror stances, and at the same time I have witnessed the childish resentful and boasting response by braggart porcupines who feel insulted, as Davidow says.

Neither one of these stances are appropriate.

The bear should understand that in the land of the porcupine quite often is not possible to do things exactly as he expects, the bear must understand that a valuation methodology is

not better only because it is different, and that trust frequently derives in good results, without this representing lower quality rates or decrease of efficiency.

On the other hand, the porcupine should let go of his fears and fully incorporate into the global competition and must understand that in order to have access to important works demanded by the bear, he, the porcupine, must know how to do it, and not only from the technical point of view, but from the bear's methodology, needs, descriptive levels and language. The appraiser porcupine must honestly accept the need to improve his skills, in due cases, and overcome the obstacles with facts and not with bristled spines.

Which is the most important one? I believe both are equally significant, one completes the other.

The bear tends to believe that porcupines do not know how to do things right, that their techniques are incomplete and deficient. On the other hand, the porcupine feels displaced because his works are not duly appreciated and when he sees the quality of some works developed by foreigners he knows he can parallel the scope and quality, and even exceed such works.

Then the eagles of our national symbols appear ... the bear ignores and distrusts, and in most cases sends his own people to do the job; some porcupines follow the behaviour mentioned by Davidow, they bristle and resentment grows, some others adopt the shy and secluded attitude expressed by Riding.

A falling tree is more clamorous than a growing forest, and maybe, the trees that we appraiser porcupines have tore down have produce more noise than the forest we have tend, that we have watered and grow, with professional improvements, but the noise makes the bear more mistrusting.

I believe that alliances are a good alternative to unify the efforts of both parties and to meet the needs, if there is enough understanding of the current conditions. In my personal experience, my alliances with American companies have been generally successful and productive.

We cannot think of, or ask the bear to become a porcupine, or the porcupine to transform into a bear. No, of course, as Jeffrey Davidow said, we are different beings, and in trying to change this reality will only hinder and complicate the relationship. First of all, we must understand each other as different beings, with different origin, customs, cultures, beliefs and language, but at the same time, we must understand each other as beings that can be complemented and supported. And I'm not using the word "support" in the romantic sense, I mean support that strengthen work and derives in profitable yields.

Maybe many of you, Mexicans and non-Mexicans will say that this is not applicable to you, that you have overcome obstacles and, in your own particular field I am sure you have. You are completely right. But we here are a huge minority with respect to the enormous potential that our trades represent. In my opinion and using again the words of Riding and

Davidow the majority of foreign appraisers - especially American appraisers - and the Mexican appraiser, are still distant neighbors, and the lack of identification and understanding is still significant.

**(SLIDE 51)** I see a new generation of bi-national appraisers with positive and pro-positive attitudes, a new generation acknowledging the differences, where abiding by ethics, responsibility and love to work is a constant. I wish this comes a reality. To achieve this, the zeal and eagerness of the trades' new generations and of course of the American Society of Appraisers are needed.

Again, as Davidow says, we have to create something qualitatively different. Personally I think that the method of providing "*American Style*" courses in Mexico could very well be obsolete and drained. I think we should probably evolve, as many universities are doing now. ASA should consider the design of true bi-national programs, including recognition of studies of well renowned associations in Mexico together with the prestigious American associations. I'm sure this would expand work potential opportunities for us all. I think we should start thinking on stopping with the one-way ticket trips procedures we have done so far. I know this idea requires ample debate, nevertheless, I put it forward as a matter to be analyzed.

We, human being are only passengers, and a better understanding will consolidate only through the strengthening of institutions, through joint efforts and the fair and honest performance of the new actors in this field.

Thus, the opportunities are in Mexico, with its natural beauties, its enormous resources, the current macroeconomic stability, the warmth of its people and the great and undeferable need to make Mexico more fair and equitable. The challenge lies, above all, in the attitude that we actors are willing to assume.

Thank you American Society of Appraisers, thanks to my good friends Lee Hackett, Ray Mattison and Dave Snook for giving me the floor today to present my research, for letting me express my ideas and to show some emotions that I hope you understand.

During my professional life I have held positions in several organizations that have allowed me to express with honesty and independence, of all these I would like to point out this great organization, ASA, the Real Property Committee and recently, my incorporation to the International Advisory Council of the Appraisal Foundation. All these associations have provided me with a platform to express myself with openness and freedom, as Adrian says in the novel written by the great American-Belgian writer, Marguerite Yourcenar, **(SLIDE 52)** "I've been seeking freedom more than power...and power only because it favors freedom"

**(SLIDE 52)** Thank you very much

## **ADDENDA**

**(Slides for presentation)**



*The Bear and the Porcupine*

*Distant Neighbors ?*

*Opportunities and Challenges for Valuers in Mexico*

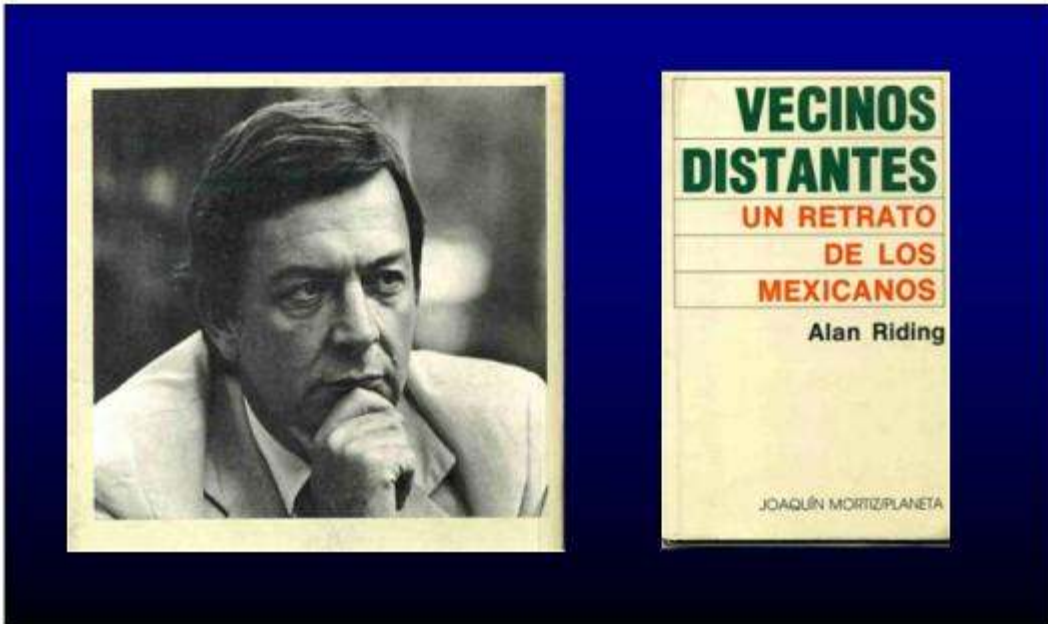
ASA'S 2007 International  
Appraisal Conference

Ing. Alfredo Giorganà, MS, ASA  
July 16, 2007



2.

*Distant Neighbors : Alan Riding, 1985*



3.

*Distant Neighbors : Alan Riding, 1985*

*"It is probable that in no other place around the world, two countries as different as Mexico and the United States can live side by side."*

*"It is probable than in no other place around the world two neighbors understand each other so little".*

*"More than due to development degrees, both nations are separated by language, religion, race, philosophy and history . . . . ."*

4.

*Distant Neighbors : Alan Riding, 1985*



*“United States is a country of merely two hundred years and is already living the XXI century; Mexico, on the other hand, is a millenarian nation and still subject to its past”.*

5.

*Distant Neighbors : Alan Riding, 1985*



*“The purpose of this book is to make Mexico more available to non-Mexican people” . . . . . “It is not inspired by a wish to expose the vulnerable points of the country, but by my belief that the book will be also helpful for Mexico, as its northern neighbor will understand it better. . . . .”*



6.

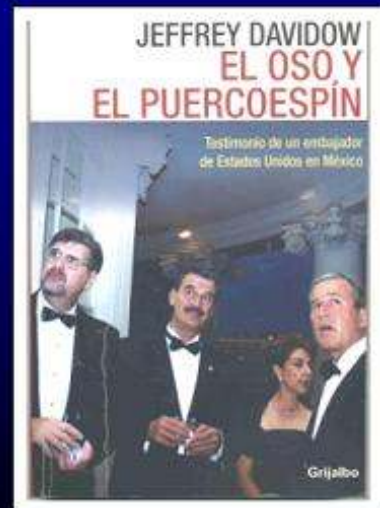
***Distant Neighbors : Alan Riding, 1985***



*“ . . . . .Mexicans incapable of detaching from a past to which they still belong and foreigners, particularly North Americans, who “insist in wishing things evolve according to their plans, expecting magical and meteoric changes, according to their needs and objectives . . . . .  
.. mark the big differences between Mexicans and North Americans, the “distant neighbors”*”

7.

***Jeffrey Davidow : The Bear and the Porcupine, 2004***





8.

*Jeffrey Davidow : The Bear and the Porcupine, 2004*



*"I'll allow you to stay by me and to serve me. You will bring me seeds and berries. I, in turn, will protect you from the jaguar and the fox"*



*"No, I do not want to live with you. You are inconsiderate and your presence in the forest is a danger for my children. I only serve to my God Huitzilopochtli, who shall defeat other gods and will protect my people"*

*Náhuatl mythology*

9.

*Jeffrey Davidow : The Bear and the Porcupine, 2004*



*" . . . . in the minds of both animals, they are eagles, the national symbols of these two countries and this wrong perception is common in many issues causing lack of understanding between both nations" . . . . .*

10.

*Jeffrey Davidow : The Bear and the Porcupine, 2004*



*" . . . . . No other nation in the world has such a heavy impact on the daily lives of average American citizens as Mexico does. . . . "*

*" . . . . . no other nation affects Mexico more than the northern giant . . . . . "*

11.

*Jeffrey Davidow : The Bear and the Porcupine, 2004*



*" . . . . . It is a journey with no clear destination and without reliable maps. We will have to build the road as we travel, and we will have to do it together. It won't be easy, there are tremendous obstacles for a greater cooperation. . . . . "*

*" . . . . . Maybe the biggest obstacle is ignorance. People in both countries know very little about the neighbor and do not understand each other, giving rise to poisonous resentment and growing prejudices. It is true that many Mexicans and Americans have a clear vision of the other side of the border, but in general, for nations so significant for each other, there is an alarming lack of understanding . . . . . "*

12.

*Jeffrey Davidow : The Bear and the Porcupine, 2004*



*"We are different animals, as the bear and the porcupine are. The size and weight of the United States of America seem to be a menace over Mexico, and yes, we can be a tough neighbor"*

13.

*Jeffrey Davidow : The Bear and the Porcupine, 2004*



*" . . . . . But frequently, Mexico is not the most attractive neighbor. Its hypersensitiveness towards the bear of the north makes its spines bristle, ready for action, which complicates even the simplest cooperation. . . . ."*

14.

*Jeffrey Davidow : The Bear and the Porcupine, 2004*



*" . . . . . In the same way that the United States suffers from ignorance and frequently shows off its power, Mexico is equally ignorant, has only partial or distortional knowledge of the United States. . . . "*

15.

*Jeffrey Davidow : The Bear and the Porcupine, 2004*



*" . . . . . Now we have the opportunity to create something qualitatively different in North America. We should be moving beyond those mere trade figures, notwithstanding the significance of such figures, in order to start the development of higher integration levels, to include new institutions, new perceptions and to create new realities in order to serve our respective national interests. Therefore, both countries must grow up, one by accepting the hardheartedness of the bear, and the other accepting the defensive stance of the porcupine . . . . . "*



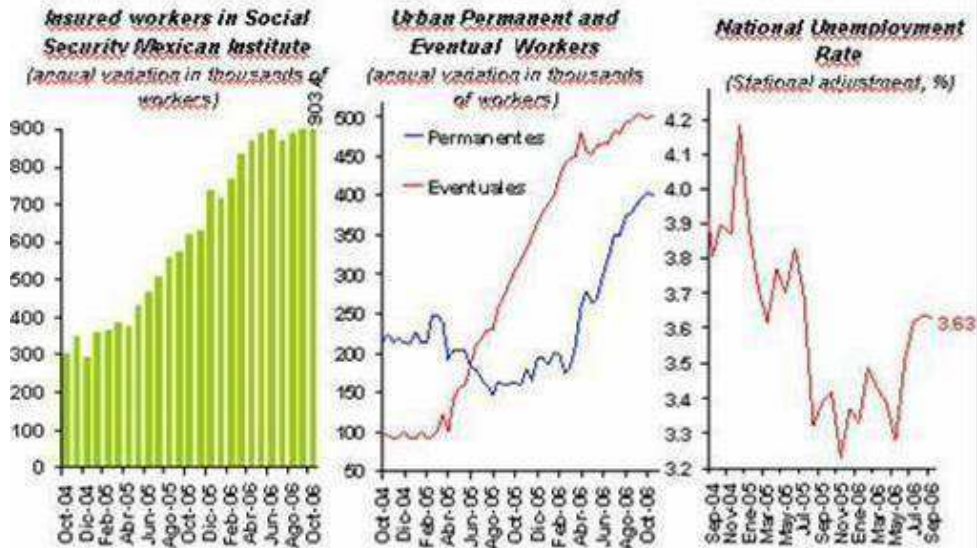
**Mexico: Historic Macroeconomic Indicators**

*Indicators every six year period  
(Average per year %)*

	1983-1988	1989-1994	1995-2000	2001-2006
<b>GDP</b>				
Real Growth	0.3	3.9	3.5	2.3
	<i>(Last year %)</i>			
<b>INFLATION</b>	1988	1994	2000	2006
Real	51.7	7.1	-9.0	3.7
<b>INTEREST RATES</b>				
Nominal	-64.0	14.6	16.2	7.2
Real	-23.4	7.2	6.1	3.5
<b>BALANCE OF PUBLIC SECTOR</b>				
% of GDP	-10.3	-0.1	-1.1	0.0
<b>NET DEBT OF PUBLIC SECTOR</b>				
Total (% of GDP)	66.4	33.5	36.9	32.9
Bank (% of GDP)	19.9	5.4	21.2	19.6
Stock (% of GDP)	46.5	28.1	15.7	13.3

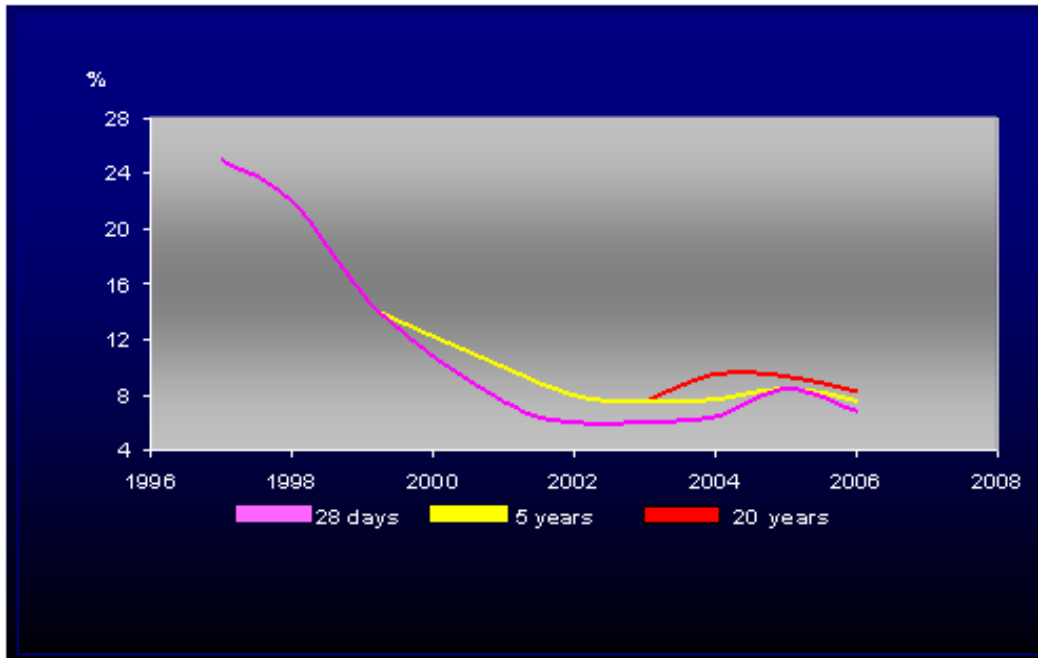
Source: Banco de México; "La economía mexicana, perspectivas y retos; Oct 2006"

**Advances in economic activity have significantly reactivated the employment generation.**



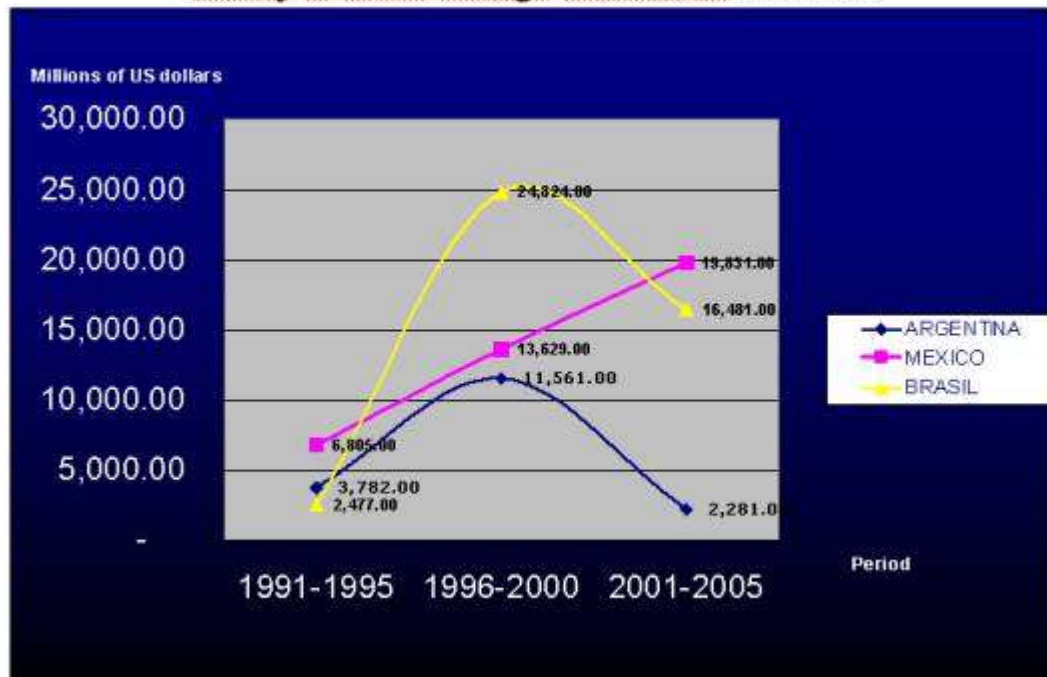
Source: Banco de México; "La economía mexicana, perspectivas y retos; Oct 2006"

**Interest Rate by Term**



Source : Banamex - *Cifras y Perspectiva del Mercado Hipotecario* March 2007

**History of Direct Foreign Investment in México**



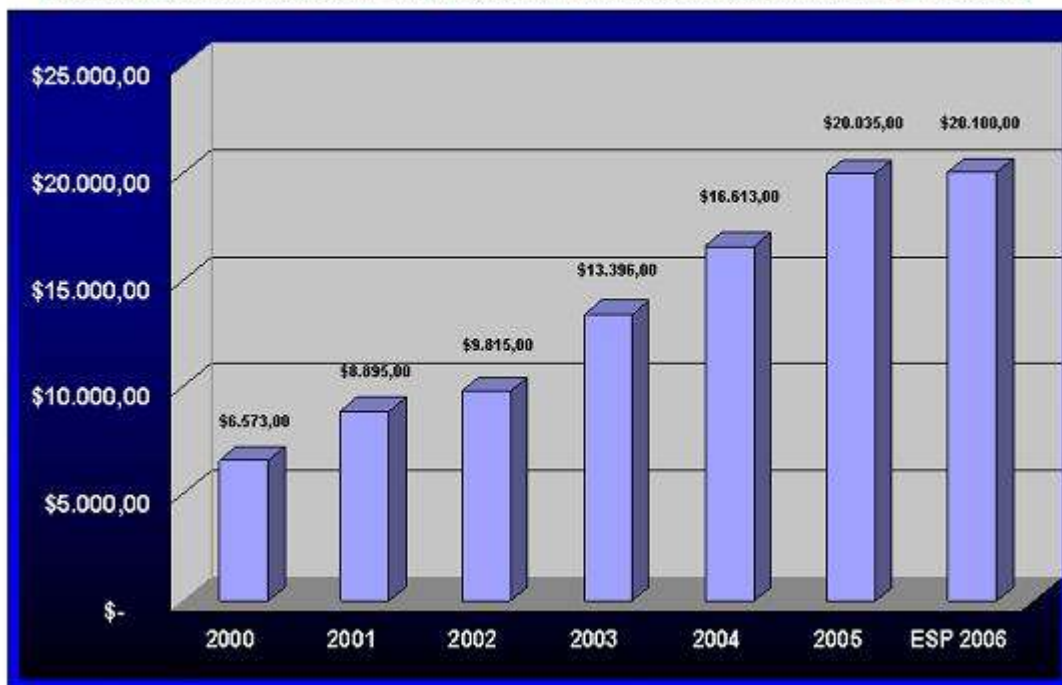
Source : ICSC, *Next 50 years in the development of shopping centers* March 2007

### U.S.A. – MÉXICO joint investments.

FUND	MEXICAN PARTNER	COMERCIAL INVESTMENT EXPECTED
FUND		
KIMCO	PROMODESA /G ACCIÓN /GE/ PLANIGRUPO/FRISA	\$ 500 MILLONES EN LOS PRÓXIMOS 3 A 4 AÑOS
BLACK CREEK GROUP/EQUITY INTERNATIONAL PROPERTIES	MÉXICO RETAIL PROPERTIES	\$ 400 MILLONES EN LOS PRÓXIMOS 4 A 5 AÑOS
GE	GE REAL STATE MÉXICO	\$ 350 MILLONES EN LOS PRÓXIMOS 3 A 5 AÑOS
LA SALLE INVESTMENT MANAGEMENT	LA SALLE MÉXICO	\$ 300 MILLONES EN LOS PRÓXIMOS 2 A 3 AÑOS
GOLDMAN SACHS	GICSA	\$ 300 MILLONES EN LOS PRÓXIMOS 3 A 5 AÑOS
PRUDENTIAL REAL STATE INVESTORS	GRUPO ACOSTA VERDE	\$ 250 MILLONES EN LOS PRÓXIMOS 2 A 3 AÑOS
HINES INTERESTS	HINES MÉXICO	\$ 250 MILLONES EN LOS PRÓXIMOS 3 A 4 AÑOS
O'CONNOR CAPITAL PATHERS	PDC2 (ARA)	\$ 200 MILLONES EN LOS PRÓXIMOS 2 A 3 AÑOS
SIMON (CHELSEA OUTLETS)	SORDO MADALENO	\$ 200 MILLONES EN LOS PRÓXIMOS 3 A 5 AÑOS
WALTON ST. CAPITAL	SORDO MADALENO	\$ 200 MILLONES EN LOS PRÓXIMOS 2 A 3 AÑOS
ING	FRISA /PLANIGRUPO	\$ 210 MILLONES EN LOS PRÓXIMOS 2 A 3 AÑOS

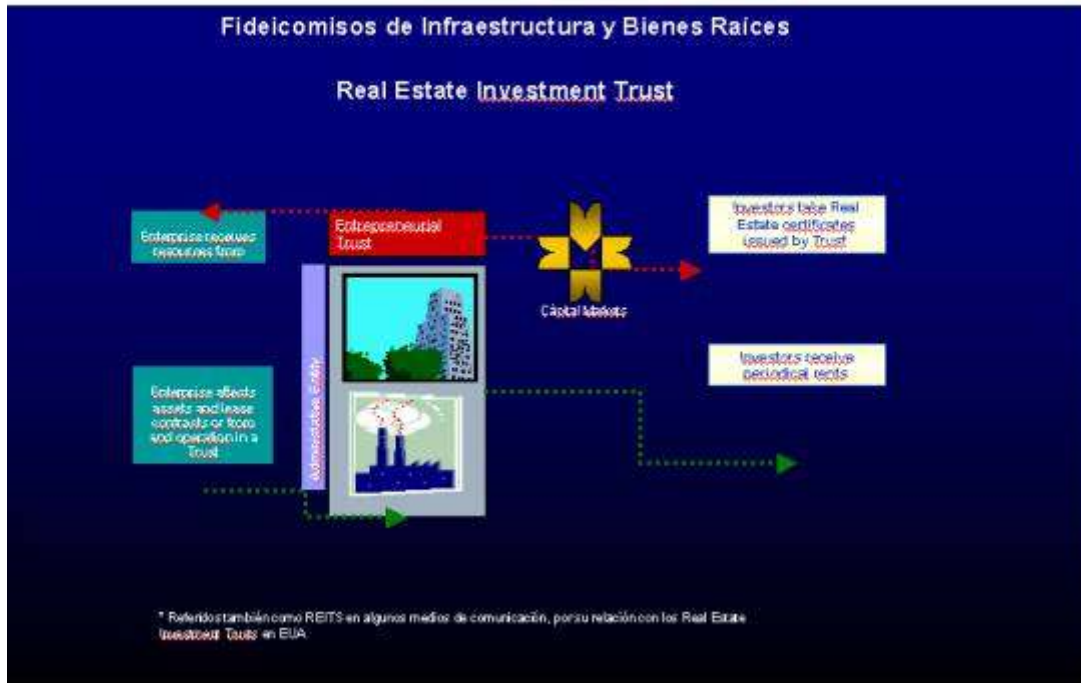
Source : ICSC; "Next 50 years in the development of shopping centers; March 2007

### Foreign currency sent by Mexican immigrants (Millions of Dollars)

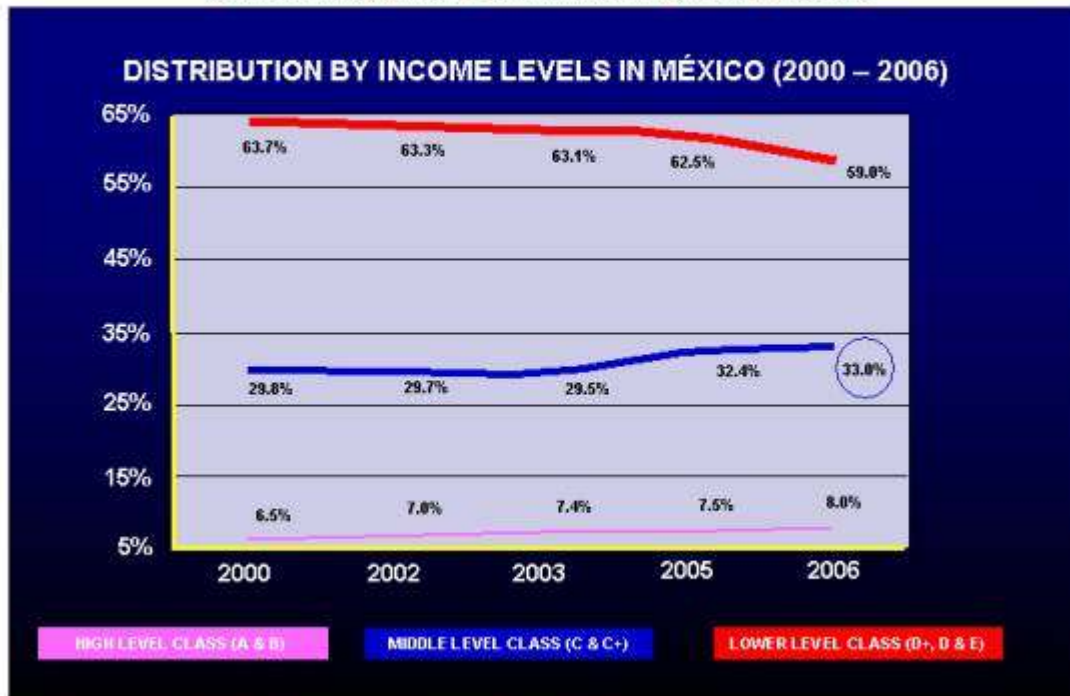


Source : ICSC; "Next 50 years in the development of shopping centers; March 2007

**Fibras (Mexican version of Relts)**



**Investment Funds Perceptions about Mexico**

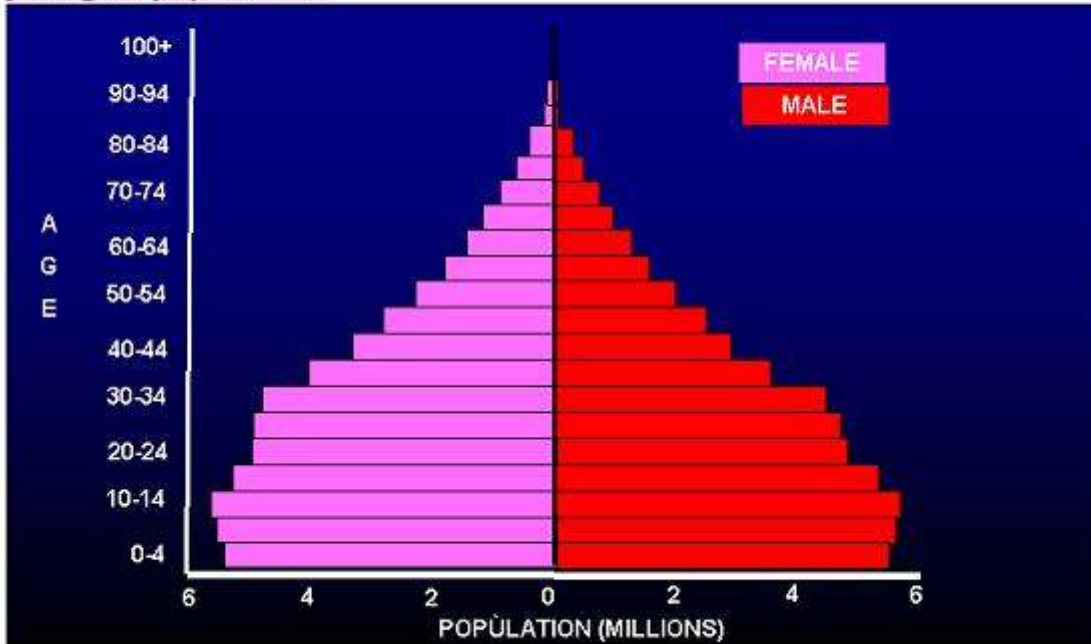


Source : ICSC; "Next 50 years in the development of shopping centers: March 2007."



24.

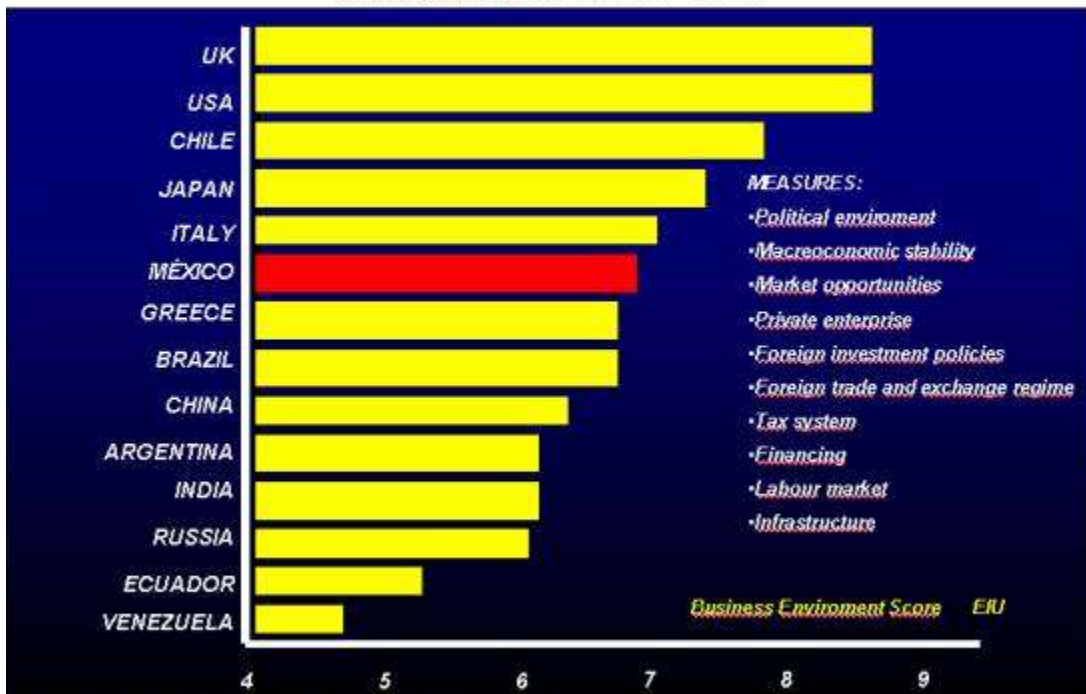
*México has a very favourable demographic profile with one of the world's youngest populations*



Source : Jones Lang La Salle, "Investment Case for Mexico", March 2007

25.

**Openness to FDI. 2006 - 2010**



Source : Jones Lang La Salle, "Investment Case for Mexico", March 2007

26.

### Good times for productive joint ventures ?



*"Are the heavy bear and the bragging porcupine ready to adopt more positive attitudes and look for greater and more productive results" ?*

27.

### Expert Valuation Professional Certificate



Source : IASA "Online" March 2007





- *Mexican Association of Banks in the year 2000*
- *Strong influence of USPAP (ASA has continually update)*
- *Kind of universal format*

### *Machinery and Equipment*



Source : IASA; "Collage", March 2007

## Machinery and Equipment

*Increasingly globalizing trend*

*Facility to access market databases through Internet*

*Greater competition*

*Demands of clients toward "Asset Management"*

*Source : IASA, "Collage", March 2007.*

## Business Valuation



*Source : IASA, "Collage", March 2007*

## Business Valuation

*Relatively young discipline in Mexico*

*Big companies have by far most of the market*

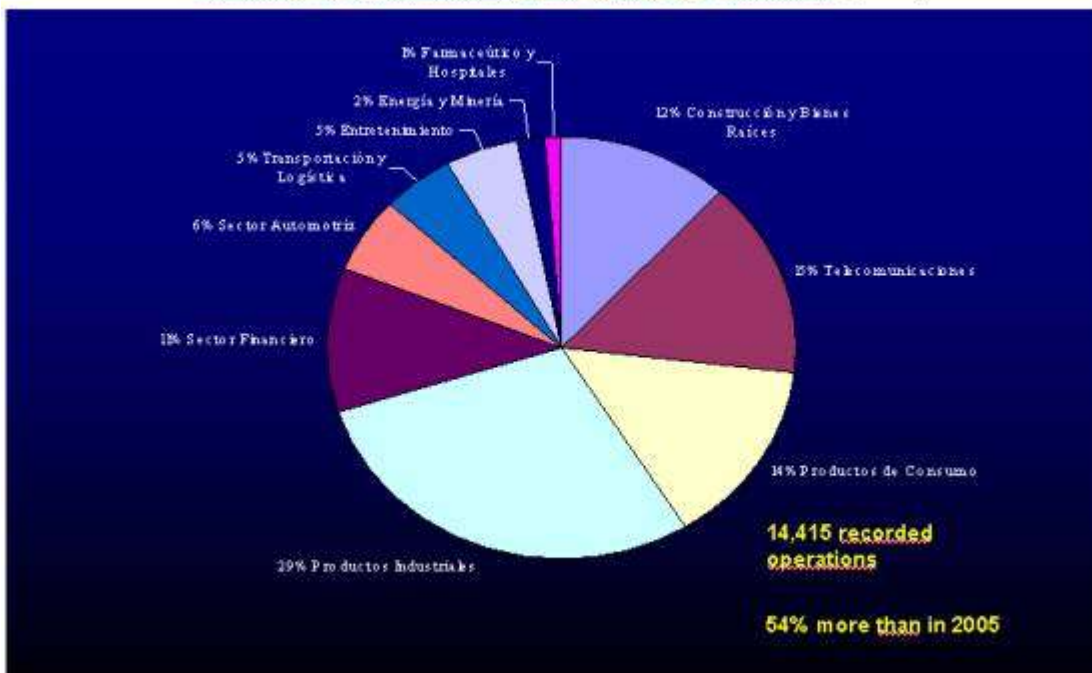
*Academic formation in universities (Graduate Schools in Finance)*

*BV standards are varied and informal*

*Great area of opportunities*

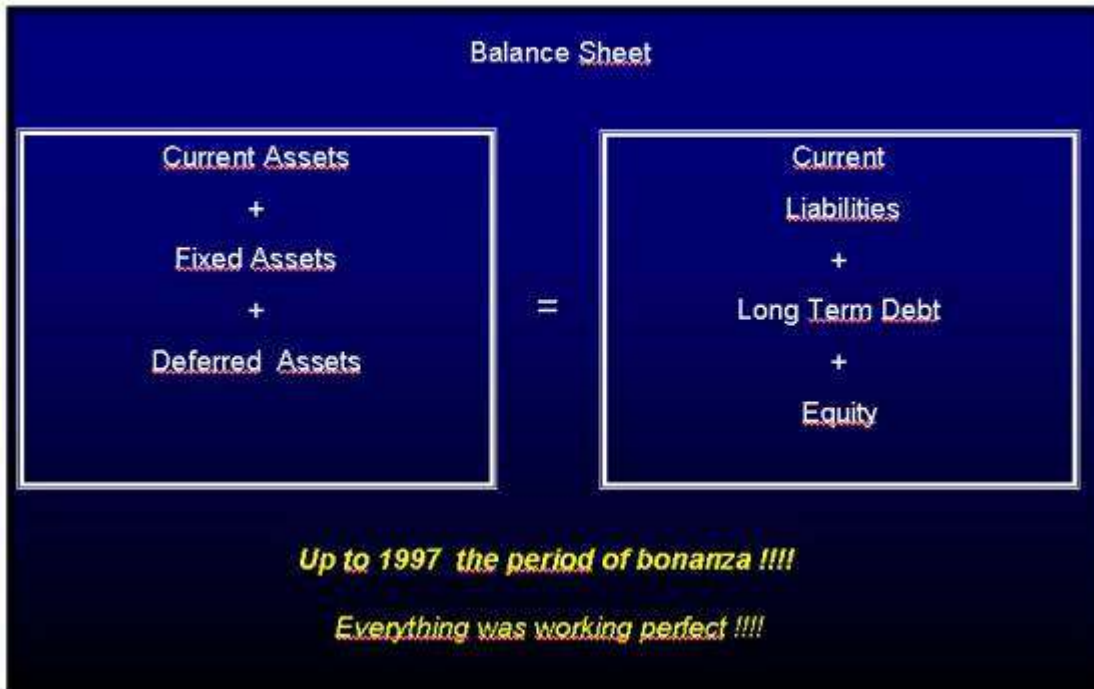
Source : IASA, "Collapse", March 2007

## Number of Acquisition per Type of Industry (2006)



Source : IMEF, "Mergermarket & Análisis de PwC", March 2007

### Valuation for Financial Purposes



### Valuation for Financial Purposes

*Bulletin C-15 "Deterioration of value of long-term assets and disposition"*

*Methodology to modify net value of assets*

*It is not an expressed obligation to be carried out by registered or certified appraiser*



## Government Valuation



PORTAL DE TRANSPARENCIA  
Y ACCESO A LA INFORMACIÓN

IndAAbin

### Normative Control Octagon

*Intended uses :*

- *Acquisition*
- *Alienation*
- *Compensation*
- *Re-expression of financial statements*
- *Leasing*
- *Concession*
- *Insurance and judicial proceedings*

## Government Valuation



PORTAL DE TRANSPARENCIA  
Y ACCESO A LA INFORMACIÓN

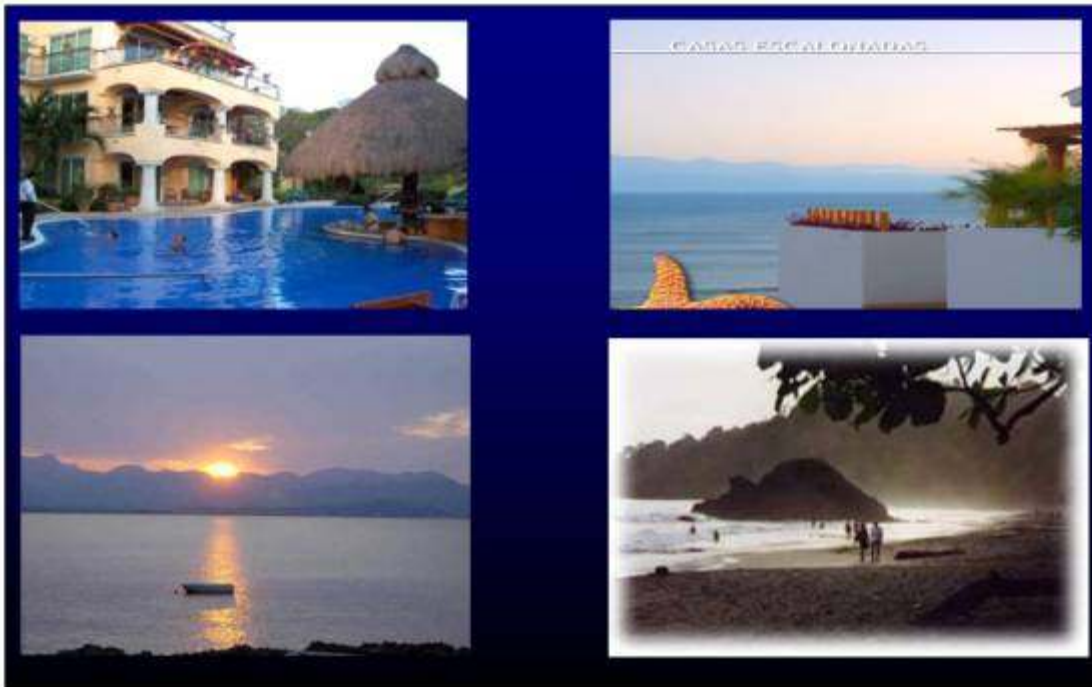
IndAAbin

### Three relevant issues

- *Court accepts IVS definition of Market Value*
- *General Law for National Assets, Article 147*  
*values above or below Market Value*  
*"Regularization Value" or "Orderly Disposition Value"*
- *Elimination of "Contingent Fee"*



### The Second Home Market



Source: IASA; "Collage"; March 2007

### "Population Ageing in the USA; Implication for Public Programmes"

*USA older people will increase 135% between year 2000 and year 2050*

*Population that is over 65 years will increase from 12.7% to 20.3%*

*In the next 30 years 100 M of Americans will be reaching unproductive ages*

### *Natural Beauties of Mexico*



*Source : IASA, "Collage", March 2007.*

### *Equation*

**REAL ESTATE DYNAMICS =  
APPRAISALS**

## International Valuation and Designations

### MAI and ASA designations

*In general, lenders / investors are looking for MAI designation*

*It takes a while to be recognized as an ASA*

*More hours on education are more recognized*

*Good promotion programmes*

### The Market Barrier



"Each appraisal report will include complete comparable sale description, to include as a minimum: a) date of sale; b) buyer and seller; c) property address; d) property legal description; e) transaction recording information, f) sales price; g) sales price per unit of comparison; h) data source; i) property size; j) year built; k) construction type, l) condition; m) size and value of excess land (if any); n) comparable improved sales and rentals is required in all cases. . . . etc.,



*"are you kidding???"*



### The Market Barrier



"are you kidding???"



"it is very important to emphasize that frequently information on real estate operations actual prices in Mexico is not available, however, we will make our best efforts to obtain the closing price, so we could be working with offer prices, applying the corresponding commercialization factor, that adjusts the offer to the actual sale price".

### The Language Barrier



?

"Hola Mr Porcupine . . . are you there? . . . I need you to explain me how on earth you decided to put a factor of 1.2 to comparable number one and . . . . .hello. . . . . Sí, comparable número uno. . . explicar. . . Mr Porcupine are you still there? . . . well, as I was saying . . . I was wondering what took you to make that kind of adjustment. . . . .what? . . . no, I mean comparable number one. . . Capitalization rate?? No, no. Sales Comparison, sí, sí ventas, sí. . . (One hour later) . . . never mind Mr. Porcupine . . . . .end of conversation (hang up the phone). End of negotiation



?

Bueno. . . . .bueno. Hello Mr. Bear . . . ¿me escucha? . . . .bueno, yo estoy convencido de que mi trabajo es perfecto. . . my job is perfect . . what???? . . . .Ob. sí, I listen very good Mr. Bear, I am here . . . .ah, sí. . . .¿comparable what? . . . .factor. . . . what? ah sí, comparable qué número? number what? . . . .Ob. sí tasa de capitalización, capitalization rate . . . .what? Yes I am here Mr Bear and I understand perfecto todo everything Mr. Bear. . . . .(One hour later) . . . Bueno, yes Mr Bear, as I was saying, in the introduction I included. . . Mr Bear, amigo . . . .hey. . .

## The Property Title Barrier

### Punta Banda Real Estate Fraud

#### The untold secrets where 200 U.S. investors lost \$80 million

*In a Public Television discussion, former CIA and FBI operatives commented on America's spy scandals in Punta Banda. The narrator asked a question that I always wanted answered. Why do we need spies anyway? The general response, from the panel, was everybody has secrets. if you know the other guy's secrets you have an advantage over that individual or country.*

*This begs the question: why not stop having secrets? Yeah, I know, we have to be realistic. There are some bad boys in the world who want to do us harm etc. etc. etc. Too bad that man has not evolved beyond these self-fulfilling prophecies that viciously cycle us into counterproductive, aggressive and defensive campaigns.*

*These spy guys spent their careers with cameras in their bow ties. How could they hold my serious attention? Their discussion about the importance of state secrets sent my mind leaping to Punta Banda and the secrets that betrayed gullible investors*

*I had always assumed that **all the folks**, who lost their homes in Punta Banda, knew at the time of purchase, that the title was in dispute. I believed that because it was common knowledge in Ensenada that the Baja Beach and Tennis Club and the **Ejido** (farming cooperative that squatted on the land) were being sued by individuals with legally registered title documents. **We, in the Spanish speaking business community were amazed that the gringos were buying disputed land in Punta Banda. I told every gringo I could to stay away . . . . .***

Source : IASA; "Collage", March 2007.

## Mexican Natural Resources and Great Beauty



Source : IASA; "Collage", March 2007.



47.

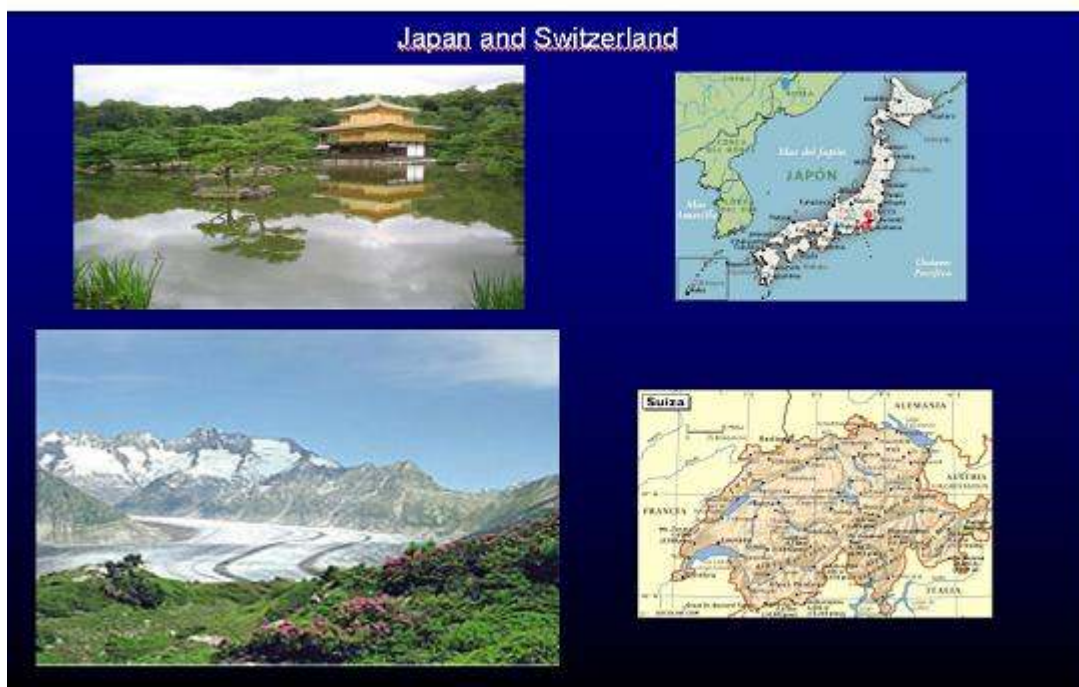
*Antiquity does not make the difference . . .*



*Source : IASA; "Collage", March 2007*

48.

*Natural resources do not make the difference . . .*



*Source : IASA; "Collage", March 2007*

*Race does not make the difference . . . .*



Source : IASA, "Collage", March 2007

*What makes the difference ?*



Source : IASA, "Collage", March 2007

What makes the difference ?



*Light and friendly bear*



*Close neighbors*



*Friendly porcupine*

**Attitude !!**

- \_ Understand each other as different
- \_ Ethics as basic principle
- \_ Responsibility
- \_ Respect to others' rights
- \_ Love to work

Source : IASA; "Collage", March 2007

*"I've been seeking freedom more than power ... and power only because it favours freedom"*

*Adriano (Marguerite Yurcenar)*

Thank you very much !!!