

extended the time frame for municipalities to achieve waste treatment goals. This has postponed many large projects.

Most future infrastructure projects are likely to involve build-operate-transfer financing. Canadian companies that want to enter this market may have to participate in consortia that finance and build major facilities.

#### **Strategy for Market Access**

Successful entry into the relatively uncharted Mexican environmental market requires a three-pronged approach. First, export manufacturers should determine the need for their equipment, installation and maintenance. Second, foreign governments and other bodies, such as the World Bank and the IADB, should be researched to determine where project funding will be directed in Mexico. Third, Mexican environmental authorities should be monitored and visited to detect opportunities in future budgets and priority projects.

#### **Action Plan**

##### **Market Intelligence and Information**

- Conduct market research to assess the impact of new environmental legislation.
- Establish market contacts to identify business opportunities (appointments with government officials, private sector companies and associations).
- Update buyers directory as required.
- Provide information to Canadian companies about market-entry strategies, business methods and upcoming projects; place inserts in Canadian Environmental Industry Association chapter newsletters.
- Attend relevant American-Mexican Chamber of Commerce committee monthly meetings.
- Track World Bank and IADB reports for early notice of upcoming projects.

#### **Market Access**

- Provide advocacy and counselling on customs issues.
- Monitor calls for tender and government procurement procedures.
- Provide counselling on how to obtain necessary certification (e.g., for laboratories).
- Update and maintain NAFTA tariff rate information.

#### **Trade Promotion Activities**

- Incoming mission of buyers and government decision makers to Globe 98, Vancouver, March 18 to 20, 1998; site visits.
- Canadian information booth at EnviroPro 98, Mexico City, September 1998; Canadian companies will be encouraged to participate.
- Incoming buyers' mission to the Water Technology Show, Ontario, summer 1998; visits to demonstration sites.
- Outgoing mission of Canadian companies in one or more of the following high-need areas: wastewater treatment, hazardous waste and solid waste.
- Incoming missions to Canada to pursue specific project opportunities with the following Mexican companies: Hylsa, Cervecería Cuauhtemoc and UCAR, which are looking for emissions control and water treatment technologies.
- Possible incoming mission to Water Quality International 1998, Vancouver, June 21 to 26, 1998.
- Incoming buyers' mission to the Canadian Environmental Technology Showcase, Toronto, September 29 to October 1, 1998.
- Incoming buyers' mission to Americana 99, Montreal, March 1999.

#### **Outreach**

- Prepare hand-outs with specific sector information.

- Develop a data bank of Mexican speakers to make presentations to visiting Canadian business groups.
- Organize environmental business opportunity workshops.

#### **Mining Equipment and Services**

Mexico's mining sector is perhaps the biggest beneficiary of the nation's broad economic reforms. Deregulation has opened up tens of thousands of hectares of mineral reserves to development. New ownership laws have opened the doors to foreign investors, while restrictions on repatriation dividends have been eliminated.

Mexico is a leading mineral producer of silver, celestite, bismuth, cadmium, fluorite, antimonite, lead, graphite and zinc. One of the great Canadian success stories in Latin America is the enormous presence of Canadian mining firms and equipment producers in Chile.

Mexico should be the next focus for Canada's mining industry. At present, 130 Canadian mining companies are operating in Mexico, of which about 90 percent are exploring and 10 percent are extracting. Canadian companies' holdings of mineral reserves, both proven and estimated, represent about US\$30 billion. Many of these mining firms are proven customers for Canadian mining equipment producers. Once extraction activities begin in earnest, these mines will begin making large purchases of equipment.

Mexico's six largest mining companies — Penoles, Industria Minera México, Luismin, Frisco, Minera Autlán and Acero del Norte — are responsible for 80 percent of production. The industry as a whole has announced plans to invest US\$5 billion over the next four years. Most of those funds will go towards exploration activities.

Canadian exports to Mexico of mining equipment are still small — only US\$12 million in 1996 — but they are growing at over 200 percent per year. This represents a 5 percent

market share in an estimated US\$250 million mining equipment market, of which about 63 percent is imported. Mexican equipment producers focus on the production of light and low-tech equipment.

For the next three years, most equipment opportunities will arise in the sale of exploration technology and consulting. Beginning early next century, extraction activity in Mexico could double from its present levels, presenting opportunities for foreign suppliers of extraction equipment.

#### **Constraints**

Opportunities have been limited by Canadian firms' lack of a long-term presence in Mexico. Although mining firms now have a relatively high profile, equipment and services suppliers are not as well known. Mexican firms are eager to acquire foreign technology to boost their productivity in an increasingly competitive market. But personal relationships are a prerequisite for the development of both sales and partnership prospects. Establishing contacts within government, especially at the state and local levels, is also considered essential in entering this market.

#### **Strategy for Market Access**

Traditionally, imported mining equipment has been distributed in Mexico through local agents or representatives. However, some large mining companies prefer to buy directly from foreign manufacturers. Buyers contend this is the best way to ensure that service requirements are met, especially where used equipment is involved. Canadian firms are advised to invite their Mexican agents to Canada for product training. Most Mexican agents collect commissions of 10-15 percent.

#### **Action Plan**

##### **Market Intelligence and Information**

- Meet with government and private sector officials to discuss trade and policy issues.