

Canadian companies were quick to take advantage of these emerging opportunities and are among the leaders in developing partnerships with Mexican mining firms. According to media reports, the two largest mining developments currently underway involve Canadian Eldorado and Exall Resources. Other large Canadian companies active in Mexico include Cominco, Noranda and Placer Dome. Still, Canadian investment in Mexican mining was only about US \$50 million in 1994, which is very small compared to Canadian involvement in Chile's mining sector.

In spite of rapid expansion brought about by the relaxed regulatory environment, the Mexican mining sector has not been able to keep up with growing demand, especially from the nation's export-oriented industries. Moreover, the exports of the mining sector itself jumped by 68 percent in the first eight months of 1995. As a result, imports of metals and minerals increased to a record US \$373 million in 1994.

The participation of many Canadian companies in the Mexican mining industry has helped to increase awareness of Canada as a source of minerals. Canada's market share is very large compared with other industrial sectors. Canadian sales of minerals increased by 31 percent in 1994, to reach US \$63.4 million, about 17 percent of the import market.

THE MINING SECTOR

Government policies have succeeded in increasing the rate of mining production growth. The value of the mineral production rose by more than 24 percent in 1994 to reach \$9.6 billion pesos. Although the rate of growth declined during 1995, as a result of the economic crisis brought about by the devaluation of the peso, the industry continues to outperform

Mineral and Metallurgical Production in tonnes

	1993	1994
Precious Metals*		
Gold	11.1	14.6
Silver	2,415.8	2,334.2
Non-Ferrous Metals*		
Lead	181,740.6	163,836.1
Copper	303,988.6	305,487.3
Zinc	366,432.0	358,952.6
Antimony	1,494.1	1,758.3
Arsenic	4,447.2	4,440.3
Bismuth	907.6	1,046.8
Tin	3.2	2.8
Cadmium	1,923.9	1,870.3
Selenium	0.0	0.0
Tungsten	0.0	0.0
Molybdenum	1,704.7	2,613.4
Siderogenous Metals and Minerals		
Mineral Carbon**	5,718,012.8	6,392,936.8
Coke**	1,941,832.2	1,984,730.3
Iron*	5,596,952.1	5,516,193.2
Manganese*	115,999.8	91,272.4
Non-metallic Minerals**		
Sulphur	905,713.0	876,897.0
Graphite	43,588.8	30,862.8
Cawk	135,891.3	86,604.6
Dolomite	545,493.9	601,648.9
Flourite	282,987.9	327,378.4
Kaolin	12,094.7	9,511.2
Silica***	1,310,133.7	1,360,548.7
Feldspar	123,512.3	133,440.7
Gypsum	3,283,443.9	3,438,109.3
Phosphorus	228,329.3	536,532.3
Salt	7,490,820.0	7,458,414.0
Wollastonite	705.1	284.2
Celestite	71,903.4	111,485.2

Notes: * metallic content; ** mineral volume; *** includes sand for glass, quartz and silicones.

Source: *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.

the overall economy. Observers believe that the devaluation will benefit the industry, because it is heavily export oriented. Mining exports increased by 68 percent in the first eight months of 1995, more than double the increase for all exports.

In addition to the effects of the new mining regulations, export demand has been stimulated by the North American Free Trade Agreement (NAFTA), the Mexico-Costa Rica Free Trade Agreement and the Group of Three Free Trade Agreement between Mexico, Colombia and Venezuela.

Total production of the mining industry in 1993 was 2.5 million tonnes according to estimates by the United States Department of Commerce. The fastest growing mineral products were coal, gypsum, copper and lead.

During the first three quarters of 1995, the real value of mineral production in Mexico rose by almost 10 percent, compared with the same period a year earlier. Precious metal production increased by 19 percent. Non-metallic minerals and those related to the steel industry were up