

# THE MINING SECTOR

*The mining sector has been transformed over only a few years from a stagnant network of state enterprises to a rapidly-expanding industry dominated by the private sector.*

## HISTORY

Mining has always been one of Mexico's most important industrial activities. Gold and silver mines date back to pre-Columbian times. The Spanish began exploiting these resources in 1519, and by the 18th century, Mexican silver represented almost 60 percent of world production. Copper and sulphur resources were developed in the 17th century, and during the 18th century, mining activities expanded to include lead, mercury, alum, tin and iron.

Following the Mexican War for Independence (1810-1821), there was an influx of foreign capital, mostly from the United States, Britain and France. By 1880, mining was Mexico's fastest-growing industry. Growth was fostered by new technologies, electrification and vertical integration.

The revolution of 1910 severely disrupted all industrial production, including mining. The 1917 Constitution imposed stringent controls over foreign participation in the Mexican economy. All subsoil resources, including minerals and petroleum, were declared state property. The government implemented enduring protectionist policies designed to promote domestic investment and to discourage imports.

During the 1950s, the mining industry began to diversify. At that time there were some 2,000 mines in operation. A new mining law proclaimed in 1961 continued the policy of majority domestic ownership and imposed a two-thirds domestic ownership requirement for strategic resources. In the 1970s, Mexico began to expand its production of non-metallic minerals, including celestite, barite, salt and cement.

The reforms of the early 1990s have radically changed the industry, and rapid expansion is expected for the foreseeable future. The opportunities are all the greater because after decades of restrictive policies, only about one-quarter of Mexico's mineral reserves have been fully surveyed.