

Mexico

A \$500 M Telecommunications Market

"The Mexican telecommunications sector is undergoing fundamental changes. New policy initiatives (tariffs lowered to a maximum 20 per cent from 100 per cent, elimination of the need for prior import licenses, deregulation and privatization) are opening opportunities for Canadian and other foreign companies wishing to enter the market."

Those are some of the general conclusions reached in *Market Study on Telecommunications Equipment and Systems in Mexico*, a publication with plenty of specifics and statistics, prepared for the Canadian Embassy in Mexico City for use by Canadian exporters and would-be exporters to this market.

Specifically, the study details Mexico's telecommunications systems, the principal government and non-government organizations and corporations that control it, the Program for the Modernization of Telecommunications, the infrastructure supporting the

National Telecommunications Network (including cable and carrying circuits, ionospheric radio stations, microwave, satellite, telex, data communications, telephone, telegraph and television systems).

Generally, the market value of the services provided to that infrastructure in 1988 was \$500.9 million. Between 1988 and 1994, total apparent consumption is expected to increase at an average annual rate of seven per cent per year, rising to \$754 million by 1994.

As well, imports will continue to play an important role in the Mexican market, within the new regulatory environment, particularly in high technology areas such as satellite communications, fiber optics, data communications, cellular telephones, and TV and broadcasting equipment.

In these areas, the importation of parts also represents major opportunities, since most components of locally manufactured products are imported. (In 1989, imports of parts and components amounted to \$264 million, of which more than 70 per cent was for the assembly and manufacture of telephone and telegraph equipment).

The United States is the largest single supplier of telecommunications equipment to Mexico, with exports in 1989 totalling \$87 million for an import market share of over 60 per cent. This import market share was followed by Japan (20 per cent), Sweden (4.5 per cent), West Germany (3 per cent), France (3 per cent), and Canada (2 per cent).

Canadian trade statistics which, as opposed to Mexican data, include in-bond (maquiladora) transactions, report total Canadian telecommunications equipment exports to Mexico of Cdn\$5.1 million in 1989, an 82 per cent increase over the previous year. Canadian parts, mostly used by maquiladora plants, imported by

Mexico in 1988 totalled Cdn\$2 million, and, in 1989 totalled Cdn\$12.8 million.

"Both price and financing are the most important factors affecting demand for telecommunications equipment in Mexico," states the study.

"Third country competitors have been able to penetrate the market and increase their market share mostly as a result of offering attractive financing packages, both in terms of interest rates and payment periods. Canadian companies could increase sales by doing likewise, particularly since domestic credit is tight."

Best sales prospects for Canadian suppliers of telecommunications include: telephone switching equipment, PBXs, data transmission equipment, customer premise equipment, private networks, fiber optics, satellite support services and equipment, cellular telephone systems, digital switches, TV and broadcasting equipment, new test and maintenance products and, possibly in the future, value-added services.

Market Study on Telecommunications Equipment and Systems in Mexico also provides information on Mexico's import system and technical standards, itemizes procedures to follow when selling to the Mexican government and its agencies, lists useful government and decentralized government ministries and agencies, and local agencies.

The study may be obtained through Info Export, toll-free tel.: 1-800-267-8376 (Ottawa area: 993-6435). Fax: (613) 996-9709.

For assistance in doing business in Mexico's telecommunications equipment market, address questions directly to Commercial Division, Canadian Embassy, Calle Schiller No. 529, Colonia Polanco, Mexico City 11560 Mexico, D.F. Tel.: 254-32-88. Telex: 177-1191. Fax: 011 (525) 545-17-69.

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The Canadian exhibit, in which companies are invited to participate, will feature the most advanced — and environmentally sound — equipment systems and services on the handling and management of heavy crude and tar sands, including boilers, heat exchangers, vapour producers, demulsifiers, electromagnetics, horizontal drilling, valves, pumps and chemicals.

For registration details or further information on *Unitar 91*, contact Jon Dundon, Latin America and Caribbean Branch, Fairs and Missions (LCTF), EAITC, 125 Sussex Drive, Ottawa K1A 0G2. Tel.: (613) 996-6921. Fax: (613) 996-0677. Telex: 053-3745. Answerback: EXTOTT.