

in 1993, according to the *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat of Social Development.

Rental Housing

In order to attract investors, the federal government, in cooperation with local authorities, is modernizing the legal environment affecting the rental market. This will be achieved by balancing the rights and responsibilities of both parties, and by simplifying legal disputes. Rent control laws have already been revoked in Mexico City and the state of Nuevo León.

Agrarian Reform

Recent amendments to the Mexican Constitution provided for a sweeping series of agrarian reforms. They will substantially increase the supply of urban land by allowing, among other things, community land transfers for the construction of affordable housing projects.

Foreign Ownership

The Mexican government has the right to screen all investments that would increase foreign ownership of construction firms beyond 49 per cent. Under the North American Free Trade Agreement (NAFTA), this requirement will be relaxed after January 1, 1999. Canadian and American investors will then be able to acquire full ownership of an existing construction firm if the value of the gross assets of the firm do not exceed the NAFTA-specified thresholds. The government has introduced legislation allowing more foreign investment in the "restricted zones" along the coasts and borders.

MARKET ENTRY STRATEGIES

The large shortage of housing in Mexico suggests important opportunities for Canadian home builders

and building products suppliers. According to industry experts, success in this market depends upon a selective approach to specific market niches.

- Look for opportunities to partner with a Mexican company. Mexican firms are skilled in basic building techniques but are less knowledgeable in the areas of planning, developing, financing and selling homes.
- Learn about the key financing institutions and look for upcoming auctions of housing projects.
- Consider the market for middle- and upper-income homes. Commercial financing is more readily available, and there is more likely to be a taste for less traditional housing styles.
- Investigate the market for housing in tourist resorts. There is an active market for condominium-type vacation and retirement homes throughout Mexico.
- Act as both developer and financier. Canadian firms can take advantage of financial assistance available from the Export Development Corporation and the Canadian Commercial Corporation.
- Find a local agent or distributor for building products and hardware items. Retail stores catering to do-it-yourself home remodellers are a promising alternative.

Attending trade shows is an effective method of meeting potential customers, agents and partners. Major annual shows include:

- *Muestra de la Industria de la Construcción*. Sponsored by *Conex*, this is a construction industry show focussed on building materials. The 1995 show was in Mexico City in May.
- *EXPO-CIHAC*. Sponsored by the *Centro Impulsor de la Habitación*

y la Construcción (CIHAC), Centre for Promotion of Housing and Construction. Participants include suppliers of building materials and services. The 1995 show was held in Mexico City in October.

KEY CONTACTS

CANADA

Canadian Government

Department of Foreign Affairs and International Trade (DFAIT)

DFAIT is the Canadian federal government department most directly responsible for trade development. The **InfoCentre** should be the first contact point for advice on how to start exporting. It provides information on export-related programs and services, acts as an entry point to DFAIT's trade information network, and can provide copies of specialized export publications and market information to interested companies.

InfoCentre

Tel.: 1-800-267-8376 or
(613) 944-4000

Fax: (613) 996-9709

FaxLink: (613) 944-4500

InfoCentre Bulletin Board (IBB):

Tel.: 1-800-628-1581 or
(613) 944-1581

Commercial Division of the

Embassy of Canada in Mexico can provide vital assistance to Canadians venturing into the Mexican market. The trade commissioners are well-informed about the market and will respond in whatever measures possible to support a Canadian firm's presence in Mexico.

Note: to telephone Mexico City, dial: 011-52-5 before the number shown. For contacts in other cities in Mexico, consult the international code listing at the front of your local telephone directory for the appropriate regional codes.