

- Computer aided design (CAD) software, especially products that build on an AutoCad base. For production, most companies start with CAD and then move on to computer aided engineering (CAE) and computer assisted manufacturing (CAM) applications. Currently, AutoCad dominates the market for entry-level systems.

Manufacturing Software

- Material resource planning (MRP) solutions, especially SAP and related products. The new, user-friendly versions are in particular demand.
- Products at level II of the computer integrated manufacturing (CIM) model.

Distribution Applications

- Systems for managing distribution from manufacturer to end user.
- Electronic data interchange (EDI) products.
- Inventory management systems.
- Highly-replicable integrating solutions that can be applied easily to separate units in the production chain.

Consulting

- General technical services, including training.
- Systems integration services.

MARKET ENTRY STRATEGIES

There are several Canadian software tools available in Mexico. Although they are not widely known in Mexico, these products enjoy a favourable reputation. Mexican observers believe that Canada's reputation for advanced technology has not been exploited by Canadian producers.

Interestingly, while some of the experts interviewed for this study were unaware of any Canadian products, they still had a very favourable impression of Canadian technology. Many Mexican students attend Canadian universities and

learn of Canadian-developed technologies. They carry back a favourable impression, but Canadian products have not generally been aggressively presented in the Mexican market.

Canadian suppliers who have made sales visits to Mexico have also left behind a generally good impression. The prevailing opinion is that Canadian suppliers are interested in Mexico and are more culturally compatible than most suppliers from the United States.

Industrial automation experts in Mexico believe that Canadian products would be well-received if they were more persistently promoted. It was pointed out, however, that for Canadian companies to compete with the worldwide corporations that presently serve the Mexican market, they will have to concentrate on market niches.

University research centres play a major role in introducing new technologies in Mexico and offer promotional opportunities for Canadian companies. Mexican industrialists often turn to the universities to find solutions to production problems. Industrial automation providers from the U.S., Japan, Germany, and other countries compete for the opportunity to test or demonstrate their equipment at these labs. Distributing software to universities at reduced prices is a common way of introducing new products.

Automation solution developers and systems integrators in Mexico may be interested in representing new products. The more advanced companies already have technological alliances, but small- to medium-sized companies may still be interested in partnerships with Canadian suppliers.

To introduce their products, Canadian suppliers might also approach Mexicans studying in related fields at Canadian universities. Many Mexicans attend

university in Canada, and this is an untapped, if long term, approach.

Participation in trade shows is an inexpensive means of making contacts and introducing products to the Mexican market. However, several experts expressed the view that they do not find these shows very useful, because industrial automation products tend to be very specialized. Most agreed that the best opportunities are at industrial shows directed to industries in which the exporter has particular expertise.

THE REGULATORY ENVIRONMENT

There are no regulations that would interfere with the importation of any Canadian industrial automation product into Mexico. However, products must meet relevant labelling and quality certification standards.

A decree of March 7, 1994, provides a list of products which are subject to *Normas Oficiales Mexicanas (NOMs)*, Mexican Official Standards. This list, however, is subject to frequent changes. Technically, the *NOMs* are binding on the Mexican importer rather than the Canadian exporter. The assistance of the exporter will be necessary so as to obtain the necessary certificate of compliance, but the importer should be asked to provide details of the latest regulations.

The North American Free Trade Agreement (NAFTA) provides that testing may be done at laboratories in any of the three countries. Mexico has four years from January 1, 1994 to comply. Meanwhile, products must be tested in Mexico and they must comply with the applicable *NOM*. Only then will they be granted the certificate of compliance which must accompany the goods when they are imported.