foreign technology suppliers were allowed to supply the Mexican market solely through imports. Import duties were reduced to a maximum 20 percent, and they are now being phased out entirely under the North American Free Trade Agreement (NAFTA).

Mexican manufacturers, therefore, were faced with a dramatic increase in foreign competition at the same time that advanced manufacturing technologies became freely available. They are now under pressure to simultaneously increase product quality and customer service, while reducing costs.

The result has been rapid and sweeping industrial re-organization. This modernization trend has been inhibited to some extent by the fact that many small- to medium-sized, family-owned firms lack the capital needed to acquire new technology. State-owned companies were typically money-losers and dependent on government budgets for new investments.

These obstacles have been gradually overcome by two major developments. The first was a new government policy of privatization. During the six-year term of the Salinas administration, which ended in December 1994, US $22 billion worth of state-owned businesses, including many manufacturing plants, were sold to private investors. The second development was increased industrial concentration. Mexican manufacturers began merging with each other or forming joint ventures with foreign firms. Relaxed foreign investment laws also lead to a series of buyouts of Mexican companies by producers in other countries, including Canada. For example, in 1992 Bombardier acquired the government-owned *Constructora Nacional de Carros de Ferrocarril (Concarril)*, and Bombardier-Concarril is now the major supplier of rapid transit cars in Mexico.

The capital shortage was exacerbated by the abrupt devaluation of the peso in December 1994, and the economic crisis that followed. Annual interest rates in Mexico are now in the 50 percent range. On the other hand, the devaluation has had the effect of dramatically stimulating Mexican exports, at least for the firms which can become internationally competitive.

Mexican manufacturers, therefore, are faced with both the need to become internationally competitive and the need to minimize the capital investment involved. In the short- to medium-term, this means that the strongest demand will be for technologies that can be adapted to existing equipment. Partly for this reason, the term AMT is not generally known in Mexico. Rather, the focus is on what is known in Mexico as "industrial automation", which includes a range of technologies which are not necessarily as advanced as AMT. The application of computer technology to the planning and control of manufacturing processes is seen as separate from the acquisition of the associated numerically-controlled machine tools. In other words, industrial automation tends to be a less integrated process in Mexico than it is in Canada.