

doc  
CA1  
EA612  
96M35  
ENG

# Minerals and Metals



## THE OPPORTUNITY

The Mexican metals and minerals sector is expanding rapidly, and there are significant opportunities for Canadian producers.

- Minerals are in strong demand from Mexico's manufacturing sector, which is presently enjoying an export boom as the result of the devaluation of the peso.
- Mexico has major mineral reserves and is among the world's top ten producers of 15 different minerals. But it has not been able to keep pace with domestic demand for some products.
- The Government of Mexico has sold all but one of its mining operations to the private sector. Most of them were burdened with antiquated equipment and it will take time for productivity to rise to international levels.
- Canada is Mexico's most important supplier of sulphur, asbestos, copper and bituminous coal. There have been recent sales of several other minerals to markets traditionally dominated by the United States.
- Canadian companies have been prominent among the foreign firms moving into Mexico to open new mines. They have established access to major buyers and are in a position to arrange sales of imported minerals and metals.

## FULL SPEED AHEAD

Mexico's mining sector has arguably been the biggest beneficiary of the nation's broad economic reforms. Deregulation has opened up tens of thousands of hectares of mineral reserves to development. Privatization policies have transferred responsibility for mineral exploitation, smelting, refining and metals manufacturing to the private sector. New

ownership laws have opened the door to foreign investors, while restrictions on the repatriation of dividends have been eliminated. At the same time, liberalized trade has boosted both imports and exports of minerals.

The mining industry has been one of the few sectors to benefit from the December 1994 devaluation of the peso. For the most part, sales are in dollars while costs are in pesos. These factors have combined to create a boom in mineral development that has been led by foreign investment.

In December 1994, the administration of President Ernesto Zedillo took the liberalization process even further. The *Secretaría de Energía, Minas e Industria Paraestatal (SEMIP)*, Secretariat of Energy, Mines and State-owned Industries, was dismantled. Energy policy was assigned to a new energy secretariat while mining responsibilities were shifted to the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development. The new mining division of *SECOFI* has a mandate to further develop the sector. These moves have been positively received by the international mining community.

## SUMMARY REPORT

This market information on the Mexican metals and minerals sector has been produced and published by Prospectus Inc. under contract with DFAIT, along with other market profiles and summaries on business opportunities in Mexico. It is available from:

### InfoCentre

Tel: 1-800-267-8376 or  
(613) 944-4000  
Fax: (613) 996-9709  
FaxLink: (613) 944-4500  
Bulletin Board (IBB):  
1-800-628-1581 or  
(613) 944-1581

The market profiles are available in electronic form from the IBB and in hard copy at a cost of \$10.00 plus shipping and applicable taxes, from Prospectus Inc. Please contact:

Prospectus Inc. Order Department  
Tel.: (613) 231-2727  
Fax: (613) 237-7666

© Minister of Supply and Services, March 1996

Cat. No. E73-9/50-1995-1E  
ISBN 0-662-23818-4

Disponible en français.

### SPONSORED BY



Department of Foreign Affairs and International Trade  
Ministère des Affaires étrangères et du Commerce international