

Canada has been a traditional supplier of mining equipment and related services to Mexico, selling mostly to the country's four major mining companies, which control as much as 80 percent of total production — Industrial Peñoles, Grupo Industrial Minera de México (IMMSA), Empresas Frisco, and Corporación Industrial San Luís. Canada's largest exports of mining equipment, in 1993, were parts for extraction equipment, conveyor belts, self-propelled trucks, parts for crushing and grinding machines, smelting furnaces and drilling equipment. In addition, over 80 Canadian mining companies are active in Mexico, primarily through co-investments in specific mining projects.

Mexico will likely continue to turn to Canada for its equipment, technology, exploration and exploitation know-how, for information on competitive operating environments, and for Canadian investment. Based on past involvement in the mining sector, Canada will have an opportunity for even stronger relations and will continue to share in the economic benefits.

### ***Manufacturing Industries***

Manufacturing in 1993 accounted for over 22 percent of Mexico's GDP and employed close to 20 percent of its workforce. There has been a steady expansion in manufacturing production over the last five years, reflecting growing exports of several products such as automobiles and automotive parts, machinery and electronic components and equipment.

The principal manufacturing industries include automobile and auto parts, steel manufacturing, textiles, food processing, breweries, glass, chemicals and petrochemicals, and cement and other materials for the construction industry. Between 1980 and 1987, Mexico shifted from being a net importer to a substantial exporter of motor vehicles.

Many companies are improving their products and quality control in order to compete with the flood of foreign goods entering the market as a consequence of the lowering of import duties. In recent years, manufactured goods have even surpassed oil as the principal export item.