

Action Plan

Given the dynamic privatization process surrounding railways, ports and airports in Mexico, expanded contacts with the appropriate government officials as well as with the private companies being formed to run these activities will be necessary to ensure that investment opportunities for Canadians are identified and reported.

Market Intelligence and Information

- Determine Mexican requirements for products and services as railway, port and airport privatization evolves. For railways, this activity will take place from November 1997 to March 1998 as new companies are established to take over the formerly state-owned railway system; for ports, visits to several Mexican ports are planned over the year, depending on the availability of the Mexican authorities, to improve understanding of Mexican capabilities in the sector.
- Develop and maintain a database of the new players in the railway, port and airport sectors in Mexico, as each of these is broken up and privatized. Contacts will be established within each of these new companies to identify persons responsible for purchasing.
- Prepare a market intelligence report on Mexico's railway sector, ideally in the spring of 1998, once the bulk of the privatization process has been carried out; add this to Export *i*.
- Publish a weekly Trade and Economic Policy report, to provide information and intelligence on all sectors of the Mexican market, including transportation.
- Prepare a bi-monthly Privatization Update, to provide information and intelligence on the process as it unfolds in all sectors. This report will be posted on the Canadian Embassy's Internet home page.

- Identify Canadian capabilities in railways, ports and airports, and identify products and services in which Canada has a competitive advantage.

Market Access

- Improve understanding of the trade policy framework for the transportation sector, including the NAFTA; monitor access issues as they relate to the transportation sector.
- Report on market access issues as necessary; providing advocacy when required.
- Pursue access under the NAFTA for Canadian truckers.
- Monitor the privatization process as it unfolds in the railway, port and airport sectors.
- Participate in the Land Transportation Standards Subcommittee (LTSS) annual meeting (in Ottawa in June or July 1998); undertake appropriate follow-up.

Trade Promotion Activities

- A visit to Canada by new Mexican rail companies to see Canadian capabilities first-hand. The visit will be organized in the spring of 1998 in conjunction with Industry Canada and the National Sector Team responsible for the transportation sector.
- Similar visits may be organized for the port and/or airport sectors, as the privatization process develops.
- Matchmaking events to put Canadian companies in contact with Mexican counterparts.
- Incoming mission of railway companies to Canada, spring 1998.
- Possible visit to Mexico by Canadian suppliers to tour Mexican ports.

Outreach

- Visits to Mexican companies and chambers related to each sector to promote Canadian capabilities and raise awareness of similarities between Canada and Mexico, and determine where these can be exploited for mutual benefit.
- Follow-up of January 1998 Team Canada visit with Canadian and Mexican companies.
- Implementation of Annex I (on Land Transportation) and Annex II (on Marine Transportation) of the Memorandum of Understanding (MOU) on Technical Co-operation. This MOU allows for an exchange of technical people between Mexico and Canada and also provides Canada with a forum for promoting goods and services. The Canadian Embassy is considering a truck-driver certification program.
- Promotion of the Mexican transportation sector during the LTSS meeting in Ottawa in June or July 1998.
- Identification of other trade shows in transportation (e.g., urban transportation in Guadalajara) and co-ordination with Guadalajara and Monterrey to identify potential markets and fairs.
- Embassy participation at the Railmex International Railway Exhibition in Mexico City, March 1998.

Investment and Technology Transfer

Canada's interest in international trade is not confined to exports of goods and services. Foreign investment has long played a pivotal role in the development of the Canadian economy, bringing not only capital, but also

technology, expertise and innovation. Liberalized trade has been supported by government initiatives to build a stronger role for an increasingly competitive private sector. These trends are creating an even more attractive environment for investors in both Canada and Mexico.

The trade commissioners at the Canadian Embassy and the consulates in Monterrey and Guadalajara promote Canadian exports of goods and services and assist investors in both countries to find compatible partners. Increasingly, investment goes hand-in-hand with new trade opportunities, so these activities are complementary elements of the same overall mandate. Investment in both directions plays an important role in supporting Canada-Mexico partnerships and joint ventures, which in turn lead to trade in goods and services.

Depending on the nature of a partnership, investment in either direction may be called for. In many cases, smaller Mexican firms are looking for Canadian technology and capital in exchange for access to the Mexican market. But larger Mexican firms are often looking for opportunities to invest abroad, to fill gaps in their product lines or to improve their own capabilities.

The process of trade liberalization has led to increased industrial concentration in Mexico. According to a report in *El Financero*, 17 conglomerates are responsible for two-thirds of manufacturing output. Many of these large and growing companies have their own technologies and capital to offer Canadian partners. Trade commissioners promote this type of exchange by providing background information on the Canadian business environment as well as details of the capabilities of specific industries and companies.

The following sections describe the major sectors where investment, technology transfer and partnering are leading to improved opportunities for Canadian exporters in Mexico.