

METALLURGY

Mexico is an important producer of several metals, including copper, lead, silver, molybdenum and zinc, but iron and steel are by far the most significant. In 1982, the government began to relax its control over steel production by privatizing more than 50 steel production facilities which have since both modernized and increased efficiency. Production increased by 11 percent in 1994 to reach 10.2 million tonnes. Domestic demand fell by about one-quarter in 1995, following the devaluation of the peso. But exports rose sharply and total 1995 production was up by about 5 percent, stimulating the demand for inputs, including chemicals.

The *Cámara Nacional de la Industria del Hierro y del Acero (Canacero)*, National Chamber of the Iron and Steel Industry, has about 200 registered firms. They account for 97 percent of domestic production. *Altos Hornos de México (AHMSA)* is the largest steel producer, with more than one-quarter of the nation's production. It also accounts for 90 percent of total production of metallurgical coal and two-thirds of coke production. *Hojalata y Lámina (HYLSA)*, the other major player in the industry, is owned by the Mexican conglomerate, *Grupo Alpa*. There are three other fully-integrated producers: *Ispat Mexicana*, *Tubos de Acero de México (TAMSA)* and *Siderúrgica Lázaro Cárdenas (Sicartsa)*.

MINING

Private mining companies have gradually replaced government-owned enterprises as the most important customers for mining inputs, including chemicals. The industry uses a variety of acids and other reactive substances, as well as lubricants.

One of the few remaining large Mexican government holdings in the mining sector is *Exportadora de Sal*, which is 49 percent owned by Mitsubishi Corp.

There are about 15,000 mines in Mexico operated by 800 companies. The bulk of mining activity is controlled by a small number of corporate groups. The number of mining companies in the *Expansión 500* list of Mexico's largest companies grew from 7 in 1994 to 12 in 1995. The industry has generally benefitted from the peso devaluation because it is a major exporter.

The largest mining group in Mexico is *Grupo México*. According to media reports, the company exports 55 percent of its sales, and is 100 percent Mexican-owned. *Grupo México* owns *Mexicana de Cobre*, *Mexicana de Cananea*, *Industrial Minera México* and *Zinc de México*. It also has holdings in *Minerales Metálicos del Norte* and *México Desarrollo Industrial Minero*.

The larger companies are vertically integrated and include facilities for extracting, processing, smelting and refining. The smaller firms are limited mainly to extraction, with very few processing facilities. The Canadian mining companies moving into Mexico represent a considerable market opportunity because Mexicans are familiar with Canadian suppliers.