

allowed to supply the Mexican market solely through imports. Although the decrees applied only to hardware, their removal has also had a strong effect on the demand for software and computer services. The availability of cheaper, more sophisticated equipment has had a natural tendency to promote new and more elaborate applications.

According to estimates published by the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, Mexican computer sales jumped by 20 percent between 1993 and 1994 to reach US \$3.4 billion. The devaluation of the peso in December 1994 depressed hardware sales during 1995, and most experts are predicting that they will not recover to 1994 levels for two years. Software and service sales, however, are likely to continue to benefit from strong 1994 hardware sales.

## THE COMPUTER MARKET

The Mexican market for computer software and services has grown rapidly as the installed computer base continues to expand. The elimination of import permits in 1990, and the subsequent reduction of tariffs, had a dramatic effect on the market. Sales of computer technology exploded by 43 percent in 1990 and another 49 percent the following year. Even during the economic slowdown of 1993, sales of computer hardware, software and services rose by 10 percent. Hardware sales virtually halted in late December 1994 when the peso was suddenly devalued. Nonetheless, prospects for software and services are still considered good.

According to the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, the number of personal

computers (PCs) in use grew by 37 percent in 1994, to reach 2.2 million units. Computer literacy has grown as a result of computer-related courses in the universities, schools and private training providers. Several major computer magazines are now available in Mexico.

Foreign software companies account for close to three-quarters of the market. Most of the leading software packages are available in Mexico, including those for PCs, workstations and larger computers. Aggressive competition has led to falling prices. American companies dominate the import market, partly because the United States provides about two-thirds of the computer equipment used in Mexico.

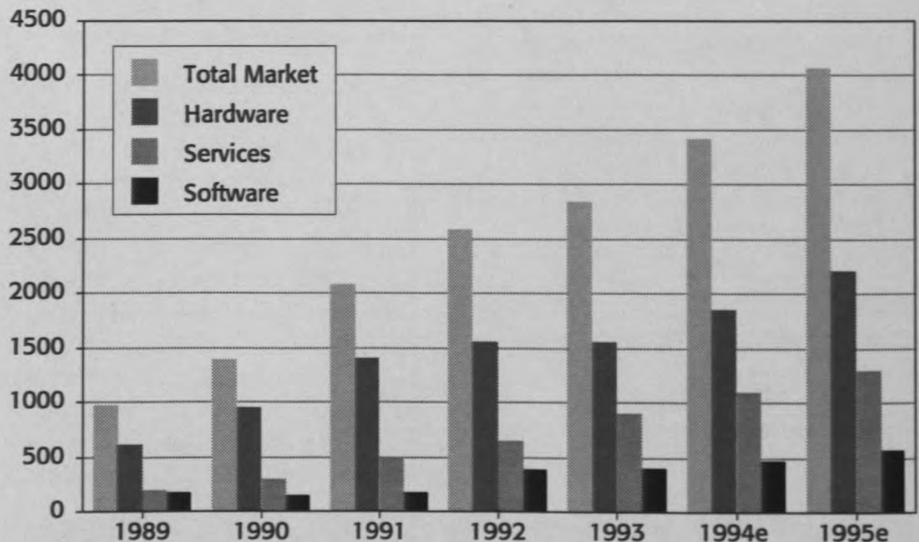
According to estimates published by *INEGI*, the overall Mexican computer market in 1994 was worth US \$3.4 billion. Of this, about 54 percent was hardware, 32 percent was services and 14 percent was software. Prior to the devaluation, *INEGI* was projecting 20 percent growth in the computer market for 1995.

There are almost 500 software developers in Mexico, of which 130 are members of the *Asociación Nacional de la Industria de Programas para Computadoras (ANIPCO)*, National Association of the Computer Programming Industry.

The computer industry is constantly evolving, and is not readily divided into subsectors. Three major specialties are discussed in this summary. Industrial automation is the most dynamic segment in the private sector. In the public sector, there is an ongoing need for all kinds of large-scale databases, but geographical information systems (GIS) are especially promising. Although it is a more mature market segment, office automation is a continuing source of sales for computer technology suppliers. For the most part, the home computer market in Mexico is not yet sufficiently developed to warrant special emphasis.

### Informatics Market in Mexico

US \$ millions



Source: *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics.