

**TABLE 1**  
**APPARENT CONSUMPTION OF BUILDING**  
**PRODUCTS AND MATERIALS**  
(million U.S.\$)

|                | 1988          | 1989          | 1990          | 1991e         | 1994p         |
|----------------|---------------|---------------|---------------|---------------|---------------|
| Production (1) | 3465.0        | 3717.9        | 3835.1        | 3988.5        | 4358.3        |
| + Imports (2)  | 227.7         | 308.4         | 514.5         | 586.2         | 780.2         |
| - Exports (2)  | 727.5         | 855.3         | 601.3         | 639.4         | 719.2         |
| <b>TOTAL</b>   | <b>2965.2</b> | <b>3171.0</b> | <b>3748.3</b> | <b>3935.3</b> | <b>4419.3</b> |

Note: e = estimated    p = projected

Source: (1) Based on data by the National Institute for Statistics, Geography and Computers (INEGI) compiled by the National Chamber for the Construction Industry (CNIC); (2) based on data published by the Secreatriat for Commerce and Industrial Development (SECOFI)

The most important factor that has brought about this significant growth in the market for building products and materials has been the rapid growth in the construction sector as a whole, as described in section 4 of this report. Total construction GDP, which accounts for 5% of total GDP, grew 2.1% in 1989 and 7.7% in 1990, a record growth rate since 1980. Two related factors have accounted for this increase: the general growth in economic activity, which has generated an increased demand both by the private and the public sectors, Mexico's general deregulatory and privatization policies, and the increased availability of financing, together with the reduction in the cost of money, which have allowed for a reactivation in the construction of new housing. At the same time, several banks, in particular NAFINSA, the Government-owned industrial development bank, have made credits available to small and medium sized companies for the purchase of materials and supplies. These trends are expected to continue affecting this market, sustaining our estimate for a continued growth.

### 3.1 IMPORTS

Imports, which used to represent a very small portion of the Mexican market for building products and materials before 1987, have shown major increases in the past three years. In 1988, they amounted to \$227.7 million. They increased 35.4% in 1989 to \$308.4 million and another 66.8% in 1990 to reach \$514.5 million. While in 1988 they accounted for 7.7% of total apparent consumption, this share increased to 13.7% in 1990 and is expected to further grow to 17.7% by 1994, equivalent to \$780.2 million in terms of value. Several factors underlie this major change in the composition of the market. In the first place, Mexico's trade liberalization policies, together with the stability of the peso-dollar exchange rate have made the importation of products and materials easier and less costly.