

viewed as a *Third World* country, resembling its Central and South American neighbours more than it resembles either the United States or Canada.

This traditional perception was reinforced by protectionism and state intervention of the kind that was found in many developing countries. Mexico used to be a closed economy, profiting from its oil resources but sheltering its domestic industries behind intrusive regulations and high tariffs. The collapse of oil prices followed by a recessionary slump in the early 1980s threw Mexico into a seemingly irreversible decay. The country was crushed by massive foreign debt and plagued by hyperinflation. Its domestic industries could do little to arrest the decline since they were highly protected, subsidized, inefficient and misdirected. What was worse, as the crisis deepened, the nation's fragile infrastructure fell into a state of increasing disrepair.

The turnaround began in the mid 1980s and was given a strong boost in 1988 when a new government, led by President Carlos Salinas de Gortari, came to power. Since then, economic reforms have been sweeping the country. The new leadership renegotiated the foreign debt, adopted a National Development Plan to revitalize the nation's infrastructure, and secured broad popular support from business, labour and the population at large for voluntary measures to restrain wages and prices as a way of reducing inflation and stabilizing the economy. Other aspects of the reform package include privatization of state-controlled enterprises, deregulation, massive investment in infrastructural development, and the encouragement of foreign participation in building efficient production capacity.

By all estimates, these policies are meeting with success. The rate of inflation has dropped dramatically, the value of the peso has been stabilized, and public finances are on the mend. As a result, the confidence of international investors has risen appreciably. Foreign businesses representing the entire spectrum of industrial and commercial activity are investing in Mexico and the economic and social transformation of the country is well under way.

C. PURSUING BUSINESS IN MEXICO

Success in Mexico should by no means be taken for granted; it requires detailed knowledge of the market, including information about demographic characteristics, current trends and regional variations in advance of your business plans. Potential exporters must also be flexible enough to provide goods and services in a form that matches market requirements. Exporters must also be familiar with the conditions and regulations governing the shipment of products into the Mexican market.

There are many ways of doing business in Mexico. Canadian firms can sell