

## MAJOR OPPORTUNITIES IN MEXICO

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*Opportunities exist for Canadian suppliers in many Mexican sectors. Ten sectors have been identified for specific action.*

Opportunities for Canadian suppliers can be found for products and services, as well as for investment and technology, throughout the Mexican economy. No industrial sector or public enterprise has escaped the forces of change that have swept through Mexico since the late 1980s. Manufacturers are rationalizing their operations and modernizing to meet the influx of foreign competition. Service providers are struggling to become more efficient and to offer their customers the latest innovations. Government agencies have been forced to consider new approaches for the first time in decades as they react to budget cutbacks. And on a broader scale, the federal and state governments have embarked on ambitious plans to modernize Mexico's outdated infrastructure. Increasingly, they are turning to the private sector to help make this happen.

This environment offers many opportunities to Canadian companies. The rationalization initially brought about by economic reforms has been accelerated by the recent peso crisis. Both elements are forcing Mexican buyers and decision makers to consider alternative methods and new suppliers.

### **PRIORITY SECTORS**

Priority sectors offer substantial, but largely untapped, opportunities where there is a good fit between Canadian capabilities and Mexican needs. To focus Team Canada's efforts on markets with the greatest growth potential, five priority sectors have been selected for special attention:

- Advanced manufacturing technology and industrial machinery
- Agriculture and agri-food products
- Cultural and educational products and services
- Electric power equipment and services
- Oil and gas equipment and services

The opportunities in each of these sectors is discussed in the following sections, along with the action planned to overcome constraints facing Canadian exporters.

### **Advanced Manufacturing Technology and Industrial Machinery**

The devaluation of the peso has had a predictable effect on foreign trade. During 1995, non-petroleum exports surged by 33 percent. Total imports fell by 8.7 percent, while imports of capital goods were cut almost in half. The gross domestic product (GDP) fell by 6.9 percent during the year, and this has undermined most domestic markets. In January, imports recovered some