

Software Products and Computer Services

THE OPPORTUNITY

The devaluation of the peso in December 1994 sharply curtailed computer hardware sales in Mexico. Nonetheless, there are continuing opportunities for software and services.

- When restrictions on computer imports were removed in 1990, there was a dramatic surge in hardware purchases. The number of personal computers in use jumped by more than one-third in 1994 alone.
- The devaluation nearly doubled prices of imported hardware, but those who bought in 1994 still need to get the most out of their equipment.
- Industrial automation, geographical information systems (GIS) and office automation are all considered promising markets in the medium term.
- A partnership with a Mexican company seeking to fill out its product line is one of the best methods of entering this market.

OPENING UP TO HIGH TECHNOLOGY

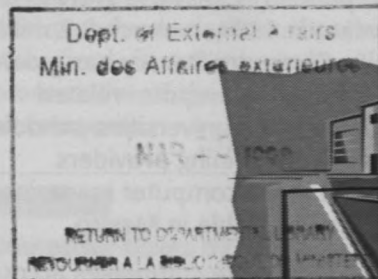
The computer sector is one of the most rapidly growing elements of the Mexican economy. Beginning in the late 1980s, the government implemented a series of sweeping economic reforms that included trade liberalization and privatization

of public enterprises. Mexican companies were forced to modernize to stay competitive as foreign suppliers moved into their formerly protected markets. Since purchases of high technology equipment had been severely limited by an import permit system, the effect of these reforms on computer markets was particularly dramatic.

Opportunities for foreign suppliers are especially attractive because the domestic computer industry is poorly developed and the nation has little investment in old technology to slow the pace of modernization.

Policies of self-sufficiency had been in place for decades before small computers emerged as a business tool, but the Mexican government was quick to include them under its protectionist umbrella. In 1981, the first of two decrees governing the computer industry was issued. It specified that all computer suppliers had to maintain local manufacturing facilities. A second decree in 1987 increased the local content required and imposed import permits for all computer equipment.

In April 1990, the computer decrees were rescinded and foreign computer manufacturers were



SUMMARY REPORT

In addition to this market summary, the Department of Foreign Affairs and International Trade (DFAIT) has prepared a market profile entitled *Opportunities in Mexico: Software Products and Computer Services*. This information on the Mexican market for software products and computer services has been produced and published by Prospectus Inc. under contract with DFAIT, along with other market profiles and summaries on business opportunities in Mexico. It is available from:

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