

Although these efforts have been slow to produce results, there is growing interest in wood construction. The United Nations Industrial Development Organization has developed a wood-frame construction code for Latin America. In Mexico, the northern border region is heavily influenced by American building practices. Wood is also more acceptable in the forested regions of the country. Prefabricated wood homes are beginning to find a market among the wealthy, for vacation homes, and in tourist resorts. In general, affluent Mexicans have a better understanding of building techniques and are more willing to innovate. They can also afford higher insurance premiums and are less reliant on bank financing. In the future, the acceptability of wood construction is likely to spread among the middle class, although some experts say it may take a decade or longer.

Industry observers stress that this prejudice is specific to wood and not applicable to innovative building techniques in general. They note, for example, that polyvinyl chloride (PVC) plastic and steel building systems have been reasonably well-accepted. Indeed, there have been reports that recent ventures have failed because they overlooked the fact that Mexican competitors are already well-entrenched in this field.

THE HOUSING SECTOR

A national shortfall of some seven million housing units, combined with crippling interest rates, is gradually forcing contractors to consider advanced building techniques.

Construction has been the fastest-growing sector in the Mexican economy for more than a decade, and the housing sector has grown steadily at a rate of 5 or 6 percent annually. But Mexican construction firms were hit particularly hard by the December 1994 devaluation of the peso. Many projects were halted; high interest rates and a shortage of capital are likely to constrain the housing sector in the short run.

According to data published by the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, annual investment in housing has averaged around 3 percent of gross domestic product (GDP). This level of spending is not sufficient to keep pace with escalating housing demands resulting from rapid population growth and a high rate of family formation. Some 60 percent of the population is under 25 years of age and the labour force is increasing at the rate of 1.4 million per year.