

MONTERREY

MARKET ENTRY STRATEGIES

Canada enjoys a good reputation in the Monterrey region. Many observers believe that there are excellent opportunities for Canadian technology in the industries that are growing the most quickly. Several of them noted specific matches between Canada's strengths and the needs of Monterrey's *grupos* in such areas as financial services, environmental technology, telecommunications and industrial design.

But the same observers also note that Canadian companies seem less aggressive than their competitors from the United States, Europe and Asia. Tom Cullen, the Canadian consul in Monterrey, feels that it is important to take advantage of the current environment of rationalization and restructuring. "If Canada does not become a leading technology supplier to the region now," he says, "then the Americans, the Japanese and the Germans will beat us to the punch." Mr. Cullen adds that the best approach is direct contact with the major Monterrey-based *grupos*.

Alfredo Sandoval Musi, co-director of the *Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM)*, Monterrey Institute of Technology, Centre for Strategic Studies, observes that "*Regios*, senior executives, are intrigued by Canada but they do not know much about Canada." As an example, he cites the case of Nortel, a high-profile Canadian success story in the region. He says that some Monterrey executives are under the impression that this is an American company. The problem has been compounded by the fact that Monterrey companies were under-represented in the 1996 visit to Canada by President Zedillo. To raise Canada's profile in the region, the Department of Foreign Affairs and International Trade (DFAIT) is sponsoring an incoming trade mission to bring executives of the major regional *grupos* to Canada in April, 1997. This will give the Mexican firms a Canadian orientation and also provide opportunities for direct contacts with specific Canadian suppliers.

Direct contact with the major *grupos* is considered a good way to break into the regional market. As in other parts of Mexico, a joint venture with a Mexican company with established access to this market is another effective strategy.

PUBLIC SPENDING: STATE AND MUNICIPAL REVENUES IN NUEVO LEÓN, 1993

THOUSANDS OF MEXICAN PESOS*

| Item | State | Municipalities |
|-------------------------------------|------------------|------------------|
| Administrative expenses | 3,700,203 | 709,571 |
| Upper management offices | 194,858 | 210,130 |
| Public security | 12,529 | 88,179 |
| Public health | 282 | 32,814 |
| Public education | 595,344 | 45,869 |
| Cultural activities | 75,331 | 20,022 |
| Social security | 24,037 | — |
| Public records | 523 | 1,959 |
| Other | 2,797,299 | 310,598 |
| Public works and development | 746,004 | 269,925 |
| Public works | 561,386 | 228,599 |
| Development | 184,618 | 41,326 |
| Transfers | 990,017 | 110,218 |
| Subsidies | 207,753 | 97,531 |
| Aid | 57,418 | 16 |
| Shares and returns | 479,765 | 9,599 |
| Apportioned to public sector | 245,081 | 3,072 |
| Public debt | 106,793 | 41,034 |
| Cash Assets | 20,995 | 24,526 |
| Accounts Receivable | 1,733,256 | 149 |
| Total | 7,297,268 | 1,155,423 |

*Columns may not add to total due to rounding.

Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), National Institute for Statistics, Geography and Informatics, Dirección General de Estadística.