

As these examples illustrate, the processes of trade liberalization, deregulation and privatization have facilitated the entry of Canadian capital and technology into Mexico. Mexico desperately needs new technology, both to modernize its manufacturing industry and to replace its deteriorating public infrastructure. Neither sector has the capital to do this on its own.

Awareness of Canadian Companies

Although Canada has long enjoyed a good general reputation in Mexico, buyers have traditionally had little knowledge of individual suppliers and investors. The publicity surrounding the NAFTA and associated Canadian government trade promotion efforts have begun to change this situation. The higher profile of Canadian companies has allowed them to make new inroads into the Mexican market. For example, some 60 Canadian mining companies are now active in Mexico.

Mexico's overall imports fell during 1995 because of the economic crisis, but in the same period, imports from Canada rose by 8.4 percent [Statistics Canada, March 1996]. Many projects have simply been postponed. Mexico is still heavily dependent on imported technology to meet the needs of its rapidly-growing population. In addition, the crisis has disrupted traditional lines of supply and forced buyers to consider alternative technologies and products. Mexican manufacturers are scrambling to modernize to meet international quality standards so they can take advantage of the export boom. These developments have led to a growing awareness of Canadian suppliers. Most Canadian companies that have succeeded in Mexico have found that partnering with a Mexican firm is the best way to enter this market. In today's economic environment, Canadian companies may have to consider contributing capital as well as technology to such partnerships.