

# Sectors of Priority Identified in Mexico

*The North American Free Trade Agreement will open new market prospects for Canadian industry in Mexico; yet, Mexico, as a market, is unknown territory for most Canadian entrepreneurs. In Vol. 10, No. 16 (October 1, 1992) CanadExport introduced a series highlighting the sectors of priority for Canadian business. Featured here in the sixth and last article of the series is the telecommunications sector. The information comes from the Commercial Section, Canadian Embassy, Mexico City. For more information on the Mexican market, contact the Mexico Desk Officer, Marcel Lebleu, Latin America and Caribbean Branch, External Affairs and International Trade Canada. Tel.: (613) 995-8804. Fax: (613) 943-8806.*

## TELECOMMUNICATIONS, ELECTRONICS, SOFTWARE

Electronic components, telecommunications equipment and systems, and computer software are sectors in Mexico that represent the greatest potential for Canadian business.

The importation of parts also represents major opportunities, since most components of locally-manufactured products are imported.

The country's government and its private sector are dedicated to modernizing and upgrading its telecommunications infrastructure which now is undergoing fundamental alterations.

Deregulation and privatization are the crucial factors changing the face of Mexico's telecommunications sector, opening private investment and service in areas such as cellular telephones, construction and administration of microwave earth stations, facsimile, electronic mail, and data transmission services.

The Mexican market for telecommunications was valued at US\$557.7 million in 1989 and increased 48.5 per cent to US\$828.2 million in 1990. Total apparent consumption is expected to increase at an average annual rate of 12 per cent, rising to US\$1,303.2 million by the end of 1994.

The privatization of TELMEX, the liberalization of the telecommunications sector, and the increased demand for access to the latest technology by Mexican firms that are becoming more internationally oriented will see rapid growth in the telecommunications market.

In 1987, total imports of electronic components amounted to US\$97.9 million and grew—as a result of the country's trade liberalization policies—an unexpected 35 per cent in 1988 to US\$132.2 million. In 1990, imports reached US\$166 million.

Some Canadian products with best sales prospects in Mexico include: power supplies; bare boards; cable harnesses; integrated circuits; multi-layer circuit boards; electronic tubes; cables and connectors; multi-

ple connectors; relays; switches; resistors; capacitors; semiconductors; transistors; inductors; and diodes.

The market for computers has experienced the most dynamic growth rate of all Mexican industrial product sectors in the last few years, estimated at 30 per cent annually since 1983.

Imports of equipment increased 20 per cent annually during the same period. Between 1984 and 1989, software sales increased at an average annual rate of 22 per cent. The purchases of computer software in Mexico were estimated at US\$127.3 million in 1988 and US\$159.1 million in 1989. This market is projected to grow at an average annual rate of 23 per cent and reach US\$296.7 million by the end of this year.

Of the total software market, approximately 53 per cent is for microcomputers; 30 per cent for minicomputers; and 17 per cent for mainframes.

It is estimated that software sales for microcomputers will grow at an estimated annual rate of 36 per cent in the next five years; sales of software for minicomputers, 17 per cent; and for mainframes, 11 per cent.

### Rewards — from page 6

The 1993 awards will be presented at the 10th CIDA/CEA Consultations which will be held in Ottawa in the Spring of 1993. Application deadline is January 31, 1993.

For further information on the awards or to receive an application form for the 1993 event, contact Paule Charest, Canadian Exporters' Association, 19, Chemin du Ravin, Ste-Thérèse, Quebec, J7E 2T5. Tel.: (514) 434-4196. Fax: (514) 430-5684.