
Oil and Gas Products and Services: Mexico has the fifth-largest known reserves of oil and gas in the world. PEMEX, the state-owned oil monopoly, is the largest single Mexican buyer of products and services in this area, and has recently taken steps to open itself to more foreign participation in drilling and service contracts. Canada currently holds about 3 percent of the engineering services markets, with sales of \$8 million in 1992, and 3 percent of the secondary industrial equipment and machinery market, with 1992 sales of \$13.7 million. There are opportunities in services, especially petroleum-related environmental engineering, seismic and interpretive services, and gas processing engineering. Canadian companies can also take advantage of the Export Development Corporation's \$500 million line of credit for PEMEX.

Transportation Equipment: Mexico is currently modernizing its transportation infrastructure. Canadian firms have already made significant sales to Mexico's national railway line, and further opportunities are opening up in urban transit systems. Mexico City alone plans to spend \$180 million to upgrade its subway system. In air transportation, it is estimated that the country will spend \$1 billion on aircraft in the near future. At the same time, Mexico's ports are being privatized and new maritime facilities are currently in the planning stages. In addition, transportation operations, maintenance and consulting will provide new opportunities for the suppliers of such services.

Services: As Mexico continues to develop, it will need a wide variety of business and professional services to help upgrade its infrastructure. In fact, there are several markets for services in Mexico. Among the areas of vital importance are financial services (banking, accounting, investment and insurance); professional services (architectural design, urban planning, and consulting engineering), and business-related services (distribution systems, legal advice and managerial and staff training).

The vast U.S. market for services also offers many opportunities and implementation of the NAFTA will generally make it easier for Canadian firms to take advantage of those opportunities. Specifically, the NAFTA will gradually liberalize restrictions in such areas as professional services, land transportation and specialty air services. Among the services identified as especially promising are architectural design/construction, consulting engineering, transportation, geomatics, environmental services, legal services, information technology and telecommunications.

Government Procurement: The U.S. and Mexican government procurement markets will continue to provide attractive opportunities for Canadian exporters. In Mexico, the NAFTA provides Canadian companies with access to the Mexican procurement market, particularly PEMEX and CFE (the state-owned electricity company) which represents almost US\$8.2 billion of Mexican government procurement.

In the United States, the NAFTA increases opportunities for Canadian companies by providing access to a number of U.S. agencies whose purchases were previously closed to Canadian firms. For example, construction contracts tendered by the U.S. Army Corps of Engineers, with an anticipated 1994 budget of US\$11.2 billion, will become accessible to Canadian firms. Furthermore, Canadian service suppliers will benefit from a NAFTA provision that allows competition on an equal footing with U.S. suppliers on over US\$30 billion a year of U.S. federal service contracts.