

According to estimates published by the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, Mexican computer sales jumped by 20 percent between 1993 and 1994 to reach US \$3.4 billion. The devaluation of the peso in December 1994 depressed hardware sales during 1995 and most experts are predicting that they will not recover to 1994 levels for two years. Software and service sales, however, are likely to continue to benefit from strong 1994 hardware sales.

*INEGI* has actively promoted the use of computers in both the public and private sectors. In 1993, the *Grupo Consultivo de Política Informática*, Computing Policy Consultation Group, was formed, with the goal of developing a National Computing Development Plan. That plan is now being implemented. So far, it has been oriented primarily towards modernizing the internal workings of the public service. A series of new policies will promote the expansion of computer technology in the private sector.

## THE COMPUTER INDUSTRY

*The number of personal computers in Mexico surged by 37 percent in 1994. In spite of the economic crisis, new spending on software and services will be needed to get the most out of this investment.*

The Mexican market for computer software and services has grown rapidly as the installed computer base continues to expand. The elimination of import permits in 1990, and the subsequent reduction of tariffs had a dramatic effect on the market. Sales of computer technology exploded by 43 percent in 1990 and another 49 percent the following year. Even during the economic slowdown of 1993, sales of computer hardware, software and services rose by 10 percent. Hardware sales virtually halted in late December 1994 when the peso was suddenly devalued. Nonetheless, prospects for software and services are still considered good.

A large variety of hardware became available for the first time, and prices fell substantially as the market grew. This stimulated demand for software and services. The national producers of hardware and software reacted to these changes in different ways. Some big international hardware companies rearranged their product lines to focus on international markets. Some ceased local production altogether. Some strictly national producers have reoriented their production towards niches where they are competitive. Others have forged alliances with foreign companies to develop new capabilities. Still others shut down their production facilities and concentrated on distributing the newly-available imported brands.