

Figure 3.5
Examples of Canadian Maquiladora Operations

Company	Canadian Base	Maquiladora	Type	Products	Start
Custom Trim Ltd.	Waterloo	Matamoros	Subsidiary	Leather-wrapped steering wheels	1984/85
Dicon System Ltd.	Toronto	Ciudad Juárez	Sub-contract	Smoke detectors	1988
Dominion Group Inc.	Toronto	Ciudad Juárez	Subsidiary	Wiring harnesses and assemblies	1987
Fleck Manufacturing	Toronto	Nogales, Imuris Ciudad Juárez	Subsidiaries	Wiring harnesses and assemblies	1985
Ideal Equipment Co. Ltd.	Montreal	Matamoros	Subsidiary	Sewing machine parts	1978
Noma Industries Ltd.	Toronto	Ciudad Juárez	Subsidiary	Artificial Christmas trees and lights	1990

Source: The Conference Board of Canada.

At present, there are more than 200 Mexican companies that have some capital participation by Canadians, concentrated in the manufacturing and service sectors, in commerce and in the mining sectors. Canadians hold a majority of the shares in about a third of these firms and a minority position in the remainder. Among the most prominent Canadian companies investing in Mexico are Northern Telecom and Magna International Ltd. Northern Telecom has invested about \$US60 million in Mexico while Magna, an Ontario-based auto-parts manufacturer, has a \$US10 million investment in southern Mexico to produce bumpers for Volkswagen.

Canadian companies investing in Mexico are aware of the fact that investment has become a major factor in supporting international trade. Increasingly, economic relations between countries are moving beyond the confines of strict exchanges of merchandise. In many cases, trading relations can only be established on a viable footing if they are supplemented by some form of investment. Foreign investment, in effect, has become a key to enhancing exports and thus expanding domestic economic activity.

It is no coincidence that most of Mexico's major trading partners are also its most significant sources of foreign direct investment (see Figure 3.6). In many cases, the

Mexican market would have been inaccessible to exporters if it were not accompanied by some form of in-country investment, a condition which is set to change under NAFTA. Companies are using ventures in Mexico as a foundation upon which they can build a solid and expanding trade relationship. In the past, Canadian trade with Mexico was impeded by the absence of such developed, ongoing and substantive linkages between the two countries. Today, Canadian business people are showing a growing interest in Mexico's long-term potential and are looking for Mexican partners with whom they can develop mutually beneficial relationships.