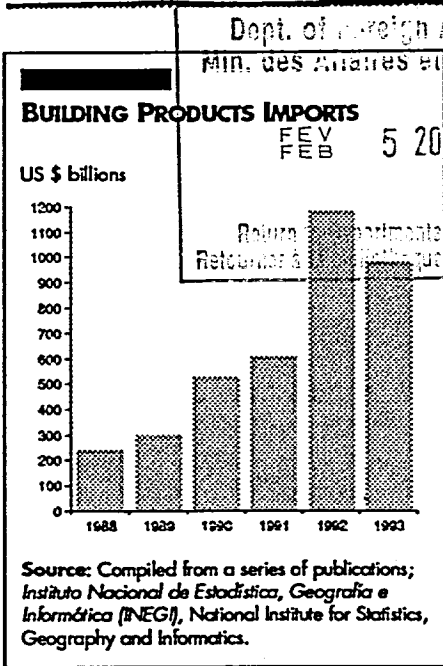


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Canadian producers of building materials have not achieved substantial penetration of this market. In 1993, exports amounted to just under \$20 million*, while imports from Mexico totalled almost \$75 million.

CUSTOMERS

The largest customers for construction and building products in Mexico are construction companies and government entities, including state-owned corporations. There is also a large informal market catering directly to household consumers.

Construction Companies

The large companies are the most important users of imported construction materials. They purchase the most sophisticated products and demand a wide variety of materials. Key companies include:

- Grupo Ingenieros Civiles Asociados (ICA);
- Grupo Bufete Industrial;
- GUTSA Construcciones;
- Grupo Mexicano de Desarrollo; and
- Triturados Basálticos y Derivados (TRIBASA).

Governments

Federal, state and municipal governments undertake extensive public works

projects, and they are major customers for construction materials and equipment. In 1992, publicly-funded works accounted for over 70 percent of the country's formal construction activity.

Privatization policies, however, have begun to diminish the role of government in materials purchases.

Government procurements are now being re-oriented towards complete turn-key projects. This means that in many cases, government planners no longer play a key role in the specification or procurement of materials. Nonetheless, many construction projects are still designed and managed by government planners, and government entities will continue to play an important role in the building materials industry.

In addition to government departments, two *paraestatal* corporations play a particularly important role in construction activity:

- *Petróleos Mexicanos (PEMEX)* is Mexico's state-owned oil company. PEMEX is a major builder of petrochemical plants, waste-treatment plants and pipelines.
- *Comisión Federal de Electricidad (CFE)* is the public corporation responsible for providing all of Mexico's electrical power. It is undertaking an aggressive modernization program to expand its generating capacity by 50,000 MW, building new power plants and transmission lines.

The Informal Market

The consumer market for construction products, often referred to as the informal market, is difficult to quantify, but it is believed to be larger than the formal market. The informal market includes construction performed by very small, non-registered construction companies as well as individual home owners who do their own house building, repairs, maintenance and remodelling. The U.S. Department of Commerce has estimated that the formal market represents 40 percent of the activity and the informal market 60 percent.

OPPORTUNITIES IN ROADS AND HIGHWAYS

In 1989, the federal government initiated a program to construct 15,000 km of new four-lane highway by the year 2000. Over 3,000 km have been built and approximately 2,000 km are currently under construction. The program involves considerable private-sector investment through a toll road concession scheme. Typically, the projects are undertaken and financed by very large Mexican companies.

The most important opportunities are for the sale of:

- heavy equipment;
- paving equipment and materials;
- bridge-building technologies and materials;
- geo-textile materials and technologies for preparing road beds;
- asphalt protection products;
- foundation stabilizing chemicals;
- traffic lights; and
- guard rails.

Key Customers

Only a small number of firms have taken part in the highway concession program. These are the largest Mexican construction companies with considerable resources and experience. Canadian suppliers to the road building industry should make direct contact with these companies' purchasing departments to offer construction products. They include:

- *Triturados Basálticos y Derivados (TRIBASA);*
- *Grupo Ingenieros Civiles Asociados (ICA);*
- *Grupo Mexicano de Desarrollo; and*
- *Grupo Protexa.*

OPPORTUNITIES IN WATER INFRASTRUCTURE

There are substantial opportunities in the construction of water works as Mexico moves to upgrade, rehabilitate and expand its infrastructure. The National Drinking Water and Sewage Program was launched in 1990. It

