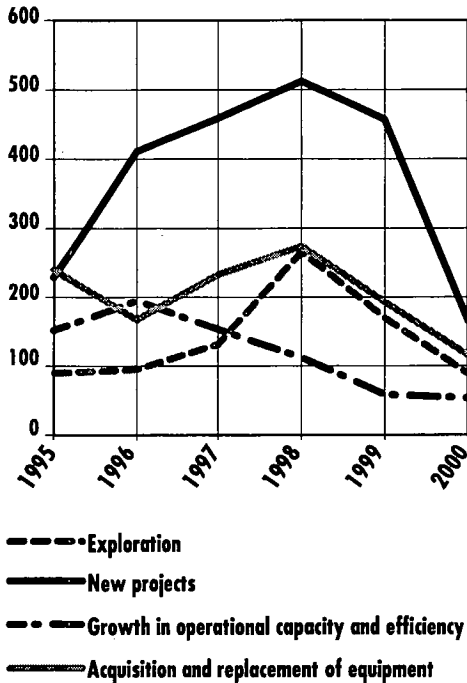


# TRENDS AND OPPORTUNITIES

## PROJECTED INVESTMENT IN THE MINING SECTOR, US \$ MILLIONS



Source: Cámara Minera de México (CAMIMEX), Mexican Mining Chamber.

*Privatization is creating new opportunities in such areas as mine development, equipment supply, remote sensing and consulting*

The most important trend driving the market for mining equipment has been the rapid privatization and deregulation of the industry. All but one of the formerly state-owned mining companies have been sold to the private sector. As late as 1991, the Mexican government was the largest operator of mines. Several major mining operations have been privatized including the following:

- *Azufrera Panamericana*
- *Compañía Exploradora del Istmo (CEDI)*
- *Roca Fosfórica Mexicana (ROFOMEX)*
- *Comisión de Fomento Minero (CFM)*
- *Minera Carbonífera Río Escondido (MICARE)*
- *Consorcio Minero Benito Juárez-Pena Colorada*

At the time they were privatized, these companies were suffering from liquidity problems, obsolete equipment, and falling production. The only remaining government investment in the mining industry is its 51 percent interest in *Compañía Exportadora de Sal*.

The newly privatized mining companies have invested heavily to modernize their operations and to expand. According to statistics published by the *Cámara Minera de México (CAMIMEX)*, Mexican Mining Chamber, its member companies will invest US \$723 million in 1995 alone, and this level of investment is expected to continue for several years. Reportedly, 55 percent of the total is for improvements or expansion of existing facilities, and the rest is for exploration and the development of new projects.

The release of millions of hectares of mining reserves previously held for the exclusive use of government-owned mining companies is also driving new investment in the industry. The largest source of new investment is the United States, followed by Canada. France, China and Japan are among the other countries actively pursuing these opportunities.