

EMERGING SECTOR OPPORTUNITIES

The following are just some of the industrial sectors that offer especially promising business opportunities in Mexico.

Automotive: Canada-Mexico bilateral trade is dominated by shipments of automotive products, including finished vehicles, engines and parts. The value of this two-way trade exceeded \$1.75 billion in 1991, and is expected to rise appreciably in the short term. It already accounts for 60 percent of bilateral commercial flows, making Mexico a most important automotive market for Canada, second only to the United States.

Agri-food: There are opportunities to market virtually all agro-industrial products in Mexico, including foods, processed foods, oilseeds, grains, meat products, livestock and breeding stock. Mexico's imports of foods and beverages totalled \$5 billion in 1990. Annual growth for the next five years is estimated to be 30 to 40 percent, based on continuing urbanization and rising standards of living. At least 15 to 20 percent of all Mexicans now have the income to support regular purchases of imported processed frozen foods.

Environmental Equipment and Services: With \$10 million in sales, Canada currently holds about 3 percent of the Mexican environmental equipment market. Mexico spends approximately \$300 million annually on environmental equipment and services, about 12 percent of which is supplied through imports. The Mexican environmental market is expected to grow by about 15 percent annually through the year 2000, because of increased efforts to reverse ecological damage. Between 1991 and 1994 alone, the Mexican government will spend US\$4.6 billion on the environment, supplemented by an additional US\$2 billion in environmental funding from international financial institutions.

Industrial Machinery: Mexico is currently expanding and modernizing its industrial infrastructure. As a result, new opportunities are opening up to supply Mexican firms with a wide variety of industrial equipment ranging across both primary and secondary industries. In addition, Mexican industry is developing a strong and growing need for advanced manufacturing technologies in areas such as automated production and inventory control. The advent of the NAFTA creates significant tariff differentials between Canadian and offshore suppliers of industrial machinery to Mexico, to the advantage of Canadian producers.

Information Technologies: The Mexican telecommunications sector has recently been privatized and deregulated. It is expected that Mexico will spend approximately \$30 billion in the coming decade to modernize its telephone networks. This will open up opportunities for rural telephone equipment, long-distance systems, digital switching, fibre optics and cellular telephony. At the same time, the computer hardware industry is one of Mexico's fastest growing industrial sectors. It is estimated that this sector will experience compound annual growth rates of 19 percent over the next few years. On the software side, the strongest growth is expected in applications software, systems integration and professional services.

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