

tubes, accessories thereof, internal combustion engines and valves. Total domestic production of oil and gas field equipment was estimated to be \$687.6 million in 1988 and \$740.4 million in 1989. It is expected to grow at an average annual rate of four percent through 1992.

The most important foreign suppliers of oil and gas field equipment to PEMEX are the U.S. (72%), Japan (5%), West Germany (4%), Italy (3%), Canada (2%) and Spain (2%). As part of its savings campaign, PEMEX has reduced its staff in the Tokyo and London offices and has closed the Paris office. Most foreign purchases are therefore made through the Houston office. U.S. equipment is also well known and generally preferred by PEMEX. The geographical proximity of the U.S. is an advantage in competing for Mexican business since it permits faster delivery and better after sales service.

Canadian suppliers can take advantage of their relative proximity to Mexico to market their products more aggressively. Total Canadian exports of oil and gas field equipment to Mexico have remained fairly stable during the last few years. In 1988, they amounted to Cdn\$2.7 million and decreased to Cdn\$2.4 million in 1989 despite the overall increase in imports. This reflects a generally passive marketing approach of Canadian suppliers, who could greatly benefit from this growing market by being more aggressive. This could include participating in trade shows in Mexico and the United States, directly marketing their products with PEMEX, both at the central and regional level and establishing a distributor or representative in Mexico, or setting up an office locally, or finding a joint venture partner.

TABLE 2
CANADIAN IMPORTS AND EXPORTS
(000 Canadian dollars)

	IMPORTS 1988	EXPORTS 1988	IMPORTS 1989	EXPORTS 1989
Pipes and tubes	402	15	8	0
Accessories for pipes and tubes	100	8	635	6
Pumps	0	146	46	101
Winches and Cranes	26	17	0	38
Drilling equipment	0	1,243	0	1,063
Valves	1,059	458	1,395	273
Parts	473	677	598	806
Geological instruments	4	130	0	105
TOTAL	2,064	2,694	2,682	2,392

Source: Statistics Canada - International Trade Division

Although PEMEX has strong technical support in its own staff and the Instituto Mexicano del Petroleo (Mexican Institute of Petroleum), it has, in the past, contracted services and licensed processes from international suppliers. Some of these include : Ethylene production process from Lummus; low-density polyethylene from ICI; styrene from Monsanto-Lumus; oxylene from Atlantic Richfield; and propylene from Chevron, all