

OPENING UP TO HIGH TECHNOLOGY

The Mexican computer sector has been transformed by a dramatic shift from extreme protectionism to an open, competitive market.

The computer sector is one of the most rapidly growing elements of the Mexican economy. Beginning in the late 1980s, the government implemented a series of sweeping economic reforms that included trade liberalization and privatization of public enterprises. Mexican companies were forced to modernize to stay competitive as foreign suppliers moved into their formerly-protected markets. Since purchases of high technology equipment had been severely limited by an import permit system, the effect of these reforms on computer markets was particularly dramatic.

Opportunities for foreign suppliers are especially attractive because the domestic computer industry is poorly developed and the nation has little investment in old technology to slow the pace of modernization. For example, in 1992 Mexico had only about 15 computers for every 1,000 inhabitants. This compared with 150 in Canada and 250 in the United States.

Policies of self-sufficiency had been in place for decades before small computers emerged as a business tool, but the Mexican government was quick to include them under its protectionist umbrella. In 1981, the first of two decrees governing the computer industry was issued. It specified that all computer suppliers had to maintain local manufacturing facilities. A second decree in 1987 increased the local content required and imposed import permits for all computer equipment.

These restrictions were intended to foster the development of a domestic computer industry. This policy succeeded in encouraging some local production, mostly by IBM. But the ultimate result was that Mexican producers in other industries were deprived of the technology they needed to compete in world markets.

In April 1990, the computer decrees were rescinded and foreign computer manufacturers were allowed to supply the Mexican market solely through imports. Although the decrees applied only to hardware, their removal has had a strong effect on the demand for software and computer services. The availability of cheaper, more sophisticated equipment has tended to foster new and more elaborate applications.