

In 1992 construction activity represented 5.3 percent of Gross Domestic Product (GDP<sup>1</sup>) and employed 10 percent of the Mexican labour force. The value of construction contracting in the formal sector of the economy — i.e. as reported by the 18,000 construction firms representing the industry — was approximately U.S. \$11 billion.<sup>2</sup> It is estimated that the total value of the industry could be twice this figure if the informal industry is included. The informal sector includes house building, repairs, maintenance and remodeling performed by individuals.

## INFRASTRUCTURE DEVELOPMENT PRIORITIES

In 1989 the government established the priorities for Mexico's social and economic development over the following 10-year period through its *Plan Nacional de Desarrollo* (National Development Plan). The Plan outlines an ambitious program for infrastructure development required to achieve the government's goals of economic growth. Highlights of the Plan are:

- the construction of 15,000 km of new four-lane highway;
- plans to bring new drinking water, sanitary sewer, and drainage systems to an estimated 3 million inhabitants per year;
- the construction of 1500 waste water treatment plants;
- increasing the area of land under irrigation by 2 million hectares;
- doubling the generation capacity of installed electrical plants;
- the construction of 6 to 8 million housing units;
- the modernization of 15,000 km of railroad;
- the expansion or installation of 3 industrial ports in the Gulf of Mexico and 3 more on the Pacific Coast; and
- plans to develop and upgrade industrial parks in order to double employment capacity.

Efforts to fulfill the Plan are reflected in the concentration of construction activity currently observed in Mexico. Table 1.1 shows the type of work performed by the Mexican construction industry in 1992. After non-residential building, land transportation works occupy the second most important area of activity, as a result of the early emphasis placed on the highway improvement program. The most significant areas of growth since 1991 are in water works and residential buildings, reflecting the growing attention being placed on these aspects of the Plan.

