COMPETITION

Competition for Canadian suppliers to this market is primarily from other foreign companies, and not local Mexican suppliers. Many local firms are candidates for joint ventures with Canadian companies that can provide technology in exchange for market access.

The geomatics market in Mexico has expanded rapidly over the past three or four years, and many new firms have entered the industry. Most of them are smaller and more regionally focussed than the established firms. Some of these companies tend to concentrate on local projects, while others operate as subcontractors to the dominant players.

Over the next two years, many state and municipal governments will reach their immediate objectives, and demand will drop off. The demand for aerial-mapping services, for example, is expected to fall by about 40 percent by the end of 1995.

Larger companies have been anticipating this slow-down, which is one reason for the prevalence of subcontracting. The smaller companies will suffer disproportionately when the industry contracts. These developments may make them more open to strategic alliances with foreign firms.

Certain foreign competitors already have fairly entrenched positions. Most of the major Mexican suppliers of geomatics services have exclusive deals with U.S. software providers, for example. European equipment manufacturers also have strong market positions based on joint ventures with local companies.

Recent economic developments will accelerate the general trend towards privatization of government services. Government geographical information systems (GIS) centres may be forced sell their GIS operations to the private sector, or they may start to compete with private companies, especially for government contracts. The GIS group at *Petróleos Mexicanos (PEMEX)*, the national oil company, for example, has recently begun offering its services to government agencies.

Photogrammetric production equipment and cameras are mainly imported from Europe, particularly Germany. The U.S. dominates the software market, although one product comes from Spain. These countries are viewed as roughly equal competitors by Mexican buyers.

France and the United States dominate the market for satellite services, although both Russia and Canada are possible contenders for new projects.

Several Mexican buyers and competitors who were interviewed for this profile said that while Canada is perceived as being very strong in technical expertise, it is not well-regarded commercially.

The key market strength of Canadian companies is their ability to complete turnkey projects. Even the largest Mexican competitors have difficulty offering fully integrated services. Canadian companies also have the ability to anticipate the market by identifying needs and responding to them with technical innovations.

TRENDS AND OPPORTUNITIES

The sharp devaluation of the peso in December, 1994, caused a large decrease in purchasing power for all buyers of imported products. Government purchases will be cut back even further as a result of budget reductions associated with the recovery plan.

Officials of the *Banco Nacional de Obras y Servicios Públicos (BANOBRAS)*, National Bank for Construction and Public Works, said in mid-1995 that the bank still has funds for cadastral update projects. Ten new projects were approved by BANOBRAS in the first quarter of 1995 alone. But other geographical information systems (GIS) projects are expected to be put on hold until the economic situation stabilizes. Most observers believe that a settling period of several months will be needed.

There are, however, some positive effects. First, governments will be forced to spend more carefully. The increased use of GIS is one likely outcome. Second, GIS will increasingly be used in the private sector as a planning and management tool. Imports will continue to dominate this market, because the economic crisis will make it even more difficult for Mexican companies to develop advanced capabilities on their own.

The first year of the new administration will be devoted mainly to defining priorities and positioning for the future. For Canadian companies with a medium-term perspective, there are still excellent prospects in the Mexican GIS market. But success will depend on their ability to evaluate emerging needs and develop marketing and delivery systems.

PRODUCT OPPORTUNITIES

Decision makers interviewed for this profile stressed the long-term need in Mexico for some sort of integration of geographical information systems (GIS). Ideally, all geographic information would be accessible through a single server platform. Canadian companies which can provide integrated solutions will find a growing market, provided that adequate financing can be found.

Satellite imagery for large corporations and state-owned companies is an untapped but potentially large market. Advanced data analysis techniques, data conversion systems and specialised methodologies such as orthomapping will also be needed as the country's backlog of raw data grows.