Import Permits Eliminated, Duties Lowered as Mexico's Tourism Industry is Liberalized

"Canadian exporters have not taken full advantage of Mexico's liberalization policies to promote their products more aggressively in Mexico."

This message, in ***Market Study on Tourism, Hotel and Restaurant Equipment in Mexico***, a study prepared by the Canadian Embassy in Mexico City, clearly indicates that Canadian exporters are missing out on a market that, potentially, is worth millions of dollars.

To take the bull by the horn, the guide advises that: "Canadian exporters should participate in trade shows staged in Mexico and consider the possibility of joint ventures and/or licensing agreements as potential tools to penetrate the Mexican market."

The advice also applies to consulting services firms, especially those engaged in design, quality control and new product introduction.

That being said, the 'trade liberalization process' means that:

• import permits are eliminated on all but 325 of the total 11,960 tariff items on the recently adopted Harmonized System;
• official import prices are no longer applicable;
• the maximum import duty has been lowered from a maximum 100 per cent to 20 per cent;

All of this bodes well for Canadian exporters to Mexico's tourism, hotel and restaurant equipment and services market — "one of the government's highest priorities and a huge revenue-generating industry that constantly grows larger."

That growth is good for Canada, a country which, traditionally, has had a very strong trading relationship with Mexico.

In 1989 total trade between Mexico and Canada was Cdn $2.3 billion: Cdn $306 million in the sale of goods and services to Mexico; Cdn $1,7 in imports from Mexico.

According to Mexican figures, in 1989, 1.9 per cent of Mexico's imports came from Canada, while 1.3 per cent of its exports were to Canada. This makes Canada Mexico's fifth largest exporter and sixth largest importer.

On the hotel and restaurant equipment and supplies side, Mexico's total consumption in 1989 was valued at $131.7 million, a 17 per cent increase over purchases of the previous year—a result of Mexico's trade liberalization policies.

The total demand of hotel and restaurant equipment and supplies is expected to grow 8 per cent annually between 1990-1992—as a result of major investments in the tourism sector.

"Imports will continue to grow at a faster pace than domestic production due to the relative ease with which foreign products can now be imported, their superior quality and competitiveness compared to local products in the area of high technology and novelty products."

Industry estimates indicate that total investment in hotel and restaurant equipment during the next five years will need to be in the order of $800 million. This is based on 10,000 hotel rooms being constructed annually to reach the target set by the present administration of having 50,000 more rooms by 1995.

According to this source, each hotel room of the high class categories (Four Stars and up) has an average building cost of $63,600 — of which 35 per cent is for room furnishings and supplies.

According to Mexican statistics, Canada's import market share of hotel and restaurant equipment has increased from 1.2 per cent in 1988 to 2.2 per cent in 1989. Canadian exports have steadily increased from $1.8 million in 1987 to $2.9 million in 1989.

The best prospects for foreign-made equipment include: hotel china, ceramic tableware, cutlery, icemaking machines, coffee and tea makers, dishwashers, vending machines, scales, food processing equipment for bakery, meats, fruits and vegetables, mixers, bakery ovens, microwave ovens, sanitary fixtures, tableware sets, lead crystal glasses, bed and table linens of synthetic fibres, towels, blankets and comforters, carpeting for hotels, kitchen articles, stainless steel kitchen furniture, wood bedroom furniture, window and wall air conditioner units, commercial refrigerators and freezers, water purifiers, toasters, gas-cooking equipment, washing machines, vacuum cleaners, software for hotel and restaurant management and telecommunications equipment.

Mexico accounts for 2.1 per cent of total world tourist income and ranks ninth in the world as a tourist destination. In 1991, Mexico expects to receive more than 7.5 million visitors, generating an income of $3.6 billion.

The country's hotel industry is ranked eighth worldwide in number of rooms. It presently consists of 7,971 registered hotels and motels, offering 321,975 rooms. The industry, fully supported by the Mexican government, is expected to grow by 3 per cent to 4 per cent annually in the next four years.

"The administration of President Salinas has defined tourism as the most promissory source of economic growth and has established a five-year target to almost duplicate the number of tourists to 10 million a year by 1994 with a total income of $5 billion."

The hotels offering the greatest export opportunities to foreign suppliers are those in Special Class, Grand Tourism, Five and Four Star categories. These are the ones that cater to interna-

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