

INTRODUCTION

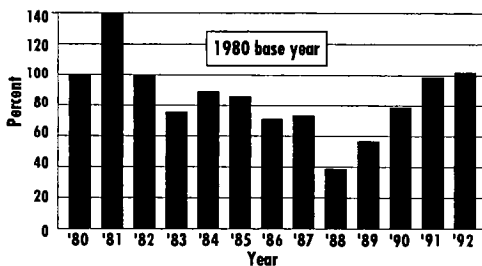
This guide has been prepared to assist Canadian firms interested in exporting construction services to Mexico. It provides an overview of the country's plans for infrastructure development and the general level of activity experienced by Mexican construction firms. Sections 3 to 8 examine six key subsectors which offer the greatest potential to Canadian contractors:

- roads and highways;
- water infrastructure;
- the energy sector;
- housing;
- tourism; and
- others — port, railway, industrial, commercial and social development.

The guide lists the various regulatory issues involved in establishing a local construction company, applying for building permits, and employing Mexican labour. As public works projects represent the most significant portion of construction activity, a step-by-step overview of the public tendering process is included. Finally, the guide provides a section which summarizes the enhanced opportunities for Canadian construction firms that have resulted from the implementation of the North American Free Trade Agreement (NAFTA) on January 1, 1994.

1. THE CONSTRUCTION INDUSTRY IN MEXICO

FIG. 1.1
REAL VALUE OF CONSTRUCTION ACTIVITY
(1980-1982)



Source: Mexican Construction Association (CNIC)

In the 1970s and early 80s the construction industry was one of Mexico's fastest growing industrial sectors, fueled by a booming economy based on oil exports. Following the economic crash of 1982, production declined dramatically hitting an all time low in 1988. Five years later the industry has demonstrated a strong comeback and is beginning to offer Canadian construction, engineering and architectural firms significant opportunities.

Though construction activity has not yet regained the stellar levels of the early 1980s, industry growth has averaged 30 percent per annum between 1988 and 1992. This growth is a direct result of a commitment by the current government to infrastructure development. Mexico's public infrastructure has been one of the most critical constraints on the country's economic growth. Road and port construction have become major priorities, reflecting a sense of urgency in improving the country's transportation routes in order to facilitate trade. Large scale energy generation and water and sewage systems are planned as part of the government's promise to improve the overall standard of living and private sector investment in housing, commercial buildings and tourism mega-projects is rising substantially.

*All currencies are in \$ Canadian unless otherwise stated.

