

THE ROLE OF IMPORTS

Although imports have dropped sharply as a result of the devaluation, Mexico will remain dependent on imports for advanced building components in the medium term.

Imports of building materials have fallen off dramatically as a result of the devaluation. The construction industry is in a slump and imports are simply too expensive for most builders in the current market. Services are not included in the international trade data but industry analysts say that they have dropped sharply as well. Housing starts have been postponed, and many housing projects remain uncompleted.

Most observers believe that imports will begin to recover gradually by mid-1996 or early 1997. Although Mexico can be largely self-sufficient in basic raw materials, the housing industry will continue to import advanced products and technologies.

It is not possible to distinguish between imports of building materials used for housing and those used for other types of construction. There are data for some prefabricated components, but Mexican imports of these products are relatively small. Total imports of wooden doors, windows, parquet panels, shingles and shakes, and prefabricated structural components were just over US \$23 million in 1994, up from US \$17.8 million the year before. The United States accounted for about 83 percent of this market. Canada's sales of these products were less than US \$200,000.

Canadian suppliers exported about US \$3 million worth of prefabricated buildings to Mexico in 1994. Most of them were silos. There were about US \$1 million in sales of other non-wood prefabricated buildings in 1993, but none were recorded in 1994. Prefabricated houses are not separated from other types of buildings in the trade data.