

New exploration and development, combined with the revitalization of old mines by new investors, will create substantial opportunities for Canadian suppliers of equipment and services for the mining industry. The increasing environmental sensitivity that is emerging in Mexico is also likely to create niche markets for investment in new equipment and mining methods. Canadian experience in environmentally appropriate mining techniques is recognized and likely to be a substantial advantage.

SECTOR OVERVIEW

Government policies have succeeded in increasing the rate of mining production growth. The value of mineral production rose by more than 24 percent in 1994 to reach \$9.6 billion pesos. Although the rate of growth declined during 1995 as a result of the economic crisis brought about by the devaluation of the peso, the industry continues to outperform the overall economy. Observers believe that the devaluation will benefit the mining industry, because it is heavily export oriented. Mining exports increased by 68 percent in the first eight months of 1995, more than double the increase for all exports.

In addition to the effects of the new mining regulations, export demand has been stimulated by the North American Free Trade Agreement (NAFTA), the Mexico-Costa Rica Free Trade Agreement, and the Group of Three Free Trade Agreement between Mexico, Colombia and Venezuela.

Total production of the mining industry in 1993 was 2.5 million tonnes according to estimates by the U.S. Department of Commerce. The fastest growing mineral products were coal, gypsum, copper and lead. The market for mining equipment is expected to grow 9 percent per year for the next three years. Demand for imported machinery and equipment should grow an average of 12 percent per year during the next three years.

During the first three quarters of 1995, the real value of mineral production in Mexico rose by almost 10 percent over the same period a year earlier. Precious metal production increased by 19 percent. Non-metallic minerals and those related to the steel industry were up by 13.4 percent and 7.4 percent, respectively.