

4. END USERS

The Mexican construction industry generates 5 percent of the country's total GDP and 10 percent of total employment. In the area of construction, there are close to one million workers registered with the National Institute for Social Security (IMSS), which by law covers all workers in private companies. The construction industry has a positive, indeed, a multiplier effect on more than 50 percent of the economy. The industry purchases 7.6 percent of the production of other sectors.

The construction sector tends to grow with the economy as a whole but at more pronounced rates. The sector decreased by 10.3 percent in 1986 during the economic crisis, recovered by 2.8 percent in 1987, remained the same in 1988 and grew by 2.1 percent in 1989. In 1990, it grew at increasingly higher rates to reach 7.7 percent, making it the most dynamic sector of the economy. That year, public investment in the sector had increased by 9 percent and private investment by 5.4 percent.

According to the Secretariat for Programming and Budgeting (SPP), gross formation of fixed capital totalled about U.S.\$34 billion in 1990. The construction industry accounted for 56 percent of this total (U.S.\$19 billion) and can itself be divided as follows: 50 percent in residential construction, 24 percent in non-residential construction and 26 percent in self-construction. Total fixed capital formation by the construction industry can be divided into private construction (60 percent), of which close to 80 percent was residential construction, and public construction (37 percent).

4.1 Public Sector

The overall trend in public investment has been positive during the past few years, increasing from U.S.\$3 billion in 1986 to U.S.\$4.4 billion in 1990. The 1991 budget called for a major increase in public investment in the area of social development, which includes education (with a 25 percent growth), health (10 percent growth), drinking water and urban development (54 percent growth) and the Solidaridad program (40 percent growth). This will be a joint effort to be made by the government, which provides material support to a particular area and project, and the beneficiaries of a project, who provide the necessary labour.

Table 6: Public Construction

% of Total Sector		Percent of Total
34%	Buildings	
	Office buildings	11.6
	Industrial & commercial buildings	8.7
	Hospitals	6.9
	Schools	5.0
	Housing	2.0
24%	Petroleum and petrochemicals	
	Well drilling	15.3
	Refineries & petrochemical plants	5.1
	Pipe systems	1.9
	Storage & distribution	1.1
16%	Transportation	
	Roads	9.0
	Urban street systems	3.4
	Railroads	2.9
	Marine works	0.7
	Subway	0.4
14%	Electricity and communications	
	Thermoelectrical plants	4.8
	Telephone and telegraph	3.5
	Distribution & transmission lines	1.8
	Electrical substations	1.7
	Hydroelectrical plants	0.1
8%	Water, irrigation and sanitary installation	
	Drinking water systems	3.5
	Urban sewage	2.5
	Irrigation	1.7
	Dams	0.4
3%	Other construction	
	Mining	0.1
	Other	3.3

4.2 Private Sector

Private investment in construction has increased from U.S.\$11.9 billion in 1988 to U.S.\$15.4 million in 1990 and to U.S.\$16.7 million in 1991.

By far the most significant category within private construction is residential construction, which represented 64 percent of total value in 1991 (see Table 7). Close to half of that amount corresponds to middle-class residences, in particular, private homes, followed by social interest housing and self-construction. The last is very difficult to estimate. The second largest category corresponds to industrial construction, followed closely by hotels and commercial construction. The other categories represent a relatively small part of the market.