

OPPORTUNITIES IN THE TELECOMMUNICATIONS SUBSECTOR

The efforts of *Teléfonos de México (TELMEX)*, the government-owned telephone company, to modernize Mexico's antiquated telephone system offer major opportunities for Canadian producers of all types of telephone equipment and services. This includes value-added services such as voice-mail, facsimile and data communications. *TELMEX* will have to expand Mexico's telephone system by ten times to reach Canada's level of service, so this is a long-term opportunity. In addition, the *SCT* has allocated 250 new television broadcast licences and 150 radio licences. These licences will be issued exclusively to Mexican citizens, creating an important new market for manufacturers of broadcasting equipment.

Consumption jumped by almost half and imports more than doubled in 1990 because of the privatization of *TELMEX*, and other major investments in radio and television infrastructure.

Demand for high-technology communications equipment is expected to remain strong as the government's trade liberalization policies gradually lead Mexican companies to become more internationally oriented.

Cable and parts accounted for about half of all telecommunications imports in 1990. Most of the balance was made up of telephone sets and equipment, and transmission-reception apparatus. Satellite communications, fibre

optics, data communications, cellular telephones and broadcasting are all considered strong growth areas.

OPPORTUNITIES IN THE PROFESSIONAL SERVICES SUBSECTOR

Canadian companies have a market advantage in professional services. Services are different from physical products in that there is a human element involved that goes beyond price and technical specifications. Mexican customers regard Canadian consulting companies as both knowledgeable and sensitive to their needs.

The market for professional services cannot be entirely separated from the associated markets for equipment and for software. Customer needs drive choices of hardware, software and services all at the same time.

Import/export data do not account for services in the same way as they do goods, and therefore, data are not available to provide an accurate comparison. The size of the professional services sub-sector was estimated at US \$295.2 million in 1990 and US \$419.2 million in 1992. Growth is forecast at a robust 27 percent per year.

advanced electronic equipment and services, prefer to purchase services and equipment through companies with a permanent local presence in Mexico. Small to medium-sized enterprises which are a growing market segment, especially for PC-based products, require even more personalized service.

A practical way to establish a local presence is to form a strategic alliance or partnership with a Mexican company. For many small and medium-sized Canadian companies, this is the only effective way to enter the Mexican market. Canadian firms can provide expertise and technology transfer that mesh well with the market knowledge and relatively low operating costs of local partners. Larger Canadian corporations may prefer to buy an established Mexican company as a way of gaining access to this market, while at the same time maintaining control.

Participation in trade shows is a common way for Canadian companies to introduce their products to the Mexican market and to make contact with potential partners.

Some upcoming trade shows are:
 Expo-Comm '95 Mexico City Jan 17-20
 IndentiMex '95 Feb 22-24
 Comdex '95 Mexico City Mar 22-24

MARKET ACCESS

Government agencies and *paraestatal* corporations, the major purchasers of

WHERE TO GET HELP

KEY CONTACTS IN CANADA

The *Department of Foreign Affairs and International Trade (DFAIT)* is the Canadian federal government department most directly responsible for trade development. The *InfoCentre* is the first contact point for advice on how to start exporting; it provides information on export-related programs and services; helps find fast answers to export problems; acts as the entry point to DFAIT's trade information network; and can provide companies with copies of specialized export publications.

InfoCentre

Tel.: 1-800-267-8376 or
 (613) 944-4000
 Fax: (613) 996-9709
 FaxLink: (613) 944-4500

MARKET OPPORTUNITIES IN MEXICO FOR CANADIAN TELECOMMUNICATIONS SUPPLIERS

Telephone switching equipment
 PBXs
 Data transmission equipment
 Customer premise equipment
 Private networks
 Fibre optics
 Satellite support services
 Cellular telephone systems
 Digital switches
 TV and broadcasting equipment
 Test and maintenance products

PROFESSIONAL SERVICES IN MEXICO, 1992

Service	Percentage of Sub-Sector
Contract programming and software development	36
Information systems consulting	22
Systems integration	16
Education and training	13
Network and facilities management	8
Systems implementation	5

Source: *Information Services in Mexico*.

