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OPPORTUNITIES IN MEXICO: HOUSING CONSTRUCTION



M A R K E T P R O F I L E - M E X I C O


 Department of Foreign Affairs and International Trade
 Ministère des Affaires étrangères et du Commerce international
 Latin America & Caribbean Branch



CMHC  SCHL
 Helping to house Canadians

Market Profile – Mexico

Opportunities in Mexico: Housing Construction was developed jointly by the Department of Foreign Affairs and International Trade (DFAIT) and Prospectus Inc. This market profile was made possible through the support of the Toronto office of Baker & McKenzie and the Canada Mortgage and Housing Corporation (CMHC).

This market profile is designed to provide an overview of the market for **housing construction** in Mexico. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. We encourage the reader to use this publication as one of several resources for commercial dealings with Mexico.

Any errors, omissions or opinions found in this market profile should not be attributed to the Government of Canada nor to Baker & McKenzie. Neither the authors, the publishers nor the collaborating organizations will assume any responsibility for commercial loss due to business decisions made based on the information contained in this book.

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HOUSING CONSTRUCTION

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FROM CANADA MORTGAGE AND HOUSING CORPORATION

Mexico provides both a large market and growing potential in the area of housing, products and housing technology. However, success in Mexico requires an extensive knowledge of the forces and factors influencing this market. Interested exporters need relevant, up-to-date information on specific areas such as demographics, housing needs and market trends, export financing and shipping regulations.

This market profile on Housing Construction is designed to assist Canadian builders and exporters of housing products to open and expand markets in Mexico. Besides giving a detailed analysis on housing business opportunities in Mexico, this document will be of great help in preparing export strategies. In co-sponsoring this study, Canada Mortgage and Housing Corporation (CMHC) is reaffirming its commitment to Canada's housing exporters.

Canada's prosperity is directly linked to our success in the international market place. This publication is part of a larger strategy to increase Canada's international market development. CMHC, working with other federal partners, provincial governments and the private sector, is helping to create jobs and wealth at home by assisting Canadian firms to compete successfully abroad.

As Minister responsible for the Canada Mortgage and Housing Corporation, I hope that you will find *Opportunities in Mexico: Housing Construction* informative and that it will be helpful in your endeavours to expand into the Mexican market.



Diane Marleau
Minister Responsible for
Canada Mortgage and Housing Corporation

FROM BAKER & MCKENZIE, BARRISTERS & SOLICITORS

With more than fifty offices in 27 countries, Baker & McKenzie is the largest law firm in the world. In Mexico, the firm has had a very significant presence since 1961. In Mexico City, the firm operates locally under the name *Bufete Sepulveda* and in all other locations in Mexico the firm is known as Baker & McKenzie. The firm currently has offices in the cities of Juárez, Mexico City, Monterrey, and Tijuana, with expansion plans to the other growing industrial regions in Mexico. A substantial percentage of all foreign companies establishing operations in the *maquiladora* regions have retained the services of Baker & McKenzie to assist them in all aspects of their endeavours in this regard.

The lawyers of the firm combine expertise in Mexican law with an understanding of the business environment and governmental process in Mexico. The firm enjoys an excellent reputation in business and government circles as one of the leading Mexican firms dealing with international and domestic business transactions. The lawyers from the four Mexican offices regularly meet with their Canadian counterparts to discuss coordination of business activities in the North American context and to encourage trade and investment activities between Canada and Mexico. Partners of the Mexican offices serve on a number of domestic and international bodies as representatives of both national business organizations and the Mexican government. Partners of the Mexican offices regularly advise the Mexican government on international business matters including the recent NAFTA negotiations.

The Toronto office, in existence since 1962, is an integral part of the North American practice of the firm which includes nine offices in the United States and four in Mexico.

The areas of firm's expertise in Canada and Mexico include:

- Administrative Law
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- Corporate and Commercial
- Customs
- Environmental Law
- Foreign Investment and *Maquiladora* Law
- Health Law
- Immigration
- Intellectual Property
- International Trade
- Labour and Employment Law
- Real Estate, Tax and Transportation
- Tax Law

The Baker & McKenzie offices in Canada and Mexico work to assist Canadian companies to find the right partner to enable them to establish or expand business activities in Mexico. Whether a company's objective is to raise capital, establish a joint venture or strategic alliance, or begin exporting to the Mexican market, Baker & McKenzie offers a coordinated approach to ably facilitate entry to the Mexican market.



Bill Watson
(416) 865-6910

Allan Turnbull
(416) 865-6923

Roy Kusano
(416) 865-6903

Paul Burns
(416) 865-6912

Mexico



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THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

The NAFTA expands Canada's free-trade area of 270 million people into a market of 360 million — a market larger than the population of the 15 countries of the European Union and one with a total North American output of \$7 trillion.

Mexico is Canada's most important trading partner in Latin America. Two-way merchandise trade with Mexico exceeded \$5.5 billion in 1994 and is expected to exceed \$7 billion by the end of the decade.

Canadian direct investment in Mexico is growing rapidly, increasing from \$452 million in 1992 to over \$1.2 billion in 1994.

This guide has been prepared with the problems inherent to the new exporter in mind. However, it is not exhaustive. The differing circumstances, interests and needs of individual companies will influence their strategies for the Mexican market.

Further assistance can be obtained by addressing requests to:

The provincial International Trade Centres (see Where To Get Help) or contact the InfoCentre at:

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

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PREJUDICE AGAINST WOOD

Most Mexicans regard wood as an inferior building material, vulnerable to fire, earthquakes, termites and rot. This perception is beginning to change, especially among more sophisticated buyers.

Mexican building traditions are derived from the nation's Spanish and indigenous ancestry. Temples were made of stone, and churches were made from the stones of the destroyed temples. In a society exposed to ongoing strife, stone or cement houses offered protection against fire and violence. Moreover, they were considered a permanent asset, to be left as a legacy for future generations.

Mexicans continue to perceive masonry houses as safe and prestigious, and they are prejudiced against the use of wood for structural purposes. They regard wood as vulnerable to a wide range of hazards, including fire, termites, tornadoes, rot and earthquakes. For the most part, they are unaware of advances in materials and construction methods that can eliminate these potential problems.

Some of these attitudes are purely cultural. As one observer put it: "A house must look like a house. It must be and look solid". Another consideration is that Mexicans prefer homes that require little maintenance. The predominance of owner-built homes is also a major factor. Such homes are typically built a little at a time, and concrete and brick can be left exposed as the builder finishes the project, perhaps over a period of years.

These obstacles to wood construction are reinforced by the policies of banks and insurance companies. Banks require that the expected life of a home exceed the period of the loan by at least 50 percent. Many of them do not consider wood homes to be durable enough for the 45 years that this might imply. This is especially true for lower-income buyers, who are perceived as being incapable of adequately maintaining a wood home. Traditional building codes perpetuate the belief that wooden houses are vulnerable to fire and earthquake. As a result, it is very difficult for wood construction to qualify for government-sponsored low-income building projects.

Mexican construction companies understand the true characteristics of wood-frame homes and they have worked to educate consumers. The *Consejo Nacional de la Madera en la Construcción*, National Council for Wood Construction, has worked with the Mexican government to promote wood-frame construction. They have published a manual and have set up training programs to overcome Mexico's lack of skilled carpenters. Several Mexican universities offer courses in wood-frame construction in their engineering departments.

Although these efforts have been slow to produce results, there is growing interest in wood construction. The United Nations Industrial Development Organization has developed a wood-frame construction code for Latin America. In Mexico, the northern border region is heavily influenced by American building practices. Wood is also more acceptable in the forested regions of the country. Prefabricated wood homes are beginning to find a market among the wealthy, for vacation homes, and in tourist resorts. In general, affluent Mexicans have a better understanding of building techniques and are more willing to innovate. They can also afford higher insurance premiums and are less reliant on bank financing. In the future, the acceptability of wood construction is likely to spread among the middle class, although some experts say it may take a decade or longer.

Industry observers stress that this prejudice is specific to wood and not applicable to innovative building techniques in general. They note, for example, that polyvinyl chloride (PVC) plastic and steel building systems have been reasonably well-accepted. Indeed, there have been reports that recent ventures have failed because they overlooked the fact that Mexican competitors are already well-entrenched in this field.

THE HOUSING SECTOR

A national shortfall of some seven million housing units, combined with crippling interest rates, is gradually forcing contractors to consider advanced building techniques.

Construction has been the fastest-growing sector in the Mexican economy for more than a decade, and the housing sector has grown steadily at a rate of 5 or 6 percent annually. But Mexican construction firms were hit particularly hard by the December 1994 devaluation of the peso. Many projects were halted; high interest rates and a shortage of capital are likely to constrain the housing sector in the short run.

According to data published by the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, annual investment in housing has averaged around 3 percent of gross domestic product (GDP). This level of spending is not sufficient to keep pace with escalating housing demands resulting from rapid population growth and a high rate of family formation. Some 60 percent of the population is under 25 years of age and the labour force is increasing at the rate of 1.4 million per year.

THE HOUSING SHORTAGE

Mexico faces a housing shortage of crisis proportions. According to official government estimates, at least three million additional homes are needed to adequately house the current population. Independent experts put the shortfall closer to seven million units. Unless the rate of new construction is greatly increased, the gap will continue to grow. According to the World Bank, more than 800,000 new houses are needed every year to keep up with the demand, but only 600,000 are built.

In his final report, former President Carlos Salinas said that Mexico would build 625,000 homes in 1994, a 37 percent increase over the year before. But industry observers say that a large proportion were not completed by the end of the year. Estimates for 1995 are that 380,000 new homes will be completed, of which 118,000 will be built from scratch and the rest will be renovations. Spending on housing for 1994 was estimated at US \$10 billion, but this estimate excludes considerable informal housing activity.

It is estimated that roughly half of all new homes are constructed by the informal housing sector, usually the owner. Typically, homes are owner-built without access to formal financing and often without title to the land. The other half are built by the formal construction sector, either through government-assisted programs for low-income housing or for direct sale to middle- and upper-income buyers.

THE HOUSING MARKET

Although reliable housing statistics are scarce, it is estimated that almost half of the current annual demand is for homes valued at less than US \$15,000, while only 10 percent of the requirement is for homes exceeding US \$40,000. This pattern of demand suggests a total housing market of about US \$17 billion, including the informal sector.

HOUSING CLASSIFICATION, 1994

Category	Approximate Equivalents in US \$
Low-income	up to \$18,000
Mass market	\$18,000 to \$22,000
Middle class	\$22,000 to \$112,000
Upper class	more than \$112,000

Source: United States Department of Commerce.

New government programs are seeking to make home mortgages available to a larger proportion of the population. President Zedillo has promised to boost spending on public housing by 25 percent in his first year in office as part of a larger effort to improve the standard of living of the poorest segments of society.

Very high interest rates resulting from the sharp devaluation of the peso are likely to delay these programs. Nonetheless, the government has a long-run commitment to increasing the role of the private sector in the development of housing for low- to medium-income families.

URBANIZATION

For decades, Mexico's industries have been heavily concentrated in the vicinity of Mexico City, with Monterrey and Guadalajara serving as secondary hubs. Encouraged by government policies, millions of Mexicans migrated to the capital to find jobs. This rapid urbanization created severe social problems and resulted in Mexico City becoming the most polluted city in the world. A major earthquake in 1985 greatly exacerbated these problems.

To counter these deleterious effects, the *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat for Social Development, has embarked on a massive program to develop 114 medium-sized cities. Known as the *Programa de las 100 Ciudades*, 100 Medium Cities Program, it aims to create attractive alternatives for rural migrants, to encourage balanced growth and to reduce environmental impacts.

The designated cities are distributed across all 31 states. The program encompasses infrastructure development, pollution abatement and the development of social service facilities. Each of the cities has been assigned to one of four project phases according to their priority for development. The program began in 1990, and the second phase was scheduled for completion in 1994.

HOME BUILDERS

There are more than 10,000 firms and contractors that build homes in Mexico. The majority of new housing projects are built by 500 or so large- and medium-sized developers.

Mexican home builders tend to specialize in a particular price range. *SADASI*, for example, builds only low-income housing; *TECNIKON* specializes in resorts and high-income housing projects. Kaufman & Brand focusses on middle- to high-income housing.

During 1994, many home builders took out bridging loans to finance construction. The devaluation and the economic crisis which followed brought this practice to a halt. According to industry observers, 85 percent of home builders are now in financial difficulty. The companies that are weathering the crisis well are mainly the large conglomerates.

Shortage of capital will remain the largest constraint to the housing sector in the short term. Construction companies also complain about the difficulty in obtaining land titles and building permits, which sometimes require the payment of illegal bribes. In addition, government building codes, which are extremely strict as a result of the 1985 earthquake, have been slow to adapt to changing technology.

TECHNOLOGY

The level of technology used in Mexican home building varies according to the targetted market. The majority of homes are stucco and plaster over brick, concrete block or poured concrete. Larger projects tend to use more sophisticated technologies. The biggest projects tend to be low- income housing developments, and many of them use more advanced building methods than those for individual middle- or high-end homes.

On the other hand, high-end homes use more sophisticated finishings. For example, such amenities as modern window systems, imported kitchen cabinetry and sprinkler systems are found only at the upper end of the market.

Most technological advances are aimed at reducing costs and construction time. The *Fideicomiso de Vivienda, Desarrollo Social y Urbano* of Mexico City is encouraging the use of such technologies to expedite the recovery of invested capital. Objections to new methods by trade unions has been an obstacle in the past. But there is recent evidence that unions are becoming more open to the use of new technologies.

Three main technologies are being adapted to the construction of low-income housing: steel panels, cellular concrete and light concrete or rolling cement plants.

Most of the companies interviewed for this profile said that the labour pool is large and relatively easily trained to use concrete and concrete-like substitutes. Wood and plastic, however, present significant training difficulties.

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.

HOUSING BUYERS

KML ENGINEERED HOMES

KML Engineered Homes is a manufacturer of buildings based on steel components. The company's products are pre-engineered at its Toronto plant for assembly at the buyer's site. Customers are located in several countries around the world, and KML has developed a product which meets the wide range of building codes and technical requirements involved. Some features, such as full thermal insulation, are standard. But other characteristics of the buildings can be customized to satisfy local tastes.

KLM executive Eli Shvili says that the company's interest in Mexico was heightened by the implementation of the North American Free Trade Agreement (NAFTA). It soon became clear that Mexicans have strong preferences for buildings that look and feel solid, and that are capable of withstanding hurricanes and earthquakes. KML homes meet these requirements both because of their design and their steel construction. On the other hand, Mr. Shvili points out that these homes are designed and constructed for the higher end of the market where quality is more important than price. So the company realized that it would have to focus on Mexico's growing middle class.

From their experience in other countries, KML executives knew that establishing a local partner is an effective way of entering a new market. "They know the rules", Mr Shvili says, "and they also know the market conditions." A detailed understanding of the local market is critical, he adds. In Mexico, price sensitivity varies widely across regional markets. "What may be price competitive within a ten kilometre radius of Mexico City would not be in Chiapas." Selecting an appropriate partner and developing a trusting relationship consumes a lot of senior management's time as well as other resources. In spite of the costs, officials of KML are convinced that partnering is the most effective approach.

To date, the sales expectations of KML and its Mexican partner have not been achieved. The December 1994 devaluation of the peso had a devastating effect on middle-class customers who had been the primary target for the company's products. It is not yet clear whether this target group will fully recover as Mexico's economy is gradually re-stabilized.

Only the most affluent Mexicans qualify for bank mortgages. Middle-income workers have access to loans from pension funds, while low-wage earners are dependent on government programs.

Buyers of new homes can be divided into two groups: those who have access to mortgage financing and those who do not. For the most part, the available bank financing has been allocated to middle- and upper-class home owners, because strong demand at these levels allows the banks to reject lower-income borrowers. Those with access to conventional financing include the very wealthy who can pay cash for a new home, as well as those with sufficient income to obtain a conventional mortgage and make the relatively large downpayments required.

Middle-income buyers often have access to home loans from Mexico's system of mandatory pension plans, or they may get government-backed mortgages from the commercial banks. Lower-income purchasers depend mainly on government housing programs. Some of these programs will support the purchase of serviced lots and progressive construction. The total credit granted by these lending institutions increased by 8 percent in 1994 to reach US \$11 billion.

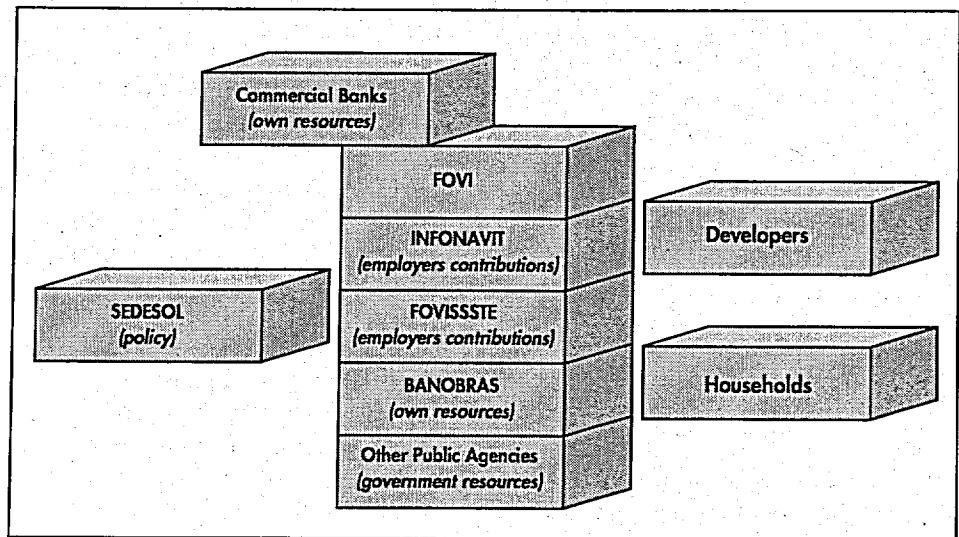
New housing projects are initiated mostly by private home builders who construct and sell houses at their own risk. Commercial banks provide construction loans to builders, and mortgages to individual home buyers when the unit is completed. Government funds are usually channelled through the banks, which are responsible for approving the loans. The planning, construction and selling cycle normally takes about one-and-a-half years.

Buyers at the high end of the market look for homes that are similar in scale and cost to Canadian homes. This is a relatively small segment of the market. Prior to the devaluation of the peso in December 1994, one Mexican analyst estimated that there were as few as 15,000 families in Mexico City that could afford a new US \$200,000 home. This compares with an estimated 600,000 buyers looking for lower-priced homes.

The vast majority of buyers are looking for homes that are very inexpensive by Canadian standards. Almost half of the market is for units costing US \$15,000 or less. Another quarter is in the US \$15,000 to \$25,000 range. Buyers in the lower end of the market have two options. They can obtain government-backed financing through one of the public agencies. Or, they can build the house themselves, perhaps with help from friends or small contractors, paying for the materials as they go. By some estimates, self-built homes and those constructed by the informal sector account for half of the total market.

While all types of housing projects are currently stalled due to the economic crisis, the drop in higher-end housing construction has been attributed more to the shock of the devaluation than to a shortage of resources. Wealthy Mexicans who held large bank balances saw more than a third of their assets wiped out, and many of them are still in shock. The high-end market is expected to recover as the government's stabilization program begins to take effect, perhaps by mid-1996. Mid-range housing has been hurt the most, with many former middle-class buyers moving down to low-income housing. The outlook for lower-end housing is somewhat better because the government is allocating funds to much-needed projects. In addition, the administration of President Zedillo has pledged to refinance 225,000 existing mortgages at favourable terms. Observers are predicting recovery in the low-income sector by late 1995.

MEXICO HOUSING FINANCE SYSTEM



HOME FINANCING

Financing for home purchases is available from four sources:

- conventional bank mortgages
- pension funds
- government-backed mortgages issued by the banks
- government housing programs

Conventional commercial bank financing is limited mainly to upper-income buyers although government-backed loans are available to some lower-income individuals. By law, Mexican employers contribute 5 percent of employee earnings to pension plans and these funds are also a major source of home financing. Government housing programs are usually a last resort for the lowest-income groups, although some of them cater to employees of government agencies.

NATIONAL FAMILY INCOME DISTRIBUTION, 1992

MULTIPLES OF THE MINIMUM YEARLY WAGE

Minimum Wage Multiple	Percent of Total Families	Percent of Total Income
0.00-0.50	0.43	0.02
0.51-1.00	4.13	0.49
1.01-1.50	5.29	0.95
1.51-2.00	6.83	1.67
2.01-3.00	16.02	5.64
3.01-4.00	13.98	6.90
4.01-5.00	10.27	6.55
5.01-6.00	8.53	6.71
6.01-7.00	6.00	5.56
7.01-8.00	5.29	5.65
8.01- up	23.23	59.86
Total	100.00	100.00

Note: The minimum yearly wage varies by region. In July 1994, it averaged US \$ 1,690.

Source: United States Department of Commerce from the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics.

SECRETARIAT OF SOCIAL DEVELOPMENT

The *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat for Social Development, is responsible for the government's National Housing Strategy. It oversees all housing sector activities, develops and manages housing policies and coordinates the housing programs of the public agencies.

SEDESOL advises and assists state and local authorities in the design and enforcement of regulations, and in the preparation of urban development and land use plans. The secretariat also controls public land for transfer to urban use, thereby helping to determine the amount of land available for new housing.

According to a policy paper issued in 1994, *SEDESOL*'s housing strategy emphasizes the expansion of commercial banks into the low- and moderate-income mortgage market. The tools to bring this about include the development of new financial mechanisms, including a secondary mortgage market, down-payment savings accounts and payroll-deduction schemes for mortgage payments. These devices are intended to reduce risk and increase yields on loans to low-income home buyers as a means of drawing out private investment.

Under this new housing initiative, the major low-income housing programs are no longer directly engaged in home building. They now focus primarily on issuing mortgages to homeowners. The institutions define the projects and, in most cases, extend construction credit to private builders. *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, is also attempting to coordinate the operations of the major programs and to integrate them into the mainstream financial system.

In the past, construction companies built what they were told to build by the government. Now the builders design, plan, build and sell the homes at their own risk, but have access to government-assisted financing. No foreign construction firms are presently registered for loans by the *Fondo de Operación y Financiamiento Bancario a la Vivienda (FOVI)*, Federal Housing Fund, one of Mexico's key programs. Foreign investors are, however, entering this market by partnering with Mexican construction firms. Of the Mexican firms registered with *FOVI*, nearly one-third have some involvement with foreign partners.

CONVENTIONAL BANK MORTGAGES

Even before the December 1994 devaluation of the peso, conventional bank mortgages were very difficult to obtain. Commercial lending for the year was only a little over US \$6 billion in a sector that built perhaps 600,000 units. The average bank mortgage was under US \$45,000 and the effective interest rate was about 25 percent. Mortgage financing was generally available only for the purchase of new homes. Since the devaluation, conventional bank mortgages have become virtually unavailable. Interest rates exceed 50 percent annually for the little amount of financing that can be obtained. The financial sector is not expected to resume normal operations until at least 1996.

Aside from the devaluation, a major barrier to the availability of mortgages has been the lack of a secondary market for secured mortgages. Government officials are in favor of the development of such a market by the private sector. According to central bank officials, however, the government is unlikely to offer repayment guarantees such as those provided in Canada by the Canada Mortgage and

Housing Corporation (CMHC). Reportedly, the government is in the process of creating a trust fund mechanism to issue and guarantee mortgage-backed securities and to set underwriting standards.

The development of a secondary mortgage market will serve to better integrate the private housing finance system with other financial markets. It would enable primary mortgage lenders, like commercial banks, to increase both liquidity of their mortgage portfolios and resources for housing by securing the loans they originate and selling them to long-term investors such as pension funds and insurance companies. An improved credit information system, including the standardization of data throughout the financial system, would be a prerequisite for a fully-functioning secondary mortgage market.

Another reason for a shortage of mortgages for lower-income buyers is that the foreclosure process can take two to three years. The government is trying to speed up the settlement of conflicts while protecting the rights of both parties.

Home loans in Mexico account for just 5 percent of gross domestic product (GDP), which is comparable to other developing countries, but well below the level in developed countries. The *Banco de Comercio (Bancomer)* is the leading mortgage lender with 32 percent of the market, followed by the *Banco Nacional de México (Banamex)* with 28.8 percent and *Banca Serfin* with 10.7 percent. In October 1994, 43 foreign financial institutions were granted licences to establish subsidiaries in Mexico.

After 1989, almost all mortgage loans in Mexico were of the variable-rate, negative-amortization type. In mid-1994, interest rates on 15 to 30 year mortgages varied from 23 percent to 28 percent. For a period in 1994, fixed-rate mortgages were offered by some banks.

GOVERNMENT-BACKED COMMERCIAL MORTGAGES

Commercial banks prefer to loan to people in the middle- and upper-income levels. They will, however, lend to lower-income purchasers provided that the loans are backed by the *Fondo de Operación y Financiamiento Bancario a la Vivienda (FOVI)*, Federal Housing Fund.

FOVI channels federal funds from the *Banco de México*, Mexico's Central Bank, to low-income homebuyers who are those earning less than 15 times the minimum yearly wage (MYW). Prior to the devaluation of the peso in December 1994, the MYW was just under US \$1,700, so the *FOVI* cut-off was about US \$25,000, which excludes only a very small proportion of Mexican families. Individual mortgage loans are authorized and serviced by the commercial banks who repay *FOVI*.

Housing developers compete for *FOVI* funds through public auction. There are two categories of *FOVI*-financed homes. The maximum cost of these homes is expressed in multiples of the monthly minimum wage. Prices include the total cost of the home, including land and closing costs. Typically, the house itself is about half the value of the sale.

As part of the government's efforts to induce banks to increase mortgage lending to low-income homebuyers, *FOVI* now provides default guarantees for up to 60 percent of the loan balance. Since March 1994, *FOVI*'s 25-year mortgage loans carry a 5 percent real interest rate.

In 1994, *FOVI*-backed financing totalled just over US \$1 billion, or about 10 percent of all housing loans. *FOVI* also plays a key role in housing sector policy. The *FOVI* Director General sits on the boards overseeing the operation of the major pension fund and public agencies responsible for housing.

PRICE RANGES OF HOUSING FINANCED BY *FOVI*, 1994 EXPRESSED IN MULTIPLES OF THE MONTHLY MINIMUM WAGE (MMW)

Type	Size	Price (MMW)	Equivalent in US \$
A	33m ²	up to 100	13,300
B1	65m ²	101-130	13,300-17,300
B2	65m ²	131-160	17,300-21,300

Source: Fondo de Operación y Financiamiento Bancario a la Vivienda (*FOVI*), Federal Housing Fund.

PENSION PLANS

In 1994, Mexican pension plans invested almost US \$3 billion in new home mortgages. Employers contribute 5 percent of workers' salaries to pension funds. There are separate funds for private sector and public sector employees:

- the *Instituto del Fondo Nacional para la Vivienda de los Trabajadores (INFONAVIT)*, Housing Pension Fund for Private Sector Employees; and
- the *Fondo de la Vivienda del Sistema de Seguridad Social de los Trabajadores del Estado (FOVISSSTE)*, Housing Pension Fund for Public Sector Employees.

SQUATTERS

About half of Mexico's activity in the construction of houses occurs in the "informal" sector. A large proportion of these homes are built by squatters in shantytowns that have encroached on private or government property. No taxes or rent are paid, and no formal construction plans are ever developed.

These squatters, known as *paracaidistas*, "parachuters", buy their own material and construct their own dwellings, typically little more than shacks. Power and phone services, if any, are hijacked from nearby lines. Plumbing rarely exists.

The economic crisis has forced more people to resort to informal building. Price hikes for construction materials are forcing them to improvise with wood, metal sheeting, cardboard, plastic, and other materials often scavenged from garbage dumps.

To scare off the *paracaidistas* without formally evicting them, their homes are often destroyed by property owners. Lately, eviction efforts are becoming more aggressive, as real-estate prices rise. Owners of vacant land often have it guarded day and night.

Mexican law favours tenant's rights even if they never pay anything to the owner. After living on a property for seven years without paying rent, the squatters can petition for ownership of the property. Evictions can take as long as ten years.

If the squatters win their case and appropriate the land, they can then qualify for government development aid. Former president Salina's *Solidaridad* program helped to develop urban infrastructure in such "legalized" communities. Such projects are not considered new housing, but are referred to as "home improvements".

The rights of tenants have been advanced by a publicity campaign waged by the *Asociación de Barrios*, Association of Neighbourhoods. Under the association's sponsorship, *Super Barrio*, a masked man in red tights and a cape, appears at protests in his *Barriomóvil* and encourages self-help groups. In spite of the successes of this campaign in helping the poor, urban planners complain that this kind of unregulated development ultimately requires more public services.

These pension funds make loans to individual contributors for home construction, and are key players in the housing market. In 1994, they accounted for about 27 percent of new mortgages. The funds provide both mortgages and construction credit to builders. They also commission housing projects by auctioning construction loans to builders.

Workers can obtain loans from these funds for building, purchasing or improving their homes. *INFONAVIT* operates housing programs managed by a three-party board with representatives from the government, the employers' association and the workers' unions.

The target population for the *INFONAVIT* and *FOVISSSTE* mortgage programs are families earning between one and ten times the minimum yearly wage (MYW). Lending is concentrated in the income range between two and seven times the MYW. According to data from the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, this accounts for about 55 percent of the population.

As part of its National Housing Strategy, the government would like to modernize these funds by better integrating their operations into mainstream financial markets. The goal is to direct funds to lower income buyers by promoting the improvement and remodelling of the existing housing inventory, and by channelling higher volumes of loans for the purchase of used dwellings.

Both *INFONAVIT* and *FOVISSSTE* have already been transformed from building agencies to credit institutions. In the case of *INFONAVIT*, loan amounts and home size are now determined by the borrower's capacity to pay, and workers can purchase the dwelling of their choice. Interest rates for *INFONAVIT*'s 30-year mortgage loans are determined by the annual increase in the minimum wage plus four to eight points depending on the borrower's income. As of July 1994, interest rates were in the range of 11 to 15 percent. *INFONAVIT* also provides construction loans through public auctions.

Houses to be built under *INFONAVIT*'s program must have a minimum construction area of 45 square metres, and include one multiple use room, two bedrooms, one bathroom, and basic services. They are supposed to be built in neighbourhoods with commercial and education facilities. The maximum sale price for units under *INFONAVIT*'s housing program is 25 times the minimum yearly wage, or about US \$42,000 prior to the devaluation. The organization plans to provide 95,000 housing loans during 1995. Once developers have received loans, they must start construction within 30 days. The reforms at *FOVISSSTE* call for similar arrangements.

PUBLIC HOUSING AGENCIES

Public housing agencies at the federal, state or local government levels cater to specific market segments. The largest public housing agency is the *Fondo Nacional de Habitaciones Populares (FONHAPO)*, Federal Low-Income Housing Fund. *FONHAPO* loans are administered by state and municipal housing authorities. They average US \$4,000 per beneficiary, illustrating the low value of the housing units involved. Public housing agencies were responsible for about 7 percent of housing loans in 1994. *FONHAPO* alone provided US \$166 million, followed closely by the *Banco Nacional de Obras y Servicios Públicos (BANOBRAS)*, National Bank of Construction and Public Works, with US \$138 million.

Federal housing agencies lend directly to organizations representing low-income beneficiaries such as state and municipal housing authorities, housing cooperatives and credit unions, and also to individual homebuyers. Some of them provide technical assistance to borrowers in designing, contracting and supervising the construction of dwellings.

Public agency loans can be used for progressive construction, serviced lots, public service installations, home improvements, and self-help construction projects. Interest rates for 14-year mortgage loans are determined by the annual increase in the minimum wage plus 3 to 4 points. As of July 1994, interest rates vary from 10 to 11 percent, according to the borrower's income.

Under the *Plan Nacional de Vivienda*, National Housing Strategy, of the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, public agencies are harmonizing their programs to improve efficiency. They are getting out of their previous role as builders and focussing on lending and promoting housing development. This change of policy will generate increased financing for developers catering to the lowest-income segment of the market.

MAJOR HOUSING FINANCE INSTITUTIONS, 1994

US \$

Feature	Commercial Banks	FOVI	Pension Funds	Public Agencies
Mortgage lending in US \$ millions	\$6,176.5	\$1,088.2	\$2,984.3	\$806.3
Lending share	55.9%	9.8%	27%	7.3%
Number of loans	138,839	42,721	172,000	150,391
Main type of dwelling financed	High-cost finished dwellings	Affordable housing	Affordable housing	Serviced lots and progressive construction

continued on next page

Cost of units in US \$	\$70,000 on average	Up to \$22,532	Up to \$42,350	Up to \$12,400
Employment status of borrower	Salaried	Salaried	Salaried/ contributor	Non-salaried
Income of borrower in multiples of minimum yearly wage (MYW)	More than 15 times MYW	Up to 15 times MYW	1 to 10 times MYW	Below 2.5 times MYW

Note: based on the July 1994 exchange rate of N \$3.40 pesos per US \$. The exchange rate in mid-1995 was just over N \$6 pesos to the US \$.

Source: *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat of Social Development, Housing in Mexico, 1994, with updates from the United States Department of Commerce.

THE NORTHERN BORDER REGION

The government has responded to the special needs of the northern border region with special financial assistance. Cities in this region have had to cope with rapid growth, high turnover and other problems associated with the *maquiladora*, in-bond, plants. The Mexican Government has invited in-bond companies to participate in housing programs for their employees, under new financial schemes. For instance, these companies can provide rental housing or leases which could be converted into purchases upon qualifying for a mortgage from the *Instituto del Fondo Nacional para la Vivienda de los Trabajadores (INFONAVIT)*, Housing Pension Fund for Private Sector Employees. Federal and state subsidies of up to US \$1,300 are available for each housing unit. This is an unregulated market which may be attractive to some foreign home builders.

COMPETITION

Large Mexican conglomerates dominate the industry. The foreign companies that have succeeded are mostly focussed on niche markets and have their own financing.

MEXICAN CONSTRUCTION COMPANIES

More than 10,000 construction companies are active in the formal housing sector, but only about 300 of them have annual sales of US \$4 million or more. About twenty large firms dominate the industry. Although Mexican companies have seen many of their projects halted by the economic crisis, some still have substantial contracts to complete.

A few leading construction firms, including *Grupo ICA*, *GUTSA*, *PROTEXA* and *Grupo Alfa*, are part of industrial conglomerates involved in all levels of housing. They are both vertically- and horizontally-integrated, and tend to supply their own needs for construction materials. They also have their own loan departments. These companies complain that almost all construction projects have been halted, despite government pledges to jump-start the housing industry.

Smaller companies, specializing in only one market, describe themselves as lean and efficient. They tend to purchase materials from a long list of potential suppliers and rely on government-backed financing plans.

Companies associated with *Grupo Alfa* and *PROTEXA* are building 48,000 new low-income houses in the Monterrey area. *Grupo Alfa* itself is planning to build 1,000 homes for its own workers. These houses will be unusually large, at 90 square metres, and will be located in the vicinity of Monterrey.

SADASI is building a 7,000-home development called *La Purísima* located at Ixtapalapa in the Mexico City area. The contract includes schools, parks, and commercial areas. The project includes 2,000 low-income homes.

Grupo SADASI is a major home builder in the State of Mexico. In October 1994, the company was completing 4,000 units using concrete technology, in a development called *Jardines de la Cañada*. The 48 square metre units were priced at about US \$35,000.

Although *TECNIKON* has halted most of its construction, it is actively advertising 4,000 resort houses in Ixtapa's marina, Cuernavaca, and Morelia, in the state of Michoacán.

SALES BY CONSTRUCTION COMPANY, 1993

N \$ THOUSANDS OF PESOS

Ingenieros Civiles Asociados, S.A.	2,839,959
Grupo Mexicano de Desarrollo, S.A.	1,632,941
Triturados Basálticos y Derivados, S.A.	1,455,746
Bufete Industrial Construcciones, S.A.	1,128,537
ICA Construcción Urbana, S.A.	980,849
ICA Flour Daniel	585,866
Calpan	278,496
Constructora Urbec, S.A.	121,675
Bufete Industrial Infraestructura, S.A.	101,131
Vivienda y Desarrollo Urbano, S.A.	61,604
Bufete Industrial Monterrey, S.A.	58,090
Gutiérrez de Velasco, S.A.	48,844
Industria de Ingeniería, S.A.	43,022
Polis, S.A.	33,156
Desarrollos de Ing. y Cons Arq., S.A.	31,747
Equipamento Urbano, S.A.	29,821
Ingeniería y Fabricaciones Marítimas, S.A.	22,792
Constructora y Mat Playa Sabalo, S.A.	21,490
Constructora Inmobiliaria Villacruz, S.A.	14,571
Construcciones Lerma, S.A.	12,880
Cavica, S.A.	11,938
Total	9,515,155

Source: *Expansión*, August 1994.

FOREIGN COMPETITORS

A number of foreign construction companies, mostly from the United States, have entered the Mexican market. Some of them have formed partnerships with local firms. Of the 400 largest American contractors, 29 were reportedly active in Mexico as of early 1995. Of the top 500 American design firms, 125 are active in Mexico.

ROYAL BUILDING SYSTEMS (CDN.) LIMITED

Royal Building Systems of Toronto has developed a home construction system based on PVC plastic components. The company was already established in several foreign countries, including Argentina and Colombia, before it decided to move into Mexico. Royal executives knew from experience that the best way to introduce such an innovative and unfamiliar technology is to construct demonstration projects. Accordingly, the company built an exhibition center in Cuernavaca, which includes a model home. It also constructed a prototype school building in Mexico City.

Royal has set up a chain of distributors throughout Mexico, and the construction of additional model homes is a key part of that strategy. Each distributor is expected to build a demonstration project in its own market. Company executive Angelo Bitondo says that in addition to demonstrating the system's technical advantages, the models establish a critical physical presence. This reassures both buyers and government authorities that the company has a long-term commitment to the Mexican market.

Royal has successfully overcome the obstacles posed by building codes, insurance rules and mortgage regulations. Potential buyers have quickly recognized the advantages of the very short assembly time that is a feature of the Royal building system. This is especially important given Mexico's very high interest rates, because it reduces the need for bridge financing. In one demonstration, it took six Mexican workers who had received training from Royal only ten days to erect a 3,000 square foot school in Cuernavaca.

Other obstacles have been addressed with the help of a Mexican affiliate, and close contacts with local architects and builders. The Royal system is readily adapted to traditional designs. And since the polyvinyl chloride (PVC) components are combined with conventional materials, including concrete, the Mexican preference for substantial-looking, solid buildings has been satisfied.

The peso devaluation of December 1994 cut building activity in Mexico to a standstill. Mr. Bitondo says that Royal is using the slow period to lay the groundwork for expanding opportunities when the market recovers. While all of the components of a Royal structure are imported, the cost is still attractive to many middle-income buyers. To lower costs and widen the target market, Royal is presently considering the production of some components in Mexico.

According to industry experts, some foreign companies, especially distributors, have closed their Mexican operations as a result of the devaluation of the peso. The companies that have succeeded in Mexico are mainly those which have focussed on niche markets, and which have been able to provide their own financing.

Hebel International GmbH is associated with *Contec Mexicana* in a joint venture to promote cellular concrete. This product has been well-received, despite the devaluation, but it will take time to gain widespread acceptance.

PROTEXA has entered into a joint venture with the macro-urban developer, RTKL from Dallas, Texas. Reportedly, RTKL has successfully adapted to Mexican building customs and achieved moderate success.

Kaufman & Brand (K&B) is one of the few foreign companies which has been able to establish a sound niche in Mexico. This Los Angeles-based company concentrates on middle-class projects in Mexico City. The company originally imported a line of products from the United States, but it now uses more local products in order to comply with Mexican tastes.

K&B found that the low-income market was difficult to penetrate because of the importance of political connections; as well, difficulties with unions and red tape designed to favour Mexican companies. It also found it hard to find reasonably-priced land with access to water. The company therefore concentrated on the US \$200,000 to \$400,000 housing market in Mexico City. It is building 189 of these single-family homes in an area where homes typically cost US \$700,000 or more.

K&B has its own mortgage division which provides 20- to 30-year terms at American interest rates. It occasionally also finances through *Banca Serfin*, although since the devaluation, the bank has been unable to provide any credit. K&B homes cater to local preferences. According to company executives, the satellite region of Mexico City prefers heavy-block construction, while the central-western area tends to be partial to post-modern styles.

According to industry observers, European and Asian construction firms are now beginning to enter Mexico. They are offering special financing, more flexible arrangements and longer payback periods, than their American counterparts.

CANADIAN PRESENCE

There is very little information in Mexico about Canadian products, and even less about Canadian companies. There is a general perception that Canadian products are reliable. But the consensus in the industry is that Canadians are unfamiliar with Mexican building styles, and are therefore unlikely to make major inroads in the market. Some observers also suggest that the political connections needed to secure contracts in Mexico, at least in the short term, are beyond the capabilities of most Canadian companies.

The highest-profile housing project led by Canadians in Mexico is a joint venture between Reichmann International, investor George Soros, and *Grupo ICA*, one of the largest construction companies in Mexico. The group is carrying out three development projects in Mexico City, worth US \$1.5 billion, that will include housing, offices, shopping centres, a hotel and a hospital. Ground has been broken for the housing complex in the suburban area of Santa Fe. This is part of a US \$480 to \$600 million residential and commercial centre built on top of an old garbage dump. Following the December 1994 devaluation of the peso, a heavy reliance on local financing caused a dramatic increase in the cost of capital. Financing was renegotiated and the timetable for completion was extended, but the projects are expected to continue. The group is planning further projects in Monterrey and the Bajío region of central Mexico.

TRENDS AND OPPORTUNITIES

Two-thirds of the 380,000 housing projects projected for 1995 will be renovations. A market for do-it-yourself products is emerging, and major foreign retailers are now moving into it.

The Mexican home building industry is expected to remain in a slump for the short term. Very little construction of high-income housing is expected in 1995. Most construction will be projects initiated in late 1994 to be completed by early 1996. The demand for middle-income housing is shrinking as the economic crisis forces many middle-class Mexicans to seek lower-end housing or to live with relatives.

The low-income housing market will be the first to recover, as government housing programs are reestablished. This is a difficult market for Canadian builders to penetrate. They generally lack experience with low-cost masonry construction and tend to be ill-equipped to deal with the political factors involved. Nonetheless, recent changes in government housing policy are expected to stimulate this market in the short run, leading to significant opportunities, especially for firms with Mexican partners.

Prefabricated homes and components are another small, but growing, market segment. A trend towards do-it-yourself renovations is driving a market for easy-to-use materials. And to some extent, the economic crisis and the acute shortage of housing are forcing Mexican buyers to consider non-traditional construction methods.

NEW GOVERNMENT HOUSING POLICIES

The administration of former president Carlos Salinas enacted a series of reforms to promote growth in the housing sector beginning in 1989. The government eliminated interest rate controls and mandatory lending requirements for housing that had previously created losses for commercial banks. Public auctions replaced direct placements for issuing government-backed housing loans. To reduce regulatory costs, federal, state and local governments are now cooperating in creating more reasonable building codes and regulatory procedures. Constitutional reform of agrarian laws now allows for communally-held land to be sold or developed for housing. More clearly defined property titles are also reducing the risk involved in housing development.

The government of President Ernesto Zedillo came to power in December 1994. Within weeks it stopped supporting the overvalued peso, and a sharp devaluation resulted. In early 1995, the government introduced a series of programs designed to stabilize the economy. One of these programs, the *Programa Especial para la Vivienda (PEV)*, concerns the housing sector. Its main objective is to support families that are unable to pay for housing loans taken out before the devaluation. In addition, the government will try to reactivate the construction industry by channelling funds to developers through the *PEV*. The *PEV*, Support Program to Mortgages, includes three specific programs involving the *Secretaría de Hacienda y Crédito Público (SHCP)*, Secretariat of Finance and Public Credit, the *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat for Social Development, the *Fondo de Operación y Financiamiento Bancario a la Vivienda (FOVI)*, Federal Housing Fund, the *Comisión Nacional Bancaria y de Valores (CNBV)*, National Banking Commission, and the *Asociación de Banqueros de México (ABM)*, the Mexican Bankers' Association.

The *Programa de Apoyo a Deudores de Créditos de Vivienda*, Support Program to Mortgages, will refinance approximately 225,000 mortgages. Preference will be given to loans under N \$100,000 pesos and loans with variable interest rates. The Program will allow beneficiaries to restructure their loans for up to 30-year terms without being charged a commission by their commercial banks. Loans under N \$200,000 pesos will have a maximum fixed real interest rate of 8.75 percent a year while those over N \$200,000 pesos will have a maximum of 10 percent.

The *Programa para la Edificación de Vivienda o Autoconstrucción* is intended to reestablish financing for housing developers that had to abandon construction because of the devaluation. There are some 30,000 housing units in the final stage of construction that could be sold this year, if they can be finished. The government will distribute funds for bridging loans through the commercial banks. When the units are finished the banks will use a portion of the funds for individual mortgages over 25 years at a real interest rate of 11 percent.

The third element in the new housing program consists of a series of supplements to the normal activities of *FOVI*. The government expects to preserve 120,000 jobs and create 80,000 new ones through these *FOVI* activities. This initiative is designed to reactivate new housing construction. The objective is to start building 70,000 new homes by the end of 1995 through the regular *FOVI* program, and 48,000 more for 1996 through an extraordinary program. As a complementary measure, all bridge loans offered by banks will have the same guarantees and safety mechanisms as individual mortgages. The supplementary program for 1996 will be focussed on housing of types A and B1, which are small homes intended for low-income purchasers.

Even though *FOVI* announced in April that it would raise real interest rates, the federal government has decided that it should maintain its current 5 percent real rate in order to benefit families with incomes in the range of three to five minimum wages. These beneficiaries will pay about 25 percent less than the prevailing rates at commercial banks.

FOVI will also provide funds for new housing loans through the *Sociedades Financieras de Objeto Limitado*, which are institutions with limited credit authorized by the government to make housing loans. Six thousand additional loans will be available for 1996.

RENOVATION MATERIALS

Of the 380,000 homes expected to be built in Mexico in 1995, more than two-thirds will be renovations. In response to the devaluation, the *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat for Social Development, has initiated a new program for home improvements. It combines technical advice from universities with subsidized construction materials in an effort to promote do-it-yourself remodelling.

This creates a market for building materials suitable for renovations. Supplies for do-it-yourself projects are in particular demand, and many of these products are imported. Mexican imports of building materials tripled between 1990 and 1993, from US \$273 million to \$850 million. Some foreign retailers are moving into Mexico to sell materials directly. The American firm Payless Cashway, for instance, has partnered with *Grupo Alfa*, a major Mexican industrial conglomerate, to open 25 retail establishments in the next five years under the name Total Home. Their product mix is split evenly between domestic and imported. Other foreign retailers in Mexico are Builder's Mart (associated with Grossman) and Home Mart.

WOOD BUILDING MATERIALS

Industry observers believe that wood-frame construction will be slow to gain acceptance in Mexico. Those who can afford it prefer masonry construction, and government programs apply building codes that discriminate against wood. Nonetheless, some of those interviewed believe that middle-class buyers are ripe for acceptance of wood-frame houses, provided that they are cheaper than masonry alternatives. A number of middle-class families are now being forced to accept lower-class homes and they may well prefer wood houses to the alternatives.

There is also a market for many wood products used in home construction. Wood is used in upper-income homes for floors, window frames, cabinets and finishings. This market is generally well served by Mexican producers. Decorative panelling is becoming increasingly popular and this is considered a potential niche market for foreign suppliers. Mexico's wood production is about 80 percent pine, and other species can be difficult to get. In 1993, Mexico imported US \$165 million worth of coniferous sawn wood, as well as US \$20 million of non-coniferous wood and US \$73 million of plywood.

VALUE-ADDED COMPONENTS

There is a small market for imported pre-fabricated housing components and other value-added products for middle- to upper-income customers. Products in demand include kitchen cabinets, doors and double-glazed windows. Since the devaluation, there have been efforts to replace these imports with Mexican products or at least use Mexican labour to manufacture foreign-designed products.

Other imported home construction products that have potential in Mexico include:

- space heaters
- high-tech carpets
- insulating material
- decoration and finishing products
- hardware
- aluminum and wood doors and windows
- kitchen and bathroom fixtures
- domestic plumbing products
- locks and security systems
- coating materials for weatherproofing
- roofing materials
- carpets, flooring and curtains

NEW BUILDING TECHNIQUES AND MATERIALS

The tremendous demand for housing coupled with the shortage of capital is forcing Mexican builders to consider any technology that can reduce construction costs. Economizing on materials is becoming a major priority. About 80 percent of housing construction costs go to materials and only 20 percent to labour. Builders are investigating a range of prefabricated materials and building techniques, and prefabrication may help to make wood more acceptable. Regardless of the materials used, however, the final appearance of the house must be compatible with Mexican culture and tastes.

Both the *Fondo de Operación y Financiamiento Bancario a la Vivienda (FOVI)*, Federal Housing Fund, and the *Instituto del Fondo Nacional para la Vivienda de los Trabajadores (INFONAVIT)*, Housing Pension Fund for Private Sector Employees, have recently financed housing projects constructed using prefabricated components such as slabs and beams. In addition, both agencies have experimental projects underway using prefabricated wood components for low-income housing projects. These agencies are working with universities and other entities to research building systems and materials.

For the most part, however, Mexican builders are more interested in obtaining foreign technology to speed up the construction of concrete buildings, than in moving to alternative materials. Partnerships with foreign construction companies are seen as one method of obtaining this technology, as well as financing.

MATERIALS USED IN MEXICAN HOUSING CONSTRUCTION, 1990 IN PERCENTAGE

	Material	Relative Use
Floors	Cement or concrete	53
	Mosaic and other coverings	19
	Earth	27
	Others	1
Roofs	Concrete or brick, earthen brick over rafters	51
	Metal or asbestos sheets	18
	Tile	10
	Cardboard	10
	Palm or wood	9
	Others	2
	Walls	Brick, block
Adobe		15
Wood		8
Mud		2
Reed, palm or bamboo		2
Cardboard		1
Metal or asbestos sheets		1
Others		1

Source: Centro Impulsor de la Construcción y la Habitación (CIHAC), Promotion Centre for Construction and Housing, 1993 catalogue.

Alternative building systems that combine non-traditional materials and concrete are considered to have the best potential. There have been a number of demonstration projects in recent years using polyvinyl chloride (PVC) plastic combined with concrete. Homes built from these components are relatively inexpensive and also allow very fast construction, reducing bridge financing costs. According to industry experts, these building systems face considerable obstacles. Mexicans are reluctant to use plastic because it does not look substantial. PVC parts must be imported, which takes time and creates problems for replacement parts. Also, Mexican workers do not usually know how to use PVC technology and few are interested in learning. Notwithstanding these objections, Mexico's acute housing shortage may eventually force a change in consumer attitudes.

Building systems that use steel are more readily acceptable, as long as they complement the use of concrete. Steel panels that allow quick pouring and drying of concrete are considered to have high potential demand.

In general, it is considered more appropriate to import the technologies rather than finished products. Foreign consultants are often regarded with some suspicion because they are considered to be unfamiliar with Mexican building styles.

Kaufman & Brand (K&B), for example, used a San Diego urban design company to plan the layout of its *Encinos* project in Lerma, State of Mexico, but it eventually reverted to Mexican specialists. Reportedly, the American consultants were eager to use more technology and wood than was acceptable to Mexican buyers.

PREFABRICATED HOMES

Industry observers agree that the market prospects for inexpensive prefabricated wood frame homes are not very promising. The traditional home in Mexico is constructed of brick or concrete and finished with plaster. Experts believe that this will continue to be the standard form of construction throughout Latin America for the foreseeable future.

There is, however, a small but promising market for prefabricated vacation homes, such as the Riverbend, Panabode and Yankee Barn types, to be used as second homes. These weekend and vacation homes are sized in the 160 to 250 square metre range. According to United States Department of Commerce estimates, imports of prefabricated houses rose dramatically from US \$13.8 million in 1993 to \$88 million in 1994. Even though the import market was projected to decrease by half during 1995, the market for prefabricated homes was expected to drop by only about 5 percent. Import penetration in 1994 was about 16 percent. The United States accounted for 92 percent of the import market.

Industry experts say that the market demands complete homes, including all fixtures and finishes. Suppliers will, therefore, have to arrange for subcontractors to provide these elements, which can be difficult to obtain in Mexico. Training will also be needed to familiarize Mexican workers with advanced building systems.

REGIONAL DEMANDS

Opportunities exist in resort development areas along the Pacific, particularly for foreign buyers. A demand for homes for factory workers is expected to grow in the border areas and in Monterrey, Guadalajara, Torreón, Puebla, and Veracruz. A similar demand for homes for workers may also grow in port cities because of the privatization of the port system and the growth of the tourist industry.

THE REGULATORY FRAMEWORK

Deregulation policies are gradually removing obstacles to private housing development, including high taxes, transfer fees, rent controls and restrictions on foreign ownership.

TAXES AND FEES

Traditionally, the cost of government-imposed regulations, taxes and fees associated with the development, construction and transfer of a new home added as much as 25 percent to the cost of new housing.

In October 1992, the Government of Mexico entered into an agreement with the Mexican states, the National Notaries' Association, the public housing agencies, the financial sector, and representatives of the chambers of industry and commerce. The *Acuerdo de Desregularización para el Fomento a la Vivienda*, Agreement to Deregulate and Promote Housing, was designed to cut the regulatory burden, reduce transfer costs and boost the supply of building materials.

As a result of this program, average indirect costs dropped from 12.4 percent in 1992 to 8.6 percent in 1993, according to the *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat for Social Development. Until recently, a 10 percent transfer tax based on assessed property value was imposed on all real estate transactions. But little attention was paid to the accuracy of assessments, and many properties were assessed at one-third or less of their market value. The government has reformed this system by increasing assessments and reducing the transfer tax. In early 1995, assessments were as high as 90 percent of the market value, and the transfer tax had been reduced to 2 percent. Local property taxes have been reduced accordingly.

Property transfers in Mexico must be certified by a public notary, which can add 1 to 1.5 percent to the price. The agreement proposes to reduce these fees by standardizing the process of researching and conveying property titles.

The national land register procedure fee for low-income housing has dropped from 2 to 1 percent. More than 125 "single offices" have been established in municipalities to review and approve housing projects, and simplify the process of obtaining construction permits and licenses. In addition, the 10 percent value-added tax on indirect costs of mortgage loans was eliminated.

The agreement also promises to create wholesale markets to increase access to building materials of competitive quality and price. It seeks to develop used and rental housing markets, and improve access to affordable land.

RENTAL HOUSING

Until recently, rent control laws in some states kept the supply of rental housing at only 14 percent of the total housing stock in Mexico. This compares with about 50 percent rental housing in the United States.

In order to attract investors, the federal government, together with local authorities, is modernizing the legal environment affecting the rental market. The reforms are intended to increase the supply of rental housing by providing market conditions that will allow favourable rates of return for investors. This will be achieved by balancing the rights and responsibilities of both parties, and by simplifying legal disputes. Rent control laws have already been revoked in Mexico City and the state of Nuevo León, and rental housing stocks have increased substantially as a result.

AGRARIAN REFORM

Recent amendments to Article 27 of the Mexican Constitution provided for a sweeping series of agrarian reforms. They will substantially increase the supply of urban land by allowing, among other things, community land transfers for the construction of affordable housing projects. The amendment also provides a legal framework for orderly urban development.

FOREIGN OWNERSHIP

Currently, the Mexican government has the right to screen all investments that would increase the foreign ownership of construction firms beyond 49 percent. Under the North American Free Trade Agreement (NAFTA), this requirement will be relaxed after January 1, 1999. Canadian and American investors will be able to acquire full ownership of an existing construction firm if the value of the gross assets of the firm do not exceed the NAFTA-specified thresholds of US \$50 million in 1999 and US \$75 million in the year 2000.

The government has also introduced legislation allowing more foreign investment in the "restricted zone" which extends 50 kilometres from Mexico's shoreline and 100 kilometres from its border with the United States. These laws have frequently been circumvented by *prestanombres*, "name-lenders" who front for foreign investors.

MARKET ENTRY STRATEGIES

Niche marketing and partnering with local firms are keys to success. Regardless of their target market, Canadian firms must be prepared to supply their own financing.

The large housing shortage in Mexico suggests important opportunities for Canadian home builders and building products suppliers. The devaluation of the peso, however, has put foreign suppliers at a disadvantage. According to industry experts, success in this market depends on a selective approach to specific market niches.

- Look for opportunities to partner with a Mexican company. Mexican firms are skilled in basic building techniques but are less knowledgeable in the areas of planning, developing, financing and selling homes. These skills are vital to operating under the new public housing regime.
- Learn about the key financing institutions and look for upcoming auctions of housing projects.
- Consider the market for middle- and upper-income homes. Commercial financing is more readily available for buyers, profit margins for builders are healthier, and there is more likely to be a taste for less traditional housing styles and an "imported" look.
- Investigate the market for housing in tourist resorts. There is an active market for condominium-type vacation and retirement homes throughout Mexico. Builders may find opportunities to cater to Canadian, American and European tastes and budgets.
- Act as both developer and financier. Many veterans in the market believe that the best opportunity in the housing business is for the developer to finance construction at attractive interest rates. Canadian firms can take advantage of financial assistance available from such organizations as the Export Development Corporation and the Canadian Commercial Corporation.
- Find a local agent or distributor for building products and hardware items. Retail stores catering to do-it-yourself home remodellers are a promising alternative.

Canadian companies that have succeeded in Mexico usually stress the importance of forming partnerships or joint ventures with local firms. This is even more important in housing than in other sectors, because of the cultural and political factors influencing the market.

Mexican firms are familiar with local clients, suppliers, competitors, and the regulatory environment. But for the most part they are not familiar with advanced building technologies or skilled in project planning and management methods. They are also in desperate need of outside financing.

The interest in partnerships among Mexican firms is particularly strong in the retail market for renovation materials, including do-it-yourself products. Industry experts believe foreign know-how and technology, combined with inexpensive Mexican labour, will be a winning combination.

Experience has shown that it takes time to develop partnerships with Mexican firms. Mexicans like to do business with people they know, and they place heavy emphasis on personal relationships. Companies that have succeeded are generally those which take a medium- to long-term strategy and invest the resources needed to develop a relationship.

The largest obstacles to Canadian participation in the housing sector are political and cultural. Canadians are generally unfamiliar with Mexican building styles. The Mexican political climate in the housing sector favors a nationalistic focus, and hinders foreign operations. Companies which have political connections, and are willing to make under-the-table arrangements, often prosper in this environment at the expense of more ethical operators.

Attending trade shows is an effective method of meeting potential customers, agents and partners. Major annual shows include the following:

- *Muestra de la Industria de la Construcción*. Sponsored by *Conex*, this is a construction industry show focussed on building materials. The 1995 show was in Mexico City in May.
- *EXPO-CIHAC*, sponsored by the *Centro Impulsor de la Construcción y la Habitación (CIHAC)*, Promotion Centre for Construction and Housing. Participants include suppliers of building materials and services. The 1995 show was held in Mexico City in October.

CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN CANADA

DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE

DFAIT is the Canadian federal government department most directly responsible for trade development. The InfoCentre should be the first contact point for advice on how to start exporting. It provides information on export-related programs and services, acts as an entry point to DFAIT's trade information network, and can provide copies of specialized export publications and market information to interested companies.

InfoCentre

Tel.: 1-800-267-8376 or (613) 944-4000

Fax: (613) 996-9709

FaxLink: (613) 944-4500

InfoCentre Bulletin Board (IBB):

1-800-628-1581 or (613) 944-1581

The Latin America and Caribbean Branch promotes trade with Mexico. There are several trade commissioners at the Embassy of Canada in Mexico City, as well as in the satellite offices in Monterrey and Guadalajara. Trade commissioners can provide a range of services including introducing Canadian companies to potential customers in Mexico, advising on marketing channels, assisting those wishing to participate in trade fairs, helping to identify suitable Mexican firms to act as agents, and compiling strategic business intelligence on potential foreign customers.

Latin America and Caribbean Branch

Department of Foreign Affairs and International Trade

Lester B. Pearson Building

125 Sussex Drive

Ottawa, ON K1A 0G2

Tel: (613) 996-5547

Fax: (613) 943-8806

INTERNATIONAL TRADE CENTRES

International Trade Centres have been established across the country as a convenient point of contact to support the exporting efforts of Canadian firms. The centres operate under the guidance of DFAIT and all have resident trade commissioners. They help companies determine whether or not they are ready to export, assist firms with market research and planning, provide access to government programs designed to promote exports, and arrange for assistance from the trade commissioners in Ottawa and trade officers abroad. Contact the International Trade Centre nearest you:

Newfoundland

International Trade Centre

P.O. Box 8950

Atlantic Place

215 Water Street

Suite 504

St. John's, NF A1B 3R9

Tel.: (709) 772-5511

Fax: (709) 772-2373

Prince Edward Island

International Trade Centre

P.O. Box 1115

Confederation Court Mall

134 Kent Street

Suite 400

Charlottetown, PE C1A 7M8

Tel.: (902) 566-7400

Fax: (902) 566-7450

Nova Scotia

International Trade Centre

P.O. Box 940, Station M

1801 Hollis Street

Halifax, NS B3J 2V9

Tel.: (902) 426-7540

Fax: (902) 426-2624

New Brunswick

International Trade Centre

1045 Main Street

Unit 103

Moncton, NB E1C 1H1

Tel.: (506) 851-6452

Fax: (506) 851-6429

Quebec
International Trade Centre
5 Place Ville-Marie
Seventh Floor
Montreal, PQ H3B 2G2
Tel.: (514) 496-4636
Fax: (514) 283-8794

Ontario
International Trade Centre
Dominion Public Building
1 Front St. West
Fourth Floor
Toronto, ON M5J 1A4
Tel.: (416) 973-5053
Fax: (416) 973-8161

Manitoba
International Trade Centre
P.O. Box 981
330 Portage Avenue
Eighth Floor
Winnipeg, MB R3C 2V2
Tel.: (204) 983-4540
Fax: (204) 983-2187

Saskatchewan
International Trade Centre
The S.J. Cohen Building
119-4th Avenue South
Suite 401
Saskatoon, SK S7K 5X2
Tel.: (306) 975-5315
Fax: (306) 975-5334

Alberta
**Edmonton office is
also responsible for
Northwest Territories*
International Trade Centre
Canada Place
9700 Jasper Avenue
Room 540
Edmonton, AB T5J 4C3
Tel.: (403) 495-2944
Fax: (403) 495-4507

International Trade Centre
510-5th Street S.W.
Suite 1100
Calgary, AB T2P 3S2
Tel.: (403) 292-6660
Fax: (403) 292-4578

British Columbia
**Vancouver office is also
responsible for the Yukon*
International Trade Centre
300 West Georgia Street
Suite 2000
Vancouver, BC V6B 6E1
Tel.: (604) 666-0434
Fax: (604) 666-8330

WORLD INFORMATION NETWORK FOR EXPORTS (WIN EXPORTS)

WIN Exports is a computer-based information system designed by DFAIT to help Canada's trade development officers abroad match foreign needs to Canadian capabilities. It provides users with information on the capabilities, experience and interests of more than 23,000 Canadian exporters. To register on WIN Exports, call (613) 996-5701, or fax 1-800-667-3802 or (613) 944-1078.

PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)

PEMD is DFAIT's primary export promotion program. It supports a variety of activities to help Canadian companies expand into export markets.

PEMD shares up to 50 percent of eligible expenses. Program financial assistance is a repayable contribution, not a grant, and must be approved in advance. Funded activities include:

- Market Development Strategies, which consist of a package of support for visits, trade fairs, and market support initiatives, under one umbrella of the company's marketing plan.
- New to Exporting Companies, which provides a vehicle for these companies to seek out individual export opportunities, either through a market identification visit or participation in an international trade fair.
- Capital Projects Bidding for specific projects outside Canada involving international competition/formal bidding procedures.
- Trade Association Activities undertaken by non-sales national trade or industry associations on behalf of their member companies.

Support is provided for certain types of government-planned activities, such as outgoing trade missions of Canadian business representatives and incoming missions to Canada of foreign business persons and officials who can influence export sales. For general information, call the InfoCentre at 1-800-267-8376. For applications for assistance, call the International Trade Centre nearest you.

INTERNATIONAL FINANCING

DFAIT helps Canadian exporters interested in pursuing multilateral business opportunities financed by international financing institutions (IFIs). Canadian exporters and trade associations can access market data, obtain a better understanding of the competition, and determine if an IFI-funded market opportunity is practical and worth pursuing. DFAIT can provide information and advice on the availability of Canadian government-funded assistance programs and can assist companies in developing effective export marketing. For further information, contact:

International Financing Division
Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2
Tel.: (613) 995-7251
Fax: (613) 943-1100

TECHNOLOGY INFLOW PROGRAM (TIP)

Managed by DFAIT and delivered domestically by the National Research Council, TIP is designed to help Canadian companies locate, acquire and adopt foreign technologies by promoting international collaboration. The Department of Industry (DI) also helps in program promotion. TIP officers respond to requests to identify technology sources and opportunities for cooperation between Canadian and foreign firms. The Program also helps Canadian firms make exploratory visits abroad to identify and gain first-hand knowledge of relevant foreign technologies, as well as how to negotiate to acquire them. For information, call (613) 993-5326.

INVESTMENT DEVELOPMENT PROGRAM

The Investment and Technology Bureau (TID) promotes Canada as an attractive, competitive destination for business investment to potential foreign investors. It actively encourages investments that take the form of new plant and equipment, joint ventures or strategic partnerships. The Bureau is especially interested in attracting investment that introduces new technology into Canada, which is key to creating new jobs and economic opportunities. It also helps Canadian companies to find international investment partners and to access international sources of capital and technologies. TID provides support to the chief executive officers of Canadian subsidiaries of multinationals which are seeking to attract manufacturing and R&D mandates to Canada. It also

monitors and analyzes investment trends and perceptions of Canada as an investment site. TID works closely with the "geographic" branches of DFAIT and the investment counsellors at Canadian missions around the world, as well as with provincial and municipal authorities, and professional and business organizations. For more information, contact:

Investment and Technology Bureau (TID)
Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2
Tel.: (613) 995-4128
Fax: (613) 995-9604

DEPARTMENT OF INDUSTRY (DI)

DI was created with a broad mandate to make Canada more competitive by fostering the growth of Canadian businesses, by promoting a fair and efficient marketplace for business and consumers, and by encouraging commercial ventures in scientific research and technology. In the area of small business, it has been given specific responsibility to:

- develop, implement and promote national policies to foster the international competitiveness of industry; the enhancement of industrial, scientific and technological development; and the improvement in both the productivity and efficiency of industry;
- promote the mobility of goods, services, and factors of production within Canada;
- develop and implement national policies to foster entrepreneurship and the start-up, growth and expansion of small businesses;
- develop and implement national policies and programs respecting industrial benefits from procurement of goods and services by the Government of Canada; and
- promote and provide support services for the marketing of Canadian goods, services and technology.

The regional offices of DI work directly with Canadian companies to promote industrial, scientific and technological development. They help clients recognize opportunities in a competitive international marketplace by providing services in the areas of business intelligence and information as well as trade and market development. DI also promotes and manages a portfolio of programs and services.

The following are areas in which DI regional offices have special competence:

- access to trade and technology intelligence and expertise;
- entry points to national and international networks;
- industry-sector knowledge base;
- co-location with International Trade Centres connected to DFAIT and Canadian posts abroad;
- client focus on emerging and threshold firms; and
- business intelligence.

For more information, call (613) 941-0222.

Forest Industries and Building Products

Department of Industry

235 Queen Street
Ninth Floor, East Tower
Ottawa, ON K1A 0H5
Tel.: (613) 954-3037
Fax: (613) 952-8384

Business Service Centre

Department of Industry
235 Queen Street
First Floor, East Tower
Ottawa, ON K1A 0H5
Tel.: (613) 952-4782
Fax: (613) 957-7942

NAFTA Information Desk

Department of Industry
235 Queen Street
Fifth Floor, East Tower
Ottawa, ON K1A 0H5
Fax: (613) 952-0540

THE BUSINESS OPPORTUNITIES SOURCING SYSTEM (BOSS)

BOSS is a computerized databank that profiles over 25,000 Canadian companies. It lists basic information on products, services and operations of use to potential customers. The system was established in 1980 by the Department of Industry (DI) in cooperation with participating provincial governments. BOSS was originally established so that trade commissioners posted around the world by DFAIT could find Canadian companies that might be able to take advantage of foreign market opportunities. Today, more than 11,000 domestic and international subscribers use the

system, not only to locate Canadian suppliers, but also to obtain market intelligence and identify market opportunities. The majority of subscribers are Canadian companies. For more information, call (613) 954-5031.

MARKET INTELLIGENCE SERVICE (MIS)

MIS provides Canadian businesses with detailed market information on a product-specific basis. The service assists Canadian companies in the exploitation of domestic, export, technology transfer and new manufacturing investment opportunities. The intelligence is used by Canadian businesses in decisions regarding manufacturing, product development, marketing and market expansion. A request for information can be custom-tailored to meet each client's particular need. Previously-published customized reports are also available on request. The database is updated quarterly and annually. MIS is offered free of charge by fax, letter or telephone. For more information, contact:

Strategic Information Branch

Department of Industry
235 Queen Street
First Floor, East Tower
Ottawa, ON K1A 0H5
Tel.: (613) 954-5031
Fax: (613) 954-1894

REVENUE CANADA

Revenue Canada, Customs Program Branch provides a NAFTA Help Desk telephone line with service available in Spanish. Revenue Canada publications and customs notices are available by calling or faxing the NAFTA Information Desk. For more information, contact:

NAFTA Spanish Help Desk

Tel.: (613) 941-0965

NAFTA Information Desk

Revenue Canada, Customs Programs Branch
191 Laurier Avenue West
Sixth Floor
Ottawa, ON K1A 0L5
Tel.: 1-800-661-6121, or (613) 941-0965
Fax: (613) 952-0022

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

An important possible source of financing for Canadian ventures in Mexico is the special fund available through CIDA under the Industrial Cooperation Program (CIDA/INC). This program provides financial contributions to stimulate Canadian private-sector involvement in developing countries by supporting long-term business relationships such as joint ventures and licensing arrangements. INC supports the development of linkages with the private sector in Mexico by encouraging Canadian enterprises to share their skills and experiences with partners in Mexico and other countries. A series of INC mechanisms help enterprises to establish mutually beneficial collaborative arrangements for the transfer of technology and the creation of employment in Mexico.

There are five INC mechanisms that help eligible Canadian firms to conduct studies and that provide professional guidance and advice to potential clients. Where a project involves environmental improvement, technology transfer, developmental assistance to women, job training or job creation, early contact with CIDA's Industrial Cooperation Division is suggested. An important CIDA criterion is that the project creates jobs in Mexico without threatening jobs in Canada. In fact, most CIDA-assisted projects have produced net increases in Canadian jobs. For more information, contact:

Industrial Cooperation Division
Canadian International Development Agency
200 Promenade du Portage
Hull, PQ K1A 0G4
Tel.: (819) 997-7905/7906
Fax: (819) 953-5024

ATLANTIC CANADA OPPORTUNITIES AGENCY (ACOA)

Atlantic Canadian companies seeking to develop exports to Mexico may be eligible for assistance from the ACOA. The Agency works in partnership with entrepreneurs from the Atlantic region to promote self-sustaining economic activity in Atlantic Canada.

ACOA provides support to businesses as they look to expand existing markets through the development of marketing plans. Efforts include monitoring trade opportunities arising from global economic change, communications efforts to promote the region, trade missions and associated activities, as well as better coordination with federal and provincial bodies that influence trade and investment opportunities. For more information, contact:

Atlantic Canada Opportunities Agency
Blue Cross Centre
644 Main Street
P.O. Box 6051
Moncton, NB E1C 9J8
Tel.: 1-800-561-7862
Fax: (506) 851-7403

WESTERN ECONOMIC DIVERSIFICATION CANADA (WD)

WD is responsible for federal economic development activities in Western Canada. The Department works in partnership with the western provinces, business, industry associations and communities to stimulate the western Canadian economy.

WD's "New Directions" program will work to enhance the export position of western companies by boosting their competitiveness in domestic and global markets.

The Department no longer provides repayable loans to individual companies, but seeks new innovative partnerships within both the public and private sectors. These partnerships will address the needs of small- and medium-sized enterprises for information, business services and capital, particularly for high growth industries critical to Western Canada's economic diversification.

One of WD's new products focused on export development is the International Trade Personnel Program. This federal-provincial initiative links export-focused western firms with recent post-secondary graduates. The program accomplishes two important socio-economic goals: it gives companies the extra person-power they need to penetrate new markets, and it gives recent graduates valuable work experience. Under the new program, the length of export-development projects may vary from one to three years. Approved projects will be eligible for assistance ranging from \$7,500 for one year, to a maximum of \$37,500 per graduate over the 3 year period. For more information, contact:

Western Economic Diversification Canada
The Cargill Building
240 Graham Avenue
Suite 712
P.O. Box 777
Winnipeg, MB R3C 2L4
Tel.: (204) 983-4472
Fax: (204) 983-4694

EXPORT DEVELOPMENT CORPORATION (EDC)

EDC is a customer-driven, financial services corporation dedicated to helping Canadian businesses succeed in the global marketplace. EDC provides a wide range of risk management services, including insurance, financing and guarantees to Canadian exporters and their customers around the world.

EDC's products fall into four main categories:

- export credit insurance, covering short- and medium-term credits;
- performance-related guarantees and insurance, providing cover for exporters and financial institutions against calls on various performance bonds and obligations normally issued either by banks or surety companies;
- foreign investment insurance, providing political risk protection for Canadian investments abroad; and
- export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

EDC has established relationships with leading commercial and public sector institutions in Mexico and Latin America. Exporters can call (613) 598-2860 for more information.

Smaller exporters, with annual export sales under C \$1 million, should call the Emerging Exporter Team at 1-800-850-9626.

Exporters in the information technology sector can call EDC's Information Technologies Team at (613) 598-6891.

For information on the full range of EDC services, contact any of the following EDC offices:

Ottawa Export Development Corporation
151 O'Connor Street
Ottawa, ON K1A 1K3
Tel.: (613) 598-2500
Fax: (613) 237-2690

Vancouver Export Development Corporation
One Bentall Centre
505 Burrard Street
Suite 1030
Vancouver, BC V7X 1M5
Tel.: (604) 666-6234
Fax: (604) 666-7550

Calgary

Export Development Corporation
510-5th Street S.W.
Suite 1030
Calgary, AB T2P 3S2
Tel.: (403) 292-6898
Fax: (403) 292-6902

Winnipeg

**office also serves
Manitoba and
Saskatchewan*

Export Development Corporation
330 Portage Avenue
Eighth Floor
Winnipeg, MB R3C 0C4
Tel.: (204) 983-5114
Fax: (204) 983-2187

Toronto

Export Development Corporation
National Bank Building
150 York Street
Suite 810
P.O. Box 810
Toronto, ON M5H 3S5
Tel.: (416) 973-6211
Fax: (416) 862-1267

London

Export Development Corporation
Talbot Centre
148 Fullarton Street
Suite 1512
London, ON N6A 5P3
Tel.: (519) 645-5828
Fax: (519) 645-5580

Montreal

Export Development Corporation
Tour de la Bourse
800 Victoria Square
Suite 4520
P.O. Box 124
Montreal, PQ H4Z 1C3
Tel.: (514) 283-3013
Fax: (514) 878-9891

Halifax

Export Development Corporation
Purdy's Wharf, Tower 2
1969 Upper Water Street
Suite 1410
Halifax, NS B3J 3R7
Tel.: (902) 429-0426
Fax: (902) 423-0881

CANADIAN COMMERCIAL CORPORATION (CCC)

The CCC, a Crown Corporation, provides Canadian exporters with valuable assistance when they are selling to any foreign government, or to an international organization. In such sales, CCC acts as a prime contractor and guarantor for the sale of Canadian goods and services to the foreign customer.

The CCC certifies the Canadian exporter's financial and technical capabilities and guarantees to the foreign buyer that the terms and conditions of the contract will be met. The CCC's participation in a sale provides Canadian suppliers with the tangible backing of their own government. This enhances their credibility and competitiveness in the eyes of foreign customers, which can often lead to the negotiation of more advantageous contract and payment terms.

The CCC offers a range of useful tools to provide access to specialized markets such as the U.S. Department of Defence. It can also assist exporters in their transactions with foreign private-sector buyers.

The Corporation's services, as well as the credibility it offers, are of particular benefit to Canadian small- and medium-sized enterprises (SMEs), many of whom are less-known internationally. In 1993 to 1994, nearly 70 percent of the Corporation's suppliers were SMEs. The CCC's recently introduced Progress Payment Program will make it easier for SMEs to obtain pre-shipment financing.

The Progress Payment Program was developed in co-operation with Canada's financial institutions. It makes pre-shipment export financing more accessible to small- and medium-sized exporters. The program allows exporters to draw on a special line of credit, established by their principal banker for a particular export sale. In most instances, the borrowing costs will approximate those associated with a typical demand line of credit. The program is available for transactions with foreign-government and private-sector buyers.

This program aims to get the exporter, its bank and the CCC working together to complete a successful export. The process usually is as follows:

- First, CCC will work with the company to determine whether the CCC can participate in the deal. The CCC assesses risks and the structure of the proposed contract. The customer's method of payment must be acceptable to the CCC.
- A positive assessment leads to preapproval by the CCC and the exporter's financial institution for pre-shipment financing. Negotiations can then begin with the customer, within parameters agreed to by the exporter and the CCC.

- The CCC will normally assume the role of prime contractor in the transaction to provide the performance assurance on which progress payment financing is based.
- Once a deal is in place, the CCC will work with the exporter, monitoring progress in completing the contract. The exporter's financial institution will release progress payments according to the progress of the work as well as the incurred project costs.
- The CCC will collect from the exporter's customer and remit payments to its financial institution.

For more information about the CCC, please contact:

Head Office
Canadian Commercial Corporation
50 O'Connor St., 11th Floor
Ottawa, Ont.
K1A 0S6
Tel.: (613) 996-0034
Fax: (613) 995-2121
Telex: 053-4359

NATIONAL RESEARCH COUNCIL (NRC)

Canadian companies hoping to succeed in the Mexican marketplace may require additional technology to improve their competitiveness. The NRC works with Canadian firms of all sizes to develop and apply technology for economic benefit. The Council manages the Industrial Research Assistance Program (IRAP), a national network for the diffusion and transfer of technology.

The IRAP network supports the process of developing, accessing, acquiring, implanting and using technology throughout Canadian industry. IRAP has been in existence for 50 years and has acquired a reputation as one of the most flexible and effective federal programs. IRAP takes advantage of an extensive network of more than 190 different locations within approximately 90 communities across Canada, including numerous provincial technology centres, the NRC's own laboratories and research institutes, federal government departments, and technology transfer offices in Canadian universities. For further information, contact:

Industrial Research Assistance Program
National Research Council
Montreal Road
Building M-55
Ottawa, ON K1A 0R6
Tel.: (613) 993-1770
Fax: (613) 952-1086

KEY CONTACTS IN CANADA

SPONSORING ORGANIZATIONS

BAKER & MCKENZIE

Baker & McKenzie is one of the largest international law firms with offices in 35 countries. They presently have four offices in Mexico, in the cities of Juárez, Mexico City, Monterrey and Tijuana. In addition to providing legal advice, the firm's offices in Canada and Mexico work to assist Canadian companies to find the right partner to enable them to establish or expand their activities in Mexico. For more information, contact:

Baker & McKenzie
Barristers & Solicitors
BCE Place
181 Bay Street
Suite 2100
Toronto, ON M5J 2T3
Tel.: (416) 865-6910/6903
Fax: (416) 863-6275

CANADA MORTGAGE AND HOUSING CORPORATION

Canada Mortgage and Housing Corporation (CMHC) is the national housing agency and a leader representing Canada's modern housing industry. CMHC's role includes supporting the international endeavours of this industry both to promote its domestic viability and to foster housing exports. Mexico is recognized as a potentially important export market for Canada's housing sector.

For information on housing export-related federal programs and services, please call 1-800-465-6212.

For further information, contact:

International Relations Division
Canada Mortgage and Housing Corporation
700 Montreal Road
Ottawa, ON K1A 0P7
Tel.: (613) 748-2168
Fax: (613) 748-2302

BUSINESS AND PROFESSIONAL ASSOCIATIONS

Canadian Construction Association (CCA)
85 Albert Street
Ottawa, ON K1P 6A4
Tel.: (613) 236-9455
Fax: (613) 239-9526

Association of Consulting Engineers of Canada (ACEC)
130 Albert Street
Suite 616
Ottawa, ON K1P 5G4
Tel.: (613) 236-0569
Fax: (613) 236-6193

Royal Architectural Institute of Canada (RAIC)
55 Murray Street
Suite 330
Ottawa, ON K1N 5M3
Tel.: (613) 241-3600
Fax: (613) 241-5750

Canadian Council for the Americas (CCA)
The Council is a non-profit organization formed in 1987 to promote business interests in Latin American as well as Caribbean countries. The CCA promotes events and programs targetted at expanding business and building networking contacts between Canada and the countries of the region.

The Canadian Council for the Americas
Executive Offices
145 Richmond Street West
Third Floor
Toronto, ON M5H 2L2
Tel.: (416) 367-4313
Fax: (416) 367-5460

Canadian Exporters' Association
99 Bank Street
Suite 250
Ottawa, ON K1P 6B9
Tel.: (613) 238-8888
Fax: (613) 563-9218

Canadian Manufacturers' Association
75 International Boulevard
Fourth Floor
Etobicoke, ON M9W 6L9
Tel.: (416) 798-8000
Fax: (416) 798-8050

The Canadian Chamber of Commerce
55 Metcalfe Street
Suite 1160
Ottawa, ON K1P 6N4
Tel.: (613) 238-4000
Fax: (613) 238-7643

Forum for International Trade Training Inc.
155 Queen Street
Suite 608
Ottawa, ON K1P 6L1
Tel.: (613) 230-3553
Fax: (613) 230-6808

Language Information Centre
240 Sparks Street RPO
Box 55011
Ottawa, ON K1P 1A1
Tel.: (613) 523-3510

Open Bidding Service
P.O. Box 22011
Ottawa, ON K1V 0W2
Tel.: 1-800-361-4637 or (613) 737-3374
Fax: (613) 737-3643

Canadian Standards Association
178 Rexdale Blvd.
Rexdale, ON M9W 1R3
Tel.: (416) 747-4000
Fax: (416) 747-4149

Standards Council of Canada
45 O'Connor Street
Suite 1200
Ottawa, ON K1P 6N7
Tel.: (613) 238-3222
Fax: (613) 995-4564

MEXICAN GOVERNMENT OFFICES IN CANADA

The Embassy of Mexico and Mexican consulates can provide assistance and guidance to Canadian companies in need of information about the immigration regulations relating to doing business in Mexico. For more information, contact:

Embassy of Mexico
45 O'Connor Street
Suite 1500
Ottawa, ON K1P 1A4
Tel.: (613) 233-8988
Fax: (613) 235-9123

Mexican Consulate in Ottawa
45 O'Connor Street
Suite 1500
Ottawa, ON K1P 1A4
Tel.: (613) 233-6665
Fax: (613) 235-9123

OTHER MEXICAN CONSULATES GENERAL IN CANADA

Consulate General of Mexico
2000 Mansfield Street
Suite 1015
Montreal, PQ H3A 2Z7
Tel.: (514) 288-2502/4916
Fax: (514) 288-8287

Consulate General of Mexico
199 Bay Street
Suite 4440
P.O. Box 266, Station Commerce Court West
Toronto, ON M5L 1E9
Tel.: (416) 368-2875/8141/1847
Fax: (416) 368-8342

Consulate General of Mexico
810-1139 West Pender Street
Vancouver, BC V6E 4A4
Tel.: (604) 684-3547/1859
Fax: (604) 684-2485

MEXICAN FOREIGN TRADE COMMISSIONS

Banco Nacional de Comercio Exterior (Bancomext) is the Mexican Foreign Trade Commission and has offices in Canada. It offers credits, export guarantees and counselling services to Mexican companies seeking to do business in Canada.

MEXICAN BANKS WITH OFFICES IN CANADA

Banco Nacional de México (Banamex), *Banco de Comercio (Bancomer)*, and *Banca Serfin* are private-sector banks which offer specialized services through their international trade information centres. The centres participate in a computerized communications network with access to numerous economic, governmental and financial databases throughout the world. These banks are located throughout Mexico and maintain offices in Toronto.

Banco Nacional de México (Banamex)
1 First Canadian Place
Suite 3430
P.O. Box 299
Toronto, ON M5X 1C9
Tel.: (416) 368-1399
Fax: (416) 367-2543

Banco de Comercio (Bancomer)
The Royal Bank Plaza
South Tower
Suite 2915
P.O. Box 96
Toronto, ON M5J 2J2
Tel.: (416) 956-4911
Fax: (416) 956-4914

Banca Serfin
BCE Place
Canada Trust Tower
161 Bay Street
Suite 4360
P.O. Box 606
Toronto, ON M5J 2S1
Tel.: (416) 360-8900
Fax: (416) 360-1760

CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN MEXICO

COMMERCIAL DIVISION

THE EMBASSY OF CANADA IN MEXICO

The Commercial Division of the Canadian Embassy in Mexico can provide vital assistance to Canadians venturing into the Mexican market. The trade commissioners are well-informed about the market and will respond in whatever measures possible to support a Canadian firm's presence in Mexico.

Note: to telephone Mexico City, dial 011-52-5 before the number shown. For contacts in other cities in Mexico, consult the international code listing at the front of your local telephone directory for the appropriate regional codes.

Commercial Division
Embassy of Canada in Mexico
Schiller No. 529
Apartado Postal 105-05
Col. Polanco
11560 México, D.F.
México
Tel.: 724-7900
Fax: 724-7982

Canadian Consulate
Edificio Kalos, Piso C-1
Local 108-A
Zaragoza y Constitución
64000 Monterrey, Nuevo León
México
Tel.: 344-3200
Fax: 344-3048

Canadian Consulate
Hotel Fiesta Americana
Local 30-A
Aurelio Aceves No. 225
Col. Vallarta Poniente
Guadalajara, Jalisco
México
Tel.: 15-8665
Fax: 15-8665

MEXICAN GOVERNMENT DEPARTMENTS AND AGENCIES

Secretariat of Social Development
Secretaría de Desarrollo Social (SEDESOL)
Av. Constituyentes No. 947
Edificio B, Planta Alta
Col. Belén de las Flores
01110 México, D.F.
México
Tel.: 271-8481/1616
Fax: 271-8862

Secretariat of Finance and Public Credit
Secretaría de Hacienda y Crédito Público (SHCP)
Palacio Nacional
1er. Patio Mariano
Col. Centro
06066 México, D.F.
México
Tel.: 518-5420 through 29
Fax: 542-2821

Secretariat of Commerce and Industrial Development
Secretaría de Comercio y Fomento Industrial (SECOFI)
Sub-Secretaría de Promoción de la Industria y el comercio exterior
Insurgentes Sur No. 1940-P.H.
Col. Florida
01030 México, D.F.
México
Tel.: 229-6560/6561/6100
Fax: 229-6568

Secretariat of Commerce and Industrial Development
Bureau of Standards
Secretaría de Comercio y Fomento Industrial (SECOFI)
Dirección General de Normas
Av. Puente de Tecamachalco No. 6
Col. Lomas de Tecamachalco
53950 Tecamachalco, Estado de México
México
Tel.: 729-9300
Fax: 729-9484

National Institute for Statistics, Geography and Informatics

Instituto Nacional de Estadística, Geografía e Informática (INEGI)

Edificio Sede
Av. Héroe de Nacosari No. 2301 Sur
Fraccionamiento Jardines del Parque
20270 Aguascalientes, Aguascalientes
México
Tel.: 918-6947
Fax: 918-6945

Housing Pension Fund for Private Sector Employees

Instituto del Fondo Nacional para la Vivienda de los Trabajadores (INFONAVIT)

Barranca del Muerto No. 280
Col. Guadalupe Inn
01029 México, D.F.
México
Tel.: 651-9400, 629-7007/7008
Fax: 680-3388

Housing Pension Fund for Public Sector Employees

Fondo de la Vivienda del Sistema de Seguridad Social de los Trabajadores del Estado (FOVISSSTE)

Miguel Noreña No. 28
Col. San José Insurgentes
03900 México, D.F.
México
Tel.: 680-7700/7588, 660-3556
Fax: 593-7791

Federal Housing Fund

Fondo de Operación y Financiamiento Bancario a la Vivienda (FOVI)

Av. Ejército Nacional No. 180
Col. Anzures
11590 México, D.F.
México
Tel.: 255-3644/4149
Fax: 203-7304

Federal Low Income Housing Fund

Fondo Nacional de Habitaciones Populares (FONHAPO)

Añil No. 571, Piso 2
Col. Granjas México
08400 México, D.F.
México
Tel.: 649-1964/6205/6242
Fax: 644-4997

Secretariat of Tourism

Secretaría de Turismo (SECTUR)

Presidente Masaryk No. 172, Piso 8
Col. Polanco
11587 México, D.F.
México
Tel.: 250-8171/8228
Fax: 254-0014

National Tourism Development Fund

Fondo Nacional de Fomento al Turismo (FONATUR)

Insurgentes Sur No. 800
Col. del Valle
03100 México, D.F.
México
Tel.: 682-4500/0613, 687-0567
Fax: 682-5058

Mexican Investment Board

Consejo Mexicano de Inversión (CMI)

Paseo de la Reforma No. 915
Col. Lomas de Chapultepec
11000 México, D.F.
México
Tel.: 202-7804
Fax: 202-7925

BANKS

National Bank of Construction and Public Works

Banco Nacional de Obras y Servicios Públicos (BANOBRAS)

Tecoyotitla No. 100, Piso 4
Col. Florida
01030 México, D.F.
México
Tel.: 723-6000
Fax: 723-6108

National Development Bank

Nacional Financiera (NAFIN)

Insurgentes Sur No. 1971, Piso 13
Col. Guadalupe Inn
01020 México, D.F.
México
Tel.: 325-6000, 661-7165/4044
Fax: 325-6042, 661-8418

Mexico's Central Bank
Banco de México
Tacuba No. 4, Piso 1
Col. Centro
06059 México, D.F.
México
Tel.: 512-5817, 237-2378
Fax: 237-2370

Banco Nacional de México, S.A. (BANAMEX)
Isabel la Católica No. 44, Piso 1
Col. Centro Histórico
06600 México, D.F.
México
Tel.: 225-6504
Fax: 225-5422

Banco de Comercio, S.A. (BANCOMER)
Av. Universidad No. 1200
Col. Xoco
03339 México, D.F.
México
Tel.: 621-3301/3302, 621-0034
Fax: 621-3988

Banca Serfin, S.A.
Prolongación Paseo de la Reforma No. 500
3er. Nivel, Módulo 310
Col. Lomas de Santa Fe
01219 México, D.F.
México
Tel.: 259-8860/8861, 257-8000
Fax: 257-8387

Banco Inverlat, S.A.
Bulevar Manuel Avila Camacho No. 1, Piso 18
Col. Lomas de Chapultepec
11560 México, D.F.
México
Tel.: 229-2531/2004/2929
Fax: 229-2157

Banco Mexicano, S.A.
Paseo de la Reforma No. 156, Piso 3
Col. Cuauhtémoc
06500 México, D.F.
México
Tel.: 592-5472, 629-3000
Fax: 629-4447

Banoro, S.A.
Obregón y Angel Flores s/n
Col. Centro
80000 Culiacán, Sinaloa
México
Tel.: 15-1722, 16-4350
Fax: 15-0122

Banco Interestatal, S.A. (INTERBANCO)
Av. Manuel Vallarta No. 2086 Sur
Col. Fraccionamiento Centro Sinaloa
80120 Culiacán, Sinaloa
México
Tel.: 17-4305/4306/5600
Fax: 14-7257

Banco Mercantil del Norte, S.A. (BANORTE)
Zaragoza Sur No. 920, Piso 3
Col. Centro
64000 Monterrey, Nuevo León
México
Tel.: 319-5202/5200
Fax: 319-5222

Banco Promotor del Norte, S.A.
Berna No. 6, Piso 6
Col. Juárez
06600 México, D.F.
México
Tel.: 627-9211, ext 1117-18
Fax: 627-9293

Banco de Oriente, S.A. (BANORIE)
Av. 2 de Oriente No. 10
Col. Centro
72000 Puebla, Puebla
México
Tel.: 46-5196/4700, 32-4251
Fax: 42-0381

Banco del Bajío, S.A.
Paseo del Moral No. 506
Col. Jardines del Moral
37160 León, Guanajuato
México
Tel.: 73-4719/5300, 17-0322
Fax: 73-4718

BUSINESS AND PROFESSIONAL ASSOCIATIONS

National Advisory Board for Wood in Construction
Consejo Nacional de la Madera en la Construcción, A.C.
(COMACO)
Quintana Roo No. 141-603
Col. Hipódromo Condesa
06170 México, D.F.
México
Tel.: 564-1124/5007
Fax: 277-6715

Promotion Centre for Construction and Housing
Centro Impulsor de la Construcción y la Habitación, A.C.
(CIHAC)
Av. Minerva No. 16
Col. Crédito Constructor
03940 México, D.F.
México
Tel.: 661-0844, 662-5085
Fax: 661-0600

National Association of Distributors of Construction Materials
Asociación Nacional de Comerciantes de Materiales para la Construcción de la República Mexicana A.C.
José María Velasco No. 21
Col. San José Insurgentes
03900 México, D.F.
México
Tel.: 593-4995
Fax: 593-6047

National Chamber of the Construction Industry
Cámara Nacional de la Industria de la Construcción
Periférico Sur No. 4839
Col. Parques del Pedregal
14010 México, D.F.
México
Tel.: 665-0424, 424-7400
Fax: 606-6720

National Chamber of Commerce of Mexico City
Cámara Nacional de Comercio de la Ciudad de México
(CANACO)
Paseo de la Reforma No. 42
Col. Juárez
06030 México, D.F.
México
Tel.: 592-2677/2665
Fax: 705-7412, 592-3571

National Chamber of Manufacturing Industry
Cámara Nacional de la Industria de Transformación
(CANACINTRA)
Av. San Antonio No. 256
Col. Ampliación Nápoles
03849 México, D.F.
México
Tel.: 563-3400
Fax: 598-9467

The Canadian Chamber of Commerce in Mexico
Cámara de Comercio de Canadá en México
c/o Bombardier
Paseo de la Reforma No. 369, Mezzanine
Col. Juárez
06500 México, D.F.
México
Tel.: 729-9903, 207-2400
Fax: 208-1592

American Chamber of Commerce in Mexico, A.C.
Cámara Americana de Comercio en México A.C. (AMCHAM)
Lucerna No. 78, Piso 2
Col. Juárez
06600 México, D.F.
México
Tel.: 724-3800
Fax: 703-2911

National Banking Commission
Comisión Nacional Bancaria y de Valores (CNBV)
Insurgentes Sur No. 1971
Col. Guadalupe Inn
01020 México, D.F.
México
Tel.: 724-6900/6000
Fax: 724-7364, 661-3608

National Federation of Housing Promoters
Federación Nacional de Promotores Industriales de la Vivienda
(Proviac)
Darwin No. 30, Piso 4
Col. Anzures
11590 México, D.F.
México
Tel.: 250-3056, 203-3290
Fax: 250-6112

MEXICAN COMPANIES

Grupo Alfa
Av. Gómez Morín No.1111
Col. Carrizalejo
66254 Garza García, Nuevo León
México
Tel.: 335-3535
Fax: 335-8135

Grupo Protexa, S.A. de C.V.
Carretera Monterrey — Saltillo Kilómetro No. 339
Apartado Postal 2933
66350 Santa Catarina, Nuevo León
México
Tel.: 336-3030
Fax: 336-2964

Houston Purchasing Office — IMXPORT
Tel.: (713) 820-3300

Ingenieros Civiles Asociados, S.A. de C.V. (ICA)
Minería No. 145
Col. Escandón
11800 México, D.F.
México
Tel.: 272-9991
Fax: 272-9991 ext. 3868

Gutsa Construcciones, S.A. de C.V.
Av. Revolución No. 1387
Col. Campestre San Angel
01040 México, D.F.
México
Tel.: 662-7346
Fax: 662-2471

Constructora Contec
Bulevar Temoluco
Módulo 75, No. 222-302
Col. Acueducto de Guadalupe
07270 México, D.F.
México
Tel.: 391-4074
Fax: 389-4259

Grupo Sadasi
Arquímedes 3-102
11560 México, D.F.
México
Tel.: 280-1169
Fax: 280-1544

COMPANIES PRODUCING PREFABRICATED HOUSING IN MEXICO

URBINA, S.A.
Matamoros No. 319
Col. La Joya Tlalpan
14090 México, D.F.
México
Tel.: 655-1950
Fax: 573-0095

Macmillan Guadiana
Carretera Panamericana
Kilómetro No 959
34304 Durango, Durango
México
Tel.: 12-0222, 25-1489
Fax: 11-5375

Pinelli Contrucciones, S.A. de C.V.
Carretera Panamericana
Kilómetro No. 1044
34000 Durango, Durango
México
Tel.: 18-6515/3137
Fax: 18-3017

Divisiones y Acabados Integrales, S.A. de C.V. (DYAISA)
Av. Cuahutémoc No. 153
Col. Roma
06700 México, D.F.
México
Tel.: 264-6939/6805
Fax: 564-8274

Obras y Casas de Torreón, S.A. de C.V.
Juárez No. 175 Poniente
Col. Centro
27000 Torreón, Coahuila
Tel.: 16-1840/8201
Fax: 12-9506

TRADE SHOWS

Representaciones Comerciales "Rep-Com 96"
c/o U.S. Trade Center
Liverpool No. 31
Col. Juárez
06600 México, D.F.
México
Tel.: 591-0155
Fax: 566-1115
To be held March 26-28, 1996.

Muestra de la Industria de la Construcción
c/o *Conex, S.A.*
Calzada de las Aguilas No. 101-302
Col. Los Alpes
01710 México, D.F.
México
Tel.: 593-9500/6231
Fax: 593-9946
To be held April 30 — May 4, 1996.

"Construcción 96"
c/o U.S. Trade Center
Liverpool No. 31
Col. Juárez
06600 México, D.F.
México
Tel.: 591-0155
Fax: 566-1115

"Representaciones Guadalajara 96"
c/o U.S. Trade Center
Liverpool No. 31
Col. Juárez
06600 México, D.F.
México
Tel.: 591-0155
Fax: 566-1115

"Expo-CIHAC 96"
Promotion Centre for Construction and Housing
c/o Centro Impulsor de la Construcción y la Habitación
(CIHAC)
Av. Minerva No. 16
Col. Crédito Constructor
03940 México, D.F.
México
Tel.: 661-0844, 662-5085
Fax: 661-0600

TRADE PUBLICATIONS

Bazar de la Construcción
3a. Cerrada de San Mateo s/n
Col. La Aplánada
54500 Atizapán de Zaragoza, Estado de México
México
Tel.: 668-0239/0298
Fax: 668-0673

Business Mexico
c/o American Chamber of Commerce
Lucerna No. 78
Col. Juárez
06600 México, D.F.
México
Tel.: 724-3800
Fax: 703-2911/3908

Catálogo de la Construcción CIHAC 95-94
Promotion Centre for Construction and Housing
c/o Centro Impulsor de la Construcción y la Habitación, A.C.
(CIHAC)
Av. Minerva No. 16
Col. Crédito Constructor
03940 México, D.F.
México
Tel.: 661-0844, 662-5085
Fax: 661-0600

Construcción y Tecnología
Mexican Cement and Concrete Institute
c/o Instituto Mexicano del Cemento y del Concreto (IMCYC)
Insurgentes Sur No. 1846
Col. Florida
01030 México, D.F.
México
Tel.: 660-2778/3198
Fax: 534-2118

Expansión
c/o Grupo Editorial Expansión
Sinaloa No. 149, Piso 9
Col. Roma
06700 México, D.F.
México
Tel.: 207-2176
Fax: 511-6351, 208-2819

Medios Publicitarios Mexicanos, S.A. de C.V.
Av. México No. 99-103
Col. Hipódromo Condesa
06170 México, D.F.
México
Tel.: 574-2604/2858
Fax: 514-2668

Provienda
National Federation of Housing Promoters
c/o Federación Nacional de Promotores Industriales de la
Vivienda (Proviencac)
Darwin No. 30, Piso 4
Col. Anzures
11590 México, D.F.
México
Tel.: 250-3056, 203-3290
Fax: 250-6112

Revista Mexicana de la Construcción
National Chamber of the Construction Industry
c/o Cámara Nacional de la Industria de la Construcción
Periférico Sur No. 4839
Col. Parques del Pedregal
14010 México, D.F.
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Fax: 606-6720

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yes no

11. a) Does your company currently export?

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- No, go to 11 c)

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- Mexico Latin America
- Other (please specify) _____

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- Mexico Latin America
- Other (please specify) _____

12. What is the approximate size of your company?

- under \$1 million
- \$1 to 5 million
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- over \$10 million

To discuss this evaluation may we contact you? If so,

Name: _____

Company: _____

Address: _____

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Please return the completed survey by fax to (613) 943-8806 or to the address below:

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Department of Foreign Affairs and International Trade
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Ottawa, Ontario K1A 0G2

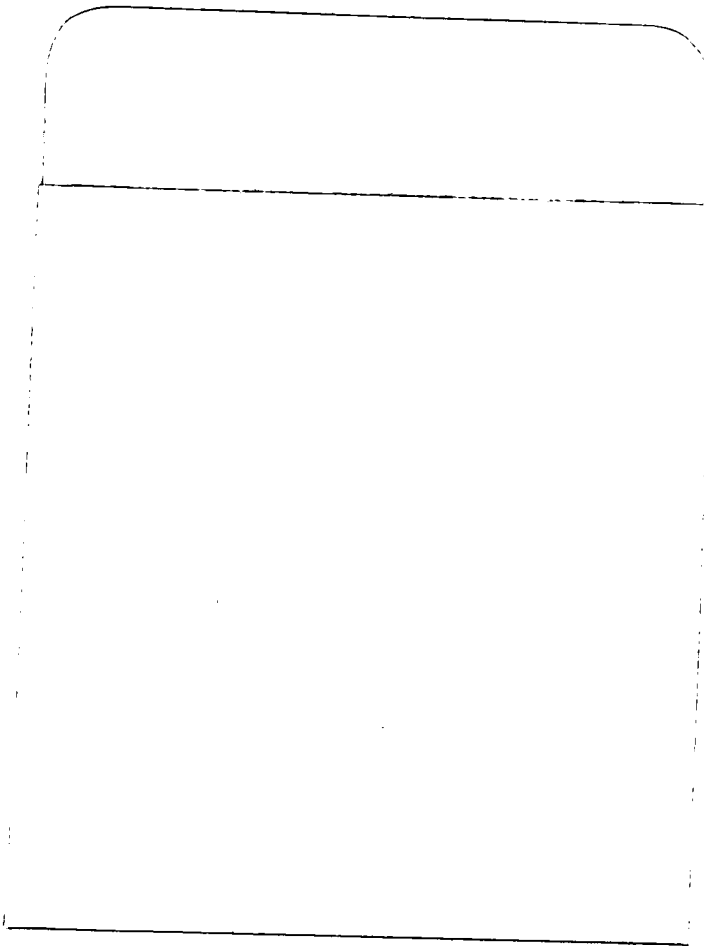
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