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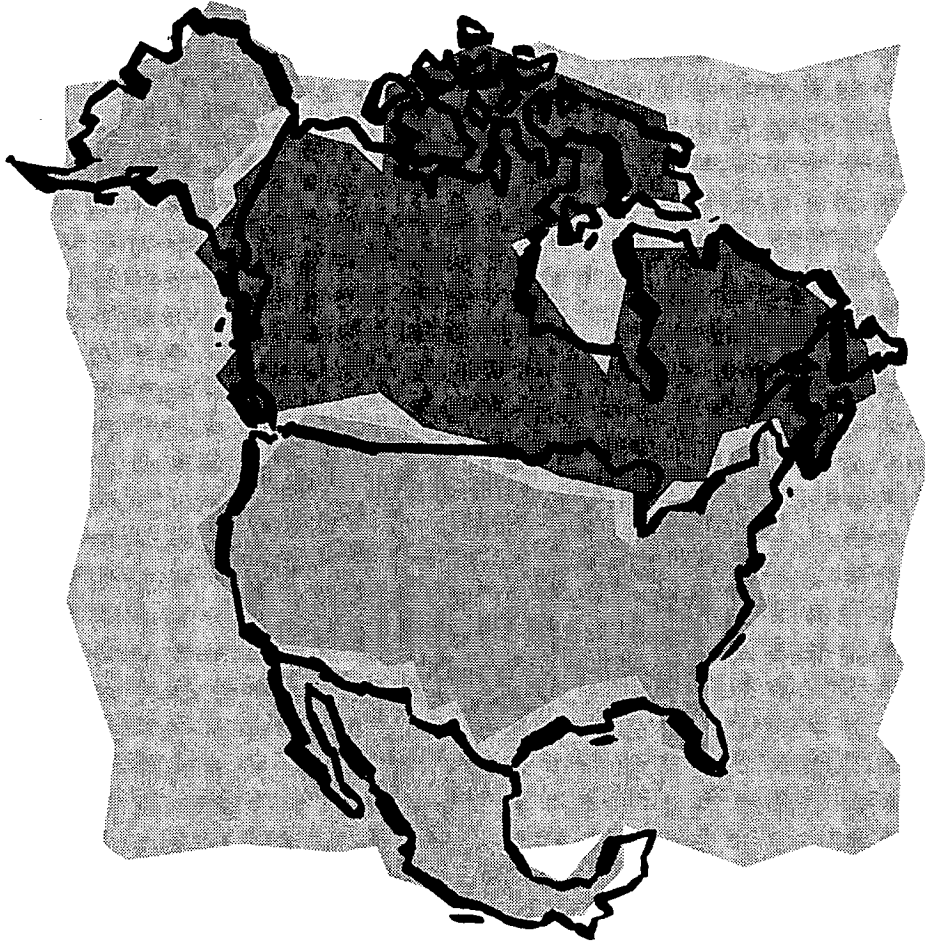
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FORESTRY HARVESTING  
AND WOODWORKING  
EQUIPMENT



**MEXICO MARKET PROFILE**



# FORESTRY HARVESTING AND WOODWORKING EQUIPMENT

Department of Foreign Affairs  
and International Trade

Canadian Embassy  
Mexico  
January 1992

(Disponible également en français)

Dept. of External Affairs  
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FORESTRY HARVESTING AND  
WOODWORKING EQUIPMENT

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# Table of Contents

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.....

1. BACKGROUND .....	3
2. MEXICO'S ECONOMY .....	3
3. MARKET ASSESSMENT.....	4
4. MEXICAN FORESTRY .....	5
4.1 Resources .....	5
4.2 Production .....	7
4.3 Trade Balance .....	7
4.4 Manufacturing Capacity .....	8
5. LEGISLATION.....	9
5.1 The Forestry Law .....	9
5.2 Forestry Law Regulations .....	10
6. MARKET ACCESS .....	11
<i>APPENDICES</i>	
Appendix A: Government Ministries and Agencies.....	12
Appendix B: Distributors and Representatives.....	13
Appendix C: Principal Mexican Forestry Developers and Sawmill Manufacturers.....	14
Appendix D: Where to Go for Assistance.....	15
Appendix E: Mexico in Brief .....	27





## 1. BACKGROUND

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Forestry is an old tradition in Mexico. Since before the Spanish conquest, the Indian population has relied on Mexico's vast forests for their food, protection and clothing.

During the 16th century, the first regulatory measures were taken to avoid the destruction of forests. These included limitations on wood-cutting and primitive reforestation measures.

During the 17th century, the exploitation of mahogany, cedar and oak was reserved to the Spanish Crown. British and Dutch invasions of tropical forests, however, were not uncommon.

The massive destruction of Mexico's forests began with the flourishing mining industry, led by the Spanish conquerors. The mines were built and reinforced with wood and wood fueled the processing of the ore. The indigenous population, deprived of their lands, increasingly moved into the wooded areas, cutting them down to grow crops.

After independence, regulatory measures were taken to protect the forests and to control the manufacture of wood products. During the 19th century, the use of fine woods was subject to permits. In order to avoid the excessive exploitation of local forests, wood was freely imported. In addition, a number of measures were taken to further protect the forests: the first inventory of existing resources was made, the cutting and conservation of forests was regulated, and national parks were created.

Efforts have continued into the 20th century to regulate forestry and to preserve existing resources. In 1926, the first *Forestry Law* was passed by President Plutarco Elías Calles. Its purpose was to officially regulate Mexican forestry. The law was reformed in 1942 and again during the administration of President Miguel Alemán (1945-1950). In 1960, President Adolfo López Mateos authorized a new forestry law to meet the requirements of the times. In April 1986, a new *Forestry Law* came into effect, followed, in July 1988, by the Regulations to the *Forestry Law*.

Although Mexico's forests have been commercially exploited during the last 70 years, the industry is still considered in its infancy. Despite the country's rich resources in this sector, low yields and investment insecurity have often made imports

of lumber and cellulose easier and cheaper than local products. At the same time, at the margin of existing regulations, deforestation is progressing at a fast pace.

The National Development Plan, which outlines President Salinas de Gortari's 1989-1994 policy, calls for an increased supply of forestry products to meet local demand while maintaining sustainable development. This implies the reforestation of damaged areas and the thorough application of existing regulations. The policy also calls for the modernization of the forestry-related industry, the creation of a new road infrastructure to reach the forests, the preparation of a new inventory of existing resources and the decentralization of technical services.

The forestry sector has the potential of becoming an important contributor to Mexico's economy. Considerable financial and technical assistance, however, will be required to improve efficiency and administration, and in the manufacture and marketing of wood products. This translates into increased opportunities for Canadian firms.

## 2. MEXICAN ECONOMY

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With the objective of reducing the inflation rate, the Mexican authorities implemented a stabilization program in 1988, called the Economic Solidarity Pact. The Pact featured traditional austerity measures, entailing tight fiscal and monetary policies, and unorthodox measures, such as price, wage and exchange rate controls. This program, the cornerstone of Mexico's economic policy, has resulted in a drastic reduction of the inflation rate, from an annual rate of 159.2 percent in 1987 to 51.7 percent in 1988 and 19.7 percent in 1989. Inflation rebounded to 29.9 percent in 1990 but the Mexican government aims to achieve a 14 percent inflation rate in 1991. This seems a reasonable estimate based on an annual inflation rate of 13.3 percent as of October 1991.

Mexico's macroeconomic policy in the short run aims to reaffirm gradual and sustained economic recuperation by establishing the conditions necessary to encourage national and foreign investment, and by stimulating local demand.

After the 1986 recession, Mexico's gross domestic product (GDP) increased by a moderate 1.7 percent in 1987 and an additional 1.3 percent in 1988.

Domestic economic activity recovered for the third consecutive year in 1989 with a growth rate of 3.1 percent and a further 3.9 percent in 1990 to reach U.S.\$234 billion. Per capita GDP was estimated at U.S.\$2,874. (The population is about 81.1 million.)

In 1990, manufacturing output grew by 5.2 percent in real terms, private investment and consumption expanded 13.6 percent and 5.2 percent, respectively, and public investment was up 12.8 percent. During the 1991-1994 period, GDP is expected to maintain an average annual growth rate of 2.5-3 percent. Preliminary figures place GDP growth at 4.5-5 percent for 1991.

In an effort to revitalize and open the economy, the Mexican government undertook a series of structural changes. This included the accession to the General Agreement on Tariffs and Trade (GATT) on August 24, 1986, leading to an extensive trade liberalization process. Import permits were eliminated on all but 198 of the 11,812 tariff items listed on the Mexican Harmonized System adopted in 1988. Official import prices and the 5 percent export development tax are no longer applicable. Import duties have been lowered from a maximum of 100 percent in 1982 to 20 percent since January 1988. The weighted average tariff rate is now 10.4 percent. The automotive and computer industries have also been liberalized through the elimination of prior import permits to allow free entry of products in these industries. The approval of the North American Free Trade Agreement (NAFTA) will further strengthen trade between Canada, the United States and Mexico.

According to official data from the Mexican Secretariat of Commerce and Industrial Development (SECOFI), Mexico's trade balance in 1990 dropped to a U.S.\$3 billion deficit from -U.S.\$645 million in 1989. Exports increased by 17.5 percent in 1990, from U.S.\$22.8 billion to U.S.\$26.8 billion, while imports grew 27.3 percent, from U.S.\$23.4 billion to U.S.\$29.8 billion in 1990, having already increased 23.8 percent in 1989 and 54.9 percent in 1988. As of September 1991, exports for the year totalled U.S.\$20.7 billion and imports U.S.\$27.2 billion.

Total Mexican imports to Canada increased 24 percent in 1989 and decreased 1.5 percent in 1990. Total Canadian imports from Mexico were valued at Cdn\$1,730 million in 1990, while total

Canadian exports to Mexico amounted to Cdn\$594 million. According to Mexican figures, in 1989, 1.9 percent of Mexico's imports came from Canada and 1.2 percent of its exports were to Canada. This made Canada Mexico's fifth largest exporter and sixth largest importer that year.

### 3. MARKET ASSESSMENT

The Mexican market for forestry harvesting and woodworking equipment increased 78 percent in 1988, to U.S.\$40.6 million. This growth was brought about by a major one-time surge in imports of saws and blades, which increased 136 percent, from U.S.\$4.6 million in 1987 to U.S.\$11 million in 1988. Although the market fell by 20 percent in 1989, it still reflected an increase of 42.4 percent over 1987. During 1990, consumption grew by 6 percent to reach U.S.\$34.3 million. (See Table 1.)

This market is expected to experience a moderate growth rate during the next four years. The industry, having operated with old and outdated machinery, has started to substitute newer equipment as economic conditions improve and it becomes easier to import. Important factors have been the gradual reduction in interest rates with the decrease in inflation and the availability of financial resources for equipment purchases, factors that were practically non-existent before 1989. By 1994, the total market is expected to reach U.S.\$40.1 million and an average annual growth of 4 percent.

**Table 1: Mexican Market for Forestry and Woodworking Equipment**  
(U.S.\$ thousands)

	1987	1988	1989	1990	1994 <sup>p</sup>
Production	8,178	7,452	7,875	7,318	7,110
+ Imports	15,901	34,760	26,065	28,521	34,667
- Exports	1,363	1,590	1,585	1,524	1,633
<b>Total</b>	<b>22,716</b>	<b>40,622</b>	<b>32,355</b>	<b>34,315</b>	<b>40,144</b>

*p = projected*

Source: Import and export data from Secretaría de Comercio y Fomento and industrial and trade interviews.

Imports have played a major role in the industry because most forestry harvesting and woodworking equipment is not manufactured in Mexico. Local production is limited to very simple tools, including saws, hand tools, motors, edge cutters, and parts

and accessories. All of the larger and more sophisticated equipment is imported, including circular and chain saws, plywood presses, particle-board manufacturing equipment, boilers and dryers for wood or cellulose, hoists, winches and cranes, planes, and cutting and machine tools for working wood, such as sawing, planing, milling or cutting, sanding or polishing, drilling, splitting, defibrating and bark-stripping machines, and lathes. (See Table 2.)

**Table 2: Mexican Imports of Forestry and Woodworking Equipment**  
(U.S.\$ thousands)

	1987	1988	1989	1990
<b>Woodworking equipment</b>				
Sawing	1,358	2,661	3,288	2,597
Planing, milling or moulding	1,565	3,391	3,451	2,688
Grinding, sanding or polishing	763	1,019	1,273	1,179
Bending or assembling	318	1,136	1,120	1,176
Drilling or morticing	370	936	1,406	1,069
Splitting, slicing or paring	117	585	138	275
Combined machines	344	765	705	1,124
Other	1,622	2,872	2,941	1,719
<b>Total</b>	<b>6,457</b>	<b>13,365</b>	<b>14,322</b>	<b>11,827</b>
<b>Other</b>				
Particle board manufacturing equipment	60	64	276	204
Hand cutting tools	448	1,070	1,997	2,248
Saws and blades	4,654	10,992	4,752	5,322
Boilers and driers	1,292	2,882	2,274	6,186
Hoists and cranes	2,990	6,387	2,444	2,734
<b>Total</b>	<b>15,901</b>	<b>34,760</b>	<b>26,065</b>	<b>28,521</b>

Source: *Secretaría de Comercio y Fomento Industrial*

Imports accounted for 70 percent of the total market in 1987 and increased to 83 percent in 1988. That year, imports grew 120 percent over 1987. In 1990, imports represented 83 percent of total apparent consumption, increasing from 80 percent in 1989. Imports will continue to dominate the market, mostly because existing demand does not justify local production and the prices of imported equipment are more competitive. Used machinery and equipment is also in high demand in Mexico because only the very large firms use state-of-the-art technology.

The United States, which holds a 58 percent market share, is the most important supplier to Mexico of forestry harvesting and woodworking equipment. Geographical proximity plays a major role because transportation costs can be high. Spare parts and accessories are also more readily available.

Many U.S. firms have established a presence in Mexico through local distributors, representatives or agents, or through joint ventures. Italy and West Germany also have a major presence in Mexico with a 9.3 percent and 8.1 percent market share, respectively. Brazil, Sweden and Japan have a smaller share of the market and Canadian products account for only one percent of total imports.

**Table 3: Canadian Imports and Exports with Mexico** (Cdn\$ thousands)

	Imports from Mexico			Exports to Mexico		
	1988	1989	1990	1988	1989	1990
Hand tools	6	0	14	3	6	0
Hand saws	0	170	182	0	0	3
Circular saw blades	0	53	27	1	3	0
Chain-saw blades	0	0	0	29	234	92
Boilers	0	973	0	0	0	0
Jack hoists	0	0	0	17	24	71
Cranes	0	0	0	70	56	0
Sawing equipment	0	0	0	0	1	86
Drilling equipment	0	0	0	39	161	20
Other	0	0	0	152	10	100
<b>Total</b>	<b>6</b>	<b>1,196</b>	<b>223</b>	<b>311</b>	<b>495</b>	<b>372</b>

Source: *Statistics Canada, International Trade Division*

Canadian exports to Mexico increased 59 percent, from Cdn\$311,000 in 1988 to Cdn\$495,000 in 1989, but decreased to Cdn\$372,000 in 1990. The largest categories in 1989 were saws and saw blades (48 percent), woodworking equipment (35 percent) and materials-handling equipment (16 percent). In 1990, the most significant imports were of chain-saw blades (25 percent), sawing equipment (23 percent), materials-handling equipment (19 percent) and drilling equipment (5 percent).

Canadian imports from Mexico were valued at Cdn\$1.2 million in 1989 but only Cdn\$223,000 in 1990. For the most part, they consisted of hand saws, and motor-driven hand tools and boilers. (See Table 3.)

## 4. MEXICAN FORESTRY

### 4.1 Resources

Mexico's forestry sector, including wood and wood products, accounted for 1.7 percent of the country's total GDP and 3 percent of manufacturing GDP in 1990, equivalent to about U.S.\$1.6 billion.

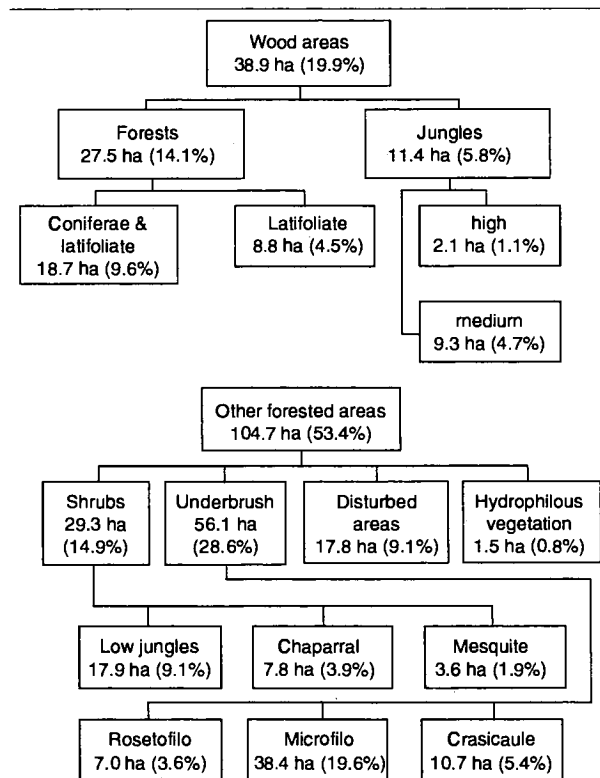


During the 1981-1989 period, this sector decreased by an average annual rate of 2.5 percent, as compared to a 1.4 percent annual increase of manufacturing GDP as a whole. Although, between 1981 and 1986, the forestry sector followed the general trend of manufacturing GDP, between 1987 and 1990, manufacturing experienced moderate to high growth, while the forestry sector showed a continuing decrease.

Mexico's total forested areas represent 143.6 million hectares, 73 percent of the country's total territory (see Tables 4 and 5). This places Mexico among the top 11 countries in the world in terms of forestry resources.

Approximately 12 million people live in forested areas and an estimated 300,000 live off primary forestry production.

**Table 4: Mexico's Forested Areas**  
(million ha/% of total territory)



Source: *Memoria Económica 1991-1992, Cámara Nacional de la Industria Forestal*

**Table 5: Regional Distribution of Forested Areas (000 ha.)**

	Forests	Jungles	Shrubs	Underbrush	Total
I	6,842		7,510	22,374	37,733
II	5,940	980	4,627	6,428	18,925
III	1,509	11	3,576	23,217	29,777
IV	3,422	578	2,091	1,350	8,218
V	2,768	320	1,553	432	7,651
VI	2,536	1,845	2,920	919	12,331
VII	1,419	7,293	4,286		18,507
VIII	2,015	244	1,815	104	5,282
IX	792	135	883	747	4,149
Other	239		3	527	1,041
<b>Total</b>	<b>27,482</b>	<b>11,406</b>	<b>29,264</b>	<b>56,098</b>	<b>143,614</b>

Source: *Memoria Económica 1991-1992, Cámara Nacional de la Industria Forestal*

- I = Chihuahua, Sonora, Baja California Norte and Sur
- II = Durango, Sinaloa, Zacatecas
- III = San Luis Potosí, Tamaulipas, Nuevo León, Coahuila
- IV = Jalisco, Nayarit, Colima, Aguascalientes
- V = Michoacán, México, Guanajuato
- VI = Oaxaca, Veracruz, Morelos
- VII = Chiapas, Campeche, Quintana Roo, Tabasco, Yucatán
- VIII = Guerrero
- IX = Puebla, Hidalgo, Tlaxcala
- Other = Distrito Federal, Querétaro

In the temperate and cold climate areas, forests cover 27.5 million ha. They have a log production potential of 2 billion cubic meters and are found in the:

- Western Sierra Madre, 48.2 percent;
- Neo-volcanic sierra, 20.8 percent;
- Southern Sierra Madre, 15.6 percent;
- Eastern Sierra Madre, 9.0 percent;
- Sierra of Chiapas, 5.1 percent; and
- Baja California peninsula, 1.3 percent.

In the tropical and semitropical climate areas, forests cover 11.4 million ha. and have a potential log production of 1.1 billion m<sup>3</sup>. They are found:

- In the southeast, 72.5 percent;
- Along the coast of the Gulf of Mexico, 8.9 percent; and
- Along the Pacific coast, 18.6 percent.

## 4.2 Production

The Secretariat for Agriculture and Hydraulic Resources (*Secretaría de Agricultura y Recursos Hidráulicos* (SARH)) must authorize the exploitation of certain areas and varieties of Mexico's forests before it is undertaken. During 1990, 2,355 authorizations were granted as compared to 4,313 in 1989 (see Table 6).

**Table 6: Authorized Volumes (000 m<sup>3</sup> logs)**

	Authorized Volume		Production Volume	
	1989	1990	1989	1990
Pine	10,823	6,702	7,462	6,817
Other coniferae	611	305	311	303
Oak	3,208	2,279	438	383
Other leafed	330	261	170	190
Precious	127	14	74	40
Tropical	794	161	433	369
<b>Total</b>	<b>15,893</b>	<b>9,722</b>	<b>8,888</b>	<b>8,102</b>

Source: *Memoria Económica 1990-1991 and 1991-1992, CNIF*

About 80 percent of forestry resources are community properties (*ejidos*) that are officially assigned by the Secretariat of Agricultural Reform (*Secretaría de la Reforma Agraria* (SRA)). The remaining 15 percent is held by small proprietors and the state. The purpose of this system of land holdings was so that the land could be distributed to a large number of families for agricultural purposes or eventually for cattle raising, both of which are basically short-term activities. This land use is in strong competition to forestry, which has a long-term yield and requires large and long-term investments.

Additionally, land concession agreements for the exploitation of forestry resources are only valid for one year. (Before President Echeverría's term, concessions had been granted for 20 years.) The short terms have made investment in the sector riskier, and long-term exploitation and reforestation more difficult. The local forestry industry also has to face high transportation costs because, due to the lack of rivers, wood has to be trucked over land, usually on small mountain roads.

**Table 7: Mexican Total Production of Timber Products, 1985-1989**

(000 m<sup>3</sup> logs)

	1985	1986	1987	1988	1989	1990
Scantling <sup>1</sup>	6,082	5,508	6,137	5,840	5,807	5,487
Pulp	2,864	2,410	2,664	2,591	2,349	1,954
Posts & piles	237	173	149	164	156	139
Fuel	484	454	492	495	443	440
Sleepers	279	413	349	224	133	82
<b>Total</b>	<b>9,946</b>	<b>8,958</b>	<b>9,791</b>	<b>9,314</b>	<b>8,888</b>	<b>8,102</b>

1. Includes boards, packaging wood, carved wood, wood for veneer, wood waste, pieces for sawmills and veneer, and other log products.

Source: *Memoria Económica 1991-1992, CNIF*

**Table 8: Mexico's Total Production of Non-Timber Products, 1985-1989 (tons)**

	1985	1986	1987	1988	1989	1990
Resins	43,463	30,410	44,180	43,443	36,296	32,923
Fibres	6,171	7,394	6,257	6,914	3,047	4,790
Rhizome	1,970	3,912	3,129	1,388	1,081	415
Wax	657	2,058	1,387	1,983	1,385	2,205
Gum	186	220	392	548	834	415
Other	14,587	17,055	17,859	52,512	31,445	27,613
<b>Total</b>	<b>67,034</b>	<b>61,049</b>	<b>73,204</b>	<b>106,788</b>	<b>74,088</b>	<b>68,316</b>

Source: *Memoria Económica 1991-1992, CNIF*

The decrease in the production of timber and non-timber products during the last three years (see Tables 7 and 8) is due to the longstanding and structural problems of Mexico's forestry sector, already described. It is also due to a lack of policy definition by the central government, trade liberalization, which has brought about the strong competition of imported wood products, and a decrease in technical services for the forestry sector.

## 4.3 Trade Balance

Total imports of forestry materials and manufactured products increased by 51 percent during 1989, from U.S.\$444.7 million to U.S.\$673.5 million. In 1990, it decreased an estimated 19 percent to U.S.\$545.9 million. The large volume of imports is mostly because local production has been unable to meet demand (see previous section, "Production").

The upward trend in imports has been ongoing since 1982, when imports were at their all-time low of U.S.\$176.7 million as a result of the economic crisis and the high import barriers imposed by the government. In 1988 and 1990, however, imports of pulp and paper waste products used in the manufacture of paper decreased. (See Table 9.)

**Table 9: Mexico's Import of Wood and Lumber Products (U.S.\$ 000)**

	1986	1987	1988	1989	1990
Raw materials	37,512	26,349	52,260	57,291	105,619
Firewood and charcoal	239	185	2,408	2,635	4,229
Squared wood	905	1,462	2,382	2,607	2,735
Lumber with a primary process	36,368	24,702	47,470	52,049	98,655
Manufactured wood	13,306	17,161	31,441	34,477	63,581
Boards	5,418	11,256	22,318	23,907	39,711
Other	7,888	5,905	9,123	10,570	23,870
Materials used in paper manufacturing	224,466	394,755	258,957	444,386	213,332
Paper, cardboard and their manufacture	123,900	26,676	102,068	137,370	163,401
<b>Total value</b>	<b>399,184</b>	<b>464,941</b>	<b>444,726</b>	<b>673,524</b>	<b>545,933</b>
<b>Total volume (000 m<sup>3</sup>)</b>	<b>2,278.9</b>	<b>2,806.4</b>	<b>1,776.2</b>	<b>2,420.0</b>	<b>3,233.3</b>

Source: Memoria Económica 1990-1991, CNIF

Mexico's exports of raw materials and manufactured wood products were U.S.\$281 million in 1989 (1.3 million m<sup>3</sup>) and U.S.\$231 million (1.1 million m<sup>3</sup>) in 1990, down from an all-time high of U.S.\$310 million in 1988. These were composed of manufactured wood products (55 percent), paper, cardboard and their products (33 percent), pulp and wood waste for the manufacture of paper (4 percent), and raw materials (8 percent). Mexico also exported U.S.\$1.1 million or 1.7 million kilograms of colophony in 1990.

#### 4.4 Manufacturing Capacity

In 1990, 24 new sawmill plants were installed. Although this increased capacity by 200,000 tons, the use of this capacity decreased from 76 percent to 70 percent. Capacity and use for pulp and paper increased. Production of the paper, paper products, printing and publishing industry increased by 8.6 percent. In all other areas, installed capacity decreased with the general contraction of the industry, which fell 15-20 percent. (See Tables 10 and 11.)

**Table 10: Forestry Sector in 1989**

Industry	No. of Plants	Installed Capacity (millions)	% Used	Employees (000)	Total Invest. (U.S.\$ millions)
Sawmills	954	7.6 m <sup>3</sup>	76	23.8	275.9
Box manufacturers	1,182	118 units		8.6	14.5
Impregnators	21	1.3 m <sup>3</sup>	40	2.3	2.4
Pulp and paper	73	4.5 tons	79	34.7	1,814.0
Board lumber	49	1.4 m <sup>3</sup>	47	11.4	720.2
Resins	18	0.06 tons	63	8.0	17.9
Secondary workshops	106				

Source: Memoria Económica 1989-1990, CNIF

**Table 11: Forestry Sector In 1990**

Industry	No. of Plants	Installed Capacity (millions)	% Used	Employees (000)	Total Invest. (U.S.\$ millions)
Sawmills	978	7.8 m <sup>3</sup>	70	24.5	329.2
Box manufacturers	1,179	117 units		8.5	23.3
Impregnators	20	1.2 m <sup>3</sup>	44	2.2	43.7
Pulp and paper	75	4.8 tons	80	34.1	1,863.0
Board lumber	51	1.4 m <sup>3</sup>	40	11.2	720.2
Resins	18	0.042 tons	83	5.0	10.0

Source: Memoria Económica 1991-1992, CNIF

The industrial transformation of wood products has operated at an average 60 percent of capacity. This is due to the unavailability of raw materials, the exploitation of resources below those authorized by SARH (by about 50 percent), the low use of secondary products, the inefficient use of machinery and equipment, and the inadequate geographical location of many industrial plants. (Table 12 lists the largest companies operating in Mexico in the forestry, woodworking, pulp and paper sectors.)

**Table 12: Forestry Companies in Mexico**

Company	Product
Celulosa de Chihuahua	PP
Celulósicos de Chihuahua	WPP
Chapas y Triplay del Sureste	SM, PLY
Cía de las Fábricas de Papel San Rafael	PP
Cía Forestal Bosques de Oaxaca	ROL, SM
Cía Forestal de Oaxaca	ROL, SM, RES
Cía Industrial de Atenquique	PP
Corporación Emssa	PLY, SM, POL
Doddoli Hermanos	SM, BOX
Duraplay de Parral	PB, PLY
Fábricas de Papel Tuxtepec	PP
Fibracel	FIB
Floresta de Oaxaca	SM
Forestal Halcón	SM, BOX
Grupo Industrial Durango	PLY
Grupo Industrial Guadiana	SM, PB, MAN, IMP
Industrial de Valles	ROL
Industrial Forestal La Loma	SM
Industrias Resistol	PB
Madera Industrial de Quintana Roo	PLY, SM
Maderas Conglomeradas	PLY, PB
Maderas y Derivados de Cualcomán	SM, WPP
Molduradora de Casas Grandes	SM, MAN
Novopán de México	PB
Plywood Ponderosa de Durango	PLY
Plywood Ponderosa de México	SM, PLY
Ponderosa de Chihuahua	SM, BOX, WPP
Ponderosa Dimensional	BOX, MAN
Ponderosa Industrial	SM, MAN
Triplay de Chihuahua	PLY
Triplay de Oaxaca	PLY
Triplay y Tableros Enchapados de Oaxaca	PLY, SM

BOX = boxes and packaging  
 FIB = fibre boards  
 IMP = impregnation  
 MAN = manufactured products  
 PB = particle board

PLY = plywood  
 RES = resins  
 ROL = wood in rolls  
 SM = sawmills  
 WPP = wood for pulp  
 and paper &  
 particle board

## 5. LEGISLATION

The Mexican forestry sector is regulated by three major frameworks:

- The *Mexican Constitution* (Article 27);
- The *Forestry Law* (April 1986); and
- The *Regulations to the Forestry Law* (July 1988).

Additionally, the *Rural District Development Law* and the *General Law of Ecological Balance and Environmental Protection* influence decisions in this sector.

## 5.1 Forestry Law

The *Forestry Law* defines and regulates:

- Preparation and control of forestry programs;
- Administration of forestry resources;
- Integral management of forestry resources within their ecological system;
- Creation of reserves and other areas for preservation;
- Forestry-related education, culture, training and research;
- Protection of forests against fire, disease and sanitary problems;
- Development and restoration of forestry resources and nurseries;
- Preservation, protection, certification, reproduction and distribution of seeds and vegetative material;
- Exploitation of forestry resources and technical services;
- Forestry production;
- Creation of roads and transportation infrastructure;
- Supply of raw materials to the industry;
- Proper operation of industrial plants and warehouses; and
- Inspection and vigilance.

The purpose of the *Forestry Law* is to:

- Obtain higher yields;
- Protect and preserve existing forestry resources;
- Maintain high-productivity levels;
- Promote production, exports and employment in the sector;
- Promote the industrialization of forestry resources;
- Attain a local industry capable of satisfying local demand;
- Improve productivity of parastate companies in the sector;
- Promote forestry development through incentives, tariffs and financing;
- Promote the active participation of landowners in the production, industrialization, use and

protection of existing resources;

- Promote education, training and research to satisfy personnel and technological needs;
- Promote an awareness about forestry among the population;
- Encourage rural development; and
- Promote the co-operation of private, public and state entities.

The Secretariat of Agriculture and Hydraulic Resources (SARH) is the administrative body responsible for the enforcement of the law and for multilateral agreements. It is also responsible for the preparation of an inventory of existing resources (the most recent one was done in 1975) and of statistical data, and for policy guidelines and development programs. Basically, the SARH is in charge of regulating, developing and overseeing all aspects related to the exploitation, preservation and reforestation of forestry resources, and distribution and industrial transformation.

Any change in the use of forestry land towards agricultural, cattle raising, urban, recreational or other uses requires the preparation of a technical, socioeconomic study to evaluate the feasibility of such a change and the conformity with existing regulations. Unless the study is approved, the changes cannot be made.

The exploitation of forestry resources is reserved exclusively to Mexican citizens and is subject to a permit granted by SARH based on "studies for integral management". This includes for permanent, temporary or eventual (building a road) exploitation, and for scientific, construction or plantation purposes. The study for integral management should consider the use and exploitation of forestry resources towards the highest possible productivity and without damage to the environment. No permit is granted without an approved study.

SARH also provides technical services to the forestry sector, mostly through concessions granted to the landowners or professionals who are in charge of overseeing the integral management as stipulated in the study and of conducting the exploitation of forestry resources. These services are paid for by the exploitation permit holders.

## 5.2 Forestry Law Regulations

The regulations were designed to spell out and enforce the *Forestry Law*. They regulate the following items:<sup>1</sup>

- Preparation of the inventory of forestry resources by SARH;
- Preparation of the Forestry Sector Program by SARH;
- Co-ordination of agreements with state and municipal governments, parastate companies, ejidos, communities, and social and private organizations;
- The Forestry Development Fund for the promotion of financing and investment programs;
- The division of the national territory into regions, each of which is to be managed based on individual studies, prepared with the co-operation of SARH, the state and municipal governments, the private and social sector, to define areas used for forestry exploitation, reserves, reforestation, roads, etc.;
- The requirements to change the use of land from forestry to other uses, including an application and a technical study with specifications;
- National forestry reserves and areas to be used for conservation;
- The prevention of fires and responsibilities for fighting them by the federal, state, municipal governments and landowners;
- Sanitary measures to prevent and fight disease in forested areas;
- The determination of closed seasons;
- The reforestation and restoration of forests by SARH;
- How forestry resources are exploited;
- Who is responsible for the regeneration of vegetation in the exploited area (exploitation permit holders);

1. *The exploitation of forestry resources in cold and temperate climates can be done by four methods: total cut, with father trees, with successive or protection cuts (dividing the total area and rotating the zones exploited), and with selective cuts (cutting only certain trees within the whole area). Which one is used depends on the characteristics of the land and forest, and on the integral management studies. The exploitation of tropical forests needs to be complemented by improvement measures such as cutting old and malformed trees, reforestation with high value species, cleaning and sanitary cuts.*

- SARH grants all permits for the exploitation of forestry resources, change in the use of land, and collection for scientific, educational and other purposes;
- The technical study necessary to obtain exploitation permits;
- Provision by SARH or a concessionaire of SARH of technical services to each region, including the preparation of the integral management studies, training and education, supervision of the application of the management studies, preparation of production and distribution programs for raw materials, preparation of infrastructure programs, provision of information, co-ordination of the management studies with infrastructure requirements, production, industrial development and sector programs, and marking the trees and vegetation to be cut;
- The creation of roads, production and distribution, warehousing and industrial plants; and
- The transportation of lumber and raw materials extracted from forests.

In general terms, the regulations are very limiting. Every aspect of forestry exploitation is subject to permits, studies and a myriad of requirements. This has made exploitation difficult and costly. For these reasons, imported products are very competitive in Mexico.

## 6. MARKET ACCESS

The commercial liberalization resulting from Mexico's accession to the GATT has improved the import climate for forestry and woodworking equipment. Imports of equipment for this industry are subject to an *ad valorem* duty of maximum 20 percent and a customs procession fee of 0.8 percent that are assessed on the invoice value. A 10 percent value-added tax (reduced from 15 percent) is then assessed on the total. Some manufacturers who use imported inputs for their products under a Mexican government-approved manufacturing plan may have the duty and/or VAT waived or rebated. Raw materials, intermediates and machinery for use in manufacturing or assembling products for export are generally eligible to be imported either duty free or under bond.

As of July 1991, foreign suppliers are required to have a local agent or representative with whom they

are registered as an accepted supplier with each government ministry and/or decentralized agency with which they plan to do business.

International tenders financed by the World Bank or the International Development Bank are open to all member countries of these institutions. The World Bank, where its credits are involved, requires that bid documents include an affidavit confirming that the Canadian company is a bona fide Canadian company with an official residence in Canada and that Canada is recognized as a contributing member to the World Bank.

There are no official metric requirements applicable to imports into Mexico. However, because the metric system of units is, by law, the official standard of weights and measures in Mexico, importers usually require metric labelling for packaged goods, although the English system is also used. Dual labelling is acceptable.

Imported products should have labels in Spanish that contain the following information, as applicable: name of the product, trade name and address of the manufacturer, net contents, serial number of equipment, date of manufacture, electrical specifications, precautionary information on dangerous products, instructions for use, handling and/or product conservation, and mandatory standards.

Mexico adheres to the International System of Units (SI).

Electric power is 60 cycles with normal voltage being 110, 220 and 400. Three-phase and single-phase 230 volt current is also available.

To call the telephone and fax numbers from Canada, unless they are preceded by a different code, dial 011-525 first; otherwise, dial 011-52-(area code)-phone number.

The information about companies not located in Mexico City was not confirmed.



**Appendix A – GOVERNMENT MINISTRIES AND AGENCIES**

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**Secretaria de Agricultura y Recursos Hidráulicos**

Av. Insurgentes Sur 476, Piso 13

Col. Roma Sur

06768 México D.F.

Phone: 584-00-96 / 584-02-71

Fax: 584-26-99

Prof. Carlos Hank González

Secretario de Agricultura y Recursos Hidráulicos

Phone: 584-00-96

Dr. Manuel Mondragón y Kalb

Subsecretario Forestal

Phone: 584-73-30

Lic. José Andrés Casco Flores

Director General de Estudios del

Sector Agropecuario y Forestal

Phone: 523-86-47

Ing. Jesús Cardeña Rodríguez

Director General de Política Forestal

Phone: 554-56-20

Lic. Juan Manuel Flores Athiè

Director General de Recursos Materiales

y Servicios Generales

Phone: 589-12-11

**Appendix B – DISTRIBUTORS AND REPRESENTATIVES**

**Centromac, S.A.**

Blvd. Avila Camacho 140  
53560 Naucalpan, Edo. de Méx.  
Phone: 394-88-93 / 394-56-93  
Fax: 576-41-50

**Euromex, S.A.**

Calz. de las Armas 18  
Fracc. Industrial Las Armas  
54080 Naucalpan, Edo. de Mex.  
Phone: 394-88-93 / 394-56-93  
Fax: 394-48-34

**Importación y Servicio PROAL, S.A.**

Calz. Azcapotzalco La Villa 1015-B  
Col. Industrial Vallejo  
02300 México D.F.  
Phone: 587-03-91 / 587-06-88  
Fax: 587-54-97  
Contact: Ing. Carlos Proal  
Director General

**Mexico VIRUTEX, S.A. de C.V.**

Blvd. M. Avila Camacho 120-A  
53390 Naucalpan, Edo. de Mex.  
Phone: 576-03-61 / 358-86-60

**Motosierras Internacionales, S.A. de C.V.**

Fray Servando Teresa de Mier 1030  
Col. Jardín Balbuena  
15900 México D.F.  
Phone: 762-82-90 / 762-83-71  
Contact: Sra Patricia Landin  
Director General

**REIMAQ, S.A. de C.V.**

Calle 4-A No. 2152  
Col. Ferrocarriles  
Guadalajara, Jal.  
Phone: (36) 12-56-19 / 12-56-20  
Fax: (36) 12-42-57

**Sierras y Maquinarias, S.A. de C.V.**

Efrén Rebolledo 41  
Col. Obrera  
06800 México D.F.  
Phone: 761-59-28 / 588-93-52  
Fax: 588-56-53  
Contact: Ing. Arturo Puente  
Director General

**Talleres BOLIVAR, S.A.**

Dr. Liceaga 7  
Col. Doctores  
06720 México D.F.  
Phone: 578-34-11  
Fax: 588-18-40  
Contact: Sr Edgar Rodríguez  
Director General

**Taller M. Martínez**

Alonso Capetillo 138  
Col. Ampliación Sn. Pedro Xalpa  
02710 Azcapotzalco, México D.F.  
Phone: 556-05-66 / 358-83-50  
Fax: 358-47-30  
Contact: Sr Martínez  
Director General

**Tecnoplan, S.A. de C.V.**

Río Guadalquivir 50  
Col. Cuauhtémoc  
06500 México D.F.  
Phone: 514-18-03 / 511-14-88  
Fax: 208-24-02  
Contact: Sr Dirk Johannsen  
Director General

**Tecnicentro Maderero, S.A. de C.V.**

Venustiano Carranza 2419  
Chihuahua, Chih.  
Phone: (14) 12-47-78 / 12-97-85  
Contact: Ing. Héctor O. Abbud

**Appendix C – PRINCIPAL MEXICAN FORESTRY DEVELOPERS AND  
SAWMILL MANUFACTURERS**

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**Asociacion Forestal Vasco de Quiroga**

Cuaptitzio 128  
Uruapan, Mich.  
Phone: (452) 39-585

**Cia. Silvicola Industrial, S. de R.L.**

Apdo Postal 87  
Morelia, Mich.  
Phone: (451) 48-363 / 47-066

**Cia. Forestal de Oaxaca, S. de R.L. de C.V.**

Monte Elbruz 132, Piso 1  
Col. Lomas de Chapultepec  
11000 México D.F.  
Phone: 540-67-25 / 540-67-28  
Fax: 202-43-98  
Contact: C.P. Alfonso Pandal Gras  
Director General

**Duraplay de Parral, S.A.**

Barrio de España s-n  
Parral, Chih.  
Phone: (152) 26-194 / 26-295

**Floresta de Oaxaca, S. de R.L. de C.V.**

Curidurias 313, Int. A  
Oaxaca, Oax.  
Phone: (951) 53-178

**Forestal Chapultepec, S.A. de R.L. de C.V.**

Av. Universidad 1507  
Chihuahua, Chih.  
Phone: (181) 19-535

**Grupo Industrial Guadiana, S.A. de C.V.**

Carretera Panamericanan, Km 959  
34000 Durango, Dgo.  
Phone: (181) 33-322  
Fax: (181) 33-525

**Ponderosa de Chihuahua, S. de R.L.**

Av. Universidad 1507  
Chihuahua, Chih.  
Phone: (14) 13-15-18 / 13-37-84

## Appendix D – WHERE TO GO FOR ASSISTANCE\*

### CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN CANADA

#### DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (Ottawa)

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

#### InfoEx Centre

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

Fax: (613) 996-9709

Latin America and Caribbean Trade Division promotes trade with Mexico. There are several trade commissioners at the Embassy of Canada in Mexico City and there is a satellite office in Monterrey. 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 identify suitable Mexican firms to act as agents, and compiling credit and business information on potential foreign customers.

#### Latin America and Caribbean Trade Division (LGT)

Department of Foreign Affairs and  
International Trade

Lester B. Pearson Building

125 Sussex Drive

Ottawa, Ontario K1A 0G2

Fax: (613) 943-8806

### INTERNATIONAL TRADE CENTRES

International Trade Centres have been established across the country as a first point of contact to support the exporting efforts of Canadian firms. Co-located with the regional offices of Industry Canada, 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 marketing research and market planning, provide access to government programs designed to promote exports, and arrange for assistance from the Trade Development Division in Ottawa and trade officers abroad. Contact the International Trade Centre nearest you:

#### British Columbia

Scotia Tower  
900-650 West Georgia Street

P.O. Box 11610

Vancouver, British Columbia  
V6B 5H8

Tel: (604) 666-0434

Fax: (604) 666-0617

#### Yukon

Room 210  
300 Main Street  
Whitehorse, Yukon

Y1A 2B5

Tel: (403) 667-3921

Fax: (403) 668-5003

#### Alberta

Canada Place  
Suite 540  
9700 Jasper Avenue  
Edmonton, Alberta

T5J 4C3

Tel: (403) 495-4782

Fax: (403) 495-4507

11th Floor  
510-5th Street S.W.  
Calgary, Alberta

T5P 3S2

Tel: (403) 292-6660

Fax: (403) 292-4578

\* Source: *Canada-Mexico: Partnering for Success*  
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Ottawa, Ontario.

**Northwest Territories**

Precambrian Building  
10th Floor  
P.O. Box 6100  
Yellowknife, Northwest Territories  
X1A 2R3  
Tel: (403) 920-8578  
Fax: (403) 873-6228

**Saskatchewan**

Suite 401  
119-4th Avenue South  
Saskatoon, Saskatchewan  
S7K 5X2  
Tel: (306) 975-4400  
Fax: (306) 975-5334

4th Floor  
1955 Smith Street  
Regina, Saskatchewan  
S4P 2N8  
Tel: (306) 780-7520  
Fax: (306) 780-6679

**Manitoba**

7th Floor  
330 Portage Avenue  
P.O. Box 981  
Winnipeg, Manitoba  
R3C 2V2  
Tel: (204) 983-4090  
Fax: (204) 983-2187

**Ontario**

Dominion Public Building  
4th Floor  
1 Front Street West  
Toronto, Ontario  
M5J 1A4  
Tel: (416) 973-5000  
Fax: (416) 973-8714

**Quebec**

Stock Exchange Tower  
Suite 3800  
800 Victoria Square  
P.O. Box 247  
Montréal, Québec  
H4Z 1E8  
Tel: (514) 283-7907  
Fax: (514) 283-8794

**New Brunswick**

Assumption Place  
770 Main Street  
P.O. Box 1210  
Moncton, New Brunswick  
E1C 8P9  
Tel: (506) 857-4782  
Fax: (506) 851-6429

**Prince Edward Island**

Confederation Court Mall  
Suite 400  
134 Kent Street  
P.O. Box 1115  
Charlottetown, Prince Edward Island  
C1A 7M8  
Tel: (902) 566-7400  
Fax: (902) 566-7450

**Nova Scotia**

Central Guarantee Trust Tower  
5th Floor  
1801 Hollis Street  
P.O. Box 940, Station "M"  
Halifax, Nova Scotia  
B3J 2V9  
Tel: (902) 426-4782  
Fax: (902) 426-2624

**Newfoundland**

Atlantic Place  
Suite 504  
215 Water Street  
P.O. Box 8950  
St. John's, Newfoundland  
A1B 3R9  
Tel: (709) 772-4782  
Fax: (709) 772-5093

**WORLD INFORMATION NETWORK  
FOR EXPORTS**

The World Information Network for 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 30,000 Canadian exporters.

To be registered on WIN Exports, call: (613) 996-5701.

## PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)

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This program seeks to increase export sales by sharing the costs of industry-initiated activities aimed at developing export markets. PEMD is administered by Industry Canada regional offices and funded by DFAIT. Activities eligible for PEMD financial support (up to 50 percent of the costs) include:

- Participation in recognized foreign trade fairs outside of Canada;
- Trips to identify export markets and visits by foreign buyers to Canada;
- Project bidding or proposal preparation at the precontractual stage for projects outside Canada;
- Establishment of permanent sales offices abroad in order to undertake sustained marketing efforts; and
- Special activities for non-profit, non-sales food, agriculture and fish organizations, marketing boards and agencies, trade fairs, technical trials and product demonstrations (for example).

Support is also 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 and government officials who can influence export sales.

For information, call: (613) 954-2858.

## INTERNATIONAL FINANCING

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DFAIT helps Canadian exporters interested in pursuing multilateral business opportunities financed by international financing institutions (IFI). 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 Finance Division**  
Department of Foreign Affairs and  
International Trade  
Tel: (613) 995-7251  
Fax: (613) 943-1100

## TECHNOLOGY INFLOW PROGRAM

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Managed by DFAIT and delivered domestically by the National Research Council, this program is designed to help Canadian companies locate, acquire and adopt foreign technologies by promoting international collaboration. Industry Canada also helps in program promotion. The program officers respond to requests to identify technology sources and opportunities for co-operation between Canadian and foreign firms. The program will also help Canadian firms make exploratory visits abroad to identify and gain first-hand knowledge of relevant foreign technologies as well as to negotiate to acquire them.

## INVESTMENT DEVELOPMENT PROGRAM

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This program helps Canadian companies find the investment they need. It actively promotes investments that take the form of new plants and equipment, joint ventures or strategic partnerships. It is especially interested in attracting investment that introduces new technology into Canada, a key to creating new jobs and economic opportunities. Investment officers make contact with foreign investors and bring them together with Canadian companies.

For information, call: (613) 996-8625.

## INDUSTRY CANADA

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Industry Canada was created with a broad mandate to improve the competitiveness of Canadian industry. 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 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;
- Promote and provide support services for the marketing of Canadian goods, services and technology; and
- Promote investment in Canadian industry, science and technology.

### **INDUSTRY CANADA REGIONAL OFFICES**

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The regional offices 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, technology and industrial development, and trade and market development. They also promote and manage a portfolio of programs and services.

The following are areas in which Industry Canada 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
- Industry Canada Business Intelligence.

### **THE BUSINESS OPPORTUNITIES SOURCING SYSTEM (BOSS)**

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BOSS is a computerized databank that profiles over 26,000 Canadian companies. It lists basic information on products, services and operations that are useful to potential customers. The system was established in 1980 by Industry Canada in co-operation 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 information, call: (613) 954-5031.

### **MARKET INTELLIGENCE SERVICE**

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This service provides Canadian business 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 business in decisions regarding manufacturing, product development, marketing and market expansion. The information includes values, volume and unit price of imports, characteristics of specific imports (e.g., material, grade, price range, etc.), names of importers, major countries of export, identification of foreign exporters to Canada, Canadian production, Canadian exports and U.S. imports. Two-thirds of the clientele for this service are small businesses.

For information, call: (613) 954-4970.

## CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

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An important possible source of financing for Canadian ventures in Mexico is the special fund available through the Canadian International Development Agency (CIDA) under the Industrial Co-operation Program or CIDA/INC. CIDA's Industrial Co-operation 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, 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 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 Co-operation 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.

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

## ATLANTIC CANADA OPPORTUNITIES AGENCY

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

The ACOA Action Program 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 co-ordination with federal and provincial bodies that influence trade and investment opportunities.

### ACOA Head Office

Blue Cross Centre  
644 Main Street  
P.O. Box 6051  
Moncton, New Brunswick  
E1C 9J8  
Toll free: 1-800-561-7862  
Fax: (506) 851-7403

### Newfoundland and Labrador

Suite 801, Atlantic Place  
215 Water Street  
P.O. Box 1060, Station C  
St. John's, Newfoundland  
A1C 5M5  
Tel: (709) 772-2751  
Toll free: 1-800-563-5766  
Fax: (709) 772-2712

### Nova Scotia

Suite 600  
1801 Hollis Street  
P.O. Box 2284, Station M  
Halifax, Nova Scotia  
B3J 3M5  
Tel: (902) 426-8361  
Toll free: 1-800-565-1228  
Fax: (902) 426-2054

### Prince Edward Island

75 Fitzroy Street  
3rd Floor  
Charlottetown, Prince Edward Island  
C1A 1R6  
Tel: (902) 566-7492  
Toll free: 1-800-565-0228  
Fax: (902) 566-7098

### New Brunswick

570 Queen Street  
P.O. Box 578  
Fredericton, New Brunswick  
E3B 5A6  
Tel: (506) 452-3184  
Toll free: 1-800-561-4030  
Fax: (506) 452-3285

**WESTERN ECONOMIC  
DIVERSIFICATION CANADA**

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Western Canadian companies interested in Mexico may be able to secure assistance from Western Economic Diversification Canada (WD). This agency provides financial assistance for projects that contribute to the diversification of the western economy. It acts as a pathfinder to ensure that western businesses are aware of and receive assistance from the most appropriate source of funding, federal or other, for their projects. It acts as an advocate for the west in national economic decision making and it co-ordinates federal activities that have an impact on economic growth in the west. It also plays a role in promoting trade between western Canada and markets around the world. Inquiries about Western Economic Diversification Canada and other activities of the department can be directed to any of the following regional offices:

**Manitoba**

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

**Saskatchewan**

P.O. Box 2025  
Suite 601  
S.J. Cohen Building  
119-4th Avenue South  
Saskatoon, Saskatchewan  
S7K 5X2  
Tel: (306) 975-4373  
Fax: (306) 975-5484

For Regina residents (toll free):  
Tel: (306) 780-6725

**Alberta**

Suite 1500  
Canada Place  
9700 Jasper Avenue  
Edmonton, Alberta  
T5J 4H7  
Tel: (403) 495-4164  
Fax: (403) 495-7725

For Calgary residents (toll free):  
Tel: (403) 292-5382

**British Columbia**

P.O. Box 49276  
Bentall Tower 4  
1200-1055 Dunsmuir Street  
Vancouver, British Columbia  
V7X 1L3  
Tel: (604) 666-6256  
Fax: (604) 666-2353

For B.C. residents (toll free):  
Tel: 1-800-663-2008

**EXPORT DEVELOPMENT CORPORATION**

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Companies exporting to Mexico will need suitable financing and insurance for the transaction. The Export Development Corporation (EDC) may be able to help with both. EDC is a Canadian Crown corporation whose purpose is to facilitate and develop Canada's export trade. The corporation provides insurance, guarantees and export financing that, combined with advice and the organization of financial services packages, facilitate the sale of Canadian goods and services abroad. EDC offers the following services:

**Export Insurance and Related Guarantees**

- global comprehensive insurance
- global political insurance
- selective political insurance
- specific transaction insurance
- specific transaction guarantees
- loan pre-disbursement insurance
- foreign investment insurance
- performance security insurance
- performance security guarantees
- consortium insurance
- surety bond insurance
- bid security guarantees
- specific sub-supplier insurance
- equipment (political risk) insurance
- bid-bond insurance
- medium-term agricultural guarantees

### **Export Financing and Related Guarantees**

- loans
- line of credit allocations
- note of purchases
- protocols
- loan guarantees
- specialized credit

EDC's head office is located in Ottawa. Regional offices are maintained in Halifax, Montreal, Toronto, London, Winnipeg, Calgary and Vancouver. General inquiries regarding EDC services can be channelled through the regional offices maintained by the Corporation in several major cities. Export services, however, are handled only by the Ottawa office. Inquiries about export financing for Mexico should be addressed to the Export Financing Group for Mexico and South America in Ottawa.

#### **Ottawa (Head Office)**

151 O'Connor Street  
Ottawa, Ontario  
K1A 1K3  
Tel: (613) 598-2500  
Fax: (613) 237-2690

#### **Public Information**

Tel: (613) 598-2739

#### **Vancouver**

Suite 1030  
One Bentall Centre  
505 Burrard Street  
Vancouver, British Columbia  
V7X 1M5  
Tel: (604) 666-6234  
Fax: (604) 666-7550

#### **Calgary**

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

#### **Winnipeg**

8th Floor  
330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4  
Tel: (204) 983-5114  
Fax: (204) 983-2187  
(Serving Manitoba and Saskatchewan)

#### **Toronto**

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

#### **London**

Suite 1512  
Talbot Centre  
148 Fullarton Street  
London, Ontario  
N6A 5P3  
Tel: (519) 645-5828  
Fax: (519) 645-5580

#### **Montreal**

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

#### **Halifax**

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

## NATIONAL RESEARCH COUNCIL

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Canadian companies hoping to succeed in the Mexican marketplace may require additional technology to improve their competitiveness. The National Research Council (NRC) works with Canadian firms of all sizes to develop and apply technology for economic benefit. The Council supervises 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 40 years and has acquired a reputation as one of the more flexible and effective federal programs. IRAP takes advantage of an extensive network that includes more than 120 regional and local offices, 20 provincial technology centres, the Council's own laboratories and research institutes, federal government departments and technology transfer officers in Canadian universities. The IRAP network also extends abroad through the technology counsellors attached to Canadian posts in some 18 foreign countries.

For more information or the name of the IRAP officer nearest you, contact:

**IRAP Office**  
**National Research Council**  
Montreal Road  
Building M-55  
Ottawa, Ontario  
K1A 0R6  
Tel: (613) 993-5326  
Fax: (613) 952-1086

## KEY CONTACTS IN CANADA

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### BUSINESS ASSOCIATIONS

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The Canadian Council for the Americas (CCA) is a non-profit organization formed in 1987 to promote business interests in Latin America and Caribbean countries. The CCA promotes events and programs targeted at expanding business and building networking contacts between Canada and the countries of the region. It also publishes a bimonthly newsletter.

### The Canadian Council for the Americas (CCA)

Executive Offices, Third Floor  
145 Richmond Street West  
Toronto, Ontario  
M5H 2L2  
Tel: (416) 367-4313  
Fax: (416) 367-5460

### Canadian Exporters' Association (CEA)

99 Bank Street, Suite 250  
Ottawa, Ontario  
K1P 6B9  
Tel: (613) 238-8888  
Fax: (613) 563-9218

### Canadian Manufacturers' Association (CMA)

75 International Boulevard, Fourth Floor  
Etobicoke, Ontario  
M9W 6L9  
Tel: (416) 798-8000  
Fax: (416) 798-8050

### The Canadian Chamber of Commerce (CCC)

Suite 1160  
55 Metcalfe Street  
Ottawa, Ontario  
K1P 6N4  
Tel: (613) 238-4000  
Fax: (613) 238-7643

## MEXICAN GOVERNMENT OFFICES

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The Embassy of Mexico, Mexican trade commissioners in Canada and Mexican consulates can provide assistance and guidance to Canadian companies in need of information about doing business in Mexico.

### Embassy of Mexico

130 Albert Street, Suite 1800  
Ottawa, Ontario  
K1P 5G4  
Tel: (613) 233-8988  
Fax: (613) 235-9123

### Mexican Consulate in Ottawa

Tel: (613) 235-7782

**SECOFI**

130 Albert Street, Suite 1700  
Ottawa, Ontario  
K1P 5G4  
Tel: (613) 235-7782  
Fax: (613) 235-1129

**OTHER MEXICAN CONSULATES  
GENERAL IN CANADA**

**Consulate General of Mexico**

2000, rue Mansfield  
Suite 1015  
Montréal, Québec  
H3A 2Z7  
Tel: (514) 288-2502/4916  
Fax: (514) 288-8287

**Consulate General of Mexico**

60 Bloor Street West  
Suite 203  
Toronto, Ontario  
M4W 3B8  
Tel: (416) 922-2718/3196  
Fax: (416) 922-8867

**Consulate General of Mexico**

810-1139 West Pender Street  
Vancouver, British Columbia  
V6E 4A4  
Tel: (604) 684-3547/1859  
Fax: (604) 684-2485

**Mexican Honorary Consulate**

380, Chemin St. Louis  
No. 1407  
Québec, Québec  
G1S 4M1  
Tel: (418) 681-3192

**Mexican Honorary Consulate**

830-540 5th Avenue, S.W.  
Calgary, Alberta  
T2P 0M2  
Tel: (403) 263-7077/7078  
Fax: (403) 263-7075

For the Mexican Trade Commission offices in Montreal, Toronto and Vancouver see the listing for Bancomext.

**MEXICAN BANKS WITH OFFICES IN CANADA**

Bancomext offers credits, export guarantees and counselling services for those seeking to do business in Mexico. Credits are available for export, import and project financing. Counselling covers fiscal, financial, marketing and legal aspects of commercial transactions. Bancomext also sponsors trade fairs, international exhibitions and trade missions.

**Bancomext**

**Trade Commission of Mexico**

P.O. Box 32, Suite 2712  
TD Bank Tower  
66 Wellington Street  
Toronto, Ontario  
M5K 1A1  
Tel: (416) 867-9292  
Fax: (416) 867-1847

**Bancomext**

**Trade Commission of Mexico**

200 Granville Street  
Suite 1365  
Vancouver, British Columbia  
V6C 1S4  
Tel: (604) 682-3648  
Fax: (604) 682-1355

**Bancomext**

**Trade Commission of Mexico**

1501 McGill College  
Suite 1540  
Montréal, Québec  
H3A 3M8  
Tel: (514) 287-1669  
Fax: (514) 287-1844

Banamex and Banca Serfin are private-sector banks that 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 have branches throughout Mexico, and maintain offices in Toronto.



**Banamex (Banco Nacional de México)**

Suite 3430  
1 First Canadian Place  
P.O. Box 299  
Toronto, Ontario  
M5X 1C9  
Tel: (416) 368-1399  
Fax: (416) 367-2543

**Banca Serfin**

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

**CANADIAN GOVERNMENT  
DEPARTMENTS AND SERVICES  
IN MEXICO**

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**COMMERCIAL DIVISION  
THE EMBASSY OF CANADA IN MEXICO**

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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 measure possible to support a Canadian firm's presence in Mexico.

**Note:** To telephone México, D.F., dial: 011-52-5 before the number shown below; for contacts in other cities in Mexico, consult the international code listing in your local telephone directory for the appropriate regional codes.

**Commercial Division  
The Embassy of Canada in Mexico**

Schiller No. 529  
Col. Polanco  
Apartado Postal 105-05  
11560 México, D.F.  
México  
Tel: 724-7900  
Fax: 724-7982

**Canadian Consulate**

Edificio Kalos, Piso C-1  
Local 108A  
Zaragoza y Constitucion  
64000 Monterrey  
México  
Tel: 443-200  
Fax: 443-048

**KEY CONTACTS IN MEXICO**

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**MEXICAN GOVERNMENT**

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**Secretariat of Budget & Programming**

***Secretaría de Programacion y Presupuesto***

Palacio Nacional Patio de Honor, Piso 4  
Col. Centro  
06740 México, D.F.  
México  
Tel: 542-8762/8763  
Fax: 542-1209  
Information Department: 286-1000/1900

**Secretariat for Commerce and  
Industrial Promotion**

***Secretaría de Comercio y Fomento  
Industrial***

**Dirección General de Servicios al  
Comercio Exterior**

Alfonso Reyes No. 30, Piso 10  
Col. Hipódromo de la Condesa  
06170 México, D.F.  
México  
Tel: 286-1757  
Fax: 286-1543

**Secretariat of Finance and Public Credit**

***Secretaría de Hacienda y Crédito Público***

**Dirección General Técnica de Ingresos**

Palacio Nacional  
1er. Patio Mariano  
Col. Centro  
06066 México, D.F.  
México  
Tel: 518-5420 through 29  
Fax: 542-2821

## CHAMBERS AND ASSOCIATIONS

Mexico has a number of Chambers of Commerce and professional associations that can provide assistance and guidance to Canadian companies in Mexico. Their standards of service vary widely and you should consult with Canadian Embassy officials to determine which organization would best suit your needs. In some cases, the information on companies not located in Mexico City was not confirmed.

### **Durango Forest Industrialists Association**

Asociación de Industriales Forestales de Durango, A.C.  
Independencia 135 Sur  
Durango, Dg.  
Phone: (181) 29-712 / 19-690  
Fax: (181) 24-435

### **National Association of Wood Distributors**

Asociación Nacional de Distribuidores de Tableros y Laminados de Madera y Plástico, A.C.  
Insurgentes Sur 598 - Sótano  
Col. del Valle  
03100 México D.F.  
Phone: 543-98-19  
Fax: 543-98-19  
Contact: Sr Adolfo López  
President

### **National Association of Wood Board Manufacturers**

Asociación Nacional de Fabricantes de Tableros de Madera  
Viaducto Miguel Alemán 277  
Col. Escandón  
11800 México D.F.  
Phone: 516-25-45 / 516-25-47  
Fax: 516-25-46  
Contact: Lic. Gilberto González Rusek  
President

### **National Forestry Industry Chamber**

Cámara Nacional de la Industria Forestal  
Viaducto Miguel Alemán 277  
Col. Escandón  
11800 México D.F.  
Phone: 516-25-45 to 47  
Fax: 516-25-46  
Contact: Lic. Armando Santiago Pineda  
Director General

### **National Chamber for Silviculture-Related Industries**

Cámara Nacional de las Industrias Derivadas de la Silvicultura  
Baja California 255  
Col. Hipódromo Condesa  
06170 México D.F.  
Phone: 584-40-44

### **National Chamber for the Wood Industry**

Cámara Nacional de la Industria Maderera y Similares  
Santander 15-301  
Phone: 598-67-25  
Fax: 598-69-32  
Contact: Sr Oscar González Cabrera  
Director General

### **Durango Woodmakers Union**

Unión de Madereros de Durango, A.C.  
Fanny Anitua 1474  
Durango, Dgo.  
Phone: (181) 33-311 / 15-375

### **Chihuahua Forestry Producers and Industrialists Union**

Union de Productores e Industriales Forestales de Chihuahua, A.C.  
Juárez 8  
Chihuahua, Chih.  
Phone: (14) 16-20-11 / 16-20-88  
Fax: (14) 14-01-71

### **National Chamber of Manufacturing Industries**

Cámara Nacional de la Industria de la Transformación (CANACINTRA)  
Vistente Gutierrez Camposeco  
San Antonio 256-8  
Col. Ampliación Napoles  
03849 México, D.F.  
Phone: (525) 563-3400 / 663-0511  
Fax: (525) 598-9467

### **American Chamber of Commerce of Mexico**

Cámara Americana de Comercio de México, A.C.  
Mr. John Burton  
Lucerna 78  
06600 México, D.F.  
Phone: (525) 709-0995

**National Chamber of Commerce, Services and Tourism of Mexico City**

Cámara Nacional de Comercio, Servicios y Turismo de la Ciudad de México (CANACO)  
Sr. Sergio Aldana Contreras  
Reforma 42  
Col. Centro  
06048 México, D.F.  
Phone: (525) 592-2677 / 592-2665  
Fax: (525) 7412

**Canadian Chamber of Commerce in Mexico**

Cámara de Comercio del Canadá en México  
Srta Alicia Harrsch  
Horacio 1855, Piso 3  
Col. Polanco  
11510 México, D.F.  
Phone: (525) 203-8211 (expected to change soon)  
Fax: (525) 203-8542

**National Association of Importers and Exporters of the Mexican Republic**

Asociación Nacional de Importadores y Exportadores de la República Mexicana (ANIERM)  
Ing. Rodrigo Guerra Botello  
Monterrey 130  
Col. Roma  
06700 México, D.F.  
Phone: (525) 564-8618  
Fax: (525) 584-5317

**National Association of Maritime Agents**

Asociación Nacional de Agentes Marítimos  
Homero No. 1425, Piso 3  
Col. Chapultepec Morales  
11510 México, D.F.  
México  
Phone: 395-8931  
Fax: 520-7165

**Mexican Business Council for International Affairs**

Consejo Empresarial Mexicano para Asuntos Internacionales (CEMAI)  
Homero No. 527, Piso 7  
Col. Polanco Chapultepec  
11560 México, D.F.  
México  
Phone: 250-7033/7539  
Fax: 531-1590

**Management Co-ordination Council**

Consejo Coordinador Empresarial  
Homero 527, Piso 5  
Chapultepec Morales  
11570 México, D.F.  
México  
Phone: 250-6977/7750  
Fax: 250-6995

**Mexican Confederation of Employers**

Confederación Patronal de la República Mexicana  
Insurgentes Sur No. 950, Piso 1 y 2  
Col. del Valle  
03100 México, D.F.  
México  
Phone: 687-6465/6467  
Fax: 536-2160

**National Institute for Statistics, Geography and Information**

Instituto Nacional de Estadística, Geografía e Informática (INEGI)  
Av. Heroe de Nacozari No. 2301  
Fracc. Jardines del Parque  
20290 Aguascalientes, Ags.  
México  
Phone: (49)-18.00.34

**National Confederation of Commercial, Services and Tourism Chambers**

Confederación de Cámaras Nacionales de Comercio, Servicios y Turismo (CONCANACO-SERVYTUR)  
Balderas 144, Piso 4  
Col. Centro  
México D.F. 06079  
México  
Phone: 709-15-59 / 709-11-19  
Fax: 709-11-52



## Appendix E – MEXICO IN BRIEF

Mexico is a country that is both a near neighbour and an unknown quantity. Perceptions of the largest Spanish-speaking country in the world are surprisingly dated, generally formed by the literature and films of the 1940s, and it is hardly surprising that they do not have even the dubious accuracy they had then.

Mexico's economy was long closed and protectionist, which did not spur the sort of exploration that opened people's eyes. "Poor Mexico — so far from God, so close to the United States," the words of Porfirio Diaz, was for many years a mantra for preventing what Mexicans saw as further encroachment on their sovereignty by their nearest neighbour.

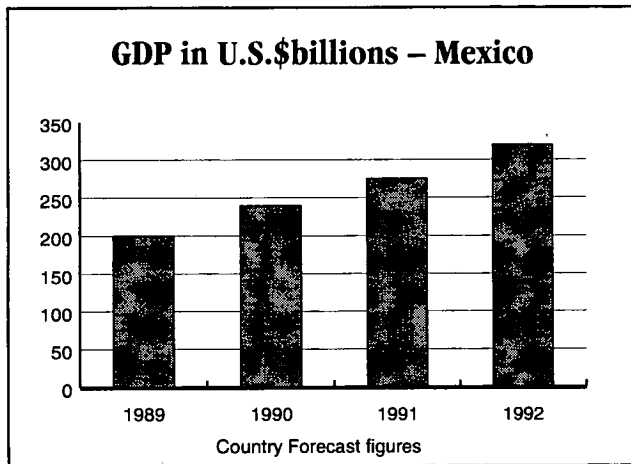
Changes in Mexico's economy were dramatically forced by the oil price collapse in the early 1980s, which followed a brief boom that

saw Mexico begin to achieve some real growth for the first time in decades. The recession of the period hit Mexico too, and the government of Carlos Salinas de Gortari, elected in 1986, was spurred into activity in order to recapture some of the prosperity that had seemed so close only a few years before.

The Salinas government negotiated Mexico's accession to the GATT, which meant accepting GATT disciplines. From there, Mexico introduced a sweeping series of economic reforms. The government renegotiated the foreign debt, created a National Development Plan to revitalize the nation's infrastructure, and secured broad popular support from business, labour and the general population for voluntary measures to restrain wages and prices in order to reduce inflation and stabilize the economy. Other key elements in reform have included privatization of state-controlled enterprises, deregulation, massive investment in infrastructure, and the encouragement of

foreign participation in building a modern and efficient industrial capacity.

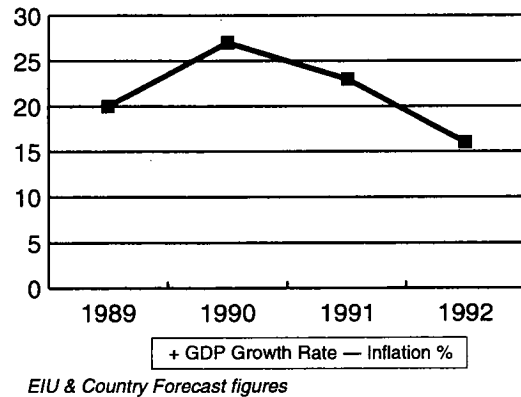
Mexico's debt reduction has been one of its signal achievements. In 1986, it was costing over 46 percent of GDP to service the debt; by 1994, it will be down to about 30 percent. Growth continues to be strong since reforms were begun, with about 4 percent predicted for 1993 and stable patterns averaging around 2 percent predicted for the next few years. Most major forecasters see Mexico as sustaining a strong growth throughout the coming decade. About 85 percent of government-owned enterprises have been or are being divested. The



process has brought the government about \$20 billion in revenue, as well as removing its responsibility for running some unprofitable enterprises. Tariffs have been reduced on a wide range of products, with most now below 20 percent; the majority of Canadian goods enter Mexico at a tariff level of 13.5 percent.

There have been some costs to Mexico in its fast turnaround: poverty is still very widespread and environmental standards are not yet as good in practice as they are on paper. But the Solidarity program initiated by President Salinas and his ruling party has made some inroads in the quality of life of particularly rural Mexicans. Inflation has dropped substantially, the peso is fairly stable, public finances are improving. Consequently, foreign business representing a broad spectrum of industrial and

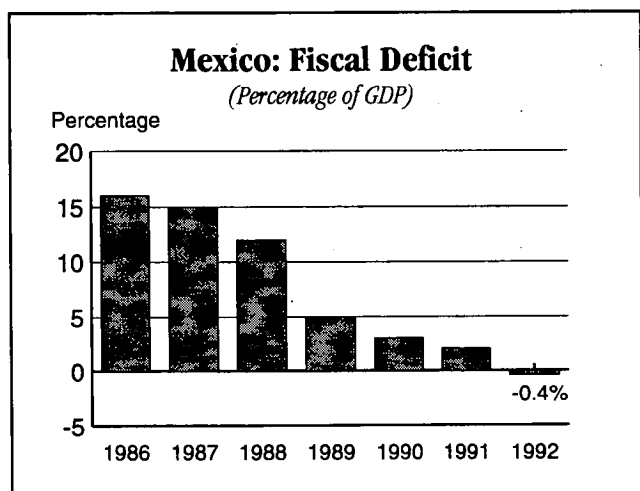
### GDP Growth Rate & Inflation – Mexico



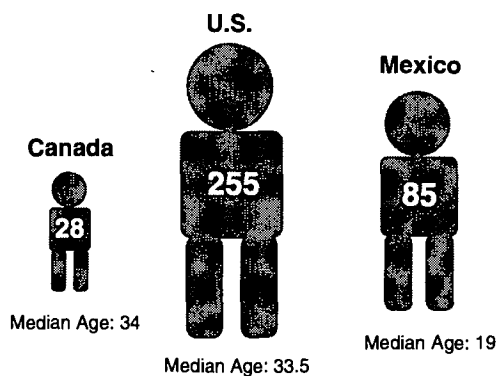
commercial activity is investing in Mexico and developing new markets. Canadian firms there to explore the potential in recent years have been returning with reports of a vibrant economy and a welcoming attitude from their Mexican counterparts. Mexico has begun on a path toward progress from which it is not planning to turn back.

Gross domestic product grew by 2.6 percent to reach U.S.\$320 billion in 1992, following a 3.6 percent increase in 1991. As a result, Mexico is now one of the 20 largest economies in the world. Commerce and the hospitality industries comprise the largest sector by percentage, with manufacturing a close second.

The Mexican government's Pact for Stability and Economic Growth (*El Pacto*) has persuaded labour and business to accept general

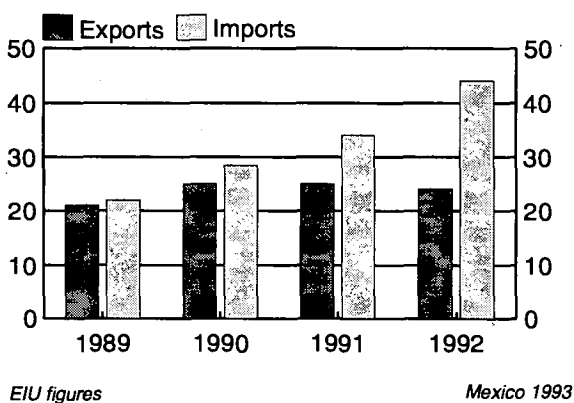


**North America: 1992 Population/  
Median Age Comparison**



guidelines for increases in wages and prices, and negotiates exemptions with a Follow-Up and Evaluation Commission. In large part as a result of this approach, Mexico's inflation rate has dropped from 159 percent in 1987 to a projected estimate of 7.0 percent to 9.5 percent in 1993. Economic growth rates for 1993 are projected at 2.5 percent to 3.0 percent, after a growth rate of 2.6 percent in 1992.

**Total Foreign Trade in U.S.\$billions**

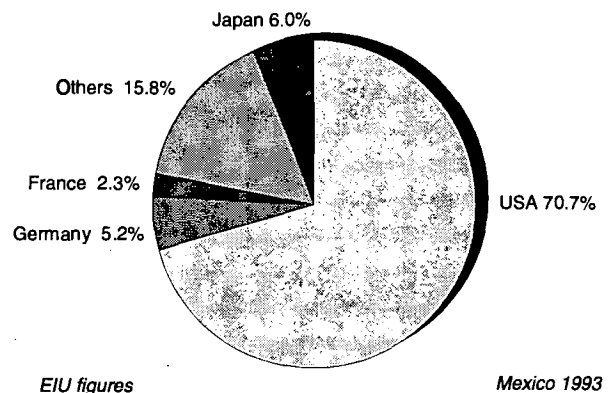


By broadening the tax base, the government of Mexico has been able to reduce tax rates while increasing total income. Spending cuts and fiscal reform have also been put in place by government and the result has been that the public sector actually ran a surplus in 1992.

Compared to Canada and the United States, Mexico is a very young country. Last year, it was estimated that 57 percent of its population was under 29; by the year 2000, when the total Mexican population will exceed 100 million, it is anticipated that 41 percent will be under the age of 20.

Total exports from Mexico reached about U.S.\$27.5 billion in 1992, a 1.5 percent increase over 1991. Total imports in the same period were about U.S.\$48 billion, a 26 percent increase over the previous year. The trade deficit accordingly rose from U.S.\$11.182 billion in 1991 to U.S. \$20.6 billion in 1992.

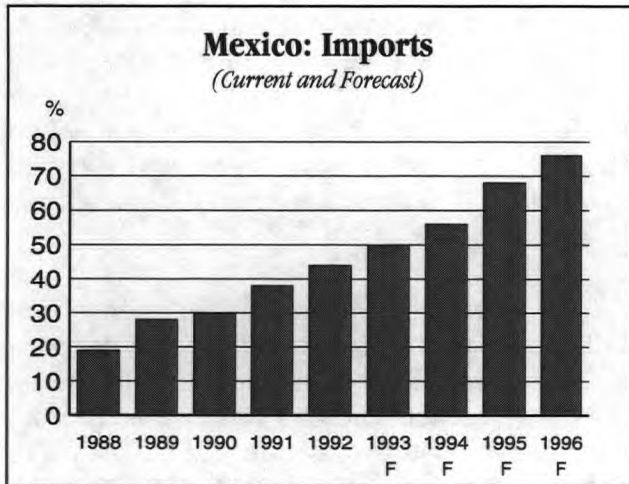
**Major Markets – Origin of Imports**



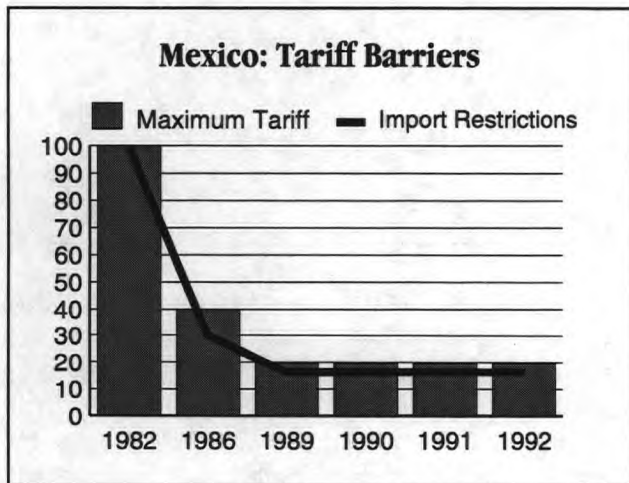
The United States was far and away the largest receptor of Mexican exports, at 74.5 percent estimated for 1993. Japan and Spain share the next places, well behind. Exports to Canada are reckoned differently by Mexican and Canadian methods of calculation, with about a 10 percent differential in their statistical estimates, Mexico's being the lower.

The United States is Mexico's principal supplier of imported goods, with just over 70 percent of 1993 sales. Japan and Germany are closest, though far behind. Again there is a discrepancy in Mexican and Canadian calculations of Canada's import share in Mexico, with the Mexican figures one and one-half times higher than Canada's estimation.





With its economy projected to enjoy stable growth over the coming years, with its liberalized market conditions, with a young and growing population, Mexico will steadily increase its volume of imports over the foreseeable future. From \$19 billion to about \$50 billion in five years has been a remarkable leap, making it one of the fastest-growing economies in the world in this period.



Tariff barriers in Mexico have been decreasing since 1982, with a distinct drop since

Mexico's accession to the GATT in 1986. The average is now below 20 percent for most products and services. At the same time, many import restrictions have been removed. The average tariff applied to 80 percent of Canadian goods entering Mexico is now 13.1 percent.

Canada and Mexico have only just begun to develop their trading partnership to its full potential. In 1992, Mexico ranked fifth as a

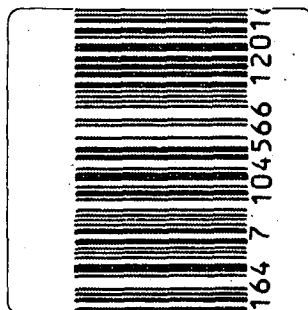


source of imports to Canada, and fourteenth as a destination for Canadian exports. Less than 2 percent of Canada's 1992 imports came from Mexico and less than 1 percent of Canada's exports went there. Two-way trade totalled about \$3.5 billion, and trends suggest it could double in the next five years. The liberalized trade climate is already taking effect, with exports virtually doubled in six years. The trucking image was chosen to illustrate how close the market is to Canada. After 1997, Canada will be able to truck directly into Mexico and will be able to remove goods for drop-off in the United States, or pick up U.S. products for delivery in Mexico.

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