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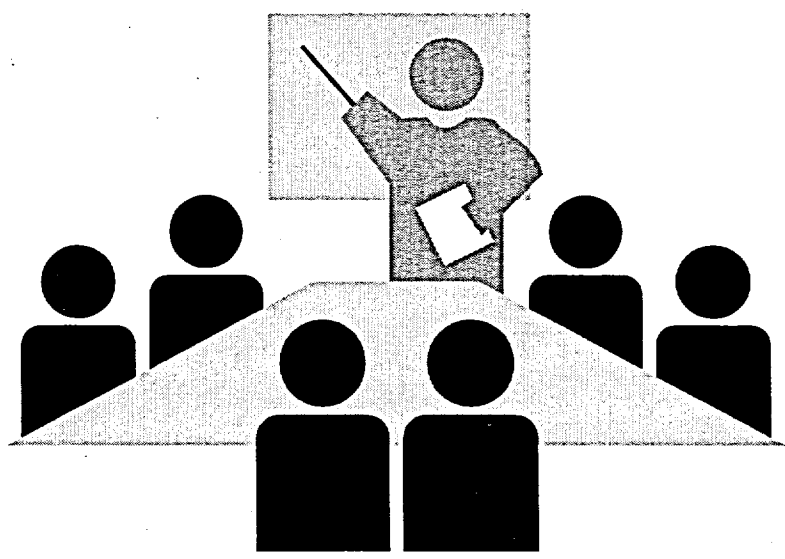
MEXICAN INDUSTRY MARKET AND LOGISTICS PROFILE

Education and Training Services

MEXICO'S GROWING NEED FOR SKILLS

Mexico is a nation of young people: half of them are under 20 years old, and almost three-quarters are under 30. This is creating a huge market for all kinds of learning systems. Mexico is also becoming highly urbanized. By the turn of the century it is expected to match the 70 per cent urbanization rate of the U.S. This means that large numbers of potential learners are concentrated in a few areas, facilitating training delivery. Mexico City is already home to about one-quarter of the total population, and close to half the nation's urban dwellers.

Mexico's efforts to liberalize trade and modernize industry is also contributing to strong demand for education and training and the NAFTA will continue this trend. The needs of employers are becoming a more important force driving the public education system. Most employers are expanding their own training efforts, often using outside assis-



tance. At the same time, individuals are advancing their own career prospects through privately-delivered adult education programs.

The growing demand for education and training has led to increased allocation of government resources.

The *Solidaridad* program, for example, built more than 20,000 new school facilities in 1991 alone. This program also provides scholarships, food rations and medical care as a means of reducing the school drop-out rate. Under the National Agreement to Modernize Basic

SECTORAL REPORT

The Department of Foreign Affairs and International Trade has prepared this summary report on the **Mexican Education and Training** industry sector. It has been produced and published by Prospectus Inc. under the Access North America Program, along with other sector profiles and summaries on business opportunities in Mexico. It is available from:

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

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HIGHLIGHTS

Mexico's market for education and training services is growing rapidly as a result of several factors:

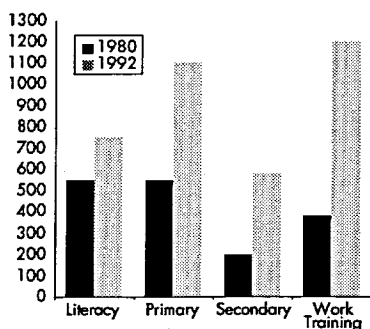
- about half the population is under 20;
- sustained economic growth is creating increased demand for skilled labour;
- trade liberalization, privatization and deregulation are creating pressure for industry to adopt new technology and increase labour productivity;
- adult education is perceived as a good way of improving an individual's economic situation; and
- The NAFTA is fostering a renewed interest in both environmental and occupational health and safety issues.

These trends are creating opportunities for Canadian companies which can provide specialized training products properly adapted for Mexican needs.



Education, education funding is expected to increase by 70 percent over four years. The new government, which will be elected in 1994, is expected to place an even greater emphasis on education.

ENROLMENT IN ADULT EDUCATION COURSES IN MEXICO



THE MEXICAN EDUCATION MARKET

Education and training services in Mexico are delivered by a combination of public and private institutions. The market can be divided into three segments:

- *formal* education, through public and private schools and universities;
- *business* education and skills training provided by employers; and
- *domestic* education purchased by individual adult learners.

The *Secretaría de Educación Pública (SEP)*, the Secretariat for Public Education, oversees the formal education system. It administers the federal public schools and regulates the autonomous and private schools. Business education that meets employer obligations under government requirements is regulated by the *Secretaría del Trabajo y Previsión Social*, the Secretary of Labour and Social Welfare.

Formal Education

Formal education is provided free in public schools and attendance is mandatory for children between the ages of 3 and 14. Nonetheless, the drop-out rate is high, and the average Mexican receives only 6.5 years of education. The drop-out rate is about 60 percent in primary school and 75 percent in secondary school.

THE MEXICAN FORMAL EDUCATION SYSTEM

Level	Ages
Elementary school	
pre-primary	3-5
primary	6-11
Middle school	
secondary	12-14
high or technical	15-17
Superior school	18+
technical	
university	
normal (teacher preparation)	

The public school system focuses on basic education. It is generally short of resources and is often criticized for its failure to provide adequate practical skills for employment or social advancement. These problems are being addressed through the National Agreement to Modernize Basic Education. This is an agreement between the state and federal governments and the national teachers' union. Teachers are designated as the main agents of change and the program will foster more teacher training, greater professional recognition and higher salaries. Under this agreement, control of public schools will be gradually decentralized to the state and community levels.

There are more than 16 million students registered at federally administered schools and more than five million at state schools. The formal education system also includes "autonomous" and private institutions. Autonomous schools are funded by government but they are

administered independently. They mainly include universities and technical schools.

There is also a private school system that operates in parallel with public schools, but without significant public support. There are approximately 2.6 million students enrolled in more than 17,000 private schools. Because they have lower student/teacher ratios, and are better equipped, they tend to offer better quality education and are regarded by many as the trend-setters for academic standards.

The 'superior' schools, which include universities, technical schools, and teacher training, are mainly autonomous (51 percent) or private (19 percent), with the remainder operated by the federal or state governments. Autonomous schools have an enrollment of just over one million students, about one-third of them in technical high schools and the rest in universities.

Business Education and Training

Business education, which includes skills training, is conducted by employers, and is designed primarily to improve employee performance. It ranges from seminars promoting new management styles to on-the-job technical training. There is a formal requirement for employers to conduct such training, and many programs are registered with the federal government for this reason. Officially, there are more than 500,000 participants enrolled in about 4,000 training facilities, and another 500,000 in workplace training programs. These programs must meet government requirements. Many employers do not see much benefit from this process and often conduct unregistered courses.

Business education activity is growing rapidly as firms struggle to remain competitive in newly-liberalized markets. Free trade, privatization and deregulation have com-

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bined to create an unprecedented need for skills upgrading, especially in the areas of management and technical training. More and more, Mexican companies are turning to international suppliers that offer low-cost packaged courseware in these areas.

Domestic Education

The 'domestic' adult education market in Mexico is large and growing, but highly competitive. At least four million people are enrolled in some form of adult education, and some estimates are much higher. These programs include training in computers, languages and literacy as well as secretarial and business skills. Domestic education programs are seen by many as a means of individual improvement, potentially leading to career advancement. As a result, enrollment by individuals in work-related adult education programs has more than tripled over the past decade.

MARKET OPPORTUNITIES

Purchases by the public school system tend to be politically driven and are dominated by large established Mexican firms. Central purchasing is practiced through government agencies, particularly for books. In general, the public schools are poorly funded, and offer only limited short-term opportunities to Canadian companies. There is some potential, however, for companies offering innovative products that respond to a growing need for cost effectiveness as enrollments continue to grow and limited resources are stretched. These opportunities are expected to improve as the school system in Mexico is decentralized. Canadian companies with experience in this area say that the opportunities hinge on the recognition by Mexican authorities of the need for improvement.

PUBLIC EDUCATION DEVELOPMENT

Exemplary Consultants Ltd, of London Ontario, offers education management and consulting services including human resource development, staff supervision, curriculum development and designs for school construction. Their "Bermuda Model" for education renewal and development has been a major success. It provides a plan for rebuilding an education system from pre-school to post-secondary levels.

Exemplary Consultants has been exploring the Mexican market for the past two years, and hopes to do business there in the future. They have completed a market study and have established a relationship with a Mexican agent. In order to develop contacts in Mexico, the company has used the resources of both the Canadian International Development Agency (CIDA) and the Canadian Embassy in Mexico.

F. Stewart Toll, the Chief Executive Officer of Exemplary Consultants, says that there are many opportunities in Mexican education for Canadian companies but he is quick to add that there is much groundwork to be done first. In his experience, personal and professional linkages with Mexican government educational agencies and/or a Mexican partner are critical to success.

Exemplary Consultants has established a relationship with *Consejo Nacional de Fomento Educativo (CONAFE)*, the implementation agency of the *Secretaría de Educación Pública*. CONAFE's mandate is to upgrade education for the ten poorest provinces. Mr. Toll says that so far, these efforts have been impeded by a lack of strong commitment for educational upgrading on the part of Mexican authorities.

Through the Ontario International Corporation, they are now following up on earlier discussions with CONAFE. Mr. Toll says that Exemplary Consultants will continue to pursue the opportunity in Mexico, but he feels that it will be a slow process requiring the commitment of substantial resources.

Employer education and training offers better opportunities, especially for companies with specialized programs oriented towards management

practices or new technology. Many companies lack the internal resources for such programs and are interested in purchasing packaged courseware. Nonetheless, registered courses are

HAZARDOUS MATERIALS

Danatec Educational Services Ltd., of Calgary Alberta, is a specialist in the handling of hazardous materials. Their services include consulting, training and publications. Their expertise in this area includes transportation, occupational safety and environmental issues.

Their field-tested publications include instructor manuals, employer guides, student handbooks and self-teaching programs. Some of Danatec's publications are now being sold in Mexico and the company would like to expand its exports to include consulting services.

The company thinks that market opportunities for its training services will be stimulated by the Mexican government's commitment to cleaning up the environment combined with the requirements of the NAFTA environmental agreement. Danatec participated in Globe '94 in Vancouver, and met with the Mexican delegation who expressed an interest in their products. Danatec is now exploring the leads obtained from this event.

Ron Martin, one of the principals of Danatec, says that the company considers a partnership with a local training company to be the most effective approach to penetrating the Mexican market.

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TOTAL QUALITY MANAGEMENT

Gilmore & Associates, of Toronto Ontario, is in the business of providing a wide range of training services. One of their products is "Compete to Win", an integrated Total Quality Management (TQM) system. Gilmore has an affiliation with the Canadian Manufacturers Association (CMA) who are very interested in the education and training opportunities in Mexico. The CMA took part in a trade mission to Mexico and introduced the Compete to Win system to their parallel organization in Mexico.

The basic concept of the system was well received in Mexico and Gilmore is now hoping to form an alliance with a local company. Alternatively, the company is interested in a government contract to introduce their system in Mexico. The company would train the trainers either in Mexico or in Canada, depending on what the project involved.

Gilmore & Associate's President, Blake Gilmore, says there are serious obstacles to overcome. Although there is a definite need for training programs, there has been no practical push on the part of the Mexicans themselves. He believes that a Mexican sponsoring agency with the mandate to implement education and training programs would be a definite advantage.

Mr. Gilmore says three things are critical for successful education and training: "distribution, distribution, distribution". The program must be delivered through the appropriate channels, and backed up with the needed resources and organizational support.

In his view, the other important obstacles to success in Mexico include copyright issues, payment methods and the time required to forge the necessary personal relationships to properly market a training program.

regulated by the *Secretaría del Trabajo y Previsión Social* and requirements can be bureaucratic. Some programs are financed by the World Bank through the *Secretaría del Trabajo y Previsión Social*.

INDUSTRIAL AUTOMATION

Elsag Bailey Inc., of Burlington Ontario, is in the training business mainly in support of its industrial automation products for heavy industry. Bailey Mexico, a sister company to Elsag Bailey, has not been able to keep up with the increasing demands for training coming from Mexican customers. Upon request, Elsag Bailey has filled the gap on a number of occasions by providing training expertise for Mexican projects.

The company offers training to Mexican customers either in Canada or on-site in Mexico. In their experience, Mexicans have been receptive to training and seem to respect Canadian expertise. Elsag Bailey has found that 'training the trainers' is a highly effective way of transferring knowledge to Mexico, especially in the face of obvious language and cultural differences.

J. Ronald, Elsag Bailey's Manager of Training and Development attributes the Canadian company's success to their relationship with Bailey Mexico. He says that the company expects to provide ongoing support services in Mexico.

Canadian companies with experience in the Mexican education and training market say that an essential pre-requisite for developing new markets is the recognition by the Mexican government and corporate authorities that they have a problem that needs solving. The two "side agreements" implemented under the NAFTA are likely to have this effect. One of them deals with the environment and the other with labour standards. Most observers agree that one of the first labour standards to receive attention will be occupational health and safety. Both environmental training and health and safety training, are therefore considered as major areas of opportunity.

The market for domestic adult education programs is large but saturated, and Canadian firms offering general programs will face stiff competition from established operators. The best prospects are for specialized programs, especially if they can be marketed through licensing or partnerships with Mexican training companies.

MARKET ENTRY STRATEGIES

Doing business in Mexico, regardless of the industry, generally requires a local presence. Market development takes time, and once the potential

has been evaluated, the focus should be on learning more about Mexican needs and establishing business connections.

Mexicans prefer to do business with people they know, and taking time to establish personal relationships is essential. This can be difficult in areas where existing business is affected by loyalty to long-time suppliers, as it often is in education and training.

Building strategic alliances with Mexican firms is a proven way for Canadian firms to break into this market. This might involve part ownership of a new firm, a joint venture, or some form of licensing.

WHERE TO GET HELP

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



InfoCentre

Tel: 1-800-267-8378
or (613) 994-4000

Fax: (613) 996-9709

The **Commercial Division of the Embassy of Canada** in Mexico City promotes trade with Mexico. There are several trade commissioners at the Embassy, 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.

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

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 at the front of your local telephone directory for the appropriate regional codes or contact the international operator.

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 (IC), 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.

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, experience and interests of more than 30,000 Canadian exporters. To be registered on WIN Exports, call: (613) 996-5701.

The **Market Intelligence 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. Call: (613) 954-4970.

Canadian International Development Agency 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 Cooperative Program or CIDA/INC.

CIDA's Industrial Cooperative 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.

There are five INC mechanisms which 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 Cooperative 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 Cooperative Division
Canadian International Development Agency
200, Promenade du Portage
Hull, PQ K1A 0G4
Tel: (819) 997-7905/7906
Fax: (819) 953-5024

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





**ADDITIONAL CONTACTS
IN CANADA**

Business Associations

The Canadian Council for the Americas (CCA) is a non-profit organization formed in 1987 to promote business interests in Latin American 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, ON M5H 2L2
Tel: (416) 367-4313
Fax: (416) 367-5460

Canadian Exporters' Association (CEA)

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

Canadian Manufacturers' Association (CMA)

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

The Canadian Chamber of Commerce (CCC)

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

Forum for International Trade and Training (FITT)

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

**ADDITIONAL CONTACTS
IN MEXICO**

Secretariat of Public Education

La Secretaría de Educación Pública (SEP)
Argentina 28
Col. Centro
06020 México D.F.
México
Tel: 328-1000

Mexican Association of Education and Training


Asociación Mexicana de Capacitación
Córdoba No.76, Piso 2
Col. Roma
06700 México D.F.
México
Tel: 514-7066, 533-1375

National Council for Education

Consejo Nacional de Fomento Educativo (CONAFE)
Av. Thiers 251, Piso 10
Col. Anzures
11560 México, D.F.
México
Tel: 254-7525
Fax: 531-9265

Secretary of Labour and Social Welfare

Secretaría del Trabajo y Previsión Social
Periférico Sur No. 4271, Edificio A
Col. Fuentes del Pedregal
14140 México, D.F.
México
Tel: 568-1720, 645-3969/5466
Fax: 645-5466



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