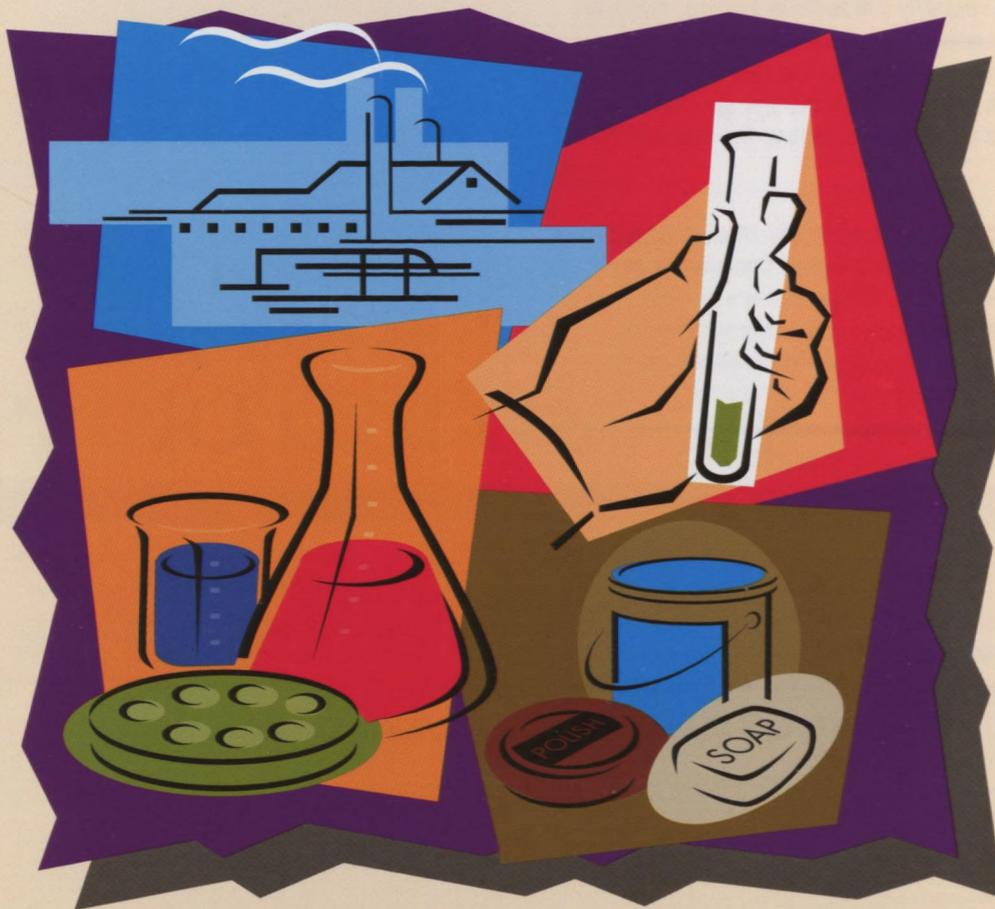


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OPPORTUNITIES IN MEXICO: CHEMICAL AND SPECIALITY PRODUCTS



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

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

Opportunities in Mexico: Chemicals and Specialty Products was developed jointly by the Department of Foreign Affairs and International Trade (DFAIT) and Prospectus Inc.

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

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OPPORTUNITIES IN MEXICO:

CHEMICALS AND SPECIALTY PRODUCTS

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The NAFTA expands Canada's free-trade area of 270 million people into a market of close to 361 million — a market larger than the population of the 15 countries of the European Union and one with a total North American output of more than \$7 trillion.

Mexico is Canada's most important trading partner in Latin America. Two-way merchandise trade with Mexico was just under \$6.5 billion in 1995 and is expected to exceed \$8 billion by the end of the decade.

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

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

Further assistance can be obtained by addressing requests to the International Trade Centres (see Where To Get Help) or contact the InfoCentre at:

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

Fax: (613) 996-9709

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Internet: <http://www.dfait-maeci.gc.ca>

*FaxLink is a faxback system which provides summaries on a range of Mexican markets. It must be contacted through your fax machine. Dial from your fax phone and follow the voice prompt instructions.

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AN INDUSTRY IN TRANSITION

Mexico's chemical industry is rapidly rationalizing as the industry struggles to take advantage of booming export markets and adapt to an influx of foreign competition.

Mexico's chemical industry is characterized by striking contrasts between large and small operations. Giant multinationals coexist with family-owned micro-enterprises employing fewer than 25 people. At one end of the spectrum, *Petróleos Mexicanos (Pemex)*, the national oil company, operates the 15th largest petrochemical industry in the world, capitalizing on the nation's substantial petroleum production.

Except for petrochemicals, the bulk of Mexico's chemical production comes from the 291 companies that are members of *Asociación Nacional de la Industria Química (ANIQ)*, National Association of the Chemical Industry. Most of the world's large multinational chemical companies have operations in Mexico. Names like Amoco, Bayer, Celanese, Polaroid, BASF, Mobil, Hoechst, Dupont, Texaco and Union Carbide are prominent in the industry.

At the other end of the spectrum, *Cámara Nacional de la Industria de la Transformación (Canacintra)*, National Chamber of Manufacturing Industries, lists about 4,000 companies as part of the chemical sector, with more than 90 percent of them employing fewer than 100 workers. Many of the smaller companies use obsolete technology and are prospects for technological joint ventures with foreign firms.

This is especially true because the industry as a whole has been rapidly restructuring over the past few years. Multinational companies and large Mexican *grupos* took over many smaller family-owned firms, as the industry adapted to sweeping trade liberalization. The first round was brought in unilaterally by former President Salinas' administration beginning in the late 1980s. After decades of protectionism, the maximum tariff was cut from 100 percent to 40 percent in 1987 and then to 20 percent in 1988. The proportion of domestic product covered by import licences fell from 92 percent in 1985 to 19 percent in 1990 and most of the rest have been gradually eliminated since then. The North American Free Trade Agreement (NAFTA) accelerated this process, especially since the in-bond *maquiladora* plants are now able to sell their products in the Mexican market. The sharp devaluation of the peso in December 1994 devastated the domestic market and forced chemical producers to look to export markets to survive. Mexico's exports of chemicals rose by 50 percent to reach US \$3.7 billion in 1995. Still, many companies lack the technology to meet international quality standards.

The restructuring process took place in an environment of steady growth. Between 1985 and 1994, the industry grew at an average rate of almost 3 percent. This compares with 2 percent average growth for the economy as a whole, and 2.5 percent for the manufacturing sector. The industry contracted by 3.2 percent during the 1995 economic crisis, compared with a 6.9 percent reduction in gross domestic product (GDP). Most observers believe that beginning in 1996, growth rates will return to pre-crisis levels.

These developments have created potential opportunities for Canadian companies. Small- to medium-sized Mexican companies need help to adapt to increased competition and to meet export standards. Some are buying inputs from Canada and manufacturing intermediate as well as final products in Mexico through joint ventures with Canadian firms. The opportunities are greatest in the area of specialty chemicals where service, flexibility and innovation are more important than price. The commodity chemicals market is dominated by multinational corporations, which tend to have their operations rationalized on a North American or world basis.

THE MEXICAN CHEMICAL SECTOR

The chemical industry is dominated by large multinationals, but smaller companies are competitive in the market for specialty chemicals.

As it is understood in Canada, the chemicals industry includes two principal subsectors: commodity chemicals and specialty chemicals. Commodity chemicals are traded on a global basis in a market dominated by multinational corporations. The main competitive factor is the availability of inexpensive feedstocks. Specialty chemicals are usually high value-added products and suppliers compete by offering extensive service and support. Typically the product is made in small batches to the specifications of individual customers. Canadian companies in this subsector tend to be small- to medium-sized enterprises (SMEs), focused on regional markets.

These distinctions between product categories are not widely recognized in Mexico. Many specialty chemicals are not produced in large quantities because their technical sophistication is often beyond the capabilities of smaller firms. The multinationals that dominate the industry import many of their specialized requirements from subsidiaries in other countries. The Mexican chemical sector is less vertically integrated than its counterparts in Canada and the United States. Because of a long history of government control of the petrochemicals sector, private sector producers tend to concentrate on intermediate chemicals.

INDUSTRY STRUCTURE

The Mexican chemical sector is dominated by a small number of large companies. About 4,000 companies are registered as chemical producers with the *Cámara Nacional de la Industria de la Transformación (Canacintra)*, National Chamber of Manufacturing Industries. Almost 90 percent are classified as small or micro enterprises. There are 180 large firms and 251 medium-sized companies. The medium and large companies account for more than three-quarters of production. However, this is based on a very broad definition of chemicals, and most studies have concluded that there are fewer than 1,000 companies producing "chemical substances" as defined by the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, of which about 300 are medium or large.

The larger companies tend to have a strong export orientation, especially since the devaluation of the peso. The industry as a whole exports about 40 percent of production, and some companies export as much as 90 percent.

Small companies generally sell only in the domestic market. They tend to use outdated equipment and many of them have been hard-pressed to meet increasingly rigorous environmental standards. The industry is concentrated in the Valley of Mexico, with 60 percent of all production coming from the Federal District and the State of Mexico. Nuevo León and Jalisco are also important producers, accounting for 6.8 percent and 5.2 percent of industry output respectively.

CHEMICAL INDUSTRY ACTIVITY, 1994 PERCENT OF CHEMICAL INDUSTRY GDP

Activity	%
Basic petrochemicals	9.1
Chemical substances	59.2
Oil by-products	10.0
Rubber and plastic products	21.7
Total	100.0

Source: *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics.

GDP SHARES BY BRANCH, 1994

PERCENT OF CHEMICAL SUBSTANCES GDP

Branch	%
Dyes, tints and pigments	3.3
Industrial gases	4.6
Basic chemical products	10.9
Synthetic resins	12.2
Synthetic and cellulose fibres	12.3
Soap, detergents, and related products	11.6
Perfumes, cosmetics and related products	17.4
Insecticides and pesticides	2.4
Paints, varnishes and lacquers	7.2
Waterproofing and related products	5.2
Inks and polishes	2.1
Other chemical products	10.8
Total	100.0

Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), National Institute for Statistics, Geography and Informatics.

PETROCHEMICALS

The chemical and petrochemical industries are closely related because of the influence of *Petróleos Mexicanos (Pemex)*, the national oil company. The availability of feedstocks supports a large petrochemical industry accounting for some 2.4 percent of GDP. *Pemex* has a monopoly over "basic" petrochemicals, but the number of products included has gradually been reduced. In 1992, the company was divided into four semi-autonomous operating divisions:

- exploration and production
- refining
- gas and basic petrochemicals
- secondary petrochemicals

PETROCHEMICALS CLASSIFIED AS "BASIC" UNDER MEXICAN LAW

butane	ethane
heptane	hexane
naphtha	penatanes
propane	raw materials for carbon black

Source: *Petróleos Mexicanos (Pemex)*, the national oil company.

Pemex Gas y Petroquímica Básica, Gas and Basic Petrochemicals, consolidated production of the eight basic petrochemicals where *Pemex* still has a monopoly. *Pemex Petroquímica* is responsible for the production of petrochemical products that are not considered part of the basic petroleum industry. The list of basic petrochemicals reserved for the state was reduced to 20 products in 1989, and to eight in 1992. *Pemex Petroquímica* has had trouble rationalizing its operations to accommodate the liberalized trade environment and the elimination of government subsidies. It is regarded as a holding company for operations that will eventually be sold to the private sector. In 1995 *Pemex* initiated the process of privatizing the company's 61 petrochemical plants, located in 10 complexes. The first complex to be tendered was the Cosoleacaque ammonia complex in the state of Veracruz.

The privatization process has been hindered by domestic opposition and a lack of interest on the part of international chemical corporations. The privatizations, which were originally scheduled to be completed in 1996, will now proceed gradually. There have been rumours that it will be suspended indefinitely. In addition to Cosoleacaque, the plants that are targeted for privatization include the Morelos, Cangrejera and Pajarito complexes, located in the Gulf state of Veracruz. A coalition of Mexican conglomerates that includes *Grupo Desc, Alfa, Celanese, Cydsa* and *Idesa* has expressed interest in the Morelos and Cangrejera complexes. Several multinational corporations are also reported to be interested.

To make these complexes more competitive, the government is promoting investment to develop an extensive chemical and industrial cluster in this region. Ports in the petroleum-rich Gulf coast region have the most developed facilities for exporting chemicals in the country.

RATIONALIZATION

The Mexican chemical industry developed in a highly-protected environment. But there was an influx of new competition after the trade liberalization of the late 1980s. The advent of the North American Free Trade Agreement (NAFTA) in 1994 increased competitive pressures and at the same time opened new markets to Mexican producers. To meet this competition and take advantage of the export boom caused by the devaluation of the peso, Mexican chemical manufacturers have been forced to modernize and rationalize their operations. Pressure from environmental regulators has also motivated some companies to buy new equipment and adopt new technologies.

The restructuring of Mexico's chemical industry has been characterized by considerable merger activity. For example *Girsa* recently bought out *Polifos*, its only competitor in the production of sodium tripolyphosphate. *Polifos* had previously taken over another competitor.

As the industry has reorganized, it has focused on products where Mexico has competitive advantages, and has moved out of commodities where it can no longer compete. Mexican exports of chemicals and advanced materials to Canada and the United States have doubled since NAFTA was implemented. At the same time, Mexican imports of chemicals and advanced materials from Canada and the US have also increased sharply.

FOREIGN TRADE

Mexico's chemical imports fell only slightly in 1995, while exports surged by almost 50 percent. Canada's share of the import market is strongest in inorganics at about 2.5 percent.

Estimates of Mexico's foreign trade in chemical products vary widely. There is no universally accepted definition of a chemical. The broadest definitions include basic petrochemicals which might otherwise be classified as part of the petroleum industry. Plastic resins may or may not be considered chemicals. Artificial fibres are sometimes classified as chemicals, but they can also be attributed to the textile industry. By a very broad definition which includes oil by-products, *Banco de México*, Mexico's central bank, estimated 1995 imports at US \$8.6 billion and exports at US \$5.1 billion. Using a somewhat narrower definition, the *Asociación Nacional de la Industria Química (ANIQ)*, National Association of the Chemical Industry, estimates Mexico's 1995 chemical imports at US \$4.7 billion and exports at US \$3.7 billion.

Since separate market profiles on petroleum, plastics and textiles are available from the Department of Foreign Affairs and International Trade (DFAIT) as part of its *Export i Mexico* series, this publication focuses on chemical products as defined in Chapter 28 and 29 of the harmonized system of commodity classification (HS). Data are presented in this section at the HS 4-digit level of detail for both inorganic and organic chemicals. Chemicals which Mexico imports — not from Canada — are presented in a separate table.

The statistics shown here are based on Mexican customs data. They indicate that total chemical imports fell by 12 percent to US \$1.9 billion in 1995. More than half of these imports originated in the United States. Canada's market share was less than 1 percent, with sales totalling US \$13.3 million in 1995, a drop of about 6 percent from the previous year.

These estimates of Canada's exports to Mexico are substantially larger than corresponding statistics published by Statistics Canada. According to Canadian government data, 1995 exports of Chapter 28 and 29 chemicals to Mexico were only C \$3.5 million, down from \$7.1 million in 1994. Import statistics are usually preferable to export statistics because the need to collect duty and taxes makes their collection more rigorous. Canada's exports to Mexico are often undervalued because of transshipments through the United States. Since 1994, the use of NAFTA certificates of origin have minimized this problem, so the discrepancies result mainly from non-reporting or mis-reporting by Canadian exporters.

In addition to the recorded exports there is also substantial Canadian value added incorporated into American chemical exports to Mexico. Several chemical companies interviewed for this profile reported increased integration with US affiliates over the past few years.

Canada's sales of inorganic chemicals increased by 23 percent in 1995, in spite of Mexico's economic crisis. Phosphates made up more than half of the total. Other important inorganic exports include hydrogen peroxide, precious metals and their compounds, radioactive chemicals and titanium oxides.

Exports of organic chemicals fell by 30 percent in 1995. The leading products were oxygen-function amino-compounds and heterocyclic compounds, which together made up almost two-thirds of the total.

CANADIAN COMPANIES IN MEXICO

In general, the chemical industry in Mexico is dominated by large multinational corporations. Nonetheless, a number of small- to medium-sized Canadian chemical companies are active in Mexico, many of them dealing in specialty chemicals. Their experience has been mixed. Some have prospered, despite the recent economic crisis — others have done well in the past, but suffered from it. Several companies have suspended Mexican operations because they are still owed money from customers who were devastated by the devaluation. The crisis was sudden and unexpected and many Mexican companies were caught holding dollar debts and peso receivables.

Representatives of the Canadian Chemical Producers Association and the Canadian Manufacturers of Chemical Specialties identified a group of companies with experience in Mexico. Thirty companies were contacted by researchers as part of this market profile. The products they exported included fuel additives, engine lubricants and other automotive products, water treatment chemicals, pulp and paper chemicals, petrochemicals, flavourings, ingredients for the baking industry, surfactants, plasticizers, dye intermediaries, insecticides and pharmaceuticals — as well as many others.

Only two companies were willing to discuss their experiences in detail: their stories are presented in sidebars. One reason for this reluctance is that chemicals, especially specialty chemicals, are more likely than most other products to involve proprietary information. In some cases, even a description of the product could be proprietary. Another reason is that many of these companies are affiliated with American companies and decisions regarding exports to Mexico are made in the US, even when the Canadian company contributes to the product. A few companies said that Mexico was only a small market for them and they did not think their experience was worth discussing. And finally, several companies have had negative experiences in Mexico over the past two years and they understandably hesitate to have this information published.

continued on next page

MEXICAN IMPORTS OF INORGANIC CHEMICALS AS DEFINED BY THE HARMONIZED SYSTEM, CHAPTER 28 US \$ THOUSANDS

Commodity	World		US		Canada	
	1994	1995	1994	1995	1994	1995
Carbon (including carbon black)	8,288	8,026	6,912	6,649	78	54
Hydrogen, rare gases and other nonmetals	16,381	15,482	13,210	13,171	146	159
Alkali; rare-earth metals, scandium and yttrium; mercury	1,265	933	723	469	419	338
Nitric acid, sulphonitic acids	279	392	262	378	0	1
Inorganic acids and inorganic oxygen compounds of nonmetals	16,004	15,348	12,451	10,832	0	2
Ammonia, anhydrous or in aqueous solution	8,305	37	5,850	36	2450	0
Sodium hydroxide; potassium hydroxide; peroxides of sodium and/or potassium	7,372	3,609	3,858	1,946	0	21
Zinc oxide and zinc peroxide	1,305	422	205	201	3	0
Artificial corundum; aluminum oxide; aluminum hydroxide	20,736	27,848	15,644	15,725	52	101
Chromium oxides and hydroxides	2,272	1,725	1,519	1,200	0	3
Manganese oxides	5,407	6,047	1,171	1,534	11	12
Iron oxides and hydroxides; earth colours	5,428	2,633	4,418	2,406	5	1
Cobalt oxides and hydroxides; commercial cobalt oxides	5,747	6,231	1,902	1,788	0	6
Titanium oxides	3,845	7,025	1,296	4,712	150	308
Lead oxides; red lead and orange lead	98	106	89	105	8	0
Hydrazine and hydroxylamine and their inorganic salts; metal oxides nesoi*	7,171	7,315	4,504	5,846	0	1
Fluorides; fluorosilicates, fluoroaluminates and other fluorine salts	2,852	6,431	1,355	2,686	0	372
Chlorides, hydroxides; bromides iodides and their oxides	16,888	15,483	14,991	14,227	67	66
Hypochlorites; calcium hypochlorite; chlorites; hypobromites	6,079	5,186	4,748	4,562	118	90

continued on next page

CANADIAN COMPANIES IN MEXICO

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These responses reflect the fact that Canada's overall chemical exports to Mexico fell substantially in 1995. Several companies noted that Mexican chemical producers had become much more competitive as a result of the peso devaluation, especially in products with a large labour component. In fact, some said that Mexican competitors are cutting into American markets for Canadian chemicals. A few companies expect to resume Mexican sales now that the economic recovery is well advanced. The competitiveness of imports is gradually recovering as the high rate of domestic inflation, approaching 30 percent in 1996, works its way through the cost structures of Mexican firms.

Commodity	World		US		Canada	
	1994	1995	1994	1995	1994	1995
Chlorates and perchlorates; bromates and perbromates; iodates and periodates	1,654	2,346	699	1,332	0	34
Dithionites and sulphyxylates	4,111	3,497	1,374	2,856	0	4
Sulphates; alums; peroxosulphates (persulphates)	7,492	6,986	4,713	4,098	0	23
Nitrites; nitrates	2,700	2,836	2,052	2,323	6	2
Phosphinates, phosphonates, phosphates and polyphosphates	46,397	31,206	41,362	25,150	1578	3,958
Carbonates; peroxocarbonates; ammonium carbonate	33,480	30,301	31,012	29,293	0	3
Silicates; commercial alkali metal silicates	3,355	3,256	2,630	2,262	1	28
Borates; peroxoborates (perborates)	12,194	8,381	7,297	8,326	0	0
Salts of oxometallic or peroxometallic acids	8,309	5,880	7,933	5,708	0	9
Salts of inorganic acids or peroxyacids, excluding azides	3,450	3,180	2,472	2,347	5	2
Precious metals and their compounds	6,062	22,440	5,031	20,852	99	508
Radioactive chemical elements and isotopes and their compounds	4,861	4,986	2,167	2,571	384	362
Rare-earth metal compounds, inorganic or organic, of yttrium or scandium	616	462	269	242	0	1
Hydrogen peroxide, whether or not solidified with urea	2,179	5,341	70	2,160	539	1,086
Carbides, whether or not chemically defined	2,717	1,986	2,150	1,601	40	42
Hydrides, nitrides, azides, silicides and borides	1,461	1,000	841	839	0	3
Other inorganic chemicals						0
Total	324,237	307,261	237,495	234,429	6,159	7,597

Notes: Other inorganic chemicals includes products not exported to Mexico by Canada. See separate table for those products.

HS commodity descriptions were edited for brevity.

*nesoi means not elsewhere specified or implied.

Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), National Institute for Statistics, Geography and Informatics.

CANADIAN COMPANIES IN MEXICO

RAISIO CHEMICALS

Raisio Chemicals Inc. (formerly Diachem Industries) of Vancouver, manufactures and markets specialty chemicals for the pulp and paper industry as well as water treatment chemicals for municipal and industrial applications.

The Canadian operations have recently become a part of the Raisio Group, a Finnish company with a network of production and sales facilities throughout Europe and North America. As Diachem Industries, the company has operated five plants in Canada for several years, as well as a sales company in the US and joint ventures in Chile and Mexico.

Diachem began to explore the Mexican market in the early 1990s because there was potential for its pulp and paper and water treatment products. The company obtained market research assistance from the Government of Canada, including help from the Canadian International Development Agency (CIDA). Diachem executives made a number of visits to Mexico to make first-hand assessments of markets, the capabilities of potential joint venture partners, and their ability to overcome cultural obstacles. This was a time-consuming endeavour, but it eventually resulted in a joint venture with a Mexican firm.

The Mexican venture is known as *Diaztec*, and it produces and sells a range of chemicals, some of them with inputs from the Canadian plants. After considerable research, a Mexican general manager was hired, on the basis of his contacts and knowledge of local markets. As a result, the company is very competitive in the Mexican market, having efficient production facilities and an attractive product line. Although the initial sales projections were overly optimistic, the company was able to restructure to become more competitive. *Diaztec* has prospered even through the recent economic crisis, and has plans to expand operations in 1997.

continued on next page

MEXICAN IMPORTS OF ORGANIC CHEMICALS AS DEFINED BY HARMONIZED SYSTEM, CHAPTER 29 US \$ THOUSANDS

Commodity	World		US		Canada	
	1994	1995	1994	1995	1994	1995
Halogenated derivatives of hydrocarbons	24,407	25,891	18,225	22,374	999	218
Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated	82,744	109,266	53,095	63,999	77	23
Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	73,654	103,370	49,637	62,138	12	23
Phenols; phenol-alcohols	15,047	14,668	14,229	11,598	0	2
Ethers, ether-alcohols, ether-phenols, alcohol peroxides, ketone peroxides etc. and their halogenated, sulphonated, nitrated or nitrosated derivatives	110,288	110,450	78,055	67,852	0	1
Aldehydes; cyclic polymers of aldehydes; paraformaldehyde	13,158	14,698	5,820	6,578	2	64
Ketones and quinones, and their halogenated, sulphonated, nitrated or nitrosated derivatives	33,777	54,758	21,194	39,959	47	69
Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated etc. derivatives	40,029	40,513	26,159	24,035	27	95
Acyclic (unsaturated) and cyclic monocarboxylic acids, their anhydrides, halides, peroxides etc.; their halogenated, sulphonated etc. derivatives	39,809	34,453	31,271	25,690	194	143
Carboxylic acids with added oxygen function and their anhydrides, halides, peroxides etc.; their halogenated, sulphonated, nitrated etc. derivatives	65,785	59,553	31,423	20,955	355	314
Amine-function compounds	46,813	30,819	33,907	20,483	326	397
Oxygen-function amino-compounds	81,743	87,098	17,193	20,396	3330	2,134
Quaternary ammonium salts and hydroxides; lecithins and other phosphoaminolipids	4,478	6,032	4,852	5,045	9	74

continued on next page

RAISIO CHEMICALS

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Diachem/Raisio officials say that as Canadians they are very well received by potential customers, and they perceive no cultural disadvantages to operating in the Mexican market. But they found that the venture needed constant supervision and technical support from Canada. Their experience leads them to strongly recommend a designated contact at the Canadian end of the operation. This person must be in a position to respond promptly to the partner's requests for assistance and to continuously monitor the progress of the Mexican operation.

In addition, Canadian representatives visit Mexico as often as every six weeks if necessary, and make a minimum of three visits a year. The Canadian managers pay close attention to financial reporting and advise on new product and production issues. Product is shipped regularly from Vancouver to Mexico, and experience has shown that constant communications help to solve logistical problems before they become serious.

Mike McLennan, a Raisio official in Vancouver who travels to Mexico regularly, offers several points of advice to prospective Canadian exporters. First, they must be prepared for Mexico's different customs and business practices. He adds that Canadians must respect these differences even when things do not proceed as quickly as they would like. The language barrier can be a problem as well. Someone in the Canadian operation should speak Spanish. This is a major advantage for acquiring new customers as well as for resolving day-to-day disagreements and understanding the Mexican way of doing things. Finally, McLennan advises that "patience, and even more — persistence," are key to operating a successful Mexican joint venture.

Commodity	World		US		Canada	
	1994	1995	1994	1995	1994	1995
Carboxamide-function compounds; amide-function compounds of carbonic acid	40,407	33,944	14,976	14,014	117	60
Carboxyimide-function compounds (including saccharin and its salts) and imine-function compounds	3,950	4,712	395	555	0	1
Organic derivatives of hydrazine or hydroxylamine	3,064	1,705	1,264	935	0	51
Nitrogen function compounds nesoi*	8,873	9,861	6,772	6,110	0	1
Organo-inorganic compounds, nesoi*	23,415	21,868	10,713	10,441	233	39
Heterocyclic compounds with oxygen hetero-atom(s) only	46,877	41,458	17,364	18,502	5	97
Heterocyclic compounds with nitrogen hetero-atom(s) only; nucleic acids and their salts	218,879	198,503	38,396	35,814	314	135
Heterocyclic compounds with nitrogen hetero-atom(s) only, nesoi*	59,186	59,897	10,296	12,080	1526	1,288
Sulphonamides	20,490	17,690	995	198	158	1
Provitamins and vitamins (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing, nesoi*	65,712	54,855	14,027	12,623	126	58
Hormones and their derivatives, nesoi*; steroids used primarily as hormones, nesoi*	53,028	33,626	16,544	78,669	209	367
Organic compounds nesoi*	1,576	1,677	1,095	1,544	16	0
Other organic chemicals					0	0
Total	1,628,145	1,556,941	714,778	733,321	8,083	5,651

Notes: Other organic chemicals includes products not exported to Mexico by Canada. See separate table for those products.

HS commodity descriptions were edited for brevity.

*nesoi means not elsewhere specified or implied.

Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), National Institute for Statistics, Geography and Informatics.

CANADIAN COMPANIES IN MEXICO

RECOCHEM INC.

Recochem is a Montreal-based chemical manufacturing company. The firm started out as Record Chemical after World War II and its founder, Mr. Joseph Kuchar, is still active in the business.

The company includes consumer products and refining divisions; as well, an international division has operations in Australia and Belgium.

The company is vertically integrated and can do everything from supplying bulk ingredients to packaging consumer end-products. It is especially well known for its insecticide and deodorizing products in Canada and in other countries.

The company's main Canadian manufacturing facilities are in Napierville, Quebec where it has a naphthalene refinery. But Recochem also has manufacturing sites in Western Canada, Belgium, Australia and Ontario. It has sales offices in Canada, the US, Europe and Australia. It recently purchased Luyten S.A., an established Belgian producer supplying the European market. The company exports about 80 percent of its Canadian production and aggressively pursues new export markets.

Recochem exports large quantities of naphthalene, paradichlorobenzene and orthochlorobenzene. It also ships bulk petrochemicals such as benzene, toluene, xylene, styrene and a range of chemical intermediaries used as plasticizers, surfactants, dye intermediates, insecticides and pharmaceuticals.

Recochem's business in Mexico goes back almost 30 years. Notwithstanding setbacks due to Mexico's economic crisis, business has begun to recover, and Recochem executives say they are in the Mexican and Latin American markets for the long haul. They are currently shipping roughly 1,000 tonnes a year of organic chemicals, mostly paradichlorobenzene and naphthalene. Recochem has used agents in some markets in the past, but in Mexico, it currently ships directly to the customer's operations. The company discovered that knowledge of Mexican customs procedures and regulations regarding chemicals is an essential, but manageable, part of the business.

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MEXICAN IMPORTS OF OTHER CHEMICALS — NOT EXPORTED TO MEXICO BY CANADA

US \$ THOUSANDS

Commodity	World		US	
	1994	1995	1994	1995
Fluorine, chlorine, bromine and iodine	3,138	2,554	2,206	1,960
Sulphur, sublimed or precipitated; colloidal sulphur	429	504	414	485
Hydrogen chloride (hydrochloric acid); chlorosulphuric acid	478	301	462	288
Sulphuric acid; oleum	2,536	624	462	416
Diphosphorus pentoxide; phosphoric acid and polyphosphoric acids	20,015	13,899	11,203	11,303
Oxides of boron; boric acids	2,743	2,322	1,957	2,036
Halides and halide oxides of nonmetals	1,251	1,625	1,068	1,362
Sulphides of nonmetals; commercial phosphorus trisulphide	4,324	5,374	4,266	5,236
Hydroxide and peroxide of magnesium strontium or barium	1,960	1,240	1,146	664
Sulphides; polysulphides	1,609	1,244	1,055	789
Sulphites; thiosulphates	3,449	4,114	1,402	2,026
Cyanides, cyanide oxides and complex cyanides	5,024	7,389	4,436	6,641
Fulminates, cyanates and thiocyanates	478	1,704	216	788
Stable isotopes; compounds, inorganic or organic, of such isotopes	46	5	22	5
Acyclic hydrocarbons	29,699	14,236	12,700	1,909
Cyclic hydrocarbons	82,438	47,181	42,270	20,488
Cyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	9,416	6,338	4,547	3,074
Halogenated, sulphonated, nitrated or nitrosated derivatives of phenols	1,448	931	523	433
Epoxides, epoxyalcohols, epoxyphenols and epoxyethers with a three-membered ring, and halogenated, sulphonated, nitrated or nitrosated derivative	45,507	56,342	45,215	55,830
Acetals and hemiacetals, and their derivatives	1,000	2,066	647	1,602
Halogenated, sulphonated, nitrated or nitrosated derivatives of aldehyde compounds	6,304	6,760	3	6

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RECOCHEM INC.

continued from page 16

Recochem has found that credit is an important problem when dealing with Mexican firms. With smaller companies, payment in advance is a more important business practice than is the case in Canada or the United States.

The firm has found it difficult to locate agents that are both credit worthy and possess a solid technical understanding of the chemicals business. This has led them to mainly deal directly with large companies, and to avoid intermediaries.

For example, one of Recochem's important Mexican customers is *Productos Químicos ALEN* of Monterrey. This is a solid family business which uses Recochem ingredients to supply the domestic market and to export products such as air fresheners and insecticides. They also deal with a number of large multinationals with branches in Mexico, including Bayer and BASF, which ship to Latin America and the American market.

Ralph Carmichael, an executive with Recochem's industrial division in Montreal, notes that shipping logistics are a key issue when operating in Latin America. Recochem has traditionally enjoyed an advantage because it can ship to Mexico by truck, achieving delivery times of a few days compared with three-to-four weeks for similar products coming from Europe. Bagged material is shipped via cost-insurance-freight (CIF) Laredo or Brownsville, where customers take delivery.

Lately, Recochem is experiencing some competition from American producers, especially those from the Southwest. But in a business with only a handful of major suppliers, reputation is an important asset, and Recochem does not expect to lose established customers in Mexico.

Commodity	World		US	
	1994	1995	1994	1995
Polycarboxylic acids, their anhydrides, halides, peroxides and derivatives	0	23,211	0	0
Phosphoric esters and their salts, including lactophosphates; their halogenated, sulphonated,				
Nitrated, or nitrosated derivatives	4,214	3,575	2,894	2,878
Esters of inorganic acids (excluding esters of hydrogen halides) nesoi* and their salts; their halogenated, sulphonated, nitrated etc. derivatives	11,273	10,287	4,225	3,793
Nitrile-function compounds	26,780	22,660	10,793	8,752
Organo-sulphur compounds	57,499	53,422	26,348	26,870
Glycosides, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives, nesoi*	2,778	2,544	13	14
Vegetable alkaloids, natural or reproduced by synthesis, their salts and other derivatives, nesoi*	36,541	17,299	2,916	1,675
Sugars, chemically pure, other than sucrose, lactose, maltose, glucose and fructose; sugar ethers and sugar esters, and their salts, nesoi*	765	506	80	42
Antibiotics, nesoi*	133,430	116,895	42,353	22,161
Diazo-, azo-, or azoxy-compounds	1,864	1,324	1,356	1,206

Notes: Includes chemicals not exported to Mexico by Canada.
HS commodity descriptions were edited for brevity.
*nesoi means not elsewhere specified or implied.

Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), National Institute for Statistics, Geography and Informatics.

CUSTOMERS

The economic recovery is underway, but with 1996 domestic growth forecast at perhaps 2 percent, customers that export remain the best prospects.

The markets for both commodity and specialty chemicals in Mexico are highly diverse. The automobile, pulp and paper, textiles, and food processing industries are especially important customers for industrial inorganic chemicals. Chemicals are widely used as pesticides in agriculture. The pharmaceutical industry is also an important user of chemicals. The following sections briefly describe the business environment in each of the major sectors that are significant chemical consumers.

AGRICULTURAL MACHINERY INDUSTRY

Mexico's agriculture sector is not heavily mechanized. By one estimate, tractors are used to cultivate only about half of all of the nation's sown land. The Mexican market for tractors fell from 10,000 units in 1994 to 3,800 in 1995. New Holland and John Deere each control an estimated 40 percent of the market. Other significant firms include a joint venture between Massey Ferguson and the state-owned company *Sidena*, and Case International.

In spite of this sluggish market, new government programs are aggressively promoting mechanization, and financial assistance programs for farmers has recently been implemented. About half of all equipment in the inventory is in bad condition or uses obsolete technology. Experts say that Mexico requires a minimum of 60,000 tractors to replace obsolete machines — and double that number to become fully mechanized. Tractors use many of the same chemicals as automobiles.

AGRICULTURE

The agriculture sector consumes three major categories of chemicals: nitrogen fertilizers, phosphate fertilizers and pesticides. About one-third of Mexico's requirements in these categories are imported.

Large parts of Mexico's agricultural sector use low-productivity technologies and demand is concentrated in areas where there are relatively large farms, including central and northwest Mexico. For example, tomato cultivation is heavily

concentrated in the northwest, especially in Sinaloa where modern production methods prevail. Flower producers are also important customers for both fertilizers and pesticides.

There are about 25 fertilizer plants in Mexico. Major fertilizer producers include *Fertirey*, *Nitroamonia de México*, *Fertilizantes Químicos del Bajío*, *Propitécnica*, *Eleativo* and *Servicios Corporativos Internacionales*. The plants operated by the state-owned *Fertimex* were privatized beginning in 1990. *Petróleos Mexicanos (Pemex)*, the national oil company is a major supplier of fertilizers that are by-products of natural gas. Most domestic firms are dependent on imported raw materials. In particular, Mexico has no domestic sources of raw materials for potassium-based fertilizers.

There are about 10 pesticide producers, mostly subsidiaries of multinational companies, which produce about 20 different products. They include *Polaquímica*, Dupont, Fax, Rohm and Haas, Shell and Unicarb.

AUTOMOTIVE INDUSTRY

The automotive industry was badly hurt when the peso devaluation of December 1994 cut deeply into domestic demand. The industry recovered quickly, however, on the strength of increased exports. Production rose by more than one-third in the first five months of 1996, compared with the same period a year earlier. The domestic market grew by only 8 percent, after having fallen by 71 percent during 1995. But export production was up by more than 42 percent. Exports now account for 84 percent of automotive production.

The industry is dominated by large multinational corporations who tend to have locked-in sources of supply, at least in the short run. Volkswagen is the market leader, followed by Nissan, Chrysler, Ford and General Motors. Mercedes-Benz and BMW also have plants in Mexico, and Honda recently entered the market.

There is a large domestic parts industry, with some 70 percent of production going to the multinational original equipment manufacturers and the balance to the aftermarket. The *Industria Nacional de Autopartes (INA)*, National Autoparts Industry Association, represents the 140 largest parts manufacturers, clustered into 13 groups.

Domestic truck and bus manufacturers are also potential customers. The bus sector has traditionally been dominated by two producers, *Mexicana de Autobuses (MASA)* and *Diesel Nacional (Dina)*. Major truck manufacturers include *Dina* and *Trailers Monterrey* as well as Kenworth, Mercedes-Benz and Chrysler.

CONSTRUCTION

The construction industry is a major user of paints and other coatings. The industry was hard-hit by the peso devaluation but it is recovering rapidly in 1996 as postponed projects come back on-stream. The government is now using new infrastructure projects as a means of stimulating the economy. The construction of homes for low-income people is also a major government priority. Public programs financed 275,000 new homes and renovated 350,000 others in 1995.

FIRE ABATEMENT

Mexico imports much of its fire abatement equipment. Although the domestic industry produces about two-thirds of Mexico's consumption, the industry imports most sophisticated equipment. Domestic producers are heavily oriented towards fire extinguishers and hoses. About 70 percent of Mexican fire abatement equipment production consists of fire extinguishers. This creates a demand for chemicals.

Although Mexico imports all of its carbon dioxide fire extinguishers, the Mexican industry manufactures almost all of the dry powder and foam extinguishers sold in the country. It also produces about 60 percent of halon extinguishers.

There are about 150 firms in the industry, the largest of which include *Kondor México*, *SICISA*, Fielding and Grinnell. The industry is primarily oriented towards the domestic market, but it also exports extinguishing foams and preparations. About 40 percent of extinguishing preparations are imported.

FOOD AND BEVERAGE PROCESSING INDUSTRY

The Mexican food processing sector has more than 2,500 companies, but more than 86 percent of them are classified as micro-sized. Large Mexican *grupos* and multinational firms dominate the industry. The leading Mexican firms are *Bimbo*, *Maseca* and *Hérx*. Nestlé and Anderson Clayton are among the largest multinationals.

There are about 250 companies in the beverage industry. The soft drink subsector is dominated by Coca-Cola and PepsiCo and their Mexican partners. Several Mexican companies manufacture beer, which is an important export product. The large brewers include *Grupo Modelo*, and *Cervecería Cuauhtémoc-Moctezuma* as well as several others.

METALLURGY

Mexico is an important producer of several metals, including copper, lead, silver, molybdenum and zinc, but iron and steel are by far the most significant. In 1982, the government began to relax its control over steel production by privatizing more than 50 steel production facilities which have since both modernized and increased efficiency. Production increased by 11 percent in 1994 to reach 10.2 million tonnes. Domestic demand fell by about one-quarter in 1995, following the devaluation of the peso. But exports rose sharply and total 1995 production was up by about 5 percent, stimulating the demand for inputs, including chemicals.

The *Cámara Nacional de la Industria del Hierro y del Acero (Canacero)*, National Chamber of the Iron and Steel Industry, has about 200 registered firms. They account for 97 percent of domestic production. *Altos Hornos de México (AHMSA)* is the largest steel producer, with more than one-quarter of the nation's production. It also accounts for 90 percent of total production of metallurgical coal and two-thirds of coke production. *Hojalata y Lámina (HYLSA)*, the other major player in the industry, is owned by the Mexican conglomerate, *Grupo Alpa*. There are three other fully-integrated producers: *Ispat Mexicana*, *Tubos de Acero de México (TAMSA)* and *Siderúrgica Lázaro Cárdenas (Sicartsa)*.

MINING

Private mining companies have gradually replaced government-owned enterprises as the most important customers for mining inputs, including chemicals. The industry uses a variety of acids and other reactive substances, as well as lubricants.

One of the few remaining large Mexican government holdings in the mining sector is *Exportadora de Sal*, which is 49 percent owned by Mitsubishi Corp.

There are about 15,000 mines in Mexico operated by 800 companies. The bulk of mining activity is controlled by a small number of corporate groups. The number of mining companies in the *Expansión 500* list of Mexico's largest companies grew from 7 in 1994 to 12 in 1995. The industry has generally benefitted from the peso devaluation because it is a major exporter.

The largest mining group in Mexico is *Grupo México*. According to media reports, the company exports 55 percent of its sales, and is 100 percent Mexican-owned. *Grupo México* owns *Mexicana de Cobre*, *Mexicana de Cananea*, *Industrial Minera México* and *Zinc de México*. It also has holdings in *Minerales Metálicos del Norte* and *México Desarrollo Industrial Minero*.

The larger companies are vertically integrated and include facilities for extracting, processing, smelting and refining. The smaller firms are limited mainly to extraction, with very few processing facilities. The Canadian mining companies moving into Mexico represent a considerable market opportunity because Mexicans are familiar with Canadian suppliers.

PAINT

The *Asociación Mexicana de Fabricantes de Pinturas y Tintas (Anafapyt)*, National Association of Manufacturers of Paints and Inks, includes about 100 member companies, which together account for about 90 percent of the domestic market. Imported specialty products not produced in Mexico comprise most of the rest. This category includes powdered paints, paints for metal finishing and specialized wood finishing products.

These domestic producers depend heavily on imported raw materials. *Comercial Mexicana de Pinturas (Comex)*, is the leading Mexican producer of paints for residential use and has the most extensive distribution network in the industry. Several foreign companies have well established manufacturing plants in Mexico, including Du Pont, Sherwin Williams and BASF.

Growing export markets for manufactured products, as well as government initiatives designed to promote the construction industry, are two factors driving increased demand in this sector. Manufacturers are demanding higher quality to meet export requirements, while consumers are generally more price conscious. Depressed demand for new homes and cars as a result of the peso devaluation is also creating larger demands for supplies for refurbishing and renovation. Paints for domestic use make up almost 60 percent of the market, with industrial paints and solvents, and thinners accounting for 18 percent and 17 percent respectively. The remaining 5 percent is automotive refinishing.

PHARMACEUTICALS

The pharmaceuticals industry in Mexico has become increasingly export-oriented and is dominated by multinational corporations. Most of the major American pharmaceutical producers have Mexican operations. Since these companies often have internationally integrated procurement practices, Canadian chemical companies that produce pharmaceutical inputs usually make sales through purchasing offices in Canada or the United States.

The market for pharmaceuticals, especially for over-the-counter products, has grown substantially over the past few years. Vitamins and other health care products are regarded as a defence against unhealthy conditions caused by air pollution and inadequate sanitation. Mexico is also a significant exporter of these products, mostly to Central and South America. Major exports include steroids and antibiotics.

Domestic producers, including subsidiaries of multinationals, dominate the market for over-the-counter and health care products, claiming more than 90 percent of the market. The United States Department of Commerce has estimated that this market will grow by an average of 10 to 12 percent annually between 1997 and 2000, with imports growing at 5 to 8 percent.

Almost 60 companies are active in the pharma-chemical sector which manufactures raw materials for medicines from basic chemicals and other inputs. Another 350 companies produce medicines for human and veterinary use as well as surgical products. Little research and development is done in the country.

PLASTICS

The Mexican plastics industry is made up of about 2,800 plastics processing companies, plus about 350 firms engaged in activities related to plastics. The number of firms has fallen slightly in recent years as a result of the rationalization imposed on the industry by trade liberalization.

Mexico has a large production capability in the traditional commodity resins, but is dependent on imports for the newer and more sophisticated inputs. Most leading companies are part of large multinationals or are integrated into a network of alliances with Mexican and foreign firms. The most important companies include Duroplast, *Internacional Profesional*, *Industrias Plásticas Máximo*, *Reich*, *Celmex*, and *Empaques Plásticos Industriales (EPISA)*.

PULP AND PAPER INDUSTRY

There are eight pulp and paper producing firms and another 58 paper producers in Mexico. Paper production capacity peaked at 3.8 million metric tonnes in 1991, and it has contracted somewhat since then. There was a small upturn in 1995, as the devaluated peso allowed some idle capacity to be put back into production.

The largest manufacturers of industrial and business paper are Kimberley-Clark, *Compañía Industrial de San Cristóbal* (Scott Paper) and Jefferson Smurfit Group of Ireland. They have pulp mills throughout the south, east and central regions of the country. Some of these mills are integrated with papermaking facilities. All of Mexico's newsprint is produced by *Productores e Importadores de Papel (PIPSA)*, which is a group of three government-owned or government-backed plants.

SOAP AND DETERGENTS

Mexico's soap and detergent producers are, for the most part, technologically advanced and include two of the largest plants in the world. The principal products are laundry soap, personal soap products and detergents. Mexico does not import significant quantities of these products, but it does import raw materials. The US is the principal supplier, claiming close to 90 percent of the import market.

TANNING

The tanning industry is an important user of chemicals, including salts, chromium, greases and synthetics. The industry's leading companies include *Fábricas de Calzado Canadá* and *Curtidos Rexis*.

TEXTILES

Mexican textile producers do not generally produce a full range of fabrics, and they are having problems competing with both higher quality and lower prices of imported fabrics. In association with foreign partners, some domestic producers are upgrading to remain competitive. Mexican manufacturers have to comply with the North American Free Trade Agreement (NAFTA) rules of origin if they want to export their products to the US or Canada. The industry is a large importer of synthetic fibres, including about C \$2.2 million worth of Canadian artificial filaments in 1995. Chemical products imported by the industry include bleaches, dyes and softeners.

Many Mexican companies are forming partnerships with American firms. This sometimes involves American clothing manufacturers making alliances with Mexican textile producers, and sometimes the reverse. This rationalization should improve the industry's competitive position.

The larger Mexican textile manufacturers are members of the *Cámara Nacional de la Industria Têxtil (Canaintex)*, National Chamber of the Textile Industry. They include *Kaltex*, *Avante*, *Romafil*, *Intretex*, *Martex Potosí*, *Negociación Fabril de Soria* and *Grupo Hytt* among many others.

WASTEWATER TREATMENT

Mexico has a serious water pollution problem, stemming from both household and industrial waste. Less than 400 plants treat only 18 percent of municipal discharges, leaving some 2.9 billion cubic metres per year which is discharged untreated into natural water systems. The industrial sector generates 18 percent of all wastewater and it is estimated that only about 15 percent of it is treated. Mexico expanded its environmental enforcement regulation in 1992, which resulted in plans for many new water treatment facilities. Most were postponed because of the economic crisis in 1995, but a major expansion of this sector is expected over the medium term. This will create important demands for chemicals used in both municipal and industrial waste treatment systems.

COMPETITORS

Most of the world's large multinational chemical producers have operations in Mexico. But small- to medium-sized enterprises (SMEs) continue to play a vital role, especially for specialty chemicals.

Companies located in Mexico supply about 70 percent of Mexico's apparent consumption of chemicals. Mexico is a net importer of chemicals. Imports in 1995 totalled US \$4.7 billion, compared with US \$3.7 billion in exports. Local production was US \$14.8 billion.

All of the large chemical producers in Mexico are members of *Asociación Nacional de la Industria Química (ANIQ)*, National Association of the Chemical Industry. There are 291 companies listed in the *ANIQ* directory for 1996-97. The manufacturing chamber lists about 4,000 companies as part of the chemical sector, but more than 90 percent of them are classified as small or micro.

The *ANIQ* directory includes 530 pages of detail on the activities of each company and also lists producers by commodity. In addition, *ANIQ* publishes an annual statistical report which includes production and trade data for hundreds of individual chemicals.

MULTINATIONAL ENTERPRISES

The industry is dominated by the largest firms. Most larger domestic producers are either wholly-owned or partially-owned by multinational chemical companies or have joint ventures or strategic alliances with foreign firms. The most important producers are Amoco, Bayer, *Infra*, *Cydsa*, *Girsa*, Celanese, Polaroid, Henkel, BASF, Mobil Oil, Kimex, Hoechst, Dupont, Texaco and Union Carbide.

MEXICAN GRUPOS

Many Mexican-owned chemical companies are part of large Mexican *grupos*. *Girsa Corporativo*, for example, operates more than 15 chemical divisions including *Industrias Resistol*. *Girsa* is the chemical division of *Grupo Desc*, a huge conglomerate and Mexico's 22nd largest company.

Several *grupos* operate in partnership with foreign firms. For example, in 1995, *Alpek*, a unit of *Grupo Alfa* acquired the Univex plant in Jalisco, in partnership with Dupont to produce polymerized nylon thread. The two companies have invested more than US \$50 million in joint projects over the past five years. Another *Alfa* unit, *Tereftalatos Mexicanos (Temex)*, has a joint venture with Eastman Chemical to produce polyethylene tereftalate.

German companies are prominent among both joint venture partners and foreign subsidiaries. *Grupo Celanese* is partially owned by Hoescht and *Industrias Cydsa*. *Bayer* is a joint venture between *Grupo Cydsa* and Bayer. BASF operates four subsidiary companies in Mexico, producing products ranging from paint to vitamins.

Grupo Idesa provides a good example of how companies in the Mexican chemical industry have rationalized their operations in response to the changing economic environment. This 40-year-old company produces a variety of raw materials used in the fabrication of polyester fibres, polyester resins, paint and plastics. Prior to the December 1994 peso devaluation, *Idesa* produced almost entirely for the domestic market. Exports were limited, and the company did not have a well defined international strategy. During the crisis, a 30 percent drop in domestic demand forced *Idesa* to seek out markets in North and South America, Europe and Asia. Quality and continuous improvement programs were implemented to help meet export standards. As a result, in 1995, *Idesa* exported one-quarter of its production of US \$160 million. The company employs 800 people in plants in the states of Puebla and Tlaxcala. A new plant is planned for Coatzacoalcos, Veracruz.

MAIN SPECIALTY CHEMICAL PRODUCERS

3M México*	Cytec de México*	General Products*
Akzo Chemicals*	Christianson*	Grupo Ici
Arylo de México*	Degussa México*	Grupo Idesa
BASF Mexicana*	Dicalite de México*	Grupo Transp. Inter-Mex
Buckman Laboratories*	Dow Química Mexicana*	Ind. Química de México
Canamex	Dresen Química*	Industrias Peñoles
Ciba Aditivos Puebla*	Esp. Ind. y Químicas	Ing. y Procesos Ind.
Complex Química	Esp. Químicas Grace	Micro
Nalcomex*	Promo. y Repr. Zumsa	Rhone Poulenc*
Novaquim	Promo. y Catalizadores	Rohm and Haas*
Nuodex Mexicana	Quest International*	Stepan México*
Pennwalt*	Quimic	Syntex
Polaquímica	Química Hoechst/Celanese*	Wacker Mexicana*
Polioles	Quimikao	Witco México*
Productos Rolmex	Quimobásicos	

Note: * denotes multinational companies

Source: Interviews.

TRENDS AND OPPORTUNITIES

The most promising opportunities are for Canadian companies to partner with small- to medium-sized enterprises (SMEs) in Mexico to help them take advantage of the export boom and prepare for the return of domestic market growth.

ECONOMIC TRENDS

Chemicals are consumed by a wide range of industries and the health of the chemical sector is highly dependent on the state of the overall economy. Domestic demand was cut sharply in 1995 as the result of the December 1994 devaluation of the peso and the economic crisis that followed. Apparent domestic consumption of chemicals fell by almost 9 percent to US \$15.8 billion. This was partly offset by a US \$1.2 billion increase in exports. As a result, real output of chemical products fell by only 3.2 percent, compared with 6.9 percent for the overall economy.

By mid-1996, Mexican chemical producers were already seeing the results of the general economic recovery as well as a surge in export sales. A survey of 104 members carried out by the *Asociación Nacional de la Industria Química (ANIQ)*, National Association of the Chemical Industry, showed that 60 percent of the firms saw improvements in the first half of the year. According to this survey, domestic sales have recovered most rapidly for pigments and colourants, adhesives, and products for the construction industry. *ANIQ* reports that in the first quarter of 1996, all chemical industry subsectors had registered increases of at least 16 percent over the previous quarter.

ANIQ President Raul Millares has said that the industry will benefit from the removal of government price controls previously applied to many chemical commodities. The main negative factor is the high cost of capital and there is some uncertainty concerning the privatization of the *Petróleos Mexicanos (Pemex)*, the national oil company, petrochemical complexes.

Forecasts of 1996 gross domestic product (GDP) growth range from the official government number of 3 percent to private estimates that are as low as 1.5 percent. As domestic inflation caused by the crisis works its way through the cost structures of domestic producers, imports are recovering their competitive positions. The inflation rate is forecast to fall from more than 50 percent in 1995 to just under 30 percent in 1996.

OPPORTUNITIES FOR PRODUCTS

There are opportunities for Canadian companies in the provision of both commodity and specialty chemicals. Specialty chemicals appear to be the best prospects for small- to medium-sized Canadian producers. They involve higher value added, are profitable at lower volumes, and competition tends to be based more on service than price.

The Mexican market for specialty chemicals is difficult to assess, because it is not recognized as a subsector in the available statistics. In Mexico, responsibility for the collection of industry statistics falls mainly on the industry associations. Membership in an appropriate industry association is required by law, and in return the associations monitor industry conditions. The *Asociación Nacional de la Industria Química (ANIQ)*, National Association of the Chemical Industry, produces statistics that are excellent compared with those in many other industries. But it does not include specialty chemicals as a separate category in its statistics.

Industry observers say that there are opportunities for imports of specialty chemicals used in Mexico in the manufacture of a wide variety of products:

- plastics
- paints
- detergents and cleaning products
- cosmetics
- chemicals for water treatment
- agricultural products
- pulp and paper
- adhesives
- emulsions
- starches
- lubricators
- pharmaceutical products
- foods

ANIQ officials noted that statistical information regarding specific specialty chemicals is very poor. One problem is the difficulty in providing precise chemical names in English. The association is seeking to develop figures within the next 12 months in cooperation with the *Cámara Nacional de la Industria de la Transformación (Canacindra)*, National Chamber of Manufacturing Industries.

PRINCIPAL SPECIALTY CHEMICALS SOLD IN MEXICO

<i>Ácidos grasos</i> Fatty acids	<i>Aditivos</i> Additives	<i>Agentes antidepositantes</i> Anti-deposit/build-up agents
<i>Agentes antiestáticos</i> Anti-static agents	<i>Agentes de flotación</i> Floating agents	<i>Agentes espesantes</i> Thickening agents
<i>Agentes expansivos para poliestireno</i> Expanding agents for polystyrene	<i>Agentes higroscópicos</i> Hygroscopic agents	<i>Agentes quelantes</i> Chelate compounds
<i>Anitespumantes</i> Anti-foaming agents	<i>Antioxidantes</i> Anti-oxidants	<i>Antiozonantes</i> Anti-rust agents
<i>Blanqueadores</i> Bleaches	<i>Catalizadores</i> Catalyzers	<i>Desmoldantes</i> Strippers
<i>Emulsificantes</i> Emulsifiers	<i>Enzimas</i> Enzymes	<i>Estabilizadores a la luz</i> Photo stabilizers
<i>Estabilizadores térmicos</i> Thermal stabilizers	<i>Éteres</i> Ethers	<i>Filtrantes auxiliares</i> Auxiliary filters
<i>Fluorocarbones inhibidores de corrosión</i> Corrosion inhibiting fluorocarbons	<i>Foto indicadores</i> Photosensitive indicators	<i>Materiales filtrantes</i> Filtering materials
<i>Peróxidos orgánicos</i> Organic peroxides	<i>Plastificantes</i> Plasticizers	<i>Retardantes a la flama</i> Flame retardants
<i>Sabores/fragancias</i> Artificial flavours and smells	<i>Solventes</i> Solvents	<i>Tensoactivos</i> Stiffeners

Source: Interviews.

During an interview, officials at *Celanese* suggested that the best way to get detailed production statistics for specialized chemicals is by direct contact with individual companies that produce the particular product under consideration. Nonetheless, through interviews, a list of specialty chemicals used in Mexico was developed and appears in an accompanying table. Demand for such products is directly linked to the demand for specific industrial or consumer goods. Demand patterns can be influenced by export activity, construction, manufacturing trends and domestic purchasing power.

OPPORTUNITIES FOR CONSULTING AND OTHER SERVICES

Mexico has a small number of universities and research centers that carry out world-class scientific research. The *Universidad Nacional Autónoma de México (UNAM)*, National Autonomous University of Mexico, is one of the world's largest universities and has a number of research departments that work with chemicals. The *Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM)*, often referred to as Monterrey Tech, is a leading private university that has several campuses and focuses on technological subjects.

Other Mexican universities well known for research and development are the *Universidad Autónoma Metropolitana (UAM)* Metropolitan Autonomous University, and the *Instituto Nacional Politécnico (INP)*, National Polytechnic Institute, which houses the *Centro de Investigaciones y Estudios Avanzados (Cinestav)*, Center for Research and Advanced Studies.

Notwithstanding these assets, officials of the technological committee at the *Cámara Nacional de la Industria de la Transformación (Canacindra)*, National Chamber of Manufacturing Industries, said in interviews that there is insufficient government support for research and development (R&D) in the chemical industry. The officials believe that more research support is essential of the industry is to reach its potential. More specifically, they believe that *Consejo Nacional de Ciencia y Tecnología (Conacyt)*, the National Chamber of Science and Technology, should increase funding for chemical research. In spite of these concerns, the government has continued to rely on the private sector.

This suggests opportunities for Canadian companies. They possess technologies that could be adapted and applied in Mexico, as well as the know-how to run training programs associated with technology transfer. Observers believe that companies with a proven track record and a specific project proposal will be more successful in obtaining aid or concessions through *Conacyt* than speculative research ventures.

THE REGULATORY ENVIRONMENT

Many chemicals are the subject of official Mexican quality standards known as NOMs. An early priority for any export plan for chemicals is to verify the specific regulations that apply.

The principal government regulations affecting the chemical sector are those dealing with product standards and labelling, foreign investment, intellectual property and barriers to trade. The chemical industry is also a major target of environmental regulators. That subject is treated in detail in a separate profile.

STANDARDS AND LABELLING

The Government of Mexico regulates the quality and purity of a wide range of products. A large number of regulations apply to chemicals. These standards apply to imported as well as domestically-produced goods, and special certificates are required at the border for many products. Compliance is technically the responsibility of the importer. However, Mexican officials require these certificates before the goods can cross the border, and exporter-provided information is required to get them. So for practical purposes, the onus for compliance falls on the exporter.

Since even minor deficiencies in the documentation may lead to serious delays, the exporter should ensure that all special certificates are in the hands of the Mexican customs broker before the goods leave Canada. Normally, a Canadian customs broker will make arrangements with the Mexican broker well in advance.

Regulations affecting chemical products fall into two categories:

- Official standards, known as *Normas Oficiales Mexicanas (NOMs)*, apply to a wide range of products, including chemicals. They are administered by the *Secretaría de Comercio y Fomento Industrial (Secofi)*, Secretariat of Commerce and Industrial Development. Goods subject to *NOMs* must be accompanied by a certificate of compliance in order to enter Mexico. Many *NOMs* also include special labelling requirements. The list of chemicals subject to *NOMs* is too long to include here, but information can be obtained from *Secofi*.
- Health regulations administered by the *Secretaría de Agricultura, Ganadería y Desarrollo Rural (Sagar)*, Secretariat of Agriculture, Livestock and Rural Development. The *Dirección General de Sanidad Vegetal*, *Sagar's* Vegetable Sanitation Division, publishes an official register of all agricultural chemicals that can be used in Mexico. It includes regulations regarding the crops on which particular chemicals may be used, as well as the frequency and conditions of application.

Some agricultural chemicals, including DDT, are restricted and may be purchased only with written authorization from a government technician who will supervise their application. A number of other agricultural chemicals are prohibited altogether by a decree published in the *Diario Oficial*, National Gazette, of January 3, 1991.

PROHIBITED CHEMICALS

Acid 2-,4-,5-T	Aldrin	BHC
Cianofos	Cloranil	DBCP
Dialifor	Dieldrin	Dinitroamina
Dinoseb	Endrin	EPN
Erbon	Formotion	Fumisel
Kepone/Clorecone	Mirex	Monuron
Nitrofen	Schradan	Sodium fluoracetate
Toxafeno	Triamifos	

Source: United States Department of Commerce.

INTELLECTUAL PROPERTY

The production of chemicals, especially specialty chemicals, often involves the use of proprietary technology. Canadian companies operating in Mexico, especially those involved in joint ventures, need to protect their trade secrets and patents. Mexico's *Ley de Fomento y Protección de la Propiedad Industrial*, Law for the Promotion and Protection of Industrial Property and the *Ley Federal de Derechos del Autor*, the Mexican Copyright Law, provide protection in this area. Amendments in 1993 brought the law into line with the North American Free Trade Agreement (NAFTA). Moreover, NAFTA's chapter on intellectual property makes specific enforcement provisions. The amendments also removed provisions which allowed government regulation of technology transfer agreements. Trade secrets are now explicitly protected and the law provides both civil and criminal sanctions.

Patents are protected for 20 years and trademarks for renewable 10-year periods. In 1991, pharmaceuticals, fertilizers and pesticides, which were not previously protected, became patentable. To be legally binding, licences or assignment of patent or trademark rights must be registered with *Secretaría de Comercio y Fomento Industrial (Secofi)*, Secretariat of Commerce and Industrial Development.

FOREIGN INVESTMENT REGULATIONS

The *Ley de Inversión Extranjera*, Foreign Investment Law, of 28 December 1993 greatly expanded opportunities for foreign investors. In most cases, 100 percent foreign investment in chemical operations is allowed. The regulations concerning privatized petrochemical facilities previously owned by *Petróleos Mexicanos (Pemex)*, the national oil company, are in a state of flux, but these plants are likely to be restricted to 49 percent foreign ownership.

BARRIERS TO TRADE

Imports into Mexico are subject to an average tariff rate of about 10 percent, with a maximum rate of 20 percent. The implementation of the North American Free Trade Agreement (NAFTA) immediately eliminated tariffs for many chemicals originating in Canada, while tariffs on other products are being reduced gradually and will be eliminated by 2003.

Basic petrochemicals are subject to a *Pemex* monopoly and face special restrictions. Pharmaceuticals are also subject to regulations as they are in Canada. In March 1996, a complaint was filed against Canada under the NAFTA by the Mexican company *Signa*, of Toluca, which produces fine chemicals and pharmaceutical intermediaries. *Signa* operates a joint venture with the Canadian company, ACIC of Brantford, Ontario, also known as Apotex. According to media reports, the joint venture planned to produce a generic version of the pharmaceutical, Cipro, for sale in Canada, as well as other markets. The complaint alleges that Canada has impeded *Signa's* efforts to enter the Canadian market. *Signa* is seeking compensation totaling C \$50 million to make up for lost revenues. *Signa's* lawyer claims that this is the first time an investor has brought a case directly against another government under NAFTA.

MARKET ENTRY STRATEGIES

Agents and distributors play a large role in the Mexican chemical industry. Manufacturers of specialty chemicals may want to deal directly with customers but most do so through joint venture partners.

DISTRIBUTION

The Mexican distribution network has been greatly improved in recent years: the transportation infrastructure is upgraded, the trucking industry deregulated, and the railway network and ports are being privatized. New emphasis is being placed on the development of efficient intermodal facilities. These developments should reduce the cost of distributing chemicals in Mexico and improve service.

Most chemical products are sold through agents or distributors. The distribution network has been simplified in recent years. After decades of protectionism, Mexico's distributor networks were characterized by an excessive number of layers and a dependence on personal and family contacts. The trade liberalization beginning in the late 1980s put competitive pressure on this system and encouraged the development of more cost-effective distribution channels. The December 1994 peso devaluation and ensuing economic crisis accelerated this process. Many distributors, caught with dollar debts and peso receivables, went bankrupt. Buyers and sellers had to seek out new, more efficient lines of supply. This has created opportunities for companies that were not previously known in the Mexican market.

IMAGE OF CANADIAN FIRMS

In interviews, chemical industry experts were doubtful that Canadian firms would be important suppliers of chemicals or the technologies used to produce them. They said that Canadian enterprises are almost unknown in the country. This suggests that the doubt about Canadian suppliers is based more on lack of exposure than negative experiences. It also implies that more aggressive promotion could help Canadian companies to establish a foothold in this market.

TRADE SHOWS

Many Canadian companies that succeed in Mexico, make their first contacts with potential customers or partners at industry trade shows. Major annual shows include:

- *Petro y Chem México.* The petrochemical show is held annually in October at the World Trade Centre in Mexico City.
- *Exposición Internacional Ecología Industrial.* The second exposition, covering environment and industry, was held in Mexico City in April 1996.
- *WTC Expo Internacional.* This industry, commerce and services show was held at the World Trade Centre in Mexico City in April 1996.
- *Enviro-Pro Expo/Tecomex '96.* This environmental exposition and conference was held in September 1996 at *Palacio de los Deportes.*

WHERE TO GET HELP

CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN CANADA

DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (DFAIT)

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

InfoCentre

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

Fax: (613) 996-9709

FaxLink:* (613) 944-4500

InfoCentre Bulletin Board (IBB):

Tel.: 1-800-628-1581 or (613) 944-1581

Internet: <http://www.dfait-maeci.gc.ca>

*FaxLink is a faxback system which provides summaries on a range of Mexican markets. It must be contacted through your fax machine. Dial from your fax phone and follow the voice prompt instructions.

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

Latin America and Caribbean Bureau — Mexico Division (LMR)

Department of Foreign Affairs and International Trade
Lester B. Pearson Building

125 Sussex Drive

Ottawa, ON K1A 0G2

Tel.: (613) 996-5547

Fax: (613) 996-6142

INTERNATIONAL TRADE CENTRES (ITCs)

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

Newfoundland

International Trade Centre

P.O. Box 8950

Atlantic Place

215 Water Street

Suite 504

St. John's, NF A1B 3R9

Tel.: (709) 772-5511

Fax: (709) 772-2373

Prince Edward Island

International Trade Centre

P.O. Box 1115

Confederation Court Mall

134 Kent Street

Suite 400

Charlottetown, PE C1A 7M8

Tel.: (902) 566-7443

Fax: (902) 566-7450

Nova Scotia

International Trade Centre

P.O. Box 940, Station M

1801 Hollis Street

Fifth Floor

Halifax, NS B3J 2V9

Tel.: (902) 426-7540

Fax: (902) 426-2624

New Brunswick

International Trade Centre

P.O. Box 1210

1045 Main Street

Unit 103

Moncton, NB E1C 1H1

Tel.: (506) 851-6452

Fax: (506) 851-6429

Quebec

International Trade Centre

5 Place Ville-Marie

Suite 800

Montreal, PQ H3B 2G2

Tel.: (514) 283-6328

Fax: (514) 283-8794

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

Manitoba
International Trade Centre
P.O. Box 981
400 St. Mary Avenue
Fourth Floor
Winnipeg, MB R3C 4K5
Tel.: (204) 983-5851
Fax: (204) 983-3182

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

International Trade Centre
1919 Saskatchewan Drive
Sixth Floor
Regina, SK S4P 3V7
Tel.: (306) 780-6124
Fax: (306) 780-6679

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

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

British Columbia
**Vancouver office is also
responsible for the Yukon*
International Trade Centre
P.O. Box 11610
300 West Georgia Street
Suite 2000
Vancouver, BC V6B 6E1
Tel.: (604) 666-0434
Fax: (604) 666-0954

WORLD INFORMATION NETWORK FOR EXPORTS (WIN EXPORTS)

WIN Exports is a computer-based information system designed by DFAIT to help Canada's trade development officers abroad match foreign needs to Canadian capabilities. It provides users with information on the capabilities, experience and interests of more than 24,000 Canadian exporters. For general information, call (613) 944-4WIN(4946); to register on WIN Exports, call (613) 996-2057, or fax 1-800-667-3802 or (613) 944-1078.

PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)

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

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

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

For general information, call the InfoCentre at 1-800-267-8376. For applications for assistance through this program, call the International Trade Centre nearest you. In Quebec, PEMD is administered by the 13 regional offices of the Federal Office of Regional Development (FORD Q), listed separately below.

INTERNATIONAL FINANCING

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

International Financing Division

Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2
Tel.: (613) 944-0910
Fax: (613) 943-1100

TECHNOLOGY INFLOW PROGRAM (TIP)

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

INDUSTRY CANADA (IC)

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

- develop, implement and promote national policies to foster the international competitiveness of industry; the enhancement of industrial, scientific and technological development; and the improvement in both the productivity and efficiency of industry;
- promote the mobility of goods, services, and factors of production within Canada;

- develop and implement national policies to foster entrepreneurship and the start-up, growth and expansion of small businesses;
- develop and implement national policies and programs respecting industrial benefits from procurement of goods and services by the Government of Canada; and
- promote and provide support services for the marketing of Canadian goods, services and technology.

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

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

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

Chemicals and Bio-Industries Branch

Industry Canada
235 Queen Street
Ninth Floor, East Tower
Ottawa, ON K1A 0H5
Tel.: (613) 954-3075
Fax: (613) 954-3129

Business Service Centre

Industry Canada
235 Queen Street
First Floor, East Tower
Ottawa, ON K1A 0H5
Tel.: (613) 941-0222
Fax: (613) 957-7942

NAFTA Information Desk

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

STRATEGIS

Canada's largest business web site, Strategis, gives business direct access to the latest information on specific industries, export opportunities, company capabilities, international intelligence and business contacts via the Internet. It also includes information on new technologies and processes, management experts, market services, government programs, micro-economic research and much more. In addition to these information resources, Strategis provides businesses with easy access to Industry Canada experts. Canadian companies will be able to browse the site to find out about market opportunities in Canada and abroad, new state-of-the-art technologies, key alliances, training resources and government programs. The International Business Information Network, one section of the site, contains first-hand information on products in demand, market conditions, competitors and business opportunities abroad.

Strategis

Industry Canada
235 Queen Street
Ottawa, ON K1A 0H5
Tel.: (613) 954-5031
Fax: (613) 954-1894
Internet : <http://www.hotline.service@strategis.ic.gc.ca/>

REVENUE CANADA

Revenue Canada, Trade Administration Branch provides service and information on NAFTA regulations in English, French and Spanish. Revenue Canada publications and customs notices are also available by calling or faxing the NAFTA Information Desk.

NAFTA Information Desk

Revenue Canada, Trade Administration Branch
555 Mackenzie Avenue
First Floor
Ottawa, ON K1A 0L5
Tel.: 1-800-661-6121, or (613) 941-0965
Fax: (613) 952-0022

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

An important possible source of financing for Canadian ventures in Mexico is the special fund available through CIDA under the Industrial Cooperation Program (INC). This program provides financial contributions to stimulate Canadian private-sector involvement in developing countries by supporting long-term business relationships such as joint ventures and licensing arrangements. INC supports the development of linkages with the private sector in Mexico by encouraging Canadian enterprises to

share their skills and experiences with partners in Mexico and other countries. A series of INC mechanisms help enterprises to establish mutually beneficial collaborative arrangements for the transfer of technology and the creation of employment in Mexico.

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

Industrial Cooperation Division

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

ATLANTIC CANADA OPPORTUNITIES AGENCY (ACOA)

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

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

Atlantic Canada Opportunities Agency

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

THE FEDERAL OFFICE OF REGIONAL DEVELOPMENT (QUEBEC), (FORD Q)

FORD Q is a federal regional economic development organization. Through its commitment to provide services tailored to its clients, FORD Q supports the development of the economic potential of all regions of Quebec and the creation of viable jobs by promoting a business climate in which small- and medium-sized enterprises (SMEs) can grow and prosper. FORD Q uses the relevant and sought-after expertise of the federal government to work with the entrepreneurial spirit of Quebecers in every region and improve their competitive position. It also seeks, through strategic activities and partnerships in the community, to improve the business climate, an essential factor in the growth of SMEs.

FORD Q provides one-stop access to federal services and programs aimed at SMEs, particularly with regard to innovation, research and development (R&D), design, market development and entrepreneurship. Through its 13 Small Business Access Centres, FORD Q provides access to Team Canada export services and programs in the areas of awareness, export preparation, information, networking, advice and counselling, funding and access to funding.

In terms of access to funding, PEMD, with the exception of the component on preparing projects for submission, is delivered through the Small Business Access Centres. IDEA-SME, a FORD Q program, can also support firms during the export process. In addition, through alliances with banks, Small Business Access Centre advisors can facilitate access to funding for foreign marketing strategy projects.

Small Business Access Centre
Abitibi/Témiscamingue
906 5th Avenue
Val d'Or, PQ J9P 1B9
Tel.: (819) 825-5260
Fax: (819) 825-3245

Small Business Access Centre
Bas Saint-Laurent/Gaspésie/Îles-de-la-Madeleine
212 Belzile Street
Suite 200
Rimouski, PQ G5L 3C3
Tel.: (418) 722-3282
Fax: (418) 722-3285

Small Business Access Centre
Bois-Francis
Place du Centre
150 Marchand Street
Suite 502
Drummondville, PQ J2C 4N1
Tel.: (819) 478-4664
Fax: (819) 478-4666

Small Business Access Centre
Côte-Nord
701 Laure Boulevard
Suite 202B
P.O. Box 698
Sept-Îles, PQ G4R 4K9
Tel.: (418) 968-3426
Fax: (418) 968-0806

Small Business Access Centre
Estric
1335 King Street West
Suite 303
Sherbrooke, PQ J1J 2B8
Tel.: (819) 564-5904
Fax: (819) 564-5912

Small Business Access Centre
Île de Montréal
800 Place Victoria Tower
Suite 3800
P.O. Box 247
Montreal, PQ H4Z 1E8
Tel.: (514) 283-2500
Fax: (514) 496-8310

Small Business Access Centre
Laval/Laurentides/Lanaudière
Tour du Triomphe II
2540 Daniel-Johnson Boulevard
Suite 204
Laval, PQ H7T 2S3
Tel.: (514) 973-6844
Fax: (514) 973-6851

Small Business Access Centre
Mauricie
Immeuble Bourg du Fleuve
25 des Forges Street
Suite 413
Trois-Rivières, PQ G9A 2G4
Tel.: (819) 371-5182
Fax: (819) 371-5186

Small Business Access Centre
Montréal
Complexe Saint-Charles
1111 Saint-Charles Street West
Suite 411
Longueuil, PQ J4K 5G4
Tel.: (514) 928-4088
Fax: (514) 928-4097

Small Business Access Centre
Nord-du-Québec
800 Place Victoria Tower
Suite 3800
P.O. Box 247
Montreal, PQ H4Z 1E8
Tel.: (514) 283-5174
Fax: (514) 283-3637

Small Business Access Centre
Outaouais
259 Saint-Joseph Boulevard
Suite 202
Hull PQ J8Y 6T1
Tel.: (819) 994-7442
Fax: (819) 994-7846

Small Business Access Centre
Quebec City/Chaudière/Appalaches
905 Dufferin Avenue
Second Floor
Quebec City, PQ G1R 5M6
Tel.: (418) 648-4826
Fax: (418) 648-7291

Small Business Access Centre
Saguenay/Lac-Saint-Jean
170 Saint-Joseph Street South
Suite 203
Alma, PQ G8B 3E8
Tel.: (418) 668-3084
Fax: (418) 668-7584

WESTERN ECONOMIC DIVERSIFICATION CANADA (WD)

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

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

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

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

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

EXPORT DEVELOPMENT CORPORATION (EDC)

EDC helps Canadian exporters compete in world markets by providing a wide range of financial and risk management services, including export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

EDC's products fall into four main categories:

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

EDC has established relationships with leading commercial and public sector institutions in Mexico and Latin America. For more information on the range of services available, please refer to the customer teams below.

Base and Semi-Manufactured Goods Team:
Tel.: (613) 598-2823
Fax: (613) 598-2525

Consumer Goods Team:
Tel.: (613) 597-8501
Fax: (613) 598-2525

Emerging Exporters Team:
Tel.: 1-800-850-9626
Fax: (613) 598-6871

Financial Institutions Team:
Tel.: (613) 598-6639
Fax: (613) 598-3065

Forestry Team:
Tel.: (613) 598-2936
Fax: (613) 598-2525

Engineering and Professional Team:
Tel.: (613) 598-3162
Fax: (613) 598-3167

Industrial Equipment Team:
Tel.: (613) 598-3163
Fax: (613) 597-8503

Information Technologies Team:
Tel.: (613) 598-6891
Fax: (613) 598-6858

Transportation Team:
Tel.: (613) 598-3164
Fax: (613) 598-2504

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

Ottawa Export Development Corporation
151 O'Connor Street
Ottawa, ON K1A 1K3
Tel.: (613) 598-2500
Fax: (613) 598-6858

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

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

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

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

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

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

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

NATIONAL RESEARCH COUNCIL (NRC)

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

The IRAP network, working primarily with small- and medium-sized Canadian firms, supports the process of developing, accessing, acquiring, implementing and using technology throughout Canadian industry. IRAP has a 50-year history of providing technical advice and assistance to Canadian firms and has acquired a reputation as one of the most flexible and effective federal programs. IRAP takes advantage of the advice of industrial technology advisors who are situated in more than 165 different locations within approximately 90 communities across Canada, including numerous provincial technology centres, the NRC's own laboratories and research institutes, federal government departments, and technology transfer offices in Canadian universities. For further information, contact:

Industrial Research Assistance Program
National Research Council
Montreal Road
Building M-55
Ottawa, ON K1A 0R6
Tel.: (613) 993-1790
Fax: (613) 952-1079

CANADIAN COMMERCIAL CORPORATION (CCC)

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

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

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

For more information about CCC and its programs, contact:

Canadian Commercial Corporation
50 O'Connor Street
Eleventh Floor
Ottawa, ON K1A 0S6
Tel.: (613) 996-0034
Fax: (613) 995-2121

KEY CONTACTS IN CANADA

BUSINESS AND PROFESSIONAL ASSOCIATIONS

Canadian Chemical Producers' Association

350 Sparks Street
Suite 805
Ottawa, ON K1R 7S8
Tel.: (613) 237-6215
Fax: (613) 237-4061

Canadian Manufacturers of Chemical Specialties Association

56 Sparks Street
Suite 702
Ottawa, ON K1P 5A9
Tel.: (613) 232-6616
Fax: (613) 233-6350

Canadian Council for the Americas (CCA)

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

Canadian Council for the Americas

Executive Offices
360 Bay Street
Suite 300
Toronto, ON M5H 2V6
Tel.: (416) 367-4313
Fax: (416) 367-5460

Alliance of Manufacturers and Exporters Canada

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

Alliance of Manufacturers and Exporters Canada

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

The Canadian Chamber of Commerce

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

Forum for International Trade Training Inc.

155 Queen Street
Suite 608
Ottawa, ON K1P 6L1
Tel.: (613) 230-3553
Fax: (613) 230-6808

Language Information Centre

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

Open Bidding Service

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

Canadian Standards Association

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

Standards Council of Canada

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

MEXICAN GOVERNMENT OFFICES IN CANADA

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

Embassy of Mexico

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

Mexican Consulate in Ottawa

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

OTHER MEXICAN CONSULATES GENERAL IN CANADA

Consulate General of Mexico

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

Consulate General of Mexico

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

Consulate General of Mexico

810-1130 West Pender Street
Vancouver, BC V6E 4A4
Tel.: (604) 684-3547/1859
Fax: (604) 684-2485

MEXICAN FOREIGN TRADE COMMISSIONS

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

MEXICAN BANKS WITH OFFICES IN CANADA

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

Banco Nacional de México (Banamex)

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

Banca Serfin

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

Banca Confia

150 York Street
Suite 408
Toronto, ON M5H 3A9
Tel.: (416) 955-9233
Fax: (416) 955-9227

CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN MEXICO

TRADE AND ECONOMIC DIVISION

THE EMBASSY OF CANADA IN MEXICO

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

Trade and Economic Division

The Embassy of Canada in Mexico

Schiller No. 529

Col. Polanco

11560 México, D.F.

México

Tel.: (52-5) 724-7900

Fax: (52-5) 724-7982

Canadian Consulate

Edificio Kalos, Piso C-1

Local 108-A

Zaragoza y Constitución

64000 Monterrey, Nuevo León

México

Tel.: (52-8) 344-3200

Fax: (52-8) 344-3048

Canadian Consulate

Hotel Fiesta Americana

Local 30-A

Aurelio Aceves No. 225

Col. Vallarta Poniente

44110 Guadalajara, Jalisco

México

Tel.: (52-3) 616-6215

Fax: (52-3) 615-8665

KEY CONTACTS IN MEXICO

GOVERNMENT AGENCIES

Secretariat of Commerce and Industrial Development

Secretaría de Comercio y Fomento Industrial (Secofi)

Alfonso Reyes No. 30, Piso 10

Col. Condesa,

06140 México, D.F.

México

Tel.: (52-5) 729-9243

Fax: (52-5) 729-9320

Secretariat of Commerce and Industrial Development Bureau of Standards

Secretaría de Comercio y Fomento Industrial (Secofi)

Dirección General de Normas

Av. Puente de Tecamachalco No. 6

Col. Lomas de Tecamachalco

53950 Tecamachalco, Estado de México

México

Tel.: (52-2) 729-9300

Fax: (52-5) 729-9484

Secretariat of Agriculture, Livestock and Rural Development

Secretaría de Agricultura, Ganadería y Desarrollo Rural (Sagar)

Insurgentes Sur No. 476, Piso 13

Col. Roma Sur

06760 México, D.F.

México

Tel.: (52-5) 584-0010/0808

Fax: (52-5) 584-1177

Secretariat of Environment, Natural Resources and Fisheries

*Secretaría del Medio Ambiente, Recursos Naturales y Pesca
(Semarnap)*

Río Elba No. 20

Col. Cuauhtémoc

06500 México, D.F.

México

Tel.: (52-5) 553-1235

Fax: (52-5) 286-7971

Secretariat of Health

Secretaría de Salud (SS)

Lieja No. 8, Piso 5

Col. Juárez

06600 México, D.F.

México

Tel.: (52-5) 553-7670/7940

Fax: (52-5) 286-5497

National Oil Company

Petróleos Mexicanos (Pemex)

Marina Nacional No. 329, T. Pemex, Piso 44

Col. Huasteca

11311 México, D.F.

México

Tel.: (52-5) 545-8736, 250-1055

Fax: (52-5) 625-4385

National Oil Company

Petróleos Mexicanos (Pemex), Gas y Petroquímica Básica
Av. Marina Nacional No. 329
Torre Ejecutiva, Piso 39
Col. Huasteca
11311 México, D.F.
México
Tel.: (52-5) 254-3823/4567
Fax: (52-5) 545-8091

National Oil Company

Petróleos Mexicanos (Pemex), Petroquímica
Av. Marina Nacional No. 329
Torre Ejecutiva, Piso 35
Col. Huasteca
11311 México, D.F.
México
Tel.: (52-5) 250-8919/554-0935
Fax: (52-5) 254-2672

Intersecretarial Commission for the Control, Use and Processing of Insecticides, Fertilizers and Toxic Substances

Cicoplafest
San Luis Potosí No. 192, Piso 2
Col. Roma Sur
México, D.F.
México
Tel.: (52-5) 584-6030 / 584-6153
Fax: (52-5) 584-5260

National Institute of Statistics, Geography and Informatics

Instituto Nacional de Estadística, Geografía e Informática (INEGI)
Héroes de Nacozari No. 2301 Sur, Edif. Sede
Puerta 7, Nivel 1
Col. Jardines del Parque
20290 Aguascalientes, Aguascalientes
México
Tel.: (52-49) 98-8241/8345
Fax: (52-49) 98-7876

Central Bank of Mexico

Banco de México
Tacuba No. 4, Piso 1
Col. Centro
06059 México, D.F.
México
Tel.: (52-5) 512-5817, 237-2378
Fax: (52-5) 237-2370

UNIVERSITIES AND RESEARCH INSTITUTES

National Autonomous University of Mexico
Universidad Nacional Autónoma de México (UNAM)
Facultad de Ingeniería
Circuito Escolar, Ciudad Universitaria
Col. Coyoacán
04510 México, D.F.
México
Tel.: (52-5) 622-3278
Fax: (52-5) 616-1037

Monterrey Technical Institute

Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM)
Fray Servando Teresa de Mier No. 99
Col. Centro
México, D.F.
México
Tel.: (52-5) 761-4096

Monterrey Technical Institute

Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM)
Campus Monterrey
Av. Eugenio Garza Sada No. 2501 Sur
Sucursal de Correos "J"
64849 Monterrey, Nuevo León
México
Tel.: (52-8) 358-2000
Fax: (52-8) 358-8931

Autonomous Metropolitan University

Universidad Autónoma Metropolitana (UAM)
Iztapalapa, AP. 55-535
09340 México, D.F.
México
Tel.: (52-5) 724-4723/4985
Fax: (52-5) 724-4723

BUSINESS AND PROFESSIONAL ASSOCIATIONS

National Association of the Chemical Industry
Asociación Nacional de la Industria Química A.C. (ANIQ)
Providencia No. 118
03100 México, D.F.
México
Tel.: (52-5) 559-7833
Fax: (52-5) 559-5889

Mexican Institute of Chemical Engineers
Instituto Mexicano de Ingenieros Químicos (IMIQ)
Horacio No. 124-1301
Col. Polanco
11560 México, D.F.
México
Tel.: (52-5) 250-4844/4857
Fax: (52-5) 545-5817

Mexican Association of Manufacturers of Paints and Inks
Asociación Mexicana de Fabricantes de Pinturas y Tintas (Anafapyt)
Gabriel Mancera No. 309
Col. Del Valle
03100 México, D.F.
México
Tel.: (52-5) 682-7794
Fax: (52-5) 543-6488

National Chamber of the Textile Industry
Cámara Nacional de la Industria Têxtil (Canatex)
Plinio No. 220
Col. Los Morales
11510 México, D.F.
México
Tel.: (52-5) 280-8637
Fax: (52-5) 280-3973

National Chamber of the Pharmaceutical Industry
Cámara Nacional de la Industria Farmacéutica (Canifarma)
Av. Cuauhtémoc No. 1481
Col. Santa Cruz Atoyac
03330 México, D.F.
México
Tel.: (52-5) 688-9616
Fax: (52-5) 688-9477

National Chamber of the Chemical Laboratory Industry
Cámara Nacional de la Industria de Laboratorios Químicos
Cuauhtémoc No. 1482
Col. Santa Cruz Atoyac
03310 México, D.F.
México
Tel.: (52-5) 604-2602, 688-9330
Fax: (52-5) 688-9704

Chemical and Petrochemical Workers' Union
Sindicato de Trabajadores de la Industria Química y Petroquímica
Insurgentes Sur No. 756
Col. Del Valle
03100 México, D.F.
México
Tel.: (52-5) 687-4155 ext. 301
Fax: (52-5) 543-0063

National Chamber of Manufacturing Industries
Cámara Nacional de la Industria de la Transformación (Canacintra)
Ave. San Antonio No. 256
Col. Ampliación Nápoles
03849 México, D.F.
México
Tel.: (52-5) 563-3400, 663-0511
Fax: (52-5) 598-6666

National Chamber of Science and Technology
Consejo Nacional de Ciencia y Tecnología (Conacyt)
Constituyentes No. 1046, Piso 3
Col. Lomas Altas
11950 México, D.F.
México
Tel.: (52-5) 570-4324, 327-7400
Fax: (52-5) 570-2091

Association of Formulators and Agrochemical Manufacturers
Unión de Formuladores y Fabricantes de Agroquímicos
Cuauhtémoc No. 1475-7
03310 México, D.F.
México
Tel.: (52-5) 688-9810

National Confederation of Flower Growers of the Mexican Republic
Confederación Nacional de Floricultores y Viveristas de la República Mexicana
Dr. Vértiz No. 625
03020 México, D.F.
México
Tel.: (52-5) 530-3929

National Chamber of the Iron and Steel Industry
Cámara Nacional de la Industria del Hierro y del Acero (Canacero)
Amores No. 338
Col. Del Valle
03100 México, D.F.
México
Tel.: (52-5) 543-4443
Fax: (52-5) 687-0517

Detergent Manufacturers Association of the Mexican Republic
Asociación de Fabricantes de Detergentes de la República Mexicana
Melchor Ocampo No. 193, Torre A, Piso 8
11300 México, D.F.
México
Tel.: (52-5) 203-1567
Fax: (52-5) 254-0325

National Chamber of the Oil, Grease and Soap Industries

Cámara Nacional de la Industria de Aceites, Grasas y Jabones
Melchor Ocampo No. 193, Torre A, Piso 8
11300 México, D.F.
México
Tel.: (52-5) 203-1640
Fax: (52-5) 254-0325

National Chamber of the Pulp and Paper Industry
Cámara Nacional de la Industria de la Celulosa y del Papel
Privada San Isidro No. 30
11650 México, D.F.
México
Tel.: (52-5) 202-8483/8675
Fax: (52-5) 202-1349

National Chamber of the Construction Industry
Cámara Nacional de la Industria de la Construcción (CNIC)
Periférico Sur No. 4839
11570 México, D.F.
México
Tel.: (52-5) 665-1500
Fax: (52-5) 606-8329

Mexican Association of the Automotive Industry
Asociación Mexicana de la Industria Automotriz, A.C. (AMIA)
Ensenada No. 90
Col. Condesa
06100 México, D. F.
México
Tel.: (52-5) 272-1144
Fax: (52-5) 272-7139

National Auto Parts Industry
Industria Nacional de Autopartes, A.C. (INA)
Amatlán No. 19
Col. Condesa
06140 México, D.F.
México
Tel.: (52-5) 553-2224/0921
Fax: (52-5) 286-4101

MEXICAN COMPANIES

Panificadora Bimbo S.A. de C.V.
Mimosas No. 117
Col. Sta. Ma. Insurgentes
06430 México, D.F.
México
Tel.: (52-5) 729-0100, 0115

Hérez S.A. de C.V.
Calz. San Bartolo Naucalpan No. 360
Col. Argentina Poniente
11230 México, D.F.
México
Tel.: (52-5) 576-0520, 358-0129
Fax: (52-5) 359-3164

Cervecería Modelo de Guadalajara, S.A. de C.V.
Av. Mariano Otero No. 663
Col. Fresno
44900 Guadalajara, Jalisco
México
Tel.: (52-3) 810-4940
Fax: (52-3) 811-0628

Cervecería Cuauhtémoc-Moctezuma, S.A. de C.V.
Av. Alfonso Reyes Norte No. 2202
Col. Bella Vista
64000 Monterrey, Nuevo León
México
Tel.: (52-8) 328-5000
Fax: (52-8) 328-5408

Maseca
Paseo de la Reforma No. 300, Piso 9
Col. Juárez
06600 México, D.F.
México
Tel.: (52-5) 207-4968, 208-8918
Fax: (52-5) 207-5587

Fertilizantes Mexicanos, S.A.
Zoquipa No. 24
15810 México, D.F.
México
Tel.: (52-5) 552-0528/1124

Fertilizantes de Minatitlán, S.A. de C.V.
Insurgentes Sur No. 1106
Col. Noche Buena
03720 México, D.F.
México
Tel.: (52-5) 559-1755
Fax: (52-5) 575-3176

Celanese Mexicana, S.A.
Av. Revolución No. 1425
01040 Tlacópac, México, D.F.
México
Tel.: (52-5) 325-5000
Fax: (52-5) 325-5487

Petroquímica Alfa
Av. Gómez Morín No. 1111
Col. Carrizalejo
Garza García, Nuevo León
México
Tel.: (52-8) 335-3535
Fax: (52-8) 335-9855

Grupo Alpa, S.A. de C.V.
Vainilla No. 294
Col. Granjas México
08400 México, D.F.
México
Tel.: (52-5) 650-1783
Fax: (52-5) 650-1783

Grupo Desc

Bosques de Ciruelos No. 304
Col. Bosques de las Lomas
11700 México, D.F.
México
Tel.: (52-5) 251-4082
Fax: (52-5) 251-8535

Celulosa y Derivados (CYDSA)

Av. Presa No. 8
San Juan Iztahuantepec
Tlanelpantla
Estado de México
México
Tel.: 328-9904
Fax: 718-2450

Fertirey

Calz. Cuauhtémoc No. 1318 Sur
27000 Torreón, Coahuila
México
Tel.: (52-17) 13-6943/6957
Fax: (52-17) 13-6951

Nitroamonia de México, S.A. de C.V.

25760 Monclova, Coahuila
México
Tel.: (52-86) 31-3640
Fax: (52-86) 31-2432

Mexicana de Autobuses, S.A. de C.V. (MASA)

Lago Guadalupe No. 289
Parque Industrial Cartagena
54900 Tultitlán, Estado de México
México
Tel.: (52-5) 229-3712/3700/3729
Fax: (52-5) 229-3707/3708

Grupo Dina

Diesel Nacional
Margaritas No. 433
Col. Hacienda de Guadalupe
01050 México, D.F.
México
Tel.: (52-5) 325-0927, 659-6997
Fax: (52-5) 325-2110/2400

Trailers de Monterrey

Av. Universidad Norte No. 1002
66450 San Nicolás de los Garza, Nuevo León
México
Tel.: (52-8) 352-1005/0440
Fax: (52-8) 376-9361

Altos Hornos de México, S.A. (AHMSA)

Campos Eliseos No. 1
Col. Rincón del Bosque
11580 México, D.F.
México
Tel.: (52-5) 250-0112/0126/0139
Fax: (52-5) 254-3220

Hojalata y Láminas, S.A. (HYLSA)

Av. de los Ángeles No. 352 Oriente
Col. Garza Cantú
66452 San Nicolás de los Garza, Nuevo León
México
Tel.: (52-8) 328-1620
Fax: (52-8) 328-1191 (request fax tone)

Tubos de Acero de México (TAMSA)

Campos Eliseos No. 400
Col. Polanco
11560 México, D.F.
México
Tel.: (52-5) 282-9900
Fax: (52-5) 282-9964

Siderúrgica Lázaro Cárdenas Las Truchas, S.A. (Sicartsa)

Francisco J. Mújica No. 1
Col. Centro
60950 Ciudad Lázaro Cárdenas, Michoacán
México
Tel.: (52-72) 52-0602
Fax: (52-72) 52-2320

Comercial Mexicana

Circuito Médicos No. 35
Satélite
53100 Estado de México
México
Tel.: (52-5) 572-3274
Fax: (52-5) 562-6828

Paper Producer and Importer

Productora e Importadora de Papel (PIPSA)

Poniente 140 No. 840
Col. Industrial Vallejo
02300 México, D.F.
México
Tel.: (52-5) 729-7001 through 99
Fax: (52-5) 567-4482/1555

Kaltex

Ingenieros Militares No. 2, Piso 7
Col. Empleado Municipal
53380 Naucalpan, Estado de México
México
Tel.: (52-5) 726-5600
Fax: (52-5) 726-5793

Martex Potosí, S.A. de C.V.

Hormona No. 11
Col. El Conde
53500 Naucalpan, Estado de México
México
Tel.: (52-5) 358-5300/5452
Fax: (52-5) 359-5461

Industrias Derivadas del Etileno, S.A. (IDESA)

Golfo San Jorge No. 58
Col. Anahuac
11320 México, D.F.
México
Tel.: (52-5) 326-2020
Fax: (52-5) 326-2099

Girsa Corporativo, S.A. de C.V.

Bosques de Ciruelos No. 99
Col. Bosques de las Lomas
11700 México, D.F.
México
Tel.: (52-5) 726-9011, 596-3588
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HELP US TO SERVE YOU BETTER

We are interested in your views on this publication. Please take a few minutes to respond to the questions below.

1. What is your overall opinion of this publication?

- very useful
- useful
- moderately useful
- not useful

2. Please provide your assessment of each of the following aspects of this publication.

a) Quality of text discussion (mark one only):

- excellent
- good
- fair
- poor

b) Presentation of information (mark one only):

- excellent
- good
- fair
- poor

c) Use of graphics and other visual aids (mark one only):

- excellent
- good
- fair
- poor

3. If this publication were updated, revised and re-issued in the future, would you be interested in receiving a copy?

- yes, very interested
- probably interested
- no, not interested
- not sure

4. How did you find the structure and format of this publication?

- clear and easy to follow
- confusing and difficult to follow

5. For your purposes, did this publication provide a sufficiently complete treatment of the subject(s) reviewed?

- yes, definitely
- to some extent
- no
- can't say/don't know

6. This publication would have been more useful to me if it had (mark all that apply):

- provided more qualitative information
- provided less quantitative information
- made greater use of graphs, charts and tables
- contained a longer textual discussion
- contained a shorter textual discussion
- used more examples, case studies, company profiles

7. In your opinion, was there important information missing from this publication?

yes — please specify:

8. Are there any issues relevant to the subject of this publication that you would like to have seen covered in more detail?

9. Please offer any suggestions for improving the next version of this publication.

10. Will this publication assist you in your business development?

yes no

11. a) Does your company currently export?

- Yes, go to 11 b)
- No, go to 11 c)

b) If yes, to which foreign markets?

- U.S.A. Europe Japan
- Mexico Latin America
- Other (please specify) _____

c) If not, are you planning to export within the next 12 months?

- Yes, where?
- U.S.A. Europe Japan
- Mexico Latin America
- Other (please specify) _____

12. What is the approximate size of your company?

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

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

Name: _____

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