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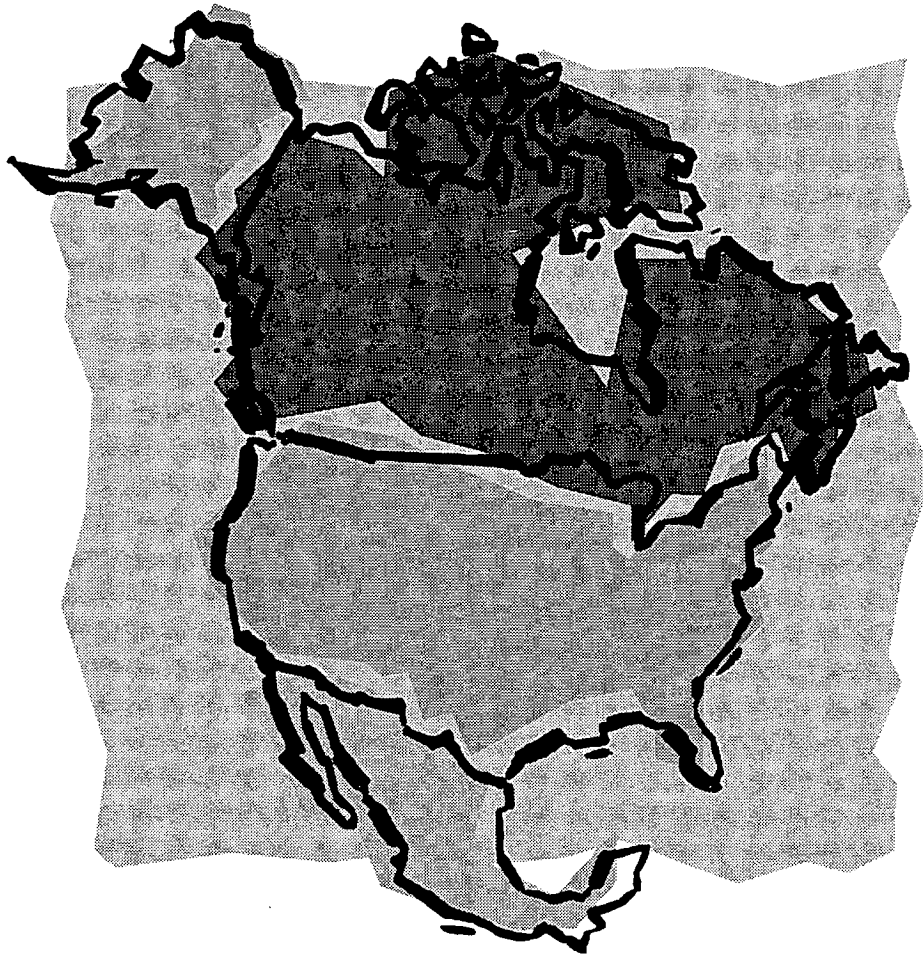


GEOGRAPHIC  
INFORMATION  
SYSTEMS



**MEXICO MARKET PROFILE**

Canada



# GEOGRAPHIC INFORMATION SYSTEMS

Department of Foreign Affairs  
and International Trade

The Mexico Consulting Group  
March 1993

(Disponible également en français)

Dept. of External Affairs  
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## 1. BACKGROUND

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### GEOGRAPHY

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When Hernan Cortés, the Spanish conquistador of Mexico, was asked to describe the terrain of Mexico, he crumpled up a piece of paper, placed it down and said "this is Mexico."

About 85 percent of the country's 1,958,201 square kilometres is mountainous with numerous valleys and plateaus. The coastal plains of the east and northwest and the Yucatan peninsula make up the remaining 15 percent of the country's topography. The Sierra Madre Occidental and Sierra Madre Oriental mountain ranges run parallel to the Pacific and Gulf coasts, respectively. The central plateau region, with an average altitude of 2,000 metres, lies between the two mountain ranges. The majority of the country's population is found on the central plateau, including the world's largest megalopolis, Mexico City, which has about 20 million inhabitants and is growing by 375,000 people each year.

The unique geography of Mexico, with its rugged terrain and limited water supply, makes for a poor agricultural base. Only 15 percent of the land is cultivatable. Mexico, however, is very rich in minerals and petroleum and is a major producer of silver, fluorite and strontium. In addition, it mines copper, gold, lead, zinc, iron ore, manganese, gypsum, sulphur and phosphorite. Mexico, with 45.25 billion barrels of proven oil reserves, is ranked seventh in world petroleum production; it produces 2.5 million barrels daily (1989 figures). By comparison, Canada is ranked eleventh worldwide with 1.58 million barrels of daily production (1989 figures).

With this combination of enormous natural resources, demanding topography and heavy urbanization, geographic information plays a key role in planning and decision making.

### CARTOGRAPHY

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Base maps for practically all other map-making functions originate with the National Institute of Statistics, Geography and Informatics (INEGI). INEGI is responsible for integrating the country's geographical data, developing the National Geographic Information System and carrying out map studies. Cartographic divisions of other government departments and private companies rely on INEGI's maps.

There are 31 states and one federal district, in which Mexico City is located. Each state in Mexico is responsible for undertaking and maintaining a land survey of its territory. Industry experts consider about 85 percent of these surveys need to be revised and updated. Most states are underfunded and, as a result, do not spend much on land surveys. More prosperous states (Sonora, Sinaloa, Guanajuato, Queretero, Jalisco, Nuevo Leon and Mexico State) have larger budgets and more advanced systems. Most state and municipal governments are primarily interested in using survey information for property tax collection purposes.

### TECHNOLOGY

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The country is about three years behind Canada in the commercial benchmark of personal computer equipment. A typical commercially available computer system would be a 286-12mhz processor with a 40mb hard drive and a 5-1/4" floppy drive. Such a system would cost about Cdn\$2,500. PCs with 8088 processors are still commonly marketed. Faster 386s and 486s are available for Cdn\$3,000 and up.

Larger systems, such as micro computers, workstations and mainframes are also in use, but they are not as prevalent given the high costs and limited purchasing power. In general, computer equipment is at least 50 percent more expensive than in the U.S. (usually the point of origin) due to import duties (20 percent), value-added tax (10 percent), and shipping and customs brokers' fees (about 20 percent), and higher dealer markups.

Mexico's entry into the General Agreement on Tariffs and Trade in the 1980s and the North American Free Trade Agreement (NAFTA) have created downward pressure on the prices of imported technology as a result of increased competition from foreign suppliers entering the market and government reductions of tariffs.

### TRENDS

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Several trends in Mexico are contributing to a heightened demand for new technology. This trend will work favourably for Canadian firms to introduce geographic information systems into Mexico.

Under the presidency of Carlos Salinas de Gortari (1988-1994), there has been a process of streamlining government, pressuring government departments to be more efficient and effective.

After a very restrictive decade of government spending in the 1980s, government departments are again making capital purchases. In most departments, there are pressing needs to modernize systems and information processes.

Liberalized trade and NAFTA have prompted businesses to invest in technology and training in order to be competitive with their northern trading partners. Logistical management, for example, is just beginning to be used.

Government re-privatization of state-owned companies has suddenly forced these companies to be productive and self-sufficient. Two airlines, the telephone company, 18 commercial banks, a steel company, a coal mining complex and some food-processing firms have been let out from under the government's wing. Other government-owned industries, such as CANANEA (copper mining), television stations, movie theatres, and some airports and port services will also be privatized. PEMEX, the national petroleum company, is under strong pressure to be more accountable for results and to increase profits.

Environmental issues are increasing in priority. SEDUE, the Mexican environmental monitoring agency, was merged into a super secretariat (SEDESOL) that will be responsible for a broader mandate of social development. This could give SEDUE more resources and muscle to move from monitoring to enforcing environmental regulations.

SEDESOL handles the environmental impact studies that are now necessary for large development projects. Environmental analysis is also gaining priority. PEMEX has given funds to SEDESOL to monitor impacts on the environment from PEMEX production and refining operations throughout the country. PEMEX, in fact, has invested in a Geographic Information System (GIS) in its SICORO division for the purpose of environmental impact analysis.

## 2. ECONOMIC ENVIRONMENT

### INFLATION

Over the past four years, Mexican economic policy has featured a tough anti-inflation program. The program is involving government, labour unions and business in an economic pact that has combined traditional austerity measures (tight fiscal policy) with unorthodox measures (wage, price and exchange rate controls).

#### MEXICO IN BRIEF (Jan. 25, 1993)

<b>Exchange Rates:</b>	Cdn \$1 = 2.42 New Pesos U.S. \$1 = 3.12 New Pesos
<b>Annual Devaluation Rate:</b>	4.8% (against U.S. dollar)
<b>Inter-bank Interest Rate:</b>	22.79% (annual rate)
<b>1992 Inflation:</b>	12% (est.)

The pact, successful in reducing hyper-inflation, was renewed on October 20, 1992, and extended to December 1993. The new phase was renamed Pact for Stabilization, Competitiveness and Employment.

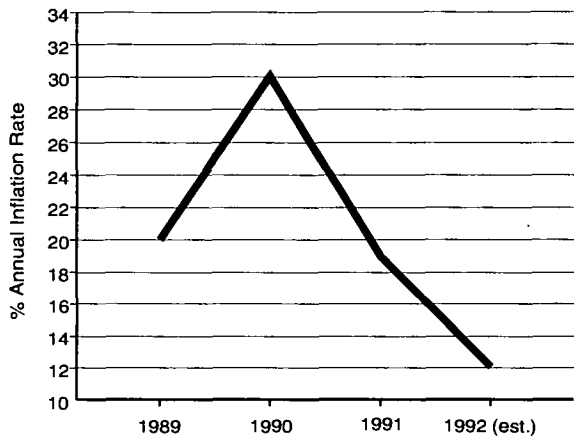
The principal provision in the pact extension was a wider band for the exchange rate: peso-U.S. dollar slippage will be widened from 20 to 40 centavos daily on average, that is, from 2.4 percent to 4.8 percent annual devaluation rate.

The pact also stipulates that monthly increases in the price of energy is to be equivalent to no more than 10 percent annually and a 7 percent increase in the minimum wage (the same as the target inflation rate for 1993). Labour leaders agreed other wage settlements in 1993 would not surpass 10 percent.

Although one important economic goal for 1992 was to bring down the inflation rate to less than 10 percent, the final figure will be closer to 12 percent. In 1991, consumer inflation reached 18.8 percent.

The Mexican government is taking supplementary measures to bring down the inflation rate substantially, even at the cost of lower economic growth, which averaged 3.8 percent real growth in the first three years of the current administration. In 1992, the government reduced the value-added tax from

### Inflation in Mexico (1989-1992)



Inflation in Mexico is expected to drop to below 10% in 1993.

15 percent to 10 percent, and it has been enforcing price controls and price reduction agreements with the private sector in many goods and services.

#### BALANCE OF PAYMENTS

Mexico has experienced a serious deficit in the current account of its balance of payments of U.S.\$13,283 million in 1991 and close to U.S.\$20 billion in 1992. In 1991, capital inflows more than covered this deficit and increased monetary reserves to a record high of U.S.\$17,547 million. The pace of foreign capital inflows slightly decreased in the second half of 1992 as the stock market plummeted. The government had to increase interest rates to attract capital. The challenge for 1993 will be to maintain sufficient flows of capital without significant loss of reserves.

#### PUBLIC ACCOUNTS

The 1993 Government Budget, presented in November 1992 to the Mexican Congress, defined the next year's economic policy goals, the most important of which is to achieve single-digit inflation. This strong austerity budget showed no new taxes; however, a continuing strong collection and a fiscal surplus were its principal features.

#### EXCHANGE RATE

The peso-U.S. dollar slippage was 40 centavos daily up to November 10, 1991, and the government committed to continuing this policy until December 31, 1991. When the anti-inflation pact was renewed, it was agreed to cut back the slippage rate to 20 centavos daily until January 31, 1993. Although this daily slippage has allowed for some appreciation of the peso in 1991 and again in 1992, monetary authorities consider this will help reduce the impact of imported inflation in domestic prices. The reduced slippage rate is possible because significant amounts of foreign investment have been flowing into the country, especially in financial investment and through the stock market. The June 1992 stock market tumble provoked some capital flight after foreign investors took their profits. It also caused a step-up of interest rates to prevent further loss of the country's monetary reserves.

Exchange controls were eliminated at the end of 1991.

As of October 20, 1992, the slide was again increased from 20 to 40 centavos daily, a situation that will continue until the end of 1993, according to the new pact extension announced by the Mexican government on that date. This will mean that the annual rate of devaluation will increase from 2.4 percent to 4.8 percent.

#### MONETARY REFORM

The Mexican Congress approved a monetary reform that will begin January 1, 1993. One new peso is equivalent to 1,000 old pesos, thereby eliminating three zeros from the system to simplify operations. Throughout 1993, amounts will be expressed in both new and old pesos. Starting in 1994, only new pesos will be in use.

#### FINANCIAL MARKETS

Government borrowing has decreased in real terms during 1991 and 1992 due to the reduction in the public deficit that followed debt renegotiation. The private sector, on the other hand, received 23 percent more credit in real terms in 1992 than in 1991. Real commercial bank credit to the private sector is estimated to grow 12 percent in 1993.



## PARASTATE SECTOR

The Mexican government has continued to streamline the parastate sector by liquidating, merging, transferring and selling companies, and reducing subsidies. Of 1,155 parastate companies in existence in 1983, three-quarters have been divested, leaving only 221 in existence in September 1992; only 117 of these are firms. In 1991, 156 were sold. All 18 banks and the state steel industry complex have been sold, leaving very few state companies at the end of 1992. Most of those were service institutions and a few important government firms in oil and petrochemicals, electricity and railways. Even in those sectors, private and foreign investment is partially allowed.

The Mexican government has already privatized airlines, the telephone company and portions of CONASUPO, in the food sector. The government has also completed privatization of Micare, a coal mining complex, and has publicized its intention to privatize government-owned mining companies, including CANANEA, a large copper firm. Some airports and port services will be privatized, as well as government-owned television channels, movie theatres and the *El Nacional* newspaper.

## FOREIGN INVESTMENT

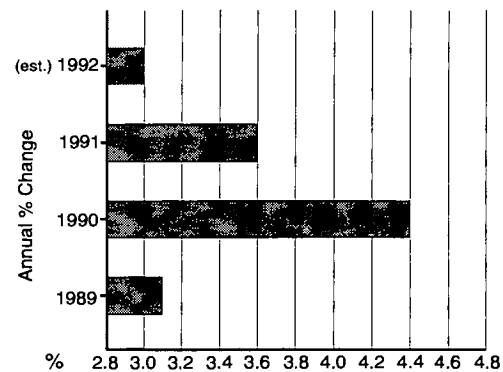
Foreign direct investment flows in the balance of payments totalled U.S. \$2.6 billion in 1990, down 13.3 percent from the previous year. In 1991, however, direct foreign investment flow increased by U.S.\$4.8 billion. In the first half of 1992, foreign direct investment flows reached U.S.\$3,044 million. Foreign inflows to the Mexican stock market in 1990 were U.S.\$2 billion, four times the amount that was invested in 1989. This trend intensified in 1991 when investment increased to U.S.\$7.5 billion.

In the first half of 1992 portfolio investment increased by U.S.\$6,244 million. It is estimated that about 60 percent of foreign investment goes into portfolio investment, which can be quite volatile. In fact, the stock market plunged in June 1992 but the Mexican government raised T-Bill interest rates to retain capital.

At the end of June 1992, accumulated foreign investment in Mexico amounted to U.S.\$47,395 million, of which U.S.\$36,040 million was accumulated direct foreign investment and U.S.\$11,355 million was portfolio investment.

## Real GDP Growth

*Mexico (1989-1992)*



Economic growth in Mexico has been fuelled by foreign investment.

Up to July 1992, the amount of accumulated Canadian investment<sup>1</sup> in Mexico reached U.S.\$553 million, equivalent to 1.5 percent of total direct foreign investment in Mexico. Thus Canada ranks eighth among countries with foreign investment in Mexico. Capital from Canada is distributed among 265 firms; in 98 of these, there is a majority of capital and the rest have minor participation.

Canadian capital is invested mainly in the industrial sector, financial services, community enterprises and construction. In the manufacturing industry, 93 enterprises are registered with a total investment of U.S.\$340.6 million (61.6 percent of Canadian capital), in financial services, 22 firms with U.S.\$63.2 million (11.4 percent), 57 community enterprises with U.S. \$64.6 million (11.7 percent), and in construction, seven companies with U.S.\$58 million invested (10.5 percent).

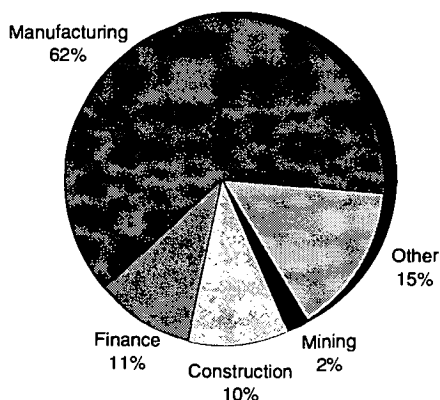
In smaller amounts, Canadian capital has been invested in 47 companies in the mining sector with U.S.\$9.2 million (1.7 percent), 36 commercial societies with U.S.\$17.4 million (4.4 percent), and three remaining companies in the agricultural, transport and communications sectors.

From January 1989 to July 1992, direct foreign investment from Canada reached U.S.\$229.6 million, representing an increase of 71 percent over the total accumulated by the end of 1988. Canada ranked eighth among the main countries investing in Mexico during this period.

1. Does not include investment in the Mexican stock market nor foreign capital derived from authorization granted by the National Commission of Foreign Investment to companies listed on the Mexican stock market.

### Canadian Investment in Mexico

*By Economic Sector*



Canada is the eighth-largest investor in Mexico.

Direct foreign investment received in the last few years has concentrated in the following branches of manufacturing: foodstuffs, beverages and tobacco (15.8 percent); textiles, clothing and leather (8.3 percent); chemicals, oil derivatives, coal, rubber and plastics (23.3 percent); and metallic products, machinery and equipment (25.8 percent).

Last April, Bombardier Inc. of Montreal purchased Concarriil (Constructora Nacional de Carros de Ferrocarril), Mexico's leading manufacturer of railway rolling stock. In August, the Bank of Nova Scotia acquired 5 percent of a Mexican financial institution formed by Comermex Bank and Inverlat Brokerage House.

### DEREGULATION OF INDUSTRY

Foreign investment regulations have been liberalized, allowing foreign majority participation in most economic activities. Rules for the transfer of technology from abroad have been simplified and liberalized, and a new law for the protection of Intellectual Property Rights was approved by the Mexican Congress. Deregulation in trucking has eliminated monopolistic structures in road transportation, thereby lowering the cost to users. Petrochemicals have been reclassified, opening new opportunities to private domestic and foreign investors. Automotive industry regulations have been revamped to encourage the globalization of the industry. In-bond, or "maquiladora", industrial regulations have been made more flexible.

### TRADE LIBERALIZATION

Since 1985, Mexico's trade regime has been liberalized by the gradual elimination of official reference prices, reducing prior import permits (now practically eliminated except in a few agricultural products) and cutting maximum tariff rates from 50 percent to less than 20 percent. The weighted average trade tariff in Mexico is now less than 10 percent. The value of import permits is down from 100 percent in 1983 to 13 percent in 1992.

Mexico is Canada's most important trading partner in Latin America. Trade between the two countries was worth Cdn\$3 billion in 1991 and has grown significantly since the mid-1980s. Exports from Canada to Mexico have increased by more than 86 percent from January to June 1992, in comparison to the same period in 1991. That year, Canadian exports totalled Cdn\$543.6 million.

### WHAT CANADA EXPORTS TO MEXICO

January to September, 1991 & 1992 (\$,000 Cdn)

Exports to Mexico	1991	1992	% Change
Motor Vehicle Parts	61,600	119,000	93%
Wheat	0	72,900	100%
Iron & Steel Products	29,600	69,900	136%
Telecommunications	4,900	29,000	492%
Bituminous Coal	0	25,700	100%
Milk Powder	6,100	24,800	306%
Meat & Livestock	12,300	23,800	93%
Newsprint	22,100	22,400	1%
Aircraft & Parts	1,300	20,800	1500%
Copper (Raw)	0	12,200	100%
Others	137,200	126,700	8%
<b>Total Exports</b>	<b>275,100</b>	<b>547,100</b>	<b>98%</b>

*(Text of this chapter was extracted from the December 1992 Review of Mexican Economy (Synopsis) compiled by the Economic and Trade Policy Section of the Canadian Embassy.)*

### 3. MARKET ASSESSMENT

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#### COMPETITION

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##### Mexico

Although there is a growing demand for geographic information systems in Mexico, the supply side is undeveloped and still very open. One Mexican company, Sistema de Información Geografica, S.A. (often referred to as "Sigsa" in the industry), is providing geographic information systems in the country. It is considered the big player locally. The company offers services in photogrammetry, system development, cadastre, data conversion, GIS and map printing. Its operations are completely automated, using ArcInfo and Microstation software. Sigsa is the authorized representative for ESRI Inc. of California for the distribution of "ArcInfo". There are about 50 ArcInfo systems now installed in Mexico.

The other popular software program in Mexico is "Geographix", which is used by some government departments. "Mundocart", a Spanish-language program, has also been used, but with mixed reviews. Most mapmaking is currently done either manually or using AUTOCAD.

Most Mexican geomatics firms do not have the technology or the resources to enter the GIS market on their own. They are very interested in entering into agreements with Canadian geomatics firms to act as representatives or distributors in Mexico. Such a strategic alliance would be beneficial for Canadian companies wanting to penetrate the Mexican market. The Mexican firms are already established in the industry and have the network and knowledge of the market to successfully commercialize the GIS. Their permanent presence in Mexico is also advantageous in that long-term ties can be cultivated with buyers and information about new opportunities that are developing is more easily accessible. Most importantly, requirements for many public competitions in government and PEMEX specify that the supplier have an appointed representative in Mexico.

##### International

Intergraph of Huntsville, Alabama, has been successful in penetrating the Mexican market. The company won the international competition to install a geographic information system for the SICORI department of PEMEX. The contract includes hardware, software, installation, support and training.

Intergraph was also involved in the installation of a smaller GIS for SEDESOL.

Harvard Design and Mapping Co. Inc. of Cambridge, Massachusetts, was present at the REP-COM '92 exposition at the United States Trade Center in December 1992. The company has targeted Mexico and will focus on environmental issues with the idea of using GIS in pollution-reduction programs.

Canadian geomatics firms have been successful in establishing recognition in the GIS area. Follow-up interviews to the GIS presentation at the Canadian Embassy showed a strong acceptance in using GIS services of Canadian companies. A major project with the National Institute of Statistical and Geographic Information (INEGI) will give Canadian GIS expertise a strong advantage, as anything related to maps usually centres around or originates with INEGI.

#### MARKET OPPORTUNITIES

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Interviews were conducted with government departments, Mexican geomatics firms and industry officials. The following are specific market opportunities for geographic information systems that will be coming up in 1993.

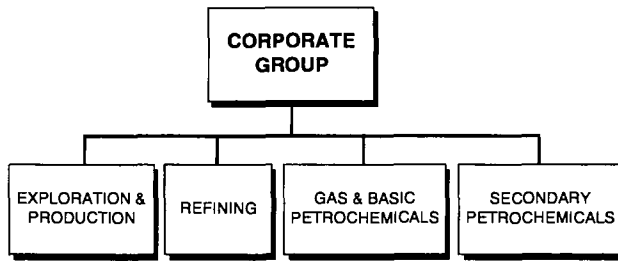
##### PEMEX

Numerous opportunities are developing in PEMEX. Of all government entities, PEMEX is the best financed, given its lucrative revenue-producing role for the government. In 1990, PEMEX had U.S.\$18 billion in gross revenues and a U.S.\$10 billion gross profit of which 90 percent went to the government in royalties and taxes. It is in the strongest position to purchase state-of-the-art technology.

The national petroleum company is currently undergoing a reorganization that will leave it with a corporate group and four independent business units. The independent business units will be divided

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## PEMEX REORGANIZATION



into exploration and production, refining, gas and basic petrochemicals, and secondary petrochemicals. Once the reorganization is completed in the first part of 1993, it is likely that the process of acquiring geographic information systems for each business unit will go ahead.

PEMEX has its corporate head office in Mexico City, where decision-making is centralized. The company is organized into three geographic regions for operations. The North District is handled from Poza Rica, Veracruz; the South District from Villahermosa, Tabasco; and off-shore operations in the Gulf of Mexico are handled from the Ciudad del Carmen, Campeche. Most PEMEX departments have offices in these areas and may also have smaller field offices throughout the country.

Most PEMEX departments are in the initial stages of evaluating GIS packages. They are convinced of the benefits of using GIS in their operations. However, they have received only spotty information from suppliers.

The PEMEX Department of Cartography and Exploration Geodesics had the purchase of a GIS included in its 1993 budget. Principal applications of geographic information in the department are to identify potential petroleum deposits for exploration and exploitation. There are 15 technical people in the department who produce about 40 maps per month. These include geological, topographical, seismographic and gravimetric maps. The department uses a Compaq 486-33 mhz PC with a 100mb hard drive, an HP-RX plotter and an HP LaserJet for output. DBase IV handles its database.

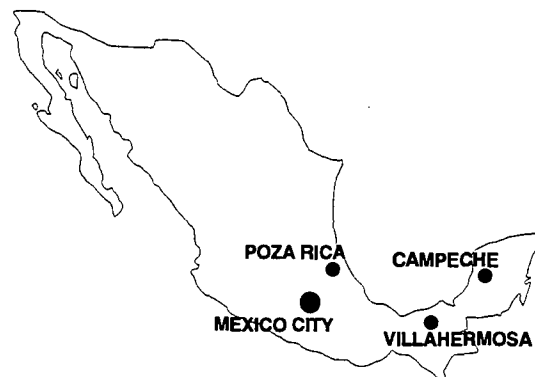
Mr. Eduardo Bracho Tellez (Telephone 531-5992, direct line), the department chief, states that AUTO-CAD is currently used for map making but he is convinced that a GIS would be more convenient. His main requirement is that the program accept Global Positioning System (GPS) values.

Mr. Bracho Tellez identifies software and training as the 1993 acquisition priorities. He is planning to standardize the software used in the main and three regional offices. Mr. Bracho Tellez has received only sporadic information from GIS firms, the most recent being for a GES 7.0 from Geographix in Denver. Purchases of this type are coordinated by Ing. Raul Mercado, responsible for software purchases.

In the Exploration and Production Division, Mr. José Salinas Altes, the Assistant Manager for Exploration DataBases (Telephone 531-6318, direct line), is currently automating operations. In March 1993, his area received 15 Sun workstations, a Sparkstation (model 10 or 12), a Versatec electrostatic plotter and a Calcom pen plotter. The equipment will be installed primarily in the regional offices (four in the north, five in the south, one in maritime operations and one in the Mexico City corporate office). The system will be installed by Schlumberger.

Mr. Salinas' department is new, a result of the corporate reorganization. The area employs 40 technical people in the four offices. The Exploration DataBases area maintains geological, seismographic, geochemical, geophysical, paleontological and geographic information for use in exploration projects. The information is used by field personnel and executives of the Exploration and Production

### PEMEX: Location of Principal Offices



Division. The data is mainly hard copy, but is being transferred to computer using Dbase IV. The objective is to have all the data on computer by August 1993. Mr. Salinas expressed a desire to use Oracle instead of Dbase.

Mr. Salinas is evaluating software for use with the new system. He has received information from Exsci in Houston, Texas, and Aangstrom in Pleasant, Michigan, as well as Schlumberger. He is looking at the FINDER and Geographix programs.

A key factor in his decision will be his ability to get data from SICORI (see below). The Exploration DataBases area is currently dealing with SICORI to obtain their database and use it with FINDER. If they are unable to do this, they will be looking for alternatives.

A major problem they have had is with coordinates on the maps. Mr. Salinas stated there are 34 different systems used. They are working with SICORI to use satellite photos to position the oil wells with GPS coordinates. A land survey will also be conducted.

While unwilling to give an exact figure, Mr. Salinas indicated that the budgeted amount for 1993 purchases of software and hardware would be in the range of several million dollars. The purchases would be handled through public tender and would be subject to technical evaluation before final selection. Training would be expected to be included in any purchase they make.

The Exploration DataBases area is a result of the PEMEX reorganization. Each of the other three business units will have a similar database department to manage their information needs. This implies that Refining, Gas and Basic Petrochemicals, and Secondary Petrochemicals will also be looking for a GIS to use in their operations. The following is a list of contact people in the other business units in positions similar to that of Mr. Salinas:

**REFINING:**

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Torre Ejecutiva, 5º Piso  
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Direct line: 250-7681

**GAS & BASIC PETROCHEMICALS:**

Ing. Carlos Hentshell  
Subgerente de Informatica y Sistemas  
Torre Ejecutiva, 39º Piso  
Tel: 250-2611 ext. 25212  
Direct line: 254-4609

**SECONDARY PETROCHEMICALS:**

Ing. David Morales Olivas  
Subgerente de Informatica y Sistemas  
Ejercito Nacional 180-9  
Tel: 250-4611 ext. 20226  
Direct line: 254-4615 or 250-8172

The SICORI project is a new creation of the PEMEX reorganization. It is the technical administrative area for strategic planning. SICORI is basically the corporate information service for executive-level decisions. The project has been in existence for about one year. It has a particular focus on the environmental impacts of PEMEX's operations. PEMEX has had problems with public opposition and court cases related to the environmental impact on residents in the southern states such as Tabasco and Campeche. The project uses INEGI for its base maps.

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07730 MEXICO  
TEL: (525) 368-9333**

The SICORI project is very well funded. It has 15 Clipper 400 workstations with over-size monitors, a Clipper 6000-series server, a Juke Box 54-disk optical reader, a Versatec colour plotter and a Shimco thermal plotter. For software, the project is using Microstation, MGA, MGE and a package for processing satellite images. ORACLE is used for the database. Plans for 1993 include installing satellite stations in the three regional offices and installing sensors in the field for environmental monitoring.

As a result of 1991 international competition, Intergraph of Huntsville, Alabama, won the contract for installation of a geographic information system in SICORI. When asked about upcoming opportunities, Mr. Luis Lara Trujillo, Administrator of Systems and

Equipment for SICORI (Telephone 726-1338, direct line), indicated they would likely be dealing exclusively with Intergraph for their GIS needs.

While there may not be market opportunities in SICORI for Canadian geomatics firms, it is important to know what SICORI has and what it is planning. SICORI will be the trendsetter in PEMEX for GIS. Other departments will want their geographic information systems to be able to interface with SICORI's and will want to still be able to access information from their own GIS.

The Mexican Petroleum Institute (IMP) is looking to add to the software on its GIS. The institute currently uses Geographix for oil-well information and Mundocart for cartographic information. Mr. Aurelio Velázquez, head of Applied Informatics for Exploration (Telephone 567-3306, direct line), indicated a need for more adequate software for cartographic applications.

The Institute functions as PEMEX's research and training wing. It is independent of PEMEX, although it contracts its services to them. PEMEX accounts for 90 percent of the Institute's work. The other 10 percent involves projects such as a subsoil analysis which they performed for Volkswagen at its Puebla factory. IMP does much of PEMEX's training and recommends software for use by PEMEX. Compatibility with PEMEX systems is, therefore, very important.

Like PEMEX, IMP is well-equipped. It has twenty 386 computers and one 486. They are networked using Token Ring. The Institute also uses an IBM 9000 for seismology. Data is being digitized, although the majority is still in hard copy form. The data is being stored in ASCII format and is being digitized project-by-project. IMP expects to have its database completely on computer by 1995.

The interviews conducted with IMP personnel suggest that Cdn\$4 million has been budgeted in 1993 for geological and geophysical applications and an additional Cdn\$3 million for databases and satellite image processing.

The Secretary of Communications and Transportation (SCT) is responsible for Mexico's roads, port facilities and communications infrastructure. The Subdirectorate of Cartography and Presentation is in charge of producing maps for use by the department, and road maps and tourist maps

**SECRETARIA DE COMUNICACIONES  
Y TRANSPORTE  
SUBDIRECCION GENERAL DE CARTOGRAFIA  
LAGO PONIENTE 16, PISO 1  
COL. AMERICAS UNIDAS  
MEXICO, D.F. 01610 MEXICO  
TEL: (525) 539-7150**

(Note: Address and phones change in March 1993)

for the general public. SCT also cooperates with other government departments to produce maps. The department employs 20 people, including six graphic designers who produce the maps.

Base maps of each state and of the country are received from INEGI (the National Institute of Statistics, Geography and Informatics). These maps contain topographical contours, populated areas and official boundaries. The Subdirectorate of Cartography and Presentation then elaborates the maps with information pertaining to SCT's functions (e.g., microwave repeater stations, primary and secondary highways, rail lines, seaports, etc.).

All functions of the subdirectorate are handled manually. Road map information is updated and published annually or sometimes every two years. Changes and corrections are added to the previous year's maps and a new map is drawn up by a graphic designer. No computers are used in the process, in terms of database, map generation or output.

Mr. Carlos Alberto de Castro and his assistant Mr. Alberto Gallardo expressed interest in using a geographic information system in their department. It would appear that the subdirectorate is in the very preliminary stage of automating operations, and has been in contact with the Rosenblum Foundation to modernize the system using computers.

SCT Subdirectorate of Cartography and Presentation will be a likely candidate for a GIS in 1994. The information on SCT installations, roads and updates is ideally suited for a GIS. Decision-makers in the department are interested in computerizing and using a GIS, but are still not sufficiently technically well-versed to define their needs. They require more information on what a GIS is, what it



does, how it functions and how it would fit into their current system. For this department, 1993 will be an information-gathering year before a purchase will be made in 1994.

SEDESOL is undertaking a major mapping project this year called the "One Hundred Cities Program" (Programa de Cien Ciudades) to survey 100 medium-sized cities in Mexico.

SEDESOL is a super-secretariat in charge of social development programs, including environmental monitoring and urban development. The department frequently exchanges information with other government departments, such as INEGI, Agrarian Reform, Tourism, SCT and SARH (Agriculture and Water Resources).

**SEDESOL**  
**DIRECCION DE CARTOGRAFIA Y**  
**FOTOINTERPRETACION**  
**AV. BLVD. DE PIPILA #1**  
**TECAMACHALCO, EDO. MEXICO**  
**TEL: (525) 589-3431**

The One Hundred Cities Program will involve aerial photography, ground control, land surveys, compilation and digital restitution. Maps will be done to a scale of 1:4,500. Outside of INEGI, it appears to be the largest project being undertaken this year: the estimated budget is U.S.\$60 million.

SEDESOL recently installed a GIS. The system, installed by Intergraph, is small, consisting of one IBM 386 PC. Ing. Delia Moreno, the Subdirector of Cartography and Photo Interpretation (Telephone 589-3431, direct line), indicated that SEDESOL wants to expand the system to a network of three or more workstations and more advanced plotting and mapping equipment. Currently, all information is stored in the form of negatives. The department is beginning to digitize the data and hopes to eventually have all data in that format. Data from the One Hundred Cities Program will be among the first to be placed on the computer database.

The Department of the Federal District (DDF) is the city government of Mexico City. Like Washington, D.C., it is a federally-administered entity.

The cadastral system in DDF maintains one of the most advanced GIS systems in the country. The system hardware contains 24 workstations, two servers, a VAX mainframe with three connected stations, and two plotters. For software, the system uses Interactive Graphic Design System and Microstation 32 along with MGE, MGA and Microstation Projection Manager. The system was installed two years ago by Intergraph of Huntsville, Alabama.

The cadastral system is primarily used for property tax assessment, but other city departments, such as water and sewage, also use it. The principal populated areas of the city are now mapped and the system has 66 maps of the city in 1:10,000 scale and 1,907 maps in 1:1,000 scale, 1,790 of which are digitized. Most of the northern and central areas of the city have been surveyed and mapped with the system. The department is now concentrating on the southern area.

In 1993, the department will be continuing its survey and mapping program in the south of the city. Over the next four years, the department plans to map approximately 500 sections per year in 1:1,000 scale. The process will be begun with an aerial survey of the city to determine priority areas. This will likely take place in March or April, 1993, before the rainy season starts (normally May to September). Mr. Lorenzo Hernandez, the Subdirector of Operations for Cadastral Systems at DDF, stated that the 1993 plans and budget for the project are still being finalized. Like all large projects, the contracting will be done through public tender.

**DEPARTAMENTO DE DISTRITO FEDERAL**  
**TESORERIA DEL DISTRITO FEDERAL**  
**DIRECCION DE SISTEMA CATASTRAL**  
**NIÑOS HEROES Y DR. LAVISTA**  
**EDIFICIO 'A' 1<sup>ER</sup> PISO**  
**COL. DOCTORES**  
**MEXICO, D.F.**  
**TEL: 761-0965**  
**FAX: 588 1147**

**INSTITUTO NACIONAL DE ESTADISTICA  
GEOGRAFIA E INFORMATICA  
DIRECCION GENERAL DE CARTOGRAFIA  
Y CATASTRO**

**AV. PATRIOTISMO 711 PH  
COL. SAN JUAN MIXCOAC  
03910 MEXICO, D.F.  
TEL: (525) 611-7169/598-0359  
FAX: 598-7606**

**IN AGUASCALIENTES:  
TEL: (91 48) 16-4779  
OR 16-4973**

The National Institute of Statistics, Geography and Informatics (INEGI) is having a geographic information system installed by a consortium of Canadian geomatics firms.

In 1993, the institute is beginning a monumental cadastral survey of the country. Mr. Julian Quiroga, the General Director of Cadastral Cartography, is managing the program. The survey will focus on "social property", which is the communal farm system that occupies the majority of agricultural land in Mexico. The "ejidos" (communal farms) occupy about 80 percent to 85 percent of Mexican territory. INEGI's program will survey the entire ejido system.

The program will last four to five years. About 200,000 square kilometres will be surveyed during 1993. This, the largest survey program currently being undertaken in the country, has an estimated budget for about U.S.\$50 million.

#### 4. MARKET STRATEGIES

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##### SOURCES OF INFORMATION

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The best sources of information are industry contacts and government officials. In-person interviews provide better information than telephone contacts.

Public tenders are advertised in major daily newspapers, including *Excelsior*, *Universal*, *La Jornada*, *El Financiero*, *Novedades* and *El Herald*. Information is also available at the purchasing department of the particular government entity.

Official government announcements, new legislation, regulations, presidential decrees and amendments to existing legislation, regulations and decrees are published in the *Diario Oficial*, the legal gazette which is published daily and available at newsstands in Mexico or by subscription.

##### PUBLIC TENDERS (Government)

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Procedures for tendering government contracts recently have become more defined and transparent. In most departments, contracts with a value over 100,000 new pesos (Cdn\$40,000) must go through a public tender process which is directed by the Comptroller Secretariat. The process is formally defined in an effort to ensure openness and fairness. Specifications of the proposed project must be published in major newspapers in the country. Performance bonds usually must be posted.

To compete in a public tender, it is normally necessary to register as a supplier with the particular government department. Requirements for each government department vary, but usually proof of incorporation, audited financial statements, tax registration number (Registro Federal de Causantes) and accreditation of a Mexican representative are required.

##### PUBLIC TENDERS FOR PEMEX

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PEMEX purchases are still handled by a centralized department of the company. Large projects are handled by public tender that are announced in the major daily newspapers in Mexico. They are also posted in the purchasing office on the 9th floor in Building B-2 at PEMEX head offices.

PEMEX maintains a directory of suppliers that is used in PEMEX purchasing and is also published for use by people in the industry. A Canadian geomatics firm can be included in the supplier directory by meeting the following requirements:

**For the Canadian Geomatics Firm:**

1. Fill out the form provided by the "Department of Attention to Suppliers" (Departamento de Atención a Proveedores). Their offices are located on the 9th floor of Building B-2, at the PEMEX head offices in Mexico City. Telephone 531-6217 or 250-2611, extension 245-57.
2. Provide a blank 5-1/4" computer diskette (double density) to copy the materials catalog. This is to identify and note the code and type of product that the supplier is offering.
3. Provide Certificate of Incorporation or a letter certified by the nearest Mexican Consulate or Embassy in Canada that accredits the existence of the company by an official authority.
4. Provide a Power of Attorney certified by the nearest Mexican Consulate or Embassy in Canada accrediting the company's representatives to PEMEX (see below).
5. Provide the most recent audited financial statements.

**For the Representative:**

The representative must be a) a Mexican company, b) an individual resident in Mexico or c) a Mexican affiliate.

**MAILING ADDRESS:**  
**DEPARTAMENTO DE ATENCION A  
PROVEEDORES  
PETROLEOS MEXICANOS  
EDIFICIO B-2, PISO 9  
MARINA NACIONAL 329  
MEXICO, D.F. 11311 MEXICO**

**a) Mexican company or Mexican affiliate must provide:**

1. Articles of incorporation of the company, including the latest modifications filed with the Public Registry of Commerce;
2. Tax Registration Number (RFC) with the Treasury Secretary (SHCP), including identification card and form;
3. Latest annual declaration and quarterly declaration of income tax (ISR); and
4. Up-to-date registration and payment with the corresponding chamber of commerce.

**b) Individuals must provide:**

1. Tax Registration Number (RFC) with the Treasury Secretary (SHCP), including identification card and form; and
2. Latest annual declaration and quarterly declaration of income tax (ISR).

When the representatives are already registered as suppliers with PEMEX and are up to date, they are exempt from the documentation process.

A legible photocopy of the documents, as well as originals, must be presented.

To process ID cards, it is necessary to provide a photograph approximately 2-1/2 cm wide by 3 cm long. A photocopy of some identification is also necessary.

The above process involves no charge by PEMEX. Many of the requirements have specific names in Mexico which do not translate directly into English. For Canadian geomatics firms dealing with Mexican counterparts, a copy of the PEMEX requirements in Spanish is included at left.

**Representatives**

In many cases, especially for public tenders, it is advisable to have an accredited representative in Mexico. This makes it easier for the Canadian geomatics firm to participate in the public tenders. It also has the advantage of giving the Canadian firm a permanent presence in the Mexican market rather than trying to conduct business by long distance.

Additionally, a representative can provide valuable market information and an established network of contacts. Both ESRI and Intergraph have representative offices in Mexico.

There are numerous Mexican firms that are interested in representing Canadian companies in the local market. The firms which we interviewed for this

study demonstrated both technical ability and knowledge in the GIS area.

At the end of this report is a list of potential representatives. (Note: The scope of this study involves qualifying companies as representatives. Therefore, inclusion in the list does not signify endorsement of the company.)

## CULTURE NOTES

*Doing business in Mexico and winning contracts is different from Canada.  
The following is part of doing business in Mexico.*

- Development of personal relationships between a potential buyer and seller is often the key to winning contracts.
- Sales are frequently closed over a lunch or dinner.
- Telephone contact is frequently ineffective, as Mexicans prefer to deal in person.
- Mexican social customs are more defined and formal.
- Many senior people in government and industry speak only Spanish. Promotional literature and interviews are, therefore, more effective if they are conducted in Spanish.
- Paperwork and documentation are usually more complex.

**Appendix A – POTENTIAL AGENTS/REPRESENTATIVES**

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Sr. Eduardo Larios Soto  
Consultor  
D'Informática  
Popotla No 75  
Tizapán San Angel  
01090 México, D.F.  
Tel: 595-9888  
Fax: 683-6079

Srita Pilar García Mota  
Conceptual Computer Systems de México, S.A.  
Micrología Aplicada, S.A.  
Hidalgo No 61 San Jerónimo  
10200 México, D.F.  
Tel: 683-6767  
Fax: 683-3812

Sr. Francisco Sánchez Villarreal  
Investigación y Desarrollo en Matemáticas  
Aplicadas  
Canal de Miramontes No 2711  
Col. Prados de Coyoacán  
México, D.F.

Sr. Fernando Rodríguez  
Computación Educativa y  
Administrativa de México  
Iris No 15  
Col. Jardines de Coyoacán  
México, D.F.

Ing. Carlos Izquierdo López  
Director  
ICATEC, S.A.  
Calzada Legaria No 252  
Col. Pensil  
11430 México, D.F.

Ing. José Alberto Wuotto  
Unidata Computadoras, S.A.  
Srita: Carmén Reyes  
Gerente de Sistemas  
Av. Parque Chapultepec No 44  
Naucalpan, Edo de México  
Tel: 576-98-61  
Fax: 358-4677

Sr. Andrés Colín  
Director de Administración Sicom  
Sistemas Inteligentes de Computo  
Río Mississippi 58  
Col. Cuauhtemoc  
06500 México, D.F.  
Tel: 264-0163  
Fax: 207-0743

Ing. Joel Vargas  
Datatronic  
Bahía Santa Bárbara 157  
Tel: 203-7887, 203-7929

Ing. Guadalupe Ladrón de Guevara  
Gerente de Sistemas  
Infosistemas Computación y  
Comunicaciones  
Kepler 105  
Col. Polanco C.P. 11560  
Tel: 203-7126, 203-7187  
Fax: 250-6687

Denki, S.A. de C.V.  
Río Amur 30  
Col Cuauhtemoc C.P. 06500  
Tel: 703-0642, 703-0252

Lic. Jannette Mondragón  
Directora General  
Geografía Tecnología y Servicio Profesional  
Puebla 151  
Col. Roma C.P. 06700  
Tel: 511-2248  
Fax: 511-2448

Gerardo Madrigal  
Intergraph de México  
Durango 263- 7 Piso  
Col. Roma  
Tel: 254-6475, 254-6573

Lic. José Luis Morales  
Compucentro MYM  
Leibnitz 83-A  
Col. Polanco C.P.  
Tel: 545-1433, 531-5181

• *Appendices* •

Ing. Sergio Ramírez  
Servicios de Apoyo Administrativo, S.A.  
Industrial de Exploración  
Baja California 200  
Piso 8 Col. Roma Sur  
Tel: 564-7066

Ing. Moisés Martínez  
Fotogrametría y Servicios  
Profesionales  
Ciencias 8 Piso 1  
Col. Hipódromo Condesa

Ing. Agustín Carstens  
Gerente de Fotogrametría  
Aerofoto  
11 de abril No 338  
Col. Escandón  
México 11800  
Tel: 516-0740  
Fax: 516-3464

Ing. Manuel López Portillo  
Director General de ICA  
Grupo ICA  
Minería 145 Edificio A Planta Baja  
Col. Escandón C.P. 11800  
Tel: 272-9991 Ext. 2100  
Fax: 272-9991, 2119

Ing. Jaime Bolaños  
Ingeniería de Evaluación  
Guanajuato 224- 8 Piso  
Col. Roma

Cía. Mexicana Aerofoto, S.A.  
Santos Dumont No 212  
Aviación Civil  
15900 México, D.F.

Sr. Arturo Carranco  
Programación de Tiempo Real  
5 de febrero No 662-3  
Col. Alamos  
México, D.F.

Ing. Sergio Villegas  
Ingeniería Geofísica, S.A.  
Morelia 60  
Col. Roma

Eduardo Bonillas  
Grupo ESE  
Colina de los acónitos No 41  
Cd. Satélite  
Estado de México

Ing. Marco Miranda  
Gerente de Sistemas  
Cima Sistemas, S.A.  
Cto. Circunvalación Ote No 8  
Cd. Satélite  
Estado de México  
Tel: 562-7557, 562-3263  
Fax: 562-7557

Ing. Omar Calderón  
ETA Consultores, S.A.  
Franz Halss No 139  
01460 México, D.F.

Sra. Lilia Rossbach  
Rossbach de México, S.A.  
Calzada Ermita Iztapalapa No 1629  
09830 México, D.F.

Ing. Oscar Rossbach  
Gerente de Sistemas  
Niveles, S.A. de C.V.  
Camino Real a San Lorenzo No 263  
Iztapalapa México, D.F. 09360  
Tel: 686-4255

Ing. Alejandro Ramírez Cantón  
Alejandro Ramírez Cantón  
Gerente General  
Azimut, S.A. de C.V.  
Repúblicas No 105-108  
Col. Portales  
03300 México, D.F.  
Tel: 539-5614  
Fax: 674-2546

Investigación Geofísica de México, S.A.  
San José No 3  
Col. Molino de Santo Domingo  
México, D.F.

Arq. Juan Antonio Sánchez  
Inarco, S.A. de C.V.  
Félix Berenger No 126  
11000 México, D.F.



• *Appendices* •

Sr. Jorge Acosta  
Mapas y Gráficos, S.A. de C.V.  
Castellanos Quinto No 393  
Col. Educación  
04400 México, D.F.

Sr. Rogelio Miranda  
Informática Timón  
Calzada México-Xochimilco No 4963  
México, D.F.

Ing. Gonzálo Rivera  
Levantamientos Topográficos  
Cerrada Camnio Real al Ajusco No 1  
Tepepan Xochimilco  
1620 México, D.F.

Ing. Aarón Porraz  
Tecnocibernética  
Mártires de la Conquista No 105  
Col. Tacubaya  
11870 México, D.F.

Ing. Vicente Ariztegui  
UCREMIN  
Plaza Necaxa 2-201

Ing. Alberto Lepe Zuñiga  
Geografía Informática y Sistemas de México, S.A.  
Watteau No 60  
Col. Mixcoac  
03700 México, D.F.  
Tel: 611-2072,563-3034

Ing. Joaquín Martínez  
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06170 México, D.F.  
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Ing. Moisés de J. Martínez  
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06760 México, D.F.  
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Fax: 271-0859

Ing. Lino Espejo Fernández  
Director General BEISA/GTT  
GIS Technology Transfer, Inc.  
Tezozomoc 4377 Col. El Zapote  
45050 Guadalajara Jalisco  
Tel: (5236) 479241  
Fax: (5236) 479249

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

### CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN CANADA

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

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

#### **InfoEx Centre**

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

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

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

Department of Foreign Affairs and  
International Trade  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, Ontario K1A 0G2  
Fax: (613) 943-8806

### INTERNATIONAL TRADE CENTRES

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

#### **British Columbia**

Scotia Tower  
900-650 West Georgia Street  
P.O. Box 11610  
Vancouver, B.C.  
V6B 5H8  
Tel: (604) 666-0434  
Fax: (604) 666-0617

#### **Yukon**

Room 210  
300 Main Street  
Whitehorse, Yukon  
Y1A 2B5  
Tel: (403) 667-3921  
Fax: (403) 668-5003

#### **Alberta**

Canada Place  
Suite 540  
9700 Jasper Avenue  
Edmonton, Alberta  
T5J 4C3  
Tel: (403) 495-4782  
Fax: (403) 495-4507

11th Floor  
510-5th Street S.W.  
Calgary, Alberta  
T5P 3S2  
Tel: (403) 292-6660  
Fax: (403) 292-4578

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

**Northwest Territories**

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

**Saskatchewan**

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

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

**Manitoba**

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

**Ontario**

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

**Quebec**

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

**New Brunswick**

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

**Prince Edward Island**

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

**Nova Scotia**

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

**Newfoundland**

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

**WORLD INFORMATION NETWORK  
FOR EXPORTS**

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The World Information Network for Exports (WIN Exports) is a computer-based information system designed by DFAIT to help Canada's trade development officers abroad match foreign needs to Canadian capabilities. It provides users with information on the capabilities, experience and interests of more than 30,000 Canadian exporters. To be registered on WIN Exports, call: (613) 996-5701.

## **PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)**

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

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

Support is also provided for certain types of government-planned activities, such as outgoing trade missions of Canadian business representatives and incoming missions to Canada of foreign business and government officials who can influence export sales.

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

## **INTERNATIONAL FINANCING**

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

**International Finance Division**  
Department of Foreign Affairs and  
International Trade  
Tel: (613) 995-7251  
Fax: (613) 943-1100

## **TECHNOLOGY INFLOW PROGRAM**

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

## **INVESTMENT DEVELOPMENT PROGRAM**

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This program helps Canadian companies find the investment they need. It actively promotes investments that take the form of new plant and equipment, joint ventures or strategic partnerships. It is especially interested in attracting investment that introduces new technology into Canada, a key to creating new jobs and economic opportunities. Investment officers make contact with foreign investors and bring them together with Canadian companies. For information, call: (613) 996-8625.

## **INDUSTRY CANADA**

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Industry Canada was created with a broad mandate to improve the competitiveness of Canadian industry. In the area of small business, it has been given specific responsibility to:

- develop, implement and promote national policies to foster the international competitiveness of industry; the enhancement of industrial, scientific and technological development; and the improvement in the productivity and efficiency of industry;

- promote the mobility of goods, services, and factors of production within Canada;
- develop and implement national policies to foster entrepreneurship and the start-up, growth and expansion of small businesses;
- develop and implement national policies and programs respecting industrial benefits from procurement of goods and services by the government of Canada;
- promote and provide support services for the marketing of Canadian goods, services and technology; and,
- promote investment in Canadian industry, science and technology.

### INDUSTRY CANADA REGIONAL OFFICES

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

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

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

### THE BUSINESS OPPORTUNITIES SOURCING SYSTEM (BOSS)

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BOSS is a computerized databank that profiles over 26,000 Canadian companies. It lists basic information on products, services and operations that is useful to potential customers. The system was established in 1980 by Industry Canada in cooperation with participating provincial governments. BOSS was originally established so that trade commissioners posted around the world by DFAIT could find Canadian companies that might be able to take advantage of foreign market opportunities. Today, more than 11,000 domestic and international subscribers use the system not only to locate Canadian suppliers but also to obtain market intelligence and identify market opportunities. The majority of subscribers are Canadian companies.

For information call: (613) 954-5031.

### MARKET INTELLIGENCE SERVICE

---

This service provides Canadian business with detailed market information on a product specific basis. The service assists Canadian companies in the exploitation of domestic, export, technology transfer, and new manufacturing investment opportunities. The intelligence is used by Canadian business in decisions regarding manufacturing, product development, marketing, and market expansion. The information includes values, volume and unit price of imports, characteristics of specific imports (e.g. material, grade, price range, etc.), names of importers, major countries of export, identification of foreign exporters to Canada, Canadian production, Canadian exports, and U.S. imports. Two-thirds of the clientele for this service are small businesses. Call: (613) 954-4970.

## CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

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An important possible source of financing for Canadian ventures in Mexico is the special fund available through the Canadian International Development Agency (CIDA) under the Industrial Cooperation Program or CIDA/INC. CIDA's Industrial Cooperation Program provides financial contributions to stimulate Canadian private-sector involvement in developing countries by supporting long-term business relationships such as joint ventures and licencing arrangements. INC supports the development of linkages with the private sector in Mexico encouraging Canadian enterprises to share their skills and experiences with partners in Mexico and other countries. A series of INC mechanisms help enterprises to establish mutually beneficial collaborative arrangements for the transfer of technology and the creation of employment in Mexico. There are five INC mechanisms which help eligible Canadian firms to conduct studies and provide professional guidance and advice to potential clients. Where a project involves environmental improvement, technology transfer, developmental assistance to women, job training, or job creation, early contact with CIDA's Industrial 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.

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

## ATLANTIC CANADA OPPORTUNITIES AGENCY

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

The ACOA Action Program provides support to businesses as they look to expand existing markets

through the development of marketing plans. Efforts include monitoring trade opportunities arising from global economic change, communications efforts to promote the region, trade missions and associated activities, as well as better coordination with federal and provincial bodies that influence trade and investment opportunities.

### ACOA Head Office

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

### Newfoundland and Labrador

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

### Nova Scotia

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

### Prince Edward Island

75 Fitzroy Street  
3rd Floor  
Charlottetown, P.E.I.  
C1A 1R6  
Tel: (902) 566-7492  
Toll free: 1-800-565-0228  
Fax: (902) 566-7098

### New Brunswick

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



**WESTERN ECONOMIC  
DIVERSIFICATION CANADA**

---

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

**Manitoba**

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

**Saskatchewan**

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

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

**Alberta**

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

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

**British Columbia**

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

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

**EXPORT DEVELOPMENT CORPORATION**

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

**Export Insurance and Related Guarantees**

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

### Export Financing and Related Guarantees

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

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

#### Ottawa (Head Office)

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

#### Public Information

Tel: (613) 598-2739

#### Vancouver

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

#### Calgary

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

#### Winnipeg

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

#### Toronto

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

#### London

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

#### Montreal

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

#### Halifax

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

## NATIONAL RESEARCH COUNCIL

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

The IRAP network supports the process of developing, accessing, acquiring, implanting, and using technology throughout Canadian industry. IRAP has been in existence for 40 years and has acquired a reputation as one of the more flexible and effective federal programs. IRAP takes advantage of an extensive network that includes more than 120 regional and local offices, 20 provincial technology centres, the Council's own laboratories and research institutes, federal government departments, and technology transfer officers in Canadian universities. The IRAP network also extends abroad through the technology counsellors attached to Canadian posts in some 18 foreign countries. For more information or the name of the IRAP officer nearest you, contact:

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

## KEY CONTACTS IN CANADA

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### BUSINESS ASSOCIATIONS

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

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

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

### Canadian Exporters' Association (CEA)

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

### Canadian Manufacturers' Association (CMA)

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

### The Canadian Chamber of Commerce (CCC)

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

## MEXICAN GOVERNMENT OFFICES

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

### Embassy of Mexico

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

### Mexican Consulate in Ottawa

Tel: (613) 235-7782

**SECOFI**

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

**OTHER MEXICAN CONSULATES  
GENERAL IN CANADA**

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**Consulate General of Mexico**

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

**Consulate General of Mexico**

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

**Consulate General of Mexico**

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

**Mexican Honorary Consulate**

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

**Mexican Honorary Consulate**

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

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

**MEXICAN BANKS WITH OFFICES IN CANADA**

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

**Bancomext**

**Trade Commission of Mexico**

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

**Bancomext**

**Trade Commission of Mexico**

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

**Bancomext**

**Trade Commission of Mexico**

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

Banamex and Banca Serfin are private-sector banks 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 data bases throughout the world. These banks are located throughout Mexico, and maintain offices in Toronto.

**Banamex (Banco Nacional de México)**

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

**Banca Serfin**

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

**CANADIAN GOVERNMENT  
DEPARTMENTS AND SERVICES  
IN MEXICO**

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**COMMERCIAL DIVISION**

**THE EMBASSY OF CANADA IN MEXICO**

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

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

**Commercial Division**

**The Embassy of Canada in Mexico**

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

**Canadian Consulate**

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

**KEY CONTACTS IN MEXICO**

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**MEXICAN GOVERNMENT**

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**Secretariat of Budget & Programming**

***Secretaría de Programacion y Presupuesto***

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

**Secretariat for Commerce and Industrial  
Promotion**

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

**Dirección General de Servicios al  
Comercio Exterior**

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

**Secretariat of Finance and Public Credit**

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

**Dirección General Técnica de Ingresos**

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

## CHAMBERS AND ASSOCIATIONS

Mexico has a number of Chambers of Commerce and professional associations that can provide assistance and guidance to Canadian companies in Mexico. Their standards of service vary widely and you should consult with Canadian Embassy officials to determine which organization would best suit your needs.

### **Mineral Resources Council**

Consejo de Recursos Minerales  
Blvd. Felipe Angeles s/n  
Carretera México, Pachuca Km 93.5  
Pachuca, Hidalgo  
Tel: 4-06-55, 4-33-88

Geológico-Minera  
Niños Héroes 139- 1 piso  
Col. Doctores  
México, D.F. 06723  
Tel: 761-5474

### **Mexico Chamber of Mining**

Camara minera de Mexico  
Sierra Vertientes No 369  
Lomas de Chapultepec  
México, D.F. 11000  
Tel: 540-6788, 540-6789

### **National Chamber of the Electronics and Electrical Communications Industry: (CANIECE)**

Cámara Nacional de la Industria  
Electrónica y de Comunicaciones Eléctricas  
(CANIECE)  
Culiacán No 71  
06100 México, D.F.  
Tel. 264-7531/264-7591

Cámara Nacional de la Industria  
Electrónica y de Comunicaciones Eléctricas  
(CANIECE)  
Culiacán No 71  
06100 México, D.F.  
Tel. 264-7531/264-7591

Cámara Nacional de la Industria  
Electrónica y de Comunicaciones Eléctricas  
(CANIECE)  
Culiacán No 71  
06100 México, D.F.  
Tel. 264-7531/264-7591

### **College of Topographic Engineers:**

Colegio de Ingenieros Topografos  
XI Consejo Directivo  
Tacuba No 5  
Desp 7-A Palacio de Minería  
México, D.F. 06000  
Tel. 512-1774

### **National Association of Maritime Agents**

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

### **Mexican Business Council for International Affairs**

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

### **Management Coordination Council**

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

### **Mexican Confederation of Employers**

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

### **National Chamber of Commerce**

Cámara Nacional de Comercio (CANACO)  
Paseo de la Reforma No. 42, Piso 3  
Col. Juárez  
06600 México, D.F.  
México  
Phone: 592-2677  
Fax: 592-3403

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

Instituto Nacional de Estadística, Geografía e  
Informática (INEGI)

Av. Heroe de Nacozari No. 2301

Fracc. Jardines del Parque

20290 Aguascalientes, Ags.

México

Phone: (49)-18.00.34

**National Importers and Exporters Association**

Asociación Nacional de Importadores

y Exportadores de la República

Mexicana (ANIERM)

Monterrey 130

Col. Roma

06700 México D.F.

México

Phone: 564-93-79 / 584-95-22

Fax: 584-53-17

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

Cámara Nacional de Comercio, Servicios y Turismo  
de la Ciudad de México (CANACO)

Reforma 42

Col. Centro

06048 México D.F.

México

Phone: 58\92-26-77 / 592-26-55

**National Manufacturing Industry Chamber**

Cámara Nacional de la Industria de Transformación  
(CANACINTRA)

San Antonio 256

Col. Ampliación Nápoles

03849 México D.F.

México

Phone: 563-34-00 / 563-05-11

Fax: 598-94-67

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

Confederación de Cámaras Nacionales de  
Comercio, Servicios y Turismo

(CONCANACO-SERVYTUR)

Balderas 144 piso 4

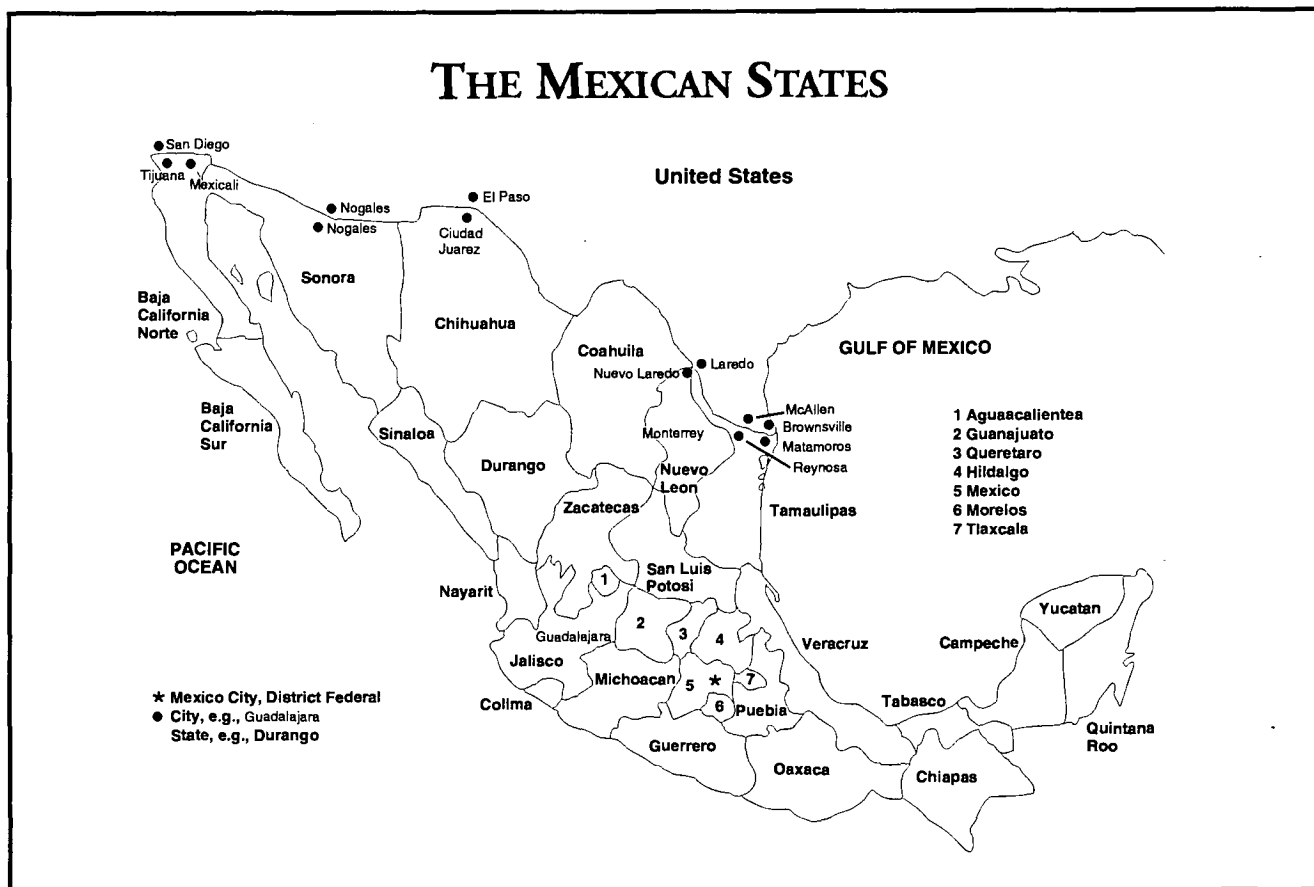
Col. Centro

México D.F. 06079

México

Phone: 709-15-59 / 709-11-19

Fax: 709-11-52



## Appendix C – MEXICO IN BRIEF

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

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

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

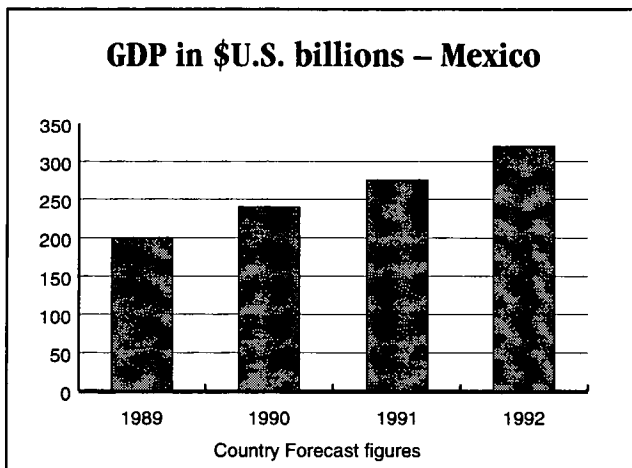
saw Mexico begin to achieve some real growth for the first time in decades. The recession of the period hit Mexico too, and the government of Carlos Salinas de Gortari, elected in 1986, was spurred into activity in order to recapture some of the prosperity that had seemed so close only a few years before.

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



foreign participation in building a modern and efficient industrial capacity.

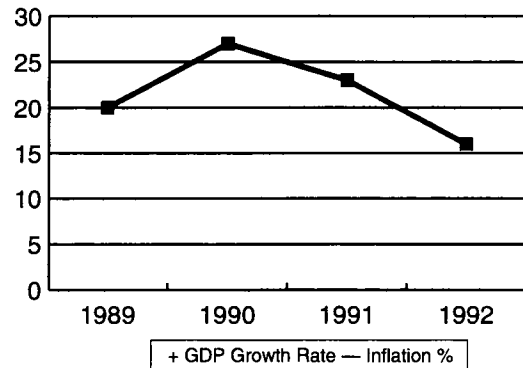
Mexico's debt reduction has been one of its signal achievements. In 1986, it was costing over 46% of GDP to service the debt; by 1994, it will be down to about 30%. Growth continues to be strong since reforms were begun, with about 4% in 1993 and stable patterns averaging around 2% predicted for the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



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

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

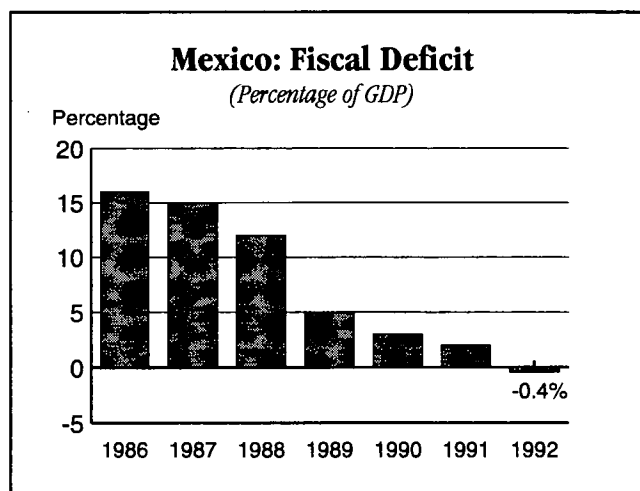
### GDP Growth Rate & Inflation – Mexico



EIU & Country Forecast figures

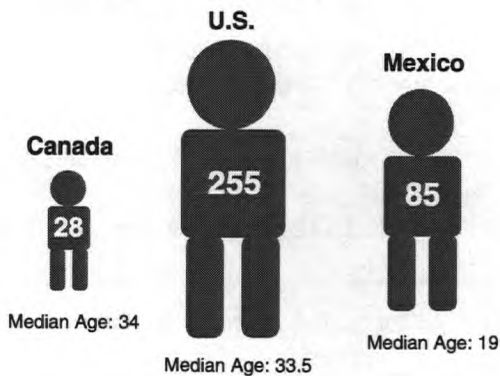
developing new markets. Canadian firms there to explore the potential in recent years have been returning with reports of a vibrant economy and a welcoming attitude from their Mexican counterparts. Mexico has begun on a path toward progress from which it is not planning to turn back.

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



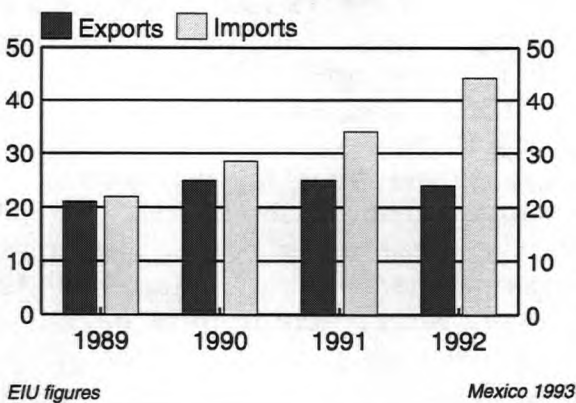
The Mexican government's Pact for Stability and Economic Growth (El Pacto) has persuaded labour and business to accept general

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



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

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

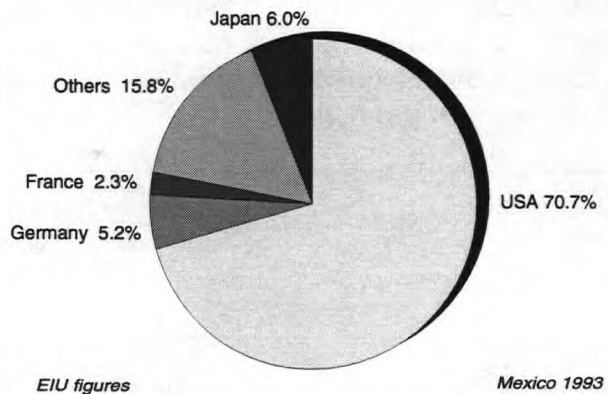


By broadening the tax base, the government of Mexico has been able to reduce tax rates while increasing total income. Spending cuts and fiscal reform have also been put in place by government, and the result has been that the public sector actually ran a surplus in 1992.

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

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

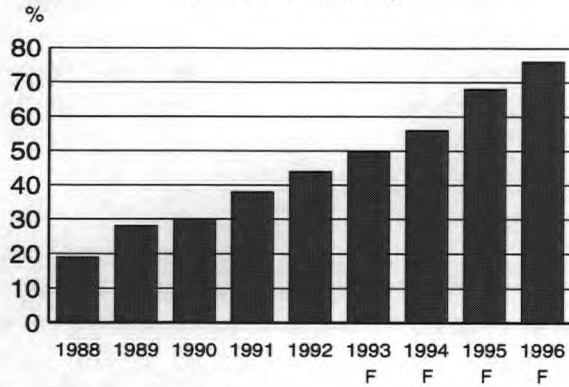
### Major Markets – Origin of Imports



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

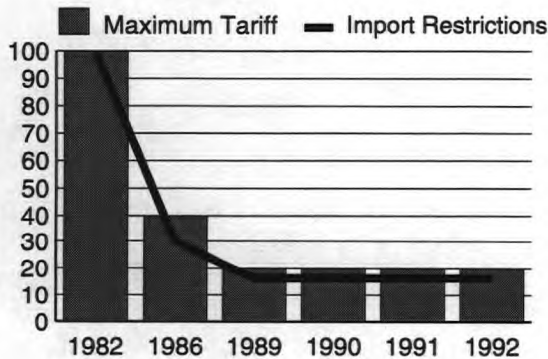
The United States is Mexico's principal supplier of imported goods, with just over 70 percent of 1993 sales. Japan and Germany are closest, though far behind. Again there is a discrepancy in Mexican and Canadian calculations of Canada's import share in Mexico, with the Mexican figures one and one-half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

**Mexico: Imports**  
(Current and Forecast)



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

**Mexico: Tariff Barriers**



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

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

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

**Canadian Exports to Mexico**  
(Comparison 1986-1992)

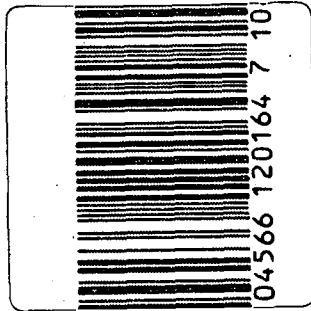


source of imports to Canada, and fourteenth as a destination for Canadian exports. Less than 2 percent of Canada's 1992 imports came from Mexico, and less than 1 percent of Canada's exports went there. Two-way trade totalled about \$3.5 billion, and trends suggest it could double in the next five years.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

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