

Mining market in Mexico

Mexico is one of the most important mining jurisdictions in the world. Many advantages make Mexico a desirable mining location, such as their:

- long mining history
- vast mineral production
- geological potential
- established mining laws
- low labour costs
- skilled workers

Mexico's seaports on both the Atlantic and Pacific oceans offer ideal trading routes for Canadian mining suppliers pursuing international business development opportunities.

Key opportunities for Canadian mining suppliers

Environmental protection

Between 2016 and 2017, the Mexican government implemented a new set of stringent environmental control measures for mining companies in Mexico. To meet these new environmental requirements and norms, mining companies seek:

- new solutions for gas detection
- soil stabilizers
- dust collection systems
- ventilation systems
- water filtration systems
- erosion control

Mining companies in Mexico also need to improve their relationship with local communities that are very sensitive to the impact of mining companies on the environment. This presents an opportunity for Canadian mining supply and services (MSS) firms to sell environmentally friendly technologies to help companies reduce their environmental impact, comply with local and international legislation, and maintain their social licence to operate.

Health and safety

Mining companies operating in Mexico are looking for new solutions to improve health and safety at mine sites. New and innovative security systems and products are in especially high demand in Mexico's mining market. Canadian MSS firms proposing new safety systems for mining installations or tools to improve worker safety will be particularly well-received.

Productivity on site

Mining companies operating in Mexico are looking to improve productivity on mine sites. Opportunities exist for Canadian MSS companies offering artificial intelligence and autonomous equipment.

Industry highlights	
Open Export Development Canada's position	5.5% Global exploration share
72.4 World Bank Ease of Doing Business score	Iron and steel lead Mexico's mining sector
Can\$8.9 billion Mexico ranks 7th overall in Canadian mining assets abroad	138 Canadian companies operating in Mexico
2.9% 5-year compound annual growth rate of industry	-5.9% 5-year production compound annual rate of change
US\$27.1 billion National mining revenues	

Notable challenges for Canadian mining suppliers in Mexico

- The Mexican government's severe stance toward mining regulation can be challenging for companies and include:
 - obstruction of new permits
 - new measures limiting environmental social impacts
 - excessive paperwork
- The tax framework is a deterrent to investing in Mexico's mining industry as it creates a burden for foreign investors in the wake of the government's views on mining. The non-deductibility of exploration expenses will continue to affect companies engaged in exploration.
- Security another notable challenge. The presence of some drug cartels in areas where there are significant mining investments has led to the suspension and closure of sale of projects.

Mexico business landscape

- Canada and Mexico have an established economic relationship, mainly through the Canada-U.S.-Mexico Agreement (formerly known as the North American Free Trade Agreement). Canadian investors may also access additional trade agreements signed by Mexico that allow access to over 45 markets.
- Mexico is one of Canada's top 10 export destinations. More than 10,000 Canadian companies do business with Mexico across various industries, resulting in Can\$40-billion worth of bilateral trade and investment.
- Using the local language, Spanish, is key to successfully establishing a relationship and negotiating with buyers. This also applies to promotional material and web content.
- Market presence is critical when doing business in Mexico. While some foreign companies prefer to have sales before investing in a local office, in-person representation, such as having a local sales agent or distributor, will strengthen partnerships with allies in the industry.

Request a meeting

To learn more about the mining industry in Mexico, please request an in-person meeting with a Trade Commissioner on the Business-to-Trade Commissioner scheduling platform ahead of PDAC 2022. <https://go.b2b-2go.com/en/canadapdac-2022/>