in 1994, they remain small in absolute terms.

In the finished and semi-finished category, the most important product group was plates, sheets, film, foil, tape and strip, which are represented in the Harmonized System (HS) categories 3919 and 1920. Packing and packaging material is another major export, although sales have fallen slightly over the past few years. Sales of fully finished products such as kitchenware have been growing, although they remain small in absolute terms. Canada's import market share in 1994 was about 1 percent for primary materials and slightly less than that for finished and semi-finished products.

CUSTOMERS

The largest users of finished and semi-finished plastics products are the food and beverage industry and the automotive industry. The construction sector has traditionally been a major user of plastics but it is presently in a serious slump as a result of the devaluation of the peso in December 1994. The cosmetics and toiletries industry is also an important, growing user of plastic packaging.

Principal Markets for Plastics, 1994

	Percent
Packaging	42.3
Construction	22.9
Home and office products	7.9
Automotive	5.0
Clothing and footwear	4.5
Electrical and electronic products	3.3
Other	14.1
Total	**100**

Source: *Asociación Nacional de las Industrias del Plástico (ANIPAC),* National Association of the Plastics Industry.

The vast majority of plastics products exported to Mexico by Canadian suppliers are raw materials or intermediate goods sold to Mexican producers for incorporation into finished products. Some finished products such as floor coverings and bathroom fixtures are sold to industrial customers. A small but growing group of products are consumer goods that are distributed by retailers.

The Mexican retail sector is highly diverse. On one hand, it has a very large number of small retail outlets often referred to as "mom and pop" stores. On the other hand, the market is dominated by very large retail supermarkets. Major supermarkets make up only about 5 percent of retail outlets, but account for 40 percent of sales. Experts predict that the market share of supermarkets and other retail chains will expand to about 70 percent over the next several years.

Wholesalers handle some of these products, but increasingly, large retail chains are buying directly from foreign suppliers. Mexican supermarkets typically devote less than one-third of their space to food products.

The main customers for resins and primary materials are plastics products manufacturers. Some Mexican raw materials producers also import in order to round out their product lines. In addition, the *Asociación Nacional de las Industrias del Plástico (ANIPAC),* National Association of the Plastics Industry, directory lists 41 companies that are distributors of either raw materials or plastics-making equipment, or both.

COMPETITION

American and European suppliers are the most important competition for Canada in Mexican plastics markets. Mexican manufacturers of finished and semi-finished plastics products are able to supply the market for lower-end products, but the nation relies on imports for more sophisticated ones. Similarly, in the case of resins, Mexico has a large production capability in the traditional commodity resins, but is dependent on imports for the newer and more sophisticated products.

Domestic producers of resins and materials have responded to the increased demand with new production capacity. For example, there was no polypropylene produced in Mexico until 1991, when *Petróleos Mexicanos (PEMEX),* the national oil company, began production. And Shell is building two new polyethylene terephtalate (PET) plants that are expected to come on stream in 1998.

The United States is by far the most important supplier of plastics products, enjoying an 87 percent import market share in 1994. Germany, Brazil and France are the other significant competitors. Canada supplied about 1 percent of the import market in that year.

Canadian firms are not well-known in the plastics market. Industry participants interviewed for this profile mentioned NOVACOR as an important supplier of catalysts, anti-rust treatments and ultraviolet blocking additives. Big 'O was mentioned as having made a brief and unsuccessful appearance in the Mexican market.

PRODUCT TRENDS AND OPPORTUNITIES

The economic crisis has taken its toll among the smaller producers and distributors of plastics products and equipment. Domestic production has been cut back in response to reduced demand from the construction, automotive and home products industries that have been hurt directly by the devaluation of December