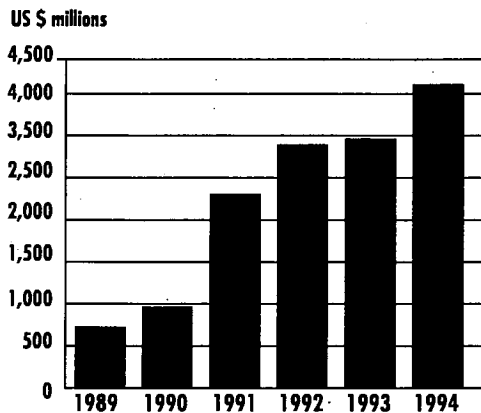


THE ROLE OF IMPORTS

MEXICAN IMPORTS OF PLASTICS PRODUCTS FROM THE WORLD



Source: *Secretaría de Comercio y Fomento Industrial (SECOFI)*,
Secretariat of Commerce and Industrial Development, 1995.

In the four years ending in 1994, Mexican imports of plastics products quadrupled to reach more than US \$4 billion. Canada's exports grew by 62 percent in 1994, but they are still small in absolute terms.

Until recently, Mexico has not been a major importer of plastics products or raw materials. Until the late 1980s, the domestic industry developed under protectionist policies that encouraged self-sufficiency. Moreover, demand was low by Canadian standards because Mexico has been slow to substitute plastics for traditional materials such as metal, paper and wood.

The situation changed abruptly in 1988 when the Mexican government changed its policy and unilaterally liberalized trade. The nation became a full member of the General Agreement on Tariffs and Trade (GATT), the maximum tariff was chopped from 100 percent to 20 percent, and a system of import permits for high technology goods was scrapped. The government's objective was to modernize the economy, which had grown increasingly inefficient under the protectionist umbrella.

For the plastics industry, the results were dramatic. Imports of plastics products flooded the market, forcing producers to simultaneously increase efficiency and improve quality. Raw materials producers could not keep up with the demand, particularly for advanced materials, and many manufacturers of plastics products were forced to import primary materials. The availability of new products helped drive up per capita consumption from 21.6 kilograms in 1990, to 26.0 kilograms in 1994. Total imports of plastics products, including raw materials as well as semi-finished and finished goods, quadrupled in four years from US \$990 million in 1990 to US \$4.1 billion in 1994. Imports grew by more than 19 percent in 1994 alone.

The largest increases were for finished and semi-finished plastics products, which grew eight-fold over the five years ending in 1994 to reach almost US \$3 billion. Resins and other primary materials increased from US \$541 million in 1989 to almost US \$1.2 billion in 1994, a 218 percent increase.

Raw material imports are concentrated in particular product areas where Mexico is not self-sufficient. Polypropylene was not produced at all in Mexico until 1991 and the country continues to be dependent on imports for a variety of other products. In 1994, imported resins accounted for about one-third of the market.

Imports of finished and semi-finished plastics products have increased in most categories. The principal exception is tubes, pipes hoses and fittings, which have decreased over the past three years.