

MARKET STUDY ON THE MEXICAN

IRON AND STEEL INDUSTRY

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Until recently, the Mexican steel industry was composed of five fully integrated steel plants, which accounted for 86% of total national production, and several smaller semi-integrated and non-integrated manufacturers. Of the five large companies, three were included in the government owned SIDERMEX (Mexican Steel) complex: Compañía Fundidora Monterrey (FMSA - 1903), Altos Hornos de México (AHMEX - 1942) and Siderúrgica Lázaro Cárdenas - Las Truchas (SILCAR - 1976). Hojalata y Lámina (HYLSA - 1946) and Tubos de Acero de México (TAMSA - 1955) are the two fully integrated, privately owned producers.

In a major effort to restructure the parastate industry, and in particular the government owned steel industry, the Mexican government decided to reduce its participation in the sector by closing, merging, transferring or selling several companies. In 1986 Fundidora Monterrey was closed down, since it had major problems of technological obsolescence and therefore high production costs, which were translating into yearly losses. Government participation was also reduced in the associated companies, involved in other activities, such as distribution, transportation, real estate,