

Electronic Components: A \$154 M Market in Mexico

A new *Market Study for Electronic Components in Mexico* indicates the country's recent trade liberalization policies have had a major impact on the electronics industry, with import duties having been reduced and the "prior import permit" previously required to import components having been eliminated.

Today, Mexico's domestic electronics industry continues to rely heavily on imported inputs, particularly in the high technology area. Indeed, the value of imported components has increased from US\$35.4 million in 1977 to US\$154 million in 1989. The latter figure is the highest in the history of Mexico's electronics industry.

"This is a very good time," the study notes, "to explore the Mexican market or increase market penetration in the face of rapidly changing political and economic conditions."

Traditionally, the most significant proportion of imports are passive components (inductors, transformers, condensers, printed circuits, relays and switches). The second largest import category is semiconductors, including transistors, thyristors and diodes. The third largest batch of imports includes valves and hybrid circuits.

By far, the most important supplier to the Mexican electronics industry is the United States with a 51.9 per cent market share in 1989, followed by Japan (13.4 per cent) and West Germany (11.8 per cent). Canadian exports of electronic components to Mexico in 1989 were valued at \$2.1 million, an import market share of 1 per cent.

"Canadian suppliers could take advantage of their proximity to the Mexican market and of the quality and reliability of their products to increase their share in this market," says the study, adding "it is important for Canadian companies to continue reinforcing their marketing efforts in Mexico."

Based on import statistics and trade interviews, some Canadian products with best sales prospects in Mexico include power supplies, bare boards, cable harnesses, integrated circuits, multilayer circuit boards, electronic tubes, cable and connectors, multiple connectors, relays, switches, resistors, capacitors, semiconductors, transistors, inductors and diodes.

The most important end users for electronic components are local computer, telecommunications, consumer electronics and office machine industries. Regulations pertaining to these four sectors are dealt with in the study.

Encouraging Signs

As for market access, sales in Mexico usually are made through local agents and distributors, normally on a commission basis. All suppliers to the government have to be registered with the Ministry of Programming and Budget (SPP) and with the purchasing agency itself.

With the country's accession to the General Agreement on Tariffs and Trade (GATT), the government has gradually opened the economy to international suppliers. Import duties have been lowered from a maximum 100 per cent in 1983 to 20 per cent in December, 1988. The official import price system has been eliminated and import permits are required on only 325 of the total 11,950 items in the Mexican Tariff Act.

As a result of these liberalization measures, the import conditions for electronic components have improved significantly.

In addition to providing information (including names and addresses) on selling to the Mexican government and its agencies, the study also lists industrial chambers and associations, distributors of electronic equipment and components, and tells how to label imported products.

Copies of *Market Study for*

Electronic Components in Mexico are available through Info Export, toll-free tel.: 1-800-267-8376 (Ottawa area: 993-6435). Fax: (613) 996-9709.

Participants Solicited for Panama International Fair

Panama City — Food products companies, construction and hardware firms, manufacturers of automotive accessories, informatics and office products suppliers, as well as telecommunications, medical and healthcare companies will find it worth their while to circle March 6 to 11, 1991 on their business calendars.

That's when **EXPOCOMER 91**, a unique international trade fair featuring products from around the world, will be held in this Panamanian capital.

This event, one of the largest and most important general trade fairs in Latin America, is now in its ninth consecutive year. The 1991 event, the largest in its history, also represents Canada's sixth consecutive year of participation.

Participation in **EXPOCOMER 91** is valuable for a number of reasons:

- It is the meeting place of buyers for the vast markets of the Caribbean, Central America and South America.
- Opportunities for Canadian exporters are enhanced in this region because of the Colon Free Zone, the second most important after Hong Kong; and
- Previous Canadian participants have developed new and lucrative markets and are now well placed in all of Central America.

For more information on **EXPOCOMER 91**, contact Jon Dundon, Latin America and Caribbean Branch, Fairs and Missions (LCTF), EAITC, 125 Sussex Drive, Ottawa K1A 0G2. Tel.: (613) 996-6921. Fax: (613) 996-0677.