Firms in the industry are divided into three groups, according to the degree of transformation employed:

- Integrated producers carry out all five production processes;
- Semi-integrated firms begin with scrap or pig iron, fabricate raw steel and produce finished (rolled) products;
- Mill rollers produce finished products from steel ingots.

The Mexican steel industry is composed of four large, fully integrated manufacturers, 23 semi-integrated firms and 44 mill rollers with a total installed capacity of 11.6 million metric tons of steel, of which 58% are government owned. Capacity utilization in 1989 was 67%. Mexico is the second largest steel producer in Latin America after Brazil and the world's 21st. Total employment in the industry is of 62,000 persons, 43,000 blue collar workers and 19,000 employees. The sector's GDP accounts for 1.2% of total GDP and 5% of manufacturing GDP.

Total raw steel production reached an all time high of 7.85 million tons in 1989, reflecting a one percent increase over 1988 levels and a 12% increase over its all time low during the decade of 6.9 million tons in 1983. Steel production increased despite strikes and other problems which shut down activities at several plants, due to a general economic recovery and growing exports at favorable world prices. During the 1990 January-July period, total steel production reached slightly over five million tons, reflecting a 6.8% increase over the previous year's production for the same period. CANACERO forecasts a total steel production of 9.2 million tons for 1990, based on a major increase in the output of SICARTSA II, which is expected to produce one million tons.

TABLE 4
MEXICAN STEEL PRODUCTION
(000 tons)

	1985	1986	1987	1988	1989
Steel	7,399	7,225	7,642	7,779	7,851
Pig iron	3,595	3,737	3,712	3,678	3,230
Sponge iron	1,500	1,420	1,551	1,686	2,148
FERROALLOYS	230	239	267	272	279
Ferromanganese	154	156	161	165	169
Ferrosilicon	28	18	18	17	9
Silicomanganese	39	61	80	80	99
Ferrochromium	6	3	6	9	3
Other alloys	3	1	2	1	0

Source: Cámara Nacional del Hierro y el Acero (CANACERO)