

Other End-user Industries

Several other industries are also consumers of machine tools and related equipment. They include the plastic furniture industry, with about 90 firms; toys and recreational products, with 400 companies; and the electric-electronics industry, with some 120 manufacturers.

Universities

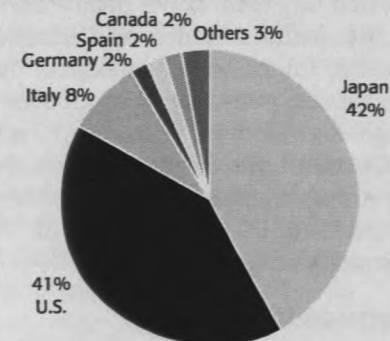
University research centres have played a major role in developing advanced technology applications in Mexican manufacturing. They developed the first industrial automation systems and assisted manufacturing firms in installing practical applications. They are both users and developers of advanced technologies. Universities are usually the best systems integrators because they have access to a range of equipment and software, and also to trained personnel. As well, the fact that they are supported by the government means that they can be cost competitive.

COMPETITION

Competition for sales of machine tools and related products comes almost entirely from foreign suppliers. The principal competitors are the United States, France, Germany, Italy, Spain and Japan. Interviews with industry experts revealed that Canadian products are almost unknown.

Traditionally, imported machine tools have been sold by Mexican distributors, and several companies have specialized in this field. But in recent years, foreign machine tool producers have begun setting up representative offices in Mexico to bypass local distributors. In other cases, customers are placing orders with foreign suppliers directly, using fax and other recently-available electronic communications. Both developments have caused a crisis among Mexican distributors, and some of them have gone out of business.

Import Shares of Numerically-Controlled Metalworking Machine Tools, 1994



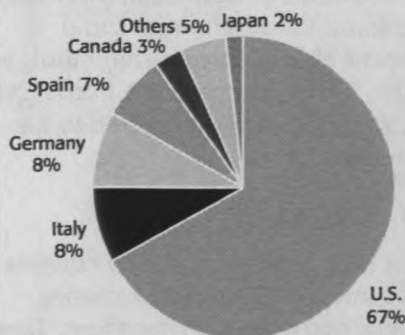
Source: United States Department of Commerce.

Market shares differ markedly for numerically-controlled (NC) and non-NC metalworking equipment. In 1993, Japan had 42 percent of the NC equipment market, but only 2 percent of the conventional machine tools market. Canada's share was very small in both categories, but concentrated in non-NC equipment.

TRENDS AND OPPORTUNITIES

The market for machine tools, moulds, dies, and related equipment has been profoundly affected by the devaluation of the peso which occurred in late December 1994.

Import Shares of Conventional Metalworking Machine Tools



Source: United States Department of Commerce.

The economic crisis has had mixed effects. On one hand, it has increased the need for modernization, because manufacturers must upgrade to participate in booming export markets. On the other hand, it has nearly doubled the price of imported equipment and has pushed interest rates to 80 percent or more annually.

According to representatives of the *Cámara Nacional de la Industria de Transformación (CANACINTRA)*, National Chamber of Manufacturing Industry, the devaluation could lead to new investments in numerically-controlled (NC) tools by small- and medium-sized Mexican industries. This is because the reduction of the domestic market makes it essential that firms increase exports in order to survive. But foreign markets are much more demanding in terms of quality standards, and production methods must be updated to meet these requirements. This is particularly true in the autoparts sector, which faces intense international competition.

Product Opportunities

According to market participants interviewed for this profile, the following products are particularly in demand in the Mexican market:

- milling machines with teeth for puncturing and cutting materials
- stamping and moulding machines
- dies
- lathes
- numerically-controlled (NC) tools for the production of autoparts, particularly motor components
- NC injectors for metalworking and plastics
- computer assisted design (CAD) and computer assisted manufacturing (CAM) equipment for the manufacturing sector
- multistation transfer machines for the manufacturing industry
- used NC equipment