

The Apparel Market



THE OPPORTUNITY

The Mexican apparel sector is growing rapidly, and high-quality fashion-oriented clothing is in particular demand.

There are several factors which are creating substantial opportunities both for direct Canadian exports of apparel and for joint ventures with Mexican companies.

- The Mexican population is young and growing rapidly.
- Although only about one-fifth of Mexicans are considered potential consumers of high-quality imported apparel, this group is large in absolute terms and is concentrated in major urban markets.
- The retail sector is becoming more sophisticated and is responding to rising demand for high-quality fashion-oriented apparel.
- Most Mexican clothing manufacturers lack the technology and expertise to keep up with changing demands.
- Canadian experience with better-quality, short-run private label programs in conjunction with sophisticated marketing and inventory control systems, is likely to mesh well with Mexican needs.

THE APPAREL MARKET IN MEXICO

The Mexican apparel market produces more than US \$5 billion worth of clothing annually. Until 1988, the industry was protected by formidable trade barriers which kept import penetration low. Traditionally, wealthy Mexicans have purchased designer clothing on trips abroad, while most consumers have been satisfied with domestic goods.

With rising incomes (until the December, 1994 devaluation) and greater exposure to the international fashion scene, the demand for high-quality, fashion-oriented clothing has grown rapidly. Young people, who are influenced by European and U.S. media, have been a strong force in this market.

At the same time, Mexico's liberalized trade environment has exposed domestic producers to intense competition. Many of them have not survived the challenge: both the number of companies and the number of people they employ has fallen. Many Mexican apparel manufacturers have discovered that their low-wage, low-productivity configuration is no match for modern technology and skilled technical workers. Indeed, the most successful Mexican producers are those which have modernized every facet of their operations.

Many medium-sized apparel and textile manufacturers are looking for foreign partners to help them modernize. Mexico's exports rose by one-third in the first five months following the devaluation of the

SUMMARY REPORT

In addition to this market summary, the Department of Foreign Affairs and International Trade (DFAIT) has prepared a market profile entitled **Opportunities in Mexico: The Apparel Market**. This information on the Mexican Apparel Market has been produced and published by Prospectus Inc. under contract with DFAIT, along with other market profiles and summaries on business opportunities in Mexico. It is available from:

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