

FOODS AND BEVERAGES

Specialty foods such as smoked fish, maple syrup, cheeses and deli products, are sometimes given as presents, especially at Christmas. "Real" maple syrup is valued for hotcakes and waffles and it is also used in traditional Mexican desserts. Confectionery, especially chocolates and candied fruit, is also appreciated.

Premium liquor, especially whiskey, is a common business gift but observers say that Canadian brands are virtually unknown.

JEWELLERY

The best prospects in the jewellery market are for contemporary styles made from advanced materials other than the traditional silver and gold used by Mexican manufacturers. Costume jewellery is growing in popularity because more women are working. Also, a very serious crime wave caused by the devaluation of the peso in December 1994 is making both men and women reluctant to wear expensive jewellery in public.

The size of the costume jewellery market in Mexico is estimated by the United States Department of Commerce at almost US \$50 million for 1996, with annual growth projected in the 10 to 15 percent range over the next few years. Import penetration is estimated at 45 percent. Jewellery exports increased by 41 percent in 1996 according to estimates from the *Secretaría de Comercio y Fomento Industrial (Secofi)*, Secretariat of Commerce and Industrial Development.

Low-price products dominate the market, according to the United States Department of Commerce estimates. Close to half the market is for pieces that sell for less than US \$10, and those costing between US \$10 and US \$50 account for another 40 percent.

Artificial jewellery is duty free under the North American Free Trade Agree-

ment (NAFTA), and the US claimed 38 percent of the 1994 import market. It was followed by Taiwan with 18 percent and South Korea with 14 percent. Canada ranked as Mexico's 8th largest source of costume jewellery, with about 2 percent of the import market in 1994, double its share two years earlier.

KITCHENWARE AND TABLEWEAR

Mexicans like formal table settings. Tableware ranging from cutlery to dishes to textile products are customary gifts. Small kitchen gadgets are also popular, especially those with novelty or convenience properties. Electric kitchen appliances do not usually fall into the gift category. Many Mexicans prefer hand-operated devices, such as cast-iron juicers, to their electric equivalents.

TOYS

A wide variety of toys are presented as gifts. Close to half of Mexico's population is under the age of 20. The total population is expected to reach 100 million by the end of the century, creating a large toy market, even after ability to pay is considered. The United States Department of Commerce has estimated the size of the Mexican toy market at about US \$450 million annually.

Toys are usually defined to include wood, vinyl, fabric and ceramic dolls, including collectibles, which may be intended for use by adults. Although many toys are made in Mexico, imports claimed 62 percent of the market in 1994. About one-third of the import market is claimed by the US and most of the rest comes from Asian suppliers.

The market can be divided into three segments, based on age. There are about 10 million Mexicans under the age of four. They are especially fond of stuffed figures and rideable toys. Another 10 million are between the ages of 5 and 9. They tend to prefer motorized toys, action figures and construction kits. There are almost

20 million young Mexicans between the ages of 10 and 19 and games of both the electronic and board types are popular with them.

JOINT VENTURES

In some sectors, Canadian manufacturers have successfully entered the market by forming joint ventures with Mexican firms. Typically, Canadian technology and manufacturing know-how is used to modernize Mexican operations, creating expanded access to local and export markets. This is still a growing trend since the devaluation of the peso in December 1994, because many Mexican firms cannot meet quality standards for export markets which are booming because of the cheap peso. In addition, the trend towards costume jewellery is putting domestic producers under pressure, because it is more capital-intensive than the traditional hand-worked gold and silver products made in Mexico. In some markets, Canadian and Mexican firms have agreed to distribute each other's products to fill gaps in their product lines.

THE REGULATORY ENVIRONMENT

Gift products are not generally subject to regulation by the Mexican government, except for the enforcement of labelling requirements. All goods destined for resale must be labelled according to regulations which became effective 1 March 1997. They are set out in *Norma Oficial Mexicana (NOM)*, official standard *NOM-050-SCFI-1994*. The labels must be in Spanish and must include the name of the product, the country of origin, a quantity statement (unless the quantity is obvious on sight), warnings and instructions for handling, (if relevant) along with the importer's name and address. Prepackaged food, apparel, textiles and leather