

CUSTOMERS

Advanced machine tools are used by many industries in Mexico, including the automotive, autoparts, appliance, tools and plastics industries. Large factories operated by multinational corporations are the most important because they are in a better position than smaller firms to invest in imported technology. On the other hand, many of their purchasing decisions are made outside Mexico. For this reason, the larger Mexican-owned manufacturers, especially those which export, are often the best prospects for Canadian suppliers.

Small- and medium-sized enterprises represent a large untapped market that will develop more fully once the economy has stabilized. They are in great need of modernization and are the target of government programs to encourage the rationalization of Mexican industry. In the short term, however, the lack of financing will prevent many of these firms from investing in numerically-controlled (NC) machine tools.

Automotive Industry

The automotive industry is Mexico's second largest source of foreign exchange, after the petroleum sector. The original equipment manufacturers (OEMs) make up an estimated 20 percent of the market for imported machine tools in Mexico.

According to executives of major automobile manufacturers who were interviewed for this profile, their demand for numerically-controlled (NC) machinery has not been severely affected by the devaluation. This is true even though domestic sales have dropped because of price increases brought about by the decline of the peso in December 1994.

Autoparts

The autoparts industry, composed of about 540 firms, accounts for about

15 percent of the numerically-controlled (NC) machine tools market. About two-thirds of autopart manufacturing plants are located in the Mexico City area. Other production centres include Monterrey, Querétaro, Puebla, Toluca and Guadalajara. The largest autoparts firms produce for original equipment manufacturers (OEMs), for *maquiladora* plants and for export. Mexico directly exports about US \$500 million worth of autoparts annually.

Hand tools

Black and Decker is the leading company in the hand tools industry. The company exports extensively, and has therefore benefitted from the devaluation. As a result, it continues to import numerically-controlled (NC) tools at pre-devaluation levels and may increase imports in the future. A Black and Decker representative stated that exports in 1996 are expected to increase by between 40 and 70 percent over 1994 levels.

Railways

Ferrocarriles Nacionales de México (FNM), the Mexican national railway, uses machine tools extensively in its maintenance operations. Seven of the company's maintenance centres are in the process of privatization. Mexico's railroad system has seen very little modernization since it was constructed in the late nineteenth century. As a result, the privatization of the system will involve large investments in new equipment and facilities. Canadian firms could conceivably supply machine tools to firms buying concessions from *FNM*, most of which are expected to be foreign.

Metalworking Industry

The metalworking industry consists of some 140,000 manufacturing plants and metalworking shops. These companies are very diverse in terms

of size and level of technology. Although some companies use advanced numerically-controlled (NC) production equipment, most continue to rely upon antiquated conventional machine tools. Equipment in small machine shops is generally 15 to 20 years old. This results in quality variations and makes it difficult to comply with strict international standards.

Steel Industry

The Mexican steel industry has undergone drastic changes in recent years. In 1982, the Mexican government began to relax its control over steel production by privatizing more than 50 steel production facilities, converting others to different uses and closing down the least efficient.

Packaging and Bottling Industry

The packaging and bottling industry has around 350 companies. This industry consumes 45 percent of machinery, moulds and dies for plastics manufacture. Packaging is one of the larger users of numerically-controlled (NC) equipment within this industry. However, soft drink bottling is the exception. Representatives of *Grupo Femsa*, which bottles Coca-Cola, said in interviews that very little NC equipment is used in the bottling process.

Home Appliance and Household Products Industries

The manufacture of home appliances and household products requires the shaping of both metals and plastics. There are approximately 60 companies that manufacture electrical consumer goods. Among the most important are General Electric, Koblenz, Black and Decker, Philips, Braun, Motorola, Panasonic, BENDIX, *Crolls Mexicana*, Whirlpool, Hoover, Kenmore, IEM, and *Sunbeam Mexicana*.