

standards are the responsibility of the *Dirección General de Normas*, Bureau of Standards. *NOMs* are promulgated by executive decrees, published in the *Diario Oficial de la Federación*, Mexico's Official Gazette. These regulations have legislative authority under the *Ley Original de la Administración Federal*, Federal Administration Act and the *Ley Federal de Normas y Metrología*, Federal Law on Standards and Metrology.

Electric lighting is the only type of furniture likely to be subject to safety standards, under *NOM-003-SCFI-1993*. These regulations appear to be restricted to lighting in public places and to Christmas tree lights. The regulations are in a constant state of revision, however, and exporters of electrical apparatus of any kind are advised to verify the current regulations with their agent, distributor or other importer prior to shipment. Although the onus for compliance technically rests with the importer, testing, certification and labelling requirements must be met before the product can cross the Mexican border.

Furniture is subject to Mexico's general labelling regulations (*NOM-050-SCFI-1994*). These rules apply to all prepackaged products intended for retail sale which are not covered by a more specific regulation. The law requires that labels be in Spanish; other languages may appear, as long as Spanish is equally prominent. Labels must appear on product packages and there are minimum sizes for typefaces based on the size of the package. The label must include the name of the product, a quantity statement, the country of origin, risk warnings if applicable, and the name or trade name of the importer. The importer's name may be applied after the product has entered Mexico.

Larger furniture items may be exempt from the labelling regulations on the grounds that they are not prepack-

aged, but rather "bulk products" which are defined as those measured or weighed in the presence of the consumer. If the packaging is removed by the retailer before the sale, in principle the regulations do not apply. Nonetheless special regulations (*NOM-004-SCFI-1994*) apply to textiles, requiring that labels be affixed to the product. It is not clear whether they apply to fabrics used to manufacture furniture.

The latest labelling regulations came into force only in March 1997, and are subject to interpretation and revision. Previous labelling regulations have been the source of much confusion, with many revisions and "clarifications" after they have been published. Exporters of products who could potentially be subject to regulations are strongly advised to verify current requirements prior to shipment.

MARKET ENTRY STRATEGIES

The bulk of imported furniture for the home, office and institutional markets is handled by distributors. Retail customers buy at department stores and specialty retailers, while office and institutional customers buy from distributors or specialized wholesalers. Some large manufacturers operate their own distribution networks, and this channel is potentially accessible to Canadian companies through joint ventures or co-marketing arrangements.

Canadian companies which enter this market often deal directly with distributors. Some companies choose to work through an exclusive agent, who in turn works through distributors to get the product to market.

Mexico's economic restructuring and, more recently, the peso crisis of December 1994, has forced a

shakeout in the distribution sector. Many distributors went out of business during 1995 and the survivors have been forced to form alliances to build national networks. Mexico's traditional multi-layered distribution system is no longer viable and retailers are trying to consolidate their purchasing. Nonetheless, national distributors who do not carry competing lines can be hard to find, and an agent/distributor combination has advantages. Still, a single distributor who can adequately cover the target market is simpler and involves lower commission costs.

Institutional furniture is usually purchased by government agencies through public tender. The *Ley de Adquisiciones Públicas*, the Public Procurement Act, governs all purchases by government agencies. Each entity has a small discretionary budget and small procurement contracts do not have to go to public tender. In most cases, the price ranges involved are unlikely to attract Canadian suppliers. The smaller tenders also continue to favour local suppliers. There may, however, be some opportunities for used furniture in this market.

Attending furniture shows in Mexico is a good way to establish contacts with potential customers, distributors or partners. Guadalajara has a strong traditional furniture industry, and it features an annual exhibit called *Expo Mueble*. The 1997 show was in February. *Mueble Internacional de Verano '97*, to be held in August 1997, features traditional furniture. The city also hosts a more broadly based furniture show called *Tecno Mueble Internacional*, to be held in July 1997. Monterrey is the site of the annual *Fiesta del Mueble*, with the 1997 show scheduled for July.

The Commercial and Economic section of the Canadian Embassy in Mexico City and the consulates in Guadalajara and Monterrey can