

AUTOMOTIVE SECTOR : QUESTION #9

What opportunities exists in the heavy truck market for export?

Background:

According to the Mexican 1989 Automotive Decree, heavy truck and bus manufacturers are only required to balance trade 1 peso/ dollar on exports for 1 peso per dollar imported. and must incorporate 40% of their value added in domestic content, to qualify for imports. With a phase out schedule as follows for domestic content, 1) 1990 for buses, 2) 1990-1992 for tractor trailers, and 1990-1993 for heavy trucks. After 1993, there is no domestic content requirement. This creates a number of opportunities in the domestic market for foreigners.

RESPONSE:

- THE MEXICAN 1989 AUTOMOTIVE DECREE CREATED TREMENDOUS OPPORTUNITIES FOR CANADIAN TRUCK AND BUS PARTS PRODUCERS TO ENTER AGGRESSIVELY INTO THE MEXICAN MARKET. THE REMOVAL OF A DOMESTIC SOURCING REQUIREMENTS REPRESENTS A STEP TOWARDS FULL RATIONALIZATION OF PARTS SUPPLY ON A NORTH AMERICAN BASIS. THE SECURING OF ACCESS UNDER THE NAFTA WILL EXPAND OPPORTUNITIES FOR CANADIAN HEAVY TRUCK PARTS IN MEXICO.