

Plastics and Advanced Materials



THE OPPORTUNITY

The plastics industry is one of Mexico's most dynamic sectors. It is simultaneously modernizing and expanding.

- Although the devaluation of the peso has temporarily curtailed growth, the industry has consistently outperformed the overall economy.
- Per capita consumption of plastics is rising rapidly, but is still only about one-quarter of the Canadian level, suggesting long-term growth prospects.
- Liberalized trade and increased international competition are forcing Mexican plastics manufacturers to modernize, mostly using imported technology.
- Mexico is self-sufficient in a number of basic raw materials, but there is a high demand for some resins. About 30 percent of all resins are imported.

For these reasons, the Mexican plastics sector offers important opportunities for Canadian suppliers of plastics products as well as resins and other inputs.

AN UNDERDEVELOPED MARKET

Plastics is one of Mexico's most dynamic industries. For more than a decade, its growth has consistently outperformed the gross domestic product (GDP). Plastics consumption per capita rose steadily from 6 kilograms in 1980 to 26 kilograms in 1994. But this is still far below the 90 kilograms per capita in Canada and the United States. This

suggests sustained market growth, as Mexico gradually catches up with the rest of North America in substituting plastics for traditional materials.

For decades, Mexico's plastics industry developed under an umbrella of protectionism and policies of self-sufficiency. The industry benefitted from a reliable supply of secondary petrochemicals from *Petróleos Mexicanos (PEMEX)*, the national oil company, at regulated prices. While this fostered the growth of the domestic industry, it also discouraged innovation and sheltered shoddy quality standards. When the Mexican government liberalized the nation's trade policies in the late 1980s, the industry reacted quickly with massive spending on new technology as it tried to protect its market share.

Sustained growth and pressure from competitors have forced the plastics industry to rely heavily on imports. Between 1990 and 1994, imports of raw materials increased by 63 percent and import penetration for resins now stands at about 32 percent of the market by volume. Imports of finished and semi-finished plastic products were almost US \$3 billion in 1994.

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: Plastics and Advanced Materials**. This market information on the Mexican plastics and advanced materials 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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The market profiles are available in electronic form from the IBB and in hard copy at a cost of \$10.00 plus shipping and applicable taxes, from Prospectus Inc. Please contact:

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