

CANADIAN COMPANIES IN MEXICO

In general, the chemical industry in Mexico is dominated by large multinational corporations. Nonetheless, a number of small- to medium-sized Canadian chemical companies are active in Mexico, many of them dealing in specialty chemicals. Their experience has been mixed. Some have prospered, despite the recent economic crisis — others have done well in the past, but suffered from it. Several companies have suspended Mexican operations because they are still owed money from customers who were devastated by the devaluation. The crisis was sudden and unexpected and many Mexican companies were caught holding dollar debts and peso receivables.

Representatives of the Canadian Chemical Producers Association and the Canadian Manufacturers of Chemical Specialties identified a group of companies with experience in Mexico. Thirty companies were contacted by researchers as part of this market profile. The products they exported included fuel additives, engine lubricants and other automotive products, water treatment chemicals, pulp and paper chemicals, petrochemicals, flavourings, ingredients for the baking industry, surfactants, plasticizers, dye intermediaries, insecticides and pharmaceuticals — as well as many others.

Only two companies were willing to discuss their experiences in detail: their stories are presented in sidebars. One reason for this reluctance is that chemicals, especially specialty chemicals, are more likely than most other products to involve proprietary information. In some cases, even a description of the product could be proprietary. Another reason is that many of these companies are affiliated with American companies and decisions regarding exports to Mexico are made in the US, even when the Canadian company contributes to the product. A few companies said that Mexico was only a small market for them and they did not think their experience was worth discussing. And finally, several companies have had negative experiences in Mexico over the past two years and they understandably hesitate to have this information published.

continued on next page

MEXICAN IMPORTS OF INORGANIC CHEMICALS AS DEFINED BY THE HARMONIZED SYSTEM, CHAPTER 28 US \$ THOUSANDS

| Commodity | World | | US | | Canada | |
|---|--------|--------|--------|--------|--------|------|
| | 1994 | 1995 | 1994 | 1995 | 1994 | 1995 |
| Carbon (including carbon black) | 8,288 | 8,026 | 6,912 | 6,649 | 78 | 54 |
| Hydrogen, rare gases and other nonmetals | 16,381 | 15,482 | 13,210 | 13,171 | 146 | 159 |
| Alkali; rare-earth metals, scandium and yttrium; mercury | 1,265 | 933 | 723 | 469 | 419 | 338 |
| Nitric acid, sulphonitic acids | 279 | 392 | 262 | 378 | 0 | 1 |
| Inorganic acids and inorganic oxygen compounds of nonmetals | 16,004 | 15,348 | 12,451 | 10,832 | 0 | 2 |
| Ammonia, anhydrous or in aqueous solution | 8,305 | 37 | 5,850 | 36 | 2450 | 0 |
| Sodium hydroxide; potassium hydroxide; peroxides of sodium and/or potassium | 7,372 | 3,609 | 3,858 | 1,946 | 0 | 21 |
| Zinc oxide and zinc peroxide | 1,305 | 422 | 205 | 201 | 3 | 0 |
| Artificial corundum; aluminum oxide; aluminum hydroxide | 20,736 | 27,848 | 15,644 | 15,725 | 52 | 101 |
| Chromium oxides and hydroxides | 2,272 | 1,725 | 1,519 | 1,200 | 0 | 3 |
| Manganese oxides | 5,407 | 6,047 | 1,171 | 1,534 | 11 | 12 |
| Iron oxides and hydroxides; earth colours | 5,428 | 2,633 | 4,418 | 2,406 | 5 | 1 |
| Cobalt oxides and hydroxides; commercial cobalt oxides | 5,747 | 6,231 | 1,902 | 1,788 | 0 | 6 |
| Titanium oxides | 3,845 | 7,025 | 1,296 | 4,712 | 150 | 308 |
| Lead oxides; red lead and orange lead | 98 | 106 | 89 | 105 | 8 | 0 |
| Hydrazine and hydroxylamine and their inorganic salts; metal oxides nesoi* | 7,171 | 7,315 | 4,504 | 5,846 | 0 | 1 |
| Fluorides; fluorosilicates, fluoroaluminates and other fluorine salts | 2,852 | 6,431 | 1,355 | 2,686 | 0 | 372 |
| Chlorides, hydroxides; bromides iodides and their oxides | 16,888 | 15,483 | 14,991 | 14,227 | 67 | 66 |
| Hypochlorites; calcium hypochlorite; chlorites; hypobromites | 6,079 | 5,186 | 4,748 | 4,562 | 118 | 90 |

continued on next page