

3. MARKET ASSESSMENT

Total apparent consumption of pollution control equipment and instruments has grown at a very steady pace in the last three years, increasing seven percent, from \$188 million in 1987 to \$202 million in 1988, and an estimated eight percent in 1989. This was prompted both, by a growth in domestic production of equipment and by a major increase in imports.

Demand is expected to grow at an average annual rate of nine percent between 1989 and 1992, from \$217.7 million to \$280.4 million (see Table 1). Domestic production, which consists exclusively of equipment, is projected to grow from \$198 million to \$249.4 million by 1992 at an average annual rate of 8%. Imports represented approximately 12% of the total market or \$26.4 million in 1989. However, given the need for more sophisticated and specialized instrumentation, all of which is imported, and Mexico's trade liberalization policies, imports are expected to grow at a faster pace than local production. Imports are estimated to grow at an average annual rate of 15%, and reach \$39.8 million by 1992 or 14% of the total market.

The total pollution control market can be divided into two distinct areas: instruments and equipment. Instruments account for approximately two percent of the total market and amounted to \$5.3 million in 1989. By 1992 this segment of the market is expected to reach \$7.4 million, all of which will continue to be imported. The total market size for equipment, on the other hand, was \$212.4 million in 1989. Of this amount, \$198 million corresponds to equipment manufactured domestically, while \$21.1 million was imported. By 1992, equipment sales are expected to reach \$273 million, of which 12% or \$32.4 million will be imported.

TABLE 1
APPARENT CONSUMPTION OF
POLLUTION CONTROL EQUIPMENT AND INSTRUMENTS
(\$000 U.S. dollars)

	1987	1988	1989e	1992p
<u>INSTRUMENTS</u>				
Production	-	-	-	-
+ Imports	3,191	4,388	5,276	7,412
- Exports	-	-	-	-
= TOTAL	3,191	4,388	5,276	7,412
<u>EQUIPMENT</u>				
Production	174,475	186,709	197,977	249,394
+ Imports	13,020	16,684	21,077	32,412
- Exports	2,558	5,700	6,649	8,850
= TOTAL	184,937	197,693	212,405	272,956
<u>TOTAL POLLUTION CONTROL EQUIPMENT AND INSTRUMENTS</u>				
Production	174,475	186,709	197,977	249,394
+ Imports	16,211	21,072	26,353	39,824
- Exports	2,558	5,700	6,649	8,850
= GRAND TOTAL	188,128	202,081	217,681	280,368