

Exports represent an increasing proportion of domestic production. About 23 percent of production was exported in 1992, up from 11 percent in 1983. Principal exports are PVC, high density polyethylene, ABS and SAN, acrylic resins and polypropylene. Polystyrene exports, which in 1989 represented 15 percent of exports, fell to 2.8 percent in 1992.

4. MARKET ENTRY STRATEGIES

Canadian companies that have entered the Mexican market have usually done so by first participating in trade shows in order to exhibit their products and make contact with potential partners. Most companies have found that a permanent local presence is essential, because Mexicans like to do business with people they know. Partnering is an effective way to achieve this, whether it is through an agent, a representative, a joint venture or some other form of strategic alliance.

It is important to find out the sales and financing practices of individual customers. High-value sales, most common in this market segment, usually are made through letters of credit. Small-value sales may be paid for in advance or on the basis of half in advance and half on delivery. Some government agencies are known to delay payment to suppliers for 90 days or more.

In order to supply government agencies or state enterprises, suppliers must generally have a local agent or representative and must be pre-registered as an accepted supplier with each entity prior to bidding on specific procurements.

In summary, the import climate in Mexico for plastics processing machinery and equipment and for plastic resins and materials has improved significantly as a result of the trade liberalization that has occurred to date. Duty rates have been reduced from a maximum 100 percent to 20 percent and prior import permits are no longer required. Plastic resins, as well as machinery and equipment, are mostly subject to duties ranging from 10 to 15 percent. In addition, a customs processing fee of 0.8 percent is assessed on the invoice value. A 10 percent value-added tax (recently reduced from 15 percent) is then assessed on the cumulative value of both taxes in addition to the invoice value. Trade will be further liberalized under the North American Free Trade Agreement (NAFTA).

