

Celanese, Alfa, CYDSA-Bonlam and Hércules or by foreign suppliers.

Most of the companies interviewed felt that any new Canadian initiative in the non-woven, engineered-textile sector would be ill-advised. The competition is strong, internationally backed, experienced, acquainted with the Mexican market, and firmly established.

TRANSPORTATION TEXTILES

Procurements of products containing textiles by the multinational manufacturers are generally part of global sourcing strategies. Therefore, sales by independent Canadian companies directly to Mexico are not considered a good prospect. The average age of Mexican vehicles is much older than in Canada, and there is also a significant market for re-upholstering. However, buyers and distributors interviewed for this study reported that very little of this fabric is imported.

UPHOLSTERY AND DRAPERY TEXTILES

Cotton-knit textiles are the most popular for domestic upholstery and drapery use. Roughly three-quarters of the products used are cotton or cotton blends. Popular blends include silk and polyester fibres. About 90 percent of imports are cotton-based. There are a number of opportunities for Canadian firms in this market. *Morel's* in particular, is interested in buying Canadian fabrics.

The prevailing opinion in the industry is that the upholstery and drapery textile market will shrink. One of the principal customers has been the construction industry. But although many buildings are being built, few are being sold, and the devaluation of the peso has only made this worse.

THE REGULATORY ENVIRONMENT

STANDARDS AND TESTING

Mexican official standards, known as *Normas Oficiales Mexicanas (NOMs)*, are imposed on a wide variety of

consumer products sold in Mexico, including textiles. All products for which *NOMs* have been issued must be tested in Mexico to obtain a certificate of compliance.

Technically, the burden of compliance with these standards falls on the importer, but in most cases Canadian exporters will have to provide the documentation. The certification number must be included on textile labels, along with the *NOM* logo. This is in addition to the general requirements for textile labelling.

Under the North American Free Trade Agreement (NAFTA), product testing can be done in all three countries, but Mexico has four years to comply and, until then, testing must be done in Mexico. Only three Mexican labs are open to any producer; the rest are captive operations of Mexican producers.

DOCUMENTATION OF ORIGIN

All products imported into Mexico must be supported by documentation which identifies its origins. For shipments from Canada, the required documents are: a NAFTA certificate of origin, a NAFTA certificate of eligibility, or a declaration of origin from a non-NAFTA country which meets the requirements of the Mexican government. Otherwise, the goods may be subject to countervailing duties assessed against certain Asian countries.

LABELLING

The Labelling Decree of March 7, 1994 sets out specific labelling requirements for textile products. As with other products, labels must be in Spanish, but for textile products, labels must be affixed to the product and not just to the packaging.

In late 1994, the Mexican government issued new draft labelling regulations for textile products. These amendments, expected to become effective in mid-1995, will add the requirement that the importer's Mexican taxation registration number appear on the label. In addition, instructions for product care will have to be more detailed.

MARKET ENTRY STRATEGIES

Mexicans like to do business with people they know, and they value after-sales service. For this reason, a local presence in Mexico is a major competitive advantage. Canadian companies that have succeeded in Mexico have usually entered the market by establishing a relationship with an agent or distributor.

Some large clothing manufacturers and a few major retailers purchase textiles exclusively through New York buying agents, but few can handle the minimum quantities of direct imports. Therefore, agents and distributors play a large role in the import market. In many cases, the agent may be a Mexican textile manufacturer which adds imported products to round out its product lines.

Many Canadian companies have identified potential agents or distributors by attending trade shows either in Mexico or in the U.S. Advertisements in specialty trade publications are effective for many products. If the product involves a new technology or other innovation, technical seminars for Mexican manufacturers are yet another approach. There are three major annual trade shows: *Exintex*, in Puebla in November, *Expo Tela* in Mexico City in the spring and *Expo Textil* in Mexico City in September.

KEY CONTACTS

CANADA

Canadian Government

Department of Foreign Affairs and International Trade (DFAIT) is the Canadian federal government department most directly responsible for trade development. The **InfoCentre** is the first contact point for advice on how to start exporting. It provides information on export-related programs and services; helps find fast answers to export problems; acts as the entry point to DFAIT's trade information network; and can provide