

Mexico, but no longer do so since 1987. Imports of motorcycles have increased at dramatic rates because of the very limited amount of products supplied domestically. A few models of motorcycles are assembled with imported technology by Carabela, which is now negotiating a joint venture with the Japanese company Yamaha, and Honda. The remainder of the demand, representing 95% of total consumption, is imported, mostly from the U.S. and Japan. Data for 1988 show total imports of \$48.8 million, up from \$16.3 million in 1987 and \$500,000 in 1986. Imports fell again in 1989 to \$35.6 million to more realistic levels.

Complete motor boats were not allowed to be imported. The hulls were manufactured in Mexico and assembled with imported outboard motors, such as Evinrude, Yamaha, Johnson and Mercury. Changes in import policy are already translating into significant increases in imports of recreational boats, from \$3.4 million in 1987, to \$11.0 million in 1989, since water sports are very popular in Mexico. There are 40 ports in Mexico, a country with close to 10,000 kms of coastline.

Up to this point, this boom in imports has not impacted domestic production too strongly, since demand, both internal and external, has been sufficiently high to absorb existing manufacture plus growing imports. It is however expected that imports will continue to grow at a faster pace than local production because imported products are generally of better quality than those made in Mexico or are cheaper. Many specialized products are also not manufactured in Mexico, in particular those high quality products used by professional sportspeople. It is also true, that there is a marked preference for imported products among Mexican consumers, even if they are neither of better quality nor lower priced, as a result of the longstanding prohibition to import consumer products and the favorable "image" of imported products. As the market matures, rational purchasing criteria will again predominate. Total imports are expected to reach \$210 million by 1994, representing 70% of total apparent consumption.

The U.S. has traditionally dominated the import market due to a reputation for reliability, quality, the offering of a wide variety of products and geographic proximity, enabling fast delivery and service. In 1989 American manufacturers held a 67.3% market share, down from 71% in 1988 as a result of increased competition from Asian countries, notably China, Taiwan, Korea, Hong Kong and Japan. These countries often have a significant price advantage over European and American manufactured goods and are favored over the latter despite frequent quality control problems. Canadian exports of sporting goods and leisure products are almost non-existent, amounting to Cdn\$92,000 in 1988 and Cdn\$390,000 in