

Virtually all CAM equipment and almost three-quarters of computer hardware and software is imported. No foreign firms are producing NC equipment in Mexico, and industry experts interviewed for this profile said that they do not expect this situation to change in the foreseeable future.

A trend towards the use of numerical control is an important factor driving the demand for specific types of equipment in Mexico. Even though the overall demand for machine tools fell during the 1993 recession, the demand for NC equipment continued to rise. NC equipment rose from about 16 percent of total metalworking machine tool imports in 1991 to 24 percent in 1994. Mexico has virtually no capacity to produce this type of equipment, and imports represent the bulk of the market. The latest trends are towards integrated machining centres, which are gradually replacing separate machine tools.

MACHINE TOOLS FOR METALWORKING

Machine tools for metalworking make up a large proportion of the overall machine tools market. Excluding parts, imports exceeded US \$441 million in 1994. Canada's share was about 1 percent of this market.

This subsector is highly sensitive to the health of the automotive, capital goods and other metalworking industries. These industries are facing strong pressure to improve quality and productivity. Customers are demanding uniform quality, compliance with international standards, lower production costs, just-in-time (JIT) deliveries and above all, reliable local service and maintenance programs. This market pressure is the driving force behind the expanding market for custom tools, especially those associated with numerical control.

The market for metalworking machine tools has increased rapidly in recent years as the manufacturing industry has expanded. Traditionally, there have been two main categories of machines: those that cut metal and those used for forming and shaping. But increasingly, metalworking is being done using integrated machining centres where this distinction is no longer relevant. In 1994, machining centres, unit construction machines and multistation transfer machines accounted for 20 percent of the market.

The end-user market consists of about 140,000 manufacturing companies and metalworking shops. About 200 medium and large companies dominate the market for advanced equipment. Prior to the devaluation, industry experts were projecting annual growth of this market at roughly 10 percent.

The industrial automation specialists interviewed for this study were unanimous that there are no domestic producers of advanced machine tools in Mexico. There are also very few software developers, and the small amount of domestic computer hardware made in Mexico is assembled from imported components. Local assembly makes it more practical to offer fast delivery on custom configurations, but otherwise Mexico does not have significant capacity in this field.