

THE ROLE OF IMPORTS

The United States, Germany and Italy are the major suppliers of Mexico's imported equipment. Canada's share is roughly two percent of imports.

Despite the strides made by domestic suppliers, the technology gap will keep Mexico dependent on imports for more sophisticated, multi-tasking machinery, at least for the next several years.

In 1993, Mexico imported a total of US \$533 million worth of equipment. Import penetration has risen slowly but steadily over the past several years, from 83 percent in 1991, to 86 percent in 1993. Imports are forecast to exceed 87 percent of the market by 1997.

IMPORT COMPETITION, 1993

The U.S. currently accounts for almost 44 percent of the total import market, down from its 55 percent share in 1991. It is facing stiff competition from the second and third most important suppliers, Germany and Italy — both of which have a 15 percent share. Italy in particular has been heavily promoting its high-quality equipment and service, flexible credit and financing terms, as well as technical advisory and consulting services. Other important competitors are France, with just over five percent of the imports market, Spain with five percent, and Sweden and Brazil with three percent each. Canada has a two percent share, with total exports of almost US \$8 million in 1993. Its principal exports to Mexico are cooking appliances, mixers and baking apparatus.

IMPORTS OF FOOD PROCESSING AND PACKAGING EQUIPMENT, 1993

Category	US \$ thousands
heating and cooking	126,234
dairy	15,009
agricultural produce	10,861
bakery	42,023
confectionery and sugar	7,710
beverages	2,213
meat/poultry	14,075
other processing equipment	52,000
packaging	262,440
Total	532,565

Source: Derived from the Banco Nacional de Comercio Exterior (Bancomext), Mexican Trade Commission.

Imported products are sold either through local representatives or directly from foreign equipment manufacturers. Mexican-based representatives can often provide more competitive prices, service and delivery than manufacturing plants abroad. The very large food processing conglomerates tend to purchase directly from foreign manufacturers with whom they have a strong relationship. This is especially true when the equipment must meet unusual specifications.