

TABLE 1

**TOTAL APPARENT CONSUMPTION OF
ELECTRONIC COMPONENTS
(million \$US dollars)**

	1986	1987	1988	1989	1990	1994 ^P
Production	35.2	47.4	56.1	61.0	67.2	89.9
+ Imports	116.1	97.9	132.2	141.8	166.0	255.3
- Exports	<u>10.1</u>	<u>18.3</u>	<u>23.1</u>	<u>29.9</u>	<u>39.1</u>	<u>55.2</u>
TOTAL	141.2	127.0	165.2	172.9	194.1	290.0

Source: Import and export data by SECOFI; author's estimates

Total demand for electronic components is expected to increase at an average annual rate of 10% in the next four years to reach \$290 million by 1994, of which an estimated 87% will be of imported origin, while domestic production grows 7% per annum, mostly to cover increasing exports.

3.1 IMPORTS

Imports have played a paramount role in the Mexican market for electronic components. Total imports of components were valued at \$35.4 million in 1977. During the 1978-1980 period of economic boom, imports increased 36% per year. With the economic crisis and the limitations on imports, these decreased to \$60.1 million in 1983, down from \$89.7 million in 1980. 1985 showed an all time high of \$119.7 million to cover backlog demand that had accumulated for several years, in conjunction with expectations of a growing economy. In 1986 and 1987 imports decreased slightly, to more stable levels. In 1987, total imports amounted to \$97.9 million and grew an unexpected 35% in 1988, to \$132.2 million, as a result of Mexico's trade liberalization policies. In 1989, imports increased 7.3% to reach \$141.8 million and another 17.1% in 1990 to \$166 million. This figure is the highest in the history of Mexico's electronics industry and reflects both, the rapid growth of the industry in the face of a growing and export oriented economy, and a displacement of domestic production of electronic components by imported products as a result of their relatively lower prices, given the large reduction in import duties payable on these items.

Table 2 below, shows imports of electronic components by category. As can be seen, traditionally the most significant portion of imports corresponds to those of passive components, including inductors, transformers, condensers, printed circuits, resistors, capacitors, piezo-electric crystals, connectors, relays and switches. Total imports of these products amounted to \$84 million in 1990, 4.5% above 1989 imports. Semiconductors