

## MARKET ENTRY STRATEGIES

*Agents and distributors play a large role in the Mexican chemical industry. Manufacturers of specialty chemicals may want to deal directly with customers but most do so through joint venture partners.*

### DISTRIBUTION

The Mexican distribution network has been greatly improved in recent years: the transportation infrastructure is upgraded, the trucking industry deregulated, and the railway network and ports are being privatized. New emphasis is being placed on the development of efficient intermodal facilities. These developments should reduce the cost of distributing chemicals in Mexico and improve service.

Most chemical products are sold through agents or distributors. The distribution network has been simplified in recent years. After decades of protectionism, Mexico's distributor networks were characterized by an excessive number of layers and a dependence on personal and family contacts. The trade liberalization beginning in the late 1980s put competitive pressure on this system and encouraged the development of more cost-effective distribution channels. The December 1994 peso devaluation and ensuing economic crisis accelerated this process. Many distributors, caught with dollar debts and peso receivables, went bankrupt. Buyers and sellers had to seek out new, more efficient lines of supply. This has created opportunities for companies that were not previously known in the Mexican market.

### IMAGE OF CANADIAN FIRMS

In interviews, chemical industry experts were doubtful that Canadian firms would be important suppliers of chemicals or the technologies used to produce them. They said that Canadian enterprises are almost unknown in the country. This suggests that the doubt about Canadian suppliers is based more on lack of exposure than negative experiences. It also implies that more aggressive promotion could help Canadian companies to establish a foothold in this market.