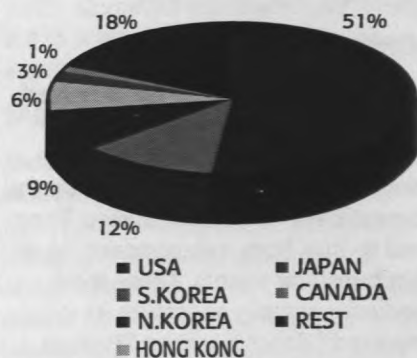Japan and Europe has pushed the U.S. share down in the last few years. India and Brazil have also been promoting cotton and silk yarns and fabrics.

Textile Import Shares to Mexico, 1992

- USA 51%
- JAPAN 12%
- S.KOREA 9%
- CANADA 6%
- N.KOREA 3%
- REST 1%
- HONG KONG 18%

Source: Statistics Canada World Trade Database.

New relationships among Mexican, U.S. and Canadian manufacturers under the North American Free Trade Agreement (NAFTA) will help to boost the North American share. Mexican manufacturers have to comply with the NAFTA rules of origin if they want to export their products to the U.S. or Canada. Mexico is also erecting trade barriers against some Asian suppliers, especially China.

Top Fabric Manufacturers

Telas Parras
Kaltex
Avante
Romafil
Intretex
Grupo Zaga
Encajes Mexicanos
Telas Oxford
Martex Potosí
Negociación Fabril de Soria
Grupo Hytt
Compañía Industrial Veracruzana
Sedas Parisina

Source: *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry. Interview by *Desarrollo Administrativo Integrado (DAI)*.

PRODUCT TRENDS

Mexican companies are striving to replace imported textiles with domestic products, especially since the devaluation of the peso. The main opportunities for Canadian companies lie in replacing the high-class European products that the Mexican industry cannot supply and that consumers can no longer afford. Additional opportunities, possibly through joint ventures, are being created by the need to recover the market lost to inexpensive Asian imports.

APPAREL FABRICS

Clothing manufacturers use about 45 percent synthetic fabrics, 30 percent natural fabrics and 25 percent blends. The domestic garment industry purchases about three-quarters of domestically-produced cotton broadwoven fabrics. Their consumption of imported fabrics is even higher. Women's garments represent the largest share with 54 percent of the market, followed by men's clothing with a 26 percent share.

Mexican producers are strongest in cotton and cotton blends, but styles and colours are very limited and it is hard to get anything which is non-standard. Natural fabrics are becoming more popular for fashion and other apparel. There is a shift from the low-cost, poorer quality synthetics to better quality natural fabrications.

RETAIL FABRICS

Retailers report that cotton knit fabrics are the most popular for both household and apparel use. Cotton mixed with nylon or microfibres has proven particularly popular, especially the 65/35, 80/20 blends. Some of the most popular blends are 9/90, 12/90, and 18/90.

A fabric known in Mexico as *tergal*, which is a type of voile, is very popular. It traditionally has come mainly from France, but reportedly, Canadian-made voile is now being sought as an alternative.

YARNS

Product trends are towards natural fibres with a shift from low quality/-low price to high quality/competitive price. Mexico lacks capacity for dyeing and finishing, creating an opportunity for strategic alliances. A Canadian partner could supply the needed technology while the Mexican firm could provide market knowledge and access.

Under the North American Free Trade Agreement (NAFTA), there will be increased demand for yarns of North American origin. Yarns and filaments available in Mexico are commodity yarns such as cotton, nylon and polyester. This leaves a substantial market for imported yarns.

ENGINEERED TEXTILES

Engineered textiles are a major exception to the general finding that Canadian textile products are virtually unknown in the Mexican market. Canadians are regarded as having a keen sense of technology, and Mexican observers believe that this knowledge could translate into exports. It was agreed that Canadian companies could penetrate the Mexican market on the basis of a trust in the product, coupled with the high regard in which Canadians are held.

Demand is growing: in part this is due to an awareness of new products. Products with particular demand are:

- medical clothing;
- agricultural tarps/coverings;
- *entretelas* (collar and cuff fillings, suitcase linings, pockets, diaper absorbents etc.);
- mattress fillings and coverings;
- metal, synthetic, industrial filters; and
- PVC coated materials.

Many end users buy from agents or distributors rather than directly from foreign producers. These agents had large debts in dollars and close to half of them are going bankrupt as a consequence of the devaluation of the peso. It is expected that the vacuum will be filled by either the stronger Mexican producers such as