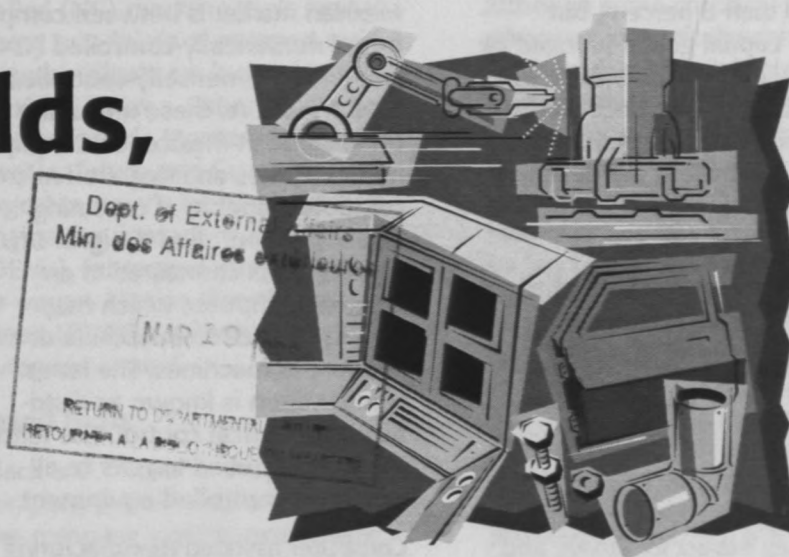


# Tools, Moulds, Dies and Special Machinery



## THE OPPORTUNITY

The Mexican market for machine tools, moulds and dies, and special machinery may be one of the few to escape the worst effects of the December 1994 devaluation of the peso.

- Mexico's exports increased by more than a third in 1995.
- To take advantage of the export boom, many Mexican manufacturers will be forced to modernize to comply with international quality standards.
- There is virtually no production of numerically-controlled (NC) machine tools in Mexico.
- The capital shortage is driving an increased interest in used, refurbished and retro-fitted NC equipment.

Notwithstanding the strong demand, small- to medium-sized Mexican manufacturers do not have access to capital markets; innovative financing by vendors is an essential marketing tool.

## THE NEW REALITY FOR MEXICAN MANUFACTURERS

Beginning in the late 1980s, the government of Mexico launched a sweeping series of economic reforms including new policies of

trade liberalization, deregulation and privatization. As the industrial transformation took hold, Mexican manufacturers scrambled to modernize. Larger firms took over small family-owned enterprises as industry rationalized to meet the influx of foreign competition. Imports of industrial automation equipment doubled in the two years ending in 1993, even though an economic recession cut demand for conventional machine tools. The modernization process continued throughout 1994.

The government of President Zedillo came to power on December 1, 1994, and within a few weeks the administration stopped supporting Mexico's overvalued peso. The market reaction was much more severe than the government had anticipated. Within days, the peso had lost almost half its value. This triggered a major economic crisis, and it ultimately required more than US \$40 billion in foreign loans to prevent the collapse of the financial system.

The devaluation of the peso has had a predictable effect on foreign trade. During the first eight months of 1995, non-petroleum exports

## SUMMARY REPORT

In addition to this market summary, the Department of Foreign Affairs and International Trade (DFAIT) has prepared a market profile entitled *Opportunities in Mexico: Tools, Moulds, Dies and Special Machinery*. This market information on the Mexican tools, moulds, dies and special machinery market has been produced and published by Prospectus Inc. under contract with DFAIT, along with other market profiles and summaries on business opportunities in Mexico. It is available from:

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The market profiles are available in electronic form from the IBB and in hard copy at a cost of \$10.00 plus shipping and applicable taxes, from Prospectus Inc. Please contact:

Prospectus Inc. Order Department  
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