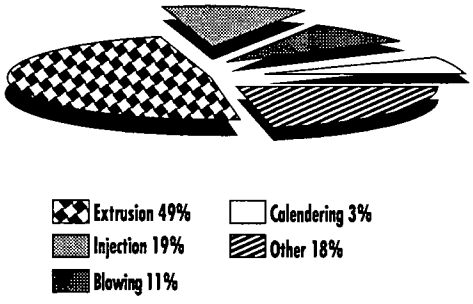
PRINCIPAL METHODS OF PLASTIC PROCESSING IN MEXICO, 1993



There has been a gradual shift in the product mix of imports. In general, specialized machinery and molds have become more prominent (see table page 8). In 1988, machinery imports accounted for 74 percent of total imports, but by 1992 this category had fallen to 64 percent. Over the same period, molds had increased from 17 percent to 29.3 percent of imports. The fastest growing mold imports have been injection-compression molds, which represented 51.6 percent of mold imports in 1992.

There are an estimated 30,000 plastics processing machines installed in Mexico, with approximately 14,000 using injection and 10,000 using extrusion processes. Nonetheless, output of extruded plastics exceeds injection by a wide margin (see chart). There are also roughly 2,000 blowing and 2,000 thermoforming machines. The machinery categories with the best sales prospects include blow-molding equipment, (especially for PET containers) and high volume injectors. Other machines in demand are those used for the manufacture of engineering parts, lamination, rotational molding, foaming, compression, thermoforming, coating, calendering, sealing, metalizing, electroplating, decorating and finishing.

In general, medium-sized automatic machines are in greater demand than large machines, due to the relatively small size of Mexican firms and to the high cost of the larger machines. Producers typically try to increase production by integrating new medium-sized machines into their existing processes, and therefore need compatible systems. Nonetheless, large machines are also in demand because of the increasing pressure to compete in international markets.

The United States is the most important exporter of plastics production machinery to Mexico, but its market share has been falling, in the face of increased competition from other countries. The U.S. is particularly well known for big machines with high productivity and quality, while European machines tend to be smaller and more versatile; this can make the smaller machines more cost-effective in the Mexican environment. The U.S. market share fell from 58 percent in 1985 to 35.3 percent in 1992. However, the U.S. position appears to be strengthening according to preliminary data for the first few months of 1993.

Another product with excellent potential is molds. Buying new machines can be extremely costly, and there is a large incentive to use existing machinery more efficiently. Effective ways to accomplish this include using new molds and screws to adapt the machine to other resins. Injection and injection-compression molds will continue to be the largest segment. Blowing molds and rubber molds are also expected to be high-growth products.

German suppliers have pursued a very aggressive marketing strategy in Mexico, and they have increased their market share to approximately 17 percent in 1992. The German suppliers have established representatives in Mexico, provided extensive Spanish technical literature, and have focused on personal visits, demonstrations and training sessions.