

In the low to medium segment of the retail sector, the proportion of fabric sold for household use rises to as much as 40 percent. Retailers noted that it is difficult to segregate these markets because many Mexicans buy fabric designed for apparel, but use it for household purposes. For example, dress fabric might be used for curtains.

Some retail stores double as distributors. Two cases in point are *Casa Bayon* and *Telas Junco*. *Casa Bayon* has two production plants in Puebla. They also own *Modas en Decoración*, a small, high-quality, upholstery/drapery store. Stores such as these carry a wide range of imported and Mexican materials and, in addition to selling to the large department stores, sell directly to the middle and lower ends of the market.

The large department stores, certain clothing manufacturers, and other stores that carry their merchandise are the largest buyers of this type of retail stores' fabric. *Casa Bayon* estimates that as much as three quarters of their sales are destined to department stores, other stores and small clothing manufacturers. *Telas Junco* is more cautious in its estimates, judging 50 percent of their sales are to contract users.

IMPORTED FABRICS

The proportion of imported fabric sold by most stores and distributors is in the range of 20 to 25 percent. The exceptions are high-class boutiques and/or tailoring businesses that rely almost exclusively on imported fabrics.

The more prestigious retailers and distributors tend to source their fabrics from the United States or from Europe, mostly France, Italy, Spain and Portugal. *Casa Bayon* and *Telas Junco* are associated with Spanish producers. The buyers interviewed were not familiar with Canadian products.

The less prestigious retail stores also stock Far-Eastern products of lesser quality. These include Chinese and Indian silks and cottons for the most part. Such imports flooded the Mexican market for the past two years, but as one retailer put it, "goods from the Far-East are leaving the market thanks to stricter import laws and consumer consciousness".

Since the devaluation of the peso, the general tendency is for retail buyers to seek Mexican substitutes for the products that were imported prior to the devaluation. Most buyers will not be interested in buying imported products in the next year or so, until the exchange rate settles and purchasing power is restored.