

The main thrust of the action plan is to develop stronger relationships with local industry associations and other contacts. The provision of market information to Canadian players interested in promoting exports will be another priority. Specific activities include an information booth at the Mexican Mining Congress and Trade Show in 1997. In the past, DFAIT has sponsored a national pavilion at this show, which is held every two years. Virtually every Canadian manufacturer of mining equipment has at this point been exposed to the Mexican market, and an information booth is now considered a better use of resources. Companies attending this event can use the booth as a base of operations, and it will help trade commissioners gather market intelligence.

### **Automotive Maintenance Equipment and Aftermarket Parts**

The Mexican automotive sector is dominated by five multinational corporations. The North American operations of the "big three" American-based companies are highly integrated. Canadian producers participate in the Mexican original equipment manufactured (OEM) parts market mainly through their affiliations with these companies in Canada. There are also opportunities for relatively large companies interested in investing in Mexico. For example, the MAGNA corporation has a large operation in Mexico, with a close relationship to Volkswagen.

For small- to medium-sized enterprises, most opportunities are found in the markets for maintenance and repair equipment as well as aftermarket parts and accessories. The high average age of Mexican automobiles and pressure to reduce emissions have contributed to a substantial and growing demand for both types of product. This market has been further expanded by the economic crisis, which has drastically cut new vehicle sales and motivated consumers to keep old cars running even longer.

Mexico City has a mandatory program of environmental controls and twice-yearly vehicle testing. This has spurred a heavy demand for gas analyzers and other diagnostic equipment. Mexico has little capacity to produce such equipment, and imports account for about three-quarters of the market.

Opportunities for aftermarket parts and accessories have also grown rapidly. It is common for Mexican car owners to buy parts and accessories from retail stores and take them to small garages or individual mechanics for installation. Some mechanics work in the streets and buy parts as they need them. For this reason, independent retailers and wholesalers have a substantial share of the replacement parts market. Automobiles are a luxury in Mexico and consumers tend to take good care of them. This has created a substantial market for accessories. Other potential niche markets include car wash machines and mechanic's tools. Mexican firms in this sector are looking for foreign partners who can contribute both technology and financing.