

FABRICS

Domestic production of fabric is sufficient to cover roughly two-thirds of domestic consumption. Production is about two-thirds synthetic and artificial and about one-third cotton. According to U.S. Department of Commerce estimates, the domestic market for fashion and home decorator fabrics totalled more than US \$800 million in 1993, but this excludes industrial fabrics. Fabric imports were US \$456 million and exports were US \$47 million. Projected growth for 1994 to 1996 is eight percent annually.

There are no good statistics indicating the relative proportions of knitted and woven fabrics produced in Mexico. Knitted fabrics comprise only a small portion of foreign trade in fabrics, and it is likely that this reflects the overall market. In 1993, Mexico's world imports of knitted fabrics totalled US \$17 million, less than four percent of all fabric imports. Similarly, knitted fabrics accounted for about 2.5 percent of fabric exports. Mexico does, however, have significant domestic production of garments knitted directly from yarn.

The weaving industry is made up of about a dozen relatively large manufacturers, mostly affiliated with foreign firms, and a large number of small-scale spinning, weaving and finishing facilities. They are often family-owned. Most manufacture only basic fabrics. Not all of them have an understanding of current fashion trends, nor the technology to weave and finish sophisticated fabrics. According to U.S. Department of Commerce estimates, the 1993 market for home decorator fabrics totalled US \$635 million. For fashion fabrics, the estimate was US \$366 million. Import penetration of these two markets was estimated at 12 percent for home decorator fabrics and 31 percent for fashion fabrics. There is no comparable data available for industrial fabrics.

Large Mexican companies are making synthetic fabrics, but they must import many of their yarns because of the limited product range of the Mexican yarn industry. This creates an opportunity for Canadian high-twist yarn manufacturers because, under the North American Free Trade Agreement (NAFTA), Mexico must find sources of yarn within the free trade area if it wants to export the fabric or the clothing that is made from it to Canada or the United States.