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O R T U N I T I E S I N M E X I C O

# Chemicals and Specialty Products



## HIGHLIGHTS

Although Canada accounts for less than 1 percent of Mexico's import market for chemicals, there are emerging opportunities for technological joint ventures and sales of specialty products.

- The chemical sector has consistently out-performed the overall economy over the past 10 years.
- The sector is rapidly restructuring, as producers adapt to the newly competitive environment under the North American Free Trade Agreement (NAFTA).
- Trade liberalization is driving increased specialization: imports and exports of chemicals have both increased.
- Small Mexican companies with access to markets for specialty chemicals lack the technology and capital to take advantage of emerging opportunities.

## AN INDUSTRY IN TRANSITION

Mexico's chemical industry is characterized by striking contrasts between large and small operations. Giant multinationals coexist

with family-owned enterprises employing fewer than 25 people.

Production of eight basic petrochemicals is reserved for *Petróleos Mexicanos (Pemex)*, the national oil company. Except for those, the bulk of Mexico's chemical production comes from the 291 companies that are members of *Asociación Nacional de la Industria Química (ANIQ)*, National Association of the Chemical Industry. Most of the world's large multinational chemical companies have operations in Mexico.

At the other end of the spectrum, *Cámara Nacional de la Industria de la Transformación (Canacindra)*, National Chamber of Manufacturing Industries, lists about 4,000 companies as part of the chemical sector, with more than 90 percent of them employing fewer than 100 workers.

The industry as a whole has been rapidly restructuring over the past few years. Multinational companies and large Mexican *grupos* took over many smaller family-owned firms, as the industry adapted to sweeping trade liberalization. Except for 1995, the restructuring process has taken place in an environment of steady growth. Between 1985 and 1994, the industry grew at an

## 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: Chemicals and Specialty Products*. This market information on Mexican chemicals and specialty products 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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\*FaxLink is a faxback system which provides summaries on a range of Mexican markets. It must be contacted through your fax machine. Dial from your fax phone and follow the voice prompt instructions.

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:

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