

PRODUCT TRENDS AND OPPORTUNITIES

In spite of the devaluation of the peso and the crisis that it spawned, there are still opportunities for technically-advanced or specialized products.

The economic crisis has taken its toll among the smaller producers and distributors of plastics products and equipment. Domestic production has been cut back in response to reduced demand from construction, automotive, home products and other industries that have been hurt directly by the devaluation of the peso in December 1994. In the first half of 1995, for example, construction activity was down by 70 percent and automotive sales had shrunk by 40 percent compared to the same period in 1994. Imports of resins were maintained up until September 1995 because of international demand for the products of the Mexican plastics industry. Sales were projected to fall off in the last quarter.

Some mid-sized firms that modernized during 1994 were caught with large dollar debts when the peso was devalued at the end of the year. Many of them have gone out of business or have been acquired by larger firms.

The firms that are weathering the crisis are mainly those that export. The average export level among the larger companies is 30 percent. Most of these companies have access to foreign financial markets, and have been able to maintain their equipment and achieve economies of scale.

RESINS

The range of resins available in Mexico is still limited. This is partly because there is no local production of many resins, but also because some importers do not offer full product lines. Mexican plastics processors are very interested in exploring new materials and several joint ventures with foreign firms are now under development. New products will be introduced into the local market as these projects mature.

Engineering resins, usually produced in low volume and at higher cost than commodity resins, are particularly sought after in Mexico. These are currently imported because their sales volumes are too low to justify the technically-advanced production processes involved. Engineering resins used in Mexico include ABS, PET, polycarbonate, polyacetal resins, nylon, fluoropolymers, polyamide, polyesters, polyurethanes, epoxy resins, unsaturated polyester, alloys and blends.