

Companies that are experiencing export-led growth are expected to continue the modernization trend established before the devaluation. The higher costs of equipment can be justified by the dramatic rise in export sales. And since many of these companies are multinationals, they have both hard currency earnings and access to foreign capital markets.

Canadian companies that can use their expertise to assist smaller Mexican manufacturers to modernize and capture export sales will find interesting opportunities despite the devaluation. Mexican companies have come to understand the benefits of flexible manufacturing based on computer-controlled machine tools. Compliance with ISO 9000 standards is widely discussed and is the goal of most Mexican manufacturers. Concepts such as total quality management (TQM) and just-in-time (JIT) production are catching on. As young, foreign-trained engineers take over leading Mexican industrial firms, they bring with them a demand for foreign equipment as well as the capability to use it effectively. The key to capitalizing on this potential market is creative financing. Joint ventures, co-manufacturing and other innovative business arrangements offer the best potential for Canadian firms.

THE MACHINE TOOL SECTOR

The need to meet export quality standards is driving a gradual shift towards numerically-controlled equipment for both metalworking and plastics manufacturing.

Machine tools are used by manufacturers to shape or form parts made of materials such as metal, plastic, wood, ceramics and rubber. Traditionally, these functions have been performed using conventional machine tools such as lathes, milling machines, boring machines and the like. Over the past decade or so, machining tasks have increasingly been accomplished using computer-controlled machine tools. This makes the manufacturing process both more flexible and more consistent. The first numerically-controlled (NC) equipment used computers to generate electronic patterns that were then transferred to the machine tool using an intermediate medium, such as punched paper tape. Modern machine tools are completely integrated with the computers that control them.

The trend towards computer-controlled machinery is less advanced in Mexico than it is in Canada. This is partly because there is no significant production of this type of equipment in Mexico. The principal distinction between equipment types in the Mexican market is between computerized numerically-controlled (CNC) and direct numerically-controlled (DNC) tools. As these terms are