

AUTOPARTS INDUSTRY

The autoparts industry continues to be one of the most dynamic sectors of the Mexican economy. Local manufacturers have been successful both at home and abroad. For example, since 1989 vehicle exports have risen nearly 300%, creating a \$US 1.4 billion trade surplus in total automotive trade. Autoparts exports have grown on a similar scale, making Mexico the world's largest exporter of gasoline engines. At the same time, domestic consumption of autoparts has risen considerably, largely due to growth in the number of vehicles in Mexico. In fact, the Mexican market is the only North American vehicle market that is currently growing.

Increased exports and rising local demand have together resulted in annual growth rates of over 20% in the autoparts industry. Expansion on a similar scale is expected for the next several years. Analysts expect total growth between 1992 and 1995 to exceed 50%, resulting in industry sales of \$US 17 billion.

Growth within the industry has resulted in significant expansion projects. Between 1990 and 1993 over \$US 3 billion was committed to capacity expansion projects, primarily in new facilities. Much of this investment was a result of the renewed internationalization of the industry, as companies such as Daimler Benz (re)established a market presence. Future investment commitments indicate further growth; in 1994, \$US 919 million will be invested; in 1995, \$US 1108 million; and in 1996 \$US 1188 million. Given the high levels of new facility construction, wastewater vendors targeting the automotive field may wish to create relationships with construction firms involved in new plant construction.

Industry growth is largely a result of deregulation. For example, all import restrictions for autoparts components have been eliminated, as long as the Mexican company exports equal or surpass the value of imports.

Local content requirements for vehicles to be sold in the Mexican market have been reduced from 60% to 36%. Finally, all restrictions on vehicle model lines in Mexico have been eliminated. As a result of deregulation, Mexican companies have been forced to respond to global pressures. Export and growth statistics indicate that the Mexican industry has responded to these pressures successfully.

Norms and Enforcement:

No specific norms apply to the autoparts industry. Instead, companies normally comply with municipal norms or product specific norms, such as glass, glass fibres, and finished metal products. Enforcement is relatively strict, as most companies are located in zone 1 priority areas.

Perspectives:

The industry is expected to grow 50% between 1992 and 1995. Over \$US 3 billion in investment is planned in the years 1994, 1995, and 1996.

Target Market:

500 companies operate in the autoparts industry, of which 211 export. An additional 100 companies produce autoparts in the maquiladora industry. The industry is highly concentrated, with 60% of all companies located in Mexico D.F.

The Mexican autoparts industry is highly international in nature. Over 43% of total investment is controlled by foreign autoparts firms, including such industry giants as Eaton, GKN, Dana Corporation, Magna, Budd, TRW, Rockwell, and Spicer.

The industry is highly concentrated in priority zones for wastewater management. For example, 60% of all companies are located in Mexico D.F. (zone 1), 12% in Monterrey (zone 1), Puebla 6% (zone 1), Toluca 6% (zone 1), and Queretaro 6% (zone 1). As a result, many of these companies are under considerable pressure to both reduce water consumption and treat wastewater discharges, if any.

There are no wastewater norms that apply specifically to the autoparts industry. Instead, some companies may be bound by one of three norms, depending upon their product line: norm 10, regulating companies that manufacture glass or glass fibres; norm 11, governing producers of blown glass; norm 17, controlling discharges from producers of finished metal products.

Given the wide diversity in products produced by the autoparts industry, it is difficult to generalize as to total interest levels in wastewater equipment. Nevertheless, water is not often an integral part of the production process, and is more frequently used