

Wool

There is a very limited amount of wool fibre and yarn production in Mexico, despite there being a large demand for carpets, rugs and blankets. Mexico does not produce the fine wools used for fashion apparel. There is no production of cashmere, angora or alpaca. In 1993, domestic wool production was 2,473 tonnes compared with consumption of 7,172 tonnes.

FABRICS

Mexican companies supply roughly two-thirds of domestic fabric consumption. Production is about two-thirds synthetic and artificial and about one-third cotton. The domestic market for fashion and home decorator fabrics totalled more than US \$800 million in 1993, excluding industrial fabrics. Projected growth for 1994 to 1996 is 8 percent annually.

Knitted fabrics comprise only a small portion of foreign trade in fabrics, and it is likely that this reflects the overall market. 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.

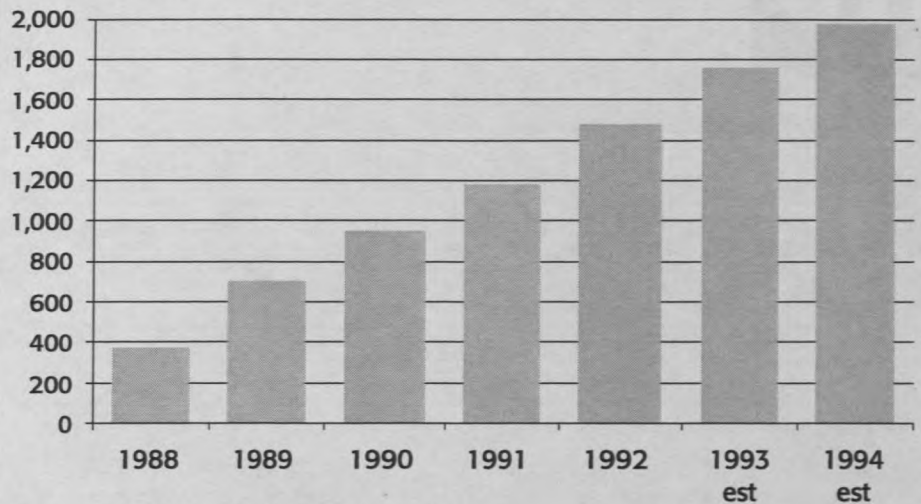
Large Mexican companies that make synthetic fabrics must import many of their yarns because of the limited product range of the Mexican yarn industry. Under the North American Free Trade Agreement (NAFTA), Mexico must find sources of yarn within the free trade area.

FOREIGN TRADE

In 1993, Mexico's textile imports exceeded US \$1.1 billion. About US \$456 million of this was fabric. Mexico produces most of the basic fabric that it needs, and the imports are mainly finer fabrics for upper-income households and corporate customers.

Textile Imports to Mexico, 1988-1994

(US \$ millions)



Source: Statistics Canada World Trade Database.

Imports of textile products have increased steadily since Mexico liberalized its import regulations starting in 1988. The U.S. Department of Commerce projects an average of 8 percent growth for the years 1994 to 1996. The data presented here excludes shipments to the *maquiladora* zones.

Much concern has been expressed by Mexican textile industry representatives regarding the current influx of imported products and the future of the industry within the context of the North America Free Trade Agreement (NAFTA). Imported goods are estimated to account for 40 to 50 percent of the Mexican textile market and several textile mills have closed as a result of increased import penetration. In October 1994, the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, formally imposed anti-dumping duties ranging from 54 percent to 331 percent against a variety of Chinese products, including textiles.

The United States accounted for more than half of all of Mexico's imports of textile products in 1992, the most recent year for which detailed statistics are available. More

than 20 percent came from North and South Korea. Hong Kong and Japan were the other major suppliers with market shares of 6 percent and 3 percent respectively. Canada's 1992 import market share was about 1 percent.

Although Canada's textile exports to Mexico are dominated by synthetic fibres and yarns, fabrics are also exported in significant quantities. Canada's 1993 export product mix is shown in the accompanying table, based on data from the *Secretaría de Comercio y Fomento Industrial*

Mexican Textile Imports from Canada

US \$

Product	1992	1993
Fibres	5,770,969	8,917,611
Yarns	2,290,692	2,565,361
Fabrics	1,944,539	2,273,864
Other Textiles	2,208,369	2,530,568
Total	12,214,569	16,287,404

Source: Derived from *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.