

THE INDUSTRIAL AUTOMATION MARKET

Virtually all advanced automation equipment and most software is already imported. Mexican firms will need technological partnerships to stay competitive in consulting services.

There are no official statistics to demonstrate either the size of the industrial automation market or the degree of import penetration. Computer and related equipment is not identified by its intended use in the international trade statistics. Moreover, the very large service component involved in industrial automation is excluded from the trade data.

Informal estimates by knowledgeable observers place annual imports of industrial automation equipment and software at more than US \$400 million annually. One expert assessed the total industrial automation market, including services, at US \$700 million for 1994, and projected a drop to about US \$450 million in 1995. He predicted that annual growth would be in the 15 to 20 percent range beginning in 1996.

ESTIMATED INDUSTRIAL AUTOMATION MARKET SIZE, 1994

Component	US \$ millions
Computer software	40
Professional services	150
Support	80
Numerical control hardware	430
Total	700

The industrial automation specialists interviewed for this study were unanimous in the view that there are no domestic producers of advanced automation equipment in Mexico. There are very few software developers, and the small amount of domestic computer hardware made in Mexico is assembled from imported components. Local assembly makes it more practical to offer fast delivery on custom configurations.

On the other hand, many types of services are available from Mexican suppliers. This includes training and support, as well as systems integration. Many customers prefer to obtain their services from the equipment supplier. Most industrial automation equipment suppliers have Mexican subsidiaries and can provide support with a combination of local and imported resources.