

total trade in the categories indicated. An unknown proportion of these products is destined to professional rather than consumer markets.

Although the volume of imports from Canada is not large, total imports are substantial. More than three-quarters of the imports in both the tool and paint categories comes from the United States. This suggests considerable potential for Canadian products.

is for homes exceeding US \$40,000. For the most part, the demand for Canadian tools and hardware is limited to middle- and upper-class home owners. According to one estimate, roughly 20 percent of the Mexican population have family incomes of US \$10,000 or more. These consumers are concentrated in urban areas. Middle- and upper-income households include almost 30 percent of the populations of

products, for consumers who can afford them.

There is a secondary market consisting of small home-repair contractors who are not really construction professionals and who tend to use lower-priced consumer-grade tools. These customers tend to buy in the same home-repair specialty stores as homeowners. In fact, there is a trend towards contractors visiting do-it-yourself (DIY) stores with their customers to pick out such items as cabinet hardware, plumbing fixtures, lighting hardware and finishes. Since the homeowner sees the retail prices and pays for the purchase, this reduces risk for both parties. There have been recent reports of small contractors flooding the training seminars put on by DIY stores in order to upgrade their skills.

DIY products have spread from specialty stores into the retail mainstream. Department stores, supermarkets and hypermarkets are all getting into these lines. All of them are featuring improved packaging, designed for the home user.

Supermarkets have always offered a large range of non-food items, and most include a hardware section. But now they are increasing display space and offering point-of-sale demonstrations. There are special promotions of DIY products, including mass media advertising. Some are offering books and videocassettes providing instructions.

IMPORTS OF HAND TOOLS, PAINT AND PAINTING SUPPLIES

US \$ dollars

Product	World		Canada	
	1994	1995	1994	1995
Hand tools	118,190,597	68,021,773	854,619	669,660
Hand tools for gardening and landscaping	8,235,748	3,843,299	15,646	3,664
Chains for manual chain saws	1,801,512	1,455,771	548,703	469,031
Other hand saws and blades	18,263,760	10,359,023	77,634	39,158
Files, pliers, shears, punches etc.	18,488,286	10,578,303	24,280	34,999
Hand spanners, wrenches and sockets	20,858,801	10,301,935	19,792	20,905
Other hand tools	46,043,217	29,845,390	166,969	101,348
Measuring tapes, levels and calipers	4,499,273	1,638,052	1,595	555
Paints and painting supplies	118,392,475	79,999,686	676,191	3,021,692
Paints and varnishes based on polymer and aqueous medium	26,958,149	15,915,460	172,267	2,436,774
Other paints and varnishes	51,823,734	40,157,088	394,865	359,454
Painting supplies	39,610,592	23,927,138	109,059	225,464

Source: Banco Nacional de Comercio Exterior (Bancomext), Mexican Foreign Trade Commission, 1996.

CUSTOMERS

Homeowners are the principal buyers of consumer tools and hardware. According to the 1990 census, there are just over 16 million housing units in Mexico. Independent houses account for about 83 percent of the total. There are about 2.2 million apartments, and the rest are hotels, camps, shelters and mobile homes.

It is estimated that almost half of the current annual demand is for homes valued at less than US \$15,000, while only 10 percent of the requirement

Mexico City, Guadalajara and Monterrey, creating a market of about 7.5 million people who can afford imported products. Other relatively affluent cities with a population of one million or more include Toluca, Puebla, León and Torreón.

For the most part, Canadian tool and hardware products must compete in the high-quality, medium-priced market. Competing Mexican goods tend to be inexpensive but are generally of poor quality. And the Mexican producers themselves are seriously threatened by cheap Asian imports. Nonetheless, there are niche markets for higher-priced Canadian

HOUSING CLASSIFICATIONS, 1994

Category	Approximate US \$ Equivalents
Low-income	up to \$18,000
Mass market	\$18,000 to \$22,000
Middle class	\$22,000 to \$112,000
Upper class	more than \$112,000

Source: US Department of Commerce, 1995.

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