

# The Textiles Market

## THE OPPORTUNITY

The Mexican textile sector offers important opportunities for Canadian suppliers.

- The Mexican textile industry is unsophisticated and generally unable to produce the more complex products.
- Under the North American Free Trade Agreement (NAFTA), Mexican producers will need to find North American sources of fibre, yarn and fabric.
- In spite of the recent devaluation of the new peso, there are still many niche markets for specialty products, especially those formerly purchased in Europe.
- Engineered textiles are particularly promising because Mexican capacity is limited and demand is derived mainly from industrial requirements.

## THE MEXICAN TEXTILE SECTOR

The textile sector accounts for more than two percent of Mexico's GDP, and almost 10 percent of manufacturing output. The industry is composed of some 2,000 companies of which 95 percent are family-owned.

The textile sector employs about 170,000 people, and is located mainly in Mexico City and Puebla. This industry developed in a strongly protectionist environment over the the past 40 years. In spite of the new pressure to modernize, investment continues to be sluggish.



## FIBRES AND YARNS

Consumption of fibres and yarns is dominated by synthetic and artificial fibres and filaments which account for 64 percent of the market. Cotton accounts for 35 percent and wool for 1 percent.

### Artificial and Synthetic Fibres

Mexico is an important producer of artificial and synthetic fibres. According to the publication *Fiber Organon*, domestic production in 1993 was 431,000 tonnes while net exports stood at 8,600 tonnes. About 70 percent of the synthetic fibre produced in Mexico is in the form of staple and tow, with the remaining 30 percent in filament form.

### Cotton

Mexico was traditionally a very important producer and exporter of cotton. It has excellent growing conditions, but the lack of technology and capital has discouraged the development of a world-class industry. Under the North American Free Trade Agreement (NAFTA), there will be increased demand for cotton fibre and yarns of North American origin, but producers will have to modernize to meet international quality standards.

## SUMMARY REPORT

In addition to this market summary, the Department of Foreign Affairs and International Trade (DFAIT) has prepared a market profile entitled **Opportunities in Mexico: The Textiles Market**. This market information on the Mexican textiles market has been produced and published by Prospectus Inc. under contract with DFAIT, along with other market profiles and summaries on business opportunities in Mexico. It is available from:

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