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OPPORTUNITIES IN MEXICO: AUTOMOTIVE AFTERMARKET PRODUCTS



M A R K E T P R O F I L E - M E X I C O



Department of Foreign Affairs and International Trade
Ministère des Affaires étrangères et du Commerce International
Latin America & Caribbean Trade Division



Atlantic Canada Opportunities Agency
Agence de promotion économique du Canada atlantique



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Market Profile – Mexico

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This market profile is designed to provide an overview of the market for **Automotive Aftermarket Products** in Mexico; it is not intended to be the only source of market information on this sector. Any errors or omissions found in this book are the sole responsibility of the authors. As well, all opinions expressed herein are those of the author. They should not be attributed to the Government of Canada. Neither the authors, the publishers nor the collaborating organizations will assume any responsibility for commercial loss due to business decisions made based on the information contained in this book.

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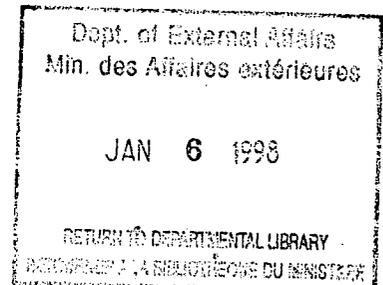
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MARKET PROFILE

OPPORTUNITIES IN MEXICO: AUTOMOTIVE AFTERMARKET PRODUCTS

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The Mexican States



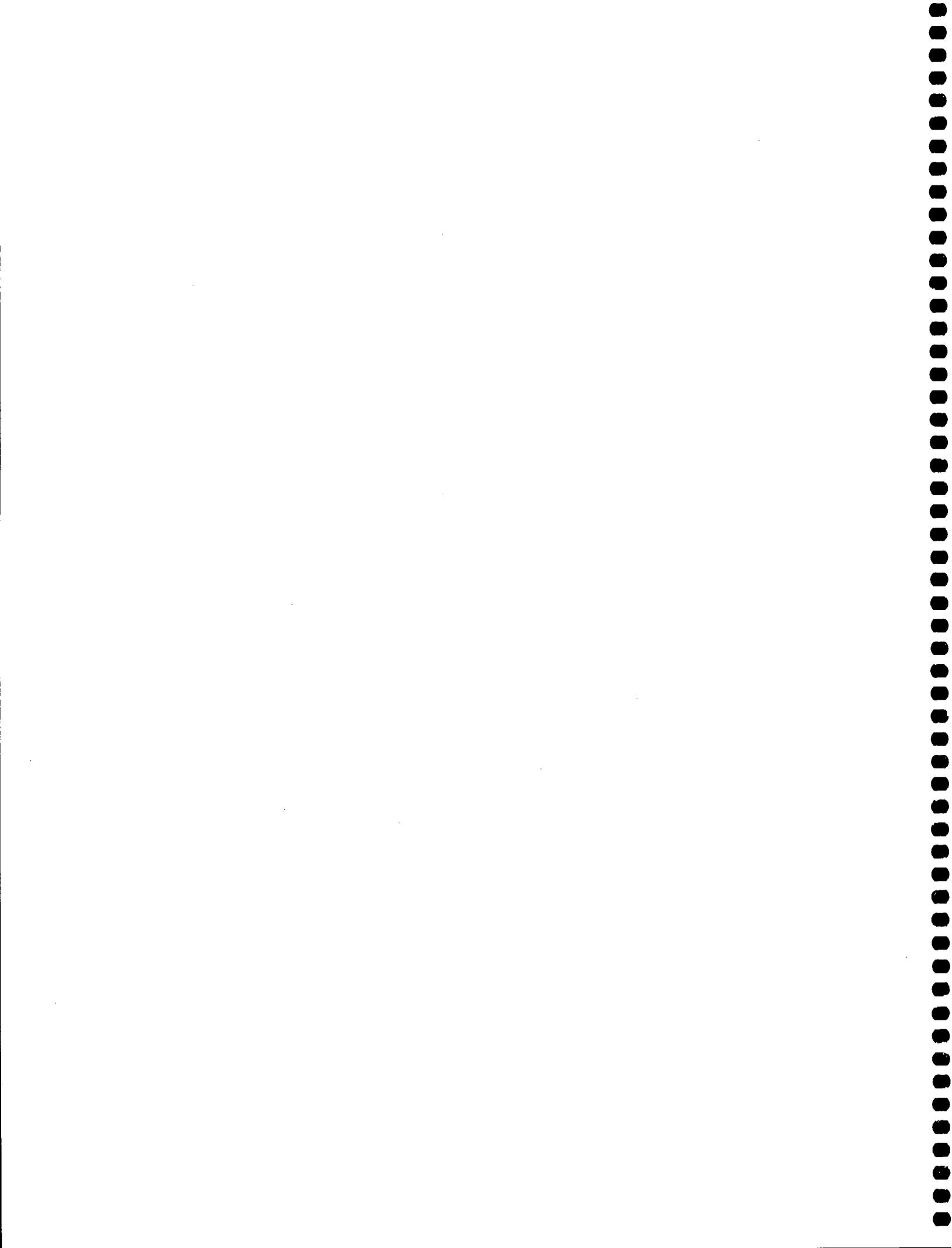


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THE NAFTA

The North American Free Trade Agreement (NAFTA) expands Canada's free-trade area of 270 million people into a market of 360 million—a market larger than the population of the 12 countries of the European Community and one with a total North American output of \$7 trillion.

Mexico is Canada's most important trading partner in Latin America. Two-way merchandise trade with Mexico exceeded \$4.2 billion in 1993 and is expected to increase to over \$5 billion by the end of the decade.

Cumulative Canadian investment in Mexico is growing rapidly, increasing from \$350 million in 1989 to over \$580 million in 1992.

This guide booklet has been prepared with the problems inherent to the initiating exporter in mind. However it is not exhaustive; individual circumstances, interests and needs will dictate how companies should tailor their approach and strategy to the Mexican market. While every attempt has been made to ensure accuracy in this study, no responsibility can be accepted for errors or omissions.

Further assistance can be obtained by addressing requests directly to:

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 Fax: (613) 996-9709
 FaxLink: (613) 944-4500

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FOREWORD

It is difficult to overstate the economic importance of the automobile, particularly in North America. The automobile is at once the most important consumer good and the largest component of international trade. The industry is an oligopoly dominated by large multinational corporations. These characteristics have made the automobile industry the target of aggressive industrial and trade policies—even in the United States which is normally not as prone to intervene as are Canada and Mexico. Mexican policy has been especially intrusive. In exchange for specific economic benefits, Mexico has made its automotive industry a special preserve for the five multinational car producers who operate there.

As a result of the Canada-U.S. Auto Pact, and the access afforded to Mexican producers under that agreement, the North American auto industry is already highly integrated. Under the North American Free Trade Agreement (NAFTA), it will continue to function in a *managed trade* environment.

For aftermarket parts, however, the situation differs markedly. Although they were not covered by the Auto Pact, the Canada-U.S. Free Trade Agreement (FTA) created almost unhindered trade in aftermarket parts between the U.S. and Canada. The NAFTA will extend these FTA conditions to Mexican markets. The result will be enormous opportunities for Canadian parts manufacturers, especially Canadian-owned firms, free to sell and invest in Mexico.

This profile describes the Mexican auto parts market, and the industry and distribution systems that presently serve it. Specific opportunities for Canadian companies are highlighted throughout the report. They have been identified by the Automotive Industries Association of Canada (AIAC), based on interviews conducted by the AIAC in Mexico.

1. THE MOTOR VEHICLE PARTS INDUSTRY IN MEXICO

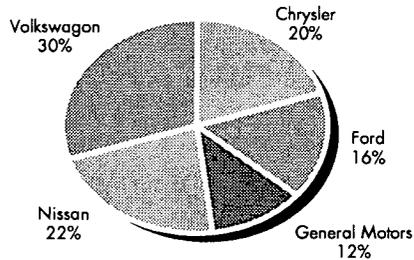
The Mexican motor vehicle parts industry was established through a series of industrial policies beginning with the presidential automotive decree of 1962. Subsequent decrees in 1973, 1977, 1983 and 1989 (see Section 5), had the dual effect of increasing exports of both vehicles and components, while ensuring substantial Mexican value-added. A local parts industry, now composed of about 540 firms, established itself on the strength of this demand. It is clustered around the major cities. About 60 percent of all auto parts firms are located around Mexico City and 12 percent around Monterrey. Other significant parts-producing areas are Puebla, Toluca and Querétaro.

The parts-producing companies supply both the multinational vehicle manufacturers and the *maquiladora* operations that export components. The Mexican-owned parts plants generally lack the technology and facilities to meet the quality standards required by export markets. Protection has allowed them to survive, but the assemblers have often had difficulties meeting domestic content requirements. The largest parts firms produce for Original Equipment Manufacturers (OEMs), for *maquiladora* plants and for export. In 1990, Mexican companies directly exported parts worth about US \$0.5 billion.

Note: Unless otherwise specified, currency used is in Canadian dollars.



PASSENGER CAR PRODUCTION FOR LOCAL MARKET IN MEXICO, 1992



Source: *Asociación Mexicana de la Industria Automotriz (AMIA)*, Mexican Association of the Automobile Industry.

Local content requirements were reduced to 36 percent by the presidential decree of 1989. The decree allowed vehicle imports, but required manufacturers to maintain a positive trade balance. In 1991, the Mexican content achieved by the five passenger car manufacturers ranged from 71 percent for Chrysler to 84 percent for Nissan. The three truck manufacturers had lower rates, but all exceeded 60 percent.

AUTO PARTS GROUPS IN MEXICO, 1989

Group Name	Affiliates
Grupo Bocar	13
Grupo Condomex	16
Grupo Echlin	7
Grupo Federal Mogul	4
Grupo ICA	3
Grupo Proeza	6
Grupo Ramirez	6
Grupo Rassini	3
Grupo Spicer	26
Grupo Summa	8
Grupo Tebo	12
Grupo Industrial Telleria	3
Grupo Vitro	3

Source: *Automotive Industries Association of Canada (AIAC)*.

INDUSTRY STRUCTURE

The Mexican auto parts industry is organized into groups. The industry's national association, *Industria Nacional de Autopartes (INA)*, National Auto Parts Industry, represents the 140 largest parts manufacturers and produces most of the industry's statistics. The majority of these firms are clustered into 13 parts groups which link fabricators and distributors. Little information is available about the remaining 400 or so firms because they are small and do not belong to the *INA* or the parts groups. In addition, there are about 160 foreign-owned *maquiladora* companies, most of them located in the northern border region. They import parts duty-free, in-bond from the U.S. and re-export assembled components.



TECHNOLOGY ALLIANCES

Many Mexican parts producers are involved in joint venture agreements with foreign partners. A typical agreement licenses technology to majority-owned

TECHNOLOGY ALLIANCES IN THE MEXICAN AUTO PARTS INDUSTRY, 1989

Product	Mexican Business	Foreign Partner
Piston Rings	Sealed Power de México	Sealed Power
Piston Rings	Autoprecisa	Perfect Circle
Water/Oil Pumps	Atsugi Mexican Bocar	Atsugi Pierburg
Spark Plugs	Bujías Champion S.A.	Champion International
Spark Plugs	Bujías Mexicanas	General Motors AC Smith Industries Ltd.
Bearings	Federal Mogul S.A. de C.V.	Federal Mogul International JPI Industries
Gaskets	T-F Victor S.A. de C.V.	Victor/Dana
Pistons	Moresa	Mahle
Radiators	Mex Par	Modine
Motor Train	Eaton Ejes S.A. de C.V.	Eaton
Axles	Ejes Tractivos S.A. de C.V. Dina Rockwell Nacional S.A. de C.V. (Dirona)	Dana Rockwell International
Clutches	Implementos Internacionales S.A. de C.V.	Luk
Universal Joints	Cardanes S.A. de C.V.	Dana
Constant Speed Rods/Shafts	Velcon S.A. de C.V.	GKN
Automatic Transmissions	Tremec S.A. de C.V. TSP S.A. de C.V.	Clark Dana
Manual Transmissions	Transeje S.A. de C.V.	Dana
Chassis Parts	Aralmex S.A. de C.V.	Boge
Shock Absorbers	Gabriel de México S.A. de C.V.	Maremont Corp
Chassis	Metalsa	A O Smith
Brakes	Automanufacturas S.A. de C.V. Bendix Mexicana S.A. de C.V. Tebo S.A. de C.V.	Budd Allied Signal Allied Signal
Springs	Rassini S.A. de C.V.	NHK
Suspensions	Suspensiones Automotrices S.A. de C.V. Tebo S.A. de C.V.	Hosch Hohelinburg TRW
Steel/Aluminium Wheels	Kelsey Hayes Mexico S.A. de C.V. IASA	Kelsey Hayes Budd, Goodyear
Bodies and Electrical Parts Bodies	Industria Automotriz S.A. Metalsa Pemsa	The Bud C Clearing A O Smith General Motors (Fisher)
Starter Motors, Alternators, Regulators	Automagneto S.A. de C.V. IEA S.A. de C.V.	Bosch Magneto Marelli
Bodies and Electrical Parts Batteries	Acumuladores Mexicanos S.A. de C.V. Roberto Diener S.A. de C.V. Monterrey Cloride	Exide International Richardson Co Exide International
Lights	Elector Optica S.A.	Hella
Harnesses	Macopel	Packard Electric

Source: Automotive Industries Association of Canada (AIAC) and *Industria Nacional de Autopartes (INA)*, National Auto Parts Industry data.



Mexican firms, so that they can supply the local market and export to other markets mandated by the foreign partner.

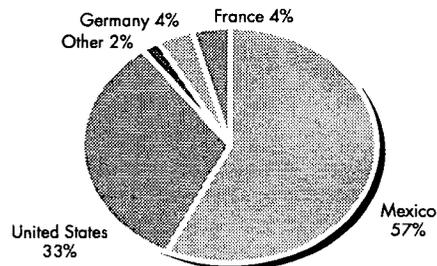
Under the NAFTA, national content requirements will continue to fall, and the Mexican parts industry will come under increasing pressure to rationalize and become more competitive. According to interviews conducted by the AIAC in Mexico in 1993, parts producers ascribe quality problems to a lack of training, investment and technology, and not the poor quality of Mexican labour.

Efforts to overcome these problems have fostered the growth of technology alliances with Canadian and U.S. firms. This type of joint venture will become increasingly advantageous for suppliers to the OEMs. Indeed, the major automotive manufacturers are encouraging technology alliances. Since the OEMs dominate the aftermarket for hard parts through their dealers, their suppliers enjoy a natural advantage in the aftermarket as well. In the past, U.S. firms have been predominant as joint venture partners (see table). More recently, several Canadian companies, including Magna, Woodbridge, ABC Plastics, and SKD have entered into technology alliances with Mexican companies. In the future, Canada's recognized strengths in clean vehicle and alternative fuel technology will lead to additional opportunities.

INVESTMENT AND FOREIGN PARTICIPATION

According to statistics published by the *Consejo Mexicano de Inversión (CMI)*, the Mexican Investment Board, the automotive parts industry was about 43 percent foreign-owned in 1992. About three-quarters of the foreign investment came from the U.S.

ORIGIN OF INVESTMENT OF THE MEXICAN AUTO PARTS INDUSTRY, 1992



Source: Consejo Mexicano de Inversión (CMI), the Mexican Investment Board.

THE MARKET FOR AUTO PARTS

As a result of new export-oriented policies implemented by Mexico in 1989, the total apparent consumption of auto parts surged by more than 60 percent over the following three years. Market growth is projected at eight percent per year until 1995, when it is projected to reach US \$15.5 billion.

Statistics from different sources vary somewhat in their estimates of apparent parts consumption in Mexico. The problem arises from differing definitions of the automobile industry. The Harmonized Commodity Classification system used for international trade statistics includes many categories of goods which are not used exclusively by any one industry. This same difficulty confronts all international industry studies, but it is particularly troublesome in the auto industry, because



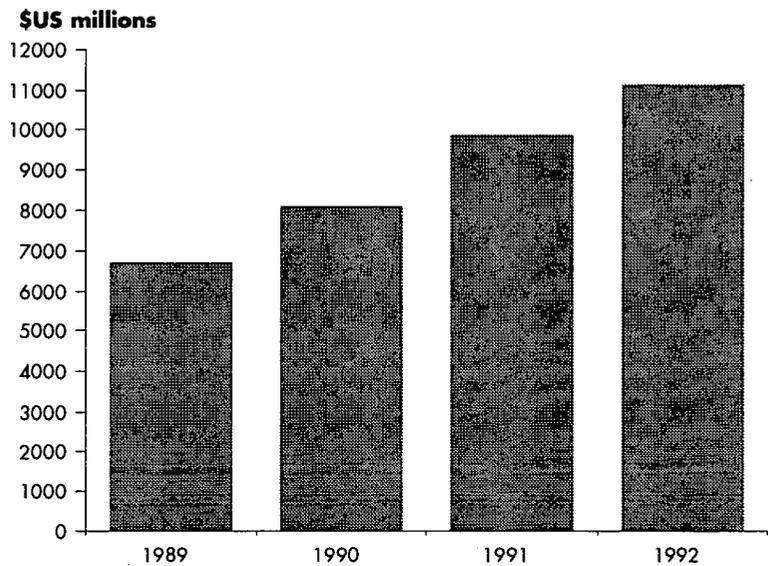
that sector consumes a great variety of components—such as hardware, upholstery and electrical goods—that are also common to other industries. The problem is exacerbated by the high proportion of imported parts. The numbers shown in this profile are from the *Industria Nacional de Autopartes (INA)*, National Auto Parts Industry Association, *Banco de México*, Bank of Mexico and the U.S. Office of Technology Assessment.

The automotive parts sector has two distinct markets: purchases by original equipment manufacturers (OEMs), and the aftermarket for replacement parts, materials and accessories. There is also a significant market for garage equipment and supplies.

The Mexican content rules for OEM purchases have been substantially reduced, and will be phased out altogether under the NAFTA. Nonetheless, OEM parts will continue to be sourced within the broader global strategies of the five companies involved, so the NAFTA changes do not necessarily imply major new OEM market opportunities for independent producers.

The aftermarket segment is more dynamic because a large number of companies is involved. According to the *INA*, about 30 percent of local parts production goes to the aftermarket. With imports included, the aftermarket makes up 40 percent of total parts sales.

THE MARKET FOR AUTO PARTS IN MEXICO, 1989-1992



Source: *Industria Nacional de Autopartes (INA)*, National Auto Parts Industry.

THE ROLE OF IMPORTS

On the strength of Mexico's oil boom, imports of auto parts rose to US \$2.7 billion in 1981. By 1982, the automobile sector accounted for more than half of Mexico's trade deficit. The following year, the government issued the "Rationalization of the Car Industry Decree" designed to shift the industry to an export orientation, and by 1986, Mexico's auto industry had posted a US \$1 billion surplus. Three years later, another decree further liberalized the foreign trade rules. For the first time, qualifying manufacturers were allowed to import vehicles.

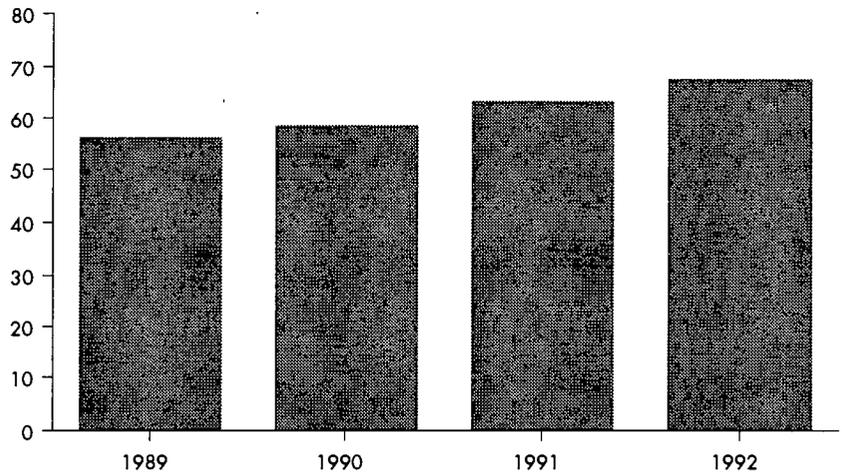


This liberalization increased parts imports dramatically over the ensuing years, to the point where import penetration in auto parts now exceeds two-thirds of the market. Imports by the *maquiladora* industry are included in the charts below. The large majority of imports, about 86.5 percent, are for OEM vehicle manufacture. The aftermarket, shown as "spare parts" in the chart, is 13.5 percent of imports. This segment has grown rapidly from US \$640 million in 1989 to an estimated US \$1 billion in 1992. The *Banco de México*, Mexico's Central Bank, which produced these product breakdowns, uses a relatively narrow definition of the industry, and estimates of parts imports from other sources are somewhat larger.



AUTO PARTS IMPORTS TO MEXICO, 1989-1992

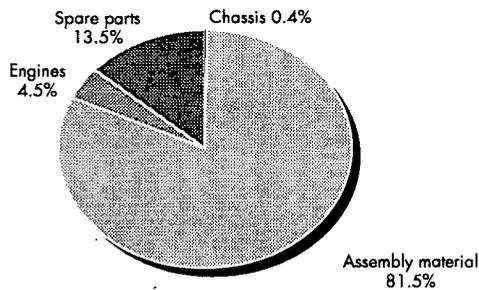
Percentage of domestic consumption



Source: *Industria Nacional de Autopartes (INA)*, National Auto Parts Industry.



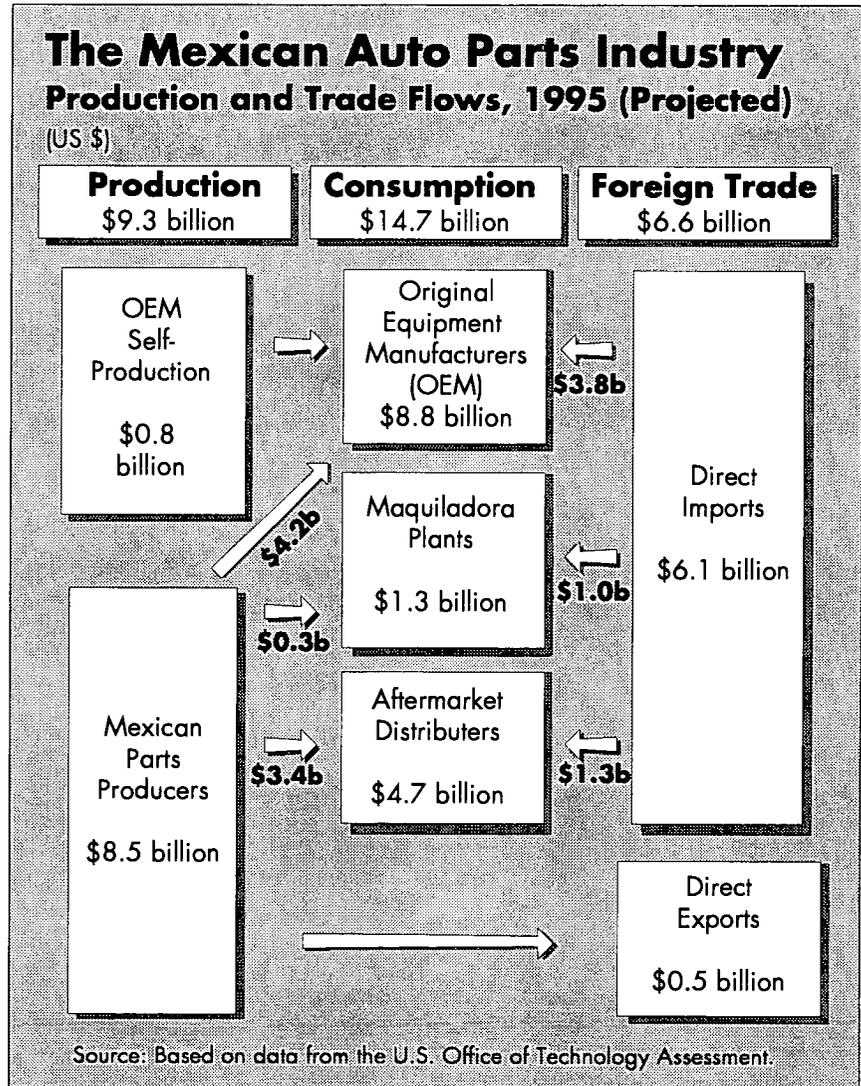
IMPORTS INTO MEXICO BY CATEGORY, 1992



Source: *Banco de México*, Mexico's Central Bank.



PRODUCTION, CONSUMPTION AND TRADE FLOWS



2. ORIGINAL EQUIPMENT MANUFACTURERS

The market for aftermarket parts and accessories is derived from prior sales of vehicles by Original Equipment Manufacturers (OEMs), and an understanding of the Mexican vehicle market is therefore relevant to the Canadian parts exporter.



This market is dominated by multinational producers. Five companies produce passenger cars, for the domestic market and for export. Another six produce trucks and buses for local consumption.

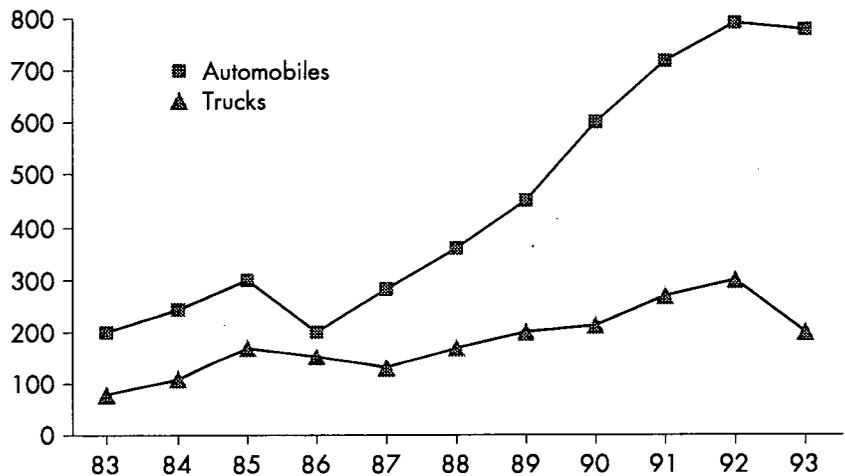
PRODUCTION

Total production of vehicles was just over one million units in 1992. Preliminary data, for 1993, suggests a decline of about eight percent for the year, but production is expected to grow at the rate of seven or eight percent annually over the next several years. Some analysts predict that by the year 2000, Mexico will have the world's fourth largest auto industry.

Original Equipment Manufacturers produce or import a large proportion of the replacement parts sold in Mexico. Their dealerships are also important customers for aftermarket parts, accessories and garage equipment.

MOTOR VEHICLE PRODUCTION IN MEXICO, 1983-1993

Thousands



Source: Asociación Mexicana de la Industria Automotriz (AMIA), Mexican Association of the Automobile Industry. Based on data from January to June, 1993.

MARKET SHARE

Five multinational companies manufacture passenger cars. They are: Ford, Chrysler, General Motors, Nissan and Volkswagen, with Volkswagen holding the largest market share. These companies also produce light trucks. Six other companies manufacture diesel trucks and/or buses. The largest of these, *Kenmex*, holds almost half the Mexican market for diesel trucks. The other major truck producers are *Dina* and *Mercedes Benz*. The Mexican market for buses is divided on a roughly equal basis, between *Dina* and *Mexicana de Autobuses*. A Mexican company, *Victor Patrón*, produces trucks and buses in small volumes.



All five auto manufacturing companies export some portion of their vehicle output. The export proportions are much higher for the three U.S. companies than for Nissan and Volkswagen. Chrysler is the largest producer, and Ford exports more than a third of its Mexican production. There are no significant exports of heavy trucks or buses.

The multinational companies also export large volumes of parts and components. Almost US \$2 billion worth of parts was exported in 1990, of which only about US \$0.5 billion came from the Mexican producers. Three-quarters of all parts exports are engines or related parts. Mexico is now the third largest supplier of auto parts to the U.S.

The car and truck manufacturers are expanding rapidly to take advantage of Mexico's liberalized environment and rapidly increasing exports. Investment by existing producers over the next few years is expected to reach US \$5 billion. Other firms reportedly interested in producing in Mexico include BMW, Fiat and Audi.

MAJOR AUTO INDUSTRY INVESTMENTS IN MEXICO, 1979-1984

US \$millions

Company	U.S.\$ Amount	Location	Product	Year
Ford	300	Chihuahua	engines	1983
	500	Hermosillo	cars	1984
	300	Hermosillo	cars	1990
	700	Chihuahua	engines	1991
Total:	1,800			
Volkswagen	245	Puebla	radiators	1979
	60	Puebla	chassis	1979
	270	Puebla	engines	1982
	1,000	Puebla	cars/engines	1992
Total:	1,575			
General Motors	350	Ramos Arizpe	cars/engines	1982
Total:	350			
Chrysler	135	Mexico City	engines	1982
	80	Mexico City	engines	1984
Total:	215			
Nissan	220	Aguascalientes	engines	1983
	1,000		cars	1991
Total:	1,220			
Renault	300	Gómez Palacio	motors	1983
Total:	300			
Mercedes Benz	146		trucks/buses	1993
Total:	146			
Total	4,606			

Source: Michel Jordy. *Nueva manufactura, globalización y producción de automóviles en México*, 1991.



MANUFACTURERS OF CARS AND GASOLINE TRUCKS IN MEXICO, 1992

Percentage of market share

	Passenger Cars	Gasoline Trucks	Exports
Nissan	22.5	15.3	10.5
Chrysler	18.8	20.0	26.7
Ford	15.3	23.6	34.5
Volkswagen	32.0	5.3	8.7
General Motors	11.4	27.9	19.6
Total	100.0%	92.1%	100.0%

Source: Asociación Mexicana de la Industria Automotriz (AMIA), Mexican Association of the Automobile Industry.

MANUFACTURERS OF TRUCKS AND BUSES IN MEXICO, 1992

Percentage of market share

Company	Diesel Trucks	Gasoline Trucks	Buses
Dina	21.5	4.4	33.5
Mercedes Benz	28.7	3.4	30.0
Kenmex	47.0	0.1	—
TRAMOSA	0.7	—	3.2
Victor Patrón	2.1	—	—
Mexicana de Autobuses	—	—	33.3
Total	100.0%	7.9%	100.0%

Source: Asociación Mexicana de la Industria Automotriz (AMIA), Mexican Association of the Automobile Industry.

3. THE VEHICLE PARTS AFTERMARKET

MARKET SIZE AND COMPOSITION

Estimates by the Automotive Industries Association of Canada (AIAC) suggest that the total Mexican parts aftermarket at retail value was worth approximately US \$12 billion in 1992, with a growth rate of 12 percent per year. The market is projected to grow to more than US \$34 billion by the turn of the century. Compared with Canada's saturated automotive markets, it represents an enormous opportunity.

Not all this spending is for parts, but the parts component is larger in Mexico than in the U.S. and Canada. Labour costs are comparatively low and parts costs are high due to tariffs and inefficient distribution. The older Mexican vehicle *parc* also creates more sales of accessories.

According to estimates cited by the AIAC, 48 percent of Mexican consumer spending on automotive maintenance goes for parts, while another 10 percent is paid for accessories. Combined with the estimated value of US \$12 billion for the total aftermarket, this suggests a market of about US \$5.8 billion for hard parts and US \$1.2 billion for accessories—including retail markups. At import prices,



THE MEXICAN AUTOMOTIVE *PARC*

Mexico's vehicle fleet (or *parc*) is much different from Canada's, and this greatly affects sales of aftermarket parts.

According to official vehicle registration records, there were about 10 million vehicles in use in Mexico in 1990, of which about 6.8 million were passenger cars. Estimates by the Automotive Industries Association of Canada (AIAC) suggest that the official statistics overestimate the actual number of vehicles by two or three million. The AIAC estimates the average vehicle age at between 10 and 12 years, compared with seven years in Canada and eight in the U.S. This estimate is considerably younger than previous assessments which set the average vehicle age at about 17 years. The lower average age reflects the AIAC's view that Mexican scrappage rates are higher than implied by the official vehicle registration data.

There are two positive implications for aftermarket parts suppliers. First, the automobile is more of a luxury in Mexico than in the rest of North America. The family car is a prized asset, and maintenance is a high priority. Second, since the vehicles are on average five years older than their Canadian counterparts, they need more maintenance and use more accessories. Government regulations have increased maintenance requirements even further. A large proportion of the *parc* is located in urban areas, where there are rigorous vehicle emission inspections twice a year. Future safety inspections are also contemplated by Mexican authorities.

The AIAC estimates that the average annual maintenance expenditure per vehicle is between US \$1,200 and US \$1,500. Mexico's low labour costs mean that a large proportion of this annual outlay is spent on parts and accessories rather than labour.

Some other characteristics of the Mexican vehicle *parc* may work against Canadian suppliers. The model mix is much different than in Canada. For example, the most popular passenger cars are the Volkswagen Beetle and the Nissan Tsuru, which together captured more than 40 percent of the 1992 new car market. Another downside consideration is that do-it-yourself buyers, who are an important market segment in Canada, are very few in Mexico. Most Mexican car owners are relatively well off and due to the low cost of labour, prefer to have their cars serviced.

aftermarket sales were estimated at US \$3.5 billion for 1990 by the U.S. Office of Technology Assessment. They projected a parts aftermarket of US \$4.7 billion for 1995.

AFTERMARKET SPENDING BY CATEGORY SHARE, 1992

Percentage of total

	Mexico	U.S.	Canada
Labour	25	50	40
Hard Parts	48	29	38
Motor Oil and Chemicals	5	4	4
Tires	14	10	12
Accessories	8	7	6

Source: DesRosiers Automotive Consultants and the Automotive Parts and Accessories Association (APAA), Washington, D.C., U.S.A.

MARKET GROWTH FACTORS

The demand for aftermarket parts is derived from several factors, including the average age and the technology incorporated into the *parc*, or the national vehicle fleet, new car sales, and vehicle usage.

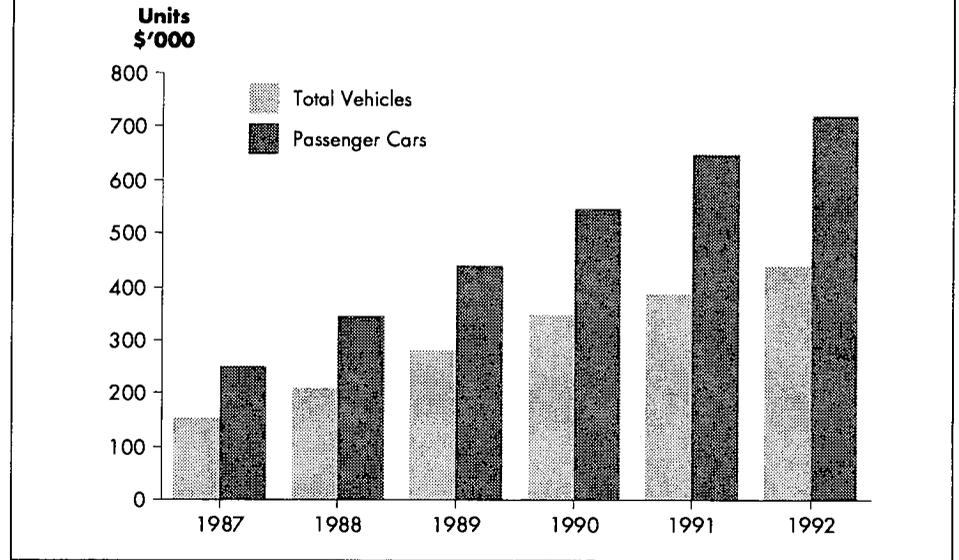
New vehicle sales are growing rapidly. Growth has been especially strong for passenger car sales, which have roughly doubled since 1987. The rapid increase in new car sales commensurately reduces the average age of the vehicle *parc* and also spreads the use of new technologies, such as fuel injection, Anti-lock Braking System (ABS) brakes and engine management systems. Taken together, these trends are advantageous to Canadian parts suppliers because they are making the Mexican vehicle *parc* more closely comparable to Canada's, even though they also imply less maintenance in the short run.

The increased use of advanced automotive technology in the typical Mexican vehicle may initially favour new car dealers and therefore OEM parts suppliers. New cars tend to be serviced by dealers, especially while warranties are in effect. The dealers are also better equipped than small independent garages to repair advanced systems but, as the market matures, there will be substantial opportunities for independent chains which can provide sophisticated repair services more competitively than the dealers.



NEW VEHICLE SALES IN MEXICO, 1987-1992

Passenger cars and total vehicles



MODEL MIX

The market for a specific part or accessory is determined mainly by the model mix of the overall motor vehicle *parc*, or fleet. In the 22 years between the 1971 model year and the 1992 model year, 5.3 million passenger cars were sold in Mexico. Eighteen percent of them were Volkswagen Beetles and another 10 percent were Nissan Tsurus. Forty-seven models sold more than 10,000 units and 16 of them sold more than 100,000 (see table). Clearly the model mix on the road in Mexico is much different than in Canada, and parts exporters will have to take account of this contrast.

The official data covers legal sales only, and excludes vehicles illegally imported from the U.S. Used car imports are legal only in the northern border area. The Automotive Industries Associates of Canada (AIAC) estimates that as many as two million vehicles have been imported into northern Mexico, and that a large proportion may have found their way to other parts of the country.

MOST POPULAR PASSENGER CARS IN MEXICO

1971-1992 Model Years

Total sales of more than 100,000 units

Company	Model	Sales	Company	Model	Sales
VW	Beetle	979,454	AMC	American	142,467
Nissan	Tsuru	552,774	Chrysler	Volare	134,704
Nissan	Datsun	371,264	Chrysler	Shadow	132,706
VW	Caribe	301,351	Ford	Fairmont	124,664
Chrysler	Dart	219,455	Chrysler	Dart-K	113,048
Ford	Topaz	203,674	VW	Jetta	111,367
Renault	Renault	173,491	Chrysler	Spirit	104,688
VW	Golf	148,547	VW	Atlantic	102,292

Source: Automotive Industries Association of Canada (AIAC).



OTHER POPULAR PASSENGER CARS IN MEXICO

1971-1992 Model Years

Total sales of more than 10,000 units

Company	Model	Sales	Company	Model	Sales
Ford	Grand Marquis	99,751	VW	Corsar	38,802
GM	Chevelle/Malibu	84,550	GM	Century	35,998
GM	Cutlass	82,146	Ford	Ghia	31,523
Ford	Mustang	80,518	GM	Citation	30,181
D.N.	Renault	79,121	Ford	Thunderbird	30,120
VW	Brasilia	72,320	Chrysler	LeBaron K	27,080
Ford	Maverick	69,289	VW	Safari	24,249
Ford	Galaxie	66,547	Ford	Taurus	22,944
GM	Chevy Nova	64,142	Nissan	Sakura	21,571
GM	Cavalier	57,411	Chrysler	New Yorker	21,554
Chrysler	Volare K	56,351	Chrysler	Monaco	20,136
GM	Impala/Caprice	48,252	Chrysler	Phantom	17,888
Chrysler	LeBaron	44,148	AMC	Classic	13,070
GM	Celebrity	43,875	Chrysler	Magnum K	12,251
AMC	Gremlin	43,096	GM	Monte Carlo	10,449
Ford	Cougar	40,885			

Source: Automotive Industries Association of Canada (AIAC).

HARD PARTS

The largest component of the automotive aftermarket is "hard parts". The major vehicle assemblers produce large quantities of parts and components for export but government regulations have forced them to purchase parts from Mexican suppliers for the vehicles they make. This has discouraged them from integrating vertically. In 1990 they made only about nine percent of their own parts, by value. There are in effect two parallel auto parts industries. Government policy has protected the domestic market for Mexican-owned parts manufacturers, and at the same time encouraged the export of parts made by foreign-owned producers. The Mexican-owned segment of the industry is by far the larger of these two industry groups, but the OEMs do produce some replacement parts for sale by their dealers.

MARKET OPPORTUNITY: REBUILT PARTS

There is no established supply of rebuilt parts in Mexico, and this situation creates an opportunity for Canadian companies with experience in this field. Parts in this category might include alternators, starters, carburetors, water pumps, clutches and brake products. Joint ventures with local companies which can supply "cores" would probably produce the best results.

MARKET OPPORTUNITY: FILTERS AND BATTERIES

The market for filters and batteries is dominated by Mexican manufacturers. One company makes all three brands of Mexican batteries. There are two filter makers: Continental and Groeling. Local production has been fostered by trade barriers that will be removed under the NAFTA, and this will create opportunities for Canadian manufacturers.



TIRES

Mexico has six tire manufacturers, operating 11 plants. Four of the companies are foreign-owned. The plants are old and inefficient, and will probably close as trade barriers fall. Tires are already one of the largest categories of imported parts. According to the *Industria Nacional de Autopartes (INA)*, the National Auto Parts Industry Association, cumulative imports of car, bus and tractor tires totalled US \$550 million between 1989 and April of 1993. The most common tire brands are Goodyear, Uniroyal, Coronada and Michelin.

ACCESSORIES

Accessories is a rapidly growing segment of the Mexican automotive aftermarket. In 1990, the market was valued at US \$422 million with import penetration of about 20 percent. Market growth is projected at 12 percent for the next few years. Mexico exported about US \$36.8 worth of accessories in 1990, amounting to about 10 percent of local production.

REPAIR AND MAINTENANCE EQUIPMENT

The rapid growth of automobile sales and the pressure for improved efficiency have created a substantial and growing demand for garage equipment. Liberalized trade policies have eased the import restrictions on this equipment. In 1989, a mandatory program of environmental controls and twice-yearly vehicle testing was implemented in Mexico City. This has spurred a heavy demand for gas analyzers and other diagnostic equipment. As a result, consumption of repair and maintenance equipment has risen by 12 percent annually since 1989 and is expected to grow at eight percent until 1995.

Mexico has little capacity to produce such equipment, and imports account for about three-quarters of the market. Import penetration is expected to fall to about two-thirds as local production capability increases. Gas analyzers and car wash machines have both shown strong import growth.

MARKET OPPORTUNITY: DIAGNOSTIC AND REPAIR EQUIPMENT AND TOOLS

Almost all diagnostic equipment used in Mexican garages is imported from the U.S. The dominant companies are Bear, Hunter, FMC and Sun. There will be a growing market for such equipment, especially gas analyzers and tune-up equipment related to the new environmental regulations. The market for mechanics tools is underdeveloped and may provide a niche market of interest to small, specialized Canadian companies.

4. VEHICLE PARTS DISTRIBUTION

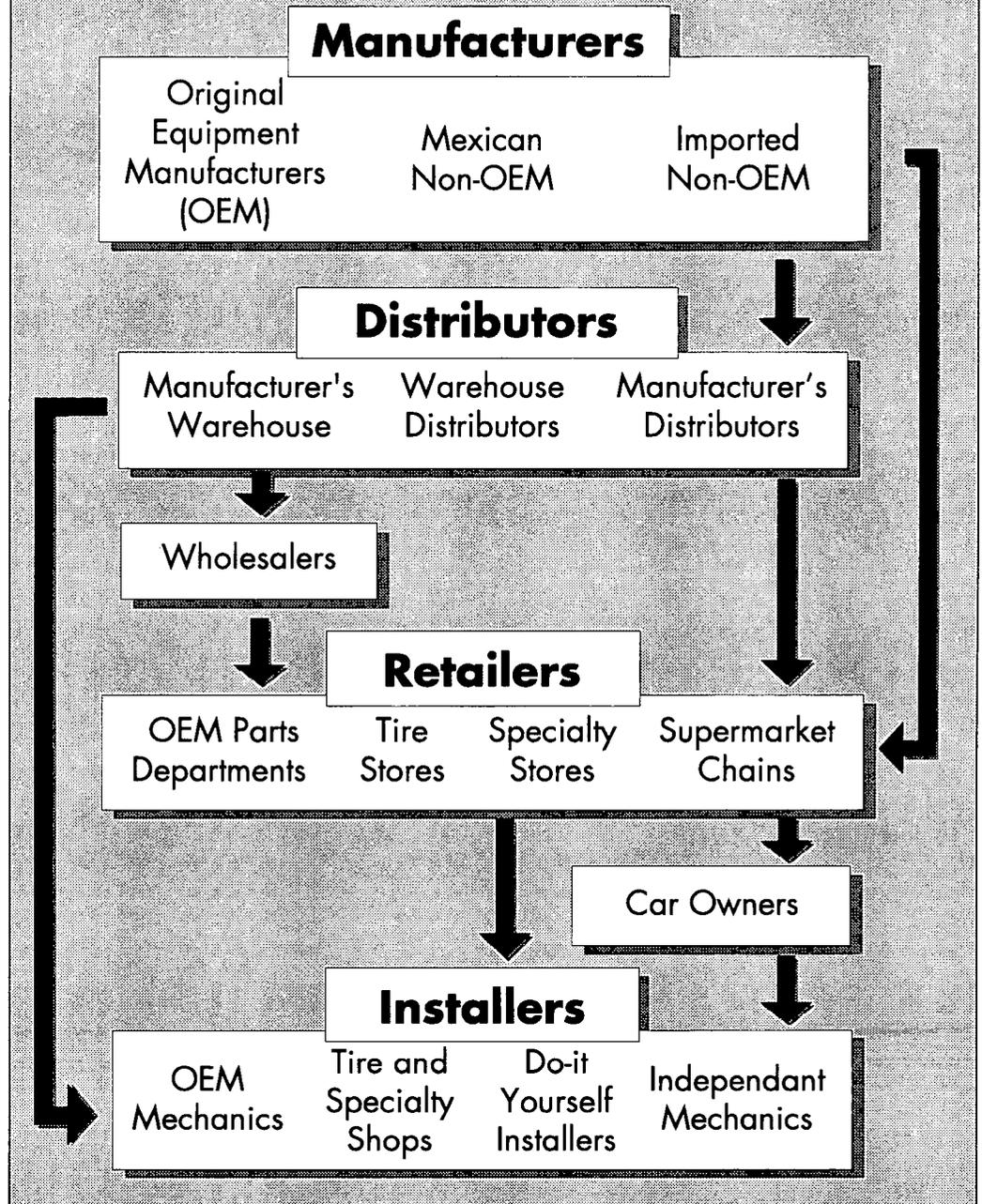
AUTO PARTS RETAILERS

NEW CAR DEALERS

There are about 1,100 new car and truck dealers in Mexico and they currently account for about half of aftermarket parts sales. They are typically large, selling as many as 700 cars per year, close to twice as many as the average Canadian dealer. Many of them are family operations with strong financial backing and sophisticated operations. It is common for a dealer to operate 20 or 30 service bays, and they are used intensively. It can take up to two weeks for a service



Aftermarket Parts Distribution System



THE MEXICAN PARTS CONSUMER

Interviews conducted by the Automotive Industries Association of Canada (AIAC) reveal a number of interesting characteristics of the Mexican car owner. Very few do their own vehicle repairs, and do-it-yourself sales are estimated at less than five percent of aftermarket parts sales. In general, Mexican car owners lack the skills to do their own repair work; moreover, labour is cheap and most car owners are relatively affluent, so they have a higher propensity to take their cars to a repair facility.

Despite these characteristics, over-the-counter sales make up a large proportion of the market. A number of factors are involved. To begin with, service stations do not play a significant role in vehicle maintenance. They are owned entirely by *Petróleos Mexicanos (PEMEX)*, the state-owned oil monopoly, and generally do not offer repair service or sell parts. The main alternatives are the OEM dealerships which dominate the parts market, but consumers complain that they are inefficient and costly. Because the parts distribution system as a whole is riddled with inefficiencies, and OEM dealerships have the best access to replacement parts, many consumers buy their parts from the dealer and then have a local mechanic do the work at a 'hole-in-the-wall' shop. According to AIAC estimates, dealerships account for about half the market. 'Hole-in-the-wall' shops sell about 30 percent, and the remaining 20 percent is sold by tire stores.

Specialty chains, including quick oil change and underbody specialists, have recently begun to appear in Mexico. Midas and Speedy Muffler King are both planning expansion into Mexico. Mexican car owners will be very responsive to any chain which provides them with practical maintenance alternatives.

MARKET OPPORTUNITY: SERVICE OUTLETS

Good opportunities exist for Canadian companies that can provide sophisticated repair services — filling the gap between the well-equipped but overconfident OEM dealers and the "hole-in-the-wall" independents. Some major retail chains have already moved into this area, but windows of opportunity still remain, especially in the larger urban centres.

appointment, and it is rare for the work to be finished on the same day. Some dealers offer expedited service at extra cost.

In spite of their size, most dealers lack computerized inventory control systems. Dealers get most of their parts from the OEMs, with about 15 to 20 percent coming from other parts distributors. Dealer gross margins are 40 to 50 percent on parts and 70 to 80 percent in their service departments. Dealers also sell wholesale to commercial customers.

Interviews conducted by the Automotive Industries Association of Canada (AIAC) suggest that the dealers are successful, but overconfident. They are often expensive and slow, and because of their perceived captive market, have little incentive to improve their performance. They are therefore vulnerable to new competition. So far, the tire chains and retail parts specialists have been their only major competitors for aftermarket parts. The new car dealers will need more modern equipment and better trained service technicians to remain competitive.

TIRE COMPANIES

Tire companies operate about 5,000 repair outlets in Mexico. The major players in this market are Goodyear, Euzkadi, Uniroyal/Goodrich and Bridgestone/Firestone. About 10 percent of the outlets are independents and the rest are factory-franchised.

Most tire companies run attractive shops, and many have modern equipment such as electronic diagnostic gear and advanced installation systems. Although tire sales are their primary focus, close to one-third of their sales are made up of hard parts installations, especially shock absorbers and other under-car components. Better staff training is identified as an important need, and many of the outlets could use more advanced technology.

"HOLE-IN-THE-WALL" SHOPS

The typical 'hole-in-the-wall' shop is a very small independent operation that often services cars in the street. The Automotive Industries Association of Canada (AIAC) estimates there are some 50,000 such shops in Mexico. They lack any sort of modern equipment, and the high cost of land makes even service bays prohibitively expensive. They are also highly vulnerable to competition from new specialty chains. The larger independent shops, those that own land in the major cities, may provide the best possibilities for chain franchise locations.

Local independent repair shops typically buy their parts from local retail stores, although in many cases customers bring their own parts.



MARKET OPPORTUNITY:

CHEMICALS

Oil and additives are sold at *Petróleos Mexicanos (PEMEX)* gas stations and in retail stores such as Wal-Mart, Aurrera and Sears. The major oil brands are Esso, Mobil and Quaker State. The retail sale of automotive products is relatively new in Mexico, and this may provide a market for Canadian suppliers who could sell directly to the retail chains as well as through wholesale distributors.

MARKET OPPORTUNITY:

BODY SHOP EQUIPMENT AND SUPPLIES

Mexican body shops will be forced to modernize partly because of new safety and environmental regulations. The changes will create a demand for sophisticated painting systems which incorporate safety and emission controls like those used in Canada.

MARKET OPPORTUNITY:

RETAIL PARTS SALES

Several U.S. retail chains have already begun to move into Mexico, to sell auto parts and provide repair services. Many Canadian chains are subsidiaries of these same companies and will not have the mandate to operate in Mexico. However, Canadian-owned retailers and specialty chains have an opportunity to establish markets in Mexico, where their expertise in distribution and service would give them an advantage over less sophisticated local operations.

GAS STATIONS

All gas stations in Mexico are operated by *Petróleos Mexicanos (PEMEX)*, the state-owned oil company. They sell gasoline, oil and additives, including both *PEMEX* house brands and others. They do not perform maintenance or repair work.

BODY SHOPS

The auto body repair business in Mexico is quite primitive by Canadian standards. Although there are exceptions in the major centres, repair methods are often 15 years behind current technology. Body parts are often reshaped rather than being replaced. Painting is done in open garages with little concern for health, safety or the environment. Paint and supplies for this industry are usually obtained through paint distributors rather than auto specialists, and the waste from these shops is thrown in the garbage. Government regulations are beginning to change the situation, but major new investments will be required in almost every facet of this industry.

RETAIL STORES

Retail stores known as *Refaccionarias* specialize in over-the-counter parts sales, typically accounting for 90 percent of their volume. Their main customers are mechanics and small repair shops, although they also sell to smaller retailers and to the public. These businesses are oriented towards local repair shops, because few of them deliver.

RETAIL CHAINS

Large national chains have so far not entered the Mexican retail sector, although they are common in the U.S. and Canada. The major retailers are regionally focussed, mainly around the large cities like Mexico City, Monterrey, Puebla and Guadalajara. Moreover, they do not generally carry large inventories of auto parts and accessories, or offer auto service. This state of affairs is beginning to change.

Liberalized markets under the NAFTA, combined with rapid economic growth and increased car ownership, will create major opportunities for foreign retail chains or joint ventures. Although the do-it-yourself market is relatively small in Mexico, large over-the-counter parts sales by OEM dealers are already attracting competition from retail chains because the chains are more efficient distributors. Some plan to offer installation and other services as well—as their counterparts do in Canada and the U.S.

Wal-Mart, for example, plans to open as many as ten automotive centres in partnership with *Cifra*, one of the largest Mexican retailers. Each centre will occupy up to 20,000 square metres in area, and will feature both retail parts sales and vehicle service. The service bays will initially specialize in shock absorbers, tires, wheel alignments and oil changes. The company will train its own service technicians.

K Mart, Woolworth, Sears and Price Club are among the U.S. retail chains planning to enter the Mexican market.



TOP 10 MEXICAN RETAILERS, 1991

Company	Number of Stores
Cifra	130
Comercial Mexicana	112
Gigante	109
Grupo SYR	107
Blanco ¹	86
Casa Ley	40
Sears de México	33
Organización Soriana	18
El Puerto de Liverpool	16
Grupo Sorimex	15

¹Acquired by Gigante de México in 1991.

Source: Compiled by the AIAC from data obtained from the Asociación Nacional de Tiendas de Autoservicio y Departamentales, National Association of Autoservice Outlets.

MAJOR U.S. RETAIL INVESTMENTS IN MEXICO

U.S. Company	Mexican Partner	Year of Initial Investment	Proposed Number of Stores
Wal-Mart, Inc. ¹	Cifra	1991	35
Price Club ¹	Comercial Mexicana	1991	10
K Mart Corp ¹	El Puerto de Liverpool	1992	100
J.C. Penney ²	None	1993	8
Dillards ²	None	1992	5
Sears ²	None	1982	13
Woolworth Corp. ²	None	1991	38

¹Joint Venture. ² Self-owned.

Source: Compiled by the AIAC from data obtained from the Mexican Investment Board, Consejo Mexicano de Inversión (CMI).

MARKET OPPORTUNITY: PARTS DISTRIBUTION

None of the wholesale distributors visited by the AIAC were comparable in size or sophistication to their Canadian counterparts. There are opportunities for alliances with these companies that would provide them with more competitive pricing and more efficient distribution systems. All expressed interest in quotations from alternative suppliers.

AUTO PARTS DISTRIBUTORS

Parts distribution is not as concentrated in Mexico as it is in the rest of North America. There are perhaps 50 significant distributors, while an additional 500 companies operate as jobber/wholesalers. Only five of the largest distributors operate substantial warehouses, and they are small by Canadian standards. They typically carry name brand hard parts with up to 20,000 different items in stock at any time. There is no "program buying" as practiced in the U.S.

According to the Automotive Industries Association of Canada (AIAC), the larger distributors specialize in engine hard parts, along with ignition, suspension and brake parts. They do not carry a full selection of body parts, paint or accessories. They use computerized inventory control and accounting, but are not equipped for electronic data interchange. They have not yet established links with the large warehouse distributors in the U.S.

Small distributors offer same-day delivery, but the larger dealers usually fill orders overnight and deliver the following day. The AIAC reports that gross margins are approximately 30 percent.

5. THE REGULATORY ENVIRONMENT

THE PRESIDENTIAL DECREES

The 1962 presidential decree, and another in 1973, attempted to displace imports by prohibiting the import of engines and then by imposing numerical local content requirements, however, the Mexican auto industry was too small to create an effective market for local parts manufacturers. In 1977, the government shifted to a policy of encouraging exports, while maintaining Mexican value-added through trade balancing requirements. All five multinational auto manufacturers responded by investing in Mexican engine plants oriented towards export markets.



In spite of these efforts, the oil boom of the early 80s created a demand that could not be met by domestic production. Parts imports increased by almost 500 percent between 1978 and 1981. By 1982, the automotive sector accounted for more than half of Mexico's trade deficit. The government responded in 1983 with a new decree that began a major policy shift away from import displacement and towards export promotion.

The 1983 Rationalization of the Car Industry Decree limited the number of models an auto manufacturer could produce, in order to increase production runs. Local content requirements were eased for models with a high proportion of exports.

In 1989 two new presidential decrees were issued: The Decree for the Development and Modernization of the Automotive Industry and a separate decree covering buses and heavy trucks. The automotive decree further liberalized the trading environment by allowing the manufacturers to import vehicles in quantities of up to 20 percent of their domestic sales. The decree also requires each manufacturer to maintain a trade surplus. For the 1994 model year, they must export \$1.75 for every \$1.00 worth of vehicles imported. For domestic sales, the local content requirement was reduced to 36 percent for vehicles, and 30 percent for parts. The restriction on the number of models was dropped.

The truck and bus decree of 1989 was more liberal than the automotive decree. Because trucks and buses are essential to Mexico's efforts to develop its infrastructure, they may now be freely imported, with no local content requirements. There is a trade-balancing requirement, but it does not require a surplus to be maintained.

Beginning in 1991, Mexico liberalized its ban on the importation of used cars to allow imports into the northern border area. Many analysts believe that this new policy has been responsible for substantial illegal imports into the rest of Mexico.

Mexico imposes heavy taxes on new car purchases. There is a 10 percent value-added tax and an excise tax. The two taxes combined range from 21 percent to 49 percent depending on the type of vehicle involved.

THE IMPACT OF THE NAFTA

The automobile industry receives special treatment under the North American Free Trade Agreement (NAFTA). In particular, the rules of origin include some unique provisions designed to protect the Canadian and U.S. markets from abuse by non-signatory nations. At the same time the market for parts—especially aftermarket parts—will be substantially liberalized.

The NAFTA extends the provisions of the Canada-U.S. Free Trade Agreement (FTA) to Mexico. The FTA had already substantially reduced tariffs on parts between the U.S. and Canada, and since parts purchases by the major manufacturers were already duty free under the Canada-U.S. Auto Pact, the NAFTA's largest impact will be felt by aftermarket parts.

The liberalized trade environment will disproportionately benefit Canadian and U.S. parts producers at the expense of Mexican competitors. Previously, Mexico has been able to export both vehicles and OEM parts to the U.S. and Canada without restriction while imports of similar products into Mexico have been limited by Mexican national content requirements. Under the NAFTA, these, and a variety of other restrictions under the 1989 auto decree, will be phased out by January 1, 2004.



Mexico will also gradually eliminate the restriction which currently prohibits imports of vehicles except by vehicle manufacturers. With the implementation of the NAFTA, the export requirement for manufacturers will be dropped to \$0.80 per dollar of imports and it will be phased out entirely over ten years.

Tariffs on about three-quarters of all auto parts will be removed within five years. Mexican tariffs on finished vehicles will fall by 50 percent immediately, and will be completely phased out over ten years. The phase-out period for light trucks is five years, and restrictions are removed immediately for medium and heavy trucks and buses.

The rules of origin are designed to prevent non-signatories from using a participating nation as a "back door" to North American markets. This was a particularly contentious issue in the case of Mexico, because its low labour costs are recognized as an incentive for abuse. A number of special rules of origin affect the auto industry. By the year 2002, passenger cars and light trucks will require a minimum of 62.5 percent North American content to benefit from the NAFTA—an increase from 50 percent under the FTA. Parts will be tracked as they are aggregated into components and subassemblies. This rule will make it more difficult for European and Japanese companies to take advantage of the NAFTA by assembling vehicles in North America from imported components.

Under the NAFTA, investors from the U.S. and Canada are permitted immediately to own 100 percent of any Mexican parts manufacturer. Foreign ownership of other Mexican automotive enterprises is restricted to 49 percent, but full ownership rules will be phased in over the next five years.

The NAFTA will gradually increase the integration of the North American auto industry, bringing increased efficiency to both the OEM and aftermarket segments of the industry.

TARIFFS AND TAXES

Mexico became a full member of GATT in 1986. This began a major trade liberalization and restructuring process. Import duties fell from a maximum 100 percent in 1983 to a maximum 20 percent after 1988. The number of products for which import permits are required has been drastically cut.

No import permits are required for auto parts. There is a maximum 20 percent duty assessed on the invoice value. There is a customs processing fee of 0.8 percent. A 10 percent *Impuesto al Valor Agregado (IVA)*, Value-added Tax, is assessed on the total value, including the customs duty and the processing fee. There are a number of programs for duty remissions and *IVA* rebates. Inputs for exported products are generally eligible for this relief.

STANDARDS

The Mexican government sets minimum quality standards for many automotive parts. Only a few of these standards, known as *Normas Oficiales Mexicanas (NOMs)* are mandatory. They include brake fluid, safety devices for hydraulic brakes and warning devices.



LABELLING

The *Sistema Internacional (SI)*, the metric system, is the official standard for Mexico, and although there are no formal requirements, exporters will normally label their products that way. The imperial system is also used, and dual labelling is acceptable. Imported products must be labelled in Spanish before entering Mexico. Some of the *NOMs* contain labelling requirements, and there are additional regulations governing the labelling of products destined for retail sale. In general, the labels should contain the following information:

- name of the product;
- trade name and address of the manufacturer;
- net contents;
- serial number;
- date of manufacture;
- electrical specifications;
- precautionary information; and
- instructions for use, handling and mandatory standards.

The electrical system is 60 cycle, 110, 220 or 400 volts. Three phase and single phase 230 volt service is also available.

EXAMPLES OF DUTY RATES ON AUTOMOTIVE PARTS IN MEXICO

20 percent	15 percent	10 percent
Alignment and balancing systems	Aluminium pistons	Air conditioning compressors
Bumpers	Ball bearings with integral shafts	Air superchargers and parts
Car washing equipment	Bearing housings	Automatic regulating or controlling instruments
Cassette players	Belts or belting	Ball or roller bearings
Cigarette lighters	Burglar alarms	Body parts and accessories
Diesel injection pumps	Car grills	Cylinder heads and blocks
Emblems	Carburators	Driving rods and bearings
Emergency signals	Compressors	Electric tools
Hinges	Flow meters	Engine testing equipment
Hoists and jacks	Horns	Gas analyzers
Locks	Hubcaps	Ignition analyzers
Mouldings	Inlet or exhaust manifold	Ignition systems
Pliers, spanners, screwdrivers, hammers	Lighting or signalling equipment	Insulating fittings of plastics
Rear-view mirrors	Luggage racks	Machines for balancing mechanical parts
Tire removing equipment	Mufflers	Mud-flaps
Tires	Pumps	Parts for lighting or signalling equipment
Windshields	Seat belts	Piston rings
	Seats	Rocker arms
	Speedometers and tachometers	Springs
	Steering wheels	Steering parts
	Sun roofs and convertible roofs	Tapered roller bearings
	Visors, dashboards, armrests, headrests	Test benches for engines
	Wheels and rims	Transmission shafts, camshafts, crankshafts
	Windshield wipers, defrosters	Valve stems, needles and valves

Source: Automotive Industries Association of Canada (AIAC), 1993.



6. MARKET ENTRY STRATEGIES

Canadian companies that wish to enter Mexico's growing auto parts market have a number of hurdles to overcome. The most obvious are the differences in language, culture and ways of doing business but, equally important, are the adaptation of the product to the Mexican market and its presentation in a way that appeals to Mexican consumers. All this must be accomplished without the benefit of some of the modern communications methods that are taken for granted in Canada and the U.S.

The first step is to choose from several possible market entry strategies. The simplest approach is to sell either directly from Canada to Mexican purchasers, or indirectly through Canadian distributors. However, most successful Canadian companies have found they need a permanent presence in Mexico in order to present their product by the best possible means.

AGENTS AND DISTRIBUTORS

The most common method of moving into Mexican markets is for the Canadian company to enter into an agreement with an agent or a distributor. The difference between an agent and a distributor is the level of responsibility involved. An agent acts on behalf of the Canadian company and has the power to make binding agreements. This carries with it a responsibility to always act in the interests of the company. It is essential, therefore, to find an agent who has no conflicts of interest, and to spell out in the agency contract the precise limits of the agent's powers and responsibilities. Some Canadian companies hire Mexican employees to function as agents.

A distributor, on the other hand, acts on its own account. A distributor cannot bind the Canadian supplier, and exercises a great deal of discretion over how the goods will be re-sold. Typically, the distributor takes title to the goods, but they may also be handled on consignment. Distribution contracts may set specific limits on prices, geographic areas covered and competing products. Contracts may also include provision for customer support and warranties, but unlike the agency contract, there is no general obligation on the distributor's part to act in the best interests of the Canadian supplier.

CO-MANUFACTURING

Some Canadian companies enter the Mexican market through co-manufacturing arrangements with local producers. The product is manufactured in Mexico using some combination of design, technology, materials or components supplied by the Canadian partner. Terms of the agreement can range from simple toll manufacturing, whereby the Mexican partner does the work for a fee, to joint ventures where both partners share the risks.



MEXICAN SALES CORPORATIONS

Another route into the Mexico market is to establish a local sales office or Mexican corporation as the exclusive purveyor of the Canadian supplier's product. It may be a representative office which does not have to be incorporated or registered in Mexico, provided that it makes no sales directly and receives no income from Mexicans. If more sophisticated support is needed, a Mexican corporation may be registered to carry on all of the Canadian company's business. Such a corporation may be 100 percent foreign-owned.

MAKING CONTACTS

Attending trade shows in Mexico is a very effective way to make contacts. The best shows are those sponsored by local trade associations or by Canadian or U.S. industry organizations. The Canadian Embassy in Mexico City and the trade office in Monterrey can also be helpful. Some companies hire neutral brokers. They introduce buyers and sellers for a fee but do not represent either party.

DECIDING TO GO

Though there is a high potential for rewards, getting into the Mexican market can be a time consuming and frustrating process. Success requires the full support of top management and the commitment of significant resources. Before proceeding, companies need to assess both the market and their product to make sure there is an appropriate match. There are five fundamental questions to answer:

- Is the product appropriate for Mexican consumers? For example, do-it-yourself products may not sell well in Mexico.
- Are there import restrictions affecting the product? The Mexican automobile decrees will be phased out, but the market will not be completely free until 2004.
- Is the product priced appropriately for the Mexican market? The cost of operating a car in Mexico is close to double that in Canada, and price may be a bigger obstacle than in Canada.
- Can the product compete with local products using existing distribution channels? Existing arrangements may be based on market protection that no longer exists, but brand and personal loyalties may remain strong nevertheless.
- Can the product meet Mexican product codes?

Where the product is not known in Mexico, appropriate consumer information and possibly training material for distributors may be needed. Both must be produced in Spanish, together with product labels and promotional material.

Companies that have succeeded in Mexico generally offer the same advice: prepare carefully; develop local partnerships and be prepared to do business 'the Mexican way'. For those ready to commit the necessary time and resources, the opportunities are outstanding.



7. WHERE TO GO FOR ADDITIONAL ASSISTANCE

CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN CANADA

DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (OTTAWA)

Department of Foreign Affairs and International Trade (DFAIT) is the Canadian federal government department most directly responsible for trade development. The **InfoCentre** is the first contact point for advice on how to start exporting; it provides information on export-related programs and services; helps find fast answers to export problems; acts as the entry point to DFAIT's trade information network; and can provide interested companies with copies of specialized export publications.

InfoCentre

Tel.: 1-800-267-8376 or (613) 944-4000

Fax: (613) 996-9709

FaxLink: (613) 944-4500

The Latin America and Caribbean Trade Division promotes trade with Mexico. There are several trade commissioners at the Embassy of Canada in Mexico City, and there is a satellite office in Monterrey. Trade Commissioners can provide a range of services including introducing Canadian companies to potential customers in Mexico, advising on marketing channels, assisting those wishing to participate in trade fairs, helping identify suitable Mexican firms to act as agents, and compiling credit and business information on potential foreign customers.

Latin America and Caribbean Trade Division (LGT)

Department of Foreign Affairs and International Trade

Lester B. Pearson Building

125 Sussex Drive

Ottawa, ON K1A 0G2

Tel.: (613) 996-5547

Fax: (613) 943-8806

INTERNATIONAL TRADE CENTRES

International Trade Centres have been established across the country as a convenient point of contact to support the exporting efforts of Canadian firms. Co-located with the regional offices of Industry Canada (IC), the centres operate under the guidance of DFAIT and all have resident Trade Commissioners. They help companies determine whether or not they are ready to export; assist firms with marketing research and market planning;

provide access to government programs designed to promote exports; and arrange for assistance from the Trade Development Division in Ottawa and trade officers abroad. Contact the International Trade Centre nearest you:

British Columbia: Scotia Tower
900-650 West Georgia Street
P.O. Box 11610
Vancouver, BC V6B 5H8
Tel.: (604) 666-0434
Fax: (604) 666-8330

Yukon: 300 Main Street
Room 210
Whitehorse, YT Y1A 2B5
Tel.: (403) 667-3925
Fax: (403) 668-5003

**Alberta and
Northwest Territories:** Canada Place
9700 Jasper Avenue
Suite 540
Edmonton, AB T5J 4C3
Tel.: (403) 495-2944
Fax: (403) 495-4507

510-5th Street S.W.
11th Floor
Calgary, AB T5P 3S2
Tel.: (403) 292-6660
Fax: (403) 292-4578

Saskatchewan: 119-4th Avenue South
Suite 401
Saskatoon, SK S7K 5X2
Tel.: (306) 975-5315
Fax: (306) 975-5334

1919 Saskatchewan Drive
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Tel.: (306) 780-6325
Fax: (306) 780-6679

Manitoba: 330 Portage Avenue
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P.O. Box 981
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1 Front Street West
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Tel.: (416) 973-5053
Fax: (416) 973-8161

Quebec: Stock Exchange Tower
800 Victoria Square
Suite 3800
P.O. Box 247
Montreal, PQ H4Z 1E8
Tel.: (514) 283-8185
Fax: (514) 283-8794

New Brunswick: Assumption Place
770 Main Street
P.O. Box 1210
Moncton, NB E1C 8P9
Tel.: (506) 851-6452
Fax: (506) 851-6429

Prince Edward Island: Confederation Court Mall
134 Kent Street
Suite 400
P.O. Box 1115
Charlottetown, PE C1A 7M8
Tel.: (902) 566-7400
Fax: (902) 566-7450

Nova Scotia: Central Guaranty Trust Tower
1801 Hollis Street
5th Floor
P.O. Box 940, Stn M
Halifax, NS B3J 2V9
Tel.: (902) 426-7540
Fax: (902) 426-2624

Newfoundland: Atlantic Place
215 Water Street
Suite 504
P.O. Box 8950
St. John's, NF A1B 3R9
Tel.: (709) 772-5511
Fax: (709) 772-5093/2373

WORLD INFORMATION NETWORK FOR EXPORTS

The World Information Network for Exports (WIN Exports) is a computer-based information system designed by DFAIT to help Canada's trade development officers abroad match foreign needs to Canadian capabilities. It provides users with information on the capabilities, experience and interests of more than 30,000 Canadian exporters. To register on WIN Exports, call: (613) 996-5701.

PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)

This program seeks to increase export sales by sharing the costs of industry-initiated activities aimed at developing export markets. PEMD is administered by IC regional offices and funded by DFAIT. Activities eligible for PEMD financial support (up to 50 percent of the costs) include:

- participation in recognized foreign trade fairs outside of Canada;
- trips to identify export markets and visits by foreign buyers to Canada;
- project bidding or proposal preparation at the pre-contractual stage for projects outside Canada;
- the establishment of permanent sales offices abroad in order to undertake sustained marketing efforts;
- special activities for non-profit, non-sales food, agriculture and fish organizations, marketing boards and agencies, trade fairs, technical trials, and product demonstrations (for example); and
- new eligible costs include: product testing for market certification, legal fees for marketing agreements abroad, transportation costs for offshore company trainees, product demonstration costs and other costs necessary to execute the marketing plan.

Support is also provided for certain types of government-planned activities, such as outgoing trade missions of Canadian business representatives and incoming missions to Canada of foreign business and government officials who can influence export sales. For general information, call the InfoCentre at 1-800-267-8376. For applications for assistance, call the International Trade Office nearest you.

INTERNATIONAL FINANCING

DFAIT helps Canadian exporters interested in pursuing multilateral business opportunities financed by international financing institutions (IFI). Canadian exporters and trade associations can access market data, obtain a better understanding of the competition, and determine if an IFI-funded market opportunity is practical and worth pursuing. DFAIT can provide information and advice on the availability of Canadian government-funded assistance programs and can assist companies in developing effective export marketing. For further information contact:

International Finance Division
Department of Foreign Affairs and International Trade
Tel.: (613) 995-7251
Fax: (613) 943-1100



TECHNOLOGY INFLOW PROGRAM

Managed by DFAIT and delivered domestically by the National Research Council, this program is designed to help Canadian companies locate, acquire and adopt foreign technologies by promoting international collaboration. IC also helps in program promotion. The program officers respond to requests to identify technology sources and opportunities for cooperation between Canadian and foreign firms. The program will also help Canadian firms make exploratory visits abroad to identify and gain first-hand knowledge of relevant foreign technologies as well as to negotiate to acquire them. For information, call: (613) 993-3996.

INVESTMENT DEVELOPMENT PROGRAM

This program helps Canadian companies find the investment they need. It actively promotes investments that take the form of new plant and equipment, joint ventures or strategic partnerships. It is especially interested in attracting investment that introduces new technology into Canada, a key to creating new jobs and economic opportunities. Investment officers make contact with foreign investors and bring them together with Canadian companies. For information, call: (613) 995-8400.

INDUSTRY CANADA

Industry Canada (IC) was created with a broad mandate to improve the competitiveness of Canadian industry. In the area of small business, it has been given specific responsibility to:

- develop, implement and promote national policies to foster the international competitiveness of industry; the enhancement of industrial, scientific and technological development; and the improvement in the productivity and efficiency of industry;
- promote the mobility of goods, services, and factors of production within Canada;
- develop and implement national policies to foster entrepreneurship and the start-up, growth and expansion of small businesses;
- develop and implement national policies and programs respecting industrial benefits from procurement of goods and services by the government of Canada; and
- promote and provide support services for the marketing of Canadian goods, services and technology.

IC REGIONAL OFFICES

The regional offices work directly with Canadian companies to promote industrial, scientific and technological development. They help clients recognize

opportunities in a competitive international marketplace by providing services in the areas of business intelligence and information, technology and industrial development, and trade and market development. They also promote and manage a portfolio of programs and services.

The following are areas in which IC regional offices have special competence:

- access to trade and technology intelligence and expertise;
- entry points to national and international networks;
- industry sector knowledge base;
- co-location with International Trade Centres connected to DFAIT and Canadian posts abroad;
- client focus on emerging and threshold firms; and
- IC Business Intelligence.

Automotive Directorate
Automotive, Urban Rail and Transit Branch
Industry Canada
235 Queen Street, 10th Floor, East Tower
Ottawa, ON K1A 0H5
Tel.: (613) 954-3436
Fax: (613) 952-8088

Business Service Centre
Industry Canada
235 Queen Street, 1st Floor, East Tower
Ottawa, ON K1A 0H5
Tel.: (613) 954-3126
Fax: (613) 954-3079

NAFTA Information Desk
Industry Canada
235 Queen Street, 5th Floor, East Tower
Ottawa, ON K1A 0H5
Fax: (613) 952-0540

THE BUSINESS OPPORTUNITIES SOURCING SYSTEM (BOSS)

BOSS is a computerized databank that profiles over 26,000 Canadian companies. It lists basic information on products, services and operations that is useful to potential customers. The system was established in 1980 by IC in cooperation with participating provincial governments. BOSS was originally established so that Trade Commissioners posted around the world by DFAIT could find Canadian companies that might be able to take advantage of foreign market opportunities. Today, more than 11,000 domestic and international subscribers use the system not only to locate Canadian suppliers but also to obtain market intelligence and identify market opportunities. The majority of subscribers are Canadian companies. For information call: (613) 954-5031.

MARKET INTELLIGENCE SERVICE

This service provides Canadian business with detailed market information on a product specific basis. The



service assists Canadian companies in the exploitation of domestic, export, technology transfer, and new manufacturing investment opportunities. The intelligence is used by Canadian business in decisions regarding manufacturing, product development, marketing, and market expansion. The information includes values, volume and unit price of imports, characteristics of specific imports (e.g. material, grade, price range, etc.), names of importers, major countries of export, identification of foreign exporters to Canada, Canadian production, Canadian exports, and U.S. imports. Two-thirds of the clientele for this service are small businesses. For information call: (613) 954-4970.

REVENUE CANADA

NAFTA Information Desk

Revenue Canada — Customs, Excise and Taxation
191 Laurier Avenue West
6th floor
Ottawa, ON K1A 0L5
Tel.: 1-800-661-6121
Fax: (613) 954-4494

NAFTA Spanish Help Desk

Revenue Canada Customs provides a NAFTA Help Desk telephone line with service available in Spanish
Tel.: (613) 941-0965

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

An important possible source of financing for Canadian ventures in Mexico is the special fund available through the Canadian International Development Agency (CIDA) under the Industrial Cooperation Program or CIDA/INC. CIDA's Industrial Cooperation Program provides financial contributions to stimulate Canadian private-sector involvement in developing countries by supporting long-term business relationships such as joint ventures and licencing arrangements. INC supports the development of linkages with the private sector in Mexico encouraging Canadian enterprises to share their skills and experiences with partners in Mexico, and other countries. A series of INC mechanisms help enterprises to establish mutually beneficial collaborative arrangements for the transfer of technology and the creation of employment in Mexico.

There are five INC mechanisms which help eligible Canadian firms to conduct studies and provide professional guidance and advice to potential clients. Where a project involves environmental improvement, technology transfer, developmental assistance to women, job training, or job creation, early contact with CIDA's Industrial Cooperation Division is suggested. An important CIDA criterion is that the project creates jobs in Mexico without threatening jobs in Canada. In fact, most CIDA-assisted projects have produced net increases in Canadian jobs.

Industrial Cooperation Division
Canadian International Development Agency
200, Promenade du Portage
Hull, PQ K1A 0G4
Tel.: (819) 997-7905/7906
Fax: (819) 953-5024

ATLANTIC CANADA OPPORTUNITIES AGENCY

Atlantic Canadian companies seeking to develop exports to Mexico may be eligible for assistance from the Atlantic Canada Opportunities Agency (ACOA). The Agency works in partnership with entrepreneurs from the Atlantic region to promote self-sustaining economic activity in Atlantic Canada.

The ACOA Action Program provides support to businesses as they look to expand existing markets through the development of Marketing Plans. Efforts include monitoring trade opportunities arising from global economic change; communications efforts to promote the region; trade missions and associated activities, as well as better coordination with federal and provincial bodies that influence trade and investment opportunities.

ACOA Head Office: Blue Cross Centre
644 Main Street
P.O. Box 6051
Moncton, NB E1C 9J8
Toll free: 1-800-561-7862
Fax: (506) 851-7403

Newfoundland and Labrador: Atlantic Place
215 Water Street, Suite 801
P.O. Box 1060, Station C
St. John's, NF A1C 5M5
Tel.: (709) 772-2751
Toll free: 1-800-563-5766
Fax: (709) 772-2712

Nova Scotia: 1801 Hollis Street
Suite 600
P.O. Box 2284, Station M
Halifax, NS B3J 3M5
Tel.: (902) 426-8361
Toll free: 1-800-565-1228
Fax: (902) 426-2054

Prince Edward Island: 75 Fitzroy Street
3rd Floor
Charlottetown, PE C1A 1R6
Tel.: (902) 566-7492
Toll free: 1-800-565-0228
Fax: (902) 566-7098

New Brunswick: 570 Queen Street
P.O. Box 578
Fredericton, NB E3B 5A6
Tel.: (506) 452-3184
Toll free: 1-800-561-4030
Fax: (506) 452-3285



WESTERN ECONOMIC DIVERSIFICATION CANADA

Western Canadian companies interested in Mexico may be able to secure assistance from Western Economic Diversification Canada (WD). This agency provides financial assistance for projects which contribute to the diversification of the western economy. It acts as a pathfinder to ensure that western businesses are aware of and receive assistance from the most appropriate source of funding, federal or other, for their projects. It acts as an advocate for the west in national economic decision-making and it coordinates federal activities that have an impact on economic growth in the west. It plays a role in promoting trade between western Canada and markets around the world. Inquiries about the Western Diversification Program and other activities of the department can be directed to any of the following regional offices:

- Manitoba:** The Cargill Building
240 Graham Avenue
Suite 712
P.O. Box 777
Winnipeg, MB R3C 2L4
Tel.: (204) 983-4472
Fax: (204) 983-4694
- Saskatchewan:** S.J. Cohen Building
119-4th Avenue South
Suite 601
P.O. Box 2025
Saskatoon, SK S7K 5X2
Tel.: (306) 975-4373
Fax: (306) 975-5484

Toll free within Regina
city limits
Tel.: (306) 780-6725
- Alberta:** Canada Place
9700 Jasper Avenue
Suite 1500
Edmonton, AB T5J 4H7
Tel.: (403) 495-4164
Fax: (403) 495-7725

Toll free within Calgary
city limits
Tel.: (403) 292-5382
- British Columbia:** Bentall Tower 4
1200-1055 Dunsmuir Street
P.O. Box 49276
Vancouver, BC V7X 1L3
Tel.: (604) 666-6256
Fax: (604) 666-2353

Toll free within the Province
Tel.: 1-800-663-2008

EXPORT DEVELOPMENT CORPORATION

EDC is a unique financial institution that helps Canadian business compete internationally. EDC facilitates export trade and foreign investment by providing risk management services, including insurance and financing, to Canadian companies and their global customers.

EDC's programs fall into four major categories:

- export credit insurance, covering short- and medium-sized credits;
- performance-related guarantees and insurance, providing coverage for exporters and financial institutions against calls on various performance bonds and obligations normally issued either by banks or surety companies;
- foreign investment insurance, providing political risk protection for new Canadian investments abroad; and
- export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

For information on the full range of EDC services, contact any of the following EDC offices:

- Ottawa (Head Office):** 151 O'Connor Street
Ottawa, ON K1A 1K3
Tel.: (613) 598-2500
Fax: (613) 237-2690
- Vancouver:** One Bentall Centre
505 Burrard Street
Suite 1030
Vancouver, BC V7X 1M5
Tel.: (604) 666-6234
Fax: (604) 666-7550
- Calgary:** 510-5th Street S.W.
Suite 1030
Calgary, AB T2P 3S2
Tel.: (403) 292-6898
Fax: (403) 292-6902
- Winnipeg:** 330 Portage Avenue
8th Floor
Winnipeg, MB R3C 0C4
Tel.: (204) 983-5114
Fax: (204) 983-2187
(serving Manitoba and
Saskatchewan)



Toronto: National Bank Building
150 York Street
Suite 810
P.O. Box 810
Toronto, ON M5H 3S5
Tel.: (416) 973-6211
Fax: (416) 862-1267

London: Talbot Centre
148 Fullarton Street
Suite 1512
London, ON N6A 5P3
Tel.: (519) 645-5828
Fax: (519) 645-5580

Montreal: Tour de la Bourse
800 Victoria Square
Suite 4520
P.O. Box 124
Montreal, PQ H4Z 1C3
Tel.: (514) 283-3013
Fax: (514) 878-9891

Halifax: Purdy's Wharf, Tower 2
1969 Upper Water Street
Suite 1410
Halifax, NS B3J 3R7
Tel.: (902) 429-0426
Fax: (902) 423-0881

NATIONAL RESEARCH COUNCIL

Canadian companies hoping to succeed in the Mexican marketplace may require additional technology to improve their competitiveness. The National Research Council (NRC) works with Canadian firms of all sizes to develop and apply technology for economic benefit. The Council supervises the Industrial Research Assistance Program (IRAP), a national network for the diffusion and transfer of technology.

The IRAP network supports the process of developing, accessing, acquiring, implanting, and using technology throughout Canadian industry. IRAP has been in existence for 40 years and has acquired a reputation as one of the more flexible and effective federal programs. IRAP takes advantage of an extensive network that includes more than 120 regional and local offices, 20 provincial technology centres, the Council's own laboratories and research institutes, federal government departments, and technology transfer offices in Canadian universities. The IRAP network also extends abroad through the technology counsellors attached to Canadian posts in some 18 foreign countries. For more information or the name of the IRAP officer nearest you, contact the following:

IRAP Office
National Research Council
Montreal Road
Building M-55
Ottawa, ON K1A 0R6
Tel.: (613) 993-5326
Fax: (613) 954-2524



KEY CONTACTS IN CANADA

BUSINESS ASSOCIATIONS

Automotive Industries Association of Canada (AIAC)
1272 Wellington Street
Ottawa, ON K1Y 3A7
Tel.: (613) 728-5821
Fax: (613) 728-6021

Automotive Parts Manufacturers Association (APMA)

195 The West Mall, Suite 516
Etobicoke, ON M9C 5K1
Tel.: (416) 620-4220
Fax: (416) 620-9730

The Canadian Council for the Americas (CCA) is a non-profit organization formed in 1987 to promote business interests in Latin American and Caribbean countries. The CCA promotes events and programs targeted at expanding business and building networking contacts between Canada and the countries of the region. It also publishes a bimonthly newsletter.

The Canadian Council for the Americas (CCA)

Executive Offices
145 Richmond Street West, Third Floor
Toronto, ON M5H 2L2
Tel.: (416) 367-4313
Fax: (416) 367-5460

Canadian Exporters' Association (CEA)

99 Bank Street, Suite 250
Ottawa, ON K1P 6B9
Tel.: (613) 238-8888
Fax: (613) 563-9218

Canadian Manufacturers' Association (CMA)

75 International Boulevard, Fourth Floor
Etobicoke, ON M9W 6L9
Tel.: (416) 798-8000
Fax: (416) 798-8050

The Canadian Chamber of Commerce (CCC)

55 Metcalfe Street, Suite 1160
Ottawa, ON K1P 6N4
Tel.: (613) 238-4000
Fax: (613) 238-7643

Forum for International Trade and Training (FITT)

155 Queen Street, Suite 608
Ottawa, ON K1P 6L1
Tel.: (613) 230-3553
Fax: (613) 230-6808

Language Information Centre

240 Sparks Street, RPO
Box 55011
Ottawa, ON K1P 1A1
Tel.: (613) 523-3510

Canadian Freight Forwarders Association (CFFA)

Box 929
Streetsville, ON L5M 2C5
Tel.: (905) 567-4633
Fax: (905) 542-2716

BANK OF MONTREAL, INTERNATIONAL OFFICES IN CANADA

The Bank of Montreal is the longest-serving Canadian bank in Mexico. It offers a wide range of international banking services and trade financing through its Trade Finance offices across Canada.

Trade Finance Offices:

129 St. James Street West, 12th Floor
Montreal, PQ H2Y 1L6
Tel.: (514) 877-9465
Fax: (514) 877-6933

First Canadian Place, 23rd Floor
Toronto, ON M5X 1A1
Tel.: (416) 867-5584
Fax: (416) 867-7635

959 Burrard Street, 6th Floor
P.O. Box 49350
Vancouver, BC V7X 1L5
Tel.: (604) 665-2740
Fax: (604) 665-7283

International Operations Offices:

959 Burrard Street, 7th Floor
P.O. Box 49500
Vancouver, BC V7X 1L5
Tel.: (604) 665-3705
Fax: (604) 665-7120

340-7th Avenue South West
B1 Level, FCC
Calgary, AB T2P 0X4
Tel.: (403) 234-3775
Fax: (403) 234-3777

335 Main Street
P.O. Box 844
Winnipeg, MB R3C 2R6
Tel.: (204) 985-2202
Fax: (204) 985-2739

234 Simcoe Street, 3rd Floor
Toronto, ON M5T 1T1
Tel.: (416) 867-6567
Fax: (416) 867-7162

288 St. James St. West
Montreal, PQ H2Y 1N1
Tel.: (514) 877-7317
Fax: (514) 877-7155



BAKER & MCKENZIE OFFICES

Baker & McKenzie is one of the largest international law firms with offices in 35 countries. They presently have four offices in Mexico, in the cities of Juárez, Mexico City, Monterrey and Tijuana. In addition to providing legal advice, the firm's offices in Canada and Mexico work to assist Canadian companies to find the right partner to enable them to establish or expand their activities in Mexico.

Baker & McKenzie
Barristers & Solicitors
BCE Place
181 Bay Street, Suite 2100
Toronto, ON M5J 2T3
Tel.: (416) 865-6910/6903
Fax: (416) 863-6275

MEXICAN GOVERNMENT OFFICES

The Embassy of Mexico, Mexican Trade Commissioners in Canada, and Mexican consulates can provide assistance and guidance to Canadian companies in need of information about doing business in Mexico.

Embassy of Mexico
45 O'Connor Street, Suite 1500
Ottawa, ON K1P 1A4
Tel.: (613) 233-8988
Fax: (613) 235-9123

Mexican Consulate in Ottawa
Tel.: (613) 235-7782

Other Mexican Consulates General in Canada

Consulate General of Mexico
2000 Mansfield Street, Suite 1015
Montreal, PQ H3A 2Z7
Tel.: (514) 288-2502/4916
Fax: (514) 288-8287

Consulate General of Mexico
199 Bay Street, Suite 4440
P.O. Box 266, Stn. Commerce Court West
Toronto, ON M5L 1E9
Tel.: (416) 368-2875/8141/1847
Fax: (416) 368-8342

Consulate General of Mexico
810-1139 West Pender Street
Vancouver, BC V6E 4A4
Tel.: (604) 684-3547/1859
Fax: (604) 684-2485

Mexican Honorary Consulate
380, Chemin St. Louis
No. 1407
Québec, PQ G1S 4M1
Tel.: (418) 681-3192
Fax: (418) 683-7843

Mexican Honorary Consulate
830-540 5th Avenue, S.W.
Calgary, AB T2P 0M2
Tel.: (403) 263-7077/7078
Fax: (403) 263-7075

MEXICAN FOREIGN TRADE COMMISSIONS

Banco Nacional de Comercio Exterior (Bancomext) is the Mexican Foreign Trade Commission and offers credits, export guarantees and counselling services for Mexican companies seeking to do business in Canada. *Bancomext* also sponsors trade fairs, international exhibitions and trade missions.

MEXICAN BANKS WITH OFFICES IN CANADA

Banco Nacional de México (Banamex), *Banco de Comercio (Bancomer)* and *Banca Serfin* are private sector banks which offer specialized services through their international trade information centres. The centres participate in a computerized communications network with access to numerous economic, governmental and financial data bases throughout the world. These banks are located throughout Mexico, and maintain offices in Toronto.

Banco Nacional de México (Banamex)
1 First Canadian Place
Suite 3430
P.O. Box 299
Toronto, ON M5X 1C9
Tel.: (416) 368-1399
Fax: (416) 367-2543

Banco de Comercio (Bancomer)
The Royal Bank Plaza
South Tower, Suite 2915
P.O. Box 96
Toronto, ON M5J 2J2
Tel.: (416) 956-4911
Fax: (416) 956-4914

Banca Serfin
BCE Place
Canada Trust Tower
161 Bay Street
Suite 4360
P.O. Box 606
Toronto, ON M5J 2S1
Tel.: (416) 360-8900
Fax: (416) 360-1760



CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN MEXICO

COMMERCIAL DIVISION THE EMBASSY OF CANADA IN MEXICO

The Commercial Division of the Canadian Embassy in Mexico can provide vital assistance to Canadians venturing into the Mexican market. The trade commissioners are well informed about the market and will respond in whatever measure possible to support a Canadian firm's presence in Mexico.

Note: To telephone Mexico City, dial: 011-52-5 before the number shown; for contacts in other cities in Mexico, consult the international code listing at the front of your local telephone directory for the appropriate regional codes.

Commercial Division
The Embassy of Canada in Mexico
Schiller No. 529
Col. Polanco
Apartado Postal 105-05
11560 México, D.F.
México
Tel.: 724-7900
Fax: 724-7982

Canadian Business Centre
Centro Canadiense de Negocios
Av. Ejército Nacional No. 926
Col. Polanco
11540 México, D.F.
México
Tel.: 580-1176
Fax: 580-4494

Canadian Consulate
Edificio Kalos, Piso C-1
Local 108A
Zaragoza y Constitución
64000 Monterrey, Nuevo León
México
Tel.: 344-3200
Fax: 344-3048

KEY CONTACTS IN MEXICO

TRADE ASSOCIATIONS

American Chamber of Commerce in Mexico A.C.
(AMCHAM)

Cámara de Comercio Americana en México A.C.

Lucerna No. 78, Piso 2

Col. Juárez

06600 México, D.F.

México

Tel.: 705-0995

Fax: 535-3166

Mexican Automobile Association

Asociación Mexicana Automovilística

Orizaba No. 7

Col. Roma

06700 México, D.F.

México

Tel.: 208-8329

Fax: 511-6285

Mexican Automobile Distributors Association

Asociación Mexicana de Distribuidores de Automotores

Mercaderes No. 134

Col. San José Insurgentes

03900 México, D.F.

México

Tel.: 593-2644

Fax: 651-4599

Mexican Association of the Automobile Industry

Asociación Mexicana de la Industria Automotriz (AMIA)

Ensenada No. 90

Col. Condesa

06100 México, D.F.

México

Tel.: 272-1144, 277-1144

Fax: 515-2542



National Association of Tire Distributors and Retreading Plants

Asociación Nacional de Distribuidores de Llantas y Plantas Renovadoras A.C. (ANDELLAC)
Cuauhtémoc No. 206
Col. San Pedro Iztacalco
08220 México, D.F.
México
Tel.: 696-7464/5654/1783
Fax: 579-1124

National Automobile Association

Asociación Nacional Automovilística
Miguel Schultz No. 140
Col. San Rafael
06470 México, D.F.
México
Tel.: 705-0133/0251
Fax: 546-0665

National Association of Importers and Exporters of the Mexican Republic

Asociación Nacional de Importadores y Exportadores de la República Mexicana (ANIERM)
Monterrey No. 130
Col. Roma
06700 México, D.F.
México
Tel.: 584-9522
Fax: 584-5317

National Association for Auto Part Wholesalers

Asociación Nacional de Mayoristas de Partes para Automóviles A.C. (ANAMAPA)
Dr. Lucio No. 127-202
Col. Doctores
06720 México, D.F.
México
Tel.: 578-3527
Fax: 578-8841

National Association of Representatives, Importers and Distributors of Auto Repair Parts and Accessories

Asociación Nacional de Representantes, Importadores y Distribuidores de Refacciones y Accesorios para Automóviles A.C. (ARIDRA)
Morelia No. 38-305
Col. Roma
06700 México, D.F.
México
Tel.: 514-3721, 525-2820
Fax: 207-6476

National Association of Autoservice Outlets

Asociación Nacional de Tiendas de Autoservicio y Departamentales
Homero No. 109, Piso 11
Col. Polanco
11560 México, D.F.
México
Tel.: 254-6220, 545-8803

Association of Auto Repair Shops

Asociación de Talleres Automotrices (ATA)
Bahía de Todos los Santos No. 168
Col. Verónica Anzures
11300 México, D.F.
México
Tel.: 260-6294
Fax: 260-7406

Association of Repair and Body Shops

Asociación de Rectificadores y Reconstructores Automotrices (ARRA)
J. Hernández y Dávalos No. 7
Col. Algarín
06880 México, D.F.
México
Tel.: 519-6448/4892
Fax: 519-6448

National Chamber of Commerce of Mexico City

Cámara Nacional de Comercio de la Ciudad de México (CANACO)
Paseo de la Reforma No. 42
Col. Centro
06030 México, D.F.
México
Tel.: 592-2677/2665
Fax: 705-7412, 592-3571

National Chamber for Industrial Transformation

Cámara Nacional de la Industria de la Transformación (CANACINTRA)
Av. San Antonio No. 256
Col. Ampliación Nápoles
03849 México, D.F.
México
Tel.: 563-3400
Fax: 598-8020

National Association of Bus and Truck Producers

Asociación Nacional de Productores de Autobuses, Camiones y Tractocamiones A.C.
Gabriel Mancera No. 114-A
Col. del Valle
03100 México, D.F.
México
Tel.: 882-2971
Fax: 523-1828

Association of Auto Repair Shops

Asociación Nacional de Talleres Automotrices A.C.
Fernando Rosas No. 745
Col. Barrio de San Miguelito
78330 San Luis Potosí, San Luis Potosí
México
Tel.: 12-4766
Fax: 12-5706



National Federation of Car Repair Shops
Federación Nacional de Talleres Automotrices
Gómez Farías No. 955
Col. Centro
91700 Veracruz, Veracruz
México
Tel.: 31-5004, 36-0224
Fax: 32-8360

National Auto Parts Industry
Industria Nacional de Autopartes A.C. (INA)
Amatlán No. 19
Col. Condesa
06540 México, D.F.
México
Tel.: 553-2224
Fax: 286-4101

Secretariat of Commerce and Industrial Development
Secretaría de Comercio y Fomento Industrial (SECOFI)
Subsecretaría de Comercio Exterior
Alfonso Reyes No. 30
Col. Hipódromo Condesa
06170 México, D.F.
México
Tel.: 729-9256/9257
Fax: 729-9343

BUSINESS CONTACTS

Automobile Tuning Equipment S.A. de C.V.
Equipos de Afinación Automotrices S.A. de C.V.
José María Iglesias No. 39
Col. Revolución
06030 México, D.F.
México
Tel.: 535-0677
Fax: 535-0285

BOCAR S.A. de C.V.
Cruz Verde 169-1A
Col. Los Reyes Coyoacán
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Automotive industry newspaper.

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Automotive industry newspaper



Reader Survey

HELP US TO SERVE YOU BETTER

We are interested in your views on this publication. Please take a few minutes to respond to the questions below.

1. What is your overall opinion of this publication?

- very useful
- useful
- moderately useful
- not useful

2. Please provide your assessment of each of the following aspects of this publication.

a) Quality of text discussion (mark one only):

- excellent
- good
- fair
- poor

b) Presentation of information (mark one only):

- excellent
- good
- fair
- poor

c) Use of graphics and other visual aids (mark one only):

- excellent
- good
- fair
- poor

3. If this publication were updated, revised and re-issued in the future, would you be interested in receiving a copy?

- yes, very interested
- probably interested
- no, not interested
- not sure

4. How did you find the structure and format of this publication?

- clear and easy to follow
- confusing and difficult to follow

5. For your purposes, did this publication provide a sufficiently complete treatment of the subject(s) reviewed?

- yes, definitely
- to some extent
- no
- can't say/don't know

6. This publication would have been more useful to me if it had (mark all that apply):

- provided more qualitative information
- provided less quantitative information
- made greater use of graphs, charts and tables
- contained a longer textual discussion
- contained a shorter textual discussion
- used more examples, case studies, company profiles

7. In your opinion, was there important information missing from this publication?

yes — please specify:

8. Are there any issues relevant to the subject of this publication that you would like to have seen covered in more detail?

9. Please offer any suggestions for improving the next version of this publication.

10. Will this publication assist you in your business development?

yes no

11. a) Does your company currently export?

- Yes, go to 11 b)
- No, go to 11 c)

b) If yes, to which foreign markets?

- U.S.A. Europe Japan
- Mexico Latin America
- Other (please specify) _____

c) If not, are you planning to export within the next 12 months?

- Yes, where?
- U.S.A. Europe Japan
- Mexico Latin America
- Other (please specify) _____

12. What is the approximate size of your company?

- under \$1 million
- \$1 to 5 million
- \$5 and \$10 million
- over \$10 million

Please return the completed survey by fax to (613) 943-8806 or to the address below:

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Department of Foreign Affairs and International Trade
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