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OPPORTUNITIES IN MEXICO: THE TEXTILES MARKET



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

Market Profile – Mexico

Opportunities in Mexico: The Textiles Market was developed jointly by the Departments of Foreign Affairs and International Trade (DFAIT) and Industry (DI). It was researched and written by Prospectus Inc., with collaboration from the Canadian Textiles Institute. This market profile was made possible through the support of the Toronto office of Baker & McKenzie, and the Department of Industry.

This market profile is designed to provide an overview of the market for **Textiles** in Mexico. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be the only source of market information on this sector. We encourage the reader to use this publication as one of several resources for commercial dealings with Mexico.

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OPPORTUNITIES IN MEXICO

THE TEXTILES MARKET

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Bill Watson
(416) 865-6910

Allan Turnbull
(416) 865-6923

Roy Kusano
(416) 865-6903

Paul Burns
(416) 865-6912

Mexico



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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 15 countries of the European Union 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 \$5.5 billion in 1994 and is expected to exceed \$7 billion by the end of the decade.

Canadian direct investment in Mexico is growing rapidly, increasing from \$452 million in 1992 to over \$1.2 billion in 1994.

This guide has been prepared with the problems inherent to the initiating exporter in mind, but it is not exhaustive. The differing circumstances, interests and needs of individual companies will influence their strategies for the Mexican market.

Further assistance can be obtained by addressing requests to:

Department of Industry (DI) through the provincial International Trade Centres (see Where to Get Help) or to the InfoCentre at:

Tel.: 1-800-267-8376 or (613) 944-4000
Fax: (613) 996-9709
FaxLink: (613) 944-4500

InfoCentre Bulletin Board (IBB):
1-800-628-1581 or (613) 944-1581

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TEXTILES UNDER THE NORTH AMERICAN FREE TRADE AGREEMENT

The North American Free Trade Agreement (NAFTA) went into effect on January 1, 1994. At that time, Canada, Mexico and the United States agreed to eliminate immediately — or phase out over a maximum period of 10 years — customs duties on textiles manufactured in North America that meet the NAFTA rules of origin. Most tariffs on textiles traded between Canada and Mexico will be eliminated over an eight-year period.

The rules of origin define which textile products qualify for preferential treatment under the NAFTA. For most textiles, the rule of origin is “yarn forward”, which means that textiles must be produced from yarn made within the free trade area. A “fibre forward” rule applies to certain products, including cotton and man-made fibre yarns. “Fibre forward” means that goods must be produced from fibre made in a NAFTA country.

If textile producers face serious damage as a result of increased imports from another NAFTA country, the importing country may increase tariffs to provide temporary relief to the industry, subject to specific disciplines. Under certain circumstances, new quotas may be introduced against textiles that do not meet the rules of origin.

THE MEXICAN TEXTILE SECTOR

The Mexican textile sector accounts for more than two percent of the GDP, and almost 10 percent of manufacturing output. Although this represents a decline from 2.5 percent of the GDP since 1990, the textile sector is still larger than the automobile industry. The Mexican textile industry is composed of some 2,000 companies of which 95 percent are family-owned. The rest are owned primarily by large chemical and textile multinationals.

The textile sector employs about 170,000 people, and is located mainly in Mexico City and Puebla. This industry developed in a strongly protectionist environment during the past 40 years. There was little investment during the "lost decade" of the '80s and the industry was poorly equipped to face the liberalized trade environment that began in 1988. In spite of the new pressure to modernize, investment continues to be sluggish. This is mainly due to the high cost of capital along with a slump in sales that has constrained cash flow.

The sector takes advantage of Mexico's ample supplies of raw materials, including natural ones such as wool, linen and sisal, as well as artificial fibres such as rayon which is derived from wood products. Production of synthetic fibres, especially polyester and acrylic, benefit from Mexico's petrochemical industry, which ranks as the 15th largest in the world.

The Mexican textile sector also benefits from relatively low wages and proximity to U.S. markets. However, these advantages are offset by a fragmented industrial structure and lack of economies of scale. For example, *Celulosa y Derivados (CYDSA)*, the largest integrated textile producer in Mexico, accounts for only about one percent of the sector's value-added. The industry is dominated by family-owned groups of companies, and there is little vertical integration. The industry also suffers from a lack of clean water and high electricity costs.

According to the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, the textile industry GDP fell 3.7 percent in 1992 and 7.4 percent in 1993, partly because of Asian competition. Some companies have been particularly hard hit.

The textile industry, whose members include a large number of small- and medium-sized businesses, is also facing serious problems with overdue debts. According to Hugo González, president of the *Cámara Textil de Puebla y Tlaxcala (CTPT)*, Chamber of the Textile Industry of Puebla and Tlaxcala, more than 40 of the 420 textile and clothing-related businesses in the two-state area are in danger of closing because of overdue debt. González also blamed the plight of the textile companies in the two states on increased imports, both legal and illegal, from Asian countries, especially China.

FIBRES AND YARNS

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

COTTON

Mexico was traditionally a very important producer and exporter of cotton. It has excellent growing conditions suitable for cultivating cotton comparable to that produced in Egypt and Peru. However, the lack of technology and capital has discouraged the development of a world-class industry. Mexico's cotton is of good quality, but the country does not grow all of the types needed by the textile industry. In spite of much lower wage rates, the average cost of cotton in Mexico is only slightly lower than in the U.S.

Cotton production fell sharply after 1988. In 1990 to 1991, Mexico was still a net exporter of cotton, but in 1993 to 1994, it imported 154,000 tonnes, about 87 percent of domestic production.

Production reportedly recovered in 1994. In mid-September, the *Secretaría de Agricultura y Recursos Hidráulicos (SARH)*, Secretariat of Agriculture and Water Resources, forecast cotton production for the 1994 season at about 465,000 bales, compared with only 110,000 bales in the previous year. The Mexican textile industry consumed about 850,000 bales in 1993. *SARH* claims the growth in production was the result of an increase in planted area which approached 147,000 hectares.

Some analysts attribute the improved production to changes in Mexico's system of agriculture subsidies instituted in 1993. The system had previously encouraged farmers to grow corn — even if it was on land more suited for cotton. Low cotton prices on world markets were also a contributing factor. Now that there is no longer an artificial incentive to grow corn, land is gradually being returned to cotton.

The North American Free Trade Agreement (NAFTA) rules of origin are also likely to contribute to a revival of the Mexican cotton industry. Cotton spinners are striving to supply the high end of the market, which demands fine quality yarns, produced from long-staple cotton. Blended cottons are also regarded as an area where the Mexican industry can be competitive. At present, poly-cottons are produced in Mexico using imported U.S. cotton and locally produced polyester. To meet the need for improved quality, the industry is actively seeking partners with the necessary capital and technological expertise.

Mexico has the potential to export cotton to Canada, since Canada is not a producer and will need the NAFTA-sourced fibres and yarns. In 1993, Canada did not import any cotton fibre from Mexico and imported only one-half tonne of cotton yarn.

PRODUCER PROFILE:

GRUPO INDUSTRIAL ALFA

Alfa is a major conglomerate with sales exceeding US \$2 billion. It has a large petrochemical focus, supplying two divisions linked to the textile industry:

- *Fibras Químicas*. A 40 percent share of this division is held by the Dutch Akzo NV. It specializes in the manufacture of nylon and polyester fibres.
- *Nylon de México*. This division produces nylon, polyester and lycra fibres, using technology from Dupont U.S.A., which holds a 40 percent share.

Wool

There is a very limited amount of wool fibre and yarn production in Mexico, despite there being a large demand for carpets, rugs and blankets. Mexico does not produce the fine wools used for fashion apparel. There is no production of cashmere, angora or alpaca. According to the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, domestic wool production was 2,473 tonnes in 1993, compared with domestic consumption of 7,172 tonnes.

ARTIFICIAL AND SYNTHETIC FIBRES

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

Mexico's strength in man-made fibres derives from a large domestic petrochemical industry. The most important petrochemical producer is *Petróleos Mexicanos (PEMEX)*, the state-owned oil company. Close behind is *Celanese*, with an installed capacity of 1.1 billion tonnes, in 47 plants in 15 states. Hoechst-Celanese of Germany directly owns 40 percent of *Celanese*, and holds another 11 percent in trust. *Celulosa y Derivados (CYDSA)* is the other major private sector producer. Both firms initially produced fibre from cellulose but are now more active in the production of petrochemical-based fibres.

There are also a number of smaller companies in the industry, but most of them do not have the technology to produce a competitive product. After the North American Free Trade Agreement (NAFTA), these companies are now under pressure to form strategic alliances with foreign firms.

CYDSA, *AKRA*, *Celanese* and *Kaltex* are just some of the Mexican companies which now produce in this sector for export. *CYDSA* sells its acrylic fibres and yarns around the world.

In spite of their competitive advantages, Mexican manufacturers of man-made fibres and yarns produce a relatively narrow line of products, limited mainly to acetate, acrylic and polyester. Mexico is dependent on imports for other types of fibre including nylon, rayon and polypropylene. Canada's exports to Mexico are heavily concentrated in synthetic fibres and yarns. In 1993, for example, 76 percent of exports were in these categories. This proportion is expected to decrease when Canadian exports of higher value-added products, such as engineered textiles, increases.

FABRICS

Domestic production of fabric is sufficient to cover roughly two-thirds of domestic consumption. Production is about two-thirds synthetic and artificial and about one-third cotton. According to U.S. Department of Commerce estimates, the domestic market for fashion and home decorator fabrics totalled more than US \$800 million in 1993, but this excludes industrial fabrics. Fabric imports were US \$456 million and exports were US \$47 million. Projected growth for 1994 to 1996 is eight percent annually.

There are no good statistics indicating the relative proportions of knitted and woven fabrics produced in Mexico. Knitted fabrics comprise only a small portion of foreign trade in fabrics, and it is likely that this reflects the overall market. In 1993, Mexico's world imports of knitted fabrics totalled US \$17 million, less than four percent of all fabric imports. Similarly, knitted fabrics accounted for about 2.5 percent of fabric exports. Mexico does, however, have significant domestic production of garments knitted directly from yarn.

The weaving industry is made up of about a dozen relatively large manufacturers, mostly affiliated with foreign firms, and a large number of small-scale spinning, weaving and finishing facilities. They are often family-owned. Most manufacture only basic fabrics. Not all of them have an understanding of current fashion trends, nor the technology to weave and finish sophisticated fabrics. According to U.S. Department of Commerce estimates, the 1993 market for home decorator fabrics totalled US \$635 million. For fashion fabrics, the estimate was US \$366 million. Import penetration of these two markets was estimated at 12 percent for home decorator fabrics and 31 percent for fashion fabrics. There is no comparable data available for industrial fabrics.

Large Mexican companies are making synthetic fabrics, but they must import many of their yarns because of the limited product range of the Mexican yarn industry. This creates an opportunity for Canadian high-twist yarn manufacturers because, under the North American Free Trade Agreement (NAFTA), Mexico must find sources of yarn within the free trade area if it wants to export the fabric or the clothing that is made from it to Canada or the United States.

MEXICAN TEXTILE GROUPS

- Grupo Saba
- Grupo Kalach
- Grupo González Nova
- Grupo Romano
- Grupo Mondlak
- Grupo Saga
- Grupo Nizri
- Grupo Abrumrad
- Grupo Chedraui
- Grupo Miguel

These are mainly family-owned groups of companies that dominate the Mexican textile industry.

Source: Interviews with officials from the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry.

THE STRUGGLE TO MODERNIZE

In spite of lagging investment coupled with the textile industry's decline in 1992 and 1993, there are some signs of growing sophistication as the surviving companies struggle to modernize.

According to the U.S. Department of Commerce, 1991 shipments of spindles outnumbered rotors 7 to 1, a substantial shift from the installed ratio of 80 to 1.

In 1990, Mexico's installed cotton weaving capacity consisted of 35,000 shuttle looms and 11,500 shuttleless looms. The 1991 shipments of shuttleless looms reached six percent of installed capacity while shipments of shuttle looms were only one percent of installed capacity.

The *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, is working to help the industry modernize. Large Mexican companies are consolidating expertise. Quality is improving but continues to lag behind world-class levels. Increasingly, Mexican textile companies are forming joint ventures with U.S. companies. For example, *Celulosa y Derivados (CYDSA)*, is in partnership with Crown Crafts and Jantzen, and *Parras* is associated with Cone Mills. The trend is toward joint ventures with U.S. firms.

An executive from the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, interviewed for this study says that most of the top Mexican textile producers are in the process of developing alliances based on vertical integration. In his view, this works against partnerships with Canadian companies, because the driving force behind these joint ventures is access to markets rather than technology transfer. He believes that most Mexican fabric producers could modernize simply by updating to more recent-model equipment.

In 1992, *SECOFI* and industry representatives developed the Program to Promote Competitiveness and Internationalization of the Textile and Apparel Industry. The program has three main components.

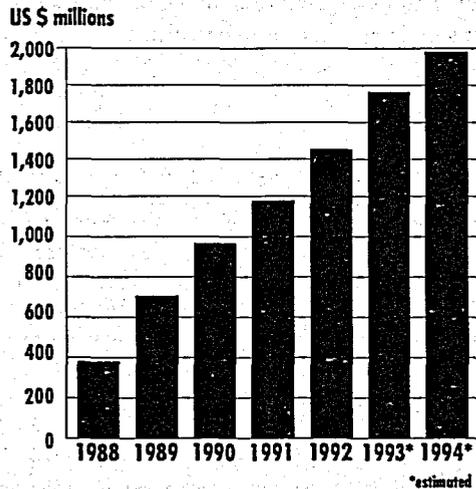
The first component is overseas trade, which is focused on measures to stop under-invoicing, outright smuggling and mis-classification of imports, as well as assistance to Mexican firms to promote exports.

The second component is technology and industrial organization. Although this involves a collection of government policies and industry self-help measures, they are not supported by resource commitments from either party.

The final component, financing, involves greater use of existing government programs administered by *Nacional Financiera (NAFIN)*, Mexico's development bank, and *Banco Nacional de Comercio Exterior (Bancomext)*, the Mexican Trade Commission. In 1993, *SECOFI* increased the funds available for loans to the textile sector.

FOREIGN TRADE

TEXTILE IMPORTS TO MEXICO, 1988 - 1994



Source: Statistics Canada World Trade Database.

STATISTICAL NOTE

Reported Mexican imports differ significantly depending on the source of the data and the definition of the industry employed. Canadian exports to Mexico are frequently under-reported because, prior to 1994, Mexico collected import data on the basis of country of shipment rather than country of origin. Most of the data presented here are from the Statistics Canada World Trade Database. This database is corrected by Statistics Canada for a number of inaccuracies, and is considered the best available up to 1992. The textile industry is defined to include all of the commodities which are produced in significant quantities in Canada by manufacturers classified as SIC 18 or 19.

Import numbers for 1993, included in this report, are from the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry and from the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.

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

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

Much concern has been expressed by Mexican textile industry representatives regarding the current influx of imported products and the future of the industry within the context of the North America Free Trade Agreement (NAFTA). Imported goods are estimated to account for 40 to 50 percent of the Mexican textile market and several textile mills have closed as a result of increased import penetration.

In April 1994, President Enrique Aranzabal of the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, called for quotas against Asian imports to counteract dumping. Aranzabal said the Mexican textile industry is facing an extremely difficult situation, having lost 35 percent of the domestic market and 25,000 jobs over the past five years. In fact, he warned that Mexico is about to become a net importer of textiles after being a net exporter for many years.

According to Aranzabal, Mexico's textile industry incurred a trade deficit of US \$1.06 billion during 1993, which was about 8.3 percent larger than the deficit incurred in 1992. These statistics do not include exports by *maquiladora* plants.

A provisional duty ranging from 54 percent to 331 percent had already been imposed in October 1993, on Chinese imports of yarn and fabrics manufactured with synthetic fibres. Immediately after the duties were imposed, business organizations led by the *Confederación de Cámaras Nacionales de Comercio (CONCANACO)*, Mexican Confederation of National Chambers of Commerce, launched a campaign to have the duties reduced. They claimed that the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, action had caused hardships for Mexican retailers. According to the Journal of Commerce, a number of prominent Mexican importers were adversely affected, including *Woolworth México*, *Price Club de México*, and *Nike de México*.

In October 1994, *SECOFI* published a formal notice imposing anti-dumping duties against a variety of Chinese products, including textiles. The textile duties were maintained at the levels of the interim ruling, even though the levels were reduced for many other Chinese products.

The United States accounted for more than half of all of Mexico's imports of textile products in 1992, the most recent year for which detailed statistics are available. More than 20 percent came from North and South Korea. Hong Kong and Japan were the other major suppliers with market shares of six percent and three percent respectively. Canada's 1992 import market share was about one percent.

MEXICAN TEXTILE IMPORTS BY COMMODITY

AVERAGE ANNUAL GROWTH

Commodity	US \$ millions 1992	Percentage annual growth 1990-92
Fibres		
synthetic fibres suitable for spinning	83	0
sheep's or lambs' wool, greasy or fleece-washed	15	3
sheep's or lamb's wool, degreased, in the mass	4	-16
Yarn		
yarn of synthetic fibres	83	31
yarn of other fibres, including glass fibre	36	42
yarn of regenerated fibres	9	38
yarn of wool or animal hair	7	47
Fabrics		
fabrics, woven synthetic	345	39
fabrics, pile and chenille, woven, of man-made fibres	148	17
coated/impregnated textile fabrics and products	70	12
fabrics, woven, wool or fine animal hair	20	15
fabrics, cotton, woven	99	41
cotton fabrics, woven, unbleached, not mercerized	15	82
other woven fabrics	23	28
Other textiles		
bed linen, table linen, toilet and kitchen linen	18	7
felt and articles of felt	6	20
sacks and bags, of textile materials	5	10
travelling rugs and blankets, not knitted/crocheted	1	20
other made-up articles of textile materials	219	15
carpets, carpeting and rugs, knotted	70	25
tulle, lace, embroidery, ribbons, and other small wares	56	23
wadding textile fabrics for use in machinery/plant	42	88
pharmaceutical goods, other than medicaments	40	37
twine, cordage, ropes and cables and manufactured thereof	11	27
other manufactured goods	32	39
Total	1,458	25

Source: Derived from the Statistics Canada World Trade Database.

MEXICAN TEXTILE IMPORTS FROM CANADA

	US \$ 1992	US \$ 1993
Fibres	5,770,969	8,917,611
synthetic monofilament	44,591	9,354
synthetic staple fibres	4,464,970	8,893,313
artificial staple fibres, not carded	1,243,843	2,171
synthetic and artificial filament tow	17,565	12,773
Yarns	2,290,692	2,565,361
wool yarn	175	13,501
yarn of jute	5,868	3,772
synthetic filament yarn	1,949,766	2,178,678
gimped and chenille yarn	333,681	356,881
thread and yarn of synthetic and artificial staple fibres	1,202	12,529
Fabrics	1,944,539	2,273,864
woven fabrics of silk	22,793	44,766
woven fabrics of flax and jute	26,059	97,847
woven fabric of wool	59,764	154,877
other cotton products	1,061	20,861
woven fabric of cotton	219,668	115,349
woven fabric of cotton blends	41,907	64,388
other woven cotton fabrics	180,179	6,866
woven fabrics of artificial and synthetic yarn	453,544	428,824
woven pile fabrics and chenille fabrics	2,349	194,217
tulles and other net fabrics	13,888	2,326
narrow woven fabrics	32,553	41,850
woven fabric of synthetic staple fibre	782,567	828,510
woven fabric of artificial staple fibre	108,207	273,183
Other Textiles	2,208,369	2,530,568
textile products for technical uses (HS 59.11)	439,174	710,045
twine, cordage ropes and cables	48,122	63,256
knotted netting	22,458	32,972
textile covered rubber thread and cord	16,154	1,942
articles of yarn, strip twine etc.	10,968	584
carpets and floor coverings	749,382	568,481
wadding and felt	28,904	6,880
non-wovens	39,790	72,661
tire cord fabric	590,191	902,564
fabrics impregnated with plastics	141,214	126,053
transmission or conveyor belts	84,425	28,503
other textile products	37,587	16,627
Total	12,214,569	16,287,404

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

Although Canada's textile exports to Mexico are dominated by synthetic fibres and yarns, fabrics are also exported in significant quantities. Canada's 1993 export product mix is shown in the accompanying table, based on data from the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development. Fibre and yarn make up 70 percent of the total, fabrics about 14 percent, with the balance spread among several different products.

CUSTOMERS

FABRIC MANUFACTURERS

According to officials of the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, Mexican fabric manufacturers are the largest direct importers of fabric. These manufacturers tend to distribute their own products and sell directly to end users. They import fabrics to round out their product lines.

Fabric manufacturers also purchase imported yarn for their spinning, weaving and knitting operations. In 1993, Mexico imported yarn from Canada worth about US \$2.4 million, about 18 percent of Canada's textile exports. Virtually all of this yarn was made from artificial fibre.

YARN MANUFACTURERS

Yarn manufacturers import fibre for their spinning operations. In many cases, yarn manufacture is done by fabric manufacturers who have integrated-spinning operations. A large proportion of Canada's textile exports are destined to these customers. In 1993, more than 40 percent of Canadian textile exports to Mexico were in the form of fibre. This included fibre valued at US \$5.4 million. Almost all of these sales involved synthetic products. Mexican yarn producers are heavily dependent on imports for such fibres as nylon, rayon and polypropylene.

CANADIAN JOINT VENTURE: CONSOLTEX

This Montreal-based company acquired *Fafytext*, which is a polypropylene-based textile company with four plants in Mexico. The operations are fully integrated from polypropylene yarn through weaving, cutting, sewing and printing.

CONSUMPTION AND IMPORTS OF SYNTHETIC FIBRES, 1993

Product	Apparent consumption (tonnes)	Import penetration (percentage)
polyester filament	57,436	12.9
polyester staple	95,874	6.0
nylon filament	24,635	8.6
nylon staple	2,066	52.7
acrílica staple	85,070	2.1
polypropylene	25,297	79.6
rayon filament	1,684	28.7
rayon staple	10,112	100.0
acetate filament	3,871	0.5
acetate staple	5,096	1.5

Source: *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, *Memoria Estadística*, 1994, p. 13.

APPAREL MANUFACTURERS

The most important users of fabric in Mexico are apparel manufacturers. They account for as much as 70 percent of domestic purchases and more than 85 percent of imports. About 3,000 apparel companies belong to the *Cámara Nacional de la Industria del Vestido (CNIV)*, National Chamber of the Apparel Industry. However, the Chamber estimates that there are another 9,000 small, undocumented producers in the industry. Forty percent of the apparel industry is located in Puebla, Tlaxcala and Mexico City.

The larger apparel makers prefer to buy direct from Mexican textile manufacturers, who sell both their own and imported fabrics. In the case of imported fabrics, some major producers buy through New York brokers. They buy direct from foreign textile producers mainly when exclusive lines are involved.

The Mexican apparel industry includes a large number of very small operations which generally cannot manage the lead times or minimum orders that direct purchases demand. Instead, they buy most of their fabric from agents and distributors.

The large integrated companies manufacture most of the yarns and fabrics which they use to make clothing. They are significant importers of fibres and yarn, because they tend to be adept at recognizing fashion trends, and need a wide variety of materials. Many of the larger non-integrated firms are fairly well served by the domestic fabric producers because they are able to purchase large quantities and can have some influence on what is produced.

Mexican textile producers are not generally responsive to the needs of the smaller or more fashion conscious clothing manufacturers. Interviews with a number of Mexican apparel producers revealed the following complaints:

- minimum order sizes are too large. Most small manufacturers are interested in order sizes of 300 metres or less. Mexican apparel manufacturers have minimums of 2,000 metres or more per colour;
- deliveries, particularly for smaller orders, are slow and unreliable;
- quality is often not up to international standards;
- service is poor and it is often very difficult to return unsatisfactory goods;
- many fabrics are not available in colours and patterns to suit current fashions; and
- prices are high relative to imports.

RETAIL STORES

Mexican retail stores play a bigger role in the distribution of textile products than their counterparts in Canada. One reason is that Mexicans are more likely to make their own clothes. In addition, many relatively affluent Mexicans hire seamstresses or tailors to custom-make their clothing. The same points apply to draperies, and other home decoration items.

Much of this fabric, along with linens, carpets and other household items, is purchased from retail stores. About one-quarter of all sales of imported fabrics are made directly to the public by retail stores, particularly the large department stores. The largest of these retailers include the following:

- *El Puerto de Liverpool*
- *Comercial Mexicana*
- *Gigante*
- *Aurrera*
- *El Palacio de Hierro*
- *El Puerto de Veracruz*
- *Almacenes Blanco*
- *Sears de México*

At the higher end of the retail market, department stores cater to the more expensive tastes and stock their lines accordingly. They source from both producers and distributors. Most of their imports are bought through Mexican textile distributors rather than imported directly. However, given the recent constraint in consumer purchasing power, these retail stores are seeking to buy more of their lines directly from producers.

Most of the people purchasing from higher-end retail stores are end users who then take the material to their own tailor or seamstress. The rest are mainly higher-priced tailor or seamstress businesses that buy on behalf of their customers. In this market, about 20 percent of the fabric sold is for household use and 80 percent is for apparel.

The relatively low share for household fabrics is partially explained by the existence of high-end stores specializing in drapery and upholstery fabric. Interviews conducted for this study suggest such specialty stores, catering to upper-income Mexicans, dominate the market for imported home decoration fabrics. An example is *Morel's*, a chain that offers a wide variety of high-quality fabrics for furniture re-upholstering, draperies and other home uses. They buy from distributors.

In the low to medium segment of the retail sector, the proportion of fabric sold for household use rises to as much as 40 percent. Retailers noted that it is difficult to segregate these markets because many Mexicans buy fabric designed for apparel, but use it for household purposes. For example, dress fabric might be used for curtains.

Some retail stores double as distributors. Two cases in point are *Casa Bayon* and *Telas Junco*. *Casa Bayon* has two production plants in Puebla. They also own *Modas en Decoración*, a small, high-quality, upholstery/drapery store. Stores such as these carry a wide range of imported and Mexican materials and, in addition to selling to the large department stores, sell directly to the middle and lower ends of the market.

The large department stores, certain clothing manufacturers, and other stores that carry their merchandise are the largest buyers of this type of retail stores' fabric. *Casa Bayon* estimates that as much as three quarters of their sales are destined to department stores, other stores and small clothing manufacturers. *Telas Junco* is more cautious in its estimates, judging 50 percent of their sales are to contract users.

IMPORTED FABRICS

The proportion of imported fabric sold by most stores and distributors is in the range of 20 to 25 percent. The exceptions are high-class boutiques and/or tailoring businesses that rely almost exclusively on imported fabrics.

The more prestigious retailers and distributors tend to source their fabrics from the United States or from Europe, mostly France, Italy, Spain and Portugal. *Casa Bayon* and *Telas Junco* are associated with Spanish producers. The buyers interviewed were not familiar with Canadian products.

The less prestigious retail stores also stock Far-Eastern products of lesser quality. These include Chinese and Indian silks and cottons for the most part. Such imports flooded the Mexican market for the past two years, but as one retailer put it, "goods from the Far-East are leaving the market thanks to stricter import laws and consumer consciousness".

Since the devaluation of the peso, the general tendency is for retail buyers to seek Mexican substitutes for the products that were imported prior to the devaluation. Most buyers will not be interested in buying imported products in the next year or so, until the exchange rate settles and purchasing power is restored.

MOST IMPORTANT MANUFACTURERS OF HOME PRODUCTS

- Decormoda
- Global Textil
- Tecnoy
- Rymsa
- Gruffer Textiles del País
- Texpel
- Habitat

Source: Interviews with officials from the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry.

MANUFACTURERS OF HOME PRODUCTS

Mexico had 17 million homes in 1992. In that year, 500,000 new homes were built. Even so, there remains a need for some six million more. Seventy percent of the houses built in 1992 were low-cost, 25 percent were middle-class and five percent were luxury. Home construction is projected to grow at 15 percent for the next 10 years.

Consumers prefer imported fabrics for both new homes and remodelling. According to interviews conducted for this study, Canadian products are not known in this market.

INDUSTRIAL CUSTOMERS

Engineered textiles include a wide variety of high-precision yarns and fabrics that are used in industry. They include filter materials, ballistic fabrics, crop coverings and sports products among many others.

Little is known about the engineered textiles industry in Mexico, but it is believed that there is relatively little production of these products. A recent study by the U.S. Department of Commerce contacted more than 20 importers, distributors and jobbers of industrial fabrics. The study reported that none of these companies would share any information on either market size or product standards. The study concluded that "many of these firms feel dwarfed by the multinationals and are unwilling to share their limited market knowledge".

Part of the problem is that the Mexican textile industry does not have the same concept of engineered textiles the Canadian industry does. *Artículos técnicos de materia textil* is equivalent to "engineered" textiles but does not include all industrial textiles. Some Mexican textile experts interviewed for this study say that they focus on the fibre-fabric-apparel "product cycle" and consider industrial textiles a separate and specialized industry.

As a whole, the Mexican manufacturing industry has been growing. As its domestic and foreign sales increase, so does the demand for engineered fabrics. In most sectors, domestic demand is outstripping domestic supply. In some non-woven products, Mexican production is sufficient to allow some exports. The remaining majority of textiles must be imported.

According to data compiled in 1993 by the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, Mexico imported "technical articles of textile materials" valued at US \$74.4 million. Canada's exports to Mexico of these products totalled US \$1.8 million or about 2.4 percent of the import market in that year. Canadian companies selling these products in Mexico were contacted for information, but they were either unwilling or unable to discuss this market in detail.

VEHICLE MANUFACTURERS

According to the *Banco de México*, Mexico's central bank, US \$6 billion in auto parts were imported in 1992 and more than 80 percent of it was destined for vehicle assembly. Textile products are included in imports largely by their use in imported parts. For example, seats, headrests, armrests, convertible tops and other parts containing fabric are imported as parts in substantial quantities by Mexican vehicle manufacturers. Thus, fabric imported for automotive use is necessarily identified that way in the trade statistics.

The Mexican automotive industry is integrated with the operations of foreign multinationals, including the U.S. "big three", Nissan and Volkswagen. Six other companies manufacture diesel trucks and/or buses. The largest of these, *Kenmex*, holds almost half the Mexican market for diesel trucks.

Some analysts predict that by the year 2000, Mexico will have the world's fourth largest auto industry. However, this market appears to offer few opportunities for imported textiles. What demand there is for fabric is sourced domestically and supplied mostly by *Polyfil*. There is, however, some demand from the automotive industry for "engineered textiles".

FURNITURE MANUFACTURERS

Furniture manufacturers purchase a wide variety of yarns, broadwoven fabrics, coated fabrics, knitted fabrics, felts, waddings, nonwovens, braid and other ornamental trimmings. Large, home-furniture manufacturers in Mexico use 80 percent synthetic fabrics, 19 percent blends and one percent natural fabrics. According to one estimate, 30 percent of these textiles are locally made and 70 percent are imported. The larger companies buy direct from producers, but many also purchase from distributors.

Significant purchases of imported fabrics are made by *tapiceros*, furniture refinishers, and *cortineros*, curtain makers. There are also some very fancy boutiques for furniture and drapery fabrics such as *Rosela*. They usually buy from distributors because the lead times required to buy direct from manufactures are too long.

LEADING IMPORTERS AND DISTRIBUTORS OF FABRICS FOR APPAREL, FURNITURE AND HOME DECORATION

- Casa Armand
- Artell
- Casa Bayon
- Telas Junco
- Rosela
- Morel's

Source: United States Department of Commerce.

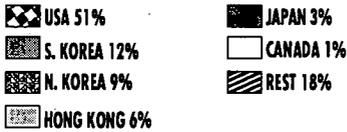
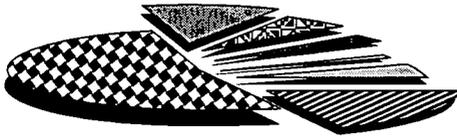
AGENTS AND DISTRIBUTORS

Many of the customers for imported fabric are small- to medium-sized companies with limited ability to purchase directly from manufacturers. They tend to buy from agents or distributors.

There are a number of independent fabric distributors. They usually specialize in imported fabrics because Mexican manufacturers sell mostly through their own agents. Six distributors account for half of the market for apparel, furniture and home decoration. They also sell directly to the public.

COMPETITION

TEXTILE IMPORT SHARES TO MEXICO, 1992



Source: Statistics Canada World Trade Database.

Mexican textile producers do not generally produce a full range of fabrics, and they are having problems competing with both higher quality and lower prices of imported fabrics. In association with foreign partners, some domestic producers are upgrading to remain competitive.

The United States continues to dominate the market, although competition from Hong Kong, Korea, Japan, and Europe has pushed the U.S. share down in the last few years. India and Brazil have also been promoting cotton and silk yarns and fabrics.

New relationships among Mexican, U.S. and Canadian manufactures under the North American Free Trade Agreement (NAFTA) will help to boost the North American share. Mexican manufacturers have to comply with the NAFTA rules of origin if they want to export their products to the U.S. or Canada. Mexico is also erecting trade barriers against some Asian suppliers, especially China.

Many Mexican companies are forming partnerships with U.S. firms. This sometimes involves U.S. clothing manufacturers making alliances with Mexican textile producers, and sometimes the reverse. Some Mexican firms are also integrating vertically with other domestic manufacturers. Some of the Mexican companies which already have vertical operations include:

- *Avante*
- *Celulosa y Derivados*
- *Dupont*
- *El Asturiano*
- *Kadima*
- *Kaltex*
- *Magatex*
- *Martex*
- *Omnitex*
- *Parras*
- *Qualitel*

PRODUCER PROFILE: CYDSA

Employs 12,000 people. Originally used French technology and now has a technology alliance with Mitsubishi Rayon. It has several textile divisions:

- Celulosa y Derivados* — rayon filaments, and acrylic fibre tow and staple
- Bonlam* — non-woven polypropylene fabrics
- Ultracil* — acrylic sweaters
- Grupo Textil San Marcos* — textile products for home and coverings
- Derivados Acrylicos* — acrylic yarns and blends

TOP FABRIC MANUFACTURERS

- Telas Parras
- Kaltex
- Avante
- Romafil
- Intretex
- Grupo Zaga
- Encajes Mexicanos
- Telas Oxford
- Martex Potosí
- Negociación Fabril de Soria
- Grupo Hyt
- Compañía Industrial Veracruzana
- Sedas Parisina

Source: *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry. Interview by *Desarrollo Administrativo Integrado (DAI)*.

U.S. TEXTILE COMPANIES ACTIVE IN MEXICO

U.S. firm	Mexican representative
Ametex Fabrics, Inc.	Morel's, S.A. de C.V. (manufacturer of quality home decorator fabrics made with 100 percent cotton, rayon and polyester)
Concord House/ Division of Concord Fabrics, Inc.	Martiselas y Algodones, S.A. (fashion fabrics and home decorator fabrics manufacturer)
Dan River, Inc.	Julio Stolkin and Juan Dabdoub (men's fashion fabrics manufacturer)
Glen Raven Mills, Inc.	Glen Raven Mexicana, S.A. de C.V. (manufacturer of home decorator fabrics)
Guilford Mills, Inc.	American Textile, S.A. (fashion, home and industrial decorator fabrics manufacturer)
JBJ Fabrics, Inc.	Tobimax, S.C. (fashion and home decorator fabrics manufactured in 100 percent cotton)
Lee Fashion Fabrics, Inc.	Preggo de Mexico, S.A. de C.V. (fashion, home decorator and uniforms fabrics manufacturer)
Milliken and Company, Fashion Fabrics Division	Grupo Comercial Tyma, S.A. (male and female fashion fabrics manufactured of 100 percent cotton and polyester)
Tandler Textile Inc.	Montseny de México, S.A. (trading of textiles, and fashion fabrics)
Uniblend Trading Co.	Rene Eternod (trading of natural and synthetic fabrics and silk for the fashion industry)
Unifi, Inc.	Valman Representaciones (polyester manufacturer for the fashion and home decorator industry)

Source: United States Department of Commerce, *"The Textile Yarns, Fashion Fabrics and Home Decorator Fabrics Market in Mexico"*, October, 1993.

PRODUCT TRENDS

Under current economic conditions, Mexican companies will be striving to replace imported textiles with domestic product. The main opportunities for Canadian companies lie in replacing the high-class European products that the Mexican industry cannot supply at a cost that consumers can afford. Additional opportunities, possibly through joint ventures, are created by the need to recover the market lost to inexpensive Asian imports.

A series of interviews was conducted in Mexico to identify products where foreign producers have the best competitive advantage relative to domestic manufacturers. The following products of the Mexican industry were considered by knowledgeable observers to be either competitive or not competitive.

COMPARISON OF STRENGTHS AND WEAKNESSES OF MEXICAN TEXTILE PRODUCTS

Strengths	Weaknesses
denim	woven polyesters especially those using high twisted yarns, such as jacquards, satins and chiffons
cotton woven fabrics	fashion fabrics in general
knits in cotton and blends	flannels
laces	light wool blends
lycra blends	linen or linen blends
some wool blends	silk

An official of *Kaltex*, one of the principal Mexican producers, noted that cellulose fibres could be a potential niche for Canadians. Most of the Mexican supply is presently from the Far East. Textile products from this region are under attack from the Mexican government for alleged dumping.

Industry experts lamented the extremely poor infrastructure of the Mexican cotton industry. Strikes in Río Blanco, State of Veracruz, are now resolved. But as a whole, the system is too primitive to allow for strict quality or quantity control. They note that it could take ten years to change the situation and, in the meantime, imports should grow.

APPAREL FABRICS

Apparel manufacture is the largest user of textile products. According to U.S. Department of Commerce estimates, each person in Mexico consumed an average of 12 to 14 garments in 1992. This is an increase from seven to nine garments in 1990. Total clothing sales exceeded US \$6 billion in 1992. Real growth of the apparel industry is almost three percent per year.

Clothing manufacturers use about 45 percent synthetic fabrics, 30 percent natural fabrics and 25 percent blends. The domestic garment industry purchases about three-quarters of domestically-produced cotton broadwoven fabrics. Their consumption of imported fabrics is even higher. Women's garments represent the largest share with 54 percent of the market, followed by men's clothing with a 26 percent share.

Women's apparel is strongly influenced by the fashion industry. Every manufacturer strives to produce the latest fashion to attract buyers. These businesses will use local materials or imported ones. Currently, whole cotton products are scarce because the Mexican textile industry primarily produces blends, especially cotton/polyester.

According to interviews conducted for this study, Mexican producers are strongest in cotton and cotton blends, but styles and colours are very limited and it is hard to get anything nonstandard. Natural fabrics are becoming more popular for fashion and other apparel. There is a shift from the low-cost poorer quality synthetics to better quality natural fabrications.

Clothing manufacturers are looking for quality and fashion designs at competitive prices. The ability to offer 60 to 90 day terms is a competitive factor. Service is also becoming more important. Asian suppliers have a reputation for not delivering on time, not meeting quantity commitments and not meeting quality standards. They are also regarded as poor providers of after-sales service.

RETAIL FABRICS

Retailers report that cotton knit fabrics are the most popular for both household and apparel use. Cotton mixed with nylon or microfibres has proven particularly popular, especially the 65/35, 80/20 blends. Some of the most popular blends are 9/90, 12/90, and 18/90.

A fabric known in Mexico as *tergal*, which is a type of voile, is very popular. It traditionally has come mainly from France, but reportedly, Canadian-made voile is now being sought as an alternative. Customers who purchased the Canadian product were very pleased with it, although they commented that they have had difficulty finding Canadian suppliers.

Interviews with industry representatives indicate that Canadian textiles are virtually unknown in this market. In fact, some believed there were no Canadian fabrics available in Mexico. This partly reflects the fact that Canadian exports of fabric totalled only about US \$2.3 million in 1993. Industry observers also suggest that the Canadian products may be primarily destined to Mexican textile producers seeking to round out their product lines. In these cases, they would not necessarily be identified as Canadian. The people interviewed for this report agreed that any Canadian product wishing to enter the Mexican market must be reasonably priced and of good quality or a niche luxury good.

Fabric producers in Mexico consider the Canadian textile industry too fragmented to represent a serious threat or potential partner in Mexico. The only Canadian firm mentioned as having potential in Mexico is Dominion.

YARNS

Product trends are towards natural fibres with a shift from low quality/low price to high quality/competitive price. Mexico lacks capacity for dyeing and finishing, creating an opportunity for strategic alliances. A Canadian partner could supply needed technology while the Mexican firm provided market knowledge and access.

With the North American Free Trade Agreement (NAFTA), the availability of yarns as required under the rules of origin, is also very important. The yarns and filaments that are available in Mexico are commodity yarns such as cotton, nylon and polyester. This leaves a substantial market for imported yarns, including:

- fancy yarns
- bouclé
- mocktwist
- space dyed
- yarns with flambé
- bicomponent
- stretch
- microdeniers

ENGINEERED TEXTILES

Engineered textiles are a major exception to the general finding that Canadian textile products are virtually unknown in the Mexican market. Canadian products have significant exposure in this market, although not as much as the German or U.S. competitors. Canadian companies and products known in the Mexican industry include the following:

- non-woven interlining;
- metal/synthetic filters; and
- PVC coated material.

A Canadian/Swiss company, Albany-Nordiska, was identified by the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, as being one of the leaders in the engineered textiles.

Canadians are regarded as having a keen sense of technology, and the persons interviewed felt sure that this knowledge could translate into exports of engineered textiles to Mexico. It was agreed that this "handiness" with technology could help Canadian companies penetrate the Mexican market on the basis of a trust in the product.

The recent devaluation of the peso is not expected to severely affect the consumption of these fabrics. It is likely that only the first quarter will reflect a reduction in imports as companies work to secure new financing. Industry experts who were interviewed felt that within six to nine months import levels should be at their predevaluation levels.

Demand is growing in part due to an awareness of new products. Products with particular demand are:

- medical clothing;
- agricultural tarps/coverings;
- *entretelas* (collar and cuff fillings, suitcase linings, pockets, diaper absorbents etc.);
- mattress fillings and coverings;
- metal, synthetic, industrial filters; and
- PVC coated materials.

Many end users buy from agents or distributors rather than directly from foreign producers. These agents had large debts in dollars and close to half of them are going bankrupt as a consequence of the devaluation. It is expected that the vacuum will be filled by either the stronger Mexican producers such as *Celanese*, *Alfa*, *CYDSA-Bonlam* and *Hércules* or by foreign suppliers.

Most non-woven fabrics classified as *artículos técnicos de materia textil* are produced in Mexico. Some of these may or may not be classified as "engineered" textiles in Canadian terms. Levels of supply and quality are sufficient to meet national demand and export.

SOME OF THE COMPANIES THAT DOMINATE THE NON-WOVEN TEXTILE MARKET ARE:

Company	Product
John Solomon	Manufacturers of <i>entretelas</i> for apparel use. Considers U.S. quality inferior to its products.
Milyon	Makes disposable/reusable napkins and sponges for kitchen use. Considered number one in Mexico with this line of products.
CYDSA-Bonlam (The Polymer Group)	Manufactures medical clothing, diaper linings, agricultural coverings, mattress coverings etc. Not all of these products qualify as <i>artículos técnicos</i> .

The leading competitor in the diaper linings business is a Canadian firm, Veratex. Prior to the devaluation of the peso a Mexican company, *Bonlam*, claims to have been gaining market share from them. With the devalued peso, *Bonlam* expects to be much more competitive.

OTHER LEADING COMPANIES IN THE ENGINEERED TEXTILE MARKET ARE:

Company	Product
Industria Polyfil	polypropylene fibres
BASF Mexicana	dyes
Exxon and Liondel	resins
Wagner de México, S.A. de C.V.	metallic and synthetic filters

Most of the companies interviewed felt that any new Canadian initiative in the non-woven, engineered-textile sector would be ill-advised. The competition is strong, internationally backed, experienced, acquainted with the Mexican market, and firmly established.

There are, however, demands for some other engineered textiles. Those containing PVC's (but not for agricultural use) could do well, as would heat-resistant fibres, medical clothing, metal filters and glass polishers made of wool. Another product with particular potential is "velcro". Not all these fabrics are classified as *artículos técnicos de materia textil*, but do fall into the category of engineered textiles as Canadians understand the term.

"Velcro" is worthy of special mention because sales have grown rapidly over the past few years. About 80 percent goes to manufacturers, and 20 percent to consumers. Most of the industrial market is for export-oriented textile products such as sporting clothes and equipment. Since these products are rare in Mexico, there is little demand from manufacturers selling to the local market. The market for "velcro", therefore, is not as likely as some others to be adversely affected by the devaluation of the peso.

TRANSPORTATION TEXTILES

Procurements of products containing textiles by the multinational manufactures are generally part of global sourcing strategies. Therefore, sales by independent Canadian companies directly to Mexico are not considered a good prospect. In any event, textile fabrics are usually imported as part of made-up auto parts such as seats and door liners. Mexican truck and bus manufacturers may purchase some textiles in the Mexican market. The average age of Mexican vehicles is much older than in Canada, and there is also a significant market for re-upholstering. Buyers and distributors interviewed for this study suggested that very little of this fabric is imported.

UPHOLSTERY AND DRAPERY TEXTILES

Cotton-knit textiles are the most popular for domestic upholstery and drapery use. Roughly three-quarters of the products used are cotton or cotton blends. Popular blends include silk and polyester fibres. About 90 percent of all imports are cotton-based.

Polypropylene fibres have been successfully used and marketed in home furnishings by *Industrias Polyfil*. Materials with spun and thermal bond fabrics are popular because of their relatively long life.

Customers usually sort through a shop's display of fabrics before choosing one they like. The more sophisticated shops provide their customers with catalogues showing their stock. In most retail stores customers must search the shelves for what they want.

Distributors catering to the middle and lower ends of the market are expected to drastically reduce their lines of imported upholstery fabrics. A 50 percent decline in imports is expected this year. Companies dedicated to selling solely or mostly imported fabrics prior to the devaluation of the peso, feel confident that their market niche (the wealthy) is secure enough so as to maintain their position in the market.

There are a number of opportunities for Canadian firms in this market. *Morel's* in particular, is interested in buying Canadian fabrics. Canadian-made *tergal* is considered of excellent quality and a good substitute for the French product.

The prevailing opinion in the industry is that the upholstery and drapery textile market will shrink. One of the principal customers has been the construction industry. Many buildings are being built but few are being sold, and the devaluation has only made this worse. As a result, sellers in the textile industry expect to sell less to the construction sector this year.

THE REGULATORY ENVIRONMENT

STANDARDS AND TESTING

Mexican official standards, known as *Normas Oficiales Mexicanas (NOMs)*, are imposed on a wide variety of consumer products sold in Mexico, including textiles. These standards can be issued by any Mexican government agency, but those for textile products are administered by the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.

All products for which *NOMs* have been issued must be tested in Mexico to obtain a certificate of compliance. The certificate is issued by *SECOFI's Dirección General de Normas (DGN)*, Bureau of Standards, or from an agency accredited by them.

Textiles, apparel and accessories are covered by NOM-004-SCFI-1993. Technically, the burden of compliance with these standards falls on the importer, but in most cases Canadian exporters will have to provide the documentation. Under the *NOM*, the certification number must be included on textile labels, along with the *NOM* logo. This is in addition to the general requirements for textile labelling discussed below. Textiles are exempt from the requirement that a certificate of compliance accompany the goods when they cross the border, presumably because of this additional labelling requirement. These regulations are subject to frequent change and exporters should ask the importer to provide details of the latest regulations well in advance of shipment.

Under the North American Free Trade Agreement (NAFTA), product testing can be done in all three countries, but Mexico has four years to comply and until then testing must be done in Mexico. Only three Mexican labs are open to any producer: the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, the *Instituto Politécnico*, Polytechnic Institute, and *InchScape*. *Aurrera* has its own labs. Another six labs are recognized but they belong to textile and fibre companies. Canadian textile exporters will need assistance from the Mexican customer or agent to obtain certificates of compliance.

DOCUMENTATION OF ORIGIN

All products imported into Mexico must be supported by documentation which identifies its origins. For shipments from Canada, the required documents are: a North American Free Trade Agreement (NAFTA) certificate of origin, a NAFTA certificate of eligibility, or a declaration of origin from a non-NAFTA country which meets the requirements of the Mexican government. Otherwise, the goods may be subject to countervailing duties assessed against certain Asian countries. For example, some textile products from China are subject to duties of more than 500 percent

In the case of textile products, the requirements needed to qualify for the NAFTA preference are relatively complex. An original certificate must be presented; a copy is not acceptable. The exporter must consult the detailed rules of origin for the product involved.

LABELLING

In addition to the *NOM* requirements, the Labelling Decree of March 7, 1994 sets out specific labelling requirements for textile products. As with other products, labels must be in Spanish, but for textile and leather products, labels must be affixed to the product and not just to the packaging.

In late 1994, the Mexican government issued new draft regulations for textile products. These amendments, expected to become effective in mid-1995, will add the requirement that the importer's Mexican taxation registration number appear on the label. The amendments specify that sizes must be in Spanish according to the general system of measures. In addition, instructions for product care will have to include the following information:

- washing: hand, machine wash, dry cleaning or special process, water temperature, use of soaps and detergents, any prohibitions;
- drying: wring out, sunlight, hanging, horizontal, use or prohibitions of special equipment, special recommendations;

MINIMUM LABELLING REQUIREMENTS FOR TEXTILE PRODUCTS NOM-004-SCFI-1993

- product description
- fibre content (percentages in descending order)
- size
- handling instructions (symbols are permitted in this case provided that they do not require legends)
- country of origin

Source: Government of Canada translation of Article Four (I) of the March 7, 1994 Labelling Decree *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.

- ironing: warm, hot or steam, or no ironing, any special conditions;
- bleaching; and
- special recommendations.

The new rules will apply to all textiles, clothing and accessories including linen, towels, curtains and rugs.

MARKET ENTRY STRATEGIES

Mexicans like to do business with people they know, and they value after-sales service. For this reason, a local presence in Mexico is a major competitive advantage. Canadian companies that have succeeded in Mexico have usually entered the market by establishing a relationship with an agent or distributor.

AGENTS AND DISTRIBUTORS

Some large clothing manufacturers and a few major retailers purchase textiles exclusively through New York buying agents, but few of them can handle the minimum quantities of direct imports. Therefore, agents and distributors play a large role in the import market. There are four common distribution channels:

- textile manufacturer to agent to apparel manufacturer or retailer;
- textile manufacturer to grey-goods converter to apparel manufacturer or retailer;
- textile manufacturer to converter to distributor to manufacturer or retailer; and
- textile manufacturer to distributor to apparel manufacturer.

In many cases the agent may be a Mexican textile manufacturer which adds imported products to round out its product lines.

Agents and distributors are generally open to taking on new lines from foreign manufacturers. There are a number of factors that can make a new line more attractive. Exclusivity is a big attraction, especially if the imported product is unusual or has a strong fashion element. Extended financing terms are very important because Mexican credit is very expensive, especially since the devaluation of the peso.

Many Canadian companies have identified potential agents or distributors by attending trade shows either in Mexico or in the U.S. Advertisements in specialty trade publications are effective for many products. If the product involves a new technology, or other innovation, technical seminars for Mexican manufacturers are yet another approach.

TEXTILE SHOWS

The following annual shows are attended by both domestic and international exhibitors of textiles.

EXINTEX

Exintex is held in Puebla in the month of November. It is sponsored by the *Cámara Textil de Puebla y Tlaxcala (CTPT)*, Chamber of the Textile Industry of Puebla and Tlaxcala, and the *Asociación de Empresarios Textiles de Puebla y Tlaxcala*, Business Council of Puebla and Tlaxcala. It began in 1991 and it is the largest exhibition of its type in Mexico, with some 300 exhibitors and 14,000 visitors. The most recent show included exhibitors from such places as India, China and Scandinavia. It offers a computerized database of over 15,000 manufacturers of textiles and apparel in Mexico, Canada and the United States.

For information contact: *Cámara Textil de Puebla y Tlaxcala (CTPT)*, Chamber of the Textile Industry of Puebla and Tlaxcala.

EXPO TELA

Expo Tela is held in Mexico City, usually in the spring. The 1995 *Expo Tela* was held February 14th through 16th at the *Palacio Mundial de las Ferias*. It was attended by more than 790 American, Canadian and Mexican textile suppliers. It features "high quality, fashion-conscious designs and fabrics". The show's objective is to increase business opportunities between U.S., Canadian and Mexican apparel and textile companies and create new export opportunities. The show is produced and directed by Bobbin Magazine, in association with *La Bobina Noticias*, a monthly magazine for Latin American apparel executives.

For information contact: Bobbin Blenheim, or the *Cámara Nacional de la Industria del Vestido (CNIV)*, National Chamber of the Apparel Industry.

EXPO TEXTIL

Expo Textil is held in Mexico City in September. It has been operating for six years and attracts exhibitors from around the world. The 1994 show was attended by manufacturers from Germany, Argentina, Colombia, Spain, the United States, India and Japan, as well as domestic producers.

For information contact: the *Cámara Nacional de la Industria Textil (CANAINTEX)*, National Chamber of the Textile Industry, or the *Cámara Textil de Occidente*, Textile Chamber of Western Mexico.

WHERE TO GET HELP

CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN CANADA

DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (DFAIT), OTTAWA

Department of Foreign Affairs and International Trade (DFAIT) is the Canadian federal government department most directly responsible for trade development. The InfoCentre should be the first contact point for advice on how to start exporting. It provides information on export-related programs and services, quickly resolves export problems, acts as the entry point to DFAIT's trade information network, and can provide copies of specialized export publications to interested companies.

InfoCentre

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

Fax: (613) 996-9709

FaxLink: (613) 944-4500

InfoCentre Bulletin Board (IBB):

Tel.: 1-800-628-1581 or (613) 944-1581

The Latin America and Caribbean Trade Division promotes trade with Mexico. There are several trade commissioners at the Embassy of Canada in Mexico City, as well as 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 Department of Industry (DI), 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.
Eleventh 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
Sixth Floor
Regina, SK S4P 3V7
Tel.: (306) 780-6325
Fax: (306) 780-6679

Manitoba: 330 Portage Avenue
Seventh Floor
P.O. Box 981
Winnipeg, MB R3C 2V2
Tel.: (204) 983-8036
Fax: (204) 983-2187

Ontario: Dominion Public Building
1 Front Street West
Fourth Floor
Toronto, ON M5J 1A4
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
Fifth 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 (WIN 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 Canadian government officials 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 Department of Industry (DI) 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 example, for non-profit, non-sales food, agriculture and fish organizations, marketing boards and agencies, trade fairs, technical trials, and product demonstrations; 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 (IFIs). 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 (DFAIT)
 Tel.: (613) 995-7251
 Fax: (613) 943-1100

TECHNOLOGY INFLOW PROGRAM

Managed by DFAIT and delivered domestically by the National Research Council (NRC), this program is designed to help Canadian companies locate, acquire and adopt foreign technologies by promoting international collaboration. DI 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.

DEPARTMENT OF INDUSTRY (DI)

Department of Industry (DI) 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.

Textiles, Apparel and Footwear Directorate

Consumer Products Branch
 Department of Industry
 235 Queen Street
 Ottawa, ON K1A 0H5
 Tel.: (613) 954-2883
 Fax: (613) 954-3107

Business Service Centre

Department of Industry
 235 Queen Street
 First Floor, East Tower
 Ottawa, ON K1A 0H5
 Tel.: (613) 952-4782
 Fax: (613) 957-7942

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

DI 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, as well as trade and market development. They also promote and manage a portfolio of programs and services.

The following are areas in which DI 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
- DI Business Intelligence.

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 DI 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 to locate Canadian suppliers. 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

Revenue Canada Customs provides a NAFTA Help Desk telephone line with service available in Spanish.

NAFTA Spanish Help Desk
Tel.: (613) 941-0965

NAFTA Information Desk
Revenue Canada — Customs, Excise and Taxation
191 Laurier Avenue West
Sixth Floor
Ottawa, ON K1A 0L5
Tel.: 1-800-661-6121
Fax: (613) 954-4494

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

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. This program provides financial contributions to stimulate Canadian private-sector involvement in developing countries by supporting long-term business relationships such as joint ventures and licensing arrangements. INC supports the development of linkages with the private sector in Mexico by 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 (ACOA)

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
Tel: 1-800-561-7862
Fax: (506) 851-7403

WESTERN ECONOMIC DIVERSIFICATION CANADA (WD)

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 the regional head office:

WD Head Office
The Cargill Building
240 Graham Avenue
Suite 712
P.O. Box 777
Winnipeg, MB R3C 2L4
Tel.: (204) 983-4472
Fax: (204) 983-4694

EXPORT DEVELOPMENT CORPORATION (EDC)

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
(serving Manitoba and Saskatchewan) Eighth Floor
Winnipeg, MB R3C 0C4
Tel.: (204) 983-5114
Fax: (204) 983-2187

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 (NRC)

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

SPONSORING ORGANIZATIONS

BAKER & MCKENZIE

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 IN CANADA

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
45 O'Connor Street
Suite 1500
Ottawa, ON K1P 1A4
Tel.: (613) 233-6665
Fax: (613) 235-9123

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, Station 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
Suite 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 Honorary Consulate
1900 Commodity Exchange Tower
360 Main Street
Winnipeg, MB R3C 3Z3
Tel.: (202) 944-2540
Fax: (202) 957-1790

MEXICAN FOREIGN TRADE COMMISSIONS

Banco Nacional de Comercio Exterior (Bancomext) is the Mexican Trade Commission and has offices in Canada. It offers credits, export guarantees and counselling services for those 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

BUSINESS AND PROFESSIONAL ASSOCIATIONS

CANADIAN TEXTILES INSTITUTE (CTI)

Founded in 1935, CTI is the national association of the Canadian textile manufacturing industry. CTI's functions include developing and presenting industry positions on international trade issues as well as providing information and analysis to assist individual members. Its membership includes producers of man-made fibres and filament yarns; spun yarns producers; fabric producers, dyes and finishes, and producers of textiles for a wide range of industrial and consumer markets.

Canadian Textiles Institute (CTI)
66 Slater Street
Suite 1720
Ottawa, ON K1P 5H1
Tel.: (613) 232-7195
Fax: (613) 232-8722

The Canadian Council for the Americas (CCA)
The Canadian Council for the Americas (CCA) is a non-profit organization formed in 1987 to promote business interests in Latin American as well as 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 Training Inc. (FITT Inc.)
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

Open Bidding Service (OBS)
P.O. Box 22011
Ottawa, ON K1V 0W2
Tel.: 1-800-361-4637 or (613) 737-3374

Canadian Standards Association (CSA)
178 Rexdale Blvd.
Rexdale, ON M9W 1R3
Tel: (416) 747-4000
Fax: (416) 747-4149

Standards Council of Canada
45 O'Connor Street
Suite 1200
Ottawa, ON K1P 6N7
Tel.: (613) 238-3222
Fax: (613) 995-4564

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 measures 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
Apartado Postal 105-05
Col. Polanco
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 108-A
Zaragoza y Constitución
64000 Monterrey, Nuevo León
México
Tel.: 344-3200
Fax: 344-3048

KEY CONTACTS IN MEXICO

Secretariat of Commerce and Industrial Development

Secretaría de Comercio y Fomento Industrial (SECOFI)
Alfonso Reyes No. 30
Col. Hipódromo Condesa
06140 México, D.F.
México
Tel.: 729-9256/9257
Fax: 729-9343

Secretariat of Commerce and Industrial Development

Bureau of Standards
Secretaría de Comercio y Fomento Industrial (SECOFI)
Dirección General de Normas
Av. Puente de Tecamachalco No. 6
Col. Lomas de Tecamachalco
53950 Tecamachalco, Estado de México
México
Tel.: 729-9300
Fax: 729-9477

National Institute for Statistics, Geography and Informatics

Instituto Nacional de Estadística, Geografía e Informática (INEGI)
Edificio Sede
Av. Héroe de Nacosari No. 2301 Sur
Fraccionamiento Jardines del Parque
20270 Aguascalientes, Aguascalientes
México
Tel.: 918-6947
Fax: 918-6945

National Oil Company

Petróleos Mexicanos (PEMEX)
Av. Marina Nacional No. 329
Col. Huasteca
11311 México, D.F.
México
Tel.: 250-2611
Fax: 625-4385

Central Bank of Mexico

Banco de México
Tacuba No. 4, Piso 1
Col. Centro
06059 México, D.F.
México
Tel.: 512-5817, 237-2378
Fax: 237-2370

Secretariat of Agriculture and Water Resources

Secretaría de Agricultura y Recursos Hidráulicos (SARH)
Insurgentes Sur No. 476, Piso 13
Col. Roma Sur
06760 México, D.F.
México
Tel.: 584-0786/0834
Fax: 584-1887

Mexican Development Bank

Nacional Financiera (NAFIN)
Insurgentes Sur No. 1971, Torre 3, Piso 13
Col. Guadalupe Inn
01020 México, D.F.
México
Tel.: 325-6668/6669
Fax: 325-6009

INDUSTRY ASSOCIATIONS

Mexican Confederation of National Chambers of Commerce

Confederación de Cámaras Nacionales de Comercio (CONCANACO)
Balderas No. 144, Piso 3
Col. Centro
06079 México, D.F.
México
Tel.: 709-1559
Fax: 709-1152

National Chamber of Commerce

Cámara Nacional de Comercio (CANACO)
Paseo de la Reforma No. 42
Col. Centro
06048 México, D.F.
México
Tel.: 592-2677/2665
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Cámara de la Industria Textil de Puebla y Tlaxcala
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National Chamber of the Apparel Industry
Cámara Nacional de la Industria del Vestido (CNIV)
Tolsá No. 54
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