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# OPPORTUNITIES IN MEXICO: THE APPAREL MARKET



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



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 Apparel Market** was developed jointly by the Department of Foreign Affairs and International Trade (DFAIT) and Prospectus Inc. It was researched and written by Prospectus, with collaboration from DAI, Mexico City. This market profile was made possible through the support of the Toronto office of Baker & McKenzie.

This market profile is designed to provide an overview of the market for **Apparel** in Mexico. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as 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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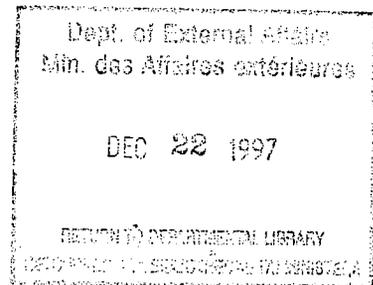
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# OPPORTUNITIES IN MEXICO:

## THE APPAREL MARKET

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*Export*  
**MEXICO**

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With more than fifty offices in 27 countries, Baker & McKenzie is the largest law firm in the world. In Mexico, the Firm has had a very significant presence since 1961. In Mexico City, the Firm operates locally under the name *Bufete Sepulveda* and in all other locations in Mexico the Firm is known as Baker & McKenzie. The Firm currently has offices in the cities of Juárez, Mexico City, Monterrey, and Tijuana, with expansion plans to the other growing industrial regions in Mexico. A substantial percentage of all foreign companies establishing operations in the *maquiladora* regions have retained the services of Baker & McKenzie to assist them in all aspects of their endeavours in this regard.

The lawyers of the Firm combine expertise in Mexican law with an understanding of the business environment and governmental process in Mexico. The Firm enjoys an excellent reputation in business and government circles as one of the leading Mexican firms dealing with international and domestic business transactions. The lawyers from the four Mexican offices regularly meet with their Canadian counterparts to discuss coordination of business activities in the North American context and to encourage trade and investment activities between Canada and Mexico. Partners of the Mexican offices serve on a number of domestic and international bodies as representatives of both national business organizations and the Mexican government. Partners of the Mexican offices regularly advise the Mexican government on international business matters including the recent NAFTA negotiations.

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- Intellectual Property
- International Trade
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# Mexico



- ★ Mexico City
- City, e.g., Guadalajara
- State, e.g., Durango

**Ports of Entry**

- Land Entry
- Water
- ✈ Airports

0 kms 480

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The 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 new exporter in mind. However, 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  
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## THE APPAREL MARKET IN MEXICO

The Mexican apparel sector produces more than US \$5 billion worth of clothing annually. Until 1988, the industry was protected by formidable trade barriers and import penetration was relatively low. Traditionally, wealthy Mexicans have purchased designer clothing on trips abroad, while most consumers have been satisfied with domestic goods.

Due to rising incomes (at least up until the December, 1994 devaluation of the peso) and greater exposure to the international fashion scene, the demand for high-quality, fashion-oriented clothing has grown rapidly. This is especially true for young people, who are influenced by European and American media.

At the same time, Mexico's liberalized trade environment, especially since the North American Free Trade Agreement (NAFTA), has exposed domestic producers to intense competition. Many have not survived the challenge: both the number of companies and the number of people they employ has fallen. Imports have risen sharply as a result. Many Mexican apparel manufacturers have discovered that their low-wage, low-productivity configuration is no match for modern technology and skilled technical workers. Indeed, the most successful, large-scale Mexican producers are those which have modernized all facets of their operations.

As a result of this more competitive climate, Mexico's relative advantages are shifting. Its strengths are increasingly in the production of goods which enjoy economies of scale, such as jeans and underwear, and in products with a large component of high-quality hand-work, such as children's wear.

Mexican apparel and textile manufacturers have been scrambling to form partnerships with foreign companies to help them compete. Because of the devaluation of the peso, the demand for Mexican apparel exports has increased sharply. Many Mexican firms, however, cannot meet the quality standards demanded by export markets. They must modernize in order to take advantage of the surge in export opportunities. Canadian expertise with its short, flexible production runs of fashion-oriented clothing will probably develop into opportunities for joint ventures in Mexico. In the current environment, however, the Canadian partner should be prepared to provide its own sources of financing.

There are also good prospects for increased Canadian exports of apparel, even though these have traditionally been very small. Even though Canadian exports doubled between 1991 and 1993, they totalled only about US \$2.5 million in the latter year, a tiny percentage of Mexico's US \$1.3 billion in apparel imports. Nonetheless, recent developments point to new opportunities for Canadian producers, especially in niche markets such as private labels. While the devaluation of the peso has cut consumer spending power, it has also opened up opportunities for companies that can provide a lower-cost alternative for high-priced European fashion goods.

## INDUSTRY STRUCTURE

At the end of 1992, the Mexican apparel industry consisted of just over 13,000 firms which employed about 260,000 people. Most of these firms are very small, with only about 3,000 being registered with the industry association, the *Cámara Nacional de la Industria del Vestido (CNIV)*, National Chamber of the Apparel Industry. The smallest 10,000 firms employ an average of four workers. These are classified as micro-enterprises by the *Instituto Mexicano del Seguro Social (IMSS)*, Mexican Institute for Social Security.

Roughly 3,000 firms are classified as small or medium in size and they employ about half of the workers in the industry. The 200 largest firms employ an average of about 500 workers each. These data exclude approximately 300 plants operating in the *maquiladora* zones, half of which are located along the northern border. As many as 400,000 additional people are believed to be involved in the production of apparel in the informal economy.

Mexican textile firms are mostly family-owned. *Avante Textil* is the only publicly-traded enterprise in the sector and, except for the *maquiladoras*, foreign ownership has been limited until recently. Traditionally, there has been very little vertical integration in the industry.

Both the number of firms and their number of employees has fallen slightly over the past few years, due to increased foreign competition. The *CNIV* believes that the industry has stabilized and projects a one percent rise in employment for 1994.

## CUSTOMER PROFILE — Cone/CIPSA

### Integration and foreign investment

*Compañía Industrial de Parras, S.A. (CIPSA)*, is Mexico's leading denim producer. In 1994, CIPSA formed a joint venture with *Parras Cone de México (Cone)*. CIPSA considered a variety of potential partners which could provide technology, access to foreign markets and capital. Cone, an American company based in Greensboro, North Carolina, provided the best fit. CIPSA contributed an understanding of the Mexican market, established customers and a garment manufacturing capability.

CIPSA will market all of Cone's products in Latin America, exclusively in Mexico; Cone will market CIPSA's products world-wide. An important element is the Mexican company's involvement in garment production through *Prendas Parras*. Production will increase when their new plant, *Prendas Textiles*, comes on-stream. It will have washing facilities to handle 18,000 units per day as well as a variety of finishes. Its modern effluent-treatment facilities will make it one of only three Mexican apparel plants with washing operations that can export under the North American Free Trade Agreement (NAFTA) guidelines.

The new factory, *Prendas Textiles* has nine computerized cutting tables (CKA systems) that can handle 64-inch finished fabric widths. In addition, most of the sewing equipment is supplied by Union Special and Juki. The company has introduced modern systems to train workers to use this equipment.

Cone and CIPSA are contributing 40 percent of the new capital in equal shares. The remainder was borrowed from international and Mexican institutions.

Mexico's employment laws are partially responsible for this fragmented industry structure. The laws impose onerous burdens on employers when an employee is laid off or terminated. There is a costly severance pay provision, and employees continue to be paid during temporary lay-offs. As a result, many larger firms subcontract work to small, family businesses. These micro-firms will often cut prices rather than suffer cut-backs in employment.

Nonetheless, increased competition is motivating trends both towards vertical integration and foreign ownership. Textile production is much more capital intensive than apparel manufacturing, so textile producers face greater challenges from open competition. They need to modernize and improve product quality, but are hard-pressed to find the capital they need. One solution is to initiate joint ventures with apparel manufacturers. Such integration moves the textile producer closer to the market, and the wider margins enjoyed by clothing products create a source of financing for modernization.

For their part, apparel manufacturers, faced with poor-quality domestic supplies, are increasingly entering into joint ventures with textile firms. Many of the textiles companies that have integrated downstream are those which specialize in cotton knits and which now make T-shirts and underwear. This includes *Avante Textil, Omnitex, Yasbek, Rovitex, Textiles Santa Julia*, and Sara Lee. Other notable integrations include:

- *GFT Mexico*, which produces fabrics through *Rivetex*, manufactures men's suits through *Confitalia* and sells through its own *High Life* retail outlets;
- *Parras*, a producer of denim, now manufactures jeans;
- *Romatex*, which makes wovens, produces men's pants; and
- *Celulosa y Derivados (CYDSA)*, Mexico's largest acrylic fibre company, now manufactures high-quality acrylic sweaters and blankets.

## APPAREL PRODUCTION AREAS

### NORTHERN MEXICO

Most of the factories in northern Mexico are *maquiladora* operations producing for the U.S. market. The largest categories of apparel produced in this region include jeans and intimate apparel. Nuevo León is home to a sizable and diverse Mexican-owned garment industry.

## THE *BAJÍO* — CENTRAL MEXICO

The states of Jalisco, Guanajuato and Aguascalientes are known as the "Fashion Belt". This is one of the most important apparel manufacturing centres in the country. Jalisco is home to a number of small- and medium-sized enterprises. Guadalajara is also the site of one of the country's leading technological institutes for apparel. Aguascalientes is known as the "Philippines of Mexico" because of the local expertise in fine hand-work and embroidery. The region includes more than two-thirds of Mexican children's wear manufacturers, and is also a centre for home furnishings. In the state of Guanajuato, the city of Irapuato is known for its jean manufacturers. León is the most important centre for shoes, and Morelón for sweaters.

## REGION OF MEXICO CITY

Mexico City continues to be the most important centre for apparel in the country with more than 10,000 apparel manufacturers represented. The adjacent State of Puebla has been a textile centre for over 200 years. This area is home to many of the larger, integrated manufacturers of textiles and apparel.

## SOUTH-EAST MEXICO

Yucatán is a popular destination for *maquila* sewing machine operators because of its proximity to Florida. In addition to several large foundation and intimate apparel companies, there is a diverse local industry. Yucatán also has a highly-skilled labour force which is adept at hand-sewing and finishing.

## NEW GROWTH AREAS

Recently there has been a trend away from the major cities towards less-developed parts of the country. In particular, the following areas are showing strong growth:

- Torreón and Gómez Palacios, for the jean industry;
- Hidalgo, for the foundations and lingerie industry, including companies such as Playtex and Carnival;
- Puebla, especially Teziutlán and Tehuacán — for jean production, including *Cantabria* and *Originales Finos*.

## LABOUR

### CUSTOMER PROFILE — PETER PAN

#### Balancing wage rates with productivity

Maurice Perelman founded *Peter Pan de México* in 1947. The company has prospered because of Perelman's leadership and commitment to his 500 employees. Located in Naucalpan, Estado de México where annual operator turnover exceeds 100 percent, *Peter Pan* has a turnover of less than 2 percent. In fact, *Peter Pan* has a one-year waiting list of applicants. *Peter Pan's* wages are well above average, partly because of substantially higher productivity. This was one of the first firms in Mexico to introduce a modular manufacturing system utilizing the Kan-Ban system, which is a customer-driven production scheduler. The company is also heavily committed to training.

Most of Mexico's large- and medium-sized apparel plants are unionized. This includes plants with more than 100 workers. Labour relations tend to be good, with job security and job creation being generally higher priorities than wages and benefits.

Wage costs depend on the minimum wage zone and the number of competing plants in the area where a plant is located. In central Mexico, the minimum wage is N \$12.05 pesos per day, and the professional sewing operator minimum wage is N \$15.55 pesos. The work week is 48 hours spread over five or six days. The seventh day is also paid. There is usually a bonus ranging from 50 to 100 percent of the minimum wage. Mexico has a system of mandatory benefits, which add 40 to 50 percent to the compensation costs. In this example, minimum weekly compensation for a sewing operator was roughly C \$125.00 per week, or about \$2.60 per hour at the exchange rate prevailing in November, 1994.

Low wages do not necessarily result in lower costs. Productivity levels are well below Canadian and American levels primarily because of less-sophisticated equipment, underfinancing and less-efficient manufacturing processes. Annual employee turnover in many apparel plants is close to 100 percent, and supervision costs can be high. Some of the more progressive firms pay higher wages, and have implemented modern management techniques. As a result they are typically more competitive, especially in quality-sensitive markets.

Trained apparel-manufacturing engineers are very scarce in Mexico. There are, however, a large number of industrial engineering graduates available for on-the-job training. Foreign-owned plants often fill technical positions with their own staff. This is becoming more difficult, particularly for U.S. and Canadian companies, because of the shortage of experienced personnel with the necessary language skills and an interest in working in a different culture. Asian companies do not face this constraint.

## DESIGN CAPABILITIES

The Mexican apparel sector is not known for its design: as a result, Mexican fashion sales have suffered. Traditionally, the great majority of apparel producers have not been concerned about fashion or design elements. Others have found it simpler to copy others rather than develop their own design capabilities.

Mexico has a tradition of couturier dressmakers who cater to the very wealthy. There is a growing number of promising fashion designers who produce custom goods and small lots for upscale retailers. However, they are generally not well-supported by the major manufacturers and there is little sharing of expertise.

Recently, some designers have been retained by major retailers. For example, *El Palacio de Hierro* entered into a long-term contract with Manuel Méndez to provide designs for its stores. This arrangement expands the resources available to the designer, and ensures the retailer both exclusivity and access to design expertise.

### SOME NOTABLE NAMES IN MEXICAN DESIGN

Manuel Méndez	Sergio "Keko" Demichelis	Giselle Anaya
Gene Matouk	Armando Mafud	Victor Camarena Rojo
More Martínez	Fabian Vergara	Julián Maceda
Victor Alfaro	Ramón Guerrero	Manuel García de Alba
Enrique Martínez	Ana Lucía de Teresa	Oscar León

### TECHNOLOGY

Most firms in Mexico's apparel sector use a relatively low level of technology. The highly-integrated textiles and apparel producers, as well as some of the large apparel manufacturers are the main exceptions.

Much of the technology in use is considered obsolete. According to interviews with officials from the *Cámara Nacional de la Industria del Vestido (CNIV)*, National Chamber of the Apparel Industry, a shortage of capital is the main reason. Internal capital is scarce as a result of the economic crisis instigated by the devaluation of the peso, and because foreign competition has kept earnings low in recent years. External capital is hard to obtain and very expensive, especially for firms with no export earnings. Annual interest on peso loans was more than 40 percent in mid-1995. Companies that can borrow in American dollars pay interest in the 10 to 15 percent range.

The fragmented industrial structure and a perception that cheap labour is a substitute for modern technology have also been impediments to modernization. In addition, many companies, especially the smaller ones, have difficulty obtaining modern equipment which is hard to find in Mexico.

## CUSTOMER PROFILE —

### AVANTE TEXTIL

#### Modernizing to stay competitive

*Avante Textil* is an exceptional case among Mexican apparel manufacturers. It operates one of the most advanced cotton-knit facilities in North America. It started as a spinning and knitting plant with dyeing and finishing capabilities, but has now expanded into sewing. The company operates two world-class quality control labs and uses the latest dyeing and stabilizing technologies. Its commitment to technology and quality is also evident in a new sewing facility for T-shirts and underwear. Fully-automated dye cutters, vacuum-operated backlatching on seams, and "no-hands" sleeve hemming are just some of the technologies employed in the cutting and sewing operations.

## CUSTOMER PROFILE —

### DISTRIBUIDORA CONTINENTAL DE PANTALONES

#### Automating sewing operations

*Distribuidora Continental de Pantalones (Continental)* is focusing on technology to become more efficient. In low-wage countries such as Mexico, manufacturers often fail to modernize their sewing operations, which are the most labour-intensive part of garment production. *Continental* realized that this was a short-sighted policy and committed major resources to the acquisition of the Toyota Sewing System (TSS) and its related training packages.

The TSS requires greater operator skill and flexibility but results in much lower inventories and more consistent quality. The firm is now well-positioned to sell its dresses and casual pants to retailers requiring Quick Response (QR). Mr. Victor Vera, the owner of *Continental*, reports that his 350 employees now have reduced fatigue, less absenteeism, higher morale and operate more efficiently.

Interviews with industry observers in Mexico revealed that only a few of the largest firms are using the following technologies:

- computer automated manufacturing (CAM) and automated workstations;
- computerized cutters;
- programmable sewing machines, fusing and finishing equipment;
- warehouse automation;
- shop floor data collection;
- fabric testing; and
- manufacturing process-control systems.

Technologies that have been implemented on a broader scale include the following:

- **Computer automated design (CAD):** According to the *Cámara Nacional de la Industria del Vestido (CNIV)*, National Chamber of the Apparel Industry, there were more than 200 companies using CAD systems in 1993. About 40 percent use the Lectra system and the rest use the Gerber Accumark system. Industry observers say that the number of systems in use grew by an additional 40 percent in 1994.
- **Electronic data interchange (EDI) linkages with retailers:** As the retailing environment becomes more competitive, there is increased pressure on manufacturers to implement EDI to keep inventories at optimal levels in the stores. Larger chains such as *Aurrera* of the *Grupo Cifra* and *Sears de México* have been at the forefront in pushing for these changes. The Government of Mexico, the retailers association and the industry associations are all developing a national Quick Response (QR) program. Nonetheless, this technology is still in its infancy in Mexico.
- **Bar coding:** This is an essential step towards improved inventory management and implementation of QR and EDI. Until recently, the apparel classification process (SKU number) has traditionally been used only to identify style. Retailers are now requiring that goods be identified by style, size and colour.
- **Computerized management and accounting systems:** Many firms have personal computers (PCs) which are used for billing, bookkeeping and other administrative functions.

## MAQUILADORA OPERATIONS

*Maquiladora* or in-bond operations have contributed substantially to the development of the apparel sector in Mexico. Under the *maquila* program, goods are allowed into Mexico duty-free, where they are processed and then re-exported. They are not usually considered part of the Mexican market, since they are mainly captive plants, and until recently their products have been sold in Mexico in only very limited quantities. Under the North American Free Trade Agreement (NAFTA), this is changing.

By the end of 1991, there were 308 *maquiladora* textiles plants, with about half of them located in the interior of the country. This includes the Federal District, and the states of Jalisco, México, Yucatán and Puebla.

Before the NAFTA, most *maquiladora* plants exported their goods to the United States under the "807" program, (now called the 9802). It was introduced in 1989 and applies duty only to the foreign value-added of goods re-imported into the U.S.

In 1991, the total value of textiles and apparel products shipped from "807" plants was US \$658 million, of which US \$250 million was domestic value-added. The "807" plants have been a source of significant employment, especially for Mexican women. It is estimated that about 50,000 workers are employed in the textiles and apparel *maquiladora* operations.

Under the NAFTA, Mexico will have to open up its markets to *maquiladora* goods over a period of seven years. Beginning in 1994, half of a plant's output may be sold in Mexico under the NAFTA terms, and full access will be granted by January 1, 2001.

The *maquiladora* plants also benefit from a number of other NAFTA provisions. In particular, products may be sold in Mexico quota-free, even though they may contain American fabrics made from non-originating yarns. The paperwork needed to sell *maquiladora* products in Mexico has also been substantially reduced.

## GOVERNMENT INDUSTRIAL POLICIES

The Mexican government launched a major program for improving the competitiveness of the textile and apparel industries in 1992. Known as the *Programa para Promover la Competitividad de la Industria Textil y de la Confección*, Program for the Promotion of Competitiveness in the Apparel and Textile Industry, it has four major components.

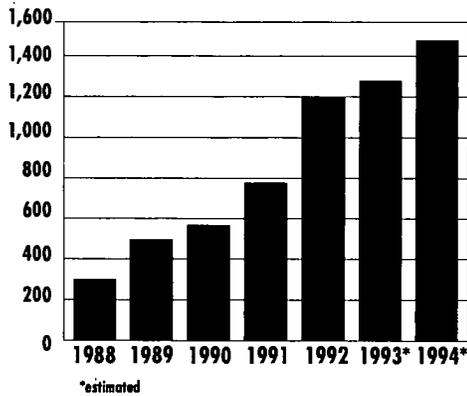
- External trade includes standards, tariffs, unfair trade practices, customs operations and export promotion. Its goals are to stop under-invoicing, smuggling and mis-classification of imports as well as to assist Mexican exporters to trade internationally.
- Technology includes training and human resource development.
- Industry structural initiatives includes such goals as sectoral coordination, Quick Response (QR), fashion and design, and alliances with foreign companies.
- Financing includes the development of financial mechanisms to assist the industry. *Nacional Financiera (NAFIN)*, Mexico's national development bank and *Banco Nacional de Comercio Exterior (Bancomext)*, Mexico's trade commissions, have been encouraged to increase funds for loans in this sector.

So far, the major priorities have been implementing standards and improving customs operations. Under-billing and dumping practices have been pursued vigorously. In the other areas, progress has been limited mainly to the formation of committees to set priorities and design programs.

# FOREIGN TRADE

## APPAREL IMPORTS INTO MEXICO, 1988-1994

US \$ millions



Source: Statistics Canada World Trade Database.

Total domestic production of apparel in Mexico in 1993 was just over US \$5.5 billion. According to estimates from the U.S. Department of Commerce, about 58 percent of the market is clothing for women and girls, while 42 percent is for men and boys. Approximately 40 percent of the total market is children's wear.

Estimates of imports into Mexico vary widely. According to the Statistics Canada World Trade Database, imports of all apparel reached US \$1.3 billion in 1993. Between 1991 and 1993, apparel imports increased by an average of 30 percent per year.

Canada's apparel exports to Mexico have grown rapidly in recent years, rising from less than US \$500,000 in 1990, to about US \$2.5 million in 1993. Nonetheless, they still represent a market share of less than 1 percent. Corsets and brassieres were the fastest-growing products, followed by coats and jackets.

## MEXICAN APPAREL IMPORTS FROM THE WORLD 1993

Average Annual Rate of Change, 1991-93 Commodity	US \$ millions	Growth in percentage
trousers, breeches etc. of textile fabrics	280	30
other outer garments of textile fabrics	200	16
shirts, men's, of textile fabrics	161	57
undergarments, knitted or crocheted of wool	144	40
jerseys, pullovers, twinsets, cardigans, knitted	95	66
other outer garments & clothing, knitted	81	23
corsets, brassieres, suspenders and the like	62	5
articles of apparel & clothing accessories, of plastic	61	17
articles of apparel & clothing accessories, of leather	31	27
coats and jackets of textile fabrics	31	74
clothing accessories of textile fabrics	25	27
overcoats and other coats, men's	24	47
dresses, women's, of textile fabrics	24	37
skirts, women's, of textile fabrics	15	26
suits, men's, of textile fabrics	15	18
clothing accessories, knitted or crocheted, n.e.s.	14	63
headgear and fittings thereof, n.e.s.	14	2
suits & costumes, women's, of textile fabrics	12	45

continued next page

Commodity	US \$ millions	Growth in percentage
fur clothing, articles made of fur skins	11	122
dresses, skirts, suits etc., knitted or crocheted	9	-8
undergarments, excluding shirts, of textile fabrics	6	37
undergarments, knitted, of synthetic fibres	0	na
<b>Grand Total</b>	<b>1,313</b>	<b>30</b>

**Note:** Commodities are sorted in descending order of the total values of imports in 1993. Figures based on SITC classification.  
**Source:** Statistics Canada World Trade Database.

### MEXICAN APPAREL IMPORTS FROM CANADA 1993

Commodity	US \$ '000	Growth in percentage
corsets, brassieres, suspenders and the like	834	921
other outer garments of textile fabrics	303	15
fur clothing, articles made of fur skins	258	-15
shirts, men's, of textile fabrics	219	79
undergarments, knitted or crocheted of wool	175	97
clothing accessories of textile fabrics	147	32
other outer garments & clothing, knitted	107	na
coats and jackets of textile fabrics	68	269
dresses, women's, of textile fabrics	65	19
jerseys, pullovers, twinsets, cardigans, knitted	62	54
dresses, skirts, suits etc., knitted or crocheted	48	na
overcoats and other coats, men's	41	na
headgear and fittings thereof, n.e.s.	40	na
skirts, women's, of textile fabrics	36	na
suits, men's, of textile fabrics	35	-26
articles of apparel & clothing accessories, of leather	20	12
clothing accessories, knitted or crocheted, n.e.s.	19	-16
articles of apparel & clothing accessories, of plastic	0	na
trousers, breeches etc., of textile fabrics	0	-100
<b>Grand Total</b>	<b>2,477</b>	<b>57</b>

**Note:** Commodities are sorted in descending order of the total values of imports in 1993. Figures based on SITC classification.  
**Source:** Statistics Canada World Trade Database.

## COMPETITION

About one-quarter of Mexico's consumption of apparel is imported: therefore, the principal competitors in this sector are Mexican companies. The United States dominates the market for imported apparel, followed by Korea.

## MEXICAN APPAREL PRODUCERS

Most Mexican apparel firms are family-owned. *Avante Textil* is the only publicly-traded producer in Mexico. So far, foreign ownership has been limited except for *maquiladora* operations.

Recent trends are towards greater foreign investment in the form of joint ventures, especially partnerships with textile manufacturers. Examples include Sara Lee's acquisition of *Rinbros*, *Estelar* and *Mayorca*, as well as joint ventures involving *Jantzen/CYDSA* and *Cone Mills/Parras*.

## MAJOR APPAREL MANUFACTURERS IN MEXICO

Company	Product
Carnival	underwear and foundation garments
Parras	jeans
Confitalia	men's suits
Industria Monterrey	shirts and trousers
Grupo Haydar	jeans and denim wear
Manufacturera Libra	jeans
Playtex	foundation garments
Cantabria	jeans
Originales Finos	jeans, dress shirts and casual pants/trousers

Source: *Cámara Nacional de la Industria del Vestido (CNIV)*, National Chamber of the Apparel Industry.

Mexican apparel producers are both competitors and potential joint-venture partners for Canadian firms. An understanding of their strengths and weaknesses may highlight opportunities for product sales. Or, it may suggest areas where there is a good match between a potential partner's market access and a Canadian producer's technical strengths.

## STRENGTHS

Mexican apparel experts, including officials of the *Cámara Nacional de la Industria del Vestido (CNIV)*, National Chamber of the Apparel Industry, point out that the Mexican industry has a number of important competitive strengths. It operates in a positive business environment. The government is pursuing liberalized macroeconomic policies as well as industrial strategies designed to develop the sector. The government has taken action to tighten customs procedures for textile and apparel products.

The industry benefits from a large labour force that is young, low-cost and hard-working as compared to that of Canada and the United States. Labour relations are good, and unions are receptive to new technology. Experienced pattern-makers are available and the industry has a reputation for good quality of construction and stitching.

The industry structure combines large-scale, efficient apparel production facilities with a large pool of small family-owned subcontractors. While this has certain disadvantages, it means that subcontractors are usually willing to cut prices rather than lay off workers. This gives the industry greater cyclical stability.

## WEAKNESSES

Industry observers in Mexico mentioned several competitive weaknesses. The most important is that many companies are undercapitalized. Sources of capital are limited and very expensive, particularly for companies with no export earnings that could be used to service foreign-currency loans.

A limited fashion-design capability is another serious weakness. This, combined with a shortage of good quality, well-designed fabrics, makes it difficult for the industry to stay current with fashion trends and the increasing demand for high-quality garments.

Productivity is low, due to a lack of modern technology and a shortage of technical workers. There are only limited training resources and there is a particular deficiency of engineers and technicians. Systems for controlling production, quality and costs are relatively unsophisticated, especially among small- and medium-sized firms.

The industry's lack of specialization is also considered to be a competitive disadvantage. There are too many plants making a broad range of products. This problem is compounded by poor marketing and distribution systems. Marketing is not export oriented, and producers have been slow to offer retailers modern systems for flexible manufacturing, inventory control and Quick Response (QR). The distribution chain is very personal and "relationship-based", which makes it inflexible, particularly in the current environment of rapid restructuring.

Finally, the industry suffers from Mexico's underdeveloped infrastructure. Roads and other modes of transportation are generally inefficient, and telecommunications are poor, although these are gradually improving.

## **FOREIGN COMPETITORS**

The principal competitors for Mexican apparel imports are the United States, Korea and Japan. However, Hong Kong, Italy and China also export significant quantities of clothing to Mexico.

## **INVESTMENT**

Many of the producers exporting apparel products to Mexico are now establishing their own facilities in Mexico or elsewhere in Latin America. Almost all of the recent foreign investment in the apparel industry has been made by American firms. Japan is another recent investor.

While Korean producers have expressed some investment interest, their work practices and style of management is not always compatible with the Mexican way of doing things. Korean investment has mainly been directed to Honduras, Guatemala and El Salvador, all of which have access to American and Mexican markets due to the Caribbean Basin Initiative (CBI). This gives them better access to their customers in North America, and also gets around high tariffs imposed on Asian products. Under the North American Free Trade Agreement (NAFTA), Mexico has an advantage over other CBI nations. Thus, more Asian investment in Mexico may follow if cultural differences can be reconciled.

## **LICENSING AGREEMENTS**

Foreign firms have also been moving to establish licensing agreements with Mexican manufacturers. A number of big-name designers have recently licensed their products for manufacture in Mexico. This includes well-established companies, such as Giorgio Armani and Calvin Klein, as well as a number of others that have lost their designer niche in Canada and the U.S. The "Pierre" insignia, for example, has been reinvented in the developing world and in Mexico. Pierre Cardin has 14 licensing agreements with Mexican manufacturers and more are under discussion. Brand names are very popular in Mexico and this creates opportunities for designer labels. Nonetheless, the market is becoming more value- and price-sensitive while simultaneously less status conscious: consequently, a shift towards private labellers and discounters is well-underway.

According to the U.S. Department of Commerce, each person in Mexico acquires an average of between 12 and 14 garments per year. With a 1994 population of 90 million, and a projected annual population growth rate of 2 percent, the potential market for apparel is clearly substantial. Other less-obvious economic and demographic trends are contributing to make the Mexican market even more attractive.

## THE APPAREL MARKET

### THE ECONOMY

Demand for apparel depends greatly on the state of the economy. Over the past several years, Mexico has been remarkably successful in getting its economic problems under control. Although the peso suffered a large drop in December 1994, it was generally regarded as an overdue correction and the economy is gradually re-stabilizing. Government policies of privatization, deregulation and continuing reliance on market forces are working to maintain investor confidence despite the devaluation. Moreover, sharply increased exports as a result of the devaluation are generating foreign exchange earnings, and competition is leading to substantial productivity gains. All of these indicators suggest a capability for sustained economic growth over the medium term.

### DEMOGRAPHICS

These macroeconomic developments are enhanced by demographic trends. Half of the Mexican population is under the age of 21, and about two-thirds are under 30. The Mexican "Baby Boom" consists of teenagers who are influenced by foreign TV and North American lifestyles, very fad and fashion conscious, and savvy about quality.

The mood of the Mexican consumer is also positive. The October 1993 issue of *Chain Store Age Executive* reported the results of a survey of heads of households in 10 populous Mexican states. It found that Mexicans felt more secure in their jobs compared with a year earlier. They were more financially secure and were planning on making major purchases. Other findings — that Mexican youth believe that their standard of living will equal or exceed that of their parents — are reminiscent of the expansion years in Canada and the United States of 20 years ago.

These consumers are increasingly sophisticated. Half of the people in the survey had been to the U.S. to shop. In general, Mexican consumers of imported clothing are aware of what is fashionable, what is available and at what cost.

## MEXICAN POPULATION TRENDS

### MILLIONS

Age	1995	Percentage	2000	Percentage
0-4	10.9	11.5	11.7	11.3
5-9	10.2	10.8	10.7	10.4
10-14	10.1	10.7	10.1	9.8
15-19	10.1	10.7	10.0	9.6
20-24	10.3	11.0	10.0	9.6
25-29	9.0	9.5	10.2	9.8
30-34	7.4	7.8	8.9	8.6
35-39	6.0	6.4	7.3	7.1
40-49	8.7	9.3	10.7	10.3
50-64	7.6	8.1	9.2	8.9
65 plus	3.9	4.2	4.8	4.6
<b>Total</b>	<b>94.7</b>	<b>100.0</b>	<b>103.9</b>	<b>100.0</b>

**Source:** Consejo Nacional de Población (CNP), National Population Council and the Instituto Nacional de Estadística, Geografía e Informática (INEGI), National Institute for Statistics, Geography and Informatics.

## INCOME

The market for clothing, especially for high-quality imported clothing, is limited by the relatively low income of most Mexicans. In 1990, about 20 percent of Mexicans had incomes of US \$10,000 or more. This group, which now numbers roughly 20 million people, is considered the primary market for most imported consumer goods.

Some types of imported clothing are attainable only by wealthy Mexicans. The availability of a broader choice of high-quality apparel, mainly from European and U.S. suppliers, is leading this group to increasingly buy at home, rather than abroad.

## INCOME DISTRIBUTION IN MEXICO, 1990

Annual income	Millions	Percentage
US \$15,000 and higher	3.4	4
US \$10,000 to US \$15,000	13.2	16
US \$6,000 to US \$10,000	14.4	18
US \$2,000 to US \$6,000	23.0	28
under US \$2,000	27.9	34

Source: U.S. Department of Commerce.

## URBANIZATION

Mexico is becoming increasingly urbanized because of greater availability of jobs and support services in the cities. Since urban dwellers have higher incomes, retail markets tend to be concentrated. According to the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, in 1992 urban families represented 76 percent of all families in Mexico and 89 percent of expenditures. However, there are more children per capita in rural areas than in the cities.

Urban families spend 7.8 percent of their incomes on clothing and footwear, while rural families spend 8.2 percent. This is explained by their much lower average income, and the tendency for rural families to have greater numbers of children.

## FASHION ORIENTATION

Mexicans are subject to many of the same influences as their neighbours to the north. They watch foreign television and are exposed to international fashion magazines. Although only a small proportion have disposable income to spend on fashion, in absolute terms this is a large group of people. In some ways, however, their tastes differ from those of Canadians. In the business world, the fashion tends to be more formal and conservative than in Canada. Children's clothing tends to be more elaborate, especially little girl's dresses, while women tend to wear dresses and skirts more often.

Teenagers are very fad and fashion conscious, and spend a much larger percentage of their disposable income on clothing than the average consumer. About one-third of all teenagers between the ages of 15 and 19 work, according to data from the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics. While teenagers are often employed in low-paying jobs, they are very aware of what their peers are wearing and gain acceptance in certain circles based on their appearance. The fashions are quick to change and teen clothing goes out of style very quickly.

## THE CANADIAN EXPERIENCE — MR. JEFF INC.

### Expertise in short production runs

Gordon Robinson of Mr. Jeff Inc. believes in doing his homework. He has been scouting around Mexico for a couple of years looking for opportunities. Mr. Jeff is a manufacturer of men's shirts and knitted goods, and Robinson was initially interested in Mexico as a source of low-cost labour. He discovered that at the volumes he was interested in, such as 50 dozen of any one style of shirt, the cost was not competitive. He explains: "the ... *maquiladora* operations are very efficient but they are set up to do very large volumes of the same product. They are not really set up to do flexible manufacturing."

He found that the smaller manufacturers and sub-contractors which should be better able to handle smaller volumes are only just beginning to respond to competitive pressures. In many cases, they do not have the money or expertise to produce a competitive product. In addition, their access to competitively-priced imported fabrics is limited by minimum order requirements.

Robinson was aware that Canadian manufacturers face this same sourcing problem and perceived this to be an opportunity. He found a non-competing Mexican manufacturer with whom he could split orders. Mr. Jeff can now acquire competitively-priced fabrics and, at the same time, it has established a toehold in the Mexican market.

Robinson believes that Canadian companies have valuable expertise in short-run, private label products that will become increasingly valuable in the Mexican market. Canadian apparel technology, by necessity, is oriented towards short, flexible production runs and fast turnaround to the retailer's needs.

Mexico is just beginning to develop private label programs. Robinson thinks that the low- to mid-range stores will try to source their labels in the Far East, but he sees opportunities for Canada in the mid- to high- end of the market. Robinson hopes to engage other Canadian private label manufacturers to work with a select group of Mexican manufacturers to develop a private label program.

## SEASONAL DRESSING

The climate throughout Mexico is temperate, although some parts of the country have periods of cool weather, particularly in the evening. There is a limited market for heavy outerwear. For example, Mexico imported US \$5 million worth of fur garments in 1992. Less-variable weather means that buying seasons are longer. There are two main market seasons: fall/winter and spring/summer.

## SIZING

On average, Mexicans are physically smaller than Canadians, so a larger percentage of small and petite sizes should be anticipated in orders from Mexico. There is also a market for larger-size petites.

## FABRIC CHOICE

Traditionally, polyester and poly-blends have been the most popular fabrics, because of their easy care and lower cost. As consumers have become more affluent and more fashion conscious, natural fabrics are becoming more popular. Fabrics with growing market shares include cottons, lighter-weight woollens and linens.

## MARKET SEGMENTATION

The apparel market can be segmented for analytical purposes by both gender and age. Children's clothing is defined as garments intended for children under 14 year of age. The markets for men's and women's clothing are subject to different influences and they are examined separately in the sections that follow.

## APPAREL SUB-MARKETS IN MEXICO, 1992

Category	Percentage
Women and girls	58
women	35
girls	23
Mens and boys	42
men	25
boys	17
<b>Total</b>	<b>100%</b>

Source: *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, data cited by the U.S. Department of Commerce.

## CHILDREN'S CLOTHING

Children's clothing accounts for approximately 40 percent of the total apparel market. Consumption grew by almost 13 percent to reach US \$2.4 billion in 1993. Market growth is expected to remain strong until at least 2000, when birthrates are projected to decline. It is estimated that the average Mexican child acquires an average of 14 to 16 garments per year. Imports of children's clothing grew from US \$163 million in 1991 to US \$290 million in 1993.

Mexicans who can afford it want durable clothing with a strong design element. American clothing made by companies such as Osh Kosh B'Gosh, which is of high quality and good design, is popular but too expensive for most Mexicans. The Mexican industry is very competitive in high-quality, labour-intensive children's clothing such as party dresses and embroidered appliqué tops. These garments are well-designed and are well-regarded by consumers. But domestic producers face stiff competition from low-cost Asian imports for everyday clothing.

In spite of Mexico's competitive strengths in children's wear, the industry has not traditionally been an exporter. According to the *Cámara Nacional de la Industria del Vestido (CNIV)*, National Chamber of the Apparel Industry, less than ten companies have exported children's wear as of March 1994. They blame this situation on a lack of information and on *el miedo*, a reluctance to accept risks.

These factors have led to an increased interest in strategic alliances. For example, *Baby Duy* joined forces with a small, New York-based children's clothing company called Nouvelle Image Kids. The American partner distributes *Baby Duy* products in the north-eastern United States.

## OPPORTUNITIES FOR CANADIAN SUPPLIERS

There are opportunities for partnerships between Mexican firms and Canadian apparel producers. The Mexicans are particularly interested in high-quality, well-designed fashion-oriented children's clothing. They also need technical expertise and marketing assistance. In return, they can offer high-quality and competitively-priced handmade products.

## WOMEN'S CLOTHING

### THE CANADIAN EXPERIENCE - FRANCO MIRABELLI DESIGNS INC.

#### Taking on the European designers

Franco Mirabelli Designs is one of Canada's most successful designers of women's clothing, with a reputation for creativity. The Toronto-based company first became interested in the Mexican market when approached by a Mexican distributor at a trade show in Montreal. An informal distribution agreement led to a successful showing to Mexico's pre-eminent retailer, *El Palacio de Hierro*. Mr. Mirabelli notes that exclusivity was a factor in the deal: "For our first season, Fall '94, we have an exclusive agreement with *El Palacio de Hierro* and the line is being sold in four of their five stores in Mexico City. The line is featured on the Designer Floor, next to imported lines from such European designers as Chanel and Claude Montana."

The services of a Mexican distributor, who took care of all of the logistics, was key to this success. As Mirabelli puts it: "All I had to do was get the goods to the airport on time." Customs and shipping were arranged by the Mexican distributor; even the labelling was done in Mexico. (Under new labelling requirements, labels in Spanish will now have to be affixed in Canada.) Payment was arranged by letter of credit through the company's Canadian bank.

Mirabelli's Canadian-made products appeal to the high-end, fashion-forward consumer, and Mirabelli notes that Mexican purchases are similar to those in Canada: "They bought pretty much what was popular here, except they bought more smaller sizes." Mirabelli sees a bright future in the Mexican market, based on the demand for excellent quality, a high design component, and prices that are competitive with European designs.

In 1992 domestic production of women's clothing was just under US \$3 billion, which was about 95 percent of the market. However, imports have begun to play a much larger role because Mexican producers have not kept pace with the increasingly fashion-oriented market. Imports of women's clothing doubled to US \$205 million in 1992. Domestic production is growing more slowly than both the population and the economy, and import penetration is expected to continue rising.

Women working outside the home are the most dynamic component of this market. They have both a need for certain types of clothing and an independent source of income. Government statistics estimate the formal female labour force at about 5.6 million. The labour force participation rate peaks at about 29 percent in the 20 to 24 age group and remains over 20 percent until after age 45. The participation rate drops to below 5 percent after age 65. This excludes an estimated 10 percent of women in the informal economy who work. The trend is towards greater female participation in business, and it is likely that these 1990 statistics understate the current market.

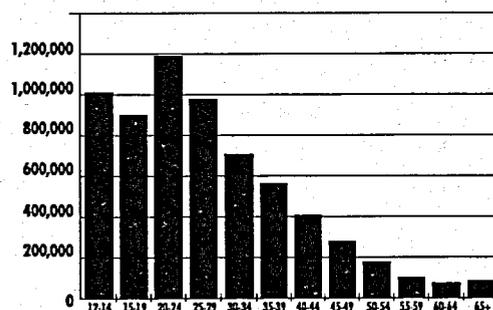
### OPPORTUNITIES FOR CANADIAN SUPPLIERS

Buyers of women's clothing are looking for higher fashion content than most domestic manufacturers can provide. They are interested in natural materials like cotton, provided they can be obtained at a reasonable price. Lingerie is considered an underdeveloped market, especially fine cotton nightwear and "sexy" undergarments.

Canadian designers who produce high-quality, well-designed products that can compete with European apparel have the best prospects. While Mexican consumers are very brand conscious, they are also looking for style and value. Private labelling of Canadian-designed apparel in partnership with a Mexican women's-wear manufacturer would be an effective way of entering this market. The Canadian company would have to contribute technical and marketing expertise as well as design know-how.

Import statistics suggest that specific export opportunities include fashion and casual trousers, dresses, woven blouses and knit shirts. The trend towards integrated textiles and apparel production may change the pattern of imports over the near term.

### MEXICAN FEMALE LABOUR FORCE, 1990



Source: 1990 Census, *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute of Statistics, Geography and Informatics.

OPPORTUNITIES IN MEXICO:  
THE APPAREL MARKET

Export  
MEXICO

## MEN'S CLOTHING

### THE CANADIAN EXPERIENCE - OSCARDO INC.

#### Trading Canadian technology for Mexican market access

Eduardo Lulka, President of Oscardo, is a native Mexican, so Mexico was a natural choice as the first export market for his fast-growing, Toronto-based tie manufacturing company. Ten percent of the company's sales are in the Mexican market, and Lulka expects considerable growth not only in Mexico, but throughout Latin America.

Lulka decided to work with a Mexican manufacturer which carried a non-competing line and which was targeting the same type of retailer. As Lulka points out: "retailers in Mexico are used to working with the owners: there are direct relationships based on years of doing business together. The retailers are only now learning to deal with distributors."

Oscardo's first Mexican partner went out of business, and Eduardo and Oscar Lulka subsequently founded a new company in partnership with a Mexican men's-wear distributor to manufacture lower-end ties and to distribute the high-quality, Canadian-made silk ties in Mexico. Oscardo considered producing its high-end ties in Mexico but learned that it could produce them more competitively with the advanced technology and skilled labour in its Toronto plant. Oscardo is also using its technical and marketing expertise to help its Mexican partner to improve manufacturing efficiency and to develop export markets.

According to Lulka, the Mexican consumer is very fashion conscious. Tie widths change as frequently as they do in Canada and at about the same time, but the Mexican businessman tends to be more conservative: "we would never sell bold flowers; rather, the consumer is looking for something more traditional, something that is neat and classic looking."

The men's clothing market is estimated at about one-quarter of the total apparel market, or about US \$1.3 billion. Import penetration is estimated at about 18 percent which is triple the rate of women's clothing.

Compared with Canadian styles, Mexican men's business and work wear tends to be less fashion oriented, at least in the low- and medium-price ranges. Suits and shirts are more likely to be made of blended fabrics with a higher synthetic component. The most common are polyester/wool for suits and polyester/cotton for shirts. Mexican apparel plants are fairly well-equipped to meet the demand for basic commodity goods such as shirts, socks, underwear, suits and jeans. Where they are less competitive, imports from the United States and the Far East have filled the gap.

The high end of the work and casual market is well-served by the big-name European designers, such as Hugo Boss and Giorgio Armani. A few Mexican companies, such as *Confitalia* are able to compete effectively in this market through licensing agreements with foreign designers and access to foreign fabrics. Other domestic men's wear manufacturers are becoming more aware of the mid-to high-end market. Some of them perceive the potential to compete in this niche if they establish strategic alliances that will give them access to capital, technology, marketing and design expertise.

### OPPORTUNITIES FOR CANADIAN SUPPLIERS

There is an opportunity in this market segment for strategic alliances between Canadian apparel manufacturers and Mexican firms. Industry observers agree that there is a shortage of design-intensive products targetted at younger consumers in the medium- to low-end of the market. In general, young people in Mexico are style conscious, but lack the income to purchase high-end products. A private labelling program represents one way of establishing stylish and relatively low-cost products.

There are also opportunities for direct exports of high-fashion casual wear aimed at the youth market. Trousers, outerwear and shirts are all imported in substantial quantities.

## RETAILERS

Statistics published by the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, indicate that there are about 50,000 apparel retail stores in Mexico. Over 20 percent are located in Mexico City. Competition has increased dramatically over the past few years and retailing is undergoing dramatic transformations.

## DECLINE OF FAMILY STORES

Mexico has an immense informal economy consisting of small family operations that are not registered businesses and not reflected in the official statistics. The *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, estimates that the informal sector accounts for some 20 percent of the nation's GDP. Nearly half of this informal economy involves trade, worth an estimated US \$29 billion annually. The *Confederación de Cámaras Nacionales de Comercio (CONCANACO)*, Confederation of National Chambers of Commerce, estimates that total retail sales in the informal sector are equal to those in the formal sector.

Traditional "mom and pop" stores, which are part of the formal economy, are believed to be responsible for about 20 percent of all retail sales. Pharmacies account for 6 or 7 percent. The remaining sales are by chain and specialty stores, which control close to half of the formal market, or about one-quarter of all retail sales.

This market organization has begun to change. Supermarkets and department stores have increased efficiency and improved merchandising, and are now cutting into the traditional market share of the family stores.

Merchandising is becoming more sophisticated with modern point-of-sale displays and upgraded inventory control systems. The need for improved service is being recognized, and stores are beginning to offer more liberal return policies, warranties, and home delivery. Retailers are investing in new facilities as a means of maintaining and expanding market share. There has been a rapid expansion of discount operations, factory outlets and price clubs.

Increased competition has put pressure on margins, leading to the adoption of modern inventory control and distribution systems. For example, since 1990, *Grupo Cifra* has spent more than US \$200 million on information technology. Nonetheless, the company is only just beginning to link data from its bar-code scanners to suppliers.

## MALL DEVELOPMENT IN MEXICO

One of the major mall developers in Mexico is the Simon Property Group of Indianapolis. In partnership with Sid Uberman, a Texas-based real estate developer, it has established a joint venture with *FRISA*, a major Mexican real estate developer. This group will build three regional malls in suburban Mexico City. The malls will include J.C. Penney and Dillard's as anchor tenants and will feature other department stores as well as U.S. and Mexican specialty stores.

These malls are scheduled to open in 1996, and they will add to the ten regional malls already in Mexico City. One of them, the 284-store *Centro Santa Fe*, is the largest in Latin America.

Simon and Uberman will open another mall in Guadalajara in partnership with *Opción* and *ICA*, also anchored by Dillard's and J.C. Penney.

Dillard's and J.C. Penney are also involved with other developers in Mexico. J.C. Penney alone plans to open a total of eleven stores in major centres in Mexico. Both are participants in a new 533,000 square metre shopping center at the World Trade Centre in Mexico City. This project is being built by The Hahn Co. of San Diego in association with *Grupo Galsa*.

Another U.S. company, Forest City Development of Cleveland, has announced a partnership with *Grupo Protexa* to build regional malls in major Mexican cities.

## EMERGENCE OF SHOPPING MALLS

In spite of these modernization trends, Mexico is still regarded as an underdeveloped retail environment. New American-style mall developments are springing up all over the country. Most of the large chains are pursuing joint ventures with foreign retailers.

The rapid expansion of malls is outpacing the growth of the relatively up-scale market they will serve. This reflects a desire by operators to capture key locations, with the expectation that rising disposable income will stimulate sales at the high end of the market in the longer term. The building boom is also being sustained by a rising demand from retailers who want to keep up with developing trends and capture market share.

The availability of construction financing is also having an impact. The Mexican government's market-oriented policies and liberalized trade strategies are attracting investments from Europe and Japan as well as the United States.

Some of these new developments have been slow to prosper. This is partly due to the recent recession. Even the most established retailers have seen flat or even declining sales. *Grupo Cifra*, for example, managed only 1 percent growth (excluding new store openings) in sales volume in the first quarter of 1994 compared with a year earlier. *Las Galas* store, which was the anchor tenant for the *Interlomas* shopping centre in Mexico City, closed its doors after less than two years in business.

The recession does not fully explain this sluggish performance. Most industry observers agree that even though Mexico as a whole has an underdeveloped retail sector, the three big urban markets are saturated. This includes Mexico City, Monterrey and Guadalajara. Some experts believe that only the largest firms will have the staying power to earn a profit on new investments in those markets.

## EXPANSION OF NATIONAL CHAINS

Retailers are now seriously looking at the smaller and less affluent centres in Mexico. *Sears de México* and *El Puerto de Liverpool* have been leaders in building smaller stores in provincial towns. Also three top supermarket chains, *Grupo Cifra*, *Gigante* and *Comercial Mexicana*, are wooing customers in rural areas with discount operations.

All of these companies have been expanding, mostly through joint ventures. Some examples include:

- *El Puerto de Liverpool*, a large Mexican department store chain has joined forces with K mart. This joint venture is developing *supermercados* which will carry both food items and lower-end apparel. *El Puerto de Liverpool* plans to invest over US \$300 million in this and other ventures.

- *Grupo Cifra*, Mexico's leading retailer, has entered into a joint venture with Wal Mart. They plan to invest US \$800 million in the next three years primarily in discount stores and supermarkets. This will increase *Grupo Cifra's* sales space by more than 50 percent. *Grupo Cifra's* annual sales in 1992 were US \$3.7 billion through 238 stores, mostly in Mexico City.
- *Gigante*, Mexico's second-largest chain store, plans to open warehouse stores in association with Carrefour of France. *Gigante* has 236 stores with a broad national coverage. In addition, it has a joint venture with Fleming Co. to establish discount stores.
- *Comercial Mexicana* and Price Club/Costco opened warehouse stores in 1991 and continue to seek new opportunities. *Comercial Mexicana* controls the chain of supermarkets, *Sumesa* and Price Club. It has 133 stores in 30 cities. Sixty-four percent of its floor space is located in or near Mexico City.
- *Sears de México*, Sears Roebuck's Mexican operation, will spend over US \$35 million over the next five years opening five or six new stores per year.
- Dillards and J.C. Penney plan to open stores in Mexico in 1995. Dillards now has a joint-venture agreement with *Grupo Cifra*.

## CATALOGUE SALES

Direct mail and catalogue sales are not a big business in Mexico. Catalogues and mailings are used occasionally to advertise products but most retailers expect the customer to visit the store. One reason is that package delivery services, such as UPS, are not well-developed. Nieman Marcus, the Texas-based, up-scale retailer and direct-mail house, introduced its catalogue to the Mexican market in 1994. It offers an 800 number with bilingual operators and has priced its goods to include transportation, duty and the *Impuesto al Valor Agregado (IVA)*, value-added tax. Its progress will be closely watched by others in the direct-mail business.

## DIRECT SALES

Direct sales are much more common in Mexico than they are in Canada. Direct-sales operators conduct home parties and sell direct to individuals at the office or home. Companies like Avon and House of Fuller manufacture full lines of clothes for distribution through their own representatives.

## **RETAIL PRACTICES**

### **MARK-UPS**

Mark-up percentages in Mexico have changed over the last three years. In general, mark-ups depend on the type of store and the negotiating power of the supplier.

Department stores mark up products anywhere from 90 to 110 percent. Specialty stores set mark-ups based on what the market will bear and this varies from store to store and from city to city. The hypermarkets and supermarkets depend on high volume, fast turnover and more moderately-priced goods, so their margins tend to be somewhat lower than those of department stores.

### **SERVICE**

Mexican manufacturers provide retailers with much more service than their counterparts in Canada. In many cases, they accept returns or exchanges of unsold merchandise. They often provide bonuses when merchandise is discounted. In addition, factory representatives or demonstrators assist the stores to display and promote the products. The presence of manufacturer's representatives in the stores amounts to a manual inventory control system, since manufacturers can quickly replenish stock. In some cases, Mexican retailers may expect this type of service from manufacturers of imported products.

### **EXCLUSIVITY**

Mexican retailers look for exclusivity, particularly in the higher end of the market. Manufacturers can circumvent this requirement by building a strong label which appeals directly to consumers. This prompts more stores to carry the products on a non-exclusive basis.

### **PAYMENT TERMS**

Normal payment terms are between 90 to 120 days. Payment terms can be a deal breaker for companies not willing to extend adequate financing. Mexican interest rates are high, and extended terms provide retailers with a source of low-cost inventory financing.

## PROMOTION

Department stores and supermarkets advertise special sales through television, radio and newspapers. Flyers are delivered by hand to residences and to customers in the store.

Boutiques and specialty stores tend to promote through the use of catalogues and pamphlets which they deliver by mail to customers who are on their mailing list. They accumulate these lists from customer invoices, or from qualified lists purchased from banks or credit card companies.

Promotion expenses are generally shared between domestic suppliers and retailers. In certain cases, the manufacturer will produce a brand-specific catalogue or brochure for distribution by the store. Foreign manufacturers are also beginning to share promotion expenses, although there is no specific practice.

## RETAILER PROFILES

About 110 retail chains capture about one-quarter of all retail sales through about 2,600 store outlets. These are the principal distributors of imported apparel. There are four broad categories:

- hypermarkets and supermarkets sell a combination of food and clothing geared to the medium- to low-end of the market;
- department stores cater to the medium- to medium-high end of the market;
- brand name stores sell only garments produced or imported by the parent firm; and
- specialty boutiques sell domestic and a large percentage of imported merchandise.

## HYPERMARKETS AND SUPERMARKETS

Hypermarkets and supermarkets in Mexico sell both food and clothing. Typically, up to 25 percent of shelf or floor space is allocated to clothing. These outlets are the main importers of women's clothes at the medium- to low-end of the market. Most of these imports are goods with a retail value of less than US \$50.00. These commodities tend to be purchased in large quantities in the Far East. The largest chains include *Grupo Cifra*, *Gigante*, *Comercial Mexicana*, *Super Chedraui*, and *Soriana*.

## **GRUPO CIFRA**

*Grupo Cifra* is one of Mexico's most advanced and most successful retailers. Since 1992, it has worked in partnership with the Wal-Mart chain, recognized as one of the world's great retailers. This joint venture has worked particularly well for *Grupo Cifra* and together they plan to open 35 new stores in Mexico every year for the next five years.

*Grupo Cifra* operates the following stores:

- 34 *Aurrera* stores;
- 50 *Bodegas Aurrera* stores;
- 38 *Superama* stores (which sell only food);
- 20 *Sam's Club* stores; and
- 13 Wal-Mart stores including 4 *Gran Bazar* stores that were recently incorporated into the group.

The *Grupo Cifra* also owns 78 restaurants.

## **GIGANTE**

*Gigante* is a full-line supermarket selling clothing, food and household items. *Gigante* has 156 stores and is run by Angel Losada Gómez, its chief executive officer and founder. Revenues in 1992 were US \$2.1 billion. *Gigante* operates in 20 cities throughout Mexico, unlike its competitors which have tended to concentrate in and around Mexico City. The chain has been built through acquisitions starting from a base of 21 stores in 1979. In subsequent years it bought 8 *Hermuda* stores, 27 *Astra* outlets, and 8 *Sardinero* stores. *Gigante* recently acquired 89 *Blanco* stores that are located in the less developed areas of Mexico. It also operates *Bodegas Gigante*, a discount full-line store, and *Super G*, which sells only food.

*Gigante* has been slower than its competitors to introduce new inventory control technology and in response, *Gigante* formed a joint venture with Fleming Companies of Oklahoma City which has the necessary expertise. They will open *Price Impact* supermarkets in mid-sized and large Mexican cities. The two partners hope to open a total of 50 *Price Impact* stores and to have sales approaching US \$1 billion by 1997.

## COMERCIAL MEXICANA

*Comercial Mexicana* has joined forces with Price Club/Costco in a bid to capture a large share of the discount market. It operates 12 Price Club stores in major centres in Mexico. It has 78 *Comercial Mexicana* stores which are full-line super/hypermarkets, 25 *Bodegas Comercial* outlets which are lower-end full-line stores, 17 *Sumesa* supermarkets which sell only food and two *Mega* stores which are classic hypermarkets.

## SUPER CHEDRAUI

*Super Chedraui* is an example of a small, regional supermarket chain which sells clothes. *Super Chedraui* has 30 supermarkets, located in shopping malls in southeast Mexico. This is a family-owned group which also owns *Comercial Las Galas*, a department store chain in southeast Mexico.

## SORIANA

*Soriana* is located in northern Mexico. A recent merger with the *Nazas* chain added 13 stores to its existing 21 outlets, mostly in Monterrey.

Other hyper/supermarket chains include:

- *K mart* with two stores in partnership with *El Puerto de Liverpool*, and two more scheduled to open in 1995.
- *Casa Ley* with 54 stores;
- *De Todo* with 2 stores;
- *San Francisco de Asis* operating in southeast Mexico with 22 stores;
- *Seguro Social*, social security stores, owned and operated by the Government of Mexico, with 148 stores;
- *Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE)*, Institute for Social Security and Services for Public Service Employees stores, serving government employees through 257 outlets; and
- *Sedena* stores, which operate 44 outlets for members of the Mexican army and their families.

## DEPARTMENT STORES

Mexican department stores cater to more affluent consumers than hypermarkets and supermarkets. The typical sales mix is 45 percent apparel, 35 percent furniture and 20 percent other products.

Department store chains from the United States are expanding in Mexico. Woolworth and Sears Roebuck are already active in the market, soon to be joined by J.C. Penny and Dillards.

## **SEARS DE MÉXICO**

*Sears* has been in Mexico since 1948 and is well-positioned in the market, with 42 stores. Its 1992 sales were US \$389 million. Apparel makes up about 40 percent of sales. *Sears* is a more "up-market" store in Mexico than in either Canada or the U.S., and it carries a large proportion of brand-name merchandise. For example, about half of the goods in its children's department are brand names such as Lee, Osh Kosh B'Gosh, Healthtex, and Carters. It offers women's labels such as JH Collectibles, Evan Picone, and Emanuel Ungaro. In the men's department, the consumer can find brand names such as Levis and Dockers. *Sears de México* differentiates itself from its competition by offering strong after-sales service, including warranties.

## **EL PUERTO DE LIVERPOOL**

*El Puerto de Liverpool* has 17 stores including *Fábricas de Francia* stores, six of which are located in Mexico City. Sales for 1992 were US \$916 million. It recently formed a partnership with K mart to open discount stores under the K mart name. It currently has two K mart stores and was expected to open two more in late 1994. In 1993, it claimed one-third of the department store market. *El Puerto de Liverpool* imports about 30 percent of its clothing. The U.S. was the largest supplier, followed by Spain, Hong Kong, Taiwan and Korea. Exclusivity is an important consideration, especially in the higher-end lines. The chain also looks for a strong fashion component, good design and quality, and attractive price points. *El Puerto de Liverpool* is represented by the Atkins Group, a buying group based in New York City.

## **SUBURBIA**

*Suburbia* is a chain of 31 stores owned by *Grupo Cifra*. It caters to the mid-market consumer. It imports about 30 percent of its apparel, split about evenly between suppliers in the U.S. and Asia. Good quality, at price points appropriate to their middle-income consumers, are the key buying criteria.

## **EL PALACIO DE HIERRO**

*El Palacio de Hierro* is Mexico's most exclusive department store. It caters to the upper segments of the market. It has five stores in the Mexico City region, including one in Mexico's largest mall, *Centro Santa Fe*. In 1993, it had about 14 percent of the department store market. About 30 percent of its women's wear and 45 percent of its children's wear are imported with about half coming from U.S. suppliers. The remaining imports come primarily from Europe, including France, Italy, Great Britain and Spain.

Fashion, exclusivity, quality and price are all criteria considered in the buying decision. For high-end international designer labels, *El Palacio de Hierro* buyers look for store exclusives. For medium-priced merchandise, design and styling are more important than the label. *El Palacio de Hierro* is represented by Colt Mercantile International, a New York-based buying office.

### **SALINAS Y ROCHA**

*Salinas y Rocha* is one of the country's major department store chains with 135 stores in 65 cities. Its 1992 sales were US \$405 million. Traditionally, it has carried a smaller proportion of clothing than the other large department stores. In response to increased competition, *Salinas y Rocha* has begun a program to revamp its stores. The prototype is their new store in Acapulco's tourist district. This 110,000 square foot store was the winner of *Chain Store Age Executive's* International Retail Store of the Year Award. It is based on the concept of "stores within a store" with strong identities for individual departments. For example, the juniors' department has its own *Avanti* logo, and the latest in fashion merchandise and displays. The sporting goods department has also been given its own signage and *Forza* logo. This trend toward niche retailing is expected to be a driving force for *Salinas y Rocha* in the future.

### **CASA RODOREDA**

*Casa Rodoreda* is a 60-year-old company with three department stores in Puebla, about two hours drive east of Mexico City. In 1993 it imported 20 percent of its apparel from the United States. Purchasing director Eduardo Vigil, expects 1994 imports to increase to about 30 percent. Buyers visit the Dallas marts, and then generally deal directly with manufacturers. Lines which tend to sell well include such brands as Leslie Fay and Hang Ten which offer styling that is unavailable from domestic producers.

### **MAZÓN HERMANOS**

*Mazón Hermanos* operates three department stores in Sonora, near the U.S. border. Isabel Aja, the buyer for these stores, says that sourcing unusual merchandise is a priority: "I have to offer (the customer) merchandise they will not find in Tucson, Arizona". Some of the lines carried include Atina, Hollywood Night, My Michelle, Tracy Evans, and Living Colors. *Mazón Hermanos* uses the services of the Doneger Group, a New York buying office and maintains a billing office in Phoenix.

## **MANUFACTURER'S STORES AND BOUTIQUES**

Manufacturer's brand-name stores sell only garments produced or imported by the parent firm. These stores give apparel producers closer contact with the market and better margins. In addition, manufacturers can present their products in a more sophisticated manner. They consider this important because some retailers have been slow to respond to new demands from more fashion-conscious consumers. Some examples of brand-name stores are provided below.

### **HIGH LIFE**

*High Life* is the retail outlet owned by the *Grupo GFT*, licensor for Giorgio Armani and others, and owner of the high-end suit manufacturer *Confitalia*.

### **JULIO**

*Julio* is the trade name for a chain of 11 stores that sell garments imported or manufactured by *Proyecciones de la Moda*. *Julio* also distributes this label to major department stores such as *El Palacio de Hierro* and *El Puerto de Liverpool*.

### **VITOS AND ESCORPIÓN**

*Vitos* and *Escorpión* are brand names of *Grupo ALSA*. These labels are sold through 33 company-owned boutiques, as well as through 950 retailers throughout Mexico. The company's target is middle-income customers. Sales in 1992 were US \$24 million with total production of about one million garments. In addition to its own manufacturing, the company imports garments for these trademarks. It has also begun an export program for the U.S., Canada and South America.

### **MODEM**

*Modem* is a chain of children's boutiques with 12 stores in the Mexico City area. It is owned by *Manufacturas Yedid* which makes its products in Mexico using imported fabrics. Its customers are in the medium- to upper-market and it competes directly with imported children's clothing.

## COMPANY PROFILE — ZARA

### A specialty store success story

The *Zara* chain entered the Mexican market in 1992 with three stores. It now has six stores in Mexico City and plans an additional 26 stores within the next two years. In 1992, sales were in excess of US \$62 million. With 341 stores around the world, this Spanish-owned retailer amassed global sales of US \$3.3 billion in the same year. Its primary focus is to provide exclusive European designs at reasonable prices. Its customers are 61 percent women, 20 percent men and 19 percent children. In Mexico City, it has stores in *Plaza Universidad, Plaza Satélite, Galerías Coapa, Centro Coyoacán, Centro Perisur* and *Centro Comercial Santa Fe*.

## SPECIALTY CHAIN STORES AND BOUTIQUES

Specialty chain stores and boutiques exploit niches in the Mexican market and are growing rapidly. These stores are represented by the *Asociación de Tiendas de Comercio Especializado (ACE)*, Association of Specialty Shops, which works to combine its members' purchasing power — particularly in lease negotiations — and conducts joint marketing and advertising programs.

There are a large number of foreign-owned specialty stores in the Mexican market, including Spain's *Zara* chain, France's *Yves Saint Laurent*, Great Britain's *Burberry's*, Italy's *Benetton* and *Athlete's Foot* from the United States.

A growing number of Mexican firms have entered the specialty market, including:

- *Ferrioni's Children Wear* is an upscale children's wear retailer represented by the Colt Mercantile International buying office based in New York.
- *EMY* is a chain of women's fashion boutiques which stock labels such as *Vanity*, *Marsel* and *D'Luv*, as well as about 20 percent imports.
- *Pardueles* is a small but exclusive boutique chain with 13 stores selling primarily European and American fashions to customers with medium-to-high incomes.
- *Fratina* is an exclusive group of three stores in Mexico City representing Europe's top designers who do not have their own stores (such as *Escada*) and top American designers such as *Donna Karon*.
- *Cadena Campanita* is an upscale chain of children's boutiques with 18 stores in Mexico City. Forty percent of their goods are imported from Colombia, Spain and the U.S.

## MARKET ENTRY STRATEGIES

Most importers of apparel in Mexico are associated either with retailers or with manufacturers. There are very few independent importers of apparel. Thus, the main market entry strategies are aimed at one or the other. A Canadian company seeking to sell its products in Mexico will have to choose both a preferred distribution method and a strategy for introducing and promoting its line.

## DISTRIBUTION

There are five main distribution methods for a Canadian apparel manufacturer seeking to enter the Mexican market:

- direct sales to retailers;
- buying agents;
- manufacturer's agents;
- an independent agent; and/or
- a joint venture with a Mexican manufacturer.

The Canadian firm might also consider setting up its own facilities in Mexico, but this is not usually the preferred approach, particularly for new market entrants.

## **DIRECT SALES TO RETAILERS**

Most larger Mexican retailers buy directly from manufacturers, especially where private labels are involved. Mexico's major retailers employ buyers who attend fashion shows and visit the key fashion marts in the United States and Europe. Participating in these shows is a good way for Canadian clothing manufacturers to make contacts and introduce their products. The most important opportunities are at the Dallas, Los Angeles and New York K marts. Increasingly, foreign manufacturers are also participating in trade shows in Mexico.

Mexican retail buyers also follow trade journals such as *Women's Wear Daily*, and its Mexican publication *Women's Wear Daily Fashion International*. Consumer publications such as *Vogue* are also sources of fashion information. There are several trade publications specific to the children's market, including *La Bobina*, *Textiles Panamericanos*, *K Kids*, *Tinta e Hilo*, *Enfant Children's Wear*, and *Bambini*.

## **BUYING AGENTS**

Many of the larger specialized chains and the major department stores purchase imported goods through buying agents or groups. For example, *El Puerto de Liverpool* is a member of the Atkins buying group based in New York City and many of its purchases are made through that office. *El Palacio de Hierro* also has an association with Mercantile, another large New York City buying group.

European and American retailers and manufacturers make purchases in Mexico through two major buying groups: *OTC de México*, Overseas Trading Corporation and International Trading Service (ITS). Both companies have joint ventures with *Desarrollos Administrativos Integrados (DAI)*, buying agents and consultants specializing in textiles and apparel.

## **MANUFACTURER'S AGENTS**

Most Mexican apparel manufacturers have exclusive sales agents who usually work as employees. In some cases, the manufacturer may fill out its product line by representing lines from other companies, including foreign manufacturers.

Manufacturer's agents tend to have a limited territory because of the need to be available to buyers, and to support merchandising in their stores. Manufacturers will often hire their own *demonstradores*, demonstrators, to sell their products in department stores, such as in a boutique within a store. This is similar to the way cosmetics are sold in many Canadian department stores.

Manufacturer's agents outside Mexico City are more likely to be independent operators rather than employees and they are similar to distribution agents in Canada. They tend to be receptive to handling complementary lines from other manufacturers.

## **INDEPENDENT SALES AGENTS**

Mexican retailers prefer viewing samples of new lines at their place of business. This is best arranged through a Mexican agent or representative.

There are a few independent agents that handle multiple lines, and they tend to represent smaller manufacturers or designers. These agents are under pressure because many of the larger retailers are now pushing for Quick Response (QR) and want to deal directly with their suppliers.

## **JOINT VENTURES**

Mexican apparel manufacturers are struggling to keep up with market trends towards greater fashion orientation, increasingly sophisticated distribution systems, and growing demands for customer service. They are open to joint ventures with foreign manufacturers who can contribute technical and marketing expertise, in exchange for access to the Mexican market.

There are opportunities both for partnerships based on technology transfer and for co-marketing or co-manufacturing deals where the Canadian partner handles Mexican apparel in Canada. Exchanges of high-fashion, high quality Canadian garments for Mexican apparel incorporating detailed hand-work is one of the most interesting possibilities.

## **PROMOTION**

### **FASHION MARTS**

There are no seasonal fashion marts like the ones found in Toronto or Montreal. There is a fashion district located in *El Centro*, the downtown core of Mexico City. This is where many of the designer licensees, apparel manufacturers, sub-contractors and designers have their offices, showrooms and, in many cases, factory/distribution outlets.

There is considerable wholesaling and direct sales activity in the fashion district. Seconds, special purchases and end-of-line garments are sold directly to the public and to smaller retailers. These outlets, known as *Tiendas de Mayoreo*, are a much larger part of the apparel distribution chain than their counterparts along Chabanel Avenue in Montreal or Spadina Avenue in Toronto.

## **TRADE SHOWS**

Traditionally, apparel trade shows in Mexico were oriented towards domestic manufacturers, but increasingly, foreign manufacturers are using these shows to introduce their products and make contacts. The main trade shows are listed below. Contact information is provided in the section on Key Contacts Mexico at the end of this profile.

### **EXHIMODA**

Participants in the *Exhimoda* are both Mexican and foreign companies specializing in women's, men's and children's clothing. There are approximately 500 exhibitors and 12,000 visitors.

### **EXPO-FASHION MEXICANA**

*Expo-Fashion Mexicana* participants are domestic and foreign producers of apparel and footwear for women, men and children. *Expo-Fashion* had its first show in October, 1993 and its May, 1994 show had 120 exhibitors and 3,500 visitors. It is expected to continue to grow with increased participation by foreign manufacturers. Because it takes place in Mexico City, it attracts the major buyers from Mexico's largest retailers.

### **SEMANA INTERNACIONAL DE LA MODA**

Participants in the *Semana Internacional de la Moda*, International Week of Fashion, are Mexican and foreign companies manufacturing or supplying garments, accessories, machinery or other products related to the apparel industry. The first event was held in 1992 to increase awareness of the Mexican industry. Its fall and winter show was held in August of 1994. The show includes exhibitors from Mexico and international exhibitors, fashion shows, matchmaking sessions, conferences and licensing/franchising opportunities. It is held at the *Centro de Exhibición Cintermex*, Cintermex Exhibition Centre, in Monterrey and is co-sponsored by the *Cámara Nacional de la Industria del Vestido de Nuevo León*, National Chamber of the Apparel Industry of Nuevo León.

### **EXPO-ANFRAPIEL**

*Expo-Anfrapiel* is organized by the *Asociación Nacional de Fabricantes de Ropa y Artículos en Piel*, National Association of Leather Clothing and Accessories Manufacturers. It was started in 1990 to promote a central venue to show leather goods made in Mexico, with the exception of footwear. The companies are primarily from the five largest leather producing cities — León, Guadalajara, Monterrey, Tijuana and Mexico City. In 1994, for the first time, exhibitors from foreign countries including, Italy and Colombia were invited to exhibit. It attracts about 120 exhibitors and 3,000 visitors.

### **LA FIESTA DE LOS NIÑOS**

Participants in *La Fiesta de los Niños* are Mexican and foreign companies supplying apparel, toys, games and educational material for children up to age eight.

### **FASHION SHOWS**

Fashion shows are an integral part of the *Exhimoda* and the *Expo-Fashion Mexicana* where imported and domestic designers and manufacturers exhibit their lines. Fashion shows are also popular among specialty boutiques which carry big names of European designer labels. For example, *Fratina* recently hosted a show for Escada. Hugo Boss has an annual show as do other designers such as Gianni Versace. Most of these shows are held at the *Hotel Nikko* in Mexico City.

*El Palacio de Hierro* also hosts fashion shows for its customers of its major designers. Recently they had a show featuring Manuel Méndez and Enrique Martínez at their *Calle Durango* store. Fashion shows for charity events or as entertainment are not common in Mexico.

### **FASHION AND TRADE PUBLICATIONS**

Trade publications provide both a source of information about apparel trends and a medium for promotion. Consumer fashion magazines are also useful for both research and advertising. The two main trade journals in Mexico are *Apparel Industry Internacional* and *Women's Wear Daily Fashion International*. Contact information for these and other trade journals are included in the Key Contacts Mexico section of this profile.

## **APPAREL INDUSTRY INTERNACIONAL**

*Apparel Industry Internacional* is published ten times per year and covers the apparel industry for all of Latin America. Its focus is on apparel industry technology and issues of interest to apparel manufacturing companies. It covers such areas as production systems, equipment, economics, law and international trade. It includes a calendar of events which includes major trade shows and exhibitions for apparel. There is limited coverage of fashion and no coverage of retailers or textile companies.

## **WOMEN'S WEAR DAILY FASHION INTERNATIONAL**

Published by Fairchild, *WWD Fashion International* is published eight times per year. There are two annual double issues — one in the fall and one in the spring. It is published in Spanish for the Mexican market and covers women's, men's and children's apparel as well as footwear. Its readers include business people involved in the textiles, apparel, footwear and retail industries. *WWD Fashion International* has excellent coverage of the Mexican fashion scene as well as international coverage. It deals with current issues such as exporting and Quick Response (QR) and provides an excellent calendar of trade shows and events related to the apparel business.

## **TOP FASHION MAGAZINES IN MEXICO**

<b>National</b>	<b>International</b>
Elle	Bazaar
Activa	Marie Claire
Moda	Burda
Kena	Vogue
Vanidades	Cosmopolitan
Maniqui Moda	Mia
Eres	Clara
Belleza	Paula

## EXPORT FINANCING

The economic crisis that followed the devaluation of the peso in 1994 resulted in a large number of bankruptcies, especially among companies with large amounts of dollar-denominated debt. This is cause for increased caution when extending credit terms. The most secure type of financing is an irrevocable letter of credit. This is an interbank arrangement under which the buyer's Mexican bank transfers funds to the seller's Canadian bank, when specified conditions have been met. For example, the letter of credit might specify full payment 90 days after delivery. This allows the Canadian seller to extend competitive payment terms without accepting significant risks of non-payment. The seller also has the option of selling the draft to a discountor before it becomes due.

The most credit-worthy customers such as the large chains and department stores routinely use this method of payment. Obtaining letters of credit for smaller customers can be very difficult, since Mexico is only now establishing a network of credit bureaus. Financing from Mexican sources is very difficult: banks reject 80 percent of all loan requests of firms with less than 70 employees. For domestic suppliers and those who do not operate with letters of credit, the tradition is for sellers to collect in person. In addition, terms of 90 to 120 days are the norm and 180 days are not uncommon.

Currency fluctuations are another risk that have increased since the devaluation. There could be substantial variation over the term of a 120-day letter of credit, for example. Denominating the sale in Canadian or US dollars is an obvious solution, but Mexican buyers are understandably reluctant to buy on those terms at a time when inflation is about 3.5 percent per month. For large transactions, currency futures may be worth considering, although it might be more practical to simply use the market rates as a guide when negotiating prices. For example, in June 1995, September peso deliveries were selling on the Chicago Mercantile Exchange at roughly 10 percent less than the spot rate, and December deliveries were 17 percent lower. The minimum transaction was N \$500,000 pesos.

## SHIPPING AND DISTRIBUTION

Retailers in Mexico do not have centralized distribution centres. They expect the manufacturer to ship directly to each branch of the store. In many cases, domestic manufacturers operate their own delivery systems. For smaller lots, the manufacturer or agent may use local trucking services outside Mexico City. For imported goods, if the retailer has bought directly, the merchandise is usually cleared through customs by the retailer's own customs broker and delivered to the individual stores by the retailer.

## THE CANADIAN EXPERIENCE — OSCARDO INC.

### Local knowledge overcomes logistical problems

Eduardo Lulka is President of Oscardo Inc., a Toronto-based tie manufacturer. His company sells about 10 percent of its product in Mexico. He says that knowledge of the Mexican market is key to overcoming administrative and logistical problems.

Lulka says that constantly changing labelling requirements has probably been the most significant irritant: "the last labels we sent required the usual content and care instructions in Spanish as well as the importer's name, exporter's name, registration numbers and so on; we were afraid the label would be larger than the tie."

Lulka ships F.O.B. Toronto by air, which is practical for a relatively high-value product such as silk ties. This means that the customer assumes all risks for the goods beyond Toronto, including possible shrinkage or delays at the border. To expedite customs clearance, Oscardo ships using a broker selected by the customer, so problems can be quickly corrected in Mexico. "Customs can be picky with silk ties", says Lulka, "they often want to send them to the lab to test fabric content to ensure it is not polyester. Having a local broker is important to keep the pressure on." Lulka has found that the *Bancomext* office in Toronto can also be very helpful in quickly resolving any administrative difficulties.

A growing number of Mexican companies now offer public bonded warehousing services in Mexico, often in partnership with U.S. firms. These facilities make it possible for exporters to ship full truck loads to the warehouses, and avoid the cost of less-than-truck-load (LTL) shipping. This arrangement also makes free on board (FOB) destination pricing more practical. It allows the exporter to maintain inventories in Mexico for more reliable delivery. The payment of duties and taxes is postponed until the goods are sold and withdrawn from the warehouse.

Moreover, once the goods are in the bonded warehouse, their value in pesos is frozen for purposes of import duty and value-added tax. This is especially important, considering the high rate of inflation in Mexico.

Shipments to a bonded warehouse must be accompanied by a letter from the warehousing company certifying that space is available. This letter must be presented to customs officials when the shipment enters Mexico.

Canadian exporters should retain the services of a Canadian customs broker who will work with the Mexican broker to set up the administrative framework before the order is shipped. Mexican customs procedures are complex, and shipments can be delayed for seemingly minor discrepancies in paperwork. Goods that travel in bond through the United States must also be covered by a certificate issued by an American customs broker. The Canadian broker will arrange this.

Goods shipped by truck are usually transferred to a Mexican truck at Laredo, Texas, and it is important to use a shipping company that offers effective tracking services. A few Canadian companies are now offering door-to-door and LTL services in association with Mexican carriers. Canadian trucks were recently allowed to cross the Mexican border for the first time, but they are limited to the immediate border area. This arrangement will be liberalized over several years, and Canadian trucks will eventually be allowed to deliver international shipments anywhere in Mexico. Under the North American Free Trade Agreement's (NAFTA's) investment provisions, apparel companies are free to establish warehouses and distribution centres in Mexico.

## THE REGULATORY ENVIRONMENT

### THE NORTH AMERICAN FREE TRADE AGREEMENT TARIFFS

The North American Free Trade Agreement (NAFTA) has greatly improved the access to the Mexican market for Canadian firms. The duties on most apparel products will be reduced in ten equal annual stages beginning January 1, 1994, and will become duty free on January 1, 2003.

### RULES OF ORIGIN

To qualify for favourable tariff treatment under the North American Free Trade Agreement (NAFTA), goods must comply with the rules of origin specified in that Agreement. The rules for apparel are somewhat more complex than for most other products.

For most products, an input from outside the free trade area must be processed sufficiently to cause a change in tariff classification. For apparel, however, the rules of origin are "yarn forward". This means that all inputs used to manufacture the garment, starting with the yarn, must be included in the calculation of the NAFTA value-added. There are, however, a few exceptions. Several products fall under a so-called "single transformation rule". This means that the garment must be cut or knit to shape and sewn, or otherwise-assembled within a NAFTA country. The single transformation rule applies to the following products:

- apparel made from materials that are in short supply in North America, including Harris Tweed, velveteen and fine-wale corduroy among others;
- men's dress shirts made from certain specific cottons and cotton blends;
- brassieres; and
- silk and linen apparel.

In addition, the linings of tailored clothing and coats needs to be of NAFTA origin only from the fabric forward. There are a number of other rules that apply only to trade between the U.S. and Mexico or between Canada and the U.S.

*A de minimis* rule allows producers to use small amounts of non-originating material. Specifically, up to 7 percent by weight of the component that determines the classification may originate outside the free trade area.

## 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 like those assessed against certain Asian countries. For example, some products from China are subject to duties of more than 500 percent.

In the case of apparel 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.

## DUTY DRAWBACKS

Under the North American Free Trade Agreement (NAFTA), the duty drawbacks for Canadian goods exported to the U.S. have been extended until January 1, 1996. Mexico-U.S. and Canada-Mexico duty drawback programs must terminate by January 1, 2001 under the terms of the NAFTA.

## QUOTAS AND TARIFF PREFERENCE LEVELS

Under the North American Free Trade Agreement (NAFTA), there is a provision for certain goods made with imported fabrics to be exported duty-free up to each country's Tariff Preference Levels (TPLs). This is an expansion of the Tariff Rate Quotas (TRQ) program included in the former Canada-U.S. Free Trade Agreement (FTA). The TRQs for selected products are shown in an accompanying table.

Apparel products that qualify for reduced duties under TPLs must be listed on a Certificate of Eligibility issued by the country of export. These certificates must be presented to Customs at time of entry. They must be the originals — photocopies or fax copies are not acceptable. In Canada, Certificates of Eligibility are issued by the Director, Import Controls, Textiles and Clothing Trade Policy Division from Department of Foreign Affairs and International Trade (DFAIT). In Mexico, they are issued by *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.

## TARIFF PREFERENCE LEVELS EFFECTIVE JANUARY 1, 1994

### Cotton and Man-made Fibre Apparel

Canada to U.S.  
80,000,000\*

Canada to Mexico  
6,000,000

### Wool Apparel

Canada to U.S.  
5,066,948\*\*

Canada to Mexico  
250,000

**Notes:** \* A 2 percent annual growth rate applies to the tariff rate quota (TRQ) for each of the first five years. There is a sub-limit of 60 million Square Metre Equivalents for non-wool apparel that undergoes a single transformation in North America with the balance for double transformation.

\*\* A 1 percent annual growth rate applies to the TRQ for each of the first five years. There also is a wool suit sub-limit under which exports of woollen suits are not to exceed 5,016,780 Square Metre Equivalents annually.

**Source:** Brenda A. Jacobs. "NAFTA's New Rules". *Bobbin Magazine*.

## LABELLING

Mexico has regulations governing the labelling of consumer goods. Among other things, the label must be in Spanish, and new regulations issued in 1994 require that the label be affixed "at the source". This ended the previous practice of the importer applying additional labels.

### MINIMUM LABELLING REQUIREMENTS

#### All consumer products

1. Name of the product or good (including a product description, if not described in the name of the product or good).
2. Name or trade name and address of the importer (this information may be displayed on a separate label and may be added after importation).
3. Country of origin of the product.
4. Net contents in accordance with official Mexican standard NOM 030-SCFI-1993.
5. Warnings or precautions in the case of dangerous products.
6. Instructions for use, handling and/or preservation of the product.

**Source:** Government of Canada translation of Article Five of the March 7, 1994 Labelling Decree, as amended by letters of clarification from the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.

Textiles, clothing and accessories must also meet specific labelling requirements specified in the labelling decree which are enforced at the border. For these goods, labels must be affixed to the product and not just to the packaging. Apparel labels must also meet the requirements of *NOM-004-SCFI-1993*, which includes a requirement for a *Norma Oficial Mexicana (NOM)*, Mexican official standard logo, and certificate of compliance number. *NOMs* are described in the following section.

Draft amendments, expected to become effective in mid-1995, will include the requirement that the importer's *Registro Federal de Causantes*, 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 must 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.
- Ironing: warm, hot or steam, or no ironing, any special conditions.
- Bleaching.
- Special recommendations.

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

## MINIMUM LABELLING REQUIREMENTS FOR CLOTHING AND TEXTILE PRODUCTS

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### *NOM-004-SCFI-1993*

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Brand name

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Content (percentages in descending order)

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Size

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Handling instructions (symbols are permitted in this case provided that they do not require legends)

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Country of origin

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

## STANDARDS

In Mexico, a wide number of products are covered by mandatory product standards known as *Normas Oficiales Mexicanas (NOMs)*, Mexican official standards. 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 must provide the documentation. Products subject to *NOMs* must be tested in Mexico and a certificate of compliance obtained from the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development. The certification number must be included on apparel labels, along with the *NOM* logo. Textiles and apparel 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. Exporters should ask the importer to provide details of the latest regulations well in advance of shipment.

## PRODUCT TESTING

Under the North American Free Trade Agreement (NAFTA), products can be tested at a single accredited lab in any of the three countries to ensure the product meets the standards of all three countries. Canada and the United States have already implemented this arrangement, while Mexico has four years to comply. In Mexico there are three open labs: the *Cámara Textil*, the *Instituto Politécnico Nacional*, Polytechnic Institute and *Inchscape. Aurrera*, the large hypermarket retailer and six of Mexico's largest textiles and fibre companies have their own labs. The importer or the exporter's agent should arrange for testing.

## INTELLECTUAL PROPERTY RIGHTS

The apparel industry relies heavily on trademark protection for its brand names. Certain sewing processes and fabric designs as well as other innovations must be protected before exporters will agree to technology or design transfers. Mexico has recognized this and has introduced more stringent trademark and patent protection laws. Enforcement mechanisms, remedies and penalties are part of the North American Free Trade Agreement (NAFTA).

## FOREIGN INVESTMENT

Under the North American Free Trade Agreement (NAFTA), performance requirements such as local content rules, domestic sales restrictions, technology-transfer limitations, product mandating and export requirements are being phased out. This is particularly significant in Mexico where the *maquiladora* operations have been restricted from selling in the domestic market. Full access to the domestic market will be granted over a seven-year period.

There are no restrictions on foreign ownership in the apparel sector under the NAFTA, although both Canada and Mexico maintain the right to approve direct acquisitions over certain thresholds.

## WHERE TO GET HELP

### CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN CANADA

#### DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (OTTAWA)

Department of Foreign Affairs and International Trade (DFAIT) is the Canadian federal government department most directly responsible for trade development. The **InfoCentre** 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, Strn 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 around 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:**  
(serving Manitoba  
and Saskatchewan) 330 Portage Avenue  
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 Apparel Federation

130 Slater Street  
Suite 605  
Ottawa, ON K1P 6E2  
Tel.: (613) 231-3220  
Fax: (613) 231-2305

### Canadian Apparel Federation — Design Division

372 Richmond Street West  
Suite 112  
Toronto, ON M5V 1X6  
Tel.: (416) 977-3620  
Fax: (416) 977-2637

### Canadian Association of Wholesale Sales Representatives

1712 Avenue Road  
P.O. Box 54546  
Toronto, ON M5M 4N5  
Tel.: (416) 966-2466  
Fax: (416) 966-4669

### Retail Council of Canada

210 Dundas Street West  
Suite 600  
Toronto, ON M5G 2E8  
Tel.: (416) 598-4684  
Fax: (416) 598-3707

### The Wool Bureau of Canada

33 Yonge Street  
Suite 820  
Toronto, ON M5E 1G4  
Tel.: (416) 361-1440  
Fax: (416) 361-3179

### Men's Clothing Manufacturers Association Inc.

555 Chabanel Avenue West  
Suite 801  
Montreal, PQ H2N 2H8  
Tel.: (514) 382-3846  
Fax: (514) 383-1689

**Children's Apparel Manufacturers Association**

8270 Mountain Sights Avenue  
Suite 101  
Montreal, PQ H4P 2B7  
Tel.: (514) 731-7774  
Fax: (514) 731-7459

**Fur Council of Canada**

1435 St. Alexandre Avenue  
Suite 1270  
Montreal, PQ H3A 2G4  
Tel.: (514) 844-1945  
Fax: (514) 844-8593

**Design British Columbia**

355 Burrard Street  
Suite 110  
Vancouver, BC V6C 2G8  
Tel.: (604) 681-3392  
Fax: (604) 681-3394

**Western Canadian Designers and Fashion Association**

355 Burrard Street  
Suite 1260  
Vancouver, BC V6C 2G8  
Tel.: (604) 689-7677

**Manitoba Fashion Institute**

114-85 Adelaide Street  
Winnipeg, MB R3A 0V9  
Tel.: (204) 842-7314  
Fax: (204) 943-2228

**Apparel Ontario**

130 Slater Street  
Suite 605  
Ottawa, ON K1P 6E2  
Tel.: (613) 565-3047  
Fax: (613) 231-2305

**Apparel Manufacturers Institute of Quebec**

555 Chabanel Avenue West  
Suite 801  
Montreal, PQ H2N 2H8  
Tel.: (514) 382-3846  
Fax: (514) 383-1689

**Association des entrepreneurs en couture du Québec**

75 Port Royal Street East  
Suite 235  
Montreal, PQ H3L 3I1  
Tel.: (514) 384-6147  
Fax: (514) 384-1552

**Association pour la promotion des designers de mode du Québec**

3575 St. Laurent Boulevard  
Suite 117  
Montreal, PQ H2X 2T7  
Tel.: (514) 282-1031  
Fax: (514) 282-1051

**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 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

### MEXICAN GOVERNMENT DEPARTMENTS

#### Secretariat of Commerce and Industrial Development

*Secretaría de Comercio y Fomento Industrial (SECOFI)*  
*Subsecretaría de Comercio exterior e Inversión Extranjera*  
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

#### National 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

### BUSINESS AND PROFESSIONAL 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  
Fax: 592-3571

#### Mexican Association of Manufacturers

*Cámara Nacional de la Industria de Transformación (CANACINTRA)*  
Av. San Antonio No. 256  
Col. Nápoles  
03849 México, D.F.  
México  
Tel.: 563-3400  
Fax: 598-5888

**Canadian Chamber of Commerce in Mexico**  
*Cámara de Comercio de Canadá en México*  
Paseo de la Reforma No. 369, Mezzanine  
Col. Juárez  
06500 México, D.F.  
México  
Tel.: 525-0961/0541  
Fax: 525-0438

**National Chamber of the Textile Industry**  
*Cámara Nacional de la Industria Textil (CANAINTEX)*  
Plinio No. 220  
Col. Polanco  
11510 México, D.F.  
México  
Tel.: 280-8637  
Fax: 280-3973

**National Chamber of the Apparel Industry**  
*Cámara Nacional de la Industria del Vestido (CNIV)*  
Tolsá No. 54  
Col. Centro  
06040 México, D.F.  
México  
Tel.: 588-7822, 761-5446  
Fax: 578-6210

**Textile Chamber of Western Mexico**  
*Cámara Textil de Occidente*  
Mexicaltzingo No. 2208  
Col. Moderna  
44150 Guadalajara, Jalisco  
México  
Tel.: 615-3633, 616-4483  
Fax: 616-0009

**Chamber of the Textile Industry of Puebla and Tlaxcala**  
*Cámara de la Industria Textil de Puebla y Tlaxcala*  
11 Sur No. 2104, Piso 1  
Col. Centro  
72000 Puebla, Puebla  
México  
Tel.: 53-4200/4294/4295  
Fax: 37-3876

**Business Council of Puebla and Tlaxcala**  
*Asociación de Empresarios de Puebla y Tlaxcala*  
11 Sur No. 2104, Piso 1  
Col. Centro  
72000 Puebla, Puebla  
México  
Tel.: 53-4200/4294/4295  
Fax: 37-3876

**National Association of Importers and Exporters of the Mexican Republic**  
*Asociación Nacional de Importadores y Exportadores de la República Mexicana (ANIERM)*  
Monterrey No. 130  
Col. Roma  
06700 México, D.F.  
México  
Tel.: 564-8618  
Fax: 584-5317

## MAJOR MANUFACTURING COMPANIES

*Celanese Mexicana, S.A.*  
Av. Revolución No. 1425  
Col. Tlacopac, San Angel  
01400 México, D.F.  
México  
Tel.: 325-5000  
Fax: 325-5405

*Celulosa y Derivados (CYDSA)*  
Kilómetro No. 3, Carretera El Salto  
45680 El Salto, Jalisco  
México  
Tel.: 88-0050  
Fax: 88-1218

*Celulosa y Derivados (CYDSA)*  
Leibnitz No. 11, Piso 8  
Col. Nueva Anzures  
11590 México, D.F.  
México  
Tel.: 531-1501, 545-7458  
Fax: 545-7116

**AKRA**  
Uranio No. 157  
Col. Nueva Industrial Vallejo  
07750 México, D.F.  
México  
Tel.: 752-2211  
Fax: 754-5646

*Fibras Químicas, S.A.*  
Poniente 140 No. 860  
Col. Industrial Vallejo  
02300 México, D.F.  
México  
Tel.: 567-7668/7669  
Fax: 567-1181

*Nylon de México, S.A.*  
Uranio No. 157  
Col. Nueva Industrial Vallejo  
07750 México, D.F.  
México  
Tel.: 752-2211  
Fax: 754-5646

*Nylon de México, S.A.*  
Blv. Díaz Ordaz, Kilómetro No. 333  
66210 Garza García, Nuevo León  
México  
Tel.: 336-0000  
Fax: 336-0092

*Kaltex*  
Ingenieros Militares No. 2, Piso 7  
Col. Empleado Municipal  
53380 Naucalpan, Estado de México  
México  
Tel.: 726-5600  
Fax: 726-5793

*Martex Potosí, S.A. de C.V.*  
Hormona No. 11  
Col. El Conde  
53500 Naucalpan, Estado de México  
México  
Tel.: 358-5300/5452  
Fax: 359-5461

*Martex Potosí, S.A. de C.V.*  
Zona Industrial, Manzana No. 8  
Col. Zona Industrial  
78090 San Luis Potosí, San Luis Potosí  
México  
Tel.: 24-5458/5459/5460  
Fax: 24-7085

*Global Textil, S.A. de C.V.*  
Bolivar No. 232  
Col. Obrera  
06800 México, D.F.  
México  
Tel.: 761-6840  
Fax: 761-8031

*Artell, S.A. de C.V.*  
Calle 20 No. 9  
Col. San Pedro de los Pinos  
03800 México, D.F.  
México  
Tel.: 272-2861/2883  
Fax: 272-2783

*Casa Bayon*  
Carranza No. 95  
Col. Centro  
06060 México, D.F.  
México  
Tel.: 522-8854  
Fax: 522-1737

*Telas Junco*  
20 de Noviembre No. 36  
Col. Centro  
06010 México, D.F.  
México  
Tel.: 522-2805  
Fax: 542-1240

*Morel's, S.A. de C.V.*  
Varsovia No. 58  
Col. Juárez  
06600 México, D.F.  
México  
Tel.: 525-5821/7635/4536  
Fax: 207-8835

*Rosela, S.A. de C.V.*  
Galileo No. 74  
Col. Polanco  
11560 México, D.F.  
México  
Tel.: 280-2814, 282-1213  
Fax: 280-2487

## SELECTED MEXICAN DEPARTMENT STORES

*Operadora Comercial Mexicana, S. A. de C.V.*  
Chabacano No. 43  
Col. Asturias  
06850 México, D.F.  
México  
Tel.: 723-7111  
Fax: 723-7495

*Gigante, S.A. de C.V.*  
Av. Ejército Nacional No. 796-A  
Col. Granada  
11520 México, D.F.  
México  
Tel.: 724-8000  
Fax: 724-8380

*El Palacio de Hierro*  
Durango No. 230  
Col. Roma  
06700 México, D.F.  
México  
Tel.: 514-3888, 525-9000, ext. 262  
Fax: 207-2746

*El Puerto de Liverpool*  
Mariano Escobedo No. 425, Galería  
Col. Polanco  
11560 México, D.F.  
México  
Tel.: 531-1388  
Fax: 254-5688

*Sears Roebuck de México, S.A. de C.V.*  
San Luis Potosí No. 214  
Col. Roma  
06700 México, D.F.  
México  
Tel.: 227-7500  
Fax: 574-2268

## TRADE SHOW ORGANIZERS

### TRADE SHOW: EXINTEX

Chamber of the Textile Industry of Puebla and Tlaxcala  
*Cámara de la Industria Textil de Puebla y Tlaxcala*  
11 Sur No. 2104, Piso 1  
Col. Centro  
72000 Puebla, Puebla  
México  
Tel.: 53-4200/4294/4295  
Fax: 37-3876

Trade show: *Expo Textil*

*Centro Mundial de Comercio*  
Av. de las Naciones No. 1  
Col. Nápoles  
03810 México, D.F.  
México  
Tel.: 628-8366  
Fax: 543-1324

### TRADE SHOW: EXPO TELA

National Chamber of the Apparel Industry  
*Cámara Nacional de la Industria del Vestido (CNIV)*  
Tolsá No. 54  
Col. Centro  
06040 México, D.F.  
México  
Tel.: 578-0788, 761-6541, 588-7664/0698/7822  
Fax: 578-6210

## TRADE PUBLICATIONS

*Textiles en las Américas*  
Inc. Briarcliff Manor  
P.O. Box 161  
New York, N.Y. 10510  
U.S.A.  
Tel.: (914) 923-0616  
Fax: (914) 923-0018

*Memoria Estadística*  
Plino No. 220  
Col. Polanco  
11510 México, D.F.  
México  
Tel.: 280-8637  
Fax: 280-3973

*Boletín Textil*  
Plino No. 220  
Col. Polanco  
11510 México, D.F.  
México  
Tel.: 280-8637  
Fax: 280-3973

*Business Mexico*  
Lucerna No. 78  
Col. Juárez  
06600 México, D.F.  
México  
Tel.: 724-3800  
Fax: 703-2911

*Expansión*  
Sinaloa No. 149, Piso 9  
Col. Roma Sur  
06700 México, D.F.  
México  
Tel.: 207-2176  
Fax: 511-6351

*Textiles Panamericanos*  
2100 Powers Ferry Road  
Atlanta, GA 30339  
USA  
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Fax: (404) 952-0669

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- not useful

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- fair
- poor

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- excellent
- good
- fair
- poor

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yes  no

11. a) Does your company currently export?

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- No, go to 11 c)

b) If yes, to which foreign markets?

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

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

12. What is the approximate size of your company?

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

To discuss this evaluation may we contact you? If so,

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Tel.: \_\_\_\_\_ Fax.: \_\_\_\_\_

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

Latin America and Caribbean Trade Division  
Department of Foreign Affairs and International Trade  
Lester B. Pearson Bldg., 125 Sussex Drive  
Ottawa, Ontario K1A 0G2



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