

# The Mexican Textile & Apparel Market

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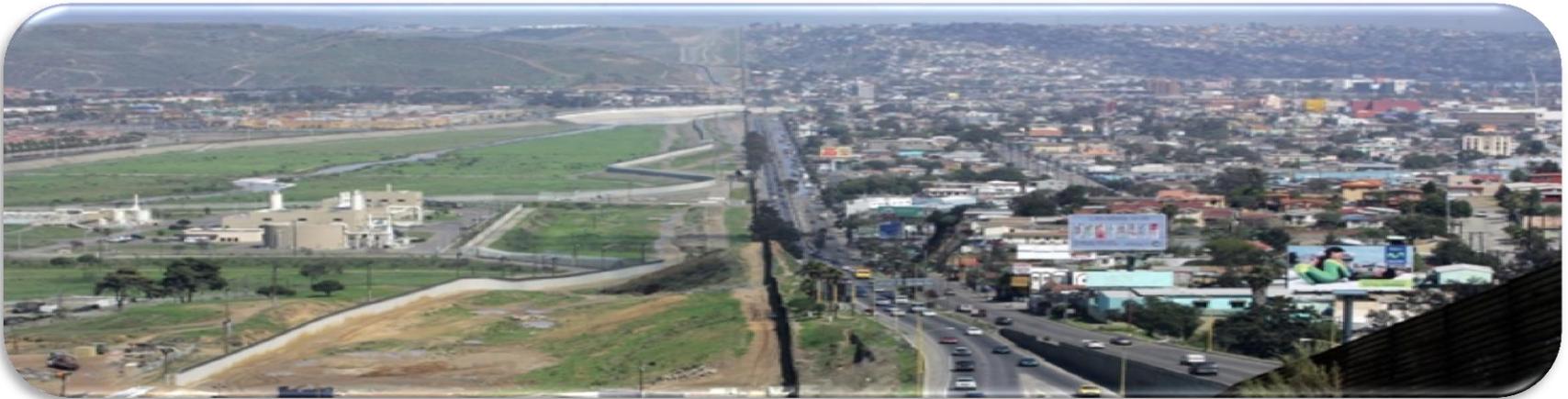


# U.S. Commercial Service in Mexico

- The U.S. Commercial Service is an Agency of the U.S. Department of Commerce.
- Our mission is primarily to help small and medium sized, export-ready companies to enter Mexico and to protect U.S. Business interests abroad.
- In Mexico we have three offices and a network of 100+ offices in the U.S. and 150 world-wide.



# U.S.-Mexico trade relationship



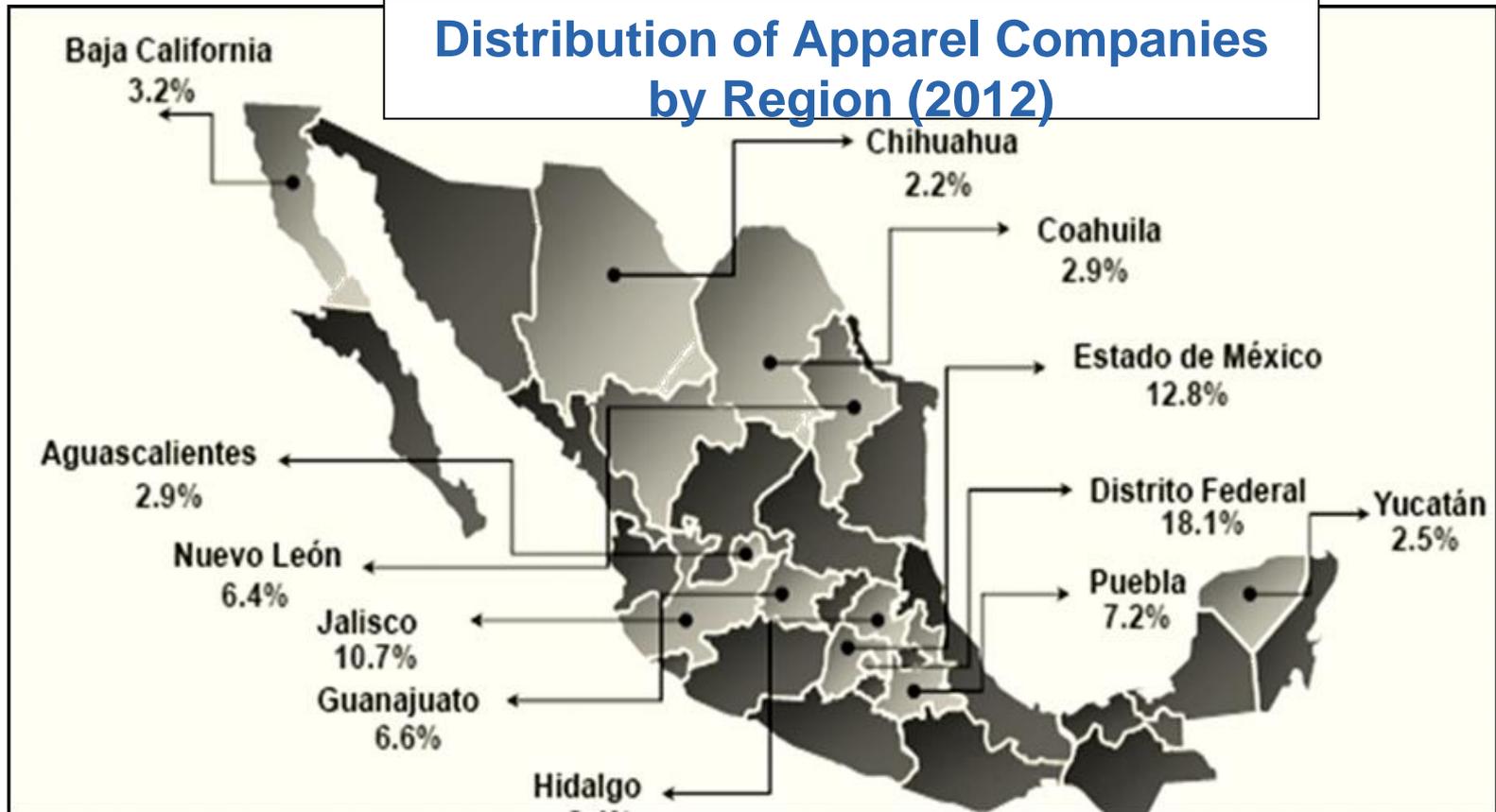
- Mexico is the United States' 3<sup>rd</sup> largest trading partner
- Mexico is the 2<sup>nd</sup> destination of all U.S. exports
- Mexico accounts for roughly 1/6 of all U.S. exports
- 22 American states depend on Mexico as their first or second destination for exports
- More than \$1.25 billion a day in two-way trade
- Nearly 50,000 U.S. small and medium-sized enterprises export to Mexico



# Key facts Mexico's Textile & Apparel Industry

- The textile and Apparel Industries account for 4.7% of Mexico's manufacturing GDP. (Textiles 1.3%, Apparel 2.5%)
- These sectors account for nearly 20% of all manufacturing employment in Mexico.
- Mexico is the 1<sup>st</sup> Latin American supplier of apparel products to the U.S and the 5<sup>th</sup> worldwide exporter after China, Vietnam, Indonesia and Bangladesh.
- The largest segment of the Mexican market is centered in Guadalajara, Monterrey, and above all Mexico City, where luxury brands have a greater presence than in other states.

## Distribution of Apparel Companies by Region (2012)



**Total: 8,614 companies**

*Source: Mexican Apparel Chamber*



# Best Prospects for Mexico

- Synthetic fibers mixed with rayon, and other artificial fibers
- Fabrics with textured polyester dyes
- Taffeta fabrics with discontinuous dyes made of polyester fibers
- Fabrics of upholstery, industrial fabrics for automotive industry
- Other fine wool fabrics
- Silk (for garments to be exported)
- Textile Machinery and Equipment



# Crucial Advice for U.S. textile exporters includes...

- Familiarizing oneself with:

**Mexican Customs and Textile  
Rules of Origin**



**Industry Standards &  
Labeling Requirements**



# Mexican Customs and Textile Rules of Origin

- U.S. exporters must be aware of Textile rules of origin in order to avoid penalties from the Mexican customs or the NAFTA verification audits conducted by Mexico's Tax Authority (SAT).

## Common mistakes:

- ✓ Made in the U.S. does not mean NAFTA Origin.
  - ✓ Before issuing the NAFTA certificate of Origin verify the rules of origin and content of the product.
  - ✓ Reply any questionnaire or letter from Mexican Tax Ministry (SAT) as soon as you receive it
- 
- Mexico's fiscal reform will be effective on January 1<sup>st</sup>, 2014, major change:
    - ✓ The use of customs brokers would no longer be mandatory; importers would be able to file for customs clearance directly. However, *Mexican customs law is very strict, specifically in the textile and apparel sectors, and requires proper submissions and preparation of customs documentation. Errors in paperwork can result in expensive fines and confiscation of merchandise.*

# Industry Standards & Labeling Requirements



- Two Mexican Industry standards:
  - ✓ **NOMs**-Mexican Official Standards-these are Technical Regulations, including labeling requirements, issued by government agencies and ministries. Compliance is mandatory.
  - ✓ **NMX**-Mexican “Voluntary” Standards– these are voluntary standards issued by recognized national standards-making bodies. Compliance is mandatory only when a claim is made that a product meets the NMX.
- U.S. textile exporters must be aware that the most important labeling standard for textile & apparel industry is the **NOM-004-SCFI-2006** which was amended and the changes were effective on February 21, 2013.



## Tip. Market Entry Strategies.

**Mexican Presence.** The best strategy to enter the Mexican market is to find a local representative or distributor. With this, buyers feel secure that initial training, spare parts and service will be provided.

**Local or Regional Representative.** Due to regional concentration throughout Mexico, representation locally will yield better results than a single, nation-wide distributor.

**Price.** Price is important, but not necessarily the deciding factor.

**Spanish.** Be prepared to provide brochures, catalogs, and printed materials in Spanish. Keep websites international-user-friendly.

## Tip. Mexican Business Culture.



**Indirectness.** Difficulty in saying “no”

**Financing.** Expect to negotiate on payment terms.

Consider full spectrum of options. Financing options important

**Follow-up.** Follow up quickly with your Mexican partner – there is abundant international competition

**Language.** Use a qualified interpreter if needed

**Patience.** Good things come to those that wait - patience pays off

**Build Relationships.** Personal relationships valued



## Further tips... Mexican Business Culture



- Mexico has its own business customs (refrain from using first names until invited to do so, titles are important).
- Personal relationships are at the heart of most business dealings it's important to establish a personal relationship before business is done.
- Do not be surprised if your Mexican contact is not punctual. Time is flexible.
- Most Mexican companies are hierarchical, key decisions are made by a small number of individuals at the top of the hierarchy. Ensure that you are dealing with the right decision maker.

# Thank You!

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