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U.S. Automobile Companies To Boost Exports To Mexico By 50,000 Units

by LADB Staff

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In mid-March, US automobile companies Ford, Chrysler and General Motors announced plans to boost automobile exports to Mexico by about 50,000 units.

According to the announcement, Ford projected an increase in exports to Mexico by 25,000 units this year, including the Mercury Cougar and Thunderbird models produced at the Ford assembly plant in Lorain, Ohio. Ford did not offer statistics on how many cars were shipped to Mexico last year. However, a spokesperson said the company is targeting exports of 50,000 cars to Mexico by 1996.

For its part, General Motors announced plans to boost exports to Mexico by 8,300 automobiles, including 3,000 units of the popular Jeep Cherokee model. The total exports of 10,000 units projected for the year would represent a significant increase from the 1,700 cars shipped into the country during 1993. In addition to the passenger cars, the company plans to export 5,000 trucks and other commercial vehicles to Mexico. Meantime, Chrysler announced plans to boost exports to Mexico to 25,000 units this year, an increase of 19,000 cars from the 6,000 units shipped in 1993.

The company did not specify whether the increase involved shipment of any new models to the Mexican market. Spokespersons for the American Automobile Manufacturers Association (AAMA) said the increased exports by the "Big Three" US auto makers were facilitated by enactment of the North American Free Trade Agreement (NAFTA), which lowered import tariffs. The AAMA calculated that 20,000 jobs will be created in the US for every additional US\$1 billion in exports, reinforcing testimony by the US auto industry in October that NAFTA would result in a net gain in US jobs, rather than a net loss.

Under NAFTA, Mexico has reduced its tariff on imports of US and Canadian passenger vehicles by 50%, while the US and Canada have cut their tariffs on Mexican imports by 100%. In fact, enactment of NAFTA has also created new opportunities for Mexican assembly plants to boost exports to the US, in competition with automobiles assembled in US territory.

To take advantage of the new opportunities, a number of automobile manufacturers in Mexico late last year announced plans to expand or establish operations to export automobiles. According to Mexican automobile executives, exports are expected to grow by 15% to 20% in 1994. The most recent company to announce plans to assemble cars in Mexico is the South Korean company Daewoo, which expects to open an assembly plant in Monterrey by the middle of 1994. Nuevo Leon state development secretary Mariano Montero Zubillaga said the plant will create about 5,000 new jobs in Nuevo Leon state.

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