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## Domestic Auto Sales Show Some Recovery in January-July

by LADB Staff

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According to Mexico's automobile industry association (Asociacion Mexicana de la Industria Automotriz, AMIA), sales of new motor vehicles in the Mexican domestic market recovered moderately during January-July of 1996. In a report released in mid-August, the AMIA said more than 133,000 new cars and trucks were produced for the domestic market in January-July, an increase of 30% from the number sold in the same seven-month period a year ago. The AMIA said almost 82,000 passenger cars were produced for the domestic market in January-July 1996, an increase of 19.5% from a year ago. Similarly, production of buses and trucks in the same period increased by about 53% from January- July of 1995.

The higher production contributed to increased sales at the domestic level. The AMIA said actual sales at the retail level during January-July, including new production and existing inventory, approached 162,000 units, an increase of more than 17% from the same period in 1995. The trends reported by AMIA were confirmed by the Mexican automobile dealers association (Asociacion Mexicana de Distribuidores de Automotores, AMDA), which reported sales of more than 25,600 new automobiles in July alone, or more than twice the number sold in July of 1995. An analysis published by Grupo Financiero Bancomer (GFB) said the recovery in domestic sales also coincides with a slight upturn in the economy. The report said a recession, resulting from the devaluation of the peso in late 1994, had caused the domestic market to contract by 70% in 1995.

Still, despite the moderate increase in domestic sales, more than 80% of the motor vehicles assembled in the first several months of the year have been destined for export. The AMIA did not provide statistics for January-July. However, an earlier report from the association showed that exports of motor vehicles in January-June were up 40% from the same period last year, reaching about 507,000 units. The US and Canada Mexico's two partners in the North American Free Trade Agreement (NAFTA) remained the most important destinations for automobiles assembled in Mexico.

According to the AMIA, exports to the US market increased by 46.5% from last year, while those to Canada grew by 38.3%. But the AMIA report also noted an increase in exports to other destinations. For example, exports of motor vehicles to Chile rose by 50.7%, while those to Argentina increased by almost 122%. The AMIA also said Mexican car manufacturers finally broke into the Japanese auto market, after years of protectionism. Motor-vehicle exports to Japan in January-June totaled 4,748 vehicles, compared with only two cars in the first six months of 1995. A large percentage of the exports to Japan are shipped from Japanese-based Nissan's plants in Mexico. (Sources: Excelsior, 07/19/96; Agence France-Presse, 07/23/96; The News, 07/19/96, 07/31/96; Novedades, 07/19/96, 08/22/96; El Universal, 08/22/96)

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