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## **Business Briefs: Toys in Informal Economy, Film Industry Success, New Ford Plant**

by LADB Staff

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### ***Toy manufacturers to sell products via informal market***

The Mexican toy industry, in an effort to increase overall sales during the Christmas holiday season, has announced plans to channel some of its merchandise through street vendors. According to Arnaldo Amador Arevalo, president of the Asociacion Mexicana de la Industria del Juguete (AMIJU), sales through the informal economy could boost total toy sales by about US\$90 million, or 20% above the US\$450 million anticipated from formal retail establishments. By channeling their products through the informal economy, said Amador Arevalo, the Mexican toy industry will be able to reach an untapped market.

Currently, almost all the toys sold through the informal economy are foreign imports, particularly from China and the US. Rather than develop an adversarial relationship with the foreign toy suppliers, Amador Arevalo said the AMIJU will attempt to forge alliances with three major foreign competitors to supply the informal market with toys. Still, the AMIJU will closely monitor foreign toy shipments to ensure that they do not use the arrangement to increase their toy exports to Mexico. "On several occasions this year, some importers declared the value of a trailer shipment at US\$12,000 or US\$13,000, when the true value was at least US\$16,000 to US\$18,000," said Amador Arevalo.

### ***Film industry earns US\$310 million in 27-month period***

The production of foreign films in Mexican territory have generated more than US\$310 million for the Mexican economy since late 1995. According to Santoyo Vargas, president of the Comision Nacional de Filmaciones (CNF), movie producers from the US and other countries accounted for more than one-half of the requests for filming permits in Mexico during the past 27 months. Some producers also requested permits to shoot documentaries, music videos, and television commercials.

Vargas said the decision by foreign filmmakers to shoot on location in Mexico has resulted in the creation of 6,300 direct jobs and another 31,500 indirect jobs. The projects have created other benefits as well, such as increased international exposure for technicians and other film-industry employees. As a result, the Secretaria de Turismo (SECTUR) and several domestic film-industry organizations have been lobbying the US film industry to expand their production even more in Mexico. "We want to present Mexico as the ideal location for production and filming," said Jorge Santoyo, director of the Comision Nacional de la Industria Cinematografica.

Still, some Mexican film producers say that an aggressive push by US filmmakers to show their movies in Mexico has squeezed out Mexican-made movies from many theaters. According to Claudio Obregon, secretary of the cultural committee (Comision de Cultura) in the Chamber of Deputies, the Mexican film industry was able to produce only 16 movies for Mexican theaters in

1997 because of strong competition from foreign-made films. In comparison, Mexico produced an average of 100 movies annually as recently as the early 1990s. Obregon said his committee expects to introduce federal legislation by March 1998 to create more competitive advantages for Mexican filmmakers. One of the goals would be to help the Mexican movie industry recover a 30% share of the Mexican movie market. Committee sources said the legislation is also intended to help protect Mexico's cinematographic cultural patrimony.

### *Ford to construct new engine plant in Chihuahua*

In late November, Ford de Mexico announced plans to invest about US\$2 billion to construct a plant in the city of Chihuahua to manufacture a new line of engines. The new plant is targeted for completion by the year 2000. The plant, which will be located within an existing Ford industrial park in Chihuahua, will be adjacent to other Ford manufacturing facilities.

The industrial park already includes a facility to manufacture four-cylinder engines for use in the Contour, Mystique, and ZX2 Ford models, both for the domestic market and for export. According to Ford de Mexico director Jose Manuel Machado, US-based Ford Motor Co. selected the Chihuahua site for the new facility because of the park's "highly competitive" record, including cost efficiency. The new plant will be able to produce about 400,000 engines per year for use in small and medium-sized automobiles and pickup trucks. The plant will employ about 1,000 workers and generate another 3,500 indirect jobs. (Sources: Spanish news service EFE, 11/24/97; La Jornada, The News, Excelsior, Novedades, 11/25/97; El Financiero International, 12/01/97; El Universal, Notimex, 12/02/97; El Economista, 11/25/97, 12/02/97)

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