The Household Appliances Industry

Global Industry

The household appliances industry generated 237,000 million USD in income in 2010 and grew at an average annual rate of 4.6% in the 2005-2009 period.1

The world’s main household appliances exporting countries are China, Germany and Italy. Mexico also figures among the prime household appliance exporters in the world.

Exports in 2010 (Million USD)

- China: 37,823
- Germany: 12,367
- Italy: 8,945
- United States: 6,166
- Thailand: 6,082
- Mexico: 5,683
- South Korea: 4,897

Source: Business Intelligence Unit (UIN) estimates with data from the Global Trade Atlas

**Products Considered Part of the Sector**

- **Large Appliances.** Those used in a stationary position, such as air conditioners, water heaters, washing machines and refrigerators.
- **Small Appliances.** Those which can be easily lifted and moved, such as vacuum cleaners, blenders, coffee makers and room heaters.

**Major Household Appliance Companies**

The biggest companies in the sector are: Electrolux, Panasonic, Mabe, Daewoo, Samsung, LG Electronics, Black & Decker, Honeywell and Whirlpool, among others.

**Mexico Production**

In 2010, production in the household appliance sector reached a total of 5,601 million USD.2

According to estimates from Global Insight, production will grow at an average annual rate of 9.8% in the next four years. In 2015, production will reach a total of 8,944 million USD.

**Consumption**

In 2010, the consumption of household appliances in Mexico reached a total of 3,095 million USD.2

Consumption between 2010 and 2015 is expected to grow at an average annual rate of 11.6%, reaching a total of 5,367 million USD in 2015.3

**International trade**

Mexico is one of the main suppliers of household appliances in the world. In 2010 it exported 5,683 million USD, which positioned it in 6th place on a global level.

**Major Household Appliance Companies in Mexico**

- Electrolux
- Mabe
- Daewoo
- Samsung
- LG Electronics
- Black & Decker
- Honeywell
- Whirlpool

**Foreign Direct Investment (FDI)**

From 2000 to 2010, direct foreign investment reached a total of 2,194 million USD.5

2. Source: Global Insight
4. Source: Global Trade Atlas
5. Source: Secretariat of Economy

* Refers to manufacturing companies, plants and offices for distribution and sales.
Success Stories

In June of 2011, Electrolux and Plexus opened two new plants in Ciudad Juárez, representing an investment of 30 million USD and 1,000 new jobs for the manufacture of refrigerators, washing machines and dryers.

Embraco, a global company in the market for refrigeration, announced the construction of its first plant in Monterrey, Nuevo León in northern Mexico. The investment in this project is estimated at 90 million USD and it is expected to create 500 jobs.

Competitiveness

Mexico is the most competitive country in the world in terms of manufacturing costs which are approximately 25% lower than in the US, and even lower than in the BRIC countries.

According to the World Bank, Mexico is the best country in Latin America for doing business, and also is ranked 35th in the world.

Only 9 days and 6 processes are required to start a new business, and this performance is demonstrably better compared to all Latin America region and the BRICs (Brazil, Russia, India and China).

Mexico is one of the most open economies in the world, as its international trade is equal to 58% of the GDP and represents more than 40% of the total trade of Latin America.

In the past decade, the average annual growth rate of engineering graduates in Mexico was 7% which places it above the population growth rate. In 2010, the number of engineering graduates in the country totaled approximately 114,000.

A Message for Investors

In 2010, Mexico was ranked #1 in the world for the value of its exports of refrigerators and freezers, #2 in electric water heaters and #3 in vacuum cleaners with a capacity of 1,500 W.

Mexico is one of the top suppliers of household appliances to the US; just in 2010, it was that nation's main supplier of refrigerators and freezers and the second in kitchen appliances, vacuum cleaners and floor polishers.

As a result of free trade agreements (FTAs) with more than 40 countries, Mexico has access to a potential market of more than one thousand million consumers, and 63% of the world GDP, positioning it as an important export platform.

Mexico's proximity to the US, Canada and Latin America allows the reduction in logistical costs for products, due to their weight and volume, are more costly to transport and store. Also, Mexico's access to the Atlantic and Pacific Oceans distinguish it as a strategic location to do business and exchange goods with Europe and Asia.

Mexico is a safe place for foreign investment. Our country has signed 28 IPPAs (Investment Promotion and Protection Agreements) and DTTs (Double Taxation Treaties) with more than 40 countries.

Mexico is the 8th most attractive country for foreign investors worldwide.

Shelter Services: these allow businesses to start operations more easily, as they issue the necessary permits for them to begin operations without having to worry about customs, legality and administrative topics.

Support Programs

Refund of Taxes on Imports and Exports (Drawback)
In a case where the producer has imported materials which are incorporated into merchandise for export, the program offers the possibility of a refund of the general import tax on these materials.

Sectoral Promotion Programs (PROSEC)
In a case where the producer has imported materials which are incorporated into merchandise for export, the program allows the import of such materials at a preferential ad-valorem rate.

Manufacturing Industry, Bonded Assembly and Export Services (IMMEX)
It simplifies the procedures and requirements of the bonded assembly regime for those companies which already have a structured business plan. It allows for the temporary importation of goods or services used in the industrial process; it is geared towards the development, transformation or repair of imported foreign merchandise.

Chambers & Associations

National Association of Household Appliance Manufacturers (ANFAD)
It has 23 members which are companies that represent the 80% of this industry in Mexico.

National Council for the Bonded Assembly and Export Manufacturing Industry (CNIIMME)
It is an organization which represents more than 1,200 established businesses, employing 80% of the work force in the bonded assembly industry.

National Chamber of Electrical Manufacturing (CANAME)
It is an organization with representation at a national level of electrical manufacturing companies.

6. Source: Bonded Assembly Portal (Maquila Portal)
7. Source: Alix Partners 2010
10. 1.4% annual average in the period 2000-2010, National Institute of Statistics and Geography (INEGI)
11. Source: National Council on Science and Technology (CONACYT)
12. Source: Secretariat of Economy/Secretariat of Finance and Public Credit (SHCP)
13. US Census Bureau