

**Shifting Gears: Ford Motor Company in Mexico (C)**  
**Postscript**

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The Mexican government dramatically altered its regulation strategy in automobile production at the end of 1989. It reduced its local-content requirements on individual products and relaxed its rules about the import of finished cars and trucks while retaining its requirement that companies making and selling cars in Mexico balance their trade by exporting as much as they import. (Imports of vehicles were restricted to 15 percent of total domestic production. This increased to 20 percent in 1993.) It also provided tax exemptions for producers of a class of subcompact cars ("popular" cars), but required the producer to reduce its profit margin.

Ford Motor Company in the 1990s turned out Mercury Tracers and Ford Escorts for sale in the United States in a plant in Hermosillo that was judged in a 1990 MIT study as the highest-quality auto assembly operation in the world. Three-fourths of the value of those cars -- including brakes, fuel tanks, electronic components for the instrument panel, interior trim and parts of the seats -- now comes from the US. "It is, in fact, creating jobs in the United States", said Victor M. Barreiro, president and general director of Ford's Mexican operation.