

## Mexico increased its market share versus China in clinical thermometers exports to the United States from 2015 to 2019

The Mexican market share in clinical thermometers (90251840) exports to the United States increased from 30.6% to 44.6% between 2015 and 2019. In contrast, the Chinese market share in the same product and market dropped from 62.7% to 49.8% during the same period.

The reduction in imports of clinical thermometers from China is not related to a demand reduction; the value of imports of this product to the United States increased from 85 million dollars, in 2015, to 118 million dollars, in 2019. In terms of volume, imports of clinical thermometers increased from 28 million units to 31 million units during the same period. It meant a unit price rise from 3 dollars to 3.83 dollars per unit.

While the United States is a producer and an exporter of clinical thermometers, the country imports five times what it exports. In 2019 the United States bought clinical thermometers from 12 markets, and its trade deficit was valued at more than 86 million dollars. China and Mexico are its top providers. Both deliver almost 95% of the clinic thermometers imported by the United States.

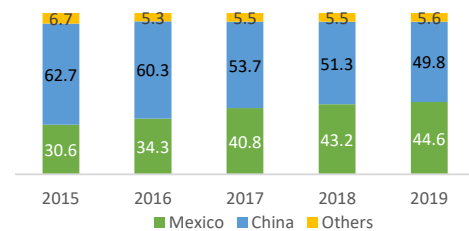
China has been the United States' leading supplier for thermometers since 2003. However, Mexican's entry into this product market has reduced China's market share. The reason could depend more on duties and transport cost than on unit costs (unit value in MAGIC). According to the data, China has been paying higher imports duties to enter the United States market since 2017. However, its thermometers' unit cost

remained low, at 2.10 dollars per unit, on average, during 2015 and 2019. In contrast, the Mexican thermometers' unit cost was 17.7 dollars per unit, on average, during the same period - eight times higher than China's clinical thermometers.

China's dutiable customs value (actual duty in MAGIC) to import thermometers to the United States increased from 912 thousand dollars in 2015 to 3 million dollars in 2019. In relative terms, this sum

represented an effective duty rate of 1.7% in 2015 and up to 5.6% in 2019. By contrast, the same tax for Mexico decreased from 16.5 thousand dollars to nearly 7 thousand dollars and its effective duty rate from 0.06% to 0.01%, respectively, during the same period. Those figures match with the ad valorem equivalent

United States: market share in clinical thermometers imports, 2015-29



United States: effective duty rate applied to clinical thermometers suppliers, 2019



tax imposed by the United States, which raised from 1.8%, in 2015, to 7.6%, in 2019 for China. For Mexico, it dropped from 1.8% to 0.4%, in the same period.

Mexico has also reduced its insurance and freight costs to export its thermometers to the United States market. In 2015, these costs represented 0.05% of the total value of thermometers (without considering taxes), and by 2019 it dropped to 2.2%. For China, the same cost increased from 2.6% to 2.9% of its total thermometer value, during the same period. Most of this merchandise is transported by sea. During the period, China exported 80% of the thermometers by ship and 20% by airplane, while Mexico used only sea transport, reducing cost and time.

The above facts help explain why Mexico took advantage of the rise in US demand for clinical thermometers and positioned itself as a rising star in 2015-2019. Meanwhile, China, even with the increase in demand, was classified as a missed opportunity. However, in a scenario such as the COVID-19 pandemic, this favourable scenario for Mexico may have changed in 2020.

