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March 4, 2008, 2:06 pm

Why Is the 1998 Ford F-150 No. 1 on Mexico's Most Wanted List?

By RICHARD S. CHANG
TAGS: F 150, FORD, IMPORT, MEXICO



Decade-old trucks, like this 1998 Ford F-150, are among the most sought-after vehicles by Mexican dealers of used cars.

On Monday, <u>Mexico initiated a strict limitation on used cars entering the country</u>. Only cars and trucks built for the 1998 model year are now allowed to be imported into Mexico.

Used car dealers along the border had made a regular trade out of buying 10 to 15-year-old cars and trucks at auction in the United States and selling them in Mexico for healthy profits. Last month, the <u>Los Angeles Times reported</u> that "more than 3 million late-model vehicles have rumbled legally south of the border in the last 2 1/2 years."

The North American Free Trade Agreement will open the border to millions more. According to <u>Annex 300-A</u> of the agreement, starting next January, Mexico must loosen restrictions to allow for more and more recent used cars.

Mexican new car dealers are feeling the effects of this border trade. According to the Times's article, Mexicans already prefer the bigger (and roomier) used cars from America over smaller new cars, which also tend

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Comment of the Moment

I'm glad to see some American automakers hop on the small car trend. In particular, I would LOVE a diesel version of this, so don't write that off just yet!"

— Dolens

With Verve, Ford Thinks Small

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Angreens About the Con of the Eutrine

to be more expensive. And used cars originating from the United States are more desirable for the better road conditions in which they're driven. The article gives an example of a used car dealer buying a 1974 Gran Torino in El Paso, Tex., for \$100 with the expectation of selling it in Mexico for at least \$400. "If it's cheap and it runs," it will find a home in Mexico, he said.

By limiting the importing to used cars of only one model year - 1998 - the Mexican government is hoping to stem what the Mexican Association of Automobile Distributors calls the "accelerated conversion of our country into the world's biggest automotive garbage dump," at least until the Nafta regulations kick in.

Suddenly, vehicles from 1998 are now highly sought-after at dealers and auctions. And <u>according to the Houston Chronicle</u>, prices on the 1998 F-150 are expected to soar:

"The prices we'd be asking for them retail is what we're going to be paying wholesale," said Luis Esparza, sales manager for H.E.D. Sales Co., a Houston Heights used-car dealer. "You can throw the Blue Book away."

Bernardo Garcia, at Caribbean Auto Sales, a cash-only Shepherd Drive dealer [in Houston], said a 1998 extended cab F-150 in good condition previously might have sold for \$5,000 at his lot. Now, it's likely that the price may jump \$500 to \$700.

Garcia said his business is heavily patronized by Mexican buyers — dealers buying for resale as well as families acquiring a vehicle for personal use.

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1. March 4th, 2008 4:07 pm What the AMDA (Mexican Association of Automobile Distributors) is not saying is that taxes on new cars in Mexico are so high that buying used American cars is enormously cheaper. AMDA used to have a captive market until bringing cars in from the US became easier thanks to many owners of american cars who used their strength in numbers to form associations and force local/state governments to give them registration documents. I understand this article is intended to be general, but at the same time it is missing a big part of the story. Jorge from West Palm Beach

Posted by Jorge Perez

2. March 4th, 2008 4:21 pm I think that we will look back on these years, if the human race survives, and feel sickness and self loathing that our country was the sole producer of these gas guzzling, global warming causing behemoths.

- Posted by Al

3. March 4th, 2008 5:00 pm Extending the life of a vehicle buy selling it south of the border is probably "greener" than building and buying new ones. I'm waiting for the articles to come on what to do with all those hybrid car batteries when they start hitting the junkyards. Roads in Mexico can be rougher than those in the US and the pickup truck is one of the few carry overs of the "body on frame" design. Crown Victorias are another, which is why they are NYC cabs...

The old VW Bug lived on for years in Mexico, proving the market for

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From Joel Piaskowski

Joel Piaskowski, chief designer at Hyundai Kia, responds to reader questions about the car of

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inexpensive and reliable transportation - no self loathing needed.

- Posted by mw

4. March 4th, 2008 5:47 pm While a 1998 car is still pretty clean-running (relative to the decades prior), I don't know how much pollution from building a new car selling one in Mexico will offset. Besides, even if it *weren't* sold in Mexico, it would have the same potential to offset a new car purchase here ... which is to say not much: who sets up a choice between a new car and a ten-year-old car?

And as far as Al's comment goes - I'm pretty sure in the Utopia of same and guilt he imagines (if we survive, that is), when humans think back on the most inhuman behavior our species exhibited, that building big cars won't really be near the top of the list. Or the middle. Or at all.

Wake up, Al. Even if you take the most hyperbolic diatribe as fact, power generation accounts for more CO2 than vehicles. And, among vehicles, tractor-trailers account for more than cars.

It always seems that the most ignorant are the most indignant.

- Posted by Kevin

5. March 4th, 2008 6:30 pm Notwithstanding the glib "garbage dump" rhetoric of the Mexican Auto Dealers (surely they don't have an economic interest in this? surely not!) opening the Mexican market to used US cars will make good cheap cars available to Mexican families and will increase the value of used cars in the US. Sounds like a good deal to me, for everyone except people in the auto industry!

Posted by Christopher

6. March 4th, 2008 7:24 pm The 1998 Ford F-150 has the looks and the power to take on the back roads, the main roads and any roads in between. That's why is so popular in Mexico. I have to admit, it even looks better than the 2008! The back of the truck looks nicer than the new one...

- Posted by francisco

7. March 4th, 2008 7:32 pm I'm bummed that my car is now too old to sell in Mexico. I have a 1996 VW Golf. Ironically, the car was built in Mexico. I guess Mexico can set any rules they want, but I'd hoped to send my car back when I was done with it.

Posted by Neil

8. March 4th, 2008 7:34 pm Buying used cars in the US and importing them into Mexico is the most cost effective way in owning a newer car here. Cars that are ten years old or newer are subject to the "tendencia" or road tax. The Mexican government originally implimented this tax to pay for the 1972 Olympics and has not wanted to give up this substantial source of income. For example, I paid about USD 375 for my 2004 Fiat Palio with 1.6L engine registered in Jalisco. The only downside to importing cars from the US are that many are not suited for Mexican roads or driving conditions. I know many Mexicans who have imported Pontiac Grand Prixs or Honda Accords and had to replace all their suspension components after the first rainy season.

As for the environmental aspect - it is significantly better for the environment to "recycle" used cars from the US as opposed to all the energy and resources expended in producing new cars.

- Posted by shawar1979

9. March 4th, 2008 7:50 pm MW makes a reasonable point about how pickup trucks are frame-and-body construction, and is correct that the Ford Crown Vic is maybe the last car built that way. But then he brings in the VW, which may not be the FIRST unit-body (not frame on body) car built, but I'm pretty sure it was the earliest one in wide-scale production, and the first one to be seen in the American market. SEO

Posted by seo

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10. March 4th, 2008 8:20 pm	It's win-win for both sides. They should continue with out model restictions as they can always use the cheap mexicon labor force to recondition the old cars/vans and create mor job opportunities for their people. — Posted by Arun Mehta
11. March 4th, 2008 8:37 pm	Nuts! None of my cars are 1998's. Otherwise, I'd be heading south of the border this spring break to make some good money in Mexico. — Posted by KarVanVoo
12. March 4th, 2008 9:03 pm	Hmmmm well my '94 F 150 is just getting worn in. Paid for, runs good, gets there no chance of this one going South any time soon. — Posted by bongo bates
13. March 4th, 2008 9:44 pm	It seems Mexico should be more concerned with geographically appropriate vehicles than production year. I think if I were driving there I'd rather have a 20 year old pick up than a turn of the century Honda.
	Kevin, you seem the most indignant poster on this board. Apply your own ignorant/indignant formula if you wish. — Posted by Jazazzy
14. March 4th, 2008 9:48 pm	Ignorant and indignant in the second post might like to check the mileage ratings of his mom's 8 cylinder Lexus, his wife's Mercedes and his kid's Range Rover.
	Just sayin'. — Posted by less ignorant and indignant
15. March 4th, 2008 9:53 pm	The old Boltswagen wasn't a unit body, it was a body on pan- with an axle beam front end. There's a big difference in durability. The VW front ends also had king pins before '65 and the subsequent ball joints, while good, would never take the beating those king pins did.
	— Posted by bugly
16. March 4th, 2008 9:58 pm	When I lived in Mexico City during the year 2000, I frequently joked to my wife that I would sell our '88 VW GTI 16V we drove there from the U.S. (In 1988, the GTI was made in Pennsylvania, unlike Neil's.) My wife was afraid that we would get into trouble with the Mexican authorities, as they took a copy of your credit card at the border as a "deposit" to ensure you took the car out of the country when you left. Curiously, it was *she* who was stopped by a police officer in the city asking how much she would sell the car for. It is about time the Mexican government loosened the restrictions on importing reliable used cars from the U.S. — Posted by Chris Gonzales
17. March 4th, 2008 10:36 pm	seo: I think the "Little Nash Rambler" was the first American unibody, from the early 50s. all following Nash/Rambler/AMC cars were unibody. body-on-frame is inherently less rigid than unibody and results in a
	sloppy-handling vehicle, but that bit of give is an asset on lunar roads like those in NYC. — Posted by david
18. March 4th, 2008 10:39 pm	Me and my relatives in Mexico feel that the used cars coming from the US will help the average mexican family to get a car. The only ones against importing cars are the used car dealers associated in a mafia like organization that governed the mexican used cars market for decades.
	Incidently the "Tenencia Tax" abolition was promised by President

Calderon in his campaign, but once in the presidency, as any other politician, "He forgot his promises".

- Posted by Vicente Gomez

19. March 4th, 2008 10:41 pm

Calling people ignorant reveals the ignorance of the speaker. It has no place here where intelligent people may rightly disagree, especially on short-term VS. long-term reasoning. Short-term, used is greener. Think of the tremendous industrial establishment needed to produce steel, let alone a car.

Long-term, we cannot afford to allow industry to dump its production costs in the environment. If they had to pay for the cleanup and damage, they would have to figure another way to provide transport.

Even with newer more efficient models, used is greener. Since the US Military has designated climate change as the most critical security threat facing the US, disregard for Mother Nature amounts to treason.

- Posted by martin s. weiss

20. March 4th, 2008 11:26 pm

i think that while this is a great business for some, and a great deal for mexico's consumers; all this is just contaminating an already extremely contaminated city's..- like the DF itself or mexico city... (where is this heading to?)

- Posted by juan leon

21. March 4th, 2008 11:59 pm

Poor Mexican fate! Work earning small salaries to build up new vehicles for exporting to America... and buying back worn out American machines. It's a sade fate to be the garbage of USA. Mexico could avoid such dreadful trade by making environmental laws much more strict: no American garbage would cross the border south unless it had a complete test for CO2 emission levels, as well as to assure that all the security itens (shines, brakes, etc) are according to acceptable standards. Otherwise, the garbage should be refused by Mexican authorities... That's it!

- Posted by Almir

22. March 5th, 2008 12:14 am

interesting that in some states ie tx, they are asking people to turn the older cars in for cash payment. now I know the real reason for the states actions

- Posted by b. fore

23. March 5th, 2008 2:48 am

Texas doesn't care about air pollution, except to be #1. That's why Central Texas is choking on Houston area pollutants; visibility in Big Bend National Park is less than one mile; more coal burning plants are on the way. And any soccer mom with a cell phone is driving a \$50000 SUV. Too many "off-road" vehicles never get past the curb. Where else do you see poor people driving with 4 emergency spares on the road? The current, long serving governor in Texas history uses more hair spray than the other 49 governors combined, and has an IQ lower than GW. Who else would make it legal to drive in stream beds in the name of "public access"? How many times has the US invaded Mexico? Militarily and economically. How many Mexicans and Americans of Mexican descent have been lynched and murdered because of their color and language? Go suck on your exhaust pipes, gringos; and help clean up North America.

- Posted by georgepwebster

24. March 5th, 2008 6:14 am

I'm an American living in Brazil (and have cousins in Mexico). Americans (and Mexicans) don't realize how good they've got it. In Brazil, registration tax last year on 1997 Honda Civic (owned by a friend) was \$718! He just sold that car for \$10,000. He replaced it with a 2005 Toyota Fielder (a Corolla station wagon) which cost him \$30,000! (New 2008 costs \$42,000).

Brazil allows no used cars to be imported and has very high taxes on

new cars. I drive a 2001 Toyota 4Runner (diesel) which is worth \$38,000. Registration on it this year is \$1800. Compared to my 2000 Land Cruiser in LA that cost about \$300 this year!!

Brazilians would LOVE to buy used American cars at these prices!

BTW, a new Toyota like mine, here in Brazil, would cost nearly \$100,000 and the annual registration tax would be over \$5,000 a year.

Posted by Nick - Rio de Janeiro

25. March 5th, 2008 6:38 am

The article is mistaken in several ways.

First, there has long been a ban on importation into Mexico of vehicles older than 15 years old. This was to keep the worst and, especially, the most unsafe vehicles off Mexican roads.

Second, the new rule now limits importation to vehicles 10 years old or less. This doesn't mean ONLY 1998s, it means 1998s and newer. Without knowing, I would guess that Mexico adopted this tighter rule to prevent a flood of cheaper, older vehicles between now and January when the NAFTA widens access the Mexican market for newer vehicles.

Third, there has never been a ban on used vehicles NEWER than the limit. Admittedly, the economics of auto trading makes the older vehicles less expensive, but Mexican dealers buy any vehicle that they judge they'll be able to resell for a profit.

What Mexico DID have were measures to discourage the import of foreign-made vehicles. Many countries adopt measures to protect their balances of trade and payments. These measures (a.k.a. barriers) include quotas, tariffs and taxes. This is what NAFTA will affect, beginning in January. NAFTA won't affect Mexico's ability to protect its people from worn-out junk.

The article is confusing about the effect of the opening of Mexico's market in January to expensive new cars from the USA and Canada.

- Posted by JimG

26. March 5th, 2008 6:30 pm

Only 98's, at least according to this AP article.

 $\label{lem:http://ap.google.com/article/ALeqM5gn2ydMf5dXaYX8UzRipD E-ylG2qQD8V5MLGO2$

Check it out, I guess they could both be wrong.

- Posted by Mark Smith

27. March 5th, 2008 7:38 pm seems like no one wants a ford anymore.with the failing auto maker edjing ever closer to bankruptcy....

- Posted by plang

28. March 7th, 2008 12:50 am

further to my posting #25 and Mark Smith's comment: When I read the AP story, I wondered why Mexico would permit only that one (oldest) year's models,, so I looked into border region newspapers from Texas and California, which IIRC all convey that Mexican authorities allow import of 1998s and newer. I couldn't find the text of the decree in the Mexican government's web sites.

- Posted by JimG

29. March 8th, 2008 10:17 am My father in-law swears that the mid '90s model F150 are the best vehicles around. They will be around for years to come - in Mexico and other places.

http://www.autouniversity.com

- Posted by Shawn Ryder

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