

# Plastics News

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## Firms jointly target Mexican mold market

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**Mexico City** — A trio of companies — two from China and one from Mexico — are hoping that a partnership aimed at building more standardized mold systems can help them pick up business in Mexico's growing market for injection molds.

Mexican mold equipment supplier Privarsa, Chinese mold maker TK Mold Shenzhen Ltd. and Hong Kong-based hot

runner maker Heatlock Co. Ltd. announced the sales partnership at Plastimagen Mexico 2019.

In an interview at Privarsa's booth, the companies said they hope the alliance can fill a gap in the market, providing higher-quality service for molds of 32 cavities and under in the market, rather than the 48-cavity- and-larger molds that are often the focus of global companies.

"We are focused basically on high-level customers, which have, let's say, production lines up to 16, 24, 32 cavities in caps and closures," said Joerg Wehling, general manager of the Shenzhen-based company's Precision Mold Division.

"The advantage here is the big players on the market are usually only looking for 48 cavities and higher," Wehling said. "We are trying to cover the gap with high-quality molds with very good service and with a short lead time."

As well, the companies said their partnership will need to have a strong local education piece. Wehling said having a local partner is key for TK.

Because there's a lack of training programs in Mexico to provide skilled labor, the

country's mold makers rely more on their suppliers for technical advice, said Pablo Vargas Barrera, the managing director of Monterrey-based Privarsa.

"In Mexico, there's no schools for mold making or injection molding," Vargas said. "Customers rely a lot on suppliers. We do a lot of technical support for our customers."

One of the reasons for forming the partnership, Vargas said, is to supply more complete systems to mold makers in the country. Some of its local customers may have bought molds and components from different suppliers and struggle to integrate them, he said.

The partnership is focused on Mexico's domestic market for packaging, whether that's supplied by local Mexican firms or global companies selling in the country, Vargas said.

He said local companies are interested in boosting quality but are looking for more cost-effective options than global suppliers of molds and systems.

"It's getting more sophisticated and companies want better molds, but many companies cannot afford [the global companies]," Vargas said. "They are looking for better quality because the demand and the numbers in terms of production is getting bigger."

Privarsa, which has more than 100 employees and 16 offices around Mexico, supplies equipment to the mold industry.

The partnership is relying on Heatlock to supply hot runners. Calle Helldin, a Swede who founded Heatlock in Hong Kong in 2003, said the three companies have worked together on various projects and about two years ago started discussing whether they could build a business model around lower-cost mold systems that maintained good quality levels.

"We're making hot runners in China, but we are global," Helldin said. "Privarsa is one of our partners around the world. Everything in the world today is about finding partnerships."

"We are extremely standardized, we are extremely streamlined, and that makes us extremely fast and affordable," he said.

Wehling said TK has invested to create more standardized manufacturing methods, with specific mold designs and standardized hot runner systems, for alliances like this one.

He estimated it could shave 20 percent off the cost and 30 percent off the delivery time compared with more custom systems.

"We don't want to offer a cheap solution; we want to offer a reliable solution," Wehling said, meaning warranties and claims that molds can last five to eight years with proper maintenance.

Vargas said Privarsa is also investing in boosting its technical support.

For TK, the alliance is part of a global strategy to grow in new markets like packaging. TK Mold, which is one of China's larger export-oriented toolmakers, is part of TK Group (Holdings) Ltd., a publicly listed plastics firm on the Hong Kong Stock Exchange.

"TK wants to grow in the future in packaging and medical," Wehling said. "We are looking into the right opportunities to find packaging and medical customers around the world, as well as for the local market, but especially we are targeting Mexico because we have a strong partner with Privarsa and we have a reliable hot runner system supplier."

"That is the right step forward for us to grow into packaging and medical," he said.

TK counts the United States as one of its larger markets historically, and Wehling said the company suffered when the U.S. government imposed 25 percent tariffs on Chinese injection molds in mid-2018.

Those were lifted in late 2018, after mold-buying companies in the U.S. protested, but Wehling said the tariffs quickened TK's search for new markets. The alliance with Privarsa and Heatlock is part of that, he said.

"We are looking carefully now into other markets, into the local market in China as well as here in the Latin American market, which is difficult, but we need to look into other markets to not suffer from any other tariffs that might come in the next year," Wehling said.

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