

## CANADA-MEXICO TRADE RELATIONS

Canadian business interest in Mexico is at an unprecedented level because of the exposure given to that emerging market during the North American Free Trade Agreement (NAFTA) negotiations. The reduction of Mexican barriers to be achieved through NAFTA will provide further new opportunities for Canadian goods and services. Canadian firms will be able to expand sales in sectors that were previously highly restricted, such as autos, financial services, trucking, energy and fisheries. Mexican tariffs and import licensing requirements will be **eliminated** -- some immediately on implementation of the NAFTA, and others over 5 to 10 years -- providing barrier-free access to over 85 million consumers.

Mexico is already Canada's largest trading partner in Latin America. Two-way trade totalled over \$3.5 billion in 1992 and has grown appreciably since the mid-1980s. Canada's export performance has been strong in 1993, reaching \$179 million in the first 3 months of the year; an increase of 16% from the same period in 1991.

Canada-Mexico commercial relations have been enhanced by Mexico's accession to the General Agreement on Tariffs and Trade (GATT) in 1986. Since 1988, the Government of Mexico, under the leadership of President Carlos Salinas de Gortari, has initiated a number of important measures to reform the previously closed economy. As a result of these policies, inflation has been reduced from 159 per cent in 1987 to near 10 per cent, and economic growth has been averaging 4 per cent per year. Capital inflows, some of it the repatriation of Mexican capital, have increased to over \$4 billion per year. Total imports grew by nearly 22 per cent in 1991, making Mexico a market of immediate opportunity for Canadian exporters and one of the fastest growing markets in the world.

Canadian business has already begun to take advantage of these new trade measures to increase their presence in Mexico. In 1992, over 4,500 exporters visited the commercial division of the Canadian Embassy in Mexico City. International Trade Minister Wilson officially opened a Canadian trade office in Monterrey, Nuevo Leon, on January 26, 1993 to assist the growing number of Canadians pursuing business in Mexico's industrial north. Increased business interest in Mexico augurs well for the expanded sales of Canadian products and services. This trend will continue. Market reforms and a desire by the Mexican private sector to upgrade its technological capability and global competitiveness will result in increased opportunities for Canadian technologies, products and services. For example, Canadian exports to Mexico of manufactured products increased at a rate of nearly 15 per cent in 1992 and will continue to accelerate over the next decade. Canadian telecommunications, plastics, automotive, machine tooling and metalworking companies have also demonstrated that they can effectively penetrate the Mexican market, with notable sales resulting from increased marketing efforts. Agro-industrial products, particularly processed foods and similar high-end consumer goods, also offer significant market opportunities for Canadian firms.