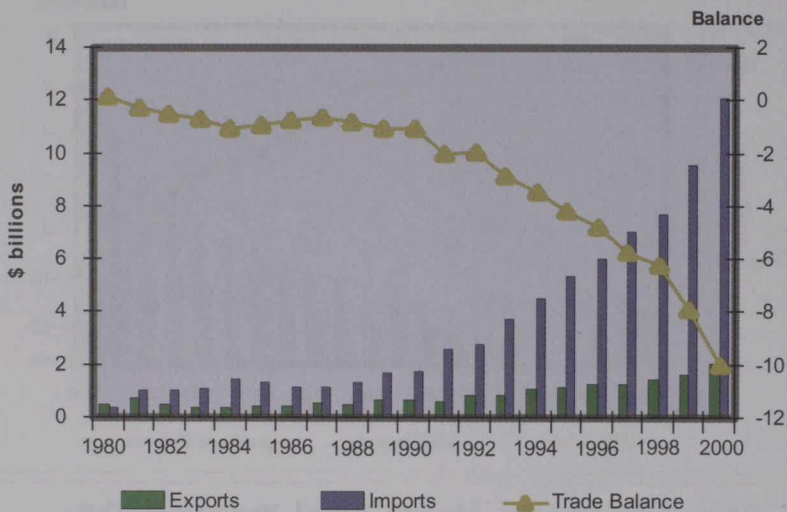


the NAFTA came into effect, exports to Mexico increased strongly at a compound annual rate of 13.8 percent, despite the depreciation in Mexico's new peso from a high of \$0.4315 in February 1994 to a low of \$0.1490 in September 1998. In 1993, exports to Mexico made up for 23.8 percent (\$0.83 billion) of the total FTAA₃₂ share in exports and by 2000, they shot up to 34.9 percent (\$2 billion).

□ The top exports to Mexico are vehicles/aircraft/vessels; vegetables; machinery/mechanical appliances; live animals; and wood pulp.

Figure C4: Canada's Trade with Mexico



During the period 1993-2000, imports from Mexico increased steadily at a compound annual rate of 18.3 percent, substantially higher than the growth in exports. This reflects, in part, an increase in the import price of crude petroleum. This served to increase Mexico's share in Canada's imports from the FTAA₃₂ countries, from 59 percent in 1993 to 67 percent by 2000. Imports went up from \$3.7 billion in 1993 to \$12.1 billion by 2000, an increase of more than 200 percent. Canada has become Mexico's second-largest export destination. As a result of this dramatic increase in Canada's imports from Mexico, the deficit in trade with Mexico increased from \$2.9 billion in 1993 to \$10 billion in 2000.

□ The top commodities imported from Mexico are machinery/mechanical appliances; vehicles/aircraft/vessels and associated transport equipment; miscellaneous manufactured articles; base metals; and mineral products including crude petroleum.

Brazil

Brazil is the most important destination for Canadian exports in Latin America and the Caribbean (excluding Mexico). In the period 1989-2000, Brazil made up 22.7 percent of Canada's exports to FTAA₃₂ countries. However, due to the financial crisis and the accompanying economic slowdown in that country, exports to Brazil were down 25 percent in 1999, from \$1.4 billion in 1998 to \$1 billion in 1999 recovering slightly to \$1.1 billion in 2000.

□ The top categories of exports to Brazil are vehicles; aircraft, vessels and associated transport equipment; mineral products; chemicals; machinery and mechanical appliances; electronic equipment; sound and television recorders/reproducers; wood pulp; and paper products.

Canada's imports from Brazil have trended up over the last 20 years, except in 1990-1991 when Canada was in a recession. On average, Brazil made up 13.1 percent of Canada's imports from the FTAA₃₂ countries over the period of 1989-2000. Imports from Brazil increased at a compound annual rate of 2.6 percent over the same period. The trade balance with Brazil worsened from a \$373 million surplus in 1997 to a deficit of \$432 million in 2000.

□ The major commodities imported from Brazil are foodstuffs; beverages; spirits and vinegar; tobacco; machinery/mechanical appliances; electronic equipment and parts; vegetables; metals; and minerals.