to Mexican figures, in 1989, 1.9% of Mexico's imports came from Canada, while 1.2% of its exports were to Canada. This makes Canada Mexico's fifth largest exporter and sixth largest importer.

Such figures support the possibility expressed by Mexican and United States authorities of creating a North American free market. The negotiations of a free market agreement between the United States and Mexico are underway. With its coming into effect, and with the existing Canada-United States agreement, the feasibility of an open market across North America is probable.

3. MARKET ASSESSMENT

The total Mexican market for sporting goods and leisure related products and equipment, as described above, amounted to $119 million in 1987. In 1988, total apparent consumption of these products grew by 47.9%, driven by a 230% increase in imports as they became freely available through the trade liberalization policies, together with the gradual economic recovery and reduced inflation, which both increased disposable income. In 1989, apparent consumption increased by another 28% to $225 million, driven by the same forces. These growth rates are not expected to continue in the future, but a healthy annual rate of six percent is expected to take total demand to $301 million by 1994, in view of Mexico's economic growth forecasts and the increasing importance of sports and leisure in these circumstances. While in 1987 imports accounted for 23% of total demand, in 1988 this share increased to 31% and further to 63% in 1989, representing import sales of $142.5 million up from $89.5 million in 1988. The elimination of prior import permits and the reduction of import duties payable on consumer products analyzed in this report have been extremely influential in changing the structure of the Mexican market for leisure related products.

TABLE 1
TOTAL APPARENT CONSUMPTION OF SPORTING GOODS AND LEISURE PRODUCTS
(million dollars)

	1987	1988	1989	1994p
Production	110.4	107.2	106.9	123.9
+ Imports	27.2	89.5	142.5	209.9
- Exports	18.6	20.7	24.2	32.4
TOTAL	119.0	176.0	225.2	301.4