

THE ROLE OF FOREIGN TRADE

Imports of fish and seafood products fell by 61 percent in 1995 as a result of the devaluation of the Mexican peso. The market is gradually bouncing back as the recovery takes hold.

Mexico is a net exporter of fish and seafood products, but it relies on imports for some products, most of which fall into the luxury categories. By weight, imports account for only about 1.3 percent of domestic sales, but there are important markets for certain niche products. Mexico's export markets are heavily oriented towards shrimp and tuna, which make up more than 70 percent of this market. In 1995, about 88 percent by value of Mexico's exports went to the United States. Other important markets were Japan, South Korea, Singapore, Costa Rica and Spain.

Imports were sharply curtailed as a result of the December 1994 devaluation, which roughly doubled the cost of imports. Total fish and seafood imports fell by 61 percent from US \$101.6 million in 1994, to \$40.1 million in 1995. The US claims about half the import market.

Canada's share of the import market rose from 9 percent in 1994, to 11 percent in 1995, although sales fell from US \$9.1 million to US \$4.4 million as a result of the devaluation crisis. This market share is considerably higher than for most other food products. Smoked, dried and salted fish of all types made up close to half of Canada's 1995 exports, and this category was the only one to increase during 1995. Dried cod is the most important single product, with 1994 sales of US \$1.5 million. Cod and hake are the most popular species sold in the chilled category, with US \$1.2 million in 1994 sales. Canadian exports of fresh lobsters, which amounted to about US \$342,000 in 1994, dropped sharply to only US \$52,000 in 1995, reflecting the luxury status of that product.

Other countries with a significant share of the Mexican import market include Norway and Chile, both of which are major exporters of smoked salmon, which is very popular in Mexico. Canada has not yet made major inroads in this market. Smoked salmon from Canada totalled US \$45,000 out of a total import market US \$3 million in 1994. Mexican imports of smoked salmon plummeted by 73 percent in 1995, and Canadian sales fell to less than US \$10,000.

Seafood imports increased in the second half of 1996 as Mexico's economic recovery took hold. Imported products are also slowly regaining competitiveness, as high rates of domestic inflation, about 27 percent in 1996, work their way through the cost structures of Mexican producers.