

3% in 1991 in real terms, private investment and consumption expanded 13.6% and 5.2% respectively and public investment was up 12.8%. During the 1992-1994 period, the GDP is expected to maintain an average annual growth rate of 4%-5%. Preliminary figures place GDP growth at 4% for 1992.

In an effort to revitalize and open the Mexican economy, the Mexican Government undertook a series of structural changes, including the accession to the General Agreement on Tariffs and Trade (GATT) on August 24, 1986 leading to an extensive trade liberalization process: import permits were eliminated on all but 325 of the total 11,950 tariff items based on the Harmonized System adopted in 1989. Official import prices are no longer applicable, nor the 5% export development tax, and import duties were lowered from a maximum of 100% in 1982 to 20% in January 1988. The weighted average tariff rate is now 10.4%. The automotive and computer industries have also been liberalized, through the elimination of prior import permits, to allow free entry of products in these industries. The approval of the North American Free Trade Agreement will further strengthen trade between Canada, the United States and Mexico.

According to official data from the Mexican Secretariat of Commerce and Industrial Development (SECOFI), Mexico's trade balance dropped once again in 1991 to a \$10.4 billion deficit from -\$3 billion in 1990. Exports increased by 2.6% in 1991, from \$26.8 billion to \$27.6 billion, while imports grew 22.2%, from \$29.8 billion to \$38 billion in 1991, having already increased 27.2% in 1990 from \$23.4 billion in 1989.

Total Mexican imports from Canada increased 24% in 1989, then decreased 1.5% in 1990 and again by 26% in 1991. Total Canadian exports to Mexico amounted to Cdn\$594 million in 1990 and Cdn\$440.8 million in 1991, while total Canadian imports from Mexico were valued at Cdn\$1,730 million in 1990 and Cdn\$2,574 million in 1991. According to Mexican figures, in 1990, 1.6% of Mexico's imports came from Canada, while 0.8% of its exports were to Canada. This makes Canada Mexico's sixth largest exporter and fifth largest importer.

3. MARKET ASSESSMENT

The total market for safety and security products experienced a major surge of 27.3% in 1990, reaching \$119.8 million, as compared with \$94.1 million in 1989. Already in 1989, the market had increased 17.5% and 16% in 1988. This growth pattern has clearly been driven by the continuous increase in imports, which have grown an average of 52% annually since 1987 in response to Mexico's trade liberalization policies, the general economic growth of the country, the reduced inflation and devaluation rate of the peso vis a vis the dollar and other foreign currencies, the general rise in awareness regarding safety and security, and a general backlog in demand for these products. In the years to