

## THE MARKET IN BRIEF

In August 1992, senior trade officials from Canada, Mexico and the United States announced the conclusion of negotiations on the North American Free Trade Agreement (NAFTA). Once ratified with expected implementation in 1994, the agreement will create the largest free trade zone in the world, encompassing 365 million consumers with a combined gross national product (GNP) of over \$6 trillion. Mexico is already Canada's largest trading partner in Latin America, with two-way trade exceeding \$3.1 billion in 1991. This is expected to double before the end of the decade as NAFTA gradually eliminates tariffs and licensing requirements that protected the Mexican market from outside competition, evident in the fact that Canadian exports to Mexico increased dramatically in the first three-quarters of 1992. Mexican policy measures over the past eight years have made the economy more market-oriented than previous, and have enabled Mexico to become a full partner in the globalization of the world economy.

NAFTA will open many new market prospects for Canadian fish and processed food products, even though Mexico is largely an unknown territory to many Canadian exporters. Based on current trends within the Mexican economy, markets for Canadian food products should continue to grow at a substantial rate over the next few years. Changes in eating patterns in Mexico, due to increased urbanization and increasingly higher incomes, are creating a situation where numerous exciting and new opportunities exist for marketing activities developed and implemented by Canadian food exporters. Success in Mexico requires a detailed knowledge of the market, in addition to providing competitive products suited to newly emerging Mexican requirements.

Mexico's total apparent consumption of fish, crustaceans, and mollusc increased 13% on average during the last four years to currently exceed one million tons. The Mexican market for these products is expected to continue increasing at an average annual rate of 3.5% to reach US\$1.2 billion by 1994. Canada has a 4.2% average share of the import market concentrated in fresh and frozen processed fish, in particular salmon, cod, hake, lobster and crab. The Mexican processed food products market also offers significant sales potential for Canadian firms. Canadian specialty food products have developed a market niche in Mexico despite U.S. competition.

Mexico has embarked on an exciting new era by shedding its inward-looking past and joining the global economy. Foreign investment has been liberalized; the NAFTA will eventually eliminate tariffs between Canada and Mexico; many non-tariff trade barriers have been removed; and outdated and unnecessary regulatory obstacles are being eliminated. Mexico is building stronger economic relations based on liberalized trade throughout the world, especially on the North American continent. Canadian fish and food exporters are well positioned to enjoy tangible benefits resulting from increased exports to the Mexican marketplace. The number of visitors to the Canadian Embassy in Mexico City more than quadrupled in the first half of 1992, evidence of an increased interest in a marketplace that has largely been ignored by Canadian exporters.