

CANADA - MEXICO TRADE

Mexico is Canada's leading trading partner in Latin America with two-way trade increasing at a rate of over 10% per annum since the mid-1980's.

The bilateral trade between our countries amounted to \$2.2 billion in 1989, with Mexico shipping \$1.6 billion in goods and Canada reciprocating with exports worth over \$600 million.

The change in composition of Mexican exports to Canada over the course of the 1980's is indicative of the economic transition within the country itself. It is now clear that Mexico is a competitive industrial economy. The bulk of Canada's imports from Mexico are now manufactured end-products, while crude oil imports have fallen significantly from the 82% share that this commodity held in the early years of the decade. In fact, Mexico's exports of manufactured goods, such as automotive, communications and consumer products, now account for two-thirds of total shipments to Canada.

Other major Mexican export items include electronic machinery and parts, and precious metals, metal ores and crude materials, crude oil, coffee, vegetables, and fruit.

Automotive products, accounting for 40% of Mexico's total exports to Canada in 1988, are now the most significant contribution to export growth. Since 1985, shipments have exceeded \$600 million each year. Although mostly produced by branch plants in Mexico, a growing share of these products are originating from the plants of the independent autoparts manufacturers.

Radios, televisions and related electronic products totalled \$98 million in 1988. Office and data processing equipment has shown remarkable growth, from a level of \$13 million in 1985 to \$96 million in 1988. Steel manufactures at \$39 million, and fruits and vegetables at \$60 million also have shown dramatic increases in only a few years, and imports of precious metals, at \$71 million, were more than three-times their 1987 level.

Canada's exports to Mexico include a substantial level of manufactured goods as well as the traditional mixture of raw and semi-refined resource products. Motor vehicle related products are also the largest item in Canadian exports to Mexico, accounting for \$71 million in 1988. Other important manufactured exports in 1988 included telecommunications equipment (\$16 million), data processing equipment (\$12 million) and steel manufactures (\$41 million).

During the 1980's, Canada supplied steadily increasing quantities of traditional commodity exports to Mexico. In 1988 alone, significant sales were recorded for skim milk powder (\$42 million), wheat (\$38 million), Canola oilseed (\$56 million), wood pulp (\$36 million), newsprint (\$7 million), potash (\$15 million) and asbestos (\$8 million).