

would enable Canadian suppliers to recapture up to one-half of the total seed for crushing market, provided, of course, the price differential is eliminated. The prospects for exports of canola meal to Mexico are limited in view of the supply of lower cost meal from Mexican crushers and the competition from US soyameal.

It is anticipated that under a free trade environment with the US and Canada over the long term, the production of oilseeds (soybean and safflower) in Mexico will decrease significantly signalling increased imports from foreign suppliers. Thus it is estimated that depending on favourable price relationships, the import volume of LEAR/canola and products could increase substantially. Should Canadian canola seed become price competitive and regain some market share an effort should be made to position it as a premium oil similar to olive oil. Olive oil retails for about 20,000 pesos per litre vis a vis the price of blended vegetable oils containing canola oil of about 3,050 pesos per litre. Even a small portion of this higher pricing margin would provide sufficient incentive and resources for the Mexican distributors and retailers to promote canola as a distinct health oil. However, this would not preclude the continued blending for canola oil with other oils in least cost formulations.

In this regard some effort should be directed by Canadian suppliers and/or the Canola Council of Canada at persuading with financial assistance a major Mexican crusher/refiner distributor to market canola oil labeled as "pure Canadian Canola oil" and promote and establish it in the consumers mind as a superior health oil. Should this occur, an effort should be made to restrict the use of the term to Canadian origin canola. This would, of course involve the use of Mexican legal counsel and consequent legal expenses.

- 8) There are no "significant discrepancies" in our view in the Oil World statistics vis a vis official Mexican statistics and our knowledge of this market.

Mexican oilseed production in 1992/93 is estimated by the Mexican Oil Industry Council at 1,246,300 tonnes with soybeans accounting for 713,000 tonnes of that total.