

# THE WORLD'S RICHEST MARKET

## MARKET ACCESS UNDER THE NAFTA

**T**he North American market of 370 million consumers is the richest single market in the world. Combined retail food, beverage and food service sales in this market reach and estimated \$850 billion annually (see Figure 8).

Under the terms of the Canada-U.S. Free Trade Agreement, international companies investing in Canada gain tariff-free access to the U.S. market. The North American Free Trade Agreement (NAFTA) extends this access further by including most goods and services as well as by including Mexico.

Most Canadian food and beverage exports already enter the U.S. duty-free. Duties on the remainder will be eliminated under the schedule set out in the Canada-U.S. agreement, the provisions of which continue to govern bilateral trade in food and agriculture under the NAFTA.

Within the NAFTA, Canada negotiated separate bilateral provisions with Mexico to govern food and agriculture. This gives Canadian-based companies assured and preferential access to the Mexican market. In fact, Canadian food exporters are already benefiting from Mexico's elimination of both tariff and non-tariff barriers.

Because trade within North America is complex, the NAFTA also provides for an impartial trade dispute settlement mechanism. This has already been appealed to in order to remove trade barriers for a

number of Canadian-made products. Canada also enjoys a special exemption from U.S. tariffs imposed under the General Agreement on Tariffs and Trade (GATT).

Demand for food and beverage products will continue to grow in North America. The combined populations of Canada, the United States and Mexico are increasing at a modest, yet steady rate of approximately 2 percent per annum. With this rate of growth, there will be nearly 400 million consumers in North America by the year 2000. To put this into perspective, the increase of 30 million over the coming five years is slightly larger than the size of the entire Canadian market in 1995.

**Figure 8.**  
**The World's Richest Market, 1994**



Source: Agriculture and Agri-Food Canada, USDA.