

Since separate market profiles on petroleum, plastics and textiles are available from the Department of Foreign Affairs and International Trade (DFAIT) as part of its *Export i Mexico* series, this publication focuses on chemical products as defined in Chapter 28 and 29 of the harmonized system of commodity classification (HS). Data are presented in this section at the HS 4-digit level of detail for both inorganic and organic chemicals. Chemicals which Mexico imports — not from Canada — are presented in a separate table.

The statistics shown here are based on Mexican customs data. They indicate that total chemical imports fell by 12 percent to US \$1.9 billion in 1995. More than half of these imports originated in the United States. Canada's market share was less than 1 percent, with sales totalling US \$13.3 million in 1995, a drop of about 6 percent from the previous year.

These estimates of Canada's exports to Mexico are substantially larger than corresponding statistics published by Statistics Canada. According to Canadian government data, 1995 exports of Chapter 28 and 29 chemicals to Mexico were only C \$3.5 million, down from \$7.1 million in 1994. Import statistics are usually preferable to export statistics because the need to collect duty and taxes makes their collection more rigorous. Canada's exports to Mexico are often undervalued because of transshipments through the United States. Since 1994, the use of NAFTA certificates of origin have minimized this problem, so the discrepancies result mainly from non-reporting or mis-reporting by Canadian exporters.

In addition to the recorded exports there is also substantial Canadian value added incorporated into American chemical exports to Mexico. Several chemical companies interviewed for this profile reported increased integration with US affiliates over the past few years.

Canada's sales of inorganic chemicals increased by 23 percent in 1995, in spite of Mexico's economic crisis. Phosphates made up more than half of the total. Other important inorganic exports include hydrogen peroxide, precious metals and their compounds, radioactive chemicals and titanium oxides.

Exports of organic chemicals fell by 30 percent in 1995. The leading products were oxygen-function amino-compounds and heterocyclic compounds, which together made up almost two-thirds of the total.