

Supporting Canada's Exporters



The Challenge

Canada's trade with Mexico has increased steadily since Mexico unilaterally liberalized its trade regulations, beginning in the late 1980s. Between 1990 and 1996, Canada's exports to Mexico rose by 270 percent, according to Statistics Canada data. Exports surged by 36 percent in 1994 alone, the first year of the North American Free Trade Agreement (NAFTA). During the past few years,

Mexico's imports from Canada have increased faster than imports from the United States and from the rest of the world (see chart below). As a result, Canada's share of the Mexican import market rose to 2.0 percent in 1996 from about 1.5 percent in 1992. Mexico's imports showed strong growth in 1996, reflecting the relative stability of the peso. Assuming the currency remains stable, the increase in imports suggests substantial long-term opportunities.



Sources: Statistics Canada, World Trade Statistics 1992-94; and World Trade Atlas 1995-1996.

The potential of the Mexican market has been recognized by many Canadian companies. Still, many other Canadian firms offering products and services that could meet emerging Mexican needs have not yet discovered that market.

For companies aware of the opportunities, moving into Mexico can be a daunting endeavour. Although distance is no longer a real barrier — Mexico City is no further from Montréal than is Vancouver — language and cultural differences can create significant obstacles. Moreover, Mexico has only recently emerged from decades of protectionism. As a result, many Mexican companies are unaccustomed to an open market, and their management techniques are slow to adapt to the newly liberalized trading environment. Market information is also much more difficult to obtain in Mexico than it is in Canada.

The need to deal with rapidly expanding opportunities presents Canada's Trade Commissioner Service with a major challenge. In response to this challenge, the Latin America and Caribbean Bureau of the Department of Foreign Affairs and International Trade (DFAIT) is reorienting its programs to make better use of its resources. The Action Plan for Mexico reflects a major re-engineering of the entire process of trade promotion.

The Team

The Team Canada concept underlies the new approach to supporting Canada's exporters. It stresses the use of DFAIT's Trade Commissioner Service as the delivery arm for co-ordinated trade promotion efforts by various federal government departments. DFAIT's role within the team is to identify and assess newly emerging markets, to improve Canadian access to those markets and to provide market intelligence and support in Mexico. These functions mesh closely with those of DFAIT's Team Canada partners, including other federal

government departments and agencies (such as Environment Canada, Industry Canada, Agriculture and Agri-food Canada, the Atlantic Canada Opportunities Agency, the Federal Office of Regional Development-Quebec and Western Economic Diversification) and the provincial governments. These domestic partners help exporters become export-ready before they leave Canada. Improved links between the Mexico- and Canada-based members of the team will ensure that timely market information prepared by DFAIT reaches users who access delivery systems based in Canada.

Trade commissioners are located in Canada's Embassy in Mexico City, in consulates in Monterrey and Guadalajara, and in the Mexico and Inter American Division in Ottawa. In addition, Industry Canada trade specialists are found in the International Trade Centres (ITCs) located in every Canadian province. Canada Business Service Centres (CBSCs) are also located in every province to provide a broad range of information and referral services. The DFAIT Enquiries Service in Ottawa and the ITCs and CBSCs in the regions are often the first points of contact for companies seeking export information on Mexico.

Team Canada has a major job ahead. The number of Canadian companies exporting to Mexico is expected to double over the next few years. As well, the needs of Canadian exporters have become more sophisticated and more diverse. Some companies are experienced exporters with very specific needs for assistance in expanding their Mexican base. Others are small to medium-sized enterprises (SMEs) with excellent products and services but little export experience; these need exposure to Mexican opportunities, culture and practices. Team Canada's challenge is to use the limited resources available to provide both types of exporters with the support they need and expect.