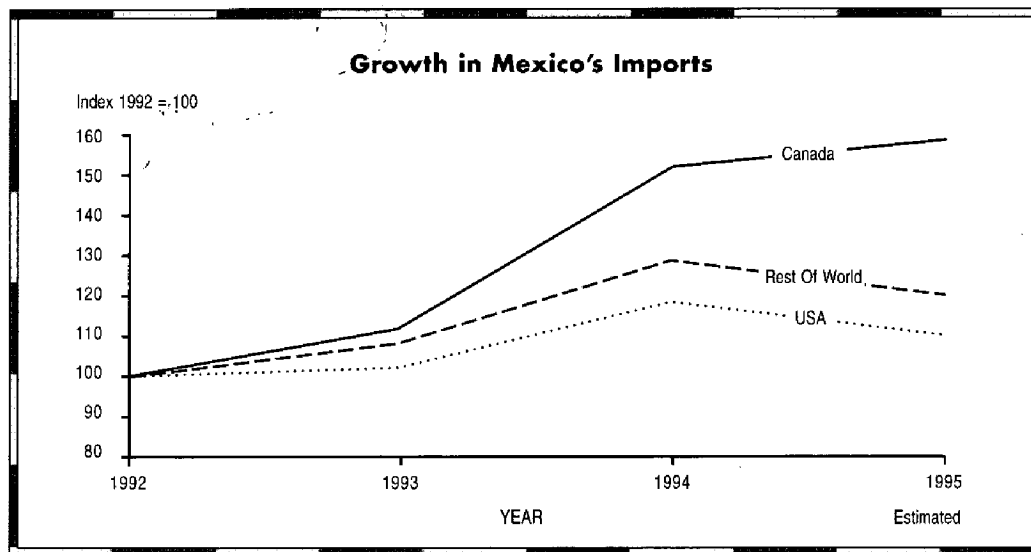


SUPPORTING CANADA'S EXPORTERS

THE CHALLENGE

Canadian trade with Mexico has increased steadily since Mexico unilaterally liberalized its trade regulations, beginning in the late 1980s. Between 1990 and 1994, Canada's exports to Mexico rose by 233 percent, according to Statistics Canada data. Exports surged by 36 percent in 1994 alone, which was the first year of the North American Free Trade Agreement (NAFTA). Over the past few years, Mexico's imports from Canada have increased considerably faster than imports from the United States and from the rest of the world. As a result, Canada's share of the Mexican import market rose to 2.1 percent in 1995, from about 1.5 percent in 1992. During the same period, the U.S. share fell from 74.5 percent to 72.9 percent. The Mexican economic crisis, and the resulting devaluation of the peso, led to a substantial decrease in imports from most other countries during 1995. In spite of this downward trend, imports from Canada rose by another 5 percent according to Statistics Canada export data. These successes, combined with a relatively low overall market share, suggest substantial long-term opportunities. For example, a doubling of Canada's market share to 4 or 5 percent would mean exports worth more than US \$3 billion. [Statistics Canada catalogue no. 65-003-XPB]



Statistical note: Data for 1990 to 1994 are from the Statistics Canada World Trade Database (WTDB), which is based on US dollars. The estimate for 1995 percentage growth is from Statistics Canada export data for Canada, (catalog no. 65-003) which is expressed in Canadian dollars. Import and export estimates between trading partners rarely agree, and Statistics Canada substitutes corrected Mexican import data for its own export statistics once the former becomes available. Since import data is reported to the United Nations expressed in United States dollars, Statistics Canada retains this convention and publishes the entire WTDB for the world on that basis. Prior to 1994, Mexican imports from Canada were underestimated because of the mis-counting of some transshipments through the United States. Some of the 1994 increase is probably due to better reporting based on NAFTA certificates of origin.