

THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

The NAFTA expands Canada's free-trade area of 270 million people into a market of 360 million — a market larger than the population of the 15 countries of the European Union and one with a total North American output of \$7 trillion.

Mexico is Canada's most important trading partner in Latin America. Two-way merchandise trade with Mexico exceeded \$5.5 billion in 1994 and is expected to exceed \$7 billion by the end of the decade.

Canadian direct investment in Mexico is growing rapidly, increasing from \$452 million in 1992 to over \$1.2 billion in 1994.

This guide has been prepared with the problems inherent to the new exporter in mind. However, it is not exhaustive. The differing circumstances, interests and needs of individual companies will influence their strategies for the Mexican market.

Further assistance can be obtained by addressing requests to the International Trade Centres (see Where To Get Help) or contact the InfoCentre at:

Tel: 1-800-267-8376 or (613) 944-4000
Fax: (613) 996-9709
FaxLink: (613) 944-4500
InfoCentre Bulletin Board (IBB):
1-800-628-1581 or (613) 944-1581

TABLE OF CONTENTS

| | |
|--|----|
| OVERVIEW | 7 |
| 1. INTERNAL EVALUATION | 8 |
| Product and/or Service | 8 |
| Operations and Production Processes | 8 |
| Technology and Process Issues | 9 |
| Market Responsiveness | 10 |
| Corporate Capacity and Resources | 11 |
| Subcontractor and/or Supplier Capacity | 11 |
| Strategic Analysis | 11 |
| 2. EXPORT READINESS: DIAGNOSTIC | 12 |
| Human Resources | 12 |
| Financing | 12 |
| Other Resources | 13 |
| Skills | 13 |
| Business Leads | 13 |
| Strategic Analysis | 14 |
| 3. TARGET MARKET DEFINITION | 14 |
| Competitive Situation | 14 |
| Customer Analysis | 15 |
| Strategic Analysis | 15 |
| 4. SELECTION | 16 |
| Basic Market Information | 16 |
| Target Market Profile | 16 |
| Market Structure | 16 |
| Marketing and Distribution Infrastructure | 17 |
| Strategic Benefits | 17 |
| Market-specific Competitive Analysis | 18 |
| Considerations Related to the Foreign Business Environment | 19 |
| Political, Legal and Regulatory Requirements | 19 |
| Social and Cultural Factors | 19 |
| Economic Factors | 20 |
| Technological Considerations | 20 |
| Market Factors | 20 |
| Target Market Operations and/or Production Factors | 21 |
| Strategic Analysis | 21 |
| 5. ENTRY | 22 |
| Information Needs | 22 |
| Popular Market Entry Options | 22 |
| Partnering Requirements | 26 |
| Current Capabilities | 26 |
| Partnering Objectives | 26 |
| Strategic Analysis | 27 |