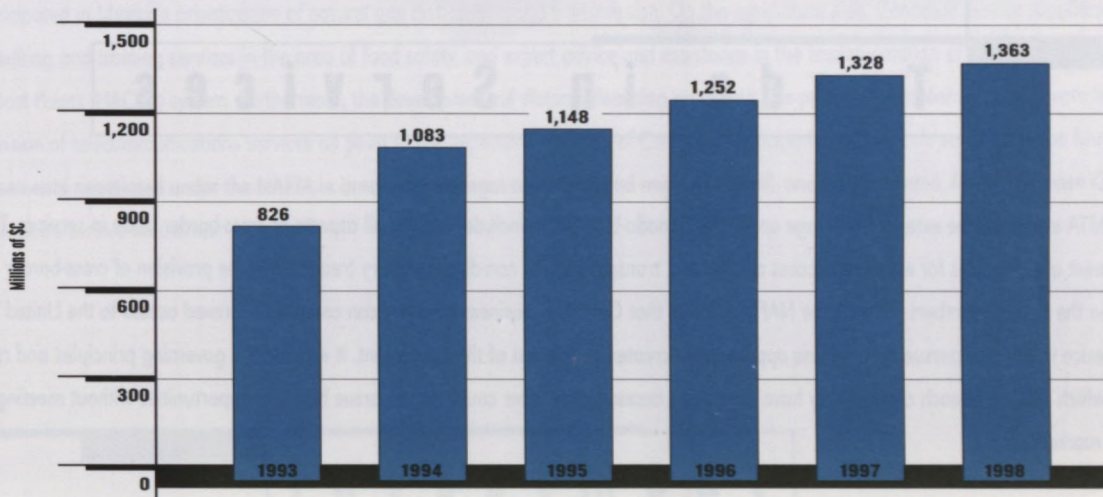


An important benefit of the NAFTA for Canada has been the much improved access to the Mexican market. Canadian firms have been able to expand sales in sectors that were previously highly restricted, such as automotive products, financial services, trucking, energy and fisheries. Also, Canadian exports have become steadily more diversified, with value-added manufactured products accounting for the largest share of total exports to Mexico in 1998. Mexico is now Canada's 13th largest export market and fourth largest import source.

Despite the economic adjustments required in Mexico as a result of the financial crisis of December 1994 and its aftermath, Canadian exports to Mexico have risen consistently since the implementation of the NAFTA, reaching \$1.4 billion in 1998, an increase of 65% over the Agreement's first five years. Canadian imports from Mexico have more than doubled since 1993, increasing to \$7.6 billion by 1998. Overall, two-way trade between Canada and Mexico has shown impressive growth over the NAFTA's first five years, doubling to \$9 billion in 1998. It is important to note that existing statistics are believed to significantly under-report the true magnitude of Canadian exports to Mexico given the high estimated volume of transshipment via the United States. This in turn results in considerable variance in our respective national trade statistics (with Mexican figures showing bilateral trade at \$11 billion and Canadian exports to Mexico at more than \$3 billion in 1998). The statistical agencies in the three NAFTA countries are cooperating with a view to reconciling discrepancies between them, and this work is continuing in 1999.

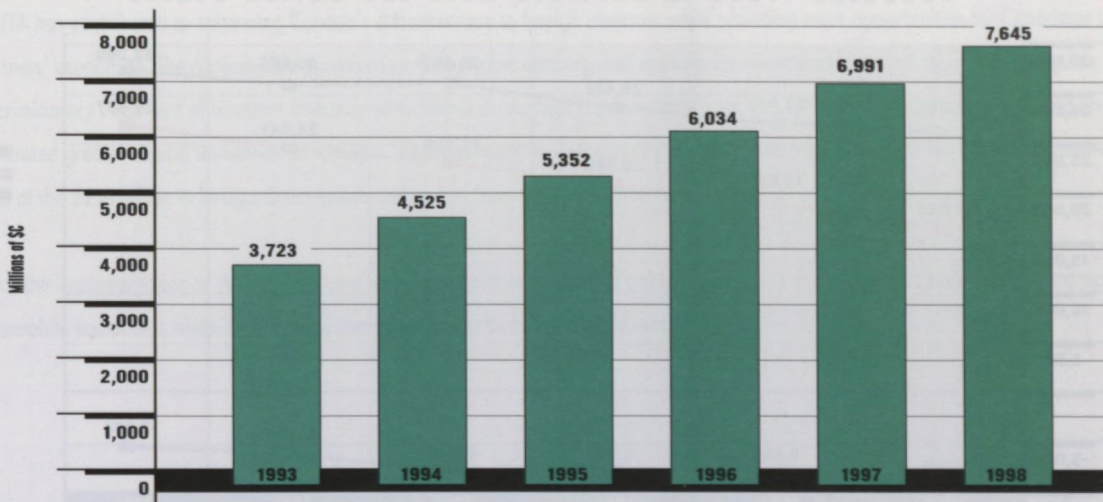
Ongoing market liberalization efforts in Mexico, particularly in the energy, banking, telecommunications and transportation sectors, continue to create opportunities for Canadian exporters. As the Mexican economy evolves and strengthens, its demand for Canadian goods and services will continue to increase.

### Canadian Merchandise Exports to Mexico



Customs Basis, Statistics Canada

### Canadian Merchandise Imports from Mexico



Customs Basis, Statistics Canada