

CANADA-MEXICO TRADE

Mexico is Canada's largest Latin American trading partner and ranks seventeenth (17th) in our global trade. Two way trade exceeded Cdn \$1.8 billion in 1988, with Mexico enjoying an \$800 million surplus with Canada. Non-oil exports by Mexico have increased dramatically since the mid-1980's, accounting for this imbalance.

Canadian exports to Mexico totalled \$487 million in 1988. There has been a substantive change in the composition of our exports. Since the 1970's agricultural products have grown from 13% to 32% of total exports, while end-products decreased marginally from 33% to 28% in 1988. Major export items include grains and oilseeds, wheat, sulphur, potash and pulp and paper products, as well as automotive and telecommunications equipment.

Canadian imports from Mexico have changed character more dramatically. Crude oil, which dominated in the early 1980's, has been displaced by manufactured goods and agricultural products as key elements of Mexican sales in Canada. Automotive, electronics, appliances and office automation/data processing equipment have, in particular, shown spectacular growth, rising from about \$20 million in the late 1970's to \$600 million by 1987. These products now account for over half of total Mexican exports to Canada and have shown increasing ability to compete effectively with similar Canadian-manufactured goods.

It is expected that trade between Canada and Mexico will continue to grow in the near term, and could reach \$5 billion by 2000. Canada is focussing promotional efforts to take advantage of significant market liberalization initiatives implemented since Mexico's 1986 accession to the GATT, which have resulted in the removal of a wide range of tariff and non-tariff barriers. Recommended sectors of concentration for Canadian exporters include transportation, telecommunications, agro-industry, mining and environmental protection products and services, which have been designated by Mexico as priorities. The privatization of a number of state-owned enterprises and strengthening of the Mexican private sector, should also result in significant new opportunities for expanded Canadian trade and investment with Mexico.