

System adopted in 1988. Official import prices are no longer applicable, nor the 5% export development tax, and import duties were lowered from a maximum of 100% in 1982 to 20% since January 1988. The weighted average tariff rate is now 10.4%. The automotive and computer industries have also been liberalized, through the elimination of prior import permits, to allow free entry of products in these industries. The approval of the North American Free Trade Agreement will further strengthen trade between Canada, the United States and Mexico.

According to official data from the Mexican Secretariat of Commerce and Industrial Development (SECOFI), Mexico's trade balance in 1990 dropped once again to a \$3 billion deficit from -\$645 million in 1989. Exports increased by 17.5% in 1990, from \$22.8 billion to \$26.8 billion, while imports grew 27.3%, from \$23.4 billion to \$29.8 billion in 1990, having already increased 23.8% in 1989 and 54.9% in 1988. As of September 1991, total exports for the year amounted to \$20.7 billion and imports to \$27.2 billion.

Total Mexican imports from Canada increased 24% in 1989 and decreased 1.5% in 1990. Total Canadian exports to Mexico amounted to Cdn\$594 million, while total Canadian imports from Mexico were valued at Cdn\$1,730 million in 1990. According to Mexican figures, in 1989, 1.9% of Mexico's imports came from Canada, while 1.2% of its exports were to Canada. This makes Canada Mexico's fifth largest exporter and sixth largest importer.

### **3. MARKET ASSESSMENT**

Mexico is highly dependent on imported technology to cover its industry's needs for high technology products and inputs. Despite continuous efforts of the Mexican Government to increase the percentage of national integration in the production of electronic products, the Mexican electronics industry still relies heavily on imported inputs, particularly in the high technology area.

Between 1983 and 1988, the total demand for electronic components has increased at a steady annual average rate of approximately 14%, 1988 topping all expectations with apparent consumption valued at \$165.2 million, up from \$127.0 million in 1987 (see Table 1). 1989, showed a further 5% growth to place total demand at \$172.9 million, while in 1990 the market grew 12.3% for a total of \$198.1 million.