limited. However, as Mexican standards of living rise, opportunities may be created at the upper end of the market for specialty foods from Canada.

3. Fishery Products

In 1989, Mexico's fish catching goal was 1.36 million tons from ocean stocks and 200,000 tons from fish farms. Shrimp production is an area of growth, but Mexican shrimp is a different market size compared to Canadian shrimp. In the period 1981-86, Mexico's fish exports ranged between $371 U.S. million and $49.4 U.S. million, while imports were generally less than $10 U.S. million.

Key Canadian fishery product exports to Mexico in 1989 were: hake ($736,000), salted fish ($422,000), and fish fresh or chilled (species not specified $854,000). The principal fishery import from Mexico in 1989 were shrimps valued at $2.2 million.

A preliminary analysis suggests that a free trade agreement that linked Canada and Mexico would not have major trade implications for the fishery sector. Some opportunities might emerge for lower priced Canadian species in Mexico and saltfish. Some opportunities for Canadian/Mexican joint ventures could develop, based on Canadian infrastructure/technology investment.

4. Alcoholic Beverages

Non-tariff barriers are of greater significance to trade in alcoholic beverages than tariffs.

The alcoholic beverage sector is increasingly global in its approach to trade and investment. A bilateral U.S.-Mexico agreement would not likely have any significant impact on Canadian interests. A trilateral agreement is not expected to have a significant impact on Canadian trade in distilled beverages or wines, but may exert further pressure on the Canadian beer sector.

II RESOURCE-BASED PRODUCTS

1. Iron and Steel

Mexico's iron and steel exports to Canada are not very significant and would not greatly affect our industry in the event of a free trade agreement. However, Mexican goods could displace other countries' exports in the U.S. market. This would primarily affect exports from countries outside North America since Canada and Mexico sell into different markets in the U.S. Canada focuses on the northeast and midwest U.S. states, whereas Mexico focuses on the U.S. southern states. Transportation costs and quality factors make it unlikely that Mexican steel will make inroads in the near future into Canada's major U.S. steel markets.