

1. BACKGROUND

The Mexican market for leisure related products encompasses a variety of consumer product categories, including sporting goods, saddlery, sporting arms and ammunition, athletic footwear and apparel, boats and recreational vehicles, bicycles and motorcycles and adult games. All of the above areas have been greatly benefitted by Mexico's trade liberalization policies adopted after its accession to GATT in August of 1986, in particular by reduced tariffs and the elimination of import permit requirements on many items under this category. These changes in commercial policy have opened new opportunities to Canadian manufacturers wishing to export their products to the thriving Mexican consumer market.

There are 70 sports federations in Mexico, to which 6.5 million professional and amateur sports people in all disciplines are affiliated. Additionally, it is estimated that another 20 million people practice some sport. The most popular sport in Mexico by far is soccer, followed by baseball, basketball, volleyball, American football, tennis, running, track and field, aerobics and swimming among the most important. In Mexico City alone, there are 600 public sports centers and three sports "cities" run by the Department of the Federal District (Prodep). Additionally, there are approximately 25 to 30 private sports clubs offering tennis, golf and swimming facilities. Throughout the country, every town and village has some sports facility and all school children have sports as an assignment. There are 120 sports stadiums in Mexico with an estimated annual attendance of 15 million people. Soccer is the most popular sport and attracts the bulk of attendance, followed by baseball.

2. ECONOMIC ENVIRONMENT

With the objective of reducing the inflation rate, the Mexican authorities implemented a stabilization program, called the Economic Solidarity Pact, which features traditional austerity measures, entailing tight fiscal and monetary policies and unorthodox measures, such as price, wage and exchange rate controls. This program has been the cornerstone of Mexico's economic policy over the past three years and has resulted in a drastic reduction of the inflation rate, from an annual rate of 159% in 1987 to 52% in 1988 and 19.7% in 1989. A 20%-25% inflation rate is expected in 1990. Along with the objective of consolidating the progress made in price stabilization, Mexico's macroeconomic policy in 1990 aims to reaffirm gradual and sustained economic recuperation, basically by establishing