

Canada – Mexico Trade

Since joining the GATT (General Agreement on Tariffs and Trade) in 1986, Mexico has liberalized its market significantly and removed a wide range of tariff and non-tariff barriers.

This, plus the privatization of a number of state-owned enterprises, and the strengthening of the Mexican private sector, has resulted in significant new opportunities for expanded Canadian trade and investment.

Total Canadian investment in Mexico is estimated to be US\$417 million. Recent foreign investment reforms have opened a number of key sectors to greater Canadian participation, particularly in mining, transportation, tourism and telecommunications.

Mexico is Canada's largest trading partner in Latin America and is one of Canada's top 20 partners in global trade. Preliminary statistics for 1990 show that trade between Canada and Mexico was C\$2.3 billion. It is expected to continue growing in the short term, and could reach C\$5 billion by the year 2000.

Canadian exports to Mexico totalled C\$594 million in 1990. The principal products were milk powder, semi-processed steel, motor vehicle parts, telecommunications equipment, pulp and paper, and helicopters. Canadian service exports, particularly specialized engineering in the environmental field, have also grown appreciably.

Canadian imports from Mexico in 1990 totalled C\$1.7 billion, resulting in an imbalance of C\$1.1 billion in Mexico's favour. Crude oil dominated Mexican shipments to Canada in the early 1980s, but imports now consist mostly of manufactured goods and agricultural products. Motor vehicles and parts, electronic equipment, appliances, digital processing units, and fruit and vegetables account for well over half of Mexican shipments to Canada.

A North American free trade agreement will build effectively on these foundations. Improved access to the Mexican market of 85 million people offers particularly bright prospects for suppliers of capital equipment, technologically advanced components, and high-quality, semi-manufactured industrial materials as Mexico's modernization and industrialization rapidly advances.