

of pork imports, reaching their maximum in 1988 with 1.4 million head of live birds and 78 million tons of meat and offals. The rapid response of local producers to the expansion in demand and the prior import permit requirement now effective on poultry imports have brought about the decrease in poultry imports to 204,000 head and 39 million tons of meat.

Canadian exports to Mexico of livestock products have followed the trend in imports. Total exports were valued at Cdn\$26.9 million in 1989 and Cdn\$23.1 million in 1990. The largest export categories were pork meat (Cdn\$9.3 million), live bovine cattle (Cdn\$7.1 million), pork offals (Cdn\$2.7 million) and beef offals (Cdn\$2.1 million). Mexico represents a large and growing market for Canadian products and Canadian suppliers should take advantage of the present trade conditions to penetrate the Mexican market and to strengthen their presence in Mexico.

2. ECONOMIC ENVIRONMENT

With the objective of reducing the inflation rate, the Mexican authorities implemented a stabilization program, called the Economic Solidarity Pact in 1988, 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 four 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. Inflation rebounded to 29.9% in 1990 but the Mexican government aims to achieve a 14% inflation rate in 1991. Along with the objective of consolidating the progress made in price stabilization, Mexico's macroeconomic policy in 1991 aims to reaffirm gradual and sustained economic recuperation, basically by establishing the necessary conditions to encourage national and foreign investment and by stimulating local demand.

After the 1986 recession, Mexico's gross domestic product (GDP) increased a moderate 1.5% in 1987 and an additional 1.4% in 1988. Domestic economic activity recovered for the third consecutive year in 1989 with a growth rate of 3.1% and further 3.9% in 1990 to reach \$234 billion (1). With an 81.1 million population, per capita GDP was estimated at \$2,874 in 1990. Additionally, manufacturing output grew by 5.2% in 1990 in real terms, private investment and consumption expanded 13.6% and 5.2% respectively and public investment was up 12.8%. During the 1991-1994 period GDP is expected to maintain an average annual growth rate of 2.5%-3%.

1. Note: All values in this report, unless otherwise stated (Mexican pesos, Mex\$, Canadian dollars, Cdn\$, etc) are quoted in United States dollar equivalents.