

Mexico exports to Canada were the first to take off. Canada's liberal trade regime together with its General Preferential Tariff (GPT) applied to Mexico means that approximately 80 percent of all Mexican goods can enter Canada free of all duties or licences. As a result, Mexican exports to Canada were buoyant throughout the 1980s.

Canadian exports to Mexico have been slower in catching up, largely because Mexico only began reforming its trade rules after its joining the GATT in 1986. While this has made it easier to export to Mexico, there are still some licencing requirements and other non-tariff barriers in place that will not be lifted until the North American Free Trade Agreement is fully implemented.

The asymmetrical nature of their respective trade regulations has made it easier for Mexicans to export to Canada than for Canadians to export to Mexico. The gap widened further in 1991, when Canadian exports declined

by over 11 percent while imports from Mexico climbed by nearly 50 percent. This was partly the result of a drop in Mexican demand for Canadian exported resources and commodities (iron and steel, and powdered milk), and the loss of the lucrative Mexican market for canola (\$US60 million) to aggressive Polish competition after 1989, which has since been partially regained.

There are other signs of a turnaround as well. Canadian exports to Mexico increased dramatically in the first half of 1992. In fact, if the trend holds, Canada's exports to Mexico could almost double within the year (see Figure 3.2), and further prospects look extremely promising. At the time of writing, Canada's Systemhouse had just announced a multi-year deal worth half a billion dollars to supply computing services to Mexico. At the same time, Mexican exports to Canada continue to grow, though at a slightly lower rate (see Figure 3.3).

Figure 3.3
Mexican Exports to Canada
 (\$'000s)

| | 1990 | 1991 | 1991 Jan-June | 1992 Jan-June |
|------------------------------------|------------------|------------------|------------------|------------------|
| Automotive vehicles | 127,737 | 716,400 | 204,200 | 315,900 |
| Automotive parts | 436,265 | 722,859 | 232,800 | 327,400 |
| Radio, telephone, audio equipment | 146,572 | 143,225 | 52,900 | 84,300 |
| Ignition wiring sets | 89,192 | 104,815 | 45,800 | 68,900 |
| Engines & engine parts | 300,187 | 235,174 | 146,600 | 64,300 |
| Vegetables | 79,306 | 48,546 | 39,900 | 31,800 |
| Petroleum oils | 56,804 | 97,606 | 38,900 | 66,800 |
| Air conditioners, fans, parts | 32,030 | 58,334 | 27,100 | 40,200 |
| Fruit, coffee & nuts | 68,485 | 76,008 | 41,900 | 35,100 |
| Air filtering systems (industrial) | 33,586 | 26,601 | 11,400 | 34,000 |
| Kitchen appliances (small) | 13,670 | 23,317 | n.a. | n.a. |
| Carpets, fabrics & yarns | 27,813 | 30,077 | 13,600 | 15,900 |
| Springs (iron or steel) | 10,411 | 15,083 | 6,500 | 9,300 |
| Furniture | 33,586 | 19,318 | 8,800 | 6,200 |
| Toys | 12,552 | 12,158 | 5,700 | 5,800 |
| Clothing | 9,078 | 11,450 | n.a. | n.a. |
| Glass articles | 12,806 | 15,672 | n.a. | n.a. |
| Photocopying machines & parts | 3,508 | 5,893 | 59,100 | 51,500 |
| Others | 247,934 | 195,933 | 223,300 | 189,900 |
| Total | 1,729,848 | 2,573,972 | 1,158,500 | 1,347,300 |

Source: Statistics Canada.