

absolute market share advantage in 1990 and where the MSR declined in the 1990-2000 period. For this category, a decline in the MSR by 32.0% in the 1990-1994 subperiod overshadowed an improvement in the MSR by 17.9% in the 1994-2000 subperiod. The improvement in the MSR in the 1994-2000 subperiod is largely explained by expanding Canadian shipments of telecommunications equipment. However, both Canada and Mexico can be expected to face increased competition in the electrical products, electronics and telecommunications sector from Asia in the future—not only from traditional Asian exporters to the United States such as Singapore, Hong Kong, Taiwan and Malaysia, but also increasingly from China.

The group of categories where Canada enjoyed a market share advantage in 1990 and where the MSR improved in Canada's favour includes **mineral oils and fuels** (ranked as the 2<sup>nd</sup> largest Canadian U.S. export category in 2000) and **pearls, precious stones and jewellery** (ranked 12<sup>th</sup>). Both categories experienced a substantive increase in the MSR in the 1990-1994 subperiod, which was followed by a marginal decline in the MSR between 1994 and 2000.

The MSR has increased between 1990 and 2000 for three categories where Mexico enjoyed an absolute market share advantage in 1990. All three categories recorded an increase in the 1990-1994 as well as in the 1994-2000 period. Although neither of these three categories are ranked very highly on the list of major Canadian export products to the United States, it is of interest to note that **toys, games and sporting goods**—ranked as the 35<sup>th</sup> largest category of Canadian exports to the United States in 2000—is one of the categories where Canada is enjoying an increase in the MSR.

## Summary and Conclusions

Although Mexico has experienced tremendous growth in exports to the United States over the past decade, so far it has not seriously threatened Canada's position as the primary import source for the United States. In fact, Mexico's expanding market share in the United States has, to a large degree, been at the expense of Japan. In the future, Canada and Mexico alike may have to focus more on the emerging competition from China for market share in U.S. imports, particularly following China's recent entry into the World Trade Organization (WTO). Similarly, following the revival of the U.S. economy (expected in the latter part of 2002), Mexico, as well as Canada, will have to face increasing competition from other Asian economies. However, based on their respective export mix, it is likely that future growth in Asian exports to the United States will occur more at the expense of Mexican than Canadian exports and will consequently limit further growth in Mexico's share of U.S. imports.

The economic downturn in the U.S. economy is currently putting stress on a number of Mexican businesses relying on the United States as their product market. Recent reports<sup>3</sup> indicate that some Mexican auto-parts makers are experiencing increasing difficulties in servicing their debt following a drop in demand from the U.S. auto industry—their major client. A widespread extension of debt-servicing problems among Mexican companies can undermine the stability of Mexican banks and, in the longer run, can reduce the inflow of FDI on which Mexico has been relying for their export expansion into the United States.

Th  
le  
to  
se  
mi  
do  
if  
su  
de  
wh  
as  
ex  
mi  
se  
  
As  
20  
tra  
be  
the  
wa  
rel  
Co  
to  
rel  
Ca  
St  
NA  
inc  
wa  
ela  
CO  
pe  
inc  
the  
ha  
ag  
C\$  
C\$  
un  
sul  
un  
Ca  
im  
for

THE CANADIAN  
TRADE COMMISSIONER  
SERVICE

### Doing business abroad?

You've researched and selected your target market. Now you want to assess your potential in your target market. That's a *Market Prospect*. And we can provide it. We are 500 trade professionals in more than 130 cities around the world, and we can provide advice on doing business in your target market. We can give you an indication of major barriers, regulations and certifications. We can notify you of upcoming events. We're the next logical step. We're the Canadian Trade Commissioner Service. We serve Canadian business abroad. Visit us at [www.infoexport.gc.ca](http://www.infoexport.gc.ca)

Department of Foreign Affairs and International Trade / Ministère des Affaires étrangères et du Commerce international

Canada

**T**he fourth *International Environmental Business Exhibition, Enviro-Shiga 2001*, was an ideal venue for Canadian environmental technology exporters scouting opportunities in Japan's rapidly developing Kansai region. Kansai's dynamic economy has produced environmental challenges — and business opportunities — for Canadian firms with proven expertise in waste management.

This year's *Enviro-Shiga* ([www.pref.shiga.jp/event/messe-e/](http://www.pref.shiga.jp/event/messe-e/)), held November 14-17, 2001 at Nagahama Dome and Maihara Hall in the Shiga Prefecture, attracted 63,600 manufacturers and traders from the Kansai region and featured exhibitions by 267 companies and research institutes from nine countries, including Canada. *Enviro-Shiga* is one of Japan's largest trade exhibitions for the environmental sector and has contributed to many successful business outcomes for small and medium-sized companies.

The Exhibition has been expanding rapidly since its inception in 1998 and, given Japan's recently introduced recycling legislation, will undoubtedly attract even larger numbers of visitors in the future as local government officials seek solutions to their waste management problems.

The Canadian Consulate General in Osaka and the Government of British Columbia organized display areas in a Canadian Pavilion for four Canadian environmental technology exporters: **Enkon Information Systems, Aqua-Plant Construction** (also representing **ADI International Inc., AZCO Industries and Turborator Technology Inc.**), **Hydrogenics Corp.** and **Raax Co. Ltd.** (agents for **Waterloo Hydrogeologic Inc.**).

As an added bonus, the Consulate General organized the Canadian Environmental Business Seminar, held November 14, which featured speakers from Canadian firms on the

forefront of environmental technology. Canadian exhibitors gained a valuable opportunity to meet with representatives from over 60 Kansai companies that were highly receptive to Canadian environmental solutions.

and numerous industries in the Kansai region. In 1984, Shiga Prefecture held the first International Conference on the Conservation and Management of World Lake Environments, and the prefecture continues to be

## Canadian environmental solutions on display Enviro-Shiga 2001 in Japan

Consul General Mackenzie Clugston presided over the official opening ceremony of the Canada Pavilion and offered his congratulations for the pavilion's success.

### Growing waste, growing opportunities

Japan's Kansai region, with a population of 22 million and the world's seventh-largest GDP, provides excellent opportunities for Canadian exporters, in particular small and medium-sized businesses. Kansai's burgeoning economy, however, has also manufactured a host of waste disposal problems. Hence, local businesses are now looking for environmentally acceptable ways to dispose of toxic and hazardous waste, such as PCBs, dioxins and organic waste, as well as technological solutions for emission control, water treatment and wastewater management.

### Environmental responsibility

Japan, home of the Kyoto Protocol, has long been a hub for environmental consciousness. Shiga Prefecture, located in the heart of Japan, is responsible for the environmental health of Lake Biwa, Japan's largest freshwater lake, and an indispensable source of water for 14 million people

an enthusiastic proponent of protecting global freshwater resources.

The conferences are held biannually in locations throughout the world and this year's was held in Shiga from November 11-16. Timed to coincide with the popular *Enviro-Shiga 2001*, the ninth International Conference hosted 3,650 participants from 71 countries.

Canadian participation in such events sends a strong message to the Japanese that Canada is not only a leader in environmental technology, but can also be an important partner in protecting the global environment.

**Enviro-Shiga 2002 will be held at Nagahama Dome from November 6-8, 2002.**

For more information, contact Jean-Pierre Petit, Trade Commissioner, Japan Division, DFAIT, tel.: (613) 996-2467, fax: (613) 994-2397, e-mail: [jeanpierre.petit@dfait-maeci.gc.ca](mailto:jeanpierre.petit@dfait-maeci.gc.ca)



3 "Mexico exporters hit," Wall Street Journal article reprinted in the Globe and Mail, October 22, 2001.