

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%. Preliminary figures for 1991 place GDP growth at 4.5%-5% for this year.

In an effort to revitalize and open the Mexican economy, the Mexican Government undertook a series of structural changes, including the accession to the General Agreement on Tariffs and Trade (GATT) on August 24, 1986 leading to an extensive trade liberalization process: import permits were eliminated on all but 198 of the total 11,812 tariff items based on the Harmonized System adopted in 1988. Official import prices are no longer applicable, nor the 5% export development tax, and import duties were lowered from a maximum of 100% in 1982 to 20% since January 1988. The weighted average tariff rate is now 10.4%. The automotive and computer industries have also been liberalized, through the elimination of prior import permits, to allow free entry of products in these industries. The approval of the North American Free Trade Agreement will further strengthen trade between Canada, the United States and Mexico.

According to official data from the Mexican Secretariat of Commerce and Industrial Development (SECOFI), Mexico's trade balance in 1990 dropped once again to a \$3 billion deficit from -\$645 million in 1989. Exports increased by 17.5% in 1990, from \$22.8 billion to \$26.8 billion, while imports grew 27.3%, from \$23.4 billion to \$29.8 billion in 1990, having already increased 23.8% in 1989 and 54.9% in 1988. As of August 1991, total exports for the year amounted to \$18.3 billion and imports to \$23.6 billion.

Total Mexican imports from Canada increased 24% in 1989 and decreased 1.5% in 1990. Total Canadian exports to Mexico amounted to Cdn\$594 million, while total Canadian imports from Mexico were valued at Cdn\$1,730 million in 1990. According to Mexican figures, in 1989, 1.9% of Mexico's imports came from Canada, while 1.2% of its exports were to Canada. This makes Canada Mexico's fifth largest exporter and sixth largest importer.

3. MARKET ASSESSMENT

The market for industrial process control instruments and equipment is very difficult to estimate based on existing data,

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