

In 1994, Mexico began to replace its system of guaranteed fixed crop prices with a program of direct rural support known as *PROCAMPO*. The program covers corn, wheat, dry beans, soybeans, rice, cotton and sorghum. The objective of this 15-year program is to gradually align domestic prices with international prices. Analysts have predicted that in the long run, this will benefit Canadian exporters, as Mexican producers shift away from wheat, towards more valuable horticultural products. In the short run, it was expected that an overall increase in production would reduce imports. Since the devaluation, however, peso prices have risen above the support levels, and the system has no appreciable effect on import markets.

The distribution of food products in Mexico is not very efficient. Government agencies that deal with agri-food imports lack the infrastructure to facilitate shipments. Large supermarket chains typically expect individual delivery to each store, and demand extensive after-sales support from the supplier. This is an advantage for American chains that have joint ventures with Mexican retailers. Canadian firms who enter this market will need help from a Mexican partner, ideally one with warehousing facilities. Joint ventures with Mexican manufacturers are another way around these constraints.

Action Plan

The action plan includes an information booth at ANTAD, one of the most important promotional trade shows for suppliers of processed foods to the retail industry. The Department of Foreign Affairs and International Trade (DFAIT) will also organize and sponsor Canada Food Week, a "table top" solo show to be held for one day each in Mexico City, Monterrey and Guadalajara, annually in September. As in other sectors, the emphasis will be shifted towards incoming trade missions to Canada. This includes incoming buyers' missions at Agribition in Regina, as well as the Royal Agriculture Winter Fair and Grocery Showcase Canada in Toronto. Seminars will be presented on grain quality, in addition to canola oil and meal processing, to familiarize Mexican buyers with the technical aspects of Canadian products. Bilateral, trilateral and North American Free Trade Agreement (NAFTA) committee meetings aimed at reducing trade barriers will continue. Finally, targeted market research will be conducted to identify business opportunities and to create a buyer profile directory.

Cultural and Educational Products and Services

The process of trade liberalization has encouraged Mexicans to look beyond their borders more than ever before. In particular, the need to adopt foreign technologies and business methods is driving a strong demand for technical, business and language training. President Zedillo, who was formerly the Secretary of Public Education, included education as a major element of the National Development Plan for his six-year term.

In 1994, Canada hosted almost 1,600 Mexican degree students, which represents 17 per cent market share. Although the number was lower in 1995, Canadian educational institutions continue to enjoy a good reputation in Mexico. Relatively low costs, simple visa requirements,