

AGRICULTURAL SECTOR

AGRICULTURAL SECTOR : QUESTION #1

- A) What general gains will there be for Canadian producers of agricultural goods under a NAFTA?

Background:

Mexico is Canada's 15th largest market for the export of agricultural products, averaging \$143 million per year between 1988-1990. This was mainly concentrated in skim milk powder, canola, wheat, and more recently, pork. The export of cattle, swine and poultry breeding stock are also important exports.

At present, Mexico is a modest market for Canadian exports. It is projected, however, that if the current trend of economic and population growth continues to outstrip agricultural expansion, significant supply problems may develop in the medium to long term. Under such a scenario, Mexico could potentially become a more important market for Canadian agricultural products, especially in canola, pork and prepared foods.

RESPONSE:

- MEXICO REPRESENTS AN IMPORTANT MARKET FOR CERTAIN CANADIAN AGRICULTURAL PRODUCERS. WITH THE GENERAL INCREASE IN ACCESS TO THE MEXICAN MARKETS, SECURED UNDER A NAFTA, ADDITIONAL EXPORT OPPORTUNITIES WILL DEVELOP IN THE FUTURE.

- B) How will Mexican goods compete with Canadian exports to the U.S. market?

RESPONSE:

- MEXICO IS IN FACT AN IMPORTANT IMPORTER OF SUCH CANADIAN EXPORTS AS GAINS AND OILSEEDS. IN THE CASE OF FRUITS AND VEGETABLES, CANADIAN PRODUCERS WILL RETAIN THEIR PRESENT ADVANTAGE OF CLOSER PROXIMITY TO THE NORTHERN UNITED STATES. CANADIAN PROCESSORS ALSO BENEFIT FROM GOOD SOURCES OF WATER, ENERGY, AND PROCESSING INFRASTRUCTURE.