

Sectors of Priority Identified in Mexico

The North American Free Trade Agreement will open new market prospects for Canadian industry in Mexico; yet, Mexico, as a market, is unknown territory for most Canadian entrepreneurs. In this issue, CanadExport introduces a series highlighting the sectors of priority for Canadian business. The information comes from the Commercial Section, Canadian Embassy, Mexico City. This introductory feature deals with the agro-business sector. For more information on the Mexican market, contact Marcel Lebleu, Mexico Desk Officer, Latin America and Caribbean Branch, External Affairs and International Trade Canada. Tel.: (613) 995-8804. Fax: (613) 943-8806.

AGRO-BUSINESS (food products, fish, grain and seeds)

Mexico currently imports in excess of \$2 billion of agricultural and food products annually. The Canadian and Mexican agricultural sectors are more complementary than in competition with each other — given the climatic conditions of each country.

Mexico continues to be an important market for Canadian grains, oilseeds and oilseed products. The potential exists to move over \$100 million of bread wheat and canola seed and oil and special crops annually. There is also good potential for Canadian feed grains, such as barley, as well as malting barley or malt for the growing Mexican brewing industry.

Livestock inventory levels in Mexico reflect conditions of limited arable land, water supplies, and especially acute supply-demand imbalance in the grains and oilseeds sectors. Mexico is not likely to become self-sufficient in livestock or in meat in the near future. A growing demand for breeding livestock, pork and meat products in Mexico is anticipated.

The Mexican processed food products market also offers significant sales potential for the Canadian firms. Because of changes in the eating patterns of Mexicans (due to urbanization and higher incomes generated by enhanced economic conditions), Canadian specialty food products (cookies, biscuits, frozen potato products and other frozen and microwaveable products, bottled water, convenience and snack foods) have developed a market niche in Mexico despite U.S. competition.

Mexico's total apparent consumption of fish, crustaceans, and mollusc increased 13 per cent on average during the last four years to currently exceed one million tons. The Mexican market for these products is expected to continue increasing at an average annual rate of 3.5 per cent to reach US\$1.2 billion by 1994. Canada has a 4.2 per cent average share of the import market (representing 8 per cent of total consumption),

concentrated in fresh and frozen processed fish, in particular salmon, cod, hake, lobster and crab. Good market prospects also exist in fish harvesting and processing technology and equipment.

Mexico, for the foreseeable future and because of limiting agricultural and fish production conditions, will continue to rely on imports to supply basic and processed foodstuffs to its growing population.

This being the case, the Mexican agro-food market shows considerable potential. Improved access to this market would allow Canada to build on the inroads achieved to date.

CANADA-MEXICO TRANSPORTATION

One of a series of publications that deals with the distribution and transportation needs of Canadian exporters, *Transportation Services Between Canada and Mexico* (#49LA) provides descriptive and statistical information as well as mode-by-mode analyses of transportation links between the two countries.

The market guide, in addition to covering trucking, rail, marine and air modes of transportation, highlights unique circumstances that new exporters to Mexico should be aware of when making decisions to move merchandise south.

There is also information on freight forwarders, warehouse facilities, Mexican transport entities, companies and contacts.

Produced by External Affairs and International Trade Canada, the guide is available through Info Export (see box at the bottom of page 12).