

2. CHRONOLOGY OF EVENTS LEADING TO THE DECISION

During the past year, Canada and Mexico have made significant progress in developing our trade relations.

In January, Canada hosted the 7th Canada/Mexico Joint Ministerial Committee to discuss ways to enhance our trading relationship.

During Prime Minister Mulroney's visit to Mexico last March, our relationship was further enhanced by concluding important bilateral agreements in several areas, including customs administration, agriculture and livestock, forestry, environment, tourism and taxation.

In April, I led a trade mission to Mexico to discuss Canada-Mexico trade and recent developments in the Uruguay Round of multilateral trade negotiations which are presently proceeding in Geneva under the auspices of the General Agreement on Tariffs and Trade ("GATT").

On June 12th, Mexican Trade Minister Serra and I met in Montreal to discuss our growing trading relationship and to consult regarding President Salinas' June 10th announcement in Washington that President Bush had agreed to the Mexican request to explore a comprehensive trade agreement between the United States and Mexico.

To prepare for these negotiations, President Salinas directed Minister Serra to work with his American counterpart, United States Trade Representative Carla Hills, to:

undertake the consultations and preparatory work needed to initiate such negotiations, in accordance with each country's internal procedures, and to report back to the two Presidents as soon as practicable, but in any event before their next meeting in December.

The fact that Minister Serra travelled to Montreal to meet with me immediately after President Salinas' official visit to Washington illustrates the high degree of consultation, courtesy and trust that characterizes our relationship.