

Market access report

Canada's trade priorities

International Trade Minister Pierre Pettigrew released last month the government's annual report on Canada's market access priorities for 2002 at the multilateral, regional and bilateral levels. The report sets out the initiatives the government will pursue and details specific obstacles to be tackled in various markets. It also highlights the government's trade accomplishments for 2001.

"Canada is a major trading nation. Our companies are among the world's most competitive," said Minister Pettigrew. "Open trade means a healthier economy, which leads to better jobs and lower prices, while improving the standard of living of all Canadians and of the populations around the world."

The report, **Opening Doors to the World: Canada's International Market Access Priorities—2002**, also highlights the importance of international trade to the provincial economies of Ontario and Quebec. Previous reports have focused on the Prairies and Atlantic Canada.

"We made strong progress in 2001 toward improved trade," said Minister Pettigrew. "For example, Canada and our fellow WTO members launched a new round of WTO negotiations in Doha, Qatar. This will benefit both Canada and the developing world."

Other trade policy achievements in 2001 include:

- China joined the WTO — committing itself to reducing barriers and increasing transparency — thereby opening the door to an exciting market that contains one fifth of the world's population.
- Canada successfully hosted the Summit of the Americas in Quebec City and made progress toward building the largest free trade area in the world, the Free Trade Area of the Americas (FTAA), by 2005.
- Canada continued day-to-day progress on NAFTA. For example, Canada, the United States and

Mexico agreed to accelerate the elimination of NAFTA tariffs on a number of products, effective January 1, 2002.

- Canada concluded a bilateral free trade agreement with Costa Rica and launched trade negotiations with the four Central American countries of El Salvador, Guatemala, Honduras and Nicaragua, and with Singapore — hopefully leading to agreements in 2002.
- Canada resolved the issue of U.S. restrictions on potatoes from Prince Edward Island and negotiated an

agreement with the European Union, opening its market to Canadian ice wine.

- To further enhance the management of our common border, Canada and the United States signed a declaration on the creation of a Smart Border for the 21st Century on December 12, 2001.

Trade policy objectives for 2002 include:

- To successfully resolve the softwood lumber dispute with the United States;
- To resolve the dispute with Brazil over its export financing program for aircraft;
- To achieve progress in the WTO — particularly on agriculture — and in the FTAA negotiations.
- To advance trade discussions with the Caribbean Community and Common Market (CARICOM)

The report and a background are available on DFAIT's Web site: www.dfait-maeci.gc.ca/tna-nac/cimap-e.asp *

New "green line" links to environmental products Cyber Green Center on the Web

The **Cyber Green Center (CGC)** (www.greencouncil.org) has made "going green" easier for companies wondering where on earth to find environmentally friendly alternatives to their regular purchases. The Green Council, a non-profit, non-partisan environmental organization in Hong Kong, created the new Web site to encourage the industrial and commercial sectors to include environmental protection in their production and management processes.

Conservation begins with education, and CGC makes learning about the environment easy. Users are one click away from a world of environmental products and technologies, and can link directly to the Web sites of leading international environmental organizations such as Greenpeace and Envirolink.

Product categories on the site are listed alphabetically, and include links to company and product profiles.

There is no charge to list product information on CGC, and all items on the site are genuine, high-quality — and "green". Companies interested in displaying their company logo and name, contact information, product photos and descriptions will be notified of a specific Web address and guided through the entire data entry process.

For more information, contact Norrie Kitchell, Green Council, tel.: (011-852) 2810-1122, e-mail: norriekitchell@greencouncil.org Web site: www.greencouncil.org or Fatima Lai, Commercial Officer, Canadian Consulate General, Hong Kong, tel.: (011-852) 2847-7494, e-mail: fatima.lai@dfait-maeci.gc.ca *

Mexico poised for growth

by Stephen S. Poloz, Vice-President and Chief Economist, Export Development Canada

Canadians and Mexicans have a lot in common. Both eagerly wait for the U.S. rebound to trickle down to them. Both are preoccupied with their exchange rate against the U.S. dollar. And both have waiters that are reluctant to recommend the local wines, which are surprisingly good.

In Mexico, there is widespread agreement that tremendous progress has been made in structural reform, but disagreement on the outlook. The optimists see an economy whose increased openness, strengthened financial system and credible policies have increased Mexico's resilience and will lead to an immediate recovery in the wake of the U.S. upturn. The pessimists see an overvalued currency and a litany of structural impediments to economic growth — including weak infrastructure, cautious banks and rigid labour markets.

Positive indicators

Mexico's broad policy parameters are almost ideal. The central bank is following an inflation target of 4.5% this year, 3% next year, and convergence with U.S. inflation after that. They have a floating exchange rate, which is crucial for achieving the inflation goal. Meanwhile, the fiscal authorities are demonstrating a level of commitment to deficit control that borders on religion.

Increased policy credibility has produced an investment grade rating, boosting foreign investment and the value of the peso. The strong peso is fuelling concerns that Mexican competitiveness will erode and nip the upturn in the bud.

But a strong currency has always been a symptom of economic success —

foreign investment will give Mexico the capital it needs to keep increasing output, productivity, wages and exports all while moving to a higher-value economic mix. If a strong currency was the death knell for manufacturing companies, U.S. manufacturers would have disappeared long ago, and Canada's manufacturers would have taken over the world.

Mexico is headed for 2-2.5% growth this year, and could double that next year.

Clouds on the horizon

But the pessimists have a point — there are some headwinds to growth that need to be addressed to pave the way.

Mexico needs a lot of infrastructure investment — roads, airports, energy capacity, electricity grids — to support its future growth process. More gas-

fired power plants are planned, but much of the new gas will need to be imported until the energy sector is reformed. The legal system remains a big question mark for lenders, making banks reluctant to support small companies. Indeed, much of the growth in credit is coming from suppliers and retailers. And, Mexico's labour market remains among the most rigid in the world.

These are tough issues, resolution of which may have to wait until after next year's congressional elections, because the main political parties are finding it difficult to develop a consensus on the needed reforms.

Strengths outweigh weaknesses

The bottom line? Like all economies, Mexico's shortcomings appear more compelling the closer one looks. But, from a global perspective, Mexico's strengths clearly outweigh its weaknesses. Mexico will become a much bigger trading partner for Canada over the next couple of years. *

High-flying U.S. building sector

Largest show ever on tap

LAS VEGAS — January 21-24, 2003 — Now is the time to nail down your spot at next year's **National Association of Home Builders (NAHB) International Builders Show**.

The booming housing market drove record numbers of convention goers to this year's show — the largest ever — held February 8-11, 2002, in Atlanta. More than 70,000 building trade professionals from the United States and 48 other countries visited the 58th annual show.

Canadian Export Development Inc. (CEDI) in cooperation with DFAIT, is inviting Canadian companies to participate in the Canada Pavilion at Las Vegas. This will provide an excellent opportunity to meet key decision makers and buyers from government and the private sector who will be invited to visit the Pavilion.

Companies may be able to obtain financial assistance from DFAIT's Program for Export Market Development (PEMD) for some of their expenses.

For more information or to register, contact Robert Grison, CEDI, tel.: (613) 825-9916, fax: (613) 825-7108, e-mail: cced@sympatico.ca or Durban Morrow, Trade Commissioner, U.S. Business Development Division, DFAIT, tel.: (613) 944-7486, fax: (613) 944-9119, e-mail: dfait-maeci.gc.ca *

(For the unabridged version, see www.infoexport.gc.ca/canadexport and click on "Trade Fairs and Missions".)