

## 1. INTRODUCTION

As I advised the House of Commons on Monday, September 24th, Canada has decided to participate in trilateral free trade discussions with Mexico and the United States.

Prime Minister Mulroney has written letters to President Salinas and President Bush stating Canada's interest in participating in negotiations with Mexico and the United States on a North American free trade agreement which would benefit all three countries.

In recent discussions with Mexico and the United States, we all agreed that Canada should participate in consultations designed to establish the basis for subsequent negotiations on a free trade arrangement linking Canada, the United States and Mexico.

Over the next several months, we will therefore be examining the scope, elements and procedures that would form the basis for subsequent negotiations.

I am confident these preliminary discussions will be productive and demonstrate that a mutually advantageous agreement can be concluded.

We do not expect formal negotiations to begin until sometime later next spring.

Last summer we conducted preliminary studies and consultations and we concluded that it was in the Canadian interest to participate from the outset in the Mexican trade initiative.

The alternative would be not to participate and to lose the opportunity to have a direct influence and role in negotiations which could affect our trade and investment interests in the vital North American market.

I will be tabling our preliminary studies at the end of my remarks today.

Before discussing the rationale and objectives we will be pursuing in these trilateral trade talks, I would like to bring you up to date regarding recent events surrounding our decision to participate.