

will put into action the best of what each country has to offer, whether that be design, production, marketing or after-sales service. This may be done by a single company with multinational operations, or it may involve joint ventures or partnerships among different companies in the three countries.

Working closely with Mexican firms will also help Canadian business to strengthen contacts and alliances with the as yet untapped market of Latin America and South America. Latin America is on the move as never before. Economic reform can be seen in virtually every country, from the Rio Grande to Tierra del Fuego. These countries are looking outward, lowering barriers to trade, working hard for success in the Uruguay Round. The region is poised for growth. It represents a major opportunity and business challenge for the next 20 years.

Our association with Mexican business may pay large dividends in years to come. It was not that long ago that the industrial powerhouses, Japan and Korea, were regarded as little more than producers of low-end goods. Then they exceeded everyone's expectations in upgrading their technology, their expertise and, ultimately, their products. We may well be about to witness the same thing happening in Mexico. And with NAFTA, Canadian companies will be in on the ground floor.

It is evident that Canadian firms can benefit from the lower-cost inputs of the Mexican marketplace. This has sometimes been characterized as exploitation of low-wage Mexican workers or as a threat to Canadian workers. But I would like to draw your attention to a point made more than 10 years ago by Francis Blanchard, then Director General of the International Labour Organization.

"Just as the industrialized countries are now at a comparative advantage by virtue of their abundant capital and technology mastery, so does an abundant labour supply confer a comparative advantage on the developing countries," he said. "Technology and capital are cheaper in the North than in the South: yet it is not considered unfair to develop activities based on this advantage. Nor, therefore, would it make sense to reproach the South for having lower labour costs ... because therein lies its present advantage."

Mr. Blanchard had the foresight then to see what so many experts on development are saying today: The road to development is through trade, not aid. The result of a three-country economic partnership, in which each country relies on its own comparative advantage, will be increased trade and increased prosperity -- and not only for companies, but for their workers as well. In fact, Canadian jobs in many companies may be made more secure by farming out certain labour-intensive activities to Mexico. This