

and the United States. Canada is not obligated to renegotiate any provisions of the FTA. However, if it makes sense to alter any specific provisions of the FTA to achieve an expanded North American market, we may consider such improvements.

Can Canadians compete with Mexico's lower wages?

The answer, of course, is yes.

The fact is that we are already competing with Mexican imports, 80 per cent of which now enter Canada duty free. Even with higher wages, Canada has not been flooded with Mexican imports. That's because Canadian workers are highly productive and they produce quality goods and services others want to buy.

Wages alone do not determine competitiveness. If low wages were the only factor in the equation, then high-wage countries such as Japan, Germany and Canada would not rank among the world's top exporting nations -- would they?

And let's not forget that Mexico wants free trade precisely because Mexicans want to strengthen their economy and increase their wages and standard of living. Many people seem to forget that Japan was a low-wage country not so long ago.

Some critics say that Canada should not increase trade with Mexico because we do not share the same working conditions and safety and environmental standards. These critics are missing the entire point. It is only through freer trade and a stronger economy that Mexico can ever hope to improve its environmental and world standards. Earlier this week, *The Globe and Mail* reported that a Mexican environmental activist had observed that a free trade agreement would help Mexico to strengthen its regulations and that free trade was "the one opportunity for Mexico to get the standards of a developed country."

To improve the environment, Mexico must build public transportation systems, sewage treatment plants and irrigation projects. With our proven expertise in these areas, Canada can play an important role in these important projects.

Canadians can compete and we have a strong track record when it comes to adjustment. Let's put this adjustment issue into perspective. Adjustment really boils down to how we deal with the impact of greater global competition on our domestic industries and employment.

Again, Canadians have a clear choice between the policies of our government, and the policies of the main opposition parties.

The protectionists believe that the best way to adjust is to close our borders and try to ignore the rest of the world.