

# REGIONS

## Mexico: Renewed Interest in a Stronger Relationship

The 7th meeting Canada-Mexico Joint Ministerial Committee, produced a routine official communiqué in which the two governments catalogued bilateral and multilateral issues. Noteworthy, however, was the unprecedented involvement of no fewer than 10 Canadian ministers and 7 of their Mexican counterparts, the home team captained by External Affairs Minister Joe Clark and the visitors by Foreign Relations Secretary Fernando Solana (see box). 'This reflects the importance attached by both countries to strengthening further their ... relations based on similar views of world and regional affairs, and common interests through geographic and cultural linkages,' the communiqué stated. The meeting also was a workup to Prime Minister Mulroney's March 15-18 Mexico at the invitation of President Carlos Salinas de Gortari.

If external appearances were discussion behind closed doors Jan. 22-23 meeting was anything especially about the Organization of American States. In briefing before Canadian officials said this country endorsement of the United States' ir of Panama was not contentious, Mexico's criticism. It was not, as it, 'an issue between us' and Mr. Solana would focus on the question of 'where do we go here?' Afterward, the Mexican said discussion of Panama was and frank', the diplomatic equivalent of fisticuffs. Mexico's concerns, Canada apparently were assuaged by our denunciation of the seizure of the Nicaraguan ambassador's residence by U.S. troops during the

sion. Señor Solana said there is 'great potential' for a higher Canadian profile in Latin America. As far as Mexico itself is concerned, he said 'we need more and more political relations' because of the paucity to date of discussion of what should be common policy.

On the more substantive issues of trade and economics, Señor Solana said before the meeting that recent Mexican initiatives to relax restrictions on foreign investment, coupled with legislated protection for investors, should boost the current inflow, which has averaged some \$3 billion (U.S.) annually. The legislation essentially eliminates government review of foreign investments of less than \$100 million as long as they meet criteria that include permanent job creation. 'Mexico is looking for \$5 billion in

plate that option.' Nevertheless, there seems to be a resurgence of interest despite the fact that the threat of American dominance is as real for Mexicans as it is for Canadians. Notwithstanding deeply-rooted emotional antipathy south of the line stretching from Tijuana to Matamoros, it is Mexico City's own initiatives that are responsible. The policies that have opened up the country to major investors for the first time in decades actually have prompted some U.S. trade officials to talk openly again about the prospects for a trade agreement similar to the one signed with Canada. While they welcome the investment, especially from non-U.S. sources such as Japan and Canada, officials shy away publicly from talk of free trade. Manuel

## International Perspectives

Att. Guy Bolduc  
302-150 Wellington Street  
Ottawa, Ontario  
K1P 9Z9



Apart from Señor Solana, participants were: Pedro Aspe (Treasury and Industrial Development), Carlos Hank Gonzalez (Agriculture and Water Resources), Patricio Chirinos (Urban Development and Ecology), Pedro Joaquín Coldwell (Tourism), Enrique Alvarez del Castillo (Attorney General). The other Canadian ministers were: John Crosbie (International Trade), Don Mazankowski (Agriculture), Michael Wilson (Finance), Frank Oberle (Forestry), Tom Hockin (Small Businesses and Tourism), Doug Lewis (Justice and Attorney General), Pierre Blais (Solicitor-General), Lucien Bouchard (Environment) and John McDermid (Privatization and Regulatory Affairs). The respective ambassadors, Alfredo Phillips and David Windfield, also participated.

reduction under the agreement averages \$2.2 billion annually through 1992 and \$1.5 billion after that. New loans would provide an additional \$1.5 billion in 1990-92. Although no details were provided, two Canadian banks are part of the group, one choosing to reduce the interest on its outstanding loans, the other having chosen a combination of lower rates and a write-off against principal.

# STATISTICS

## International Trade

After October yielded Canada's first merchandise trade deficit in nearly 14 years, a nosedive in automotive imports was the principal factor behind a reversal in November. Seasonally adjusted on a balance of payments basis, the preliminary Statistics Canada figures, subject to revision, show a surplus of \$679.0 million in the latest month. It left the surplus for the first 11 months of 1989 at \$4,699.8 million — down 49.0% from the same period of 1988. Export value in November was up 0.5% from October at \$11,525.6 million, the change was due largely to increased wheat, automobiles and aircraft shipments that were undercut slightly by a drop in precious metals exports. November's imports dropped 8.3%, the sharpest in 17 months, to \$10,846.7 million. Half the drop occurred in the automotive sector, mainly in cars and parts. Here is a rounded breakdown in millions of dollars:

	NOVEMBER			CUMULATIVE			Change from '88
	Exports	Imports	Balance	Exports	Imports	Balance	
<b>U.S.</b>	8,485.6	7,505.0	+980.6	95,590.6	85,534.2	+10,056.3	-2,726.2
<b>Japan</b>	701.8	663.1	+38.6	7,825.6	7,585.9	+240.5	-40.4
<b>U.K.</b>	254.8	406.9	-152.1	3,269.6	4,196.3	-926.7	+164.9
<b>other EEC</b>	669.4	759.5	-90.1	7,210.1	9,103.3	-1,893.2	+1,242.2
<b>other OECD</b>	350.7	372.2	-21.5	3,086.0	3,715.8	-629.8	-145.7
<b>all others</b>	1,063.4	1,139.9	-76.5	11,001.9	13,149.3	-2,147.4	-3,011.2
<b>TOTALS</b>	11,525.6	10,846.7	+679.0	127,984.8	123,285.0	+4,699.8	-4,516.4

## External Affairs Budget

Finance Department figures show that the External Affairs share of the federal purse continues to shrink. Total spending in the latest month for which data are available, November, amounted to \$11,441,000,000, of which 1.80% was for the Department of External Affairs and related programmes. This compared with 1.89% of \$11,355,000,000 in overall spending in October and 2.46% of \$10,053,000,000 in November, 1988. The pattern is similar in a comparison of the cumulative figures for the first eight months of the 1989-90 fiscal year. Total spending to November 30 was \$88,186,000,000, of which 1.80% was for the External envelope. The year-earlier share was 2.20% of \$80,338,000,000. Here is a rounded breakdown in thousands of dollars:

\*Abbreviations used refer to the following:

- APF — Asia Pacific Foundation
- CCC — Canadian Commercial Corp.
- CIIPS — Canadian Institute for International Peace & Security
- CIDA — Canadian International Development Agency
- APF — Asia Pacific Foundation
- EDC — Export Development Corp.
- ICOD — International Centre for Ocean Development
- IDRC — International Development Research Centre
- IJC — International Joint Commission

	NOVEMBER		F. Y. CUMULATIVE	
	1989	1988	1989/90	1988/89
<b>Interests abroad</b>				
Operating costs	50,764	55,245	405,663	366,648
Capital costs	7,915	6,881	41,619	34,068
Grants	3,160	5,026	64,124	60,702
Passport fund	132	1,700	580	-226
APF*	—	—	—	500
World exhibitions	48	141	279	1,357
Sub-total	62,019	68,993	512,265	463,049
<b>CCC*</b>	2,070	1,270	9,263	8,826
<b>CIIPS*</b>	—	750	3,000	3,250
<b>CIDA*</b>				
Operating costs	8,576	8,997	60,302	58,604
Grants	112,730	148,725	919,050	1,109,032
Pymts to financial inst.	—	8,876	35,426	67,188
APF*	—	—	—	500
Sub-total	121,306	166,578	1,014,778	1,235,324
<b>EDC*</b>	10,880	—	42,068	—
<b>ICOD*</b>	600	700	4,700	3,950
<b>IDRC*</b>	9,050	9,516	72,375	76,133
<b>IJC*</b>	314	283	2,949	2,745
<b>OVERALL TOTALS</b>	206,239	248,090	1,661,398	1,793,277