

competitive advantages create synergies that will increase our ability to compete with Europe and Asia.

And last but not least, we are participating in the Mexican free trade initiative because we see exciting emerging opportunities south of the Rio Grande. Mexico is already Canada's largest market in Latin America. Until recently, Canada's opportunities in Mexico were limited by various trade barriers. But recently things have changed.

The Mexican government has now seized upon open markets and increased trade as the best way to strengthen Mexico's economy. In addition to joining the GATT world trading order in 1986, the Mexican government has recently taken numerous measures to increase two-way trade.

Let's look at the evidence.

In the past five years, the average Mexican customs tariff has decreased from over 25 per cent to around 10 per cent. Import licences and border restrictions have also been radically reduced, and Mexico has started to deal seriously with its debt.

Canadian exporters have been quick to seize the growing opportunities in Mexico. In 1989, our exports to Mexico increased by over 20 per cent. But we do not think that is good enough. We believe the present amount of trade and investment between Canada and Mexico is far too small.

Despite the impressive growth figures, Canada's shipments to Mexico in 1989 were only worth about \$600 million. That's less than half of 1 per cent of total Canadian exports.

There is no doubt that free trade with Mexico will accelerate the development of our trading relationship. Increased two-way trade will help the Mexican economy grow. Free trade will also enable Canadian companies to sell more products into the expanding Mexican market.

A free trade agreement will secure our access to the Mexican market and increase investor confidence. Increased investor confidence will promote investment and job creation as Canadian companies gear up to seize the opportunities of the emerging Mexican market.

The purpose of the Mexican trade initiative is to build a North American free trade market that includes Mexico. Many people have asked us what this means for the Canada-U.S. FTA.

We believe that the FTA can serve as a model in negotiating a North American free trade agreement. But I want to stress that the FTA has already been signed, sealed and delivered in Canada