

I have this morning conferred with provincial ministers on developments in the NAFTA negotiations, focusing on issues of particular interest to my provincial colleagues.

This past weekend I met informally with Mexican Trade Secretary Jaime Serra on Saturday, and with the U.S. Trade Representative Carla Hills on Sunday to assess where we are overall in these negotiations, and to try to narrow the differences between us on the major outstanding issues.

Chief negotiators will be meeting this week to prepare the ground for the trilateral negotiation at the ministerial level, planned for next weekend.

I thought it important to inform my provincial colleagues of my just-concluded discussions with Ambassador Hills and Secretary Serra. I also wanted to seek provincial views as I prepare for the upcoming trilateral ministerial meeting, at which time all three will want to close the gaps separating our positions.

Our consultations today were detailed and intense. We discussed where we are, what outstanding issues remain, where the process is going, and what we need to bring home a good deal. I asked individual negotiators to join the meeting so that ministers could hear directly from them. I have assured the provinces that as we move through the final phase of these negotiations, we will continue to consult them as fully and as frequently as necessary.

Canadian interests have still to be met at the negotiating table on a range of issues of great importance to us. For example, the rules of origin for autos are still not satisfactory to us. We are looking for a package that will address the diverse nature of the automotive sector in Canada -- the Big Three, the transplants and the auto parts manufacturers. The deal for our textile and clothing industries is still not what we need. The key here is to build on the access to the U.S. market that we achieved in the FTA.

We are still discussing with Mexico how to build a tariff package which Canadian industry will support. Most of Mexico's exports to Canada already enter duty free, and Canadian companies are keen to gain similar access to Mexico. Several proposals in the investment area continue to be unacceptable to us.

Canadians continue to be concerned over requirements for adjustment as a result of changing competitive circumstances in our trading relationships and in the international economy as a whole. The federal government is continuing to address this issue, and we agreed today to continue our collaboration with the provinces.