

These and other reforms have created significant opportunities for Canadian exporters and investors, and have set the stage for expanded Canada-Mexico trade.

With a growing market of over 80 million people and a government committed to economic reform, Mexico is rapidly becoming an important player in the vital North American market.

Let's not forget that Mexico is already Canada's most important trading partner in Latin America. Trade between our two countries exceeded 2 billion dollars last year, a 25% increase over 1988.

Canadian exporters have been quick to seize the growing opportunities in Mexico. In the first six months of this year alone, our exports to Mexico increased by over 20%. Increased Canadian sales to Mexico were due to large shipments of a variety of products, including communication equipment, automotive components, and processed agricultural products.

We believe the growing Mexican economy offers Canadian exporters exciting new prospects, particularly in the areas of capital equipment, technologically advanced components and parts, and high quality industrial materials. We expect our two-way trade with Mexico should double and grow to an annual level of 5 billion dollars during the 1990s.

The Mexicans have made it clear that Canadian technology is welcome and competitive. To take one example, Canada's Northern Telecom recently won a contract for cellular telephone central switching equipment which Mexico is using to modernize its communications infrastructure. As a result, during the first 6 months of this year, Canada's exports of telephone equipment increased fivefold from 5 million dollars in the same period in 1989, to over 25 million dollars.

Another thing that Mexico and Canada share in common is that they are linked to us by the contiguous United States market. Like Canada, Mexico's trade with the United States is essential to their economic prosperity. Mexico's two-way trade with the United States is valued at about 50 billion dollars, whereas Canada's two-way trade with the United States is about 200 billion dollars.

Given the enormous amount of trade between our three countries, it makes sense for Canada, the United States and Mexico to sit down together and pursue trilateral trade discussions to create a North American free trade market of over 350 million.