

modernizing project, he initiated the discussions that led last year to the North American Free Trade Agreement negotiations.

I have travelled to Mexico several times since these negotiations began. I have seen today's dynamic Mexico at work. I have especially noticed the ambitious, eager-to-do-business attitudes of Mexican business people. They were much in evidence at Canada's largest trade fair ever in Latin America, last January in Monterrey, Mexico. Our Canadian exhibitors were impressed. They concluded \$3 million worth of business on the spot, and they have projected \$80 million in sales for 1992 and the first half of 1993.

These Canadian companies are the vanguard for a new business and investment wave ready to sweep into the Mexican market. Canadian exports to Mexico were up 76 per cent in the first quarter of 1992 and this surge appears to be continuing. This trade, I should point out, is highly diversified, ranging from pork and barley, for example, to steelmaking equipment, aircraft and cellular telephone networks. And this is today, before NAFTA; our exports are bound to grow once we get rid of Mexico's tariffs and import licence systems through NAFTA.

Just consider. Mexican duties add, on average, eight per cent to the cost of doing business in Mexico. Duties on many goods are commonly as high as 20 per cent.

Worse, Mexico has a plethora of import licencing requirements that deny predictable access to the Mexican market.

Canadian-owned trucks can't carry cargoes into Mexico. They must unload their shipments at the border and transfer them to Mexican vehicles.

The Mexican Auto Decree frustrates both trade and investment in that very important sector, whereas we allow most Mexican-made auto parts into Canada duty-free. This is effectively one-way free trade.

Under the NAFTA, these obstacles to Canadians will be eradicated, either immediately, or over a period of up to 10 years.

The removal of Mexico's trade barriers on auto trade alone will be a boon to Canadian manufacturers. It will provide significant opportunities for sales of both auto parts and finished vehicles. Last year, Mexico sold auto goods to Canada valued at \$1.7 billion, but faced with Mexico's high barriers, we sold Mexico only about \$100 million. NAFTA will help re-balance this currently lopsided arrangement.