

FOREIGN AFFAIRS

REMARKS OF SENATOR STOLLERY ON MEXICO—POSSIBILITY OF CANADA'S WITHDRAWAL FROM NAFTA—GOVERNMENT POSITION

(Response to questions raised by Hon. Lowell Murray on April 5, 1995 and June 6, 1995)

In response to the April 4th speech by Senator Peter Stollery concerning Mexico, the position of the government is that Mexico's current economic woes are in no way caused by the NAFTA, nor should they lead us to doubt the value of the Agreement. Quite the contrary: the NAFTA is clearly a major success and we intend to press ahead with its expansion, the next country to join being Chile.

In 1994 the Canadian economy expanded by 4.5%. The International Monetary Fund predicts that, in 1995, Canada will again lead economic growth among the G-7 countries. This growth is export led, and the NAFTA is playing a critical part in it.

The statistics are telling:

In 1994, the first year of NAFTA, Canada's merchandise exports to the USA increased by 23%, to Mexico by 27%.

In spite of the drastic devaluation of the peso, Canadian exports to Mexico in the first quarter of 1995 are keeping pace with our exports over the same period in 1994.

Trade in goods and services between the NAFTA partners now supports more than 1.5 million jobs in Canada and directly generates over 25% of our GDP.

In terms of exports relative to GDP, we now export more than Japan and Germany.

Mexico's entry into the NAFTA has allowed Canadian firms to expand sales in sectors that were previously highly restricted, such as autos, financial services, trucking, energy and fisheries. Our export mix has broadened dramatically and we expect recently-announced privatisation plans to create more opportunities for Canadian firms in telecommunications, ports, airports, power stations and petrochemicals.

The economic fundamentals of Mexico are sound. Analysts the world over believe that the recent crisis in Mexico was essentially one of confidence, and that full recovery is only a matter of time. When that recovery comes, NAFTA will allow Canadian exporters to reap the fullest possible benefits from it.

At the June 15-17 Halifax Summit, the Prime Minister and other G-7 leaders together publicly welcomed the positive economic turn of events in Mexico. The Prime Minister and the leaders of other G-7 countries and Russia

also publicly stated their support for "Mexico's bold steps towards political reform and dialogue."

While the Mexican authorities did not make either an informal or a formal protest with the government regarding the April 4, 1995, speech by Senator Stollery, the Mexican Embassy did informally contact the government for a reaffirmation of its policy on Mexico which continues as described above.

TRANSPORT

FEDERAL-PROVINCIAL STRATEGIC HIGHWAY IMPROVEMENT PROGRAM—NOVA SCOTIA—FREEZING OF FUNDS TO AWAIT OUTCOME OF INQUIRY OF AUDITOR GENERAL—GOVERNMENT POSITION

(Response to question raised by Hon. J. Michael Forrestall on June 6, 1995)

The Auditor General has indicated that, in the course of the review thus far, there is nothing to report. The Auditor General is carrying out his responsibilities and, if he finds anything to report, he will do so.

The Trans-Canada Highway is not a federal highway. Like other highways, it is under provincial jurisdiction. The Government of Canada respects provincial jurisdiction concerning highways and is responsive to provincial requests for amendments to federal/provincial highway agreements.

The two highway agreements dealing with federal/provincial funding for highway projects in Nova Scotia clearly contain clauses allowing for amendments to be made, as do agreements with all provinces.

There is no justification for directing any or all provinces to put their highway programs on hold, as virtually every province has been involved in amendments to its original highway agreements.

Decisions regarding tolls are, similarly, a matter of provincial jurisdiction on provincial highways. Tolls have existed previously on the Trans-Canada Highway in Nova Scotia, on a portion known as the Canso Causeway, from 1955 to 1991.

EXTERNAL RELATIONS

COMMITMENT OF FRANCE TO CONTINUING NUCLEAR TESTING—GOVERNMENT POSITION

(Response to question raised by Hon. A. Raynell Andreychuk on June 14, 1995)

Canada regrets the decision by France to resume nuclear testing.