

and determined programs of economic reform and institutional change recently undertaken in any country." Mexico is becoming a market in fact, not just theory, a market of 85 million people which could be the springboard to a Latin American market of 600 million.

A Mexico which is poor will not buy our products. But a Mexico which is prospering -- prospering through trade -- is a market worthy of attention. Mexico needs what we produce. It needs transportation equipment and infrastructure, and telecommunications systems. It needs oil and gas technology, agricultural expertise and systems. Those are all areas where we are successful internationally.

There is concern about the low wage rates in Mexico. And certainly that will lead some industries to source production there when low-cost, labour-intensive components are needed. But such strategies will also make those companies more competitive, thereby boosting the high-cost, skilled labour force elements of their production in Canada and the United States. Mexico will win. The United States will win. Canada will win. That is the nature of free trade.

I believe it is important that we be realistic here. Canada will be competing with Mexico whether or not there is a trilateral free trade area. The issue is this: do we want in -- with the balanced benefits and phase-in that involves -- or do we want to stay out -- deprived of all benefits and exposed to all the downside risks?

Third, through trilateral free trade, Canada will remain an attractive place to invest. Investing in Canada will mean automatic access to all three continental markets, just as the FTA guarantees investors access to the U.S. market. Were Canada to stay outside these talks, one of our FTA advantages would be threatened. Investors would then choose to put their money in the United States, knowing that they would thereby also get access to both Mexico and Canada. And they would think twice before investing in Canada if our absence from North American free trade did not give us equivalent access to both other continental markets.

A trilateral agreement would have another beneficial effect. Not only would the playing field be even, but the players would be playing from the same rule book. Companies would not have to waste time and resources adapting their products and practices to different sets of regulations in each economy. While preserving important independence in areas vital to national sovereignty and identity, North American free trade would delete expensive duplication, creating more efficient companies better prepared to be strong contenders globally.