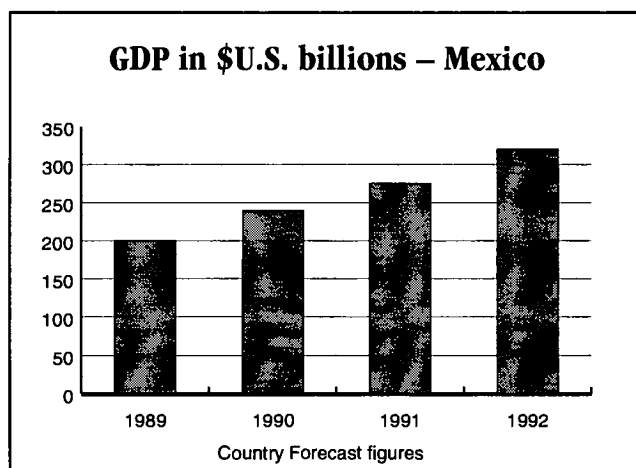


foreign participation in building a modern and efficient industrial capacity.

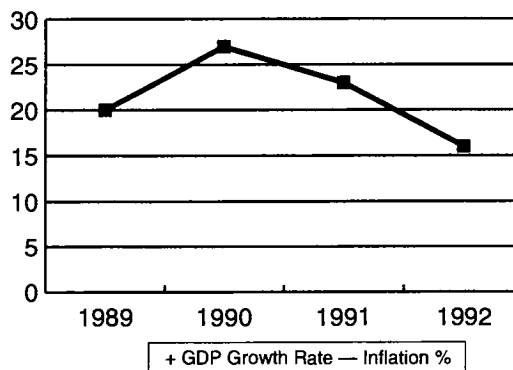
Mexico's debt reduction has been one of its signal achievements. In 1986, it was costing over 46% of GDP to service the debt; by 1994, it will be down to about 30%. Growth continues to be strong since reforms were begun, with about 4% in 1993 and stable patterns averaging around 2% predicted for the next few years. Most major forecasters see Mexico as sustaining a strong growth throughout the coming decade. About 85% of government-owned enterprises have been or are being divested. The process has brought the government about



\$20 billion in revenue, as well as removing its responsibility for running some unprofitable enterprises. Tariffs have been reduced on a wide range of products, with most now below 20%; the majority of Canadian goods enter Mexico at a tariff level of 13.5%.

There have been some costs to Mexico in its fast turnaround: poverty is still very widespread, and environmental standards are not yet as good in practice as they are on paper. But the Solidarity program initiated by President Salinas and his ruling party has made some inroads in the quality of life of particularly rural Mexicans. Inflation has dropped substantially, the peso is fairly stable, public finances are improving. Consequently, foreign business representing a broad spectrum of industrial and commercial activity is investing in Mexico and

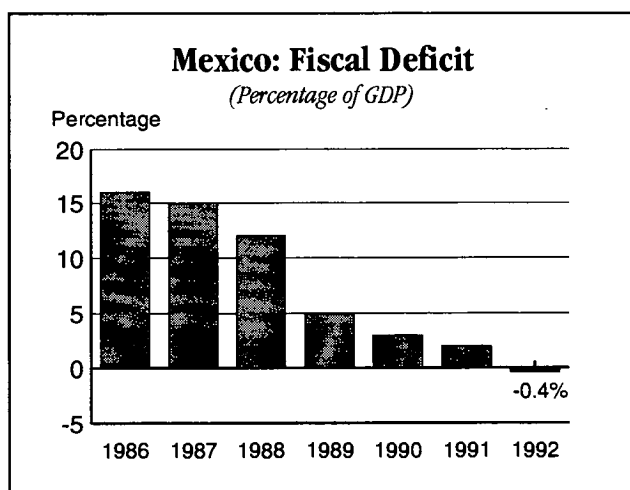
GDP Growth Rate & Inflation - Mexico



EIU & Country Forecast figures

developing new markets. Canadian firms there to explore the potential in recent years have been returning with reports of a vibrant economy and a welcoming attitude from their Mexican counterparts. Mexico has begun on a path toward progress from which it is not planning to turn back.

Gross Domestic Product grew by 2.6 percent to reach \$U.S. 320 billion in 1992, following a 3.6 percent increase in 1991. As a result, Mexico is now one of the 20 largest economies in the world. Commerce and the hospitality industries comprise the largest sector by percentage, with manufacturing a close second.



The Mexican government's Pact for Stability and Economic Growth (El Pacto) has persuaded labour and business to accept general