

can compete because wages alone do not determine competitiveness.

If low wages were the only factor in the equation, then high-wage countries such as Japan, Germany and Canada would not rank among the world's top exporting nations.

To maintain Canada's competitiveness in the 1990s, we must manage change rather than try to ignore it. One of the ways we can manage change is through innovative job retraining strategies and gradual adjustment programs.

For example, Canada's new Labour Force Strategy recognizes that our competitors are actively training their workers. We are therefore using \$350 million to train unemployed Canadians. Another \$100 million will be used to train people who are entering the job market.

Increasing our sales in the growing Mexican market will help Canada develop a more competitive economy. With an educated and productive work force, strategic location, and a state-of-the-art communications and transportation infrastructure, Canada will remain an attractive place to invest and create quality jobs.



Should Canada increase its trade with developing countries such as Malaysia, Zimbabwe, Poland, India or Mexico? The answer is, of course, yes.

Canada has international assistance programs and special programs to promote development around the world. Refusing to trade with Mexico will not help that country develop its living standards, or ours.

Nevertheless, some argue that we should not trade with developing countries like Mexico. Others say that a lower standard of living gives a developing country an "unfair" competitive advantage. We disagree.

First, trading with developing countries does not mean that we will either lose sales and jobs or be forced to adopt their lower standards.

As Canada has increased trade with countries in Asia, Eastern Europe and Latin America, our working conditions have improved and we have adopted better safety and environmental standards.

Likewise, international trade has created prosperity and enabled developing countries to improve their working conditions and safety and environmental standards.

Second, trade is a two-way street. For example, to improve its environment, Mexico must build more efficient public transportation systems, sewage treatment plants and

irrigation projects. With our proven expertise, Canada can play an important role in developing these high-technology projects.

Finally, if Canada traded only with countries that enjoyed our standard of living and social programs, we would not have many countries left to trade with. As Mexico's former Ambassador to Canada pointed out:

*If you are not going to trade with anyone having lower wages than Canada, you are going to have to close your borders. Most of the world has lower wages than Canada.*



Last fall, the federal government announced that Canada would participate in trilateral free trade discussions with Mexico and the United States. Preparatory work is now underway.

Working groups have been formed and negotiations will begin later in 1991.

Meanwhile, the government will continue to consult widely and openly to ensure that Canada is fully prepared for the upcoming negotiations.

This brochure is designed to inform Canadians about the Mexico free trade talks. If you would like more information, please refer to the inside back cover.