Canada is working closely with the new Mexican administration as it seeks to establish better practices for good governance. Over the summer of 2001, Mexican government officials visited Ottawa to learn from Canadian experiences with program review, budgeting, access to information legislation, and security and logistics for international meetings. The two countries are also working on ways to co-operate on federalism, indigenous issues, social programming, and sustainable development.

Trade and investment

Since NAFTA came into effect in January 1994, two-way trade flows between Canada and Mexico have expanded by 152 per cent, making Mexico Canada's largest trading partner in Latin America. In 2000, Mexico became Canada's seventh largest export market. Canada is Mexico's second largest export market, after the United States.

In 2000, exceptionally strong trade growth rates were recorded. Canadian exports increased by 27 per cent over 1999, to surpass $2 billion. Imports from Mexico also increased by 27 per cent over 1999, to reach $12 billion.

The Canadian government has designated priority sectors of interest for promoting Canadian trade and investment interests in Mexico. These include oil and gas, electric power, automotive-related equipment, information and communications technologies, agriculture and agri-food, environmental technologies, pharmaceuticals and bio-tech, plastics, and medical products and health care.

Canadian direct investment in Mexico reached $3.2 billion in 2000, a 3.5-times increase since 1994. Manufacturing has attracted the most investment, followed by financial services and mining. Mexican investment in Canada was $132 million in 2000.

With Mexico's remarkable trade drive, the country's exports now approximate those of the rest of Latin America combined. Economic growth was seven per cent in 2000 but may only be in the range of three per cent for 2001. Sustained growth and further liberalization are creating a range of opportunities for Canadian companies.

Canada's Export Development Corporation has greatly increased exposure in the market and opened an office in Mexico City in 2000. Alberta has announced plans to establish an office, and Quebec already has a delegation office. Saskatchewan, Manitoba and Ontario are also active in the market.