

"By participating, Canada may gain greater opportunities to trade with a newly outward-looking 85 million-strong market. By standing aloof, Canada risks losing growing Mexican trade to United States-based companies and losing investment to the United States because only United States-based firms would have tariff-free access to all three markets...

If Canada is to be constructively involved in the negotiations, it is important that Canada be involved from the beginning".

We therefore have concluded that it is in the Canadian interest to participate from the outset in these free trade talks first initiated by Mexico with the United States. The alternative would be not to participate and to lose the opportunity to have a direct influence and role in negotiations which could affect our trading interests in the vital North American market.

We want to ensure our trade opportunities in the vital North American market. Mexico is an increasingly important part of that market, and a partner of growing importance to Canada.

Mexico is now Canada's largest trading partner in Latin America. Looking to the future, we believe that Mexico's recent economic reforms and trade liberalization measures will lead to substantially increased Canadian trade with Mexico in the 1990's.

In recent years, Mexico has greatly modified its import regulations and has significantly reduced tariff and other barriers to trade, particularly since 1986 when Mexico joined the General Agreement on Tariffs and Trade ("GATT").

These reforms have created significant opportunities for Canadian exporters and investors and have set the stage for expanded Canada-Mexico trade.

Canada welcomes Mexico's commitment to growth and the improvement of its living standards through open and outward looking economic policies, particularly in the areas of trade and investment. There is, among the three countries, a mutual interest in achieving expanded growth through liberalized trade, resulting in expanded export opportunities.

Our trade and investment experience with Mexico and other Latin American countries confirms that Canada can compete. Our objective in trilateral free trade talks with the United States and Mexico is to enhance our ability to compete on an equal footing in the North American market and elsewhere.