

We have listened carefully to the views of the provinces, business, labour as well as distinguished academics and journalists. Most were persuaded that Canada should participate from the outset in the free trade talks which have resulted from Mexico's historical trade initiative.

The principal reasons for joining in these talks are twofold:

1. Mexico's recent reforms in its economic, trade and investment policies are creating trade opportunities for Canadian exporters in the growing Mexican market.
2. Given the vital importance of the North American market to Canada, we must participate in these talks from the outset to enhance our ability to compete effectively and attract investment in this emerging market of over 350 million.

(a) Recent Mexican Reforms Are Creating Trade Opportunities For Canadian Exporters

During Mexican Trade Minister Serra's visit to Canada last month, we reaffirmed that Canada welcomes Mexico's trade initiative and their commitment to growth and the improvement of their living standards through open and outward looking economic policies, particularly in the areas of trade and investment.

In recent years, the Mexican Government 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").

In the last several years, the Mexican government has initiated several comprehensive measures to strengthen their economy. Their economic policies have already brought annual inflation rates down from over 150% to a more manageable 20%.

In the recently released annual report of the International Monetary Fund, Mexico was commended for making real progress in dealing responsibly with its debt.