

oil refining and basic petrochemicals. Investment performance requirements are also in place in several other sectors, including importantly the automobile sector, where investors must submit to trade-distorting export and domestic sourcing requirements. For a North American Free Trade Agreement to achieve its potential for stimulating economic growth, Mexico must open its doors wider for foreign investors, creating more opportunities for everyone.

Another item on Canada's agenda is improved access to the United States market in such areas as financial services and government procurement. We hope to build on the important gains made under the FTA to cover even more government agencies and departments. Great strides were made in this regard under the FTA. Canadian firms can now bid on a limited number of contracts in excess of \$25,000, down from the previous ceiling of \$171,000. But that's not enough. "Buy-America" restrictions and numerous so-called set-aside exemptions keep many doors closed to Canadian exports.

Canadian companies will have an opportunity to bid on many billions of dollars of government contracts now closed to them, if we can win removal of these discriminatory barriers.

A NAFTA would ensure that Canada remains an attractive site for foreign and domestic investment seeking to locate in North America. NAFTA will guarantee that no matter where a company chooses to build its plants, it will have uninhibited access to all three countries. Artificial trade barriers won't be a determining factor when companies, wanting to serve a North American market of 360 million people, decide where to invest. Their decision will be based instead on the inherent capacities of each economy to provide what they need. We think that in Canada they will find a highly skilled, highly educated work force and a solid infrastructure of public and private services that will often tip their decisions our way. A North American Free Trade Agreement will increasingly encourage investors to make their decisions on economic merit, not on artificial barriers.

Mexico is already Canada's best trading partner in Latin America, albeit two-way trade only accounted for some \$2.4 billion last year. But, according to estimates, this figure is expected to double by 1995. There are good reasons. Mexico is undergoing sweeping economic reforms. Mexico's effort in correcting its fiscal imbalance over the last eight years is unparalleled in the Western world. As a result, the Mexican public sector primary balance has now been recording a surplus for the last eight years. Over the same period, public expenditures have been reduced while public revenues rose substantially.

Privatization has also been a key element in Mexico's economic reform program. Whereas in 1982 there were 1,155 estate-owned