

Within a week of my June meeting with Minister Serra, I met with our International Trade Advisory Committee and I appeared before your Committee to discuss the Mexican trade initiative on June 18th.

At that time I advised that Canada had not decided whether we would be involved in the Mexican trade initiative and that we would use the summer months to consult with the provinces, business and labour representatives, and conduct studies regarding Canada's options. I also indicated that we should make a decision by September regarding our participation in these trade talks.

During the summer, it became clear that the Mexicans did not intend to wait for the December presidential meetings before taking the next step.

As a result, at the August 8 meeting of the United States-Mexico Ministerial Commission in Washington, it was announced that President Bush proposed to seek negotiating authority from Congress in September and it was expected that negotiations could begin later next spring.

Last month, we began informally exploring with Mexico and the United States our participation in these trilateral talks. It has now been agreed that there should be consultations involving our three countries to establish the basis for subsequent negotiations on a free trade arrangement linking Canada, the United States and Mexico.

Over the next several months, we will therefore be examining the scope, elements and procedures that would form the basis for subsequent negotiations.

We will also continue to consult to ensure that we are fully prepared when the negotiations begin sometime later next year. We look forward to receiving your views in the coming weeks.

3. THE RATIONALE

The question of our participation in these talks has been extensively debated and written about in Canada since the prospect of a bilateral United States-Mexico free trade agreement first emerged last spring.