We are participating in these talks to expand the opportunities we created with the FTA.

The FTA is an internally balanced document that has been signed, sealed, and delivered in Canada and the United States. Canada's position is clear. We will not accept any proposal which could diminish our existing FTA benefits. If our negotiators can identify ways to add any new improvements to the FTA, we will consider them.

Following our initial round of consultations, I was impressed by the strong support the Mexican trade initiative received from business representatives, journalists, and distinguished academics. However, it would appear that some of the same protectionist forces that opposed the FTA have already mobilized to oppose the Mexico free trade talks.

Will Mexico's lower wages cause Canadian manufacturers to suddenly relocate in Mexico? Of course they won't, because wages now average less than 20% of a manufacturer's direct costs and are not the decisive factor in locating most types of manufacturing in the 1990s.

Other important factors are labour productivity, the location of suppliers and markets, management and labour skills, and the quality of a country's transportation and communications infrastructure.

With our highly educated and productive work force, location, and state-of-the-art infrastructure, Canada will remain an attractive place to invest and maintain jobs.

We are not alone in recognizing that wages are not the sole deciding factor in investment. Consider the following quotation:

> "...if you want to compare our economy to Mexico, what is the attractiveness of the Canadian economy versus Mexico? It will never be wages, and no matter what I do, we could abolish the minimum wage tomorrow and we would never get wages down to the level they are in Mexico. There is no point in trying to play that game. That is a complete dead end for Canada.
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> Our positive comparisons to Mexico have to do with our skills, our training, our education, our scientific research, the kind of investment that we are prepared to make in people and the kind of investment we are prepared to make in knowledge and in the manufacturing strength that we still have and I don't want to see that manufacturing strength lost."

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