(ICT), agri-food, and environmental industries, in addition to more traditional areas such as energy, forestry and mining. With a GDP of \$953 billion in 2006, sound macro-economic indicators, an expanding middle class and a population of over 100 million, there is scope for even greater growth in commercial exchanges.

According to Mexican statistics, Canada is now Mexico's fifth-largest investor, in such sectors as banking, mining, automotive, urban transportation, printing, energy and aerospace. Mexico's FDI abroad is also increasing as Mexican companies expand in search of new markets. This presents opportunities to promote Canada as a destination for those Mexican investors.

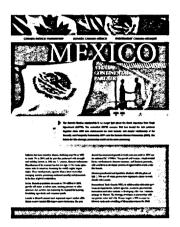
Canada and Mexico work closely together as NAFTA partners, and they also use every opportunity to deepen the dialogue in order to expand the relationship, for example through the trilateral SPP of North America and the bilateral Canada-Mexico Partnership.

In 2006, there were few trade irritants between Canada and Mexico. Agriculture is one area in particular where protectionist sentiment may exist. The Government of Canada will continue to monitor the implementation of the NAFTA provisions, which include removal of the remaining trade restrictions on imports of corn and beans in January 2008.

Opportunities to expand the commercial relationship will be influenced by the Mexican Administration's ability to build consensus and enact crucial structural reforms, namely in the energy sector, but also with regard to taxation, labour, and anti-monopoly policy in key service areas such as telecommunications.

The Canada-Mexico Partnership

In October 2004, the Canada-Mexico Partnership (CMP) was launched. This high-level public-private forum seeks to strengthen bilateral economic and policy cooperation and to promote discussion among the private and public sectors at the highest levels. The partnership helps focus additional efforts to further cooperation in S&T and labour mobility. The CMP's mandate includes



identifying obstacles to trade and investment and making recommendations for their removal. The expanding partnership now includes six working groups: trade, investment and S&T; agri-business; urban sustainability; housing; human capital; and energy. The CMP working groups last met in Mexico City on March 7, 2007, to develop and advance workplans. Among the highlights: the signing of an extension for five years of a letter of understanding between the Canadian Mortgage and Housing Corporation and its Mexican counterpart for cooperation in housing; the signing of a Memorandum of Understanding (MOU) between the Association of Canadian Community Colleges (ACCC) and the National Association of Universities and Institutes of Higher Learning on joint collaboration. For the first time, provincial representatives attended some of the working groups' sessions.