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JOINT COMMUNIQUE OF THE SECOND

CANADA/MEXICO MINISTERIAL COMMITTEE MEETING

DEPARTMENT OF EXTERNAL AFFAIRS  
MINISTÈRE DES AFFAIRES EXTÉRIEURES

The second Canada/Mexico Ministerial Committee Meeting took place January 28 to 29, 1974 in Mexico City.

Mexico was represented by: Lic. Emilio O. Rabasa, Secretary of Foreign Affairs; Lic. José Lopez Portillo, Secretary of Finance and Public Credit; Lic. José Campillo Sainz, Secretary of Industry, Trade and Commerce; Lic. Julio Hirschfeld, Director, Department of Tourism; Lic. Julio Faesler, Director General of the Mexican Institute of Foreign Trade; Lic. Gerardo Bueno Zirion, Director General of the National Council for Science and Technology; Lic. Ernesto Fernandez Hurtado, Director General of the Bank of Mexico; and Mr. Rafael Urdaneta, Ambassador of Mexico to Canada.

Canada was represented by: the Hon. Mitchell Sharp, Secretary of State for External Affairs; the Hon. Charles M. Drury, President of the Treasury Board; the Hon. Alastair Gillespie, Minister of Industry, Trade and Commerce; H.E. Mr. Maurice Schwarzmann, Canadian Ambassador to Mexico; Mr. J.P. Drolet, Assistant Deputy Minister for Mineral Development of Energy, Mines and Resources; Mr. Tom M. Burns, Senior Assistant Deputy Minister, Department of Industry, Trade and Commerce; Mr. d'Iberville Fortier, Assistant Under-Secretary of State for External Affairs; and Mr. Claude T. Charland, Assistant Deputy Minister for Export Development, Department of Industry, Trade and Commerce.

The Canadian Ministers called on the President of Mexico, Lic. Luis Echeverria, with whom they had a wide exchange of views.

Both Mexican and Canadian Ministers noted with satisfaction the advances that had been achieved in the strengthening of relations between the two countries in the period since the first meeting of the committee, which took place in Ottawa in October, 1971. They particularly noted the state visit of the President of Mexico to Canada from March 29 to April 2, 1973, in the course of which the President and Prime Minister Trudeau agreed to take a series of concrete steps designed to provide an even greater impetus to Mexican-Canadian exchanges in various fields of common interest.

Mexican Ministers welcomed the increased participation of Canada in inter-American institutions, a question which had been examined during the first meeting of the Committee. They expressed their satisfaction that Canada has been admitted as a member of the Inter-American Development Bank and as permanent observer to the Organization of American States (O.A.S.). The Mexican side expressed its hope that Canada would eventually become a full member of the OAS. The Mexican Minister of Foreign Relations outlined for the Canadian Ministers the steps being taken at present for the restructuring of the inter-American system with the view to making it more adequately correspond to the interests of its members. The Canadian side expressed its appreciation for Mexico's interest and stated that it would follow these developments and their implications for the Canadian position.

The Mexican and Canadian Ministers recalled that during President Echeverria's visit to Ottawa, Prime Minister Trudeau had agreed that the preparation of a charter on the economic rights and duties of states was of major importance in the pursuit of international peace and security. The two governments had agreed to co-operate closely in the drafting of this charter. The Mexican Ministers examined with the Canadian Ministers the progress achieved by the group of 40 in its elaboration. In this respect, they reaffirmed the interest of both governments in pursuing their co-operation within that group which will meet in Geneva on the 4th of February and in searching for formulas to reconcile

divergent interests given that they both recognize that approval of the charter will mark an important step in the codification and development of basic principles of economic relations between states. In particular, they reiterated the desirability of having the final draft of the charter approved during the 29th Session of the United Nations General Assembly (UNGA), in keeping with Resolution 3082 (XXVIII) which had been unanimously adopted on the basis of a draft presented by a large number of delegations, including those of Mexico and Canada.

Ministers emphasized the importance of the U.N. Conference on Law of the Sea which will be held in Caracas beginning in June of this year. In this respect, they noted that both Mexico and Canada are in agreement that coastal states enjoy special rights with regard to the exploitation of all the resources in a broad area adjacent to their coast beyond the territorial sea of 12 miles, as well as special rights in that area with regard to the prevention of pollution and the regulation of marine scientific research. They also agreed that the sovereign rights of the coastal state over the continental shelf extend over the whole of the shelf up to the outer limit of the continental margin. The Ministers agreed that Mexico and Canada will continue to co-operate in the search for conciliatory formulas based on the principles outlined above.

Ministers expressed their satisfaction with respect to the developments which had led to the separation of the military forces of the parties to the Middle East conflict and stated their conviction that there should be no closing down of the negotiations leading towards the application of Resolution 242 and 338 approved by the Security Council of the UN. The achievement of a just and lasting peace in that region is in the present circumstances the most urgent task of the UN and, in that respect, the Ministers reaffirmed their confidence that the Secretary General will play a full and effective role at the Geneva Peace Conference.

Ministers reviewed the state of discussions on monetary reform, particularly in view of developments at the IMF Meeting in Nairobi last autumn and at the Committee of 20 Meeting in Rome earlier this month. They noted that Canadian and Mexican Ministers had had on both occasions opportunities for consultation and that they were in broad agreement on many of the basic elements of a reformed monetary system as a whole. The Ministers agreed that it would be desirable in the context of the reform to promote the transfer of real resources from the developed to the developing countries on adequate terms. They further stated that they and their officials should continue to co-operate and keep in close consultation.

Ministers noted with satisfaction that the multilateral trade negotiations are formally under way under Gatt auspices in accordance with the declaration issued at the Tokyo Ministerial Meeting held in September, 1973. The Canadian and Mexican Ministers agreed on the importance to all trading countries of the successful conclusion of these negotiations.

They agreed that it was essential to this end that all countries share in the benefits of these negotiations and participate fully in their organization and conduct. It was particularly important that developing countries be full partners in the negotiations. They further noted that both Canada and Mexico see the negotiations as a meaningful process for the liberalization and expansion of world trade and the increased participation of Canada and Mexico in this trade.

They regard the negotiations as a further means of diversifying their trade. They also expressed their expectation that one of the results of the negotiations would be to reduce impediments imposed by resource importing countries on greater processing of industrial materials prior to export from resource producing countries. They noted with satisfaction that the Canadian and Mexican delegations to the negotiations had established a pattern of co-operation and consultation on areas of mutual interest and expressed their intentions that these consultations should continue as the negotiations progress.

Canadian and Mexican Ministers discussed the implementation of Canada's general preference scheme. In this regard, Canadian Ministers informed their Mexican counterparts that Parliament had passed legislation providing for a scheme of tariff preference for developing countries. They further indicated that the modalities of implementing this scheme are now under active study. The Mexican Ministers expressed their interest in being kept informed.

In the course of their review of internal economic developments, they noted that inflation continued to be a problem of significant dimensions and they agreed on the desirability of working toward internal efforts to moderate the rate of inflation.

Ministers also discussed the impact on their respective economies as well as internationally of the current energy situation. They noted that although Canada and Mexico are important producers of energy, the current situation for world energy resources has had a substantial effect on the short-term outlook for their economies. An important consideration in this respect will be the impact which the energy situation will have on their major trading partners. They also expressed their concern over the consequences of the current situation for the economies of many of the developing countries, particularly those lacking substantial energy resources of their own.

Ministers also examined the outlook for world supply of other industrial materials and noted that although there is the possibility of some supply shortages in the short term, there is a longer term potential for increasing world production of these materials. Ministers agreed that in the production and export of industrial materials, the interest of consumers as well as of producers should be borne in mind.

Ministers noted that the unusual marketing situation of 1973 resulted in a significant reduction of world supplies of basic food stuffs. They expressed their hope that the current efforts under way in the UN leading to a World Food Conference, which have Canadian and Mexican support, will mobilize support for increased food production and improved international methods of maintaining adequate supplies to meet global requirements.

Ministers expressed their gratification that their meeting provided an occasion for the signing of an agreement on the avoidance of double taxation with respect to the income from ships or aircraft operating in international traffic. They noted that their officials were continuing their discussions on taxation with a view to identifying other areas where agreement might be possible.

Ministers expressed gratification at the substantial increase in bilateral trade during 1973. Mexican exports to Canada during 1973 expanded and diversified considerably while Canadian exports to Mexico also continued to grow. Ministers further noted that trade in both directions included a growing percentage of manufactured products. They also noted that progress had been made in reconciling trade statistics of the two countries and agreed that this work should forward rapidly. Nonetheless, Mexican Ministers expressed their concern at the continued imbalance of trade in Canada's favour. Canadian Ministers acknowledged that a trade imbalance existed but pointed out that Mexico's surplus on tourist account contributed to offset its trade deficit.

Ministers of both countries noted with satisfaction the potential for increasing bilateral trade. The Canadian Minister of Industry, Trade, and Commerce expressed his pleasure over the positive response of Mexican officials and businessmen to the trade development mission which he undertook to Mexico at the invitation of President Echeverria. The Minister was able to confirm that there are substantial opportunities for increasing Mexican exports to the Canadian market as well as matching Canadian export capabilities and technology with Mexican requirements. In meetings with officials of the Mexican private and Public Sectors, a number of opportunities for joint ventures were examined and are receiving serious consideration. The Mission also identified and pursued major opportunities for greatly increased co-operation in a wide range of products and engineering services. In the electric power area, the Ministers consider that an excellent basis for close co-operation exists and it was agreed that a joint committee be formed to identify opportunities for greater Canadian participation in joint projects in this important sector. Ministers agreed that the terms of reference for the joint Canada/Mexico working group on power would be to consider the projected needs for electric power technology and equipment, including nuclear power, in Mexico and to identify areas of joint co-operation. The Canadian Ministers were pleased to note the interest of the Mexican Government in nuclear plants. The Canadian Ministers stressed the advantages of plants using natural uranium and heavy water and drew attention in their highly successful operation in Canada. The Ministers agreed that the prospect of increased co-operation in this important energy sector should receive high priority.

The Mexican Ministers were pleased to learn of a Canadian proposal for substantial involvement in the forthcoming Mexican Railway Rehabilitation Program. This would involve a joint venture to manufacture railway passenger cars in Mexico, as well as the supply of locomotives, rolling stock and rails from Canada under appropriate long term financing arrangements. Canadian Ministers pointed out that Canada had traditionally made available long term financing for the purchase of capital goods and services. Such financing arrangements could be made available if required for projects of interest to both countries.

Ministers discussed their respective legislation relating to foreign investment and agreed on the need to ensure that such investment contribute to the national interest of the recipient country. They agreed that within this framework there were opportunities for mutually advantageous co-operation between Mexican and Canadian firms. They emphasized those areas where Canadian technology and experience might contribute to Mexican industrial development. Canadians including members of the Department of Industry, Trade and Commerce Mission are actively following up joint venture proposals in electronics, auto

parts, railway and steel equipment, mining, cattle breeding, and in the forest industries.

Canadian and Mexican Ministers agreed that the search for areas of fruitful exchange between Canada and Mexico in the field of science and technology should be continued and intensified. They noted with satisfaction that the program agreed to during the visit of President Echeverria to Ottawa for an exchange of young technicians had begun and is yielding encouraging results. Ministers also reviewed the possibility of establishing new direct telecommunication links, including the use of both land lines and satellites, between the two countries and agreed that exploratory discussions should be continued.

Ministers discussed their respective mineral policies and Canadian Ministers renewed their invitation to the Government of Mexico to send a delegation of officials to Canada to get a better understanding of and to exchange views on the mineral policies of the two countries.

Ministers noted that following the discussions in Ottawa between President Echeverria and Prime Minister Trudeau, it had been agreed to exchange experts and information on environmental problems in the two countries. They noted with satisfaction that further discussions have taken place and that a Canadian Delegation of senior officials will shortly visit Mexico to continue this dialogue.

Ministers noted with satisfaction the increased tourism between Mexico and Canada in recent years. In order to encourage an even greater flow of Canadian travellers to Mexico and of Mexican visitors to Canada, and to ease travel formalities, they agreed to set up a special committee made of officials of the agencies concerned in the two countries. This committee is to present within three months a report on the steps that should be taken to these ends.

Ministers noted the significant start which has been made in the way of cultural visits and exchanges between the two countries. They specifically remarked upon the success of several reciprocal youth programs envisaged by the first Canada/Mexico Meeting and which so far have benefited a good many young Mexicans and Canadians. Ministers further agreed that final consultations should start immediately towards the conclusion of a cultural and sciences and technology agreement between the two governments. Given the importance of such exchanges for a better understanding between the two countries, the Ministers agreed to make all necessary efforts to intensify this action. In the field of academic exchanges, it was agreed that each government would offer this year five scholarships for advanced studies in institutions of their respective countries. For 1975, the Canadian Government has offered to increase up to ten scholarships of the same kind. These results point to the desirability of increasing the exchange program to cover new areas and to consider the feasibility of joint research programs including exchange of researchers in the field of science and technology.

The Secretary of State for External Affairs of Canada, the Hon. Mitchell Sharp, expressed to the Secretary of Foreign Affairs Rabasa the gratitude of the Canadian Delegation for the cordial hospitality with which they were received during their stay in Mexico.