

Statement

Minister for
International
Trade



Déclaration

Ministre du
Commerce
extérieur

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STATEMENT BY

THE MINISTER FOR INTERNATIONAL TRADE,

JOHN C. CROSBIE

ON CANADA'S PARTICIPATION IN FREE TRADE TALKS

WITH MEXICO AND THE UNITED STATES

OTTAWA, ONTARIO

September 24, 1990

I am pleased to announce that Canada has decided to participate in discussions with Mexico and the United States to establish the basis for subsequent negotiations on a free trade arrangement among Canada, the United States and Mexico. We will be examining the scope, elements and procedures that will form the basis for subsequent negotiations leading to trilateral free trade.

After conducting preliminary consultations and studies over the summer, we have determined that Canada should participate in trilateral discussions to create a North American free trade market.

As a result of a Mexican initiative earlier this year, Mexico and the United States announced their agreement in principle to negotiate a comprehensive free trade agreement last June.

As you know, the Mexican trade initiative is proceeding sooner than initially anticipated and it therefore became necessary to inform Mexico and the United States of our intention to participate in these talks now.

In recent discussions with Mexico and the United States we have all agreed that Canada should participate in consultations designed to establish the basis for subsequent negotiations on a free trade arrangement linking Canada, the United States and Mexico.

Prime Minister Mulroney has written letters to President Salinas and President Bush stating Canada's interest in participating in negotiations with Mexico and the United States on a North American free trade agreement which would benefit all three countries.

I am confident that preliminary discussions over the next several months will be productive and demonstrate that a mutually advantageous agreement can be concluded. We do not expect formal negotiations to begin until sometime next year.

During the last several months, we have conducted preliminary consultations and studies, and have listened carefully to the views of the provinces, business, labour as well as distinguished academics and journalists.

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. Almost all serious analysis argues strongly for Canada's participation. For example, the C.D. Howe Institute recently studied this issue and concluded that:

"By participating, Canada may gain greater opportunities to trade with a newly outward-looking 85 million-strong market. By standing aloof, Canada risks losing growing Mexican trade to United States-based companies and losing investment to the United States because only United States-based firms would have tariff-free access to all three markets...

If Canada is to be constructively involved in the negotiations, it is important that Canada be involved from the beginning".

We therefore have concluded that it is in the Canadian interest to participate from the outset in these free trade talks first initiated by Mexico with the United States. The alternative would be not to participate and to lose the opportunity to have a direct influence and role in negotiations which could affect our trading interests in the vital North American market.

We want to ensure our trade opportunities in the vital North American market. Mexico is an increasingly important part of that market, and a partner of growing importance to Canada.

Mexico is now Canada's largest trading partner in Latin America. Looking to the future, we believe that Mexico's recent economic reforms and trade liberalization measures will lead to substantially increased Canadian trade with Mexico in the 1990's.

In recent years, Mexico has greatly modified its import regulations and has significantly reduced tariff and other barriers to trade, particularly since 1986 when Mexico joined the General Agreement on Tariffs and Trade ("GATT").

These reforms have created significant opportunities for Canadian exporters and investors and have set the stage for expanded Canada-Mexico trade.

Canada welcomes Mexico's commitment to growth and the improvement of its living standards through open and outward looking economic policies, particularly in the areas of trade and investment. There is, among the three countries, a mutual interest in achieving expanded growth through liberalized trade, resulting in expanded export opportunities.

Our trade and investment experience with Mexico and other Latin American countries confirms that Canada can compete. Our objective in trilateral free trade talks with the United States and Mexico is to enhance our ability to compete on an equal footing in the North American market and elsewhere.

Trade liberalization has been a key element of Canada's economic success. We have benefited from our membership in the GATT, and have played an active role in all of the preceding Rounds of multilateral trade liberalization. These trilateral talks complement our many other initiatives designed to position Canada as a competitive force in an increasingly open and interdependent global economy.

In addition to having secured our access to our largest and most important trading partner as a result of the Canada-United States Free Trade Agreement, Canada is continuing to play an important role in the Uruguay Round and multilateral trade negotiations.

As a trading nation where one-third of our Gross National Product ("GNP") depends on exports, Canada has a major interest in trade liberalization. In an increasingly competitive global economy, we must be aggressive in pursuing opportunities to secure and expand access to our most important markets.

It is essential that Parliament and all Canadians be fully involved in the consultation process. We will continue to consult widely and openly in the coming months to ensure that Canada is fully prepared prior to the commencement of actual negotiations sometime next year.

We therefore welcome the public hearings to be held by the House of Commons Standing Committee on External Affairs and International Trade which are scheduled to begin this week, and we look forward to receiving their recommendations.

This week, my International Trade counterpart from Mexico, Commerce Secretary Serra, is on an official visit to Canada. I am pleased that we will be able to discuss in further detail this exciting opportunity to create a liberalized North American trading market of over 350 million.