

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

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NOTES FOR A SPEECH BY
THE HONOURABLE MICHAEL H. WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO THE CANADA-MEXICO CHAMBER OF COMMERCE

MEXICO CITY, Mexico
November 26, 1991

Ladies and gentlemen,

Thank you for inviting me to speak to you this morning. Yesterday, we concluded a very successful meeting with members of your government's Cabinet, and I can assure you that friendship between Canada and Mexico has never been stronger than it is today. Yesterday's discussions provided an intensive review of important bilateral issues -- a review that increases our understanding of each other and opens the path to future co-operation. Canada and Mexico have pursued these close consultations through regular meetings of our Joint Ministerial Committee (JMC) since 1968. That work was injected with new energy in January 1990 when Mexican and Canadian ministers with economic responsibilities met in Ottawa. As demonstrated then and confirmed yesterday, these face-to-face meetings of ministers of our two governments present an invaluable opportunity to explore new avenues of common interest.

An important component of our discussions concerned economic and commercial issues. Like Mexico, the Government of Canada has been pursuing policies that will make our economy more competitive. Through privatization, de-regulation and tax reform, we have improved Canada's economic foundations. We have also been following a vigorous outward-looking trade policy that includes the Multilateral Trade Negotiations (MTN), the Canada-United States Free Trade Agreement (FTA), efforts to enhance our trade with Asia-Pacific nations and, of course, the negotiations for a North American Free Trade Agreement (FTA). These policies represent the grand framework of our trade relations. But large concepts usually work only when we pay attention to the particulars. That's what meetings like this JMC meeting are meant to do. When we look after the details, the larger objectives are easier to achieve.

Canada and Mexico have an excellent record of looking after the details. We have developed our co-operation in a number of fields. For example, our law enforcement agencies are working closely together to suppress the scourge of drug trafficking that has caused difficulties for both our countries. We are increasing our cultural co-operation in important ways, a subject that I will return to in a few moments. Last April, in Ottawa, President Carlos Salinas de Gortari and Prime Minister Brian Mulroney signed an important agreement on taxation that ensures that the citizens and companies from one country operating in the other get the same fair tax treatment. Our Parliament is currently drafting the necessary legislation, which will go into effect after it has been approved.

Canada is also working closely with Mexico in the area of forestry conservation and management, an important undertaking in this era of heightened understanding of the need to manage our natural resources carefully. That awareness extends to the environmental front, where we are also intensifying our relations. All governments have become conscious in recent years

of the need to integrate economic and environmental goals. Canadians have developed considerable expertise in waste management and pollution abatement technology. Some of our universities are world leaders in environmental research. Canada is therefore pleased to be co-operating closely with the Mexican government in several important projects and in developing better means to enforce environmental standards.

One of these projects involves H.A. Simons of Vancouver, with its partner Ecosistemas, who are pursuing major environmental projects with the government of the state of Vera Cruz. The Canadian International Development Agency (CIDA) has supported the project feasibility studies, valued at approximately \$1 million. S.M./Groupe Dynamis of Quebec City has also concluded major studies of hazardous waste management for the city and state of Mexico, also supported by CIDA. The implementation of these projects will make the environmental sector one of the most important areas of activity for Canadian firms in Mexico.

Another area in which there has been close consultation is in labour co-operation. Yesterday at the JMC, officials continued discussions on a Canada-Mexico Memorandum of Understanding (MOU) on labour co-operation, which we hope to be signed shortly. The MOU will offer Canadian assistance in helping Mexico improve its capacity to enforce its already extensive labour legislation.

These are some of the important details of the Canada-Mexico friendship. They are important. But a friendship is also a question of attitude; certainly the goodwill between our two countries has never been greater. In part this results from a major change in Canada's foreign policy orientation in the last seven years. In that time, the Government of Canada has had a profound and positive change of attitude toward the nations of the Americas.

Canadians have always been proud of our Atlantic heritage, which inspired our national institutions. We are also strongly conscious, as is Mexico, of the important economic dimension of being a Pacific nation. In addition, Canada feels a special responsibility for the careful management of its Arctic environment. But, today, we have also realized that there is a fourth component of Canada's geographic and historic situation, which we have been slower to develop: Canada as a country of the Americas.

Canada has a destiny to fulfil -- a destiny as a full partner in the Western Hemisphere. I think it's fair to say that Canadians, for many years, knew that we were physically present in the Americas, but did not truly feel part of them. Especially since the economic and political reforms that swept through Latin America in the 1980s, the realization grew that Canada should not -- in fact could not -- stand aloof from its Western Hemisphere neighbours.

After the United States, Mexico is our largest trading partner in the Western Hemisphere. Over the years, Canadian companies have made significant investments here. At one time, Canadians owned and operated utilities in Monterrey. They provided light and power, as well as electric street cars, to Mexico City. More recently a Canadian firm, Bombardier, built the passenger cars for the first line of the Mexico City Metro. So some Canadian firms are familiar with Mexico, and we expect in the next few years that this familiarity will grow.

That trend has already begun. Our trade rapidly expanded between 1986 and 1990, to reach about \$2.3 billion in two-way commerce. We estimate that this figure will double between now and the end of this decade. Clearly, Canada has an increasing need to pay attention to this steadily expanding relationship.

That business relationship is developing in what may at first seem some surprising areas. For example, our cultural co-operation has produced some very tangible economic activity. We have encouraged Canadian and Mexican film and video producers to join forces, and the results of one of these joint ventures, the first 22 episodes of a contemporary action drama series called "Sweating Bullets," are now winning audience approval on networks in Canada and the United States.

In another project, Mexico and Canada, through Canada's Museum of Civilization and National Film Board, are developing a major production on the Mayans for the giant Imax screen, a significant Canadian innovation in film technology. This film can be shown on Imax screens worldwide. So, when we talk about cultural co-operation, it's clear we're not talking about trivial ornaments. We're talking about serious business ventures, involving the most up-to-date technology. There is truly scope for increasing our co-operation in ways that are also very rewarding.

I would be remiss if I did not mention one very important component of the Canada-Mexico relationship: tourism. I know that your minister of tourism, Señor Joaquín, understands and appreciates why Canadians find your country so attractive, especially during our winter months. About 350,000 Canadians visited Mexico in 1990, and we expect the number to rise this year. Where our tourists go, investors follow. You are probably aware that the Canadian Four Seasons chain is building a hotel not far from here, on the Paseo de la Reforma. Thousands of Canadians have come to enjoy the Mexican climate, culture and lifestyle in their frequent visits here. About 75,000 Mexicans came as tourists to Canada in 1990. We hope that in years to come you will visit us in greater numbers, to enjoy the variety and excitement of life in Canada, as well as to experience our vast landscapes of forests, lakes, mountains and plains that have made us renowned around the world. Destinations such as Banff,

Whistler, Niagara Falls and Quebec City are but some of Canada's internationally acclaimed holiday resorts, which I invite you to visit.

Canada and the U.S. took an historic step toward building a new concept of the Americas when we signed the Free Trade Agreement. In gradually removing tariffs and other trade barriers between Canada and the United States, the FTA has become a model of what countries can dare to achieve if they are willing to put sound economic principles to work. We have put in place a unique and effective system to deal with sometimes difficult trade disputes. These disputes represent only a small proportion of Canada-U.S. trade, but the development of a fair system to deal with them shows how much the two countries value their trading relationship. In short, Canada has secured access to its most important market. The agreement is a solid foundation for future growth.

The agreement has already brought about a significant growth in trade between our two countries. The value of our exports to the United States has risen by \$8 billion, or 7.5 per cent, since the agreement went into force. Moreover, since implementation of the FTA, Canada's trade balance with the U.S. has widened from \$14.2 billion in 1988 to \$17.4 billion in 1990.

Canadian firms have demonstrated that they can compete in the U.S. At their request, two rounds of tariff acceleration covering \$8 billion in two-way trade have been negotiated. In light of the success of these two rounds, we have recently announced a third round. That is solid proof that the FTA is working to the advantage of Canadian exporters.

Many Canadian business people say that the Canada-U.S. FTA has unleashed new energies in Canadian industry. Canadian businesses know that their strategies must include not only the Canadian market, but also the global marketplace, if they are going to thrive. The FTA has lifted restraints and broadened horizons. It has been credited by many in our private sector with changing the attitudes of Canadian businesses. Companies have been spurred to become more active and energetic in pursuit of new markets. When you see the remarkable achievement of some firms, it is difficult not to be impressed by the impact of freer trade. Not just big companies, but also modest sized firms, are finding new market niches opening up to them.

Our experience with the Canada-U.S. FTA gives us good reason to look forward to completion of the North American Free Trade Agreement. When our three countries implement a NAFTA, our capacity for economic growth will be markedly enhanced. The creation of a market of 360 million people will provide firms in all three countries with the potential for greater economies of scale. This will add to the efficiency and, hence, productivity of all three economies. Each of us has distinct assets and

advantages, which, when made more accessible to each of the others, will produce a potent combination for economic innovation and growth.

I have talked about our interest in expanding and liberalizing markets in North America. This is also true in the multilateral context. The successful conclusion of the multilateral trade negotiations in the General Agreement on Tariffs and Trade (GATT) is of utmost importance to the Canadian and Mexican economies. Our objective, as with the North American talks, is competitiveness and prosperity in the 1990s. A strengthened, updated and expanded rules-based multilateral system remains the cornerstone of economic relations among us all. A satisfactory MTN outcome this year is necessary to build up the confidence of the international trade and investment communities. We are pleased to be working together with Mexico to achieve an agreement. Since joining the GATT in 1986, your country has made a significant contribution to these negotiations. We look forward to your continuing constructive involvement in the important weeks ahead. Success in the MTN is sure to make the job of negotiating a NAFTA easier.

A successful MTN will mean that the long-term trend toward more liberalized trade will continue. As it does, companies everywhere will be on the look-out for new opportunities. The farsighted economic reforms of President Salinas have already generated considerable interest in our country. Many Canadian firms realize there are good prospects for partnerships with Mexican business at this important time in the development of your economy. A key to success in a competitive marketplace is the development of strategic partnerships. These alliances are a logical and natural fit, with each partner contributing its own expertise -- for example, the Canadian product and technology with the market contacts and local understanding of the Mexican company. The result: access to marketing expertise, new technology and innovation, as well as a wide horizon of business opportunities.

I know that Canadian companies are anxious to tap the potential in the Mexican market and to work together with Mexican companies to capitalize on the opportunities in one of the fastest-growing market areas in the world. Just last week, Capilan International of Calgary, along with its joint venture partner, Geoevaluaciones of Mexico City, were awarded an \$18-million contract for the supply of geophysical and seismic survey services to Pemex. This is one of many examples of partnership in action working toward prosperity.

In Monterrey from January 27 to 31, at Canada Expo 92, interested Mexican businesses will be able to take a close look at some of our best Canadian products. This trade show will be the largest

Canada has ever organized in Latin America. Jaime Serra and I will be there to open it, and I hope some of you will attend.

The range of Canadian products is truly diverse. Mexicans have recently become very familiar with one product originating in Canada. Canada's Northern Telecom, a world leader in telecommunications, has recently expanded its offices to significantly assist your national telecommunications services. It will offer local training and provide up-to-date troubleshooting services. Earlier this year, Canada's Export Development Corporation set up a \$500-million line of credit for purchase of Canadian oil and gas services and equipment. The Canadian oil industry's exploration and development technology is second to none in the world. In addition, years of work in the rigorous conditions of the Beaufort Sea in Canada's North and the Atlantic Ocean have given Canadian companies a wealth of experience in off-shore conditions. Yesterday, I announced the sale to Mexico of Canadair passenger jets and Canadian-designed industrial boilers. These are representative of the kind of knowledge-intensive products Canadian companies have on offer.

Telecommunications, transportation equipment, waste management services, oil and gas equipment, film projection technology and machine parts built to the finest specifications -- these are but some of the goods and services in which Canadian companies excel. Canadians are, of course, also buying an increasing number of Mexican products. Many Mexican businesses are finding good markets in Canada, not least in our auto and electronics sectors. Parts produced here in Mexico are helping to make our industry in Canada more competitive worldwide. The growth in trade between Mexico and Canada since the mid-1980s represents just a sample of what can be achieved under a successful NAFTA.

So when visiting Canada Expo 92 in Monterrey in January, you will find Canadian businesses there looking for partners in Mexico that already know the lay of the land here. Canadian firms in Monterrey will be eager to find businesses that can use or market their products, technologies and services. In turn, if you go to Monterrey, you will be able to get acquainted with Canadian firms that can help you crack the Canadian market. Through such strategic partnerships, we can help each other become more competitive and more prosperous. The capacity of our economies to compete in today's global market will be that much greater. Under a NAFTA, each of the three economies will be more vigorous, outward-looking and ready to tackle the important economic challenges posed in a highly competitive world.

Canada is eager for closer relations with your country. Through occasions like this, we are getting to know each other better. We are finding more ways to co-operate. Together we will increase our trade and investment. We will find innovative ways to create new products and services. Together we will share in a prosperous North American future.