

# Statement

Minister for  
International  
Trade



# Déclaration

Ministre du  
Commerce  
extérieur

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## NOTES FOR A SPEECH

BY THE MINISTER FOR INTERNATIONAL TRADE,

JOHN C. CROSBIE,

TO THE

MEXICAN BUSINESS COUNCIL  
FOR INTERNATIONAL AFFAIRS

MEXICO CITY

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Affaires extérieures et  
Commerce extérieur Canada  
External Affairs and  
International Trade Canada

Canada

## MEXICO

Mr. Chairman, ladies and gentlemen, honoured guests.

I have had the great pleasure over the past few days to form a personal impression of Mexico and Mexicans, one which I would like to share with you for a few minutes.

In Puerto Vallarta and Huatulco, I saw some of the Mexico which hundreds of thousands of Canadian tourists experience annually: imaginative and sophisticated tourist and convenience facilities in spectacular natural settings. From the heights of Monte Alban, I had a sense of awe of the ancient and mystical civilizations which have made this magnificent land their home since earliest times. In the City of Oaxaca, I walked through the architecture of your more recent colonial past - one which your government is carefully trying to nurture and preserve. And in all these places, and here in Mexico City, I have been most impressed by the people I have met - by their warm and gracious welcome, their sense of pride in the past and confidence in the future.

I was delighted to meet again with Secretary Serra in Puerto Vallarta and here in Mexico City, where we have discussed not only the multilateral trade negotiations (MTN), but also our bilateral initiatives, aimed at increasing two way trade and investment.

I would like to thank Cemai for its efforts in organizing my meeting with businessmen prior to lunch and for the luncheon itself.

I am particularly pleased to have this opportunity to meet with representatives of the Mexican private sector for the members of Cemai have a crucial role to play during this time of change and challenge in Mexico.

Of course, this is not only a time of change and challenge for Mexico, but for all the nations of this interdependent world, including my own.

It is a time when nations must strive to become, at one and the same time, more competitive and more cooperative.

In the field of financial management, the debt reduction agreement with commercial creditors signed on February 4th is a most important step towards stability and confidence, and I congratulate you on your success.

I am particularly pleased that Canadian banks were able to participate in this historic agreement, thereby contributing in a positive fashion to Mexico's economic recovery.

On the trade policy front, I personally believe that Mexico's accession to the GATT in 1986, and your dramatic tariff reductions, will be remembered as far-sighted decisions.

Once again, I must congratulate your government on these important steps. For there can be little doubt that your example played a major role in the subsequent decision of other countries in the Americas to pursue a course of more liberalized trade.

It was also most encouraging, and exciting, to learn of President Salinas' decision to open to the public the debate on the direction Mexican trade policy should go. The role of trade as the creator of national wealth is being increasingly recognized and I firmly believe we must improve public understanding of trade issues. When the debate is over, Mexicans should feel confident that whatever is decided will have been reviewed in an open forum, under public scrutiny and, thus, is deserving of full support.

Such important developments in trade and finance can only be applauded. For it is clear that stronger, more open and more stable economies are the best guarantee of peace and prosperity not just for Mexico, but for all the Americas.

Since 1984, the Canadian Government led by Prime Minister Mulroney has also been implementing an action plan to liberalize and revitalize our national economy.

And I am pleased to say that our economy has responded well, performing second only to Japan among the leading industrialized countries a performance which moved us from eleventh to fourth in terms of global competitiveness, as ranked by the prestigious world economic forum in Geneva. A recent report by the GATT secretariat comparing the trade ranking of GATT members over the past ten years noted that Canada has more than held its place as a global trader. Canada has grown to become the seventh largest trading economy in the GATT, up from tenth place.

Canadians can rightfully claim world class expertise in such sectors as agriculture, power generation, transportation, mining, environmental protection and telecommunications.

Indeed, I am very pleased to be accompanied on this mission by senior representatives of nineteen Canadian firms who are actively pursuing opportunities valued at over one billion dollars in a variety of these sectors.

Earlier, I noted your decision to join the GATT, a symbol of your decision to radically shift your underlying national economic philosophy and strategy. The fact that the Mexican Government hosted the informal ministerial meeting last week in Puerto Vallarta is testimony of the valued and valuable role Mexico is playing in these negotiations.

Needless to say, such success is far from assured. The agenda in this current round is extremely ambitious, involving old issues like agriculture and textiles and new issues like services and intellectual property.

Under Secretary Serra's skillful Chairmanship, I believe the Puerto Vallarta meeting has provided much-needed impetus to negotiations on all the issues and has underlined the sense of urgency ministers attach to continued progress.

As you are probably aware, I took the occasion of the ministerial meeting to outline to my colleagues from other GATT countries, a Canadian initiative to create a new institutional framework for the GATT and for anticipated agreements on the new issues, such as services, as part of a successful conclusion of the Uruguay Round.

The framework would include a world trade organization (WTO) with a more effective dispute settlement process as a centerpiece. I am satisfied with the generally supportive response my initiative received and I look forward to working with Secretary Serra on this and other MTN issues in the coming months.

In one traditional area of GATT negotiations, that of market access through the reduction of tariff and non tariff barriers, Canada and Mexico are being quick off the mark. This week I have brought with me a team of senior Canadian officials - from Ottawa and Geneva - to begin bilateral MTN negotiations. It is indicative of the importance we attach to our bilateral relationship that the first of these meetings within the Uruguay Round context should be taking place with Mexico.

As many of you know, Canada's desire for freer multilateral trade has been complemented by a GATT-consistent bilateral free trade agreement with the United States, our principal customer and supplier.

This Agreement is being phased in over ten years, and while it is too early to deliver a report card on its results, the indicators are good. For example, since January 1989, over 250,000 new jobs have been created. The unemployment rate fell in 1989 to 7.5%, the lowest level since 1980. And before the agreement was a year old, both parties agreed, at the request of our business communities, to accelerate tariff reductions on products worth 6 billion dollars in trade, with another round of negotiations planned.

The government of Canada is also committed to forging stronger, political and economic ties with all our partners in this hemisphere. The signal for our renewed commitment lay in our joining the OAS.

And foremost in our minds was an expansion of our bilateral relations with Mexico, which happily coincides with the priority given by president Salinas to improve relations with Canada. I am pleased to say that solid progress has already been made this year in building a bigger and better relationship.

In January of this year, the two governments held joint ministerial meetings in Ottawa, with the participation of seven Mexican and ten Canadian cabinet ministers. This unprecedented level of participation has laid the groundwork for expanded relations across a wide spectrum of sectors.

The recent visit to Mexico by Prime Minister Mulroney, his first official visit to any Latin American country, was a further important step in the strengthening of this relationship. The Prime Minister has mentioned to me that his meetings with President Salinas were both enjoyable and very productive.

The ten agreements signed during his visit will provide the basis for the further expansion of economic, commercial and other important links between us. In particular, the new memorandum of understanding establishes a framework for consultations on trade and investment, which should facilitate the expansion of trade and investment flows between our countries in key sectors of interest to our exporters.

Export financing facilities under the Canadian Export Development Corporation have also been expanded this year to support potential commercial transactions. An additional 100 million dollars is now available to provide additional support for Mexican buyers of Canada goods and services.

Another key element in forging stronger bilateral ties is the protocol for cooperation signed between your council and the Canadian Council of the Americas. This agreement marks the first formal relationship between Business Associations in our countries since 1983, and will provide the means to expand private sector-to-private sector linkages - contacts between individuals and firms which give practical effect to any meaningful relationship.

I was delighted to be able to announce yesterday the initiative taken by Mexican and Canadian executives to re-establish the Canadian Chamber of Commerce in Mexico. Originally founded in 1981, it has been re-organized in direct response to the priority attached to strengthening of economic relations between our two countries in order to contribute to our efforts to expand trade and investment.

The recent announcement by Canadian airlines international that it will resume scheduled air service from Toronto to Mexico City will strengthen contacts between business people in our two countries. We look forward to a similar announcement from Mexico in due course.

All these initiatives are good news for those of us who favour a stronger bilateral relationship. But more must be done. And I know Secretary Serra shares my conviction that there remains enormous untapped potential to build on the 2.3 billion dollars worth of annual trade flows.

From the Canadian perspective, my department has commissioned fourteen new market studies in order to define specific sectors where trade, investment, technological innovation or expansion of existing facilities offers scope for potential Canadian participation.

Trade missions, seminars and symposia, participation in trade fairs and programs to facilitate joint ventures and technology transfer will continue to be key elements of our trade promotion strategy in Mexico.

And we want to work closely with your government to facilitate Canadian investment in your country. That is why we are discussing with Secretary Serra and his colleagues prospects for the eventual conclusion of bilateral double taxation and investment protection agreements, so more Canadians can look to Mexico with more confidence - the key variable in building an economy and a relationship.

The success of Mexican efforts to restructure and open the economy is reflected in the continued growth of your exports to Canada, as well as a shift in type of exports. In 1983, close to 85% of these exports were oil or oil products. Last year, this was less than 3%.

Indeed, shipments of Mexican manufactured products now represent more than 60% of Mexican exports to Canada. Mexican companies are exporting valves and related equipment to the Canadian oil and gas industry. Television sets, radios, computers, air conditioning systems are all important Mexican exports to Canada.

Also, you are a significant and growing source of fruit and vegetables in a market that badly needs these products during the long, cold winter months. Another important element of this trade is the fact that more and more Mexican agricultural products are moving directly between Mexican and Canadian brokers. Triangulation of this trade has long been an irritant and we are obviously working in the right direction, for our mutual benefit and profit.

With respect to major Canadian exports to Mexico, Canada is an important supplier to Mexico of food and agricultural products, including skim milk powder and canola. Our cattle breeders are working with yours to upgrade the quality and productivity of Mexican dairy and beef herds.

We must not forget that we exchange close to 750 million dollars of automotive parts and components of which 650 million dollars comes from Mexico.

Mexico is Canada's most important trading partner in Latin America, and we are committed to do all we can to ensure an expansion of two way trade.

Our work as governments to enhance economic and trade relations between our countries is intended to produce an environment in which you, the private sector, can seek to work more actively in the pursuit of market opportunities in Mexico and Canada.

I look forward to continuing the exchanges that we have embarked upon. In this regard, I have invited Secretary Serra to visit Canada at the earliest opportunity and with a group of Mexican executives. He has accepted the invitation and will advise as to the dates of his visit.

As Prime Minister Mulroney stated during his visit, Canada is committed to building a better and stronger partnership with your country.

We have long been friends and neighbours. Let us now become partners in progress to our mutual benefit.