

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

93/4

CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO A LUNCHEON IN MONTERREY, MEXICO**

**MONTERREY, Mexico
January 26, 1993**

Ladies and Gentlemen, Señoras y Señores, I am proud to be back in Monterrey in the state of Nuevo Leon. This is my first visit to Mexico since negotiations on the North American Free Trade Agreement (NAFTA) were concluded on August 12. One year ago I had the pleasure to be here with Secretary Serra Puche, Governor Rizzo and more than 200 Canadian companies to open the successful Canada Expo '92 trade fair.

I am happy to reassure Mexico of Canada's continuing commitment to the NAFTA. We will shortly be introducing the necessary implementation bill in Parliament, with the intention of having the law in place before summer. We will fulfil our end of the bargain to establish the new North American free trade area. We will put the NAFTA into effect on the agreed date of January 1, 1994.

NAFTA is a step toward a new era in Canada-Mexico relations. The future abounds with challenges and opportunities. I am looking forward to the Canada-Mexico Joint Ministerial Committee meeting in Ottawa next month to explore more fully our mutual interests and concerns.

I am pleased to see that Canadian business is not waiting for the NAFTA to be in place to explore new opportunities. In 1992, Canadians participated in 16 trade fairs and in more than 70 trade missions to Mexico. Many of our entrepreneurs and exporters had never considered the Mexican market before. But that is changing rapidly.

Canada Expo '92 in Monterrey last January was Canada's largest and most successful trade show ever held in Latin America. More than 200 Canadian exhibitors made contact with potential Mexican clients and business partners. They attracted some \$70 million in prospective business. Ten Canadian firms identified potential joint ventures worth an estimated \$20 million.

The trade show was designed to expand business-to-business links with entrepreneurs in the state of Nuevo Leon. It did just that. Canada Expo '92 put Monterrey and Mexico's industrial north on the map for many exporters of Canadian products, technologies and services.

They became more aware of the tremendous potential for building new business partnerships. They were impressed by the enterprise and initiative that has flourished under Mexico's economic liberalization.

Today, I am here to open a satellite trade office in Monterrey. This new office will promote Canadian business interests in Mexico and further expand the growing trade and investment links between our two countries.

Already there are a number of success stories emerging from closer business ties between Canada and Mexico. Canadian

exporters are aggressively positioning themselves to take advantage of the growing Mexican market and to increase their presence in Mexico.

The number of Canadian exporters contacting our embassy in Mexico City for business information surpassed 4,500 in 1992, more than double the number of the previous year.

This increased Canadian business interest has, indeed, led to results. Canadian exports to Mexico grew strongly, to more than \$600 million in the first 10 months of 1992 compared with \$525 million in all of 1991. Leading the increase were sales of agricultural, mineral and industrial commodities; automotive engines and parts; and telecommunications equipment.

This is not just a one-way street. Mexican imports to Canada are growing, too. For the first 10 months of last year, Mexican trade with Canada was worth about \$2.3 billion. Two-way trade with Mexico is expected to increase to more than \$5 billion by the end of the decade. Indeed, it could come before then.

This positive trend can grow only with the elimination of trade barriers through a successful North American Free Trade Agreement. The NAFTA increases our access to Mexico, improves on the Free Trade Agreement with the U.S. and continues to encourage Canadian firms to adopt global business strategies.

By taking full advantage of these opportunities, Canada can remain one of the most prosperous societies on earth. And more Mexicans will begin to enjoy better standards of living as your economy grows rapidly.

North America will become an integrated market for goods, services and capital. The risks of open competition are offset by the new opportunities and by more secure and predictable rules of trade and market access.

Larger markets pave the way for producers to realize significant economies of scale and become more competitive. This, in turn, attracts investment and stimulates the development and application of new technology. The North American Free Trade Agreement encourages investors to make their decisions on economic merit, not on artificial trade barriers and tariffs.

New markets, economies of scale and a vigorous investment climate -- these were some of our objectives when we entered the NAFTA negotiations.

With the establishment of this integrated North American market, business will have the confidence that it can invest anywhere in the region to reach all of its markets. In Canada, investors find a highly skilled, highly educated work force and a solid

infrastructure of public and private services. These factors, coupled with Canada's healthy monetary and fiscal policies, are providing a solid investment climate. This means that foreign investors are continuing to explore the Canadian market for new opportunities.

The NAFTA means that Canadian investors themselves will be able to consider more options. Canadian direct investment in Mexico has continued to grow and now totals more than \$500 million. New investment in the form of joint ventures will help your country develop, while providing Canadian firms with new markets for their goods and services.

Canadian entrepreneurs are particularly well positioned in the following areas: energy-related services; telecommunications; financial services; mining; agro-industry and food; tourism development; consulting engineering, including environmental products and services; and computer software.

As continental neighbours, we share many ties. Perhaps none is more important than our mutual environment, the air we breathe, the water we drink and the land on which we grow our food. The NAFTA contains more provisions to protect the environment than any previous trade agreement. This is no small feat. All three countries have confirmed their commitment to sustainable development and have agreed to implement the agreement in a manner consistent with environmental protection and conservation.

It is up to the three governments to follow through on their joint commitment. Canada and Mexico are doing just that, through the Canada-Mexico Agreement on Environmental Co-operation signed in 1990.

Last March, Canada announced projects worth \$1 million designed to explore ways that we can improve environmental monitoring and enforcement practices. Initiatives include a Canadian mobile laboratory to assist Mexican inspectors in monitoring industrial waste. Another project is helping Mexico preserve the habitat of the Monarch butterfly, a creature that migrates the full length of the NAFTA territory during its life.

As our joint efforts show, we are on the right track in sharing our experience and expertise. I am pleased also to note the Canada-Mexico co-operation emerging on other environmental fronts. As a result of an invitation from the Mexican Water Authority, Canada has agreed to conduct training seminars on municipal waste water treatment.

The training seminars also provide an excellent opportunity to develop business partnerships between our two countries. By marrying need with expertise, the economies of each country are enhanced and, not incidentally, the environment is the winner.

Trilaterally, we are making good progress in creating a North American Commission on the Environment. This promises to be an important vehicle for dealing with environmental concerns at the ministerial level and for pursuing common goals.

Mexico has been demonstrating strong leadership in its efforts to protect the environment. We are pleased that you have discovered that Canadians are specialists in providing environmental services and products to aid in your efforts.

The work of several companies in Mexico is worth noting. Tecsalt International Limited of Montreal, Quebec, has had a relationship with Monterrey for the past 24 years. The firm completed its third update of the city's urban plan in 1991. It integrates engineering, architecture and urban planning at all levels, from the expansion of the city's public transportation system to the supply of drinking water.

Another Canadian company active in Mexico -- Goodfellow Consultants Inc. of Mississauga, Ontario -- is here today. Since 1986, the company has worked on nine projects involving environmental and occupational health in Mexico City, Veracruz, Puebla and Monterrey.

Reid Crowther of Vancouver, British Columbia, is no stranger to your growing city. The company was closely involved in the design and construction of Metrorrey, which I also visited today. They are also working with Mexico's state railways to reduce toxic waste in the cleansing of its locomotives.

You will have a further opportunity to view our environmental products at Pro-Eco '93, where we expect to have 25 exhibitors on hand. Pro-Eco is the third environmental conference and trade show to be hosted here in Monterrey.

Environmental standards worldwide are expected to become even more stringent in the future. Companies that become more innovative now will enjoy a competitive advantage in the global marketplace.

These goals have never been mutually exclusive. Now we realize that they are mutually dependent. I can say with confidence that Canadian companies in many other sectors can provide the services, as well as the knowledge-based products, that Mexico needs to build an infrastructure for the 21st century.

The NAFTA provisions on services will provide much of the momentum for closer co-operation through joint ventures and technology transfers. There are also provisions to open the Mexican market for sales of value-added telecommunications services, as well as specialty air services. The NAFTA also means substantial market opportunities and better access to

government procurement for service providers across North America.

Yet, even before the agreement comes into effect, Mexico has recognized the world-class abilities that Canada offers in telecommunications, information technologies, financial services and energy services, to name a few.

You recognized that capacity when a leading Mexican computer systems management company created a joint venture with SHL Systemhouse Incorporated of Ottawa last summer. Their joint venture has won a \$500-million contract to build and manage information systems for your finance ministry.

Another success story: in August, SNC Lavalin International Incorporated of Montreal was awarded a \$20-million contract to modernize Mexico's surveying and mapping information system. The new system will involve a unique, integrated, digital mapping system developed by Energy, Mines and Resources Canada.

Other sectors, such as the Canadian trucking industry, are just as keen to establish partnerships with Mexican carriers in anticipation of the increased trade that the NAFTA will bring.

Joint efforts, such as those I have outlined today in the environmental and services sectors, are bringing Mexico and Canada closer than ever before. By working, investing and trading together, we can help secure a sound and prosperous environment across North America for our children. We can also create a more level playing field for business and investment. Free and fair trade means playing by the same rules. That is what a partnership is all about.

With the NAFTA, Canada, the United States and Mexico are forming a new partnership. It is a partnership for trade. It is a partnership for economic development. It is a partnership for progress. It is a partnership that can contribute to a new era of economic prosperity, not just in our three countries, but potentially throughout the Americas.

We are privileged today to have the tremendous opportunity to forge this new partnership. It has taken courage and imagination to create it. We must be determined to make it work.