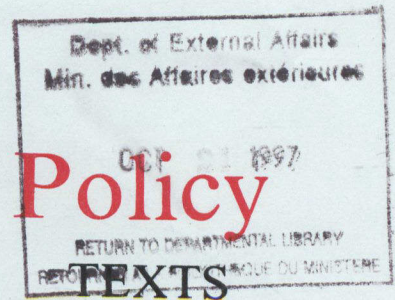


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Relations between Canada and
Mexico 43235013



Canadian Foreign Policy

82/3

September 1982

RELATIONS BETWEEN CANADA AND MEXICO

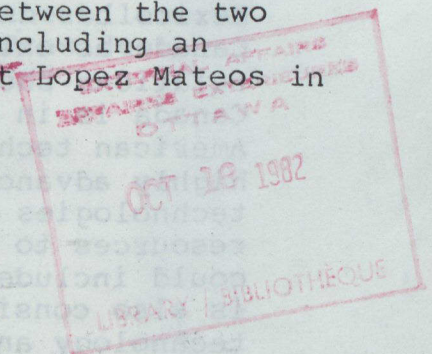
Canada has a wider spectrum of relations with Mexico than with any other Latin-American country. Mexico shares with Canada a heavy reliance on the United States, both as a market and a supplier and, since Confederation, each country has looked to the other at various times as a potential market to ease this dependence.

The discovery in recent years of vast reserves of petroleum in Mexico has considerably enhanced Mexico's international stature and has given greater impetus to the bilateral relationship with Canada. The Canada-Mexico Agreement on Industrial and Energy Co-operation, signed during President Lopez Portillo's visit to Canada in May 1980, provided for sales of Mexican petroleum to Canada and for Canada's participation in Mexico's industrial development.

In addition to these trade relations, over 200,000 Canadian tourists visited Mexico in 1980 and more than 30,000 Mexicans came to Canada.

Bilateral Relations

Canada and Mexico established diplomatic relations in 1944 and in 1947 a trade agreement came into force that provided for mutual most-favoured-nation (MFN) treatment. Exchanges between the two governments have taken many forms, including an official visit to Canada by President Lopez Mateos in



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1959 and a return visit by Prime Minister Diefenbaker in 1960. Return visits at all levels of government have occurred over the past two decades. In 1968 a joint Mexico-Canada Committee at the ministerial level was created to provide a forum for periodic consultations on bilateral issues. The Committee's first meeting took place in Ottawa in October 1971.

Trade

Mexico has a rapidly growing economy with an eight per cent growth in 1980 and a gross domestic product (GDP) of \$119 billion (US). Its major exports include petroleum, coffee, metals and manufactures. It imports machinery, chemicals and auto parts.

During the 1960s, Canadian exports to Mexico more than doubled while Mexican exports to Canada more than tripled. In the 1970s the trend continued and, between 1973 and 1979, Canada's exports to Mexico doubled and imports increased by two and-a-half times. In the past two years the growth in two-way trade has been even more dramatic.

In 1980 Canada's exports to Mexico increased to \$482.8 million, more than double the 1979 level. Imports from Mexico increased to \$345.3 million, up 65 per cent from the 1979 level. Canada's imports included crude petroleum, coffee and telecommunications equipment while the major exports to Mexico were dairy produce, eggs and honey, steel, railway track material, asbestos and wheat.

In an attempt to ease its dependence on the USA, Mexico has developed its own "third option" policy, naming Canada as one of five industrialized countries with which relations should be intensified. In these circumstances Canada is in a good position to provide Mexico with North American technology. In particular, Canada can offer the highly advanced communications and transportation technologies sought by Mexico. Mexico has the uranium resources to allow for a major nuclear energy program which could include large-scale co-operation with Canada. There is also considerable potential for transfer of agricultural technology and natural possibilities in the petroleum sector.

Besides the large tourist trade between the two countries, personal contacts are fostered by various arrangements. An exchange agreement permits up to 20 young specialists and technicians from Canada and Mexico to spend a year working or studying in the other country and a scholarship system allows a small number of university students to do the same. Roughly 500 Mexican agricultural workers come to Canada each year to help in harvests. Under a Transfer of Offenders Treaty, Canadians and Mexicans may elect to finish a prison sentence in their own country.

History and Politics

Mexico is the third largest country in Latin America, after Brazil and Argentina and the most populous Spanish-speaking country in the world. The population of 68 million is made up of Spanish-Indian (Mestizo), American Indian and Caucasian ethnic groups, the heritage of its more modern history which began when Hernan Cortes overthrew the Aztec Empire between 1519 and 1521 and founded a Spanish colony which lasted nearly 300 years. Father Miguel Hidalgo proclaimed Mexico's independence in 1810 and the Republic was established in 1822. In 1836 Texas declared itself independent from Mexico and in 1846, war broke out with the United States. Severe social and economic problems and the repressive political régime led to the revolution of 1910 and since then the Institutional Revolutionary Party (PRI) has been the dominant political force in the country.

The election on July 4, 1982 of Miguel de la Madrid, who will become Mexico's president-elect on December 1, will ensure a good degree of continuity in the bilateral relationship. Mr. de la Madrid, a protégé of President Lopez Portillo, has a similar economic background.

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Besides the large tourist trade between the two countries, personal contacts are fostered by various arrangements. An exchange agreement permits up to 25 young specialists and technicians from Canada and Mexico to spend a year working or studying in the other country and secure a scholarship system allows a small number of university students to do the same. Roughly 250 Mexican agricultural workers come to Canada each year to help in harvests. Under a transfer of Orléans Treaty, Canadians and Mexicans may elect to obtain a private enterprise in their own country.

History and Politics

Mexico is the third largest country in Latin America, after Brazil and Argentina and the most populous of the Spanish-speaking countries. Its population of 63 million is made up of Indian and European blood. Modern history which started with independence from Mexico's colonial masters in 1821 was complicated by the 1846-48 conflict with the United States. Boycotts, revolutions and political changes have been the result. The election of

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