



No. 009

January 18, 1990.

SEVENTH CANADA/MEXICO JOINT MINISTERIAL  
COMMITTEE MEETING

The Secretary of State for External Affairs, the Right Honourable Joe Clark, today announced that Canada will host the 7th Canada/Mexico Joint Ministerial committee (JMC) meeting in Ottawa January 22-23, 1990.

Mr. Clark will co-chair the JMC sessions with his counterpart, Fernando Solana, Secretary of Foreign Relations of Mexico. The meetings will also be used to advance preparations for the Prime Minister's visit to Mexico 15-18 March.

"Mexico's leading economic and political role in the region makes it a priority country in our plans to expand relations in the region, stated Mr. Clark. "Discussions at the ministerial meeting will provide an important opportunity for our two countries to review our growing and increasingly comprehensive multilateral and bilateral relations."

The meetings will be attended by seven Mexican and nine Canadian cabinet members, and bilateral discussions will cover subjects such as the environment, trade and investment, agriculture, tourism, and cooperation in legal affairs. An important part of the meeting will also be an exchange of views on regional and international political and economic issues.

As a member of the Group of 77 and the Rio Group, Mexico is an especially important representative of the viewpoints of developing countries and Latin America. Mexico plays a leading role in Latin American political affairs and is now Canada's largest market in Latin America. Two-way trade totalled \$1.8 billion in 1988, and is growing significantly. Canada is now Mexico's third largest export market.

7TH CANADA-MEXICO JOINT MINISTERIAL COMMITTEE MEETING

Ottawa, January 22-23, 1990

The Canada/Mexico Joint Ministerial Committee was formally established in November, 1968 by an exchange of notes during a Ministerial mission to Latin America. The objective was to provide a forum for consultations by Ministers on "matters of common interest to the two countries in the political as well as the economic and commercial fields" and other questions, including those relating to cultural exchanges. The last one, which was attended by the Secretary of State for External Affairs, the Right Honourable Joe Clark, was held in Mexico in 1986.

Bilateral discussions involving as many as nine Canadian Ministers and their Mexican counterparts will be held covering subjects to include environmental concerns, agricultural projects, forestry cooperation, trade issues, investment possibilities, international monetary issues, tourism, and cooperation on legal matters.

There will be an exchange of views on international and regional political and economic affairs from our perspective as a Summit partner and new member of the OAS and from Mexico's as a Newly Industrialized Country a member of the Rio Group, and G-77.

The meetings will be used to advance preparations for the Prime Minister's visit to Mexico 15-18 March, 1990.

Plenary sessions will be co-chaired by the Secretary of State for External Affairs, the Right Honourable Joe Clark, and the Mexican Secretary of Foreign Relations, Fernando Solana. The Mexicans will be hosted in their bilateral discussions by their Canadian counterparts.

## CANADA/MEXICO RELATIONS

Canada's relationship with Mexico is broader and more substantial than our relationship with any other nation of Latin America. There has been significant participation by Canada in the Mexican economy, with the flow of trade increasing four-fold between 1979 and 1981; however, as a reflection of the Mexican economic crisis, Canadian exports to Mexico have dropped subsequently. Imports from Mexico on the other hand, dominated by crude petroleum, steadily increased and Mexico supplied, at its peak in 1983, almost one quarter of Canada's imported oil. The two-way trade in the period 1982-85 placed Mexico as our eighth ranked trading partner globally and represented about 1% of our global trade. In 1988, two-way trade increased to \$1.8 billion, the largest level of activity which Canada had with any country in the region; our leading exports to Mexico were agricultural products and Mexico's main exports to Canada were automobile parts. Canada is currently Mexico's fourth largest export market. Approximately 160 Canadian companies have established joint ventures in Mexico.

The institutional framework for the bilateral relationship is comprehensive and dynamic. The Joint Ministerial Committee (JMC) met in March 1986 for the sixth time since 1971, while active committees of officials are in place to discuss trade relations, energy, agricultural and industrial cooperation, cultural affairs and consular issues. The seventh meeting of the JMC is scheduled to take place in Canada in late January, 1990. The relationship has been marked by a vigorous programme of senior political visits. Prime Minister Trudeau visited Mexico three times in 1981-82. President de la Madrid visited Canada in the Spring of 1984. There have been several Ministerial visits in recent years, including that of the Secretary of State for External Affairs to Mexico in January 1985, and for the JMC meeting in March 1986. Secretary of External Relations Sepulveda made an official visit to Ottawa in March 1988. President Salinas has invited Prime Minister Mulroney to visit Mexico in 1990.

Canada was represented at the inauguration of President Salinas de Gortari on December 1, 1988, by the Honourable Guy Charbonneau, Speaker of the Senate. The first Ministerial level contact with the new Administration took place when Secretary of Finance, Pedro Aspe visited Ottawa in February, 1989.

Canadians and Mexicans have become more and more aware of each other in recent years. Approximately 500,000 Canadians travel annually to Mexico while the number of Mexicans visiting Canada has been in the range of 40-60,000. The level of cultural exchanges has risen and, notably, includes a programme to encourage the establishment and expansion of Canadian studies throughout the Mexican university network. Another significant activity with Mexico is the Mexican Seasonal Agricultural Workers Programme (MEXSAWP). Since 1974, a bilateral agreement between Canada and Mexico has provided the framework for the entry into the Canadian farm labour market of temporary workers from Mexico. The programme is designed to supplement seasonal shortages in the supply of Canadian agricultural workers and is of benefit to both countries. In 1988, over 1,500 were requested by Canadian employers.

Cooperation in the agri-food area has been a particularly active component of the relationship. A Memorandum of Understanding on Agricultural Cooperation and an Agricultural Commodities Supply and Purchase Arrangement have been concluded, and three meetings of the Joint Canada-Mexico Agricultural Committee (JAC) have taken place since 1980. These meetings explored and identified possible areas of mutual interest, with livestock, forestry and agro-industrial sectors being particularly promising. Minister of Agriculture Wise attended the Board meeting of the Inter-American Institute for Cooperation on Agriculture in Mexico City in October 1986, and at the same time was able to pursue bilateral interests with his Mexican counterpart. Similarly, Mr. Eduardo Pesqueira, Secretary of Agriculture and Hydraulic Resources attended the Ninth Inter-American Conference of Ministers of Agriculture which was held in Ottawa in September, 1987.

Energy has also been a central element in the relationship between Canada and Mexico. Canada signed an Agreement for Industrial and Energy Cooperation with Mexico in May, 1980, as a framework for a state-to-state oil agreement and for increased trade. Canada agreed to import 44,000 barrels a day of Mexican crude, a total which was reduced by mutual agreement by 12% because of reduced demand in 1982. In view of the subsequent deregulation of the oil industry in Canada, however, oil procurement from Mexico now depends on the decisions of individual oil companies in their direct negotiations with PEMEX, the Mexican National Oil Company. Minister of Energy, Mines and Resources Masse made his first official visit to Mexico in January, 1987.

Along with other countries and international agencies, Canada responded rapidly to the earthquake disaster in September 1985. The Canadian Government initially committed \$1 million for emergency assistance and \$250,000 to a fund administered by the Embassy and numerous private individuals, commercial enterprises and NGO's offered a range of help. In December, 1985, the Minister of External Relations announced a commitment of a further \$3.75 million to assist with reconstruction of a technical school, housing and community services in Mexico City and supporting a UNICEF public health and potable water project in the State of Guerrero.

Over the past year, President Salinas has implemented numerous policies aimed at modernising Mexico and bringing the economy into a more competitive position. Numerous parastatal organizations have been privatized, (including a major airline), foreign investment barriers have been removed, flight capital has been enticed back into Mexico, a new accommodation has been reached with the International Financial Institutions which are Mexico's major creditors, and political reforms have been instituted. The future remains very challenging, but promising.

## CANADA-MEXICO TRADE

Mexico is Canada's largest Latin American trading partner and ranks seventeenth (17th) in our global trade. Two way trade exceeded Cdn \$1.8 billion in 1988, with Mexico enjoying an \$800 million surplus with Canada. Non-oil exports by Mexico have increased dramatically since the mid-1980's, accounting for this imbalance.

Canadian exports to Mexico totalled \$487 million in 1988. There has been a substantive change in the composition of our exports. Since the 1970's agricultural products have grown from 13% to 32% of total exports, while end-products decreased marginally from 33% to 28% in 1988. Major export items include grains and oilseeds, wheat, sulphur, potash and pulp and paper products, as well as automotive and telecommunications equipment.

Canadian imports from Mexico have changed character more dramatically. Crude oil, which dominated in the early 1980's, has been displaced by manufactured goods and agricultural products as key elements of Mexican sales in Canada. Automotive, electronics, appliances and office automation/data processing equipment have, in particular, shown spectacular growth, rising from about \$20 million in the late 1970's to \$600 million by 1987. These products now account for over half of total Mexican exports to Canada and have shown increasing ability to compete effectively with similar Canadian-manufactured goods.

It is expected that trade between Canada and Mexico will continue to grow in the near term, and could reach \$5 billion by 2000. Canada is focussing promotional efforts to take advantage of significant market liberalization initiatives implemented since Mexico's 1986 accession to the GATT, which have resulted in the removal of a wide range of tariff and non-tariff barriers. Recommended sectors of concentration for Canadian exporters include transportation, telecommunications, agro-industry, mining and environmental protection products and services, which have been designated by Mexico as priorities. The privatization of a number of state-owned enterprises and strengthening of the Mexican private sector, should also result in significant new opportunities for expanded Canadian trade and investment with Mexico.

LIST OF VISITING MINISTERS

MEXICAN

Fernando Solana  
Secretary of Foreign Relations

Pedro Aspe Armella  
Secretary of Finance and  
Public Credit

Jaime Serra Puche  
Secretary of Commerce and  
Industrial Development

Carlos Hank González  
Secretary of Agriculture and  
Hydraulic Resources

Patricio Chirinos Calero  
Secretary of Urban Development  
and Ecology

CANADIAN COUNTERPART

The Right Honourable  
Joe Clark  
Secretary of State for  
External Affairs

The Honourable Michael H.  
Wilson  
Minister of Finance  
and  
The Honourable John  
McDermid  
Minister of State for  
Finance

The Honourable John  
Crosbie  
Minister of International  
Trade

The Honourable Donald  
Mazankowski  
Minister of Agriculture  
and  
The Honourable Frank  
Oberle  
Minister of State for  
Forestry

The Honourable Lucien  
Bouchard  
Minister of the  
Environment

Pedro Joaquin Coldwell  
Secretary of Tourism

The Honourable Thomas  
Hockin  
Minister of State for  
Small Business and  
Tourism

Enrique Alvarez Del Castillo  
Attorney General

The Honourable Pierre  
Blais  
Solicitor General  
and  
The Honourable Doug Lewis  
Minister of Justice

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