

# Statement

Minister for  
International  
Trade



# Déclaration

Ministre du  
Commerce  
extérieur

90/54

CHECK AGAINST DELIVERY

## NOTES FOR A SPEECH

BY THE MINISTER FOR INTERNATIONAL TRADE,

JOHN C. CROSBIE,

AT A LUNCHEON IN HONOUR OF

THE SECRETARY OF TRADE AND COMMERCE OF MEXICO,

DR. JAIME SERRA

LESTER B. PEARSON BUILDING (OTTAWA)

September 25, 1990.

Secretary Serra, Ladies and Gentlemen, Honoured Guests.

It is with great pleasure that I once again welcome to Ottawa our North American neighbour, the Secretary of Trade and Commerce of Mexico, Mr. Jaime Serra.

Minister Serra's visit is timely. As you are all well aware, yesterday I announced in the House of Commons that Canada has decided to pursue trilateral free trade discussions with the United States and Mexico to create a liberalized North American trading market of over 350 million.

This morning, I understand Minister Serra had a good meeting with the House of Commons Standing Committee on External Affairs and International Trade where he talked about the Mexican trade initiative and the opportunities it will create for both of our countries.

Before discussing this exciting initiative in further detail, I would like to place this event in its proper context by highlighting some recent developments in our trading relationship with Mexico.

During the past year, Canada and Mexico have made significant progress in developing our trade relations. In January, Canada hosted the 7th Canada/Mexico Joint Ministerial Committee which Minister Serra attended along with several of his Cabinet colleagues. These meetings helped prepare the Prime Minister's visit to Mexico in March.

During Prime Minister Mulroney's visit to Mexico last March, our relationship was further enhanced by concluding important bilateral agreements in several areas, including customs administration, agriculture and livestock, forestry, environment, tourism and taxation.

In April, I led a trade mission to Mexico and I met with Minister Serra to discuss Canada-Mexico trade, and recent developments in the Uruguay Round of multilateral trade negotiations which are presently proceeding

in Geneva under the auspices of the General Agreement on Tariffs and Trade ("GATT").

On June 12th, Minister Serra and I met in Montreal to discuss our growing trading relationship and to consult regarding President Salinas' June 10th announcement in Washington that President Bush had agreed to the Mexican request to explore a comprehensive trade agreement between the United States and Mexico.

To prepare for these negotiations, President Salinas directed Minister Serra to work with his American counterpart, United States Trade Representative Carla Hills, to:

*undertake the consultations and preparatory work needed to initiate such negotiations, in accordance with each country's internal procedures, and to report back to the two Presidents as soon as practicable, but in any event before their next meeting in December.*

The fact that Minister Serra travelled to Montreal to meet with me immediately after President Salinas' official visit to Washington illustrates the high degree of consultation, courtesy and trust that characterizes our relationship.

Within a week of my June meeting with Minister Serra, I met with our International Trade Advisory Committee and I appeared before the House of Commons Standing Committee on External Affairs and International Trade to discuss the Mexican trade initiative.

At that time I stated that Canada had not decided whether we would be involved in the Mexican trade initiative and that we would use the summer months to consult with the provinces, business and labour representatives, and conduct studies regarding Canada's options. I also indicated that we should make a decision by September regarding our participation in these trade talks.

Minister Serra wasted no time in completing his preparatory work. During the August 8 meeting of the United States-Mexico Ministerial Commission in Washington, it was announced that President Bush proposed to seek negotiating authority from Congress early in the fall and it was expected that negotiations could begin later next spring.

The question of our participation in these talks has been extensively debated and written about in Canada since the prospect of a bilateral United States-Mexico free trade agreement first emerged last spring. We

have listened carefully to the views of the provinces, business, labour as well as distinguished academics and journalists many of whom have joined us for lunch today.

The consensus was clear. The majority view was that Canada should participate from the outset in the free trade talks which have resulted from Mexico's historical trade initiative.

We welcome Mexico's trade initiative and their commitment to growth and the improvement of their living standards through open and outward looking economic policies, particularly in the areas of trade and investment.

In recent years, the Mexican Government has greatly modified its import regulations and has significantly reduced tariff and other barriers to trade, particularly since 1986 when Mexico joined the GATT.

Just last week, Minister Serra announced that Mexico and Chile will sign a free trade agreement next month. At that time he stated that, although trade between the two countries is now relatively small, "the potential is tremendous".

Mexicans are clearly looking to the future and Canada intends to work closely with Minister Serra and his people as they develop their economy and standard of living through progressive policies.

Both Mexico and Canada realize that to prosper, we must develop a market-oriented economy that is capable of competing in the world economy. We both realize that the global economy is no longer a concept, it has quickly become a reality.

During the last several years, the Mexican government has initiated several comprehensive measures to strengthen their economy. I have already mentioned the landmark decision to join the GATT in 1986 which Canada warmly welcomed.

In addition, the Mexican government's economic policies have already brought their annual inflation rate down from over 150% to a more manageable 20%. In the recently released annual report of the International Monetary Fund, Mexico was commended for making real progress in dealing responsibly with its debt.

These and other reforms have created significant opportunities for Canadian exporters and investors, and have set the stage for expanded Canada-Mexico trade.

With a growing market of over 80 million people and a government committed to economic reform, Mexico is rapidly becoming an important player in the vital North American market.

Let's not forget that Mexico is already Canada's most important trading partner in Latin America. Trade between our two countries exceeded 2 billion dollars last year, a 25% increase over 1988.

Canadian exporters have been quick to seize the growing opportunities in Mexico. In the first six months of this year alone, our exports to Mexico increased by over 20%. Increased Canadian sales to Mexico were due to large shipments of a variety of products, including communication equipment, automotive components, and processed agricultural products.

We believe the growing Mexican economy offers Canadian exporters exciting new prospects, particularly in the areas of capital equipment, technologically advanced components and parts, and high quality industrial materials. We expect our two-way trade with Mexico should double and grow to an annual level of 5 billion dollars during the 1990s.

The Mexicans have made it clear that Canadian technology is welcome and competitive. To take one example, Canada's Northern Telecom recently won a contract for cellular telephone central switching equipment which Mexico is using to modernize its communications infrastructure. As a result, during the first 6 months of this year, Canada's exports of telephone equipment increased fivefold from 5 million dollars in the same period in 1989, to over 25 million dollars.

Another thing that Mexico and Canada share in common is that they are linked to us by the contiguous United States market. Like Canada, Mexico's trade with the United States is essential to their economic prosperity. Mexico's two-way trade with the United States is valued at about 50 billion dollars, whereas Canada's two-way trade with the United States is about 200 billion dollars.

Given the enormous amount of trade between our three countries, it makes sense for Canada, the United States and Mexico to sit down together and pursue trilateral trade discussions to create a North American free trade market of over 350 million.

Although we are participating in these trilateral talks, Canada and Mexico remain strongly committed to the GATT multilateral trading order and we are both working towards a successful completion of the Uruguay Round of negotiations later this year.

For many years, trade liberalization has been a key element of Canada's economic success. We have benefited from our membership in the GATT, and have played an active role in all of the preceding Rounds of multilateral trade liberalization. These trilateral talks complement our many other initiatives designed to position Canada as a competitive force in an increasingly open and interdependent global economy.

So where do we go from here?

In recent discussions with Mexico and the United States we have all agreed that Canada should participate in consultations designed to establish the basis for subsequent negotiations on a free trade arrangement linking Canada, the United States and Mexico.

Prime Minister Mulroney has written letters to President Salinas and President Bush stating Canada's interest in participating in negotiations with Mexico and the United States on a North American free trade agreement which would benefit all three countries.

Over the next several months, we will be examining the scope, elements and procedures that would form the basis for subsequent negotiations. I am confident these preliminary discussions will be productive and demonstrate that a mutually advantageous agreement can be concluded. We do not expect formal negotiations to begin until sometime later next spring.

We intend to continue to consult widely and openly in the coming months to ensure that Canada is well prepared for the negotiations that should commence next year after the GATT negotiations have concluded.

The fact that this is Minister Serra's third visit to Canada this year illustrates his strong personal commitment to our relationship. We hope that he enjoys the rest of his visit to Canada and that he has a safe and pleasant journey home.

I again wish to thank him and his delegation for honouring us with their presence and we look forward to working with them in the coming days

to meet the challenges of building the largest free trade market in the world. — Thank you.