

**NOTES FOR AN ADDRESS BY
THE HONOURABLE SERGIO MARCHI,
MINISTER FOR INTERNATIONAL TRADE,
TO THE OPENING SESSION OF THE
CANADA-MEXICO BUSINESS FORUM**

MEXICO CITY, Mexico

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I am delighted to be here in Mexico City, along with the Governor General, territorial leaders, provincial premiers and Canadian business leaders. While this is the fourth Team Canada trade mission, it represents my first such voyage, and it is truly an incredible experience.

It is good to feel the warmth, both of your weather and of your welcome.

This is going to be a busy year! Following this Team Canada mission to Latin America, there will be the FTAA [Free Trade Area of the Americas] ministerial meeting in Costa Rica in March, followed by the Santiago Summit in April. And of course, just a few weeks ago, many of us were in Vancouver for the APEC [Asia-Pacific Economic Cooperation forum] meeting.

Today, I would like to speak very briefly about Canada's relationship with Mexico and our commitment to freer trade in this hemisphere.

It is certainly appropriate that we should begin our trade mission here in Mexico, where our free trade relationship with Latin America began.

The trading relationship between Mexico and Canada is in its early stages, and the real benefits are just starting to be realized. In 1996, Canadian investment here stood at \$1.3

billion -- more than double the 1993 figure, but still far below what it can be. Similarly, Mexican investment in Canada is growing, but was still only about \$240 million last year.

The exciting news is that the structural reforms taking place in Mexico are creating opportunities for Canadian businesses in areas like transportation, hydroelectric power stations and the storage, transmission and distribution of natural gas.

As you know, more than 700 Canadian companies already have a presence here, and many more are exporting to Mexico. Some of these are very significant ventures. For example:

- Last March, TransCanada PipeLines, in a consortium with the Mexican company Gutsa, won a contract to build a pipeline to supply natural gas to the Merida III thermoelectric plant and the Yucatan Peninsula.
- Northern Telecom has established a factory in Monterrey, Nuevo Leon, manufacturing connectors, telephone handsets and cables -- and employing close to 2000 people.
- The Bank of Nova Scotia is in the process of finalizing negotiations to acquire a 55-percent interest in Grupo Financiero Inverlat SA, the fourth-largest bank in Mexico.

- Canam Manac of Ville St.-Georges, Quebec, operates two successful metal fabrication plants in Monterrey and Ciudad Juarez, providing jobs for 500 people.

There are also a number of highly successful joint ventures between Canadian and Mexican companies -- ventures that are bringing jobs and other benefits to both countries. IDG Stanley, for example, in conjunction with a Mexican partner, has been awarded a \$4-million contract to help the Comision Reguladora de Energia to create a framework for companies that are expected to be formed as Mexico increases its use of natural gas.

So the momentum is there. Canadian companies have recognized the benefits to be gained by establishing a presence in a country of 93 million people. And Mexicans have seen the benefits and jobs that come from international investment. Clearly, the number and variety of businesses accompanying us on this trade mission is strong evidence that Canadian interest in Mexico is both substantial and long-term. This region has captured Canadians' imaginations, and their bullishness bodes well for our future together.

The challenge before all of us is to make it as easy as possible for companies in both countries to do business with one another. To that end, we are continuing to work through the NAFTA [North American Free Trade Agreement] process to address issues such as the access of trucking firms to Mexico, and we remain committed to streamlining customs procedures in both countries.

Of course, the world of tomorrow will be built by the efforts we make today. And what we build will be passed on to the next generation. That is why the Canadian Education Centre that we will officially open this afternoon is so important. It will help to build stronger bridges between our societies. It will expand horizons and increase understanding.

And it is to the younger generation -- more comfortable with technology, more outward-looking in their views and more adaptable to change -- that we will look for leadership in the years to come.

We have built a solid foundation for their efforts, and we see incredible opportunities for the future of the Mexican-Canadian relationship.

In recent years, Canada has undergone a transformation that I think parallels one going on elsewhere in the world: a transformation from seeing trade liberalization as something to be resisted, to seeing it as something to be embraced. In fact, 70 percent of Canadians now support freer trade. Support for the NAFTA in particular is up from just 37 percent in 1993 to 63 percent today.

Canada has recognized that our future is tied to expanding trade. And, just as our country has been enlarged and enriched by the contribution of immigrants from all over the world, so, too, has each new trading partnership expanded our perspective and increased our opportunities.

Of course, globalization and freer trade have brought concerns as well as benefits. Many people see things changing quickly, dramatically, fundamentally. The comfort of the old certainties has been replaced by an anxiety about what tomorrow may hold.

We must acknowledge and address those concerns. We must continue to demonstrate the benefits that freer trade brings, and the opportunities that it offers for all. We must show the connection between open markets and increased jobs. And we must prepare our people to take advantage of those opportunities.

Certainly, Canada's transition to this world view has not always been easy. It has required some fundamental restructuring of our economy, and it has involved a dramatic shift in our own sense of ourselves and our place in the world. But it has been worth it!

Part of our transformation has seen Canada -- a country with deep roots in Europe and with strong commercial ties with the United States -- begin to recognize its natural affinity with the Pacific Rim and to see itself as a country of the Americas.

Today, Canadians look with great optimism and enthusiasm to expanding our relationship with this hemisphere. As this trade mission demonstrates, this region is an integral part of our trade strategy.

I am pleased to release today *Canada's Trade Action Plan for Mexico*. Copies are available at the back of the room. This Plan identifies Mexico as one of 10 priority markets for Canada. To further assist Canadian companies, we have developed an extensive database on doing business in Mexico called *Export i Mexico*, which is available on-line through the Internet.

Our commitment to the economic future of this region has been demonstrated by a free trade agreement with Chile. We have also proposed a trade and investment arrangement with Mercosur, which will provide the framework for discussing trade and investment issues.

We are also firmly committed to the FTAA, and we must not lose our momentum as we move toward its creation. We cannot, for example, let the U.S. administration's delay in obtaining fast-track authority derail our progress or divert our course.

There now exists a shared desire, and a unique opportunity, to build a true sense of community in this hemisphere. That opportunity must not be lost.

Our commitment to strengthening our ties with trading partners in the region, and to developing the FTAA in particular, should come as no surprise: after all, Canada is a trading nation.

But our commitment is based on more than straight economics. We also see the dangers inherent in allowing the FTAA to slip away. Dangers like a hemisphere cluttered with overlapping trade arrangements, sometimes working at cross purposes. Such a situation would only serve to frustrate and imperil our broader goals.

And we also know of the social dividend we could lose by not moving ahead with the FTAA: benefits such as new schools, hospitals, higher incomes and better labour and environmental standards.

As we look ahead to the challenges and opportunities before us, I am reminded of a book I once saw of 13th-century maps. When mapmakers of that day came to the edge of the then-known world, they would write the words "Here be monsters" to indicate that what lay beyond was uncertain and therefore frightening.

We too face many unknowns as we embark on this new era of freer trade and a more interdependent global marketplace. But we must not restrict ourselves by imagining monsters. We must not limit our horizons by only what can be seen at the moment.

Instead, like the explorers of an earlier day, we must sail uncertain seas, knowing that new worlds of opportunity lie waiting to be discovered.

So let us go forward with confidence and sail those seas together.

Thank you.