

98/2 CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY
THE HONOURABLE SERGIO MARCHI
MINISTER FOR INTERNATIONAL TRADE
ON THE OCCASION
OF THE
TEAM CANADA BUSINESS LUNCHEON**

MEXICO CITY, Mexico

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Excellency, ladies and gentlemen, it is a great pleasure for me, as Minister for International Trade, to be speaking to you today in Mexico, on behalf of the Prime Minister of Canada, and to have with me Team Canada '98.

As so often in the past few days, I, as a member of Team Canada, find myself in the unfortunate situation of regretting the absence of our Captain, detained, as he is, by natural disaster forces stronger than our control, and, certainly, contrary to our wishes.

The understanding words of President Zedillo yesterday and the warmth of the Mexican people go a long way to counter the harsh weather we are currently experiencing in Canada.

Over a million Canadians visit Mexico each year. They are attracted by the incredibly rich culture and history that are so readily accessible.

But every year, more and more of us are coming here to invest and do business. And it is to build on this momentum that we on Team Canada '98 chose Mexico as the first stop on our trade mission to Latin America.

Our objective is to demonstrate the profound Canadian desire to reaffirm our identity as a nation of the Americas and to place our hemispheric ties on a fast-track. There could be no better place to kick off this effort than here in Mexico, a NAFTA [North American Free Trade Agreement] partner and a nation with whom Canada shares common interests and an expanding range of relationships.

Since 1990, we have signed more than 35 bilateral agreements, including the first ever double taxation agreement signed by Mexico. During President Zedillo's visit to Ottawa in 1996, we agreed on a detailed Plan of Action. And yesterday's signing of agreements on narcotics trafficking, health, telecommunications, development co-operation, model forests, and education have underscored our commitment to deepen our co-operation.

For example, under the international model forests program, Mexican forests are twinned with forest regions in Canada. Our further commitment to this program yesterday reflects our common interest in promoting sustainable development.

Partnerships between Mexican and Canadian educational institutions, which are represented on this mission, are ensuring that the young people of both countries are getting to know each other

better and can benefit from each other's knowledge and experience. The official opening yesterday of the Canadian Education Centre at the Canadian Embassy is an important new step in this direction.

Mexico and Canada also share a common purpose on many international issues. We were pleased to support the Mexican-led initiative for a hemispheric convention to control the illicit trafficking of firearms. Mexico played a key role in the Ottawa Process that led to the signing in December of the Treaty banning anti-personnel landmines. And Canada looks forward to working closely with Mexico in the critical next phase, helping landmine victims in Central America and around the world.

Nowhere is the closeness between our two countries more clear than on the trade and investment fronts. Since NAFTA came into force, bilateral trade between Canada and Mexico has increased by over 65 per cent. With two-way trade now almost \$8 billion, Mexico is Canada's largest trading partner in Latin America. Canadian direct investment in Mexico, also facilitated by NAFTA, amounted to over \$1.2 billion in 1996. Some 700 Canadian companies are now established in Mexico and are becoming an integral part of the national economy.

But at the risk of sounding greedy, we, in Canada, want more. We want to build on existing strengths and develop new ones.

Team Canada '98 speaks to this strong desire. I feel truly fortunate to be part of such a large and impressive delegation. All our provincial and territorial leaders are here, except those from Quebec and Ontario whom we hope will be able to join us soon, along with key municipal leaders and representatives of our finest educational institutions. Topping it off is a dazzling array of some of the best in Canadian business talent. Team Canada '98 is the largest ever. It represents a wide spectrum of our economy -- from leading exporters to young entrepreneurs, from university leaders to promoters of tourism. We also have the largest ever contingent of SME's [small and medium-sized enterprises] and women entrepreneurs on a Team Canada trip.

Team Canada also drives home the truth of international business in the 1990s; a lesson that has been well learned here in Mexico. In this time of a global economy, enhanced trade and investment flows are engines of economic growth and prosperity. More than that, they are the cornerstones of a vibrant, democratic society.

Ladies and gentlemen, history teaches us that freedom is always in peril where there is no freedom from want. It is with admiration that Canada has watched in recent years as Mexico has gone about putting in place, a framework for economic prosperity in the new global economy. A framework that is the key to fostering democratic development and a better quality of life.

Indeed, Mexico has shown great courage in the face of the challenges of globalization. Sound monetary, fiscal and trade policies have seen Mexico through a profound economic crisis. Mexico's success has been an example to the world. One of the strongest messages at the APEC [Asia-Pacific Economic Cooperation forum] Summit in Vancouver was delivered directly by President Zedillo to the APEC leaders; there is no substitute for forceful, early action to deal with market instability.

Canada, too, has had its recent economic success story. Our deficit will be eliminated and the budget balanced by no later than the fiscal year 1998/1999. What a contrast with the situation in Canada four years ago!

Canada has had among the highest growth rates in the OECD [Organization for Economic Cooperation and Development] in recent years. At the signing of the NAFTA in 1994, the unemployment rate stood at 11.4%; last week it came in at 8.6%. Three hundred and sixty thousand jobs in a workforce of 17 million were created just last year.

Inflation and interest rates are at all-time lows.

In short, ladies and gentleman, Canada currently enjoys very strong economic fundamentals and, most international experts give us very high marks for the coming years.

And much of this success is due to the power of free trade.

Looking ahead, Canada wants to lead the way in bringing the benefits we have enjoyed from freer trade to the entire hemisphere. We believe that this will lead to a better life for all our peoples.

The NAFTA and the free trade agreement we have entered into with Chile are just the beginning. We are deeply committed to the establishment of a Free Trade Area of the Americas (FTAA). Canada firmly believes in an FTAA of "many amigos". Whether the Clinton Administration obtains fast-track authority or not, we are committed to launching formal negotiations in April at the second Summit of the Americas in Chile. And Mexico has been a key partner in our efforts to date to make this a reality.

Ladies and gentlemen, Canada is a country of the Americas. This is more than just a geographic cliché. It is a fundamental aspect of our identity. We are growing increasingly aware that expanding relationships with our hemispheric neighbours is a key to our future. For example, we look forward to hosting the General Assembly of the Organization of American States in the year 2000.

The clearest manifestation of the Canadian desire to take our place in the Americas is Team Canada '98. But, I want to assure you that we are not just here to sign business agreements and go home. We are in this for the long haul.

The fact that we have chosen Mexico as the first stop shows that we have a very special partnership. The work of Team Canada and its Mexican partners -- supported by all levels of government -- will ensure progress and prosperity for the people of Mexico and Canada well into the new millennium.

Before ending, I would like to make a "non-business" comment, if I may. It is to acknowledge, on behalf of Prime Minister Chrétien, the extraordinary work performed in Canada over the past four years by Her Excellency, Sandra Fuentes-Berain, the Mexican Ambassador to Canada. She has raised Mexico's profile in Canada, promoted the artistic-cultural side of her wonderful country, as well as enhanced our bilateral commercial relations. The Prime Minister has asked me to share with you today his very high esteem for Ambassador Fuentes.

After all, building strong relations between nations begins with people. Ambassador Fuentes has done a marvellous job, and today, all of us in this room -- in particular the Mexican and Canadian business people -- are living proof that our friendship will continue to flourish.

Thank you.