

Team Canada in Mexico

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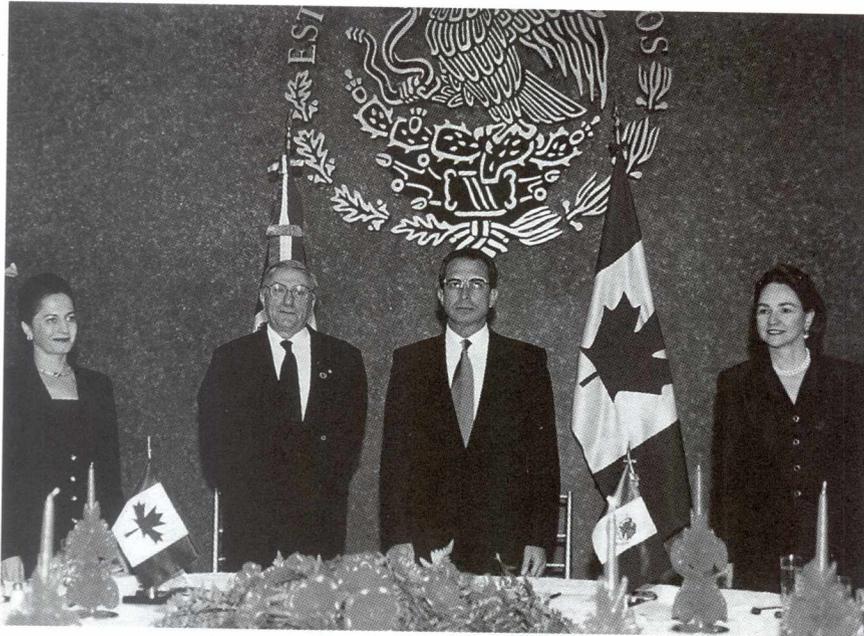
Over the last decade, Mexican-Canadian relations have made a colossal quantitative and qualitative leap. From being considered “distant friends,” today a “strategic society or alliance” is being talked about. We

should recognize that few countries in the world enjoy the favorable conditions for establishing a solid and mutually advantageous relationship that Mexico and Canada do in the context of regional integration processes.¹

First of all, because it is part of a common geopolitical area, Canada plays an important role as a starting point for

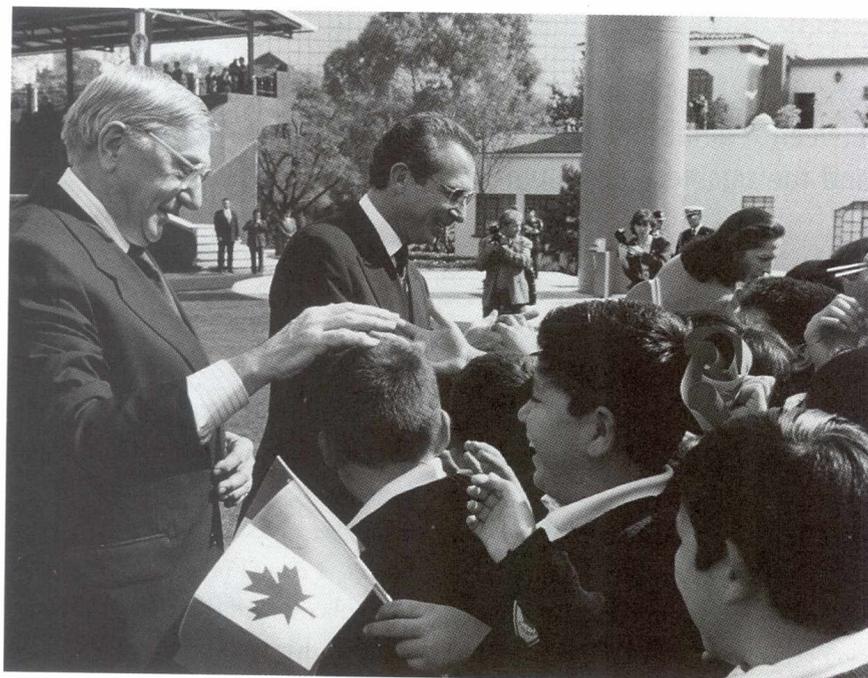
Mexico's policy of economic diversification, as well as being a factor for equilibrium in North America and in relations with the rest of the countries in the hemisphere. Mexico, for its part, has also become a central piece in Canada's foreign policy toward Latin America, not to mention that both countries border on the most powerful nation in the world.

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Governor General Romeo LeBlanc and President Ernesto Zedillo with their wives.

The visit shows the importance that both Mexico and Canada assign to mutual trade relations four years after the North American Trade Agreement (NAFTA) went into effect.



LeBlanc and Zedillo during a visit to a Mexican elementary school.

Since 1995, Canada has sought to dynamize its foreign policy, diversifying its links to other countries and increasing its presence worldwide. The document *Canada in the World* expresses this, identifying the promotion of economic growth as one of the mandates of Canadian international policy.²

In that context, the backbone of the trade strategy of Prime Minister Jean Chrétien's government is diversification, aimed at competing in the fastest growing international markets. To achieve this, it has undertaken an ambitious program to promote foreign trade called Team Canada as a strategy for international business.

The Team Canada concept is known as Partnerships for Prosperity, a joint effort between federal and provincial governments and the business community. The aim is to coordinate actions and join forces to foster business abroad with an eye to promoting the competitiveness of its goods and services and with the understanding that private capital is the driving force behind economic growth.³

This strategy plays a dual role for the Canadian government: domestically, it seeks to strengthen national unity and the links between the provinces and the federal government; abroad, Canada is seeking a greater presence in markets like those in the Asian-Pacific and Latin American regions.⁴

Until now, Canada has sent five trade missions abroad. Three have gone to Asian-Pacific countries: China, Hong Kong and Vietnam in 1994; India, Indonesia, Malaysia and Pakistan in 1996; and South Korea, Thailand and the Philippines in 1997. Two have gone to Latin America: the Team Canada delegation

went to Trinidad and Tobago, Uruguay, Argentina, Chile, Brazil and Costa Rica in 1995; and this January it made a second visit to the region, this time to Mexico, Brazil, Argentina and Chile.

It should be pointed out that this strategy has had excellent results since the fastest growing area of the Canadian economy in the last few years has been the production-for-export sector, and during the different trips a great number of agreements and private contracts have been signed. In fact, the first three Team Canada business delegations in 1994, 1995 and 1996 brought in U.S.\$20 billion worth of business, giving Canadian companies access to new markets.

Closer relations between Mexico and Canada are seen as an instrument to balance their ties with the United States. That is why the Team Canada visit to Mexico from January 11-14 has an economic and political underpinning; it shows the importance that both Mexico and Canada assign to mutual trade relations four years after the North American Trade Agreement (NAFTA) went into effect. It has also been seen as an opportunity for setting up businesses by entrepreneurs from both countries given the way their economies complement each other, as well as to make the best of the advantages offered by NAFTA.

The Team Canada trade delegation to Mexico, Brazil, Argentina and Chile, with

over 400 participants, has been one of the largest and most important that Canada has sent abroad. The trip was headed by the Governor General Romeo LeBlanc, and included the premiers of some provinces, the heads of two Canadian territories and prominent businessmen, as well as well-known academics.⁵

In the governmental sphere, the Mexican and Canadian teams met to discuss the main issues on the bilateral agenda and examine the steps forward in the relations between both countries around questions like trade and investment; energy and gas; environment and natural resources; education; communications and transportation; and agriculture. Five

Canadian Investment in Mexico by Sector* (in thousands of dollars)

Sector	1994	1995	1996	1997**	Aggregate	Percentage
TOTAL	735,584.1	160,398.4	486,599.8	44,772.8	1,427,355.1	100.0
Agriculture/Animal Husbandry	15.5	0.0	0.0	3.2	18.7	0.0
Mining/Extractive Industries	66,626.7	14,783.2	65,696.0	68.2	147,174.1	10.3
Manufacturing	554,082.4	83,466.3	69,869.2	7,377.9	714,795.8	50.1
Electricity and Water	0.0	8.3	0.0	0.0	8.3	0.0
Construction	274.0	564.0	7,977.6	0.0	8,815.6	0.6
Retail/Wholesale	103,596.0	7,387.2	1,291.1	56.1	112,330.4	7.9
Transportation/Communications	22.5	11.7	9.6	0.0	43.8	0.0
Financial Services	9,097.0	49,495.5	360,305.5	36,975.3	455,873.3	31.9
Community/Social/Personal Services	1,870.0	4,682.2	-18,549.2	292.1	-11,704.9	-0.8

* This information does not include all foreign direct investment (FDI) by Canadian investors in Mexico because:

- i) It only includes FDI destined to be part of shareholder equity, lease payments on real estate in the restricted zone and machinery and equipment imports by maquiladora companies;
- ii) It does not include FDI made through reinvestment of profits nor intercompany accounts;
- iii) It does not include investments by Canadian companies via their subsidiaries abroad, since investor countries are classified by the nationality of the foreign investor, not where their funds originate.

** Notified August 31.

Source: Mexico's Ministry of Trade (SECOFI), General Office on Foreign Investment.

legal instruments were also signed on such important questions as drug trafficking, health, education, cooperation and telecommunications. A joint statement was also signed recognizing the Model Forests Program which aims for the conservation and rational use of both countries' forest areas.

Probably the most important activity during the Team Canada visit was the Mexico-Canada Business Forum on January 12 and 13. Important entrepreneurs from both countries participated in the conference to exchange experiences and give a first-hand explanation of the potential of our markets as privileged partners in the framework of NAFTA.

The forum included ten seminars on questions as diverse as advanced manufacturing and services; agriculture and agricultural food production; education; energy; environment; health; technology

for telecommunications; mining, transportation equipment and services; and financial questions.

Participating companies and educational institutions signed 91 different contracts worth U.S.\$856 million aimed at fostering strategic alliances among companies from both countries. The agreements represent U.S.\$163 million in trade contracts and two accords for beginning construction on a gas pipeline worth U.S.\$265 million. Mexico's commercial banks and several companies set up 11 lines of credit for U.S.\$428 million with the Canada's Export Development Corporation to aid Canadian businessmen in finding opportunities to export to Mexico.

The success of the mission shows the understanding between both countries and the relation's potential. Knowing how to make the most of it is a challenge for Mexico for the third millennium. **MM**

NOTES

¹ See Harold P. Klepak, *Natural Allies* (Toronto: Carleton University Press, 1996), and Herman W. Konrad, *Los estudios sobre México en Canadá. Logros y nuevas direcciones* (Mexico City: Instituto Tecnológico Autónomo de México, 1996).

² *Canada in the World*, published by Canada's Ministry of Foreign Affairs in February 1995, outlines the central guidelines of its foreign policy: fostering economic growth and job creation; protection of national security in a stable global framework and promoting Canadian values and culture.

³ To do this Canada's International Business Strategy (CIBS) has been developed, which facilitates direct consultation between government and the business community. CIBS gives Canadian industries the room to have an impact on government plans vis-à-vis international business in order to jointly develop the industries key to the economy.

⁴ One of the priorities in Canadian trade policy has been finding alternative markets since up to now its main partner is the United States, upon whom it depends greatly and with whom it has a large trade deficit.

⁵ Originally, the mission was to have been headed up by Canadian Prime Minister Jean Chrétien. However, because of the climatic emergency in Canada at the time of the trip, neither Chrétien nor the premiers of Ontario and Quebec, the provinces most affected by the ice storms, were able to visit Mexico. It was not until a later leg of their trip that Ontario Premier Michael Harris was able to join the Team Canada mission.

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