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# Standing Committee on Foreign Affairs and International Trade

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EVIDENCE

**Monday, October 25, 2004**

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**Chair**

**Mr. Bernard Patry**

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## Standing Committee on Foreign Affairs and International Trade

Monday, October 25, 2004

• (1545)

[English]

**The Chair (Mr. Bernard Patry (Pierrefonds—Dollard, Lib.)):** Pursuant to Standing Order 108(2), we have a delegation from Mexico with us.

On behalf of my colleagues, I want to say we have both houses represented this afternoon. We have colleagues from all parties in the House of Commons, and also we have the pleasure to have with us Senator Stollery, who chairs the foreign affairs committee in the Senate. We also have Senator Corbin and Senator Prud'homme, who chaired foreign affairs for a long time in the Trudeau era.

We have the pleasure of having with us this afternoon Senator Silvia Hernández Enríquez. She is from the group PRI, and she is president of the Foreign Affairs Committee on North America. Senator Raymundo Cárdenas, from the PRD group, is the vice-president of the Senate board. And Senator Lydia Madero García, from the PAN group, is a member of the foreign relations committee.

On behalf of my colleagues, I would like to welcome our distinguished visitors from the other great North American partner with whom we share this continent.

[Translation]

Welcome to our Mexican visitors. *Bienvenidos a nuestros amigos mexicanos.*

[English]

Like you, we have had an election since our committee travelled to your country in the year 2002 as part of a major study of North American relationships. There are some new members at the table, but what has not changed is the keen interest of all members of this committee in developing and deepening Canada's ties with Mexico. We want to move forward not only in priority areas of trade and security, but in all aspects in which we have mutual interests and shared values, from environmental protection to social development to the promotion of human rights and democratic governance within our own hemisphere and globally.

[Translation]

The 60th anniversary of bilateral relations between our two countries is an opportunity to come together to reflect both on what we have achieved, and on what we want to achieve for the common good of the citizens we represent. How best can we build on the benefits of increased commerce, secure smart borders, provide opportunities for our societies to prosper, and encourage better

knowledge of each other through educational and cultural exchanges?

Several of us will remember the honour we had to be received by a number of Mexican parliamentarians in your Congress in Mexico City on March 13, 2002. That was a very productive session, co-chaired by my predecessor Jean Augustine and, on your side, by Senator Sylvia Hernandez Enriquez as chairperson of the North American Commission of your Senate's Foreign Relations Committee.

[English]

It is a great pleasure to welcome you here today. Not only did that occasion mark the first time Canadian and Mexican parliamentary foreign affairs committees met in a joint session, it was also extremely fruitful in helping our committee to prepare a comprehensive final report, "Partners in North America: Advancing Canada's Relations with the United States and Mexico", which was released in December 2002.

Our report gave a lot of attention to strengthening Canada's approach to the Mexican dimension of a North American partnership and to expanding trilateral ties, including at the parliamentary level. It was also the first major such report to be released in a full Spanish-language version, as well as in English and French. I should note as well that our colleagues on the Senate foreign affairs committee followed this example when they subsequently addressed relations with Mexico and released a report entitled "Mexico: Canada's Other NAFTA Partner", in March of this year.

[Translation]

In our Committee's Report, we acknowledged that it is sometimes hard for each of our countries to see past our respective preoccupations with the giant neighbour next door. But I think we are learning to appreciate the value of our relationship within the fuller context of increased North American cooperation. Our Committee's recommendations embraced broader ties with Mexico as part of a far-sighted approach to such cooperation.

[English]

In that spirit, I would now like to invite you to introduce yourselves and to give us the benefit of your views.

Mrs. Enríquez, please.

**Senator Silvia Hernández Enríquez (Chair, Foreign Affairs Committee on North America, Senate of Mexico (Interpretation)):** Thank you very much, Mr. Chairman. Since there is simultaneous interpretation, there is nothing better than for a member of Parliament to speak in one's mother tongue. This way we can all learn a little bit of Spanish together.

Thank you very much for welcoming us here, Mr. Bernard Patry. I would like to thank the Standing Committee on Foreign Affairs and International Trade.

President Fox was so kind as to invite a delegation of parliamentarians as part of his state visit to Canada. We are senators who are present here from Mexico. We represent the three major political parties in our country, and all three of us are part of the foreign affairs committee of the Senate of Mexico. This is a great privilege for us.

With me is the vice-chairman of the Senate, Senator Raymundo Cárdenas Hernández. We also have Lydia Madero García, who is from the northern part of our country, and she is a well-known legislator. She is from the National Action Party, PAN.

In reference to the question that Bernard mentioned at the beginning of this meeting, I know we will all avail ourselves of the opportunity to speak to you. However, on behalf of my colleagues in the Senate and the Congress of Mexico, I would like to express sincere thanks for the report that was published on the North American partners. For us, it is an initiative on which Mexico has decided to progress in this area.

It was realized that we lacked that little impetus or stimulus to go a little beyond those conversations we have had in this committee meeting and elsewhere, but now we have a platform upon which we can progress further. I am quite convinced that we do have that platform. We also have a long history of friendly discussions. That is precisely why, and that is how I would like to conclude my opening comments.

Within the Congress of Mexico—and despite the fact we are only senators here, I can assure you it is the general feeling of the Congress, which is the House of Commons in Mexico—we would like to express our desire for stronger relations and more in-depth work, and express our desire that we go one step further now.

Today, with the Parliament here in Canada, there is friendship between Mexico and Canada, but to have a greater integration and a higher-level grouping, that friendship grouping must become a parliamentary association, Canada–Mexico. I believe we are on the threshold of doing that. In Mexico, we would love to progress to that next level. We would like to go there and give it the formal legality of a parliamentary association, such as those that you have with other nations and that we also have with other nations. I sincerely hope this idea will be welcomed and that we're able to do so, so that we can meet at least once a year in a meeting that would have a follow-up.

• (1550)

But we also need to break with the idea that interparliamentary meetings conclude in one two-day meeting a year and that's all. It is an occasion to have some kind of relationship by theme, subject matter, or general economic level, so that we may not be limited to

that mere physical presence but can call each other, send each other e-mail, establish personal relationships, and can go to that new level.

Thank you very much for welcoming us here. We are very pleased to be here. Despite the fact that we are only three, we are quite ready and willing that the time that you earmark for us should be considered productive and useful to us both.

Thank you very much, Bernard.

[Translation]

**The Chair:** Thank you very much.

[English]

Thank you very much, Senator. With your permission, I just want to tell my colleagues that we have about 45 minutes, which means we're going to get five minutes each for questions and answers.

I would like to start with Mr. Sorenson. He is from the official opposition and is the vice-chair of our committee.

**Mr. Kevin Sorenson (Crowfoot, CPC):** Thank you, Mr. Chairman.

I wish to underscore the welcome that our chairman gave you. It is so good to have a delegation from Mexico here. It was an honour to have your President Fox share with the House of Commons the importance of the Canadian–Mexican relationship.

In his speech today, he spoke about this being an historic day. An historic step was being taken whereby Canada and Mexico were forming an alliance with government and the private sector, to allow the relationship that we have to grow. I would also mention that in his speech today, I think your president brought out the importance of the free trade agreement and what it has meant for Mexico and what it has meant for North America as a whole.

If I were going to ask a question today of you, correct me if I'm wrong, but in his speech I think he talked about 42 countries that Mexico now has free trade agreements with. Can you tell us a little bit about some of those countries and when some of those agreements came about? Did they come after NAFTA, or was it before NAFTA? What has been their impact?

Also, if you would, please comment a little bit about Mexico's role in continental security.

• (1555)

**The Chair:** The question is for you or any of your colleagues.

**Senator Silvia Hernández Enríquez (Interpretation):** Bernard, would you like us to go one by one, or should we just take a number of questions? What do you think is more efficient for you?

**Mr. Kevin Sorenson:** However they feel...

**The Chair:** We'll go one by one. We'll hear three questions from three members, and after that we'll get your answers. Is that fine?

We'll go to Monsieur Desrochers, from the Bloc Québécois.

[Translation]

**Mr. Odina Desrochers (Lotbinière—Chutes-de-la-Chaudière, BQ):** Thank you, Mr. Chairman.

On behalf of the Bloc Québécois and on behalf of Quebec, I want to welcome you to Canada. I know more about Mexico's tourist attractions than I do about its economic affairs. However, as part of my new duties as my party's critic for Latin America on the Foreign Affairs Committee, I will have an opportunity to learn more about the workings of your country.

I have a question for you concerning energy. As you know, the price of a barrel of oil is currently very high. I'd like to know where Mexico stands on this issue, as well as the percentage of oil your nation exports to Canada.

[English]

**The Chair:** I'll go to Ms. Phinney.

**Ms. Beth Phinney (Hamilton Mountain, Lib.):** Thank you very much.

I would like to say that I love your country. I was going to say I especially love the climate, but I don't think it is just especially the climate. It's the people and the food and everything about your country. I used to go down there once a year for a week, but now I'm going down there for three weeks. My sister and brother-in-law just retired three years ago and are now living there, so I now get a chance to go down there for three weeks a year.

I have a question for you that has come from my many visits down there, and from the builders of new hotels down there. They're saying that if they bring in materials from outside Mexico into Mexico, either from Canada or the United States, for two or three months everything will go fine and everything will go across the border without any problem, but then they all of a sudden find that every single little piece of paper and every article that goes through is being checked. After everything is held up for two or three weeks at the border, then all of a sudden it's okay again for six months, and then they're stopped again. I don't know whether you can answer this, but maybe you can take it back to somebody who could check that.

It's quite frustrating to the builders. You have some very nice hotels down there, and many of them are built by Canadians. It would help them a lot if they could get easier access across the border. I'm just relaying that question from them.

**The Chair:** Thank you, Mrs. Phinney.

Senator Cárdenas.

**Senator Raymundo Cárdenas Hernández (Vice-President, Senate of Mexico (Interpretation)):** Thank you very much for your attention here at this meeting. I, too, take advantage of this opportunity to respond, so that I can tell you how much I highly value this report that we have, particularly since it is also in a Spanish version. I think this says a lot about the interest that exists in the Canadian Parliament with respect to our relations.

Also, in Mexico, all of us legislators know we have to get to know each other better, because the free trade agreement changed a central part of the relationship system between our two countries. This relationship system not only has the economic and trade sides to it, but many other aspects that we also have to look into together. In particular, we have to see how this region can have outlooks that are more in common in order to dialogue with Europe, which is discussing a new constitution. In North America, our economies are

more and more integrated, but we haven't spoken about an awful lot of other subjects that, in my opinion, we should make comments about, we should discuss, as was pointed out by our first colleague who questioned.

The Mexican economy is a very open economy, so much so that 60% of the GNP has to do with foreign trade, 60% of the GNP is due to the foreign sector. Of course, this has helped us so that Mexico can make its economy more dynamic. As was said by President Fox, we have doubled that product from \$300 million to \$630 million in nine years. This is basically due to this opening up and the latest trade agreement that was signed by Mexico and became legal approximately a month ago. It's an agreement with Japan. Japan doesn't have many trade agreements, so Mexico has just been honoured by Japan with this agreement.

I couldn't give you the whole list of our agreements now, but I can send it to you by fax or by e-mail as quickly as possible. But Mexico is a country that's most open along these lines.

With respect to continental security, it seems to us that we have to look into this issue in terms of all of its complexities, and assume that the risks for the security of different countries are different. In Latin America, the greatest risk we have arises because of poverty and inequality. We don't have military enemies, but poverty and inequality are serious opponents that are threatening our nascent democracy. In Mexico, we held a meeting concerning continental security. A declaration came out of it that you can all have a copy of, and it contains the commitments of the countries.

More specifically, in terms of border security—and this is something that worries our neighbours an awful lot and which in part explains the problems for merchandise going across the border—Mexico is holding frequent dialogue and discussions with the United States in order to have a smart border that will allow not only for an increase in the traffic of goods, but also an increase in security. That border is the one where there is the greatest amount of person traffic in the world, and this gives rise to complications of a different type.

• (1600)

I would also like to tell you that Mexico is aware of the fact that one of the serious problems we have to deal with is corruption. It's an endemic problem in Mexico. It's at the border and it's in our customs system. We are committed to attacking this situation and are going to deal with it very soon.

I'll conclude by pointing out that Mexico is an important oil-producing country, but it doesn't have a huge oil platform for exports. We export approximately 1.5 million barrels of crude a day, most of them to the United States. I don't know how much of our oil is exported to Canada—I don't have that figure with me—but I think it's probably irrelevant and in keeping with the fact that you also have significant production.

• (1605)

**The Chair:** Thank you very much.

We'll now go to Ms. McDonough, Mr. Menzies, and Mr. Boudria, for three questions in a row.

**Ms. Alexa McDonough (Halifax, NDP):** Thank you, Mr. Chairman.

I also want to extend a very warm welcome to our visitors. We realize you're a multi-partisan panel, as we are at this table.

I have three brief questions that I want to ask. One concerns something I was very happy to hear your president stress in his address to Parliament this afternoon. That was the absolute importance of multilateralism, in particular the importance of Canada and Mexico working together against the proliferation of weapons. My first question is whether or not Mexico has taken a public position on the proposed National Missile Defense program of the neighbour that sits between us.

Secondly, we are marking the tenth anniversary of the NAFTA agreement. We all know there have been a great many winners, but I also know we've heard expressions of concern about some of the aspects of the NAFTA agreement that in fact have impacted negatively either on the rights of workers or on environmental considerations. Chapter 11 of NAFTA in some cases results in the overriding by corporations of, really, the rights of sovereign governments to make decisions in the interests of their own citizens. I'm wondering if you are, as a parliament or as a nation, undergoing a full review of NAFTA at this juncture, the tenth anniversary.

Finally, on numerous occasions I've been alarmed to hear accounts of Mexicans who have been coming to visit Canada, either for business reasons or personal reasons, and who have been dismayed to find that even if they have their papers fully in order, with proper documentation, where they should be assured of easy and safe passage by a friendly nation, they have in fact been hassled at the Canadian border or have even been turned back to Mexico in some cases. I'm wondering if this is an issue being addressed by you at the level of your parliament, and if there are things that we, as Canadian parliamentarians, can be doing or ought to be doing in order to try to present a more welcoming and friendly response to would-be visitors to Canada from Mexico.

Thank you.

**The Chair:** Thank you.

I will now go to Mr. Menzies.

**Mr. Ted Menzies (MacLeod, CPC):** Thank you.

I also would like to echo a warm welcome from Canada, and I welcome this opportunity to discuss trade relations with you.

There are a lot of similarities between your country and ours. We're both very trade-dependent nations, and we do have this large country between us that is probably our largest trading partner from both perspectives. I've had the opportunity to listen to your president speak three times in the last fourteen months, and I'm always more impressed as I hear him. He has a tremendous understanding of what's good for his country. It's good to hear he's so involved in trade and recognizes that it is very important.

I've also been involved in a NAFTA growers' network that has dealt with your CICOPLAFEST in trying to harmonize chemical registrations and chemical labelling that can tend to be a trade impediment or a trade barrier. We're trying to standardize those regulations among our three countries so that we have fewer issues

that can be issues that stop trade, because that is very important, as I've said.

I have a couple of questions. We are launching into an international policy review in this country, and I would like some comments from you folks on what we should be pursuing. We want to become more effective traders, more effective in our foreign relations, and also in how we deal with aid issues around the world. I'd like a little bit of a perspective from you, a few guidelines that might narrow our focus on that.

Another very important issue for us is that we've been marked as a BSE country. BSE has affected our trade tremendously. I understand that not too recently you've opened your borders to the Americans. I'd just like a comment on how much beef and other ruminants are flowing back and forth, and what we might do to be able to open that access. We realize we have a bit of trade, but unfortunately we have to go through the United States to get there.

Can I have your thoughts on those items, please?

• (1610)

[Translation]

**The Chair:** Mr. Boudria.

[English]

**Hon. Don Boudria (Glengarry—Prescott—Russell, Lib.):** *Muchas gracias, señor presidente, y bienvenidos en Canadá a nuestros invitados hoy.*

I met Senator Hernández a year ago, but I unfortunately haven't seen her since.

At a lunch I hosted today for the Foro Interparlamentario de las Américas, our guests raised the issue of a formal parliamentary association between Canada and Mexico. Of course, this was not a formal event; it was an informal lunch. Now we're formally on the record, and I wonder if our guests would reiterate some of the things they said today, particularly in view of the fact that, as a result of some FIPA work, I may be visiting their country and want to further explore the possibility they enunciated earlier.

And next year I will say all of this in Spanish, I promise.

[Translation]

**The Chair:** Thank you, Mr. Boudria.

Senator Sylvia-Hernandez.

[English]

**Senator Silvia Hernández Enríquez (Interpretation):** We thought that for this part, the three of us could share the answer to your three questions. Each person will indicate his or her point of view.

Lydia, perhaps you could start to deal with some of the questions that were just asked, and then the three of us can share the rest of the time.

**Senator Lydia Madero García (Chair, Jurisdictional Committee, Former Vice-Chair, Board of Directors of the Senate, Senate of Mexico (Interpretation):** I'd also like to thank you for the opportunity to be here with you and to go into greater depth about the relationship that parliamentarians in Canada and Mexico have.

First of all, as a member of the National Action Party, the same party that President Fox heads up, I can give you my vision of what the president's energy policy is. It was under discussion, and it's being partially reactivated at the Mexican Congress.

On the one hand, since 1992 there has been electrical energy generated for consumption within Mexico, and the surplus is sold to the government so that the government can distribute it. At this point, we want to broaden this possibility. Several meetings have been held with Canadians and with Canadian executives who are interested in participating in regeneration or in the strengthening of the energy sector in Mexico. It needs strengthening because, as was said by Senator Cárdenas, Mexico needs the growth of electrical energy and hydrocarbons, and there is a huge potential in which Mexico hopes to have investment through cogeneration or through cooperation between the government of the republic and private individuals.

At this point, there are contracts for multiple services. These are services the private companies offer the government in the area of developing hydrocarbons, so these are services that are collateral to oil development, oil and gas, or natural gas development.

Some aspects are going to be developed throughout the republic. In fact, we're working on a formula whereby all of the parliamentary groups in the Congress authorize or give approval to the government in order to change the formula and broaden the cooperation of private investment with the state. The idea is not to privatize electrical energy or hydrocarbons, but to open them up to private investment in cooperation with the government.

On the one hand, this is with respect to the energy issue. On the other hand, most of the free trade agreements have arisen from the fact that there was cooperation in the past in terms of trade with the free trade states. First of all, there was NAFTA, and this agreement opened up the door for other agreements, for example, with the European Union. That one has a broader projection than NAFTA because it deals with three aspects. The NAFTA is exclusively trade-oriented. It did not deal with subject matter that is dealt with in other agreements, such as trade cooperation, human development, matters of social development as far as education is concerned, elimination of poverty, etc.

The third aspect is at the political level. This is in the free trade agreement with Europe, in the subsequent agreements mentioned by Senator Cárdenas, and in the last agreement with Japan. This concept of a more integral vision is also in the rest of the agreements between Mexico and the remaining countries.

•(1615)

And lastly, we could talk about multilateral aspects. The president is open to generating much broader forecasts with the world in general in the struggle for human rights and for safety and security. On the fight against arms, we were just in New York at the United Nations, and a meeting was held in terms of the battle to eliminate nuclear weapons and small weapons. This is another aspect to which not much attention has been paid, but which has caused harm in many countries.

And lastly, on chemical products and meat, somebody else can deal with these products, because what we're dealing with mostly is

international relations and trade. While we're also farmers and we also have agreements with the United States mainly, we've also had problems because the borders are closed all of a sudden as a result of some specific disease. The problem is to reopen the border afterwards and to re-establish trade.

•(1620)

**The Chair:** *Muchas gracias.*

I just would like to remind my Mexican colleagues that I have another four people who would like to ask questions and the time is flying. If you can, please proceed with slightly shorter answers.

I would also ask my colleagues to ask shorter questions.

Are there any other answers concerning those questions?

**Senator Silvia Hernández Enríquez (Interpretation):** I'll be as concise as possible.

Before NAFTA, there were many treaties, but with NAFTA, 90% of what we produce is exported. We are very concerned about oil prices. Mexico is a producing country, but the higher the price goes, the better it is to do business in Mexico. Electricity is quite high in Mexico, and despite the fact that we have higher income and revenues, we are concerned with the oil prices and the electricity prices.

On the multilateral agreements, we have much understanding and a common point of view with Canada at the multilateral level, and I think we should look at that. We also share many views with the friends of the United Nations on the reform there. We were lagging behind in some areas like human rights, but we are making a great deal of progress. On the question of Iraq, we agree with Canada also, for example.

As far as migration and immigration are concerned, we are establishing consulates and we are trying to have bigger, more open trade and are looking at how we could work together. Rather than considering China as an adversary, shall we say, I think we might possibly create some kind of association or society to face the competition coming from China.

I don't know how many cattle are coming through, but I think we should open the barriers or bring down barriers that aren't necessary.

And I think there should be a maturation between us at the parliamentary association level in these areas.

**The Chair:** Senator Cárdenas.

**Senator Raymundo Cárdenas Hernández (Interpretation):** Thank you very much.

I would like to speak about migration.

One of the undertakings of NAFTA was that the number of Mexican migrants going north would drop. However, might I tell you a phenomenon has occurred that has been poorly explained and is not very well known. I don't say NAFTA is the cause, but there has been an increase in migration from Mexico to the United States, as well as to Canada. Some 400,000 people migrate in a year, so this is a huge challenge for us. We consider that this is part of this problem of creating an internal market that will generate more jobs than foreign trade will.

[Translation]

**The Chair:** Thank you very much.

[English]

I have questions from four people. They must be very short, with no preamble if that's possible.

I have Senator Stollery, Mr. Day, Mr. McTeague, and Senator Prud'homme, and we'll finish with Mrs. Stronach at the end.

• (1625)

**Senator Peter Stollery (Bloor and Yonge, Lib.):** Thank you, Mr. Chairman, I'll be very brief.

On the problem of the agricultural policy, I would like to remind those present that the Senate completed an in-depth review of the NAFTA about five months ago, or something like that—some of my Mexican colleagues will recall when we were in Mexico City—and one of the issues that surprised me was the agricultural issue, the devastation in the countryside.

The countryside has been depopulated, we were told by many witnesses in Mexico, because the importation of relatively cheap, I suppose, maize and beans and things of that nature has put millions of subsistence farmers out of business. They've had to either go to Mexico City, where even I was astounded by the enormous increase in *ambulantes* and all of those sorts of things, or they go to the United States at the rate of 400,000 to 500,000 people a year, as you said. There are millions of undocumented Mexicans in the United States.

My question, Mr. Chairman, is whether or not there is a policy to deal with this very important question.

**The Chair:** Thank you.

Mr. Day. We'll take all the questions.

**Mr. Stockwell Day (Okanagan—Coquihalla, CPC):** Thank you.

Senator García, I think you were at the Inter-Parliamentary Union in New York. I was there also.

I have a question related to reform at the United Nations. We're very concerned about that also. The United Nations is facing big challenges right now, such as the inability to deal with Sudan; the voting bloc of non-democratic nations that continues to resist the democratic impulses of their own peoples; the oil-for-food scandal related to Iraq. These are big challenges.

In terms of reform, do you have suggestions especially related to the Security Council? In Canada, we would obviously like to see some reform and expansion of the membership there. Is there anything we can work on together? Do you have any insights in terms of reform, especially related to the Security Council, that can renew people's faith in the United Nations?

**The Chair:** You can see that's a very short question. As for the answer, I don't know.

Mr. McTeague.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Thank you for being here. In consideration of time, I'll leave the pleasantries aside.

I wanted to get your opinion on continental free trade, particularly since you sit halfway between, geographically speaking, and at the epicentre of this next stage. I understand the comments you made on trade.

As well, perhaps you could also give us a comment as to the concerns your government has with respect to the amount of the public account deficit that exists in the United States. There was an earlier comment about oil and its impact on the bottom line for Mexicans.

[Translation]

**The Chair:** Thank you.

Mr. Prud'homme.

[English]

**Senator Marcel Prud'homme (LaSalle, Ind.):** I bow to Madame Stronach, as a member of the committee.

**The Chair:** If you have a question, you go ahead. You're our guest today.

**Senator Marcel Prud'homme:** Canada and Mexico are the only two countries that never broke relations with Cuba. Recently, there was some shadow in Mexico. I'll put my card out very clearly: I'm glad that you did not break diplomatic relations, and now your ambassador seems to be back. What kind of initiative would you suggest?

As you know, Canadians have three favourite spots for vacations—and I'll finish here, because I go on too long all the time. I don't know which one is the biggest now, but the three are Florida, Mexico, and Cuba. I would say Cuba now is probably more popular with Canadians than Mexico. Besides being present, what kind of initiative do you think we can use to teach what we like to share—any party—and that is our way of doing things and their way of doing things, especially when you compare what has happened in Cuba in health care and education? It is at least a vibrant witness to what could have been better, but it is certainly better than some other countries. If you have only a suggestion or two, I would appreciate them very much.

[Translation]

**The Chair:** Thank you, Mr. Prud'homme.

[English]

Mrs. Stronach.

**Ms. Belinda Stronach (Newmarket—Aurora, CPC):** *Buenos días.* Welcome.

My question is similar to that of the honourable member. Where do you see the future of the free trade area of the Americas going? Is there a possibility to breathe new life into the talks, with Canada and the United States working together?

• (1630)

**The Chair:** That's a good question. Short and good.

Who is willing to answer first? Senator Cárdenas.

**Senator Raymundo Cárdenas Hernández (Interpretation):** A number of those questions will have different answers, because we are from different political parties here.

In response to the first question, insofar as what Mexico is doing to avoid that huge migration that we have, what is happening in my country demonstrates that the market trends do not resolve all the problems of the economy. For 20 or 25 years, we've been applying this ever-increasing liberalization in Mexico. Some sectors are major winners and there are people who have succeeded, but many have lost. Those who have lost, the have-nots, are in the countryside. They have not had some kind of clear proposal.

With such affirmations as this in Mexico, the countryside is exporting more and more. That is quite true, of course. Yes, there are many vegetables and citrus fruits of all sorts, but most of the Mexican farmers just produce corn and beans. At the national level, those products are being totally inundated by subsidized products coming from the United States. For those Mexican farmers who produce corn and beans, there is no other solution than migration, and that is our major challenge.

I also believe that the future of free trade, insofar as all of Latin America is concerned, shall be dependent on the fact that the United States must accept to reduce their subsidies. I've heard from a number of colleagues from Latin America, and I'm quite convinced that as long as there is no elimination of subsidies in the United States, there will be no free trade, because Latin America depends a great deal on its rural labour force.

From a qualitative point of view, I hope free trade in the future will be complemented by other agreements in other areas that will place the question of social values at their core. I would like the NAFTA to go toward something more similar to the European agreements that were concerned that there would be less of an imbalance and more social justice for the people of those countries. I hope the relationship between Canada and Mexico will be fruitful on that path.

I might say that in our relations with our colleagues from the United States, I have a bit of a pessimistic impression. They do not believe in state activity, equalization forms from the European Union, etc.; they only believe in what the market can do. It's up to us to try to change their opinion if we are insistent in the future, both of us.

To conclude, oil for Mexico is a two-sided coin. Yes, we have more income. Yes, we have more revenue. In the national budget, 30% of it is dependent on oil. That is a very high dependency on the price of oil for the national budget. If the price of oil is very high, there will be a slight lowering in the growth rate for the United States, and therefore the exports will drop from Mexico in the medium term. That is why we hope in Mexico that they have a reasonable price that may not be as high as it is today.

These are my answers, and now Silvia will answer.

• (1635)

**Senator Silvia Hernández Enríquez (Interpretation):** This whole question of migration is very sensitive for us. At the turn of the millennium, we realize that Mexico is a country of exodus. Our people are going to other countries at such a high level that it has

opened our eyes on a whole number of series of matters that we had not seen in the same light before.

When NAFTA was negotiated on capital and on goods and services, Mexico tried to put in labour and said there should be a free flow of it, but it was not possible. NAFTA dealt with goods and services, for reasons we all know, and which are quite understandable. However, after about two years, a very strong economy sucks in and incorporates all the people coming from a poorer economy. If the United States were to decide to send back the 10 million Mexicans who are in the United States, the U.S. economy would collapse, and ours would too.

In other words, this is an unresolved question. How can we have some kind of economic symmetry in which the United States' agriculture is competitive? The labour there is at a very low cost. They have a double subsidy: one is the government subsidy, but there is also a cheap labour force coming from the country to the south and it is sold at a very low price. That country to the south has no other solution. This is a question we have to look at and resolve. We will resolve it one day or another, but I hope it will be an intelligent, sane decision that will be made.

We have a million legal crossings at the border per day—not a million people necessarily, but people who will go and buy, I don't know, wheat or whatever it is and return. We don't know how many—maybe five million now, I don't know—but probably the biggest minority in the United States is Spanish-speaking. This is an economic phenomenon, a political phenomenon, a social phenomenon, which requires our participation as political leaders, and we must face it.

I'm sorry, but this is a very delicate subject in Mexico, because there's the whole question of security and terrorism. We have to look at that along with the whole question of freedom and human rights.

Insofar as Cuba is concerned, Cuba is a country with which Mexico has strategic, political, economic, and sentimental relations. That's the only way to see it. How can we support it with investment? How can we convince the opinions there? Cuba requires not that it be the subject of the embargoes it has faced because of its political problems, but rather the economic support of investment. It is a natural place for tourism, but according to our political party from Mexico, we may have different points of view. If we have been so close to them, we should be even closer now with Cuba. We don't know what's going to happen there.

• (1640)

I think it would be awful for Mexico if there were a disconnect with that political regime and Mexico were no longer there. The risk of losing our embassy in Cuba because of some short-term rivalry might be an error. We have to know what is going on in Cuba, through you, if not through some other friendly nation. That is why Mexico has to be present in Cuba. That is my opinion.

On the whole question of the United Nations, I think Lydia has already spoken about it and no doubt wishes to add a few words.

**The Chair:** Senator Madero, please.

**Senator Lydia Madero García (Interpretation):** Rural Mexico is subdivided. One part is rich and exporting and is highly specialized in many different products—processed products and citrus and vegetables of all sorts. And then there is the poor side, which is in the south, where they have small allotments and parcels of land that are very limited in means. What kind of program is being done? We are assisting in the social area, and we're trying to find some kind of alternate solution, but it is not something that will be resolved merely by the rural part of the country.

Insofar as the Security Council is concerned, we do have a proposal for greater representation from the different areas of the world. There should be more non-permanent member representation on the Security Council, but it should not be a representation merely or uniquely, shall we say, from Latin America. There should just be an increase of non-permanent members of the Security Council, wherever they come from, on a rotational basis. We must also strengthen the work of the United Nations organization to promote it, maintain it, so that the decisions are truly for the benefit of all, rather than for a few nations that are managing it, shall we say.

I agree with Senator Hernández's point of view insofar as Cuba is concerned. In general, Mexico is presently promoting the respect of human rights in Cuba and of those who have had their freedoms withdrawn for political reasons.

Finally, on Canada and the United States, we believe that what is being presently signed by your Prime Minister and our President will complement the North American Free Trade Agreement. Complementing it with such additional agreements will strengthen it. For example, a partnership for prosperity will cover the whole question of cooperation, collaboration, and the strengthening of human rights in the social field. That would be complementary for those relations that Mexico has in this area with the other two countries under NAFTA, and also increase the general well-being of Mexicans and Canadians.

Thank you.

**The Chair:** Thank you very much.

I want to thank our colleagues from the Senate of Mexico for being here today and for sharing some views with our committee during the visit of President Fox.

I must say in closing that I hope we're going to get a chance to meet again, and not just through the IPU or FIPA, and that we're going to succeed at forming an interparliamentary group between our two countries. We need it, and I think it will be most important.

Thank you very much again for your visit.

The meeting is adjourned.

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