

NAFTA negotiations come to an end

I wish to inform you that we have successfully concluded negotiations for the signature of a Free Trade Agreement between Mexico, the United States and Canada. Let me tell you what this step means and how much ground must still be covered before the treaty can become a reality and benefit all Mexicans.

More than two and a half years ago we began talks and later formal negotiations to sign a Free Trade Agreement with our northern neighbors. Before beginning to negotiate we undertook extensive and careful consultations. Senate hearings were held with groups, political parties, and sectors, and when these were concluded, the Senate recommended that this and other free trade agreements be promoted to further our national objectives.

Once negotiations began, both houses of Congress were informed of all the issues, as were entrepreneurial groups, trade union and rural organizations, universities and academic forums. Mass communications—the press, radio and television—kept the general public informed. Our negotiators were always mindful of all opinions expressed.

They were accompanied by business, labor and *campesino* representatives, as well as lawyers, academics, and specialists in agreements of this kind whenever they met with their American and Canadian counterparts. All were present to

support Mexico's positions and together form a genuine common front.

A careful sector by sector, productive area by productive area negotiation was carried out for more than two hundred negotiating sessions and seven ministerial meetings. Every productive area was scrutinized with Mexico's best interests foremost.

As I have repeatedly stated, negotiations complied to the letter with the mandates of our Constitution, particularly in regard to maintaining ownership and control of oil in Mexican hands. We will not allow industries to pollute or harm the environment in pursuit of the advantages of the Agreement, and we will always maintain the strictest respect for the rights of our workers.

The results of this negotiation are set down in this more than 400 page document. During the weeks to come, it will be given its final legal form for signature at the end of this year by the three countries' heads of state. After signature, I will send the Agreement to the Senate for approval; Canada and

the United States will do the same, according to their laws.

After the Agreement is ratified it will become law throughout North America. Its contents will be amply disseminated so that all Mexicans know what each one of its chapters contains and, above all, what opportunities it opens to us. I ask all Mexicans to study its contents so that once it takes effect we may be prepared to take full advantage of the opportunities it offers.

Some still ask: What is this Free Trade Agreement that has now been negotiated? The Agreement is a set of rules that our three countries have agreed upon to regulate buying and selling of products and services in North America.

It is called "free trade" because these regulations define how and when trade barriers to products and services between the three countries will be eliminated. In other words, how and when permits, taxes, and licenses will be eliminated, especially tariffs and duties (taxes for importing merchandise).

It is also an agreement that establishes ways to solve differences that always arise in trade relations between nations.

The Agreement does not mean that once it is approved it will immediately or totally open trade between our nations, much less trade that could harm our industries or agriculture.

We have agreed, in the light of our negotiators' responsibility and talent, to open those products and services in which we are prepared to

Message from President Carlos Salinas de Gortari to the Mexican people, marking the successful completion of negotiations for a Free Trade Agreement with the United States and Canada, on August 12, 1992.

HIGHLIGHTS OF SEVEN YEARS

March 1985

US President Ronald Reagan and Canadian Prime Minister Brian Mulroney meet. They agree to request their respective ministers to explore the possibilities for reducing and eliminating trade barriers.

September 1985

President Reagan and Prime Minister Mulroney exchange letters of resolution to negotiate a Free Trade Agreement (FTA).

October 1987

US and Canadian negotiators sign a draft of the Agreement.

December 1987

The heads of both delegations ratify the text of the Agreement. The final version is sent to the US Congress and the Canadian Parliament.

January 1989

The FTA between the US and Canada goes into effect.

March 1990

The Wall Street Journal publishes an article asserting that Mexico and the United States have agreed to initiate negotiations to develop a Free Trade Agreement.

April 1990

The Mexican Senate establishes a forum for consultations on the FTA.

June 1990

The US Senate opens hearings on a "fast track" bill that would allow President George Bush to negotiate directly with President Carlos Salinas. Both presidents issue a joint communiqué announcing their intention to negotiate a FTA, and instructing their respective trade representatives to explore the possibilities.

August 1990

The Mexican Secretary of Commerce and the US Trade representative meet and issue a joint recommendation to President George Bush, urging that the US and the Mexican President initiate FTA negotiations.

September 1990

President Carlos Salinas appoints an Advisory Committee for FTA negotiations and informs President George Bush that Mexico intends to sign a Free Trade Agreement. President Bush sends a bill to Congress to open negotiations. Canada expresses its desire to join the largest trade bloc in the world.

February 1991

President Salinas, President Bush and Prime Minister Mulroney agree to start trilateral negotiations for a North American FTA.

May 1991

The US House of Representatives votes in favor (231 to 192) of approving the "fast track" for negotiating the FTA with Mexico. The US Senate also approves the motion (59 to 36) to give President Bush the authority to negotiate.

June 1991

Trilateral negotiations between Canada, Mexico and the US begin in Toronto, Canada. The issues discussed include access to markets, trade regulations, investment, technology transfer, services and settlement of disputes.

August 1991

The ministers of commerce of the three countries meet for a second time in Seattle, Washington. They agree on a gradual reduction of tariffs, to be carried out in three stages, on all products to be imported and exported between the three countries. They resolve to make an in depth analysis of the restrictions on government purchases in the three nations. In addition, a working group is created to strengthen the Mexican assembly plant program. The governors of the fifty US states express their support for the negotiations.

October 1991

The ministers of commerce of the three countries meet for a third time

compete to immediate competition. For others in which we are less efficient and are working to improve our quality, we have negotiated a transition period of 5 and up to 15 years before they are freely traded.

Thus we will have more time to modernize technologies and production methods, and be able to compete with imports in our domestic market. The United States and Canada also asked us for more time for products in which we are more efficient and better than they.

I want you to know that the negotiations recognized the difference between Mexico's level of development and that of our neighbors. That is why 70% of our exports will immediately be free to enter their markets, while we will free only about 40% of the products they send us.

Thus these negotiations give us the time we need to continue our support for small and medium enterprises and producers of agricultural products who need it, thereby permitting all of us to take

advantage of the opportunities provided by the Agreement.

What advantages and challenges will the Agreement bring? First, it links us to one of the world's economic centers, and precisely because of that, it has caught the interest and attention of the other large areas of the world: Europe and the Asian Pacific, and makes us a bridge to our Latin America.

Second, the Agreement will guarantee broad and permanent access for our products to the great

OF FREE TRADE NEGOTIATIONS

in Zacatecas, Mexico. The meeting is attended by US negotiator Carla Hills, Canadian Minister of Commerce Michael Wilson, and Mexican Secretary of Commerce Jaime Serra Puche, along with their respective negotiating teams. They review the progress of the working groups assigned to each of the nineteen major sections of the agreement and call for a draft by January 1992. They agree to approach labor and the environment as parallel issues, but not to include them in the text of the agreement.

February 1992

The presidents of the United States and Mexico, George Bush and Carlos Salinas de Gortari, meet in San Antonio, Texas, to discuss progress at the 7th plenary negotiating session held at Dallas. Progress was reported by 8 of the 18 working groups. Differences persist in such key areas as energy, agriculture and the automotive industry.

March 1992

Agreement on 14 subjects in the general text is sought at meetings held in Mexico, Canada and the US. Joint declaration, by the three chiefs of state, after a telephone conference call on May 17th, to the effect that negotiations are proceeding as planned. 23-27, 8th Plenary Meeting with chiefs of

negotiating teams Julius Katz, US, Herminio Blanco, Mexico, and John Weeks, Canada. Note taken of points pending and of those settled.

April 1992

6-8, Trade representatives Jaime Serra Puche, Mexico, Michael Wilson, Canada, and Carla Hills, US, join in 5th ministerial meeting in Montreal to discuss and eliminate differences in the key areas of energy, agriculture and livestock, automotive products and conflict resolution, as a step toward the final phase of negotiations. 27-May 1, 9th Plenary Meeting with chiefs of negotiating teams. Progress is made on energy, automotive products and agriculture, nevertheless differences remain.

May 1992

10th Plenary Meeting in Toronto. Most working groups are closed, leaving only energy, rules of origin, and agriculture and livestock pending. It is reported that high level political decisions will be required to surmount the obstacles remaining in these chapters. It is rumored that the US and Mexico may sign a bilateral agreement on agriculture in view of Canadian insistence on maintaining current marketing systems for agricultural products. The automotive sector is reported to be almost concluded.

June-July 1992

The three nations' chief negotiators meet in Washington, D.C. on several occasions to overcome differences on six of the most controversial issues: financial services, energy, agriculture, the automotive industry, government procurement and trade practices. The 6th ministerial meeting is held in Mexico City, hoping to conclude negotiations. No final text emerges in the light of persistent differences in key sectors.

August 1992

7th ministerial meeting in Washington, D.C., headed by the ministers of commerce of the three countries, with chief negotiators also attending. Following two weeks of anticipation, the end of negotiations is formally announced at daybreak on August 12, after 200 meetings between negotiating teams and 7 ministerial sessions. Complete agreement is reached on the agenda's 22 points, and final revision of most chapters already closed is completed. In a three-way telephone conversation, the US and Mexican Presidents and the Canadian Prime Minister express their approval. They issue a message to their respective nations announcing the result of the negotiations.

North American market consisting of more than 360 million people. This is very important because our companies can profit by the advantages that come from the size of this enormous market and therefore, as they produce for more people, they will create jobs for more Mexicans, lower their costs and be more efficient.

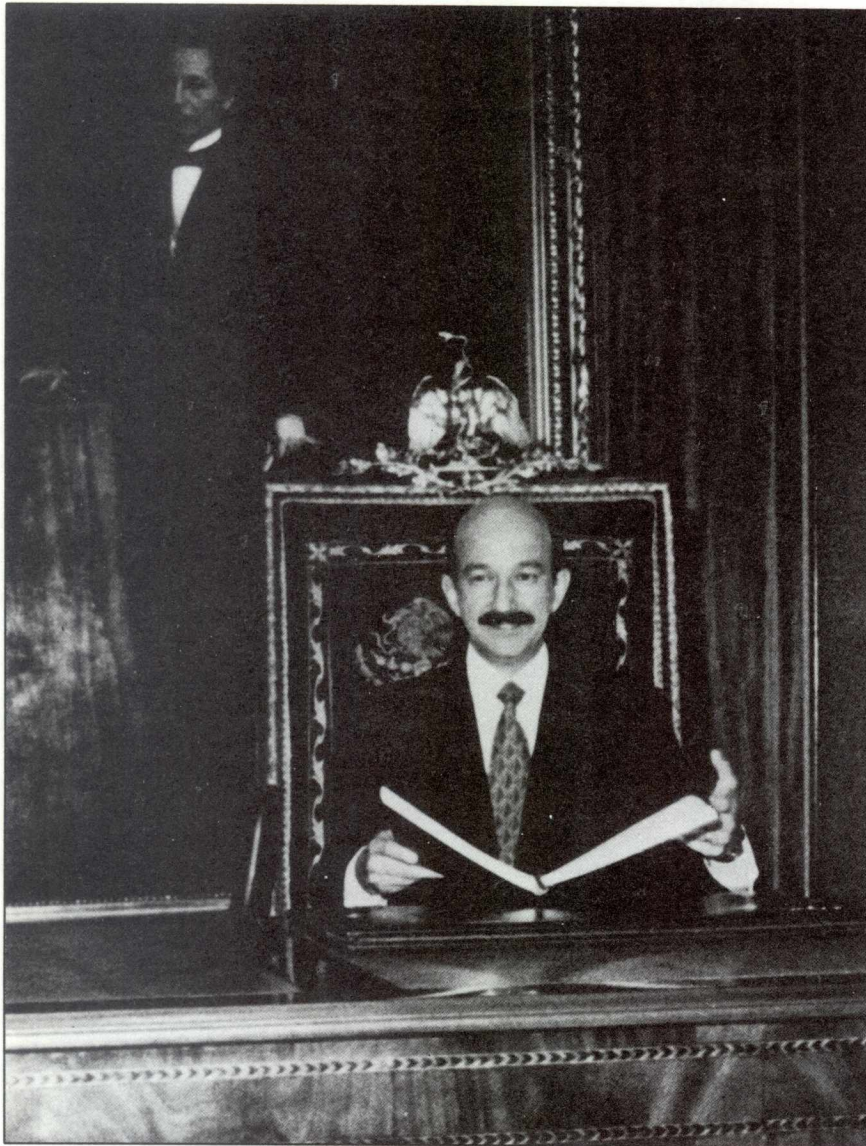
Third, the Agreement establishes clear rules and assurances for Mexico's trade with its northern neighbors, long the

source of our country's most active and voluminous commerce. We must not forget that we are now the United States' third largest trading partner, and that it is with the US that we do most of our business. This trade has more than doubled over the last three years.

Fourth, we will also be able to specialize production in areas in which we have the advantage of climate, resources or know-how, and apply technologies that make better use of what we already have.

Fifth, you as consumers will benefit from a larger variety of better quality products at lower prices.

But, above all, the Agreement means more and better paid jobs for Mexicans. That is what is most important, because we will attract more capital, more investment, which means more job opportunities here, in our own country, for our fellow countrymen. Simply stated, we will be able to grow at a faster rate and then concentrate our efforts on helping those who have less.



President Carlos Salinas delivering his message to the nation.

Clearly, the Agreement represents challenges to us all. It means that producers, merchants, workers and service enterprises will have to try harder to compete effectively, offer quality products at good prices and learn to adapt, because we will be measured against the best in every area.

We will also spread the benefits of the Agreement to every region of the country, every productive sector; in short, every Mexican family. And to do this, we must continue restructuring our economy and building our communications, highway, and services infrastructure

so that enterprise and industry reach all the people. This will further more balanced development, strengthen our domestic market and, most important, further justice throughout the length and breadth of Mexico.

The Agreement is therefore very important for Mexico. But we must not think that its benefits will be seen immediately, nor that it is a magic formula to solve all our problems.

Let us not forget that we have already made considerable progress without the Agreement, thanks to everyone's effort. For example, our economy has grown during each one

of the last three years and in July inflation was at its lowest in the last 20 years. These are accomplishments that we have achieved together. But in the future the Agreement will allow us to grow faster, have more and better jobs, and above all be more competitive.

As Mexicans, we have demonstrated that we can do things well and secure our position in the world. We have shown that we accomplish what we set out to do. Two years ago when we began to promote an agreement with the United States and Canada, some thought that it was an impossible goal.

Now, having concluded the negotiations, restored growth and lowered inflation, we are proving that we achieve our aims and this renews our self-confidence. That is why Mexico is respected abroad and seen as a united country, determined to better itself and play an important role in the 21st century.

Fellow Mexicans: International trade negotiations are only one part of the nation's life. Mexico's great strength comes from our millenarian culture of which we are very proud and which you can be sure we will strengthen. Our vitality comes from you, our people, from our ability to work together and excel.

Today, by concluding these negotiations, we have taken another step forward. I repeat, another step that will enable us to benefit our children and our children's children. Because it is for them that we labor, for them that we strive; today's efforts, including the Agreement itself, will unquestionably contribute to their well-being.

We will continue to advance unequivocally because we are united, because we are willing to work harder and together, to join our efforts and contribute each individual's part to a new national grandeur. Fellow Mexicans, it is worth the effort, it is for the good of our great nation... for Mexico ✕