

The image features two vertical, textured brush strokes on a white background. The stroke on the left is red, and the stroke on the right is green. Both strokes have a rough, painterly texture with visible brush bristles and some white space within the color.

The Canada-Mexico Relationship

A Backgrounder

October 2010

A Working Paper of the
Canada-Mexico Initiative

The Canada-Mexico Initiative

The Canada-Mexico relationship is of critical and rising importance for each country. Despite its significance, the relationship has come under attack from public figures in Canada, and the Canadian government's 2009 decision to impose visa requirements to Mexican citizens is creating a negative environment with the potential to damage the appreciation of the bilateral relationship. This state of affairs threatens to undermine the bilateral relationship.

In response, a consortium of Mexican and Canadian think-tanks convened by the Canadian Foundation for the Americas (FOCAL) and the Mexican Council on Foreign Relations (COMEXI) in consultation with the governments, private sector and academics are mounting a concerted effort to identify key issues, develop solutions and use these to build public support for positive changes in the bilateral relationship. A special feature of the Initiative is its intention to integrate the full range of reasons why Canada and Mexico are strategically important to each other. The Initiative will synthesize the key elements of the broader relationship, making it easier to identify when multi-interest group approaches would be effective in achieving specific goals.

The project is being led by Senator Rosario Green Macías and the Honourable William Graham, who will serve as Mexican and Canadian co-chairs, respectively.

The Canada-Mexico Initiative would like to extend its gratitude to our sponsors for their continued support.

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Since the passage of the North American Free Trade Agreement (NAFTA), the Canada-Mexico relationship has grown remarkably on the economic front; strong political ties between ministries and departments at all levels of government have developed and exchanges between public officers and legislators were progressively institutionalized. Multiple people-to-people contacts are facilitating a rapprochement between societies, be it through flows of tourists, academics, researchers, students and artists, through expanding diasporas in both countries, or through civil society initiatives. This constellation of points of contact makes this a strong and dynamic bilateral relationship.

While Canadian foreign policy reflects a tendency to see strategic value in engaging Mexico mostly in the context of North America, the variety of issues they addressed together and their overall positive co-operation experience make this relationship valuable in different settings, including in multilateral and regional forums as well as in the Americas—in fact, the evolution of the bilateral relationship constitutes a model of successful engagement as Canada implements its Americas strategy. To fully seize co-operation opportunities, it is essential to maintain a vivid and ever-growing relationship.

The state visit of Canada's former Governor General Michaëlle Jean to Mexico on Dec. 6-9, 2009 highlighted the importance of Mexico for Canada as well as the potential for joint action in the Americas, especially in the realm of security. Jean's message aimed to redress the dominant perception that the Canadian decision to impose visa requirements on Mexicans in July 2009 reflected a lack of consideration of the whole bilateral relationship.


Her state visit was a success and both governments later agreed during Mexican President Felipe Calderón's May 2010 state visit to sign a Joint Plan of Action for the next three years. Yet, more needs to be done to strengthen and define the bilateral relationship within Canada's foreign policy priorities.

Canada is currently reassessing its foreign policy to better respond to the post-Sept. 11 context in North America, to the rise of new economic and political actors in the world, and to the enduring global economic crisis. However, with a minority government, foreign policy and the resources allocated for it take a secondary role and hence only the areas or countries identified as key priorities will get enough attention and resources. Canada will set its priorities in light of these realities to fulfil national interests defined in terms of security, prosperity, democratic governance and well-being of Canadian citizens; these priorities will inform the strategic definition of the Canada-Mexico relationship.

This paper will present a balance of the relationship, showcasing some of the areas where co-operation has thrived and flagging some of the challenges that hold up the strengthening of the relationship, including the economy, governance, and more recently security. The paper will also provide an overview of co-operation and exchanges on foreign policy and provide a snapshot of people-to-people exchanges. Finally, it will discuss the mechanisms available to manage the relationship.



An economic relation at the heart of North American affairs



Without question the establishment of the North American Free Trade Agreement (NAFTA) instilled renewed energy into the Canada-Mexico relationship. With a nearly seven-fold bilateral trade growth in goods between 1993 and the first semester of 2010 and the multiplication of Canadian companies in Mexico (2,580 as of 2010) that cater to the domestic and the U.S. markets, it is evident that the economic relationship has thrived in unexpected ways.

It is poorly known that bilateral trade between the two countries has grown at higher rates than Canada-U.S. or Mexico-U.S. trade since the entry into force of NAFTA—more than 12.7 per cent yearly, according to Mexico's Secretariat of Economy. Thus, despite both countries' focus on the U.S., the Canada-Mexico trade relationship has flourished. Mexico was Canada's fourth largest trade partner in 2009, according to Statistics Canada, with C\$21.3 billion in total bilateral trade following the United States (C\$457 billion), China (C\$50.8 billion) and the United Kingdom (C\$21.5 billion). Trade with Mexico also displayed a relative degree of resiliency during the financial crisis, indicating the strength of the two nations' economic ties. Although 2009 witnessed a decline of more than 10 per cent in bilateral trade between Canada and Mexico from 2008 levels, trade with the United States and United Kingdom witnessed larger declines—24.2 per cent and 16.1 per cent, respectively. In 2010, trade appears to be on the rebound, with Mexico's figures reporting a 47.3 per cent increase between January and July 2010 compared with the same period in 2009.

However, the figures provided might not capture the full magnitude of the flows of goods and services between Mexico and Canada, given that the latter factors all transactions that go through its border with the U.S. as exchanges with this country. This might explain the gap between Canadian and Mexican official data, the latter stating that bilateral trade in 2009 stood at US\$21.8 billion. Despite discussions and standardization efforts, Canadian and Mexican figures continue to show discrepancies.

Similar challenges arise when it comes to measuring investment flows, for which the countries capture information differently (accumulated versus annual stock of investment). In addition, some differences in investment data could be explained by the fact that not all Canadian companies disclose investment information to their government. Nevertheless, Canada has become Mexico's fourth largest foreign investor. According to Mexico's Secretariat of Economy, Canadian accumulated foreign direct investment (FDI) in the country between January 1999 and June 2010 amounted to US\$9.6 billion. Canadian sources indicate that in 2009, Canadian FDI totalled an annual C\$4.85 billion.

In the past years, the behaviour of Canadian investment has shifted: on the one hand, Canadian firms already present in the Mexican market initiated a process of consolidation of investment; on the other hand, while manufacturing remains a very important area of investment, in recent years the extractive sector has also become important. Canadian mining companies have become important players in Mexico. In fact, Canadian investment in this sector constitutes 70 per cent of all FDI in Mexico's mining sector. Canadian presence in the manufacturing sector is found mostly in automobile and auto parts, trains, aerospace and electronics. There is also a strong Canadian representation in financial

and environmental services, tourism and energy.

Yet, even when considering the remarkable pace at which the Canada-Mexico economic relationship has grown within the 16-year span since NAFTA entered into force, much of its potential remains untapped. Though Canada has become one of the main sources of FDI for Mexico, this country is not among the 10 preferred destinations for Canadian investment. Reversely, even if Mexican investments to Canada have grown from C\$204 million in 2006 to over C\$253 million in 2009, they remain relatively low. In contrast, Mexico's private sector has been active in the rest of the hemisphere. For example, Mexican investment in the U.S. in 2008 amounted to US\$2.2 billion, while in Latin America it came close to US\$36 billion. Importantly, this lack of deeper investment exchanges may be slowing down progress in the establishment of integrated production chains, a goal that both countries have pledged to advance.

Some analysts explain patterns of Canadian investment in light of Mexico's declining economic performance in the last years, timid progress in the implementation of pending structural reforms and growing security concerns; most also recognize that Canadian companies look foremost to the U.S. market. However, it is unclear why Mexican investment has not made its way to Canada. To remedy the situation, the Department of Foreign Affairs and International Trade (DFAIT) has included Mexico in its FDI Strategy.

Reversely, increasing Canadian investments in Mexico depends on many factors. Decisions on the nature and timing of pending structural reforms in Mexico are the sole decision of Mexicans; yet, there is mutual understanding on the need to enhance North American competitiveness and to boost continental economic growth. Now that the elimination of tariffs planned for in NAFTA has been achieved, both

countries agree that to get additional benefits out of the agreement, action must be taken to dismantle bottlenecks at border crossings, ease regional rules of origin and harmonize regulations. There is also a need to render existing and new free trade agreements with third countries compatible with NAFTA and develop a more efficient dispute resolution mechanism.

Both countries aim to preserve the North American competitiveness agenda from falling prey to Washington's overwhelming security concerns, which have taken centre stage since Sept. 11, 2001. More recently, they have voiced shared concerns with U.S. economic policies, which are perceived as protectionist and which add to existing barriers and border delays. These discussions, however, have not translated into co-ordinated action, as illustrated by Canada's unilateral handling of the Buy American provision and the Country of Origin Labelling (COOL) standards.

Canada and Mexico do not have a shared vision for the future of North American integration. While Mexico has pushed for more trilateralism and integration based on a model similar to that of the European Union, Canada has preferred to encapsulate its relationship with the U.S. and limit trilateral dealings. There have been a few exceptions in which Canada considered it useful to bring Mexico on board when dealing with Canada-U.S. issues, though this option is yet to be fully explored and assessed. Most Canadian proponents of greater North American institutionalization and deeper economic integration see it as an initial bilateral affair with the U.S. that could later include Mexico. For over a decade, this idea of a two-gear process has dominated the debate on North American integration in Canada. More recently, this position has been reinforced by perceived problems at the U.S.-Mexico border and important levels of violence in Mexico in tandem with concerns over changing Canada-U.S. dynamics—especially at the border and in light of a receding trade relationship—, and the

mixed signals the U.S. has been sending with regard to its commitment to North America on non-security issues.

In summary, since the entry into force of NAFTA the Canada-Mexico relationship has grown up to unforeseen levels, even when both countries were looking predominantly at their trade relationship with the United States. However, the potential of the relationship will remain untapped until more action is taken to foster deeper economic linkages and develop integrated chains of production, which will translate into more commercial and investment exchanges. Needless to say, the dynamics of the bilateral relationship will also be affected by developments—or lack thereof—in the North American competitiveness agenda.

Experiences in governance and strengthening of democratic institutions

Political changes in Mexico paved the way for greater convergence with Canada in the field of governance, helping solidify the relationship. This can only benefit and strengthen North American co-operation.

Bilateral efforts on governance and institution-building have included formal and informal exchanges on many issues, including access to information and privacy laws, federalism, indigenous affairs, transparency and accountability, human rights, modernization of civil service, e-government, judicial reform and, more recently, public security. Ministerial exchanges have also been successful in dealing with specific issues such as economic policy, labour issues, infrastructure, foreign policy and health—notably, bilateral co-operation on the H1N1 crisis in the spring of 2009 was swift and key to slow down the

pandemic.

Perhaps the most emblematic example of co-operation between the two countries is the two-decade collaboration of Elections Canada and Mexico's Federal Electoral Institute (IFE in its Spanish acronym). At the outset, it helped organize transparent elections in Mexico and strengthen IFE; today, IFE has a strong reputation and has provided electoral assistance in countries such as Haiti and Iraq. Further, continuous interaction between Elections Canada and IFE has served to improve both countries' electoral systems, addressing issues including media access during elections and public versus private funding. These institutions also work closely within international organizations on matters related to electoral assistance.

More recently, annual inter-parliamentary meetings acquired greater relevance in the shared political agenda. During these meetings, legislators from both countries have had the opportunity to discuss important bilateral and trilateral issues. At the most recent meeting held in November 2009 in Canada, they pledged to collaborate to defend North American security and to combat the traffic in narcotics, as well as to look into the implications of the traffic in illicit arms flowing from the U.S. into both countries. They also expressed interest in working together to improve North American competitiveness and to explore new co-operation mechanisms in the hemisphere, particularly in the areas of environment and clean energies. They also pushed for the creation of a permanent dialogue mechanism between both legislatures in areas of shared interest for the different technical committees.

Economic and political relations are not limited to federal ministries. Following the steps of Quebec which established a representation office in Mexico in the 1980s, the government of Alberta and more recently the

government of Ontario have opened similar offices in Mexico to promote their interests. Whereas the work of Alberta and Ontario has focused mainly on economic issues, Quebec has also put in place numerous cultural, research and educational exchanges. There are successful experiences fostered by Mexico in research and innovation too. The establishment of a Technology Business Accelerator (TechBa) in Montreal in 2006, an initiative of Mexico's Secretariat of Economy, has provided attractive incentives for Mexican investment in Quebec-based research and development programs for electro-domestics and telecommunications. Quebec was also approached by the Mexican government to exchange information and share practices on governance, especially since they share legal traditions based on the Civil Code. For instance, some exchanges took place between Mexico and Quebec's *Commission d'accès à l'information* (Office of the Privacy Commissioner) when the former was developing legislation on access to information.

Co-operation between Canadian provinces and Mexican states has begun to flourish based on interests ranging from economic to broader political issues. Recently, Alberta and Veracruz agreed to strengthen their ties. Similar agreements exist between Quebec and Nuevo León, Ontario and the State of México, as well as Alberta and Jalisco. In March 2009, the Attorneys General from British Columbia and the state of Baja California signed a statement of intent on the need to work collaboratively to prevent criminal activities, including human and arms trafficking, money laundering and Internet crimes against children.

There are also a number of agreements between cities to promote exchanges on municipal matters, for instance the ones that exist between Edmonton and Guadalajara, Gatineau and Querétaro, or Calgary and Zapopan. And more could take place as cities

assume a larger role in issues of international resonance (e.g. environmental policies).

Though in signing these partnerships the objectives of provinces and cities may converge with those of the federal governments, there is no concerted effort to co-ordinate between the different levels of government.

Decentralization has been useful to deal with new issues in a technical manner, and to progressively incorporate a multitude of themes and stakeholders into the relationship's political agenda. Insofar as there is mutual interest in working together, this agenda will continue to grow. However, these numerous linkages at all levels of government make it difficult for people to know what is happening in the relationship in other areas, hence many opportunities to build on previous successes and to bring lessons learned to the international level have been overlooked.

Security: The emerging agenda



Traditionally, security was not an issue in which Canada and Mexico shared many common areas of interest; but since Sept. 11, it has become an important feature of North American integration and both countries are committed to co-operate with the U.S. to repel security threats. There is a progressive reinforcement of border controls within North America and a move toward the creation of a North American security perimeter. The need to eliminate potential security threats at the border makes Mexico's fight against organized crime a priority for U.S. security. This is not exclusively an area of interest for the United States. Public security in Mexico is also an important issue for Canada in light of the significant flows of Canadians to this country and the presence of many Canadian firms on Mexican soil.

Moreover, the fact that both Calderón's and Canadian Prime Minister Stephen Harper's administrations have made the rule of law one of their domestic priorities creates new incentives to expand existing governance and institution-building collaborative work and incorporate issues such as reform of the security system and other broader security issues. Canada is in a good position to deal with these sensitive issues since it has an overall positive relationship and no historical precedent of armed conflict with Mexico. These shared concerns create a rationale for all to work together on North American security and for Canada to provide assistance as requested by Mexico to strengthen its institutional capacity to cope with security threats in the understanding that bilateral efforts will strengthen trilateral ones.

Thus, security has recently become an important area within the Canada-Mexico relationship. At this stage, it has been centred on fostering dialogue, exchanging information and building trust, but it is likely to expand in the future, as illustrated in the Joint Plan of Action for 2010-2012.

Of particular relevance was the creation of a multi-track process within the previous Canada-Mexico Joint Action Plan for 2007-2008 to promote dialogue on security, defence and public safety in order to address issues such as organized crime or irregular migration. This process encompasses all bilateral initiatives related to security including:

- The annual government-wide security policy consultation co-ordinated by DFAIT and Mexico's Ministry of Foreign Relations (SRE in its Spanish acronym).
- The bilateral working group on security led by the Canadian Ministry of Public Safety and the Mexican Centre for Investigation and National Security (CISEN in its Spanish acronym) whose purpose is to

strengthen co-operation under the Security and Prosperity Partnership (SPP) by dealing with law enforcement and security system reform (e.g. crime prevention, anti-corruption, judiciary, correctional system and reinsertion programs), border administration, emergency management and critical infrastructure protection.

- The political-military talks during which Canada and Mexico discuss civilian-military relations and peace support operations.

At the request of Mexico, visits and exchanges with Mexican counterparts by personnel from the ministries of Public Safety, Justice, National Defence or the Royal Canadian Mounted Police (RCMP) are increasing. For example, a delegation of Mexican judges visited Canada recently to learn about the Canadian justice system. Canada also participated in training programs to strengthen the capabilities of Mexico's Federal Preventive Police alongside other countries including Colombia, France and the U.S. In 2009, Spanish-speaking officers from the RCMP went to Mexico to train federal police recruits and medium-level officers, and later Mexican management-level officers attended a seminar on managerial and leadership skills in Canada.

The creation of the Anti-Crime Capacity Building Program (ACCBP) for the Americas announced by Harper in August 2009 at the margins of the North American Leaders Summit will be a centre-piece to enhance bilateral co-operation. This program seeks to enhance the capacity of the countries of the region to cope with crime—particularly illicit drugs, arms trafficking, corruption, human trafficking and money laundering—and to strengthen security systems and crime prevention. Nearly C\$4 million of the ACCBP's total C\$15 million annual budget is earmarked for Mexico in 2010. The ACCBP

will contribute to Mexico's broader security sector reforms, through one project to train Mexican judges in oral trials (C\$1.6 million); one on national-state licensing and education system for lawyers to conform to oral trials (C\$1.2 million); and one to harmonize criminal legislation and strengthen prosecution service (C\$1.1 million). Anti-crime co-operation with Mexico in the Western Hemisphere is also expected to grow as pledged by both countries under the Joint Plan of Action for 2010-2012.

Although security co-operation is relatively new within the relationship, it is evolving in a positive way. The most important obstacle to building trust and developing new projects in this area lies in the scarce resources available.

A partner in the world: Foreign policy

Exchanges, and at times convergence, on foreign policy are not new to the Canada-Mexico relationship. Even before NAFTA, both countries found common ground in the United Nations (UN) and in support of the efforts of the Contadora peace process in Central America. However, it was with changes in Mexico in the 1990s that a deeper rapprochement between the two countries occurred.

Recently, there has been more and more interest in enhancing co-operation on foreign policy. Frequent meetings between senior diplomats have led to a fruitful exchange of views on world affairs and, more recently, to a rapprochement in multilateral and regional forums on certain issues. For instance, on the international stage, Canada and Mexico have called for a ban on anti-personnel landmines, for the creation of the International Criminal Court and are now pushing for reform of the UN system and international

financial institutions. They also collaborate in other forums such as the G20, the Asia-Pacific Economic Co-operation (APEC), the Summits of the Americas and the Organization of American States (OAS), of which they are jointly pressing for reform. Both countries are strong opponents to rising protectionism worldwide and have unilaterally reduced their trade tariffs.

Canada and Mexico have also pledged to collaborate with the U.S. on hemispheric issues. While tangible examples of this collaboration commitment remain to be seen, the 2009 political crisis in Honduras indicated that Canada and Mexico were indeed willing to exchange information both at the bilateral and trilateral levels.

Despite all this potential for co-operation, there have been notable cases where it has not materialized. For instance, Canada and Mexico have wavered when dealing with an inward-looking U.S. They exchanged information and consulted with each other immediately after then-U.S. presidential candidate Barack Obama expressed a desire to re-open NAFTA during the 2008 presidential race. Yet, when the U.S. later implemented the "Buy American" clause to cope with the economic recession and reserved projects benefiting from the stimulus package for American firms, both Canada and Mexico decided to handle the issue bilaterally with the U.S.

The continuation of foreign policy exchanges and their promotion will be key if both countries are to bridge differences and facilitate co-operative and co-ordinated actions in North America. Canadian and Mexican foreign policy strategies can be made more complementary within North America, multilateral organizations and the Western Hemisphere, particularly when it comes to Central America and the Caribbean. If anything, Haiti's January 2010 earthquake and the challenges faced by the international community to co-ordinate relief efforts present important

lessons for the Canada-Mexico relationship, highlighting the need to strengthen communication between the different ministries and agencies dealing with emergency situations.

The relationship: A snapshot of people-to-people exchanges

People-to-people exchanges show the intensity of the interconnections between Canadians and Mexicans. These flows of people serve to facilitate exchanges and foster greater understanding between both societies. However, they can also be the source of frictions.

A problematic issue has been the dramatic increase in the number of Mexicans requesting refugee status since 2005, growing from approximately 3,400 to more than 9,500 in 2008. Mexico then had the highest number of refugee claimants in Canada, but was also one of the countries that had the lowest rates of acceptance. These rising numbers of refugee claimants were a growing irritant for both countries, even if they recognized that it resulted mostly from third party businesses exploiting weaknesses of the Canadian refugee system. This situation also created consular issues and culminated with Canada's decision to impose visa requirements to Mexican travellers in July 2009. Refugee claims from Mexico declined to approximately 7,600 by the end of 2009. However, the underlying problem could only be solved through a revision of the refugee system.

The imposition of the visa requirement significantly impacted the flows of people, particularly affecting tourists, relatives of Mexicans living in Canada, business people, language students and the tourism industry. The Canadian government has since implemented a number of measures to mitigate

some of the negative impacts felt. These include the establishment of visa application centres, the creation of the Business Express Program and, more recently, the waiving of the medical examination requirement for long-term stays. But it is yet to be seen whether there will be lasting consequences.

More than one million Canadians visit Mexico every year and an increasing number of retirees make Mexico their home. Flows in the opposite direction are no less significant, but there has been a sharp decline after the imposition of the visa. By the end of 2009, Mexican tourists to Canada totalled 161,000, much lower than the 250,000 visitors registered in 2007 and 2008. This reduction in demand subsequently led to cutbacks and the cancellation of direct services by Aeroméxico, Mexicana Airlines and Japan Airlines. The Canadian Tourism Commission is devoting renewed efforts to promote tourism from Mexico; Canada had been the second preferred destination for Mexicans after the United States before 2009.

In 2008, approximately 23,000 Mexican temporary workers entered Canada: 17,000 under the Seasonal Agricultural Workers Program, and the remainder under the umbrella of Canada's Foreign Workers Program to work in the agriculture, construction, hospitality and energy sectors.

Approximately 10,000 Mexicans travel to Canada to study in its high schools, universities, graduate and language programs on a yearly basis. There are more than 400 agreements between universities in Canada and Mexico to foster academic exchange. Building on this, Canada seeks to strengthen personal and institutional linkages among people by extending the number of scholarships available for Mexican students through Canada's Emerging Leaders in the Americas Program, which offers short study tours to expose young leaders from the region to

Canadian education models and expertise in the areas of security, democratic governance and prosperity. In May 2010, both countries also created a youth mobility program with the objective of promoting professional exchanges.

In addition to the temporary flows highlighted, more attention needs to be devoted to those who decide to live in the other country. The Canadian community living in Mexico is estimated to approximately 75,000 people while the Mexican diaspora is estimated at more than 50,000 people, forming one of the largest diasporas from a Latin American country in Canada. It is believed that these numbers may actually be higher, and perhaps a revision of the methodology to capture the information would help produce a more accurate picture.

The general public is not aware that most Mexican immigrants to Canada arrived under the immigration point system. In large part, they are highly skilled professionals contributing to Canada's competitiveness and innovativeness; notably, many of them work in the high-technology sector. Prominent Mexicans work in Canadian government, firms, universities and research institutes. Interestingly, the current designer of bills at the Royal Canadian Mint is Mexico's former designer of the Mexican bills. But beyond such anecdotal evidence, more research is needed to better assess the contribution that both the Mexican and Canadian diasporas make in their country of adoption and the role they could play in strengthening the bilateral relationship.

Mechanisms to handle the bilateral relationship

The bilateral relationship between Canada

and Mexico is conceptually structured around the principles of convergence and complementarity. This allows for great flexibility in the determination of the objectives over time within the economic, political and social spheres, but also for flexibility in the pace of discussions and in the delimitation of regional settings for co-operation. This is reflected in the documents that both countries have used to strategically define their bilateral objectives.

There was a clear predominance of the economic agenda in the 1996 *Declaration of Objectives of the Mexico-Canada Relationship*, which is in tune with the foreign policy goals of both countries at that time. In the 2001 document entitled *Mexico and Canada: Friends, Partners and Neighbours*, governments focused more on bilateral political co-operation, especially in the areas of consolidation of democracy and promotion of good governance practices, though the economic agenda remained important. Finally, they identified security, labour mobility, environment and co-operation in the Americas as bilateral priorities in the Joint Action Plan of 2007-2008, in addition to existing areas of co-operation.

More recently, the governments of Canada and Mexico put forth the 2010-2012 Joint Action Plan defining mutual priority areas and adding a number of more concrete proposals to move forward with the bilateral relationship. It proposes four areas for joint action. The first aims to foster competitive and sustainable economies through the promotion of economic growth and increased competitiveness, the enhancement of co-operation on energy and the environment with a focus on green technology, and increased co-operation on scientific and technological development. The second area aims to ensure citizens' safety through efforts to tackle criminal networks and other illegal activity, and through greater co-operation and systematization of efforts to address health concerns and

emergency preparedness. The third area seeks to encourage people-to-people contacts, including by facilitating legal and secure movement of individuals and labour market complementarities. Finally, Canada and Mexico declared their intent to project their partnership both globally and regionally—particularly in Central America—on issues including security, humanitarian relief and other multilateral issues.

Since the beginning of their bilateral diplomatic relations, Canada and Mexico have opted for a very loose institutional framework and have relied upon personal ties between leaders and legislators and more ad hoc exchanges between technical experts from different ministries and departments. The sole formal institutional mechanism of the Canada-Mexico relationship, the Joint Ministerial Committee (JMC) headed by the foreign affairs ministers of the two countries, dates from 1968 but has now fallen into disuse. The objective of this committee was to provide a space for cabinets to discuss common areas of interest and determine the strategic objectives of the relationship, as happened in 1996 when the JMC drafted the Declaration of Objectives of the Mexico-Canada Relationship.

While meetings under the JMC have faded away, it is now common for the leaders of the two countries to gather in the context of international meetings. Linkages between legislators have also become more frequent, be it through bilateral inter-parliamentary meetings or the Inter-Parliamentary Forum of the Americas (FIPA).

One of the most important innovations to handle the bilateral relationship was the creation of the Canada-Mexico Partnership (CMP) in 2004. Inspired by the U.S.-Mexico Partnership for Prosperity (P4P), the CMP provides a space to address issues that could help redress asymmetries between Canada and Mexico. It currently encompasses seven

working groups that bring together public and private stakeholders, sometimes including representatives from provincial governments. The different working groups focus on: trade, investment and innovation; agri-business; labour mobility; energy; human capital; housing; and forestry and environment. The CMP seeks to identify practical initiatives to promote exchanges between different stakeholders from the two countries, thereby strengthening the bilateral relationship.

The CMP has been given enough flexibility to incorporate new working groups or eliminate some of the existing ones in response to new realities. The annual CMP meeting serves to convene all working groups to take stock of developments and results, and to set new priorities. The fact that both countries have agreed to establish an annual CMP meeting points to a certain degree of institutionalization of this mechanism.

Some of the main criticisms of the CMP are that participants of the working groups have not always been active outside of meetings and that there is no good mechanism to evaluate success. While the original idea of the CMP was to create linkages and relationships that would have spill over effects, allowing to engage new stakeholders in the bilateral relationship, the relatively low impulse of personal dynamics shown after the meetings and the absence of mechanisms to evaluate success has limited the potential for the expansion of a bilateral network of stakeholders.

Further thinking is required to fully take advantage of growing exchanges between parliamentarians and existing mechanisms that convene a variety of stakeholders, including the CMP. Overall, strengthening the bilateral relationship presents challenges that are related ironically to the features that initially contributed to its development. In the past, the high degree of flexibility and decentralization of the relationship allowed for pragmatic exchanges between stakeholders

without having to maintain an elaborate institutional structure; but now it entails important shortcomings. Indeed, the relationship is so atomized among different sectors or government technical groups that it is difficult to understand it in its totality. Atomization has also impacted the nature of projects put in place especially considering that ministries have limited resources, which has jeopardized the sustainability of some projects undertaken by the Canadian ministries.

The development of a clear overarching framework linking all bilateral interactions remains one of the main challenges if Canada is to attract attention from media, analysts and policy-makers when making the case for this relationship and to justify devoting more resources to it. Canada is now seeking to create a whole-of-government approach to the bilateral relationship. The visit to Mexico of the Canadian Clerk of the Privy Council and seven deputy ministers in January 2010 is perhaps a step forward in the development of inter-departmental synergies and toward the solidification of the whole-of-government engagement that is so crucial to achieve the priorities set out in the Joint Plan of Action for 2010-2012.

Conclusions



Since 1994, the Canada-Mexico relationship has grown remarkably on the economic front; strong political ties between ministries and departments at all levels of government have developed and exchanges between public officers and legislators were progressively institutionalized. Multiple people-to-people contacts are facilitating a rapprochement between societies, be it through flows of tourists, academics, researchers, students and artists, or through expanding diasporas in both countries and civil society initiatives. This

constellation of points of contact makes this a strong and dynamic bilateral relationship.

While Canadian foreign policy reflects a tendency to see strategic value in engaging Mexico mostly in the context of North America, the variety of issues the two countries have addressed together and their overall positive co-operation experience make this relationship valuable in different settings, including in multilateral and regional forums and in the Americas.

However, the potential of the relationship will remain untapped until more attention is devoted to taking stock of the depth and diversity of issues addressed within the bilateral agenda. There needs to be a better understanding of how the dynamics of this bilateral relationship play a role in the future of North American integration and how they can be important for Canada to achieve its foreign policy goals.

It is important to further reflect on existing mechanisms to handle the Canada-Mexico relationship in order to make the most of exchanges among governments at all levels, legislators and other stakeholders. This will help determine what could redress existing challenges and boost co-operation.

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