

The Parliament of the Commonwealth of Australia

**Report of the
Official Parliamentary
Delegation Visit
to
Canada and Mexico**

April - May 2009

September 2009

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Members of the Delegation

Leader

18 April – 1 May

Senator the Hon. John Hogg

President of the Senate
Senator for Queensland
Australian Labor Party

Deputy Leader

The Hon Bob Baldwin MP

Member for Paterson
New South Wales
Liberal Party of Australia

Members

The Hon Dick Adams MP

Member for Lyons
Tasmania
Australian Labor Party

Mr Barry Haase MP

Member for Kalgoorlie
Western Australia
Liberal Party of Australia

Senator the Hon Bill Heffernan

Senator for New South Wales
Liberal Party of Australia

The Hon John Murphy MP

Member for Lowe
New South Wales
Australian Labor Party

Ms Belinda Neal MP

Member for Robertson
New South Wales
Australian Labor Party

Accompanying officers:

Mr Gerard Martin

Senior Adviser
Office of the President of the Senate

Delegation Secretary

Mr Nick Tate

Deputy Usher of the Black Rod
Department of the Senate

Senator the Hon Bill Heffernan attended the Canada leg of the program

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Preface

This Australian Parliamentary delegation visited Canada and Mexico between 18 April and 29 April 2009.

The visit to Canada honoured an invitation from the Canadian Parliament and provided an important opportunity for the Australian Parliament to renew and develop the relationship with one of our most valued and comparable counterparts.

The visit to Mexico was also responding to an invitation from their Parliament. The decision of the delegation to complete the visit during a particularly challenging time for Mexico was highly praised by our counterparts there and has made a positive contribution to the long term relationship between us. While the circumstances were less than ideal, this visit ultimately proved to be very worthwhile.

As for the delegation's first stop in Canada, the visit to Québec served to provide historical and geographical context for Canada as a nation and provided an insight in to the relationship between the levels of government. The allocations of responsibility between each level of government in the federal systems of Australia and Canada have developed along different lines. Canadian provinces have greater powers and autonomy than do Australian states. Education and natural resource development are examples of areas in which the provinces have competence, while in others such as labour mobility and indigenous affairs there is some level of shared responsibility between the federal and provincial governments.

In both Québec and Toronto, the delegation was able to gain insights on a wide range of issues from their parliamentarians and officials. In particular the need to close the gap in health and education between indigenous and non-indigenous peoples of both countries was highlighted as a common concern. In addition to meeting with parliamentarians in Toronto, the delegation was pleased to meet with representatives of the Australian expatriate community at a function hosted by the Australia-Canada Association and to attend an ANZAC Day ceremony at the Canadian Forces College.

The visit to Ottawa provided an opportunity to focus on the Canadian national parliament. The delegation met with the Presiding Officers of both houses, a range of senior ministers, and committees of both houses as well as members of the Canadian Branch of the Commonwealth Parliamentary Association. The key themes of the meetings were the strong overall bond between the two countries, and focussed more specifically on indigenous affairs, natural resources, defence, industry and trade, as well as a range of other matters. The delegation also met with representatives from the Canadian Council of Chief Executives which, amongst

other issues, provided a good opportunity to discuss the global financial crisis and its impact on the business community in Canada.

The visit to Mexico aimed to strengthen ties between the two parliaments at a time when there is great potential to develop the relationship between Australia and Mexico. The visit was conducted around the time of the outbreak of the H1N1 influenza virus. Individual members of the delegation made the decision whether to travel to Mexico after consultation with the Australian Embassy and taking into account the travel advice issued by the Australian Department of Foreign Affairs and Trade at the start of the visit. While the program of meetings for the delegation was modified to take into account the measures taken by the Mexican government to prevent the spread of the disease, the delegation was pleased that it was able to fulfill its key meetings and objectives for the visit.

The delegation undertook a broad range of meetings with parliamentary and business representatives in both Hidalgo State, and Mexico City. Key topics of discussion were exploring ways to improve the trading and economic relationship with Australia, particularly in the areas of mining, energy, water management and education services.

The delegation was very grateful for the very warm welcome it received at all meetings and functions, and for the generosity of both the parliaments of Canada and of Mexico in hosting this visit. In particular, the delegation received a very positive reception on the Mexican side that an Australian Parliamentary delegation had chosen to continue to fulfil the visit during a challenging time for Mexico. This was shown by a standing ovation given to the delegation during its visit to the Mexican Senate.

The delegation is confident that, despite modifying the program on the Mexico leg, it achieved its aims and made a positive contribution to Australia's ongoing bilateral relationships with both Canada and Mexico. We offer sincere thanks to all those involved in Canada and Mexico for making the visit such a beneficial and memorable one.

As leader of the delegation, I was pleased to be able to invite formally, on behalf of the Presiding Officers, a delegation from the Parliament of Canada and a delegation from the Parliament of Mexico to visit Australia.

Australia is very well served by its Department of Foreign Affairs and Trade officers overseas, and on behalf of the delegation I especially record our thanks to His Excellency Mr Justin Brown, High Commissioner to Canada, and Her Excellency Ms Katrina Cooper, Ambassador to Mexico. These heads of mission and their staff provided outstanding preparation, support and liaison for our delegation and with our hosts to ensure the success of the delegation.

I also thank the members of the delegation; the Deputy Leader, The Hon Bob Baldwin MP, The Hon Dick Adams MP, Mr Barry Haase MP, Senator the Hon Bill

Heffernan, The Hon John Murphy MP, Ms Belinda Neal MP and their spouses. I also thank the Secretary to the delegation, Mr Nick Tate, and the Senior Adviser to the President of the Senate, Mr Gerard Martin for their cooperation and support throughout the preparation for, during and following the trip.

A handwritten signature in black ink, reading "John J. Hogg". The signature is written in a cursive style with a large initial "J" and a distinct "H".

(Senator the Hon John Hogg)
President of the Senate and Leader of the Delegation

Introduction

1.1 This report details the activities and observations of the delegation from the Parliament of Australia which visited Canada and Mexico between 18 April and 1 May 2009 to attend a series of meetings to discuss issues of importance to both countries, and to inspect sites of economic and social relevance to delegation members.

Aims and objectives of the delegation

Canada:

- To renew and strengthen ties with Canada's national (and provincial) parliament(s)
- To gain insights into Canada's perspective and policy responses on the global economic downturn
- To gain an understanding of Canada's role and interests in trade and trade facilitation with Australia and the region
- To examine Canada's policy responses to climate change issues
- To obtain an appreciation of Canada's approach to issues relating to indigenous people, and
- To gain insight into Canada's approach and policy responses to the following issues:
 - Resource management;
 - National Park management;
 - Global security issues, particularly Afghanistan and the future of Canadian and NATO involvement.

Mexico

- To further develop relations with the Mexican Congress
- To gain an appreciation of contemporary political, economic and social issues in Mexico, including Mexico's efforts to address the financial crisis and violent crime in the country
- To continue talks to improve trade and investment relationship between Australia and Mexico, including views on the future possibility of a Free Trade Agreement between the two countries

- To gain an insight into Mexico's views on the Obama Presidency and, more generally, regional developments in Latin America
- To explore the potential for further development of Australia as an education destination for Mexican students, researchers, academics and other professionals, and
- To explore the potential for expansion of people-to-people links through cultural and other exchange programs, joint research and scientific projects, as well as through the promotion of tourism in both countries.

Acknowledgements

Australia

Before departure, the delegation received oral and written briefings from staff from the Department of Foreign Affairs and Trade, and the Parliamentary Library, Department of Parliamentary Services. The assistance provided by relevant officials is acknowledged with thanks.

Thanks are recorded to the Parliamentary Relations Office, in particular, Ms Lyn Witheridge, for administrative assistance prior to departure from Australia and to HRG travel staff in assisting with travel itineraries.

Canada

The delegation records its appreciation to its Canadian hosts and related bodies for the hospitality and courtesy extended to it during the visit, in particular:

Québec

Mr Yvon Vallières, MNA, President of the National Assembly of Quebec

M. André Maltais, Associate Secretary General, Aboriginal Affairs

M. Jean-Sylvain Lebel, Associate Deputy Minister, Mining

Mr David Mendel, President Canadian Cultural Landscapes

Ottawa

Honourable Noël A. Kinsella, Senator, Speaker of the Senate

Honourable Peter Milliken, MP, Speaker of the House of Commons

Honourable Peter MacKay, PC, MP Minister of National Defence

Honourable Lisa Raitt, PC, MP Minister of Natural Resources

Honourable Stockwell Day, PC, MP Minister of International Trade

Honourable Chuck Strahl, PC, MP, Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians

Honourable Tony Clement PC, MP, Minister of Industry

Honourable Gerry St-Germain, Senator, Chair of the Senate Standing Committee on Aboriginal Peoples

Mr Bruce Stanton, MP, Chair, Standing Committee on Aboriginal Affairs and Northern Development

Honourable Michael A. Meighen, Senator, Chair of Standing Committee on Banking, Trade and Commerce plus Honourable Wilfred Moore, Senator

Honourable Consigilo Di Nino, Senator, Chair of Standing Senate Committee on Foreign Affairs and International Trade

Mr Joe Preston, MP, Vice-Chair of the Canadian Branch of the Commonwealth Parliamentary Association

Ms Elizabeth Rody, Chief of Protocol of Parliament, Parliament of Canada

Ms Carol Chafe, Association Secretary Parliamentary Associations, Parliament of Canada

Mr David Stewart-Patterson, Executive Vice-President, Canadian Council of Chief Executives

Mr Sam Boutziouvis Vice-President Economics and International Trade, Canadian Council of Chief Executives

Mr Daniel Charbonneau, Parliamentary Exchanges Officer, Parliament of Canada

Ms Manon Champagne, Protocol Officer, Parliament of Canada

Ms Catherine Mathieu, Logistics Officer, Parliament of Canada

Toronto

Honourable Steve Peters, MPP, Speaker of the Legislative Assembly of Ontario

Honourable John Gerretsen, MPP, Minister of the Environment

Honourable Brad Duguid, MPP Minister of Aboriginal Affairs

Mr Monte Kwinter, MPP, Chair Investment and Trade Advisory Council

Mr Bob Delaney, MPP Parliamentary Assistant to the Minister of Research and Innovation

Honourable Frank Mahovlich, Senator, Senator for Ontario

Mr Matthew Teitelbaum, CEO Art Gallery of Ontario

Mexico

The delegation records its appreciation to the parliament of Mexico for the hospitality and courtesy extended to it during the visit, in particular:

Mexico City

His Excellency Senador Gustavo Enrique Madero Muñoz, President of the Senate

His Excellency Dip. César Duarte Jáquez, President of the House of Deputies

Senador Carlos Jiménez Macías, Chairman Senate Committee on Foreign Affairs, Asia-Pacific

Ambassador Lourdes Aranda Bezaury, Undersecretary for Foreign Affairs

María Amparo Canto, International Parliamentary Relations, Mexican Senate

Hidalgo State

Miguel Ángel Osorio Chong, Governor of Hidalgo State

Senador José Guadarrama Márquez, Senator for Hidalgo State

Senador Francisco Xavier Berganza Escorza, Senator for Hidalgo State

Lic. Aunard de la Rocha Waite, Secretary of Economic Development

Lic. Manuel Sánche Olvera, Secretary of Agriculture

Sr. Gabriel Rollo Roque, San Nicolás Tolentino

Ing. Rubén Covarrubias Rubio, Covamin

Félix Chávez Ávila, Grupo Cresa

Sr. Jesús Ramírez Sandoval, Rancho Poza Rica

Ing. José Ramón Melo Aguilar, Rancho San Antonio

Mvz. Juan de Dios Arteaga Castelán, Granja Lomas

Australian Missions

Excellent support was provided throughout the delegation's visit by the relevant Australian Missions in Canada and Mexico. The leader has referred to the Australian Heads of Mission in his preface, but mention should be made also to:

In Canada:

- Ms Melissa Fransen, First Secretary High Commission, Ottawa
- Mr Stefan Trofimovs, Consul-General and Senior Trade Commissioner, Toronto

In Mexico

- Ms Suzanne Stein, First Secretary and Consul
- Ms Rosemary Morris-Castiço, First Secretary
- Mr Grame Barty, Austrade Regional Director for the Americas
- Ms Carol Holmes, Second Secretary
- Ms Aida Miranda, Consular Officer

Chapter Two

Canada

2.1 This chapter outlines Canada's political, social and economic situation and records the substance of meetings held during the delegation's visit.

Country Brief¹

Australia's relationship with Canada

2.2 The Australia-Canada relationship is mature, highly productive and broadly based. People-to-people contact between our parliaments, government officials, private sectors and academia is wide-ranging. Both countries are federal, geographically dispersed, continental-size countries, with Westminster systems of government and a similar standard of living. Today, both countries face many comparable public policy challenges, for example in areas such as health, transport, climate change, indigenous issues and regional development.

2.3 A comprehensive range of bilateral agreements cover trade, social security, air services, consular cooperation, mutual assistance in criminal matters and double taxation. In addition, the two countries have established a close pattern of cooperation in many multilateral and regional bodies, most notably the UN, the World Trade Organisation (both countries are members of the Cairns Group coalition that is pressing for agricultural trade reform), the UN Framework Convention on Climate Change, APEC, the ASEAN Regional Forum and the Asia Pacific Partnership on Clean Development and Climate. Canada is a founding member of the Australian-initiated Global Carbon Capture and Storage Institute.

2.4 Australian and Canadian military forces have fought side-by-side in both World Wars as well as in the Korean War and in the 1990-91 Gulf War. Australia and Canada were among the first countries to join the global coalition against terrorism, and both countries have committed military and other resources to stabilise and help rebuild Afghanistan. Each has also made a major contribution to aid efforts towards the stabilisation and reconstruction of Iraq. The Afghanistan deployment has been instrumental in the strengthening of Australia-Canada defence relations which is characterised by networks of technical cooperation and information-sharing and exchanges of personnel and joint training.

2.5 An interesting feature of the bilateral relationship that reflects the breadth of the policy exchange is the Canada-Australia Dialogue (CAD). It was established

1. Much of the historical analysis and data presented throughout this chapter has been provided by the Department of Foreign Affairs and Trade, April 2009.

in 2002 as a forum for thematic discussions at ministerial level on issues of mutual interest. The Foreign Ministers of Canada and Australia held the inaugural CAD session in Ottawa in 2002 on the subject of assisting countries emerging from conflict. In March 2007 a successful CAD was held on transport and in August 2007 on health. A number of issues have been flagged for a future CAD, including climate change and telecommunications, and a review is currently underway of the Dialogue process to determine future directions.

2.6 Consular-sharing cooperation between the two countries is a valuable component of the relationship. Currently Canada provides services for Australia in 23 countries and Australia services Canadian consular interests in 16 countries. This enables both countries to discharge their global responsibilities in this area in a cost-efficient way.

2.7 Prior to the economic crisis, tourism between our two countries was strong and growing with almost 124,000 Canadians travelling to Australia each year and over 101,000 Australians travelling to Canada. Visitor numbers to Australia from Canada have fallen by 1.7 per cent in the first three months of 2009 compared to 2008 figures. A working holiday program allows young people to travel and work for set periods in each other's country. At present, around 15,000 young Australians and young Canadians take up this opportunity each year.

High Level Visits

2.8 The Prime Minister of Canada, the Rt Hon Stephen Harper, together with the then Ministers of Foreign Affairs and International Trade, made a bilateral visit to Australia at the time of the APEC meetings in Sydney in September 2007. Prime Minister Harper addressed a joint sitting of Parliament during his visit. Prime Minister Howard visited Ottawa in May 2006, and became the second Australian leader to address the Canadian Parliament. In addition to this Parliamentary delegation, two Canadian ministers are scheduled to visit Australia in 2009.

2.9 Canada's most recent visit by a Parliamentary delegation to Australia was in 2008 and led by the Hon Peter Milliken, MP, Speaker of the House of Commons. Mr Milliken also led a Parliamentary delegation to Australia in 2005. Australia last sent a Parliamentary delegation to Canada in 2007 led by then Speaker of the House of Representatives, the Hon David Hawker, MP.

Political developments

2.10 The Rt Hon Stephen Harper, PC, MP became the 22nd Prime Minister of Canada after the January 2006 elections when his Conservative Party formed a minority government, replacing the minority Liberal Government after they lost a no confidence motion in the House of Commons. Mr Harper was re-elected on 14 October 2008 with an increased number of seats in the House of Commons, but continues to govern as a minority. Both of the two major parties have experienced a

decline in their support in the province of Quebec to the advantage of the separatist Bloc Quebecois party which holds the majority of seats in the province. The difficulties associated with ruling as a minority government has injected a degree of uncertainty into the Canadian political scene with frequent election speculation, although the Harper Government has pressed ahead with action in its key priority areas of accountability; security; the economy and relations with the United States.

2.11 On the domestic agenda, the Harper Government successfully passed its 2009 budget on 12 March following several weeks of scrutiny by the Senate. The 2009 budget contains measures to address the effects of the global economic crisis on the Canadian economy. Specifically, the budget provides C\$40 billion in stimulus measures for the economy over the next two years and includes spending programs to stimulate housing construction, new funding to build infrastructure, measures to support business and communities as well as personal income tax relief for 2008-2009 and for the subsequent five years.

Economic Overview

2.12 Canada's economy ranks eighth in the world in current price GDP terms and, like most industrialised economies, has a large services sector that accounts for about 70 per cent of GDP and employs about 75 per cent of the labour force. Canada's economy is based around its wealth of natural resources, its manufacturing and construction industries, skilled labour force, and the health of the financial and services sectors. Like Australia, in the wake of the global financial crisis, Canada's banking sector has proved remarkably resilient, primarily because of the strict regulatory environment and the low exposure of the Canadian banks to the sub-prime market. Its 'big five' banks, namely Toronto-Dominion, Bank of Montreal, Bank of Nova Scotia, Royal Bank of Canada and Canadian Imperial Bank, remain in the top 15 worldwide in market value. Impressively, both Toronto-Dominion and Royal Bank of Canada are among only seven such institutions that still carry a Moody's AAA rating.

2.13 Canada's close economic relationship with the United States is a key element in Canada's economic profile, and it is heavily dependent on the US market as a destination for exports and a source of investment. Since the two countries concluded a bilateral free trade agreement in 1988 there has been an increase in the integration of the two economies. In 2006 the US absorbed around 79 per cent of Canada's exports and was the source of around 65 per cent of Canada's imports. In the contemporary global economic climate, Canada's close connection with the US economic cycle has meant that the Canadian economy has followed the US into recession. The short term outlook for Canada's economy looks bleak. Official figures released on 2 March indicate that Canada's GDP contracted by an annualised 3.4 per cent in the fourth quarter of 2008 (the largest contraction since 1991), much larger than was expected. The Bank of Canada currently projects Canada's economy to contract by 1.2 per cent in 2009. Those sectors of the Canadian economy that

are most closely linked to the US market, namely automotive and forestry, have experienced the most severe impacts from the economic downturn.

Bilateral economic and trade relationship

2.14 Trade relations with Australia commenced in 1895, when the Government of Canada sent Mr John Larke to Sydney to establish a trade commission. Canada sent its first High Commissioner (Mr Charles Burchell) to Australia in 1939, formalising diplomatic ties. The first Australian High Commissioner to Canada (Sir William Glasgow) commenced duty in Ottawa in March 1940.

2.15 Currently, two-way merchandise trade is worth \$3.8 billion. The main export items for Australia's merchandise trade with Canada are wine (\$250 million) and medicaments (\$70 million) of a total export value of \$1.6 billion in 2007-2008. Total imports in 2007-2008 were worth almost \$2.2 billion, with the main items being meat (mainly pork), wood and paper, aircraft and telecommunications equipment. Two-way services trade is worth \$1.5 billion with Australia's services exports approximately \$736 million centring on travel and tourism. Canada is the 8th largest foreign direct investor in Australia with over \$10.6 billion in stock as at the end of 2007, distributed across a number of sectors including mining and energy, food processing, computer software, and media and communications. Australian investment in Canada was valued at \$4.4 billion in 2005, generally in the mining and finance sectors.

Delegation meetings

2.16 While there are many similarities between the roles of provincial governments in Canada to those of state governments in Australia, there are also some important differences. Some aspects of responsibilities held at the Commonwealth level in Australia are dealt with at the provincial level in Canada. In Québec City and Toronto, the delegation was able to meet with a range of parliamentarians and provincial officials to discuss aboriginal affairs, trade, resource management, and the environment. In Ottawa, the delegation focussed on the federal sphere meeting with key parliamentarians including the Speakers of each House, and ministers with responsibilities for defence, natural resources, international trade, and industry.

Québec City

2.17 In Québec, the delegation's work focussed on the province's responsibilities for indigenous issues and management of natural resources, issues that are covered in more detail later in this section. The delegation met with provincial government officials, the Associate Secretary General Aboriginal Affairs and the Associate Deputy Minister Mining who provided briefings on the province's approach to these issues. The delegation also visited the *Société de protection des forêts contre le feu* (Québec's fire management agency) receiving a comprehensive briefing on the role

of the non-profit organisation in providing optimal forest fire protection to Québec. It was noted that there are some differences in the approach taken to some fires, with overnight fire fighting not usually undertaken due to the inhospitable terrain, and some remote fires left to self extinguish. As part of its investigation into fire management, the delegation visited the *Service aérien gouvernemental* which provides aerial fire fighting services using air tankers. The capabilities of the aircraft and support crews were explained including an overview of the range of activities undertaken over the past five years. It was noted that the service model relies on rapid access to water expanses for replenishing the water tanks.

2.18 The delegation was pleased to meet with the President of the National Assembly of Québec, Mr Yvon Vallières, MNA. The delegation noted the importance of maintaining parliament-to-parliament links and discussed the role of provincial parliaments in the Canadian federation, and the important role of Québec in the political and economic development of Canada.



The delegation with the President of the National Assembly of Québec, Mr Yvon Vallières, MNA

Ottawa

2.19 In Ottawa, the delegation visited the Canadian Parliament meeting with parliamentarians from both Houses. The leader of the delegation, Senator the Hon John Hogg, noted that as President of the Australian Senate, he is privileged to sit in a chair made of Canadian cherrywood. The chair was a gift from the Canadian Parliament when the new Parliament House opened in 1988. This mirrored the gift of the previous President's Chair, in Old Parliament House, which was also given by the Canadian Parliament in 1927. The leader of the delegation noted that the gifts symbolise the parliamentary fraternity which has existed between the two nations for almost 100 years and the closeness of the relationship at many levels. He also noted the way that the two nations work cooperatively on the international stage in forums such as APEC and even the Commonwealth Parliamentary Association is very much appreciated and there is much common ground. While there are regular exchanges between the two countries at ministerial level, parliament-to-parliament meetings are still very valuable as there is always something to learn from each other. The leader of the delegation highlighted that in this time of great challenges to global financial stability and the environment, the bilateral partnership on many issues is more important than ever.



The delegation with the Speaker of the Canadian Senate, Senator the Hon Noël Kinsella

2.20 The delegation was very pleased to meet with the Speaker of the Senate, Senator the Hon Noël Kinsella. The Speaker stressed the importance of the

relationship between our two countries, and in particular the similarities based on freedom, democracy, the continuing evolution of the Westminster system of government, values of human rights and fairness. The Speaker noted that he monitors the Australian Hansard to keep abreast of rulings, practices and procedure to see if there are any lessons for his chamber. He identified constitutional change as an issue of mutual interest and that the ideology of the younger generation and wider range of backgrounds of immigrants could impact on this in the future. The delegation thanked the Speaker for his sponsorship of the visit, agreeing that there is much to learn from each other.

2.21 The Speaker of the House of Commons, the Hon Peter Milliken, MP, also met briefly with the delegation and his remarks focussed on the importance of relationships between the two countries and their parliaments.

2.22 In a meeting with the Hon Peter MacKay, PC, MP, Minister of National Defence, the delegation discussed the history of military cooperation between the two countries and its continuation to the present day with the close working relationship in Afghanistan in the context of the Regional Command (South) framework. In particular, the delegation welcomed the substantial Canadian contribution to stabilisation and reconstruction efforts in Afghanistan, but was saddened over the high number of casualties that had been sustained by the Canadian forces. The delegation members passed on their condolences over the then latest casualty in Afghanistan of Trooper Karine Blais, a female soldier usually stationed in Québec. During a familiarisation tour of Old Québec the delegation had noticed the Canadian National flag at half mast over the barracks in honour of the 21 year old.

2.23 The Minister noted that Canada's military and civilian engagement in Afghanistan is the Government's highest foreign and defence policy priority. He confirmed that Canadian forces would be withdrawn by 2011. He noted the parliamentary oversight mechanisms that have been put in place by the current government. Since June 2008, the government has issued three reports to Parliament outlining Canada's priorities for Kandahar for the 2008-11 period, with detailed benchmarks also developed to measure progress. The priorities focus on security, through training of Afghan National Army battalions and Afghan National Police contingents; strengthening institutional capacity through development programming; and enhancing border security through the facilitation of bilateral dialogue between Afghan and Pakistani border authorities. The delegation noted that Australia is in Afghanistan for the long haul and welcomed the focus on greater regional engagement with key states and an improved integrated civilian and military approach. There was also discussion on the role of the media in coverage of the conflict and the need to ensure that accurate and timely information was provided and that governments took the initiative in explaining the importance of the mission to the wider public.



The delegation in the Canadian Senate Chamber

2.24 The delegation met with the Hon Lisa Raitt, PC, MP, Minister of Natural Resources, and had a wide ranging discussion that touched on energy; climate change; aboriginal involvement in resources; corporate responsibility; seal culling; and bush fires. There was much discussion on carbon capture and storage and the need to utilise clean energy. It was noted that Canada has joined Australia as one of the founding nations in the Global Carbon Capture and Storage Institute. The Canadian Government has invested in a carbon capture and storage demonstration facility at Boundary Dam, a coal-fired electricity plant in Estevan, Saskatchewan. The Minister also advised the delegation that Canada had committed C\$1 billion over five years to support clean energy technologies. This includes C\$150 million over five years for research, and C\$850 million over five years for the development and demonstration of promising technologies, including large-scale carbon capture and storage projects. This support is expected to generate a total investment in clean technologies of at least C\$2.5 billion over the next five years.

2.25 In discussing the impact of fire management, the Minister noted that one consequence has been that the Mountain Pine Beetle (*Dendroctonus ponderosae*) has now become a significant pest creating devastation in some parts of Canada. Decades of fire suppression have created large tracts of older pine forest that provide a highway for beetle expansion. Significant resources are now required to combat the pest.

2.26 In a meeting with the Hon Tony Clement, PC, MP, Minister of Industry, the delegation discussed a number of issues including the North American car industry and free trade agreements (FTAs). The Minister noted that Canada accounts for about 20 per cent of vehicle production in North America, and emphasised the close integration of the US and Canadian automotive industries, with vehicles often crossing the border up to seven times during the manufacturing process. Discussion touched on the restructuring plans of GM and Chrysler and the Minister's recent rejection of the restructuring proposals as not being sufficient to ensure the long-

term viability of the companies. The Canadian Government is providing loans of up to C\$4 billion to assist the companies while they undertake restructuring, as is the US Government with the US companies. The Minister commented that Canada believes the US and Canadian Governments need to work closely to resolve the issue, and that the Canadian Government must be involved in any redevelopment of the industry.

2.27 Free trade agreements were discussed in both in the meeting with Hon Tony Clement, and a subsequent meeting with the Minister of International Trade and the Asia-Pacific Gateway, the Hon Stockwell Day, PC, MP. The impact of the North American Free Trade Agreement (NAFTA), in place since 1994, in driving economic integration was noted. The delegation was advised that Canada has just signed a free trade agreement with the member states of the European Free Trade Association, as well as bilateral agreements with Peru and Colombia. The delegation was further advised that two out of four political parties in Canada favour protectionist policy measures in some form, but that consecutive governments have been united in resisting such measures . The current Government has been firm in its opposition to protectionism and has pressed for renewed trade liberalisation in the G20 and G8.

2.28 Another issue raised was that of barriers to trade both between the provinces and internationally such as the recognition of educational and professional qualifications. The Minister for International Trade indicated that he was just about to conclude a meeting with provincial and territorial trade ministers in which they discussed ways to advance Canada's international trade and investment agenda. He referred in positive terms to working with Australia to improve labour mobility between the two countries. Canada wants to build new partnerships with emerging markets in China and India, support continued free trade and investment with the United States and deepen commercial ties with the European Union. There was also discussion on needing to persist with efforts to support growth and facilitate trade flows, keep markets open and give a new push to concluding the World Trade Organisation's Doha Development Agenda negotiations. The delegation was advised that Canada considers the Asia-Pacific Gateway to be a fast and efficient way to reach the North American market and the Minister is working to sell that message.

2.29 The delegation was able to meet separately with both the Senate Standing Committee on Aboriginal Peoples, and the House of Commons Standing Committee on Aboriginal Affairs and Northern Development. Discussions ranged over the role of both provincial and federal governments in indigenous matters and the health, education and welfare issues that occupy much of the Committees' time. These issues are covered in more detail later in this section.

2.30 The delegation met briefly with Senator the Hon Michael Meighen, QC (Chair), and Senator the Hon Wilfred Moore, QC (member) of the Standing

Senate Committee on Banking, Trade and Commerce. The role of the Committee is to examine legislation and matters relating to finance and business, including: banking; insurance; trust and loan companies; credit societies; "*Caisses populaires*" and small loan companies; customs and excise; taxation legislation; patents and royalties; corporate affairs; and bankruptcy. Discussions with the delegation noted the resilience of Canadian banks in the face of the global economic downturn and a recent reference for the Committee to undertake a study on the credit and debit card systems in Canada and their relative rates and fees, in particular for businesses and consumers.

2.31 Senator the Hon W. David Angus (Chair), Senator the Hon Daniel Lang (member), and Senator the Hon Richard Neufeld (member) of the Standing Senate Committee on Energy, the Environment and Natural Resources met with the delegation. The role of the Committee is to examine legislation and matters relating to energy, the environment and natural resources generally, including: mines and natural resources, other than fisheries and forestry; pipelines, transmission lines and energy transportation; environmental affairs; and other energy-related matters. The delegation was advised that Canada is a signatory to the Kyoto Protocol, believing that climate change is occurring and that Canada must work closely with the US and other countries to craft a global solution to this issue. The Chair of the Committee expressed considerable interest in Australia's policy approach to addressing climate change. There was some discussion on the recent release by the US Environmental Protection Agency of a proposed finding that greenhouse gases contribute to air pollution that may endanger public health or welfare. There was general discussion on a recent bill to amend the Canadian *Energy Savings Act* with the aim of reducing oil consumption through a combination of advanced biofuels, improved efficiency, and the use of carbon capture and storage technologies. The delegation was advised that there has been some work undertaken in Canada on developing a comprehensive environmental bill for tabling in September 2009 and the Government has undertaken to work cooperatively with industry.

2.32 Senator Consiglio Di Nino, Chair of Standing Senate Committee on Foreign Affairs and International Trade, also met with the delegation and advised that the mandate of his Committee is to examine legislation and matters relating to foreign and Commonwealth relations including: treaties and international agreements; external trade; foreign aid; defence; and territorial and offshore matters. In 1994, the Committee received an order of reference to monitor and report on the implementation and application of the Canada-United States free trade agreement and NAFTA as well as any other related trade development. Discussions centred on the World Trade Organisation's Doha Development Agenda negotiations and the development of the relationship between Canada and East Asia in the longer term and India in particular.

Canadian Council of Chief Executives

2.33 The Canadian Council of Chief Executives (CCCE) is a not-for-profit, non-partisan organisation composed of the Chief Executive Officers of Canada's leading enterprises. It engages in an active program of public policy research, consultation and advocacy and seek to play a private sector leadership role in shaping fiscal, taxation, trade, competition, energy, environmental, education and corporate governance policies. The delegation met with Mr David Stewart-Patterson, Executive Vice-President, and Mr Sam Boutziouvis, Vice-President Economics and International Trade, to discuss the impact of the global economic downturn. The delegation was advised that in relative terms, the Canadian economy is in good shape and the government's fiscal package, with a focus on 'shovel ready' infrastructure projects, was highlighted as a positive step. The delegation was advised that business focus is on access to credit and easing of monetary policy. Small business, in particular, is finding it difficult to obtain access to credit which has negative flow-on effects. However, the central bank's recent decision to fix interest rates for 12 months was seen as unprecedented. The strong trade relationship with the US was also discussed; particularly the scale of the integration in the manufacturing sector. Discussion included the similarities between the Australian and Canadian approaches to infrastructure requirements at both federal and state levels, and the differences between each country's approach to pensions and superannuation.

Book Launch

2.34 The delegation was pleased to attend the official launch of *Australia and the South Pacific, Letters Home, 1965-1972*, by Mr Arthur R Menzies, former Canadian High Commissioner to Australia at the Department of Foreign Affairs and International Trade. The delegation presented a copy signed by Mr Menzies to the Parliamentary Library.

Toronto

2.35 In Toronto, the delegation's work focussed on the province's responsibilities for indigenous issues and management of natural resources, issues that are covered in more detail later in this section. The delegation was also honoured to participate in an ANZAC Day ceremony at the Canadian Forces College noting that it is timely to reflect that Australian and Canadian military forces have fought side-by-side in both World Wars as well as in the Korean War and in the Gulf War, and that the relationship is continuing as both defence forces have engaged in significant efforts to stabilise and help rebuild Afghanistan.

2.36 The delegation was pleased to meet with the Speaker of the Legislative Assembly of Ontario, the Hon Steve Peters, MPP. The delegation noted the importance of maintaining parliament-to-parliament links and discussed the role of provincial parliaments in the Canadian federation.

2.37 The delegation met with the Hon John Gerretsen, MPP, Minister of the Environment, Mr Kevin Flynn, MPP, Parliamentary Assistant to the Minister of the Environment and Deputy Minister² Ms Gail Beggs. The delegation was advised that Ontario houses just under 40 per cent of the population of Canada in 10.8 per cent of its land size³. The provincial capital, Toronto, is the largest city in the country. Discussions centred on climate change; power generation; and pollution. The delegation was advised that Ontario currently uses nuclear power for 50 per cent, and coal for 20 per cent, of its power generation, and that the Government has planned to reduce coal use to zero by 2014. The delegation was advised that the topographical features of Ontario provide many opportunities for renewable energy including wind, solar, geothermal, and hydro. For example, more than 100 office towers in Toronto are now using cold water from Lake Ontario as an alternative source of air conditioning. In addition, wind turbines are being installed in farms in rural Ontario as a new cash crop with farmers still working the land around the wind turbines, but earning a royalty of about C\$5,000 a year per turbine.

2.38 Mr Monte Kwinter, MPP, Parliamentary Assistant to the Minister of Economic Development and Trade met with the delegation. Mr Kwinter is also the Chair of the Ontario Investment and Trade Advisory Council (OITAC). The role of the OITAC is to identify prospective investment and trade opportunities for Ontario; promote Ontario as a premier location for business investment and for business immigration; promote Ontario's exporting messages and contribute to the building of an exporting culture within the business community; identify the potential for international linkages that could lead to new investment and export opportunities; and provide advice to the Minister on how the Ministry can increase the effectiveness of its investment and trade programs. Mr Kwinter also discussed the strength of Ontario as a financial, manufacturing, and cultural centre for Canada.

2.39 The delegation was able to meet with the Minister of Aboriginal Affairs, Hon Brad Duguid, MPP. Discussions focussed on the role of the provincial government in indigenous matters and the health, education and welfare issues that occupy much of his time. These issues are covered in more detail later in this section.

2.40 The delegation met with Mr Bob Delaney, MPP, Parliamentary Assistant to the Minister of Research and Innovation. The discussion touched on the strategic outlook of Ontario until 2020; the impact of foreign policy; research and development priorities; the automotive industry; and recognition of skills and qualifications from other jurisdictions. The delegation was advised that funding for research and development was equally shared between each company, and the federal and provincial governments. The priorities of the Ontario Government

2 Equivalent to Secretary of the Department in the Australian context.

3 Ontario is equivalent in size to NSW and Victoria combined.

in supporting research and development are in the fields of: bio-economy; clean technology; advanced health techniques; pharmaceutical research and industry; and digital media information and communication technology. There was also some discussion on the roll-out of digital fibre to homes in cities and a new focus on rolling out fibre to the rural areas of Ontario.



The delegation meeting with the Ontario Minister of the Environment, the Hon John Gerretsen, MPP

Recurring issues discussed in meetings

Indigenous Issues

2.41 The delegation met with ministers and Committees responsible for Canadian indigenous issues and noted its aim to obtain an appreciation of Canada's approach to issues relating to indigenous people and to learn from Canadian experiences. The delegation provided an overview of the current Australian experiences in indigenous policy development and implementation and highlighted the motion of *Apology to Australia's Indigenous Peoples* and in particular to the Stolen Generations, delivered a year ago by the Prime Minister of Australia, the Hon Kevin Rudd, MP, on behalf of the Parliament of Australia, and the first annual report to the Australian Parliament on *Closing the Gap on*

Indigenous Disadvantage: the Challenge for Australia tabled on 26 February 2009.

2.42 Australia's decision to endorse the United Nations Declaration on the Rights of Indigenous Peoples was raised with the delegation, with Canadian interlocutors noting that this was a reversal of Australia's previous position. Some of the legal interpretations behind Australia's decision were discussed. The Canadian view is that the Declaration conflicts in parts with the Canadian Constitution and that signing would not have a material benefit. The delegation discussed the Australian Government's view that its support for the Declaration contributes to the process of building trust, essential to efforts to close the gap on indigenous disadvantage and that Article 46 of the Declaration makes it clear that the Declaration cannot be used to impair Australia's territorial integrity of political unity.

2.43 The delegation was advised that in Canada the Aboriginal share of total population is on the rise and that about one-half of Aboriginal people live in urban areas. The highest concentrations of Aboriginal people are in the north of Canada and on the Prairies. The Aboriginal population is much younger than the non-Aboriginal population, but is ageing. Aboriginal children are less likely to live with both parents. There is a relatively high turnover of Aboriginal people moving within and between their communities each year which creates challenges for health care, housing and social services and local school systems. Indians living on reserves are substantially behind the rest of Canadians in levels of educational attainment. The delegation noted strong similarities to the Australian experience.

2.44 A consistent theme in the meetings with ministers and Committees responsible for Canadian indigenous issues was the gap in health, education, and life expectancy for indigenous people. In Toronto, the delegation was advised that the Ontario Government has achieved an improved graduation rate for high school students from 66 per cent to 77 per cent in the past seven years. However, first nation graduation levels are much lower. This is a significant challenge as the population growth for the first nations is much faster than the remaining population and they will need skills to ensure that they achieve a place in the workforce. The Hon Brad Duguid noted that currently there is no emphasis on truancy and he is working with the Education Minister to achieve mandatory attendance at high school until age 17. There is also some work being undertaken to increase Aboriginal involvement in the education system.

2.45 The delegation noted that Australian issues are similar and that the government is implementing a key strategy through the Council of Australian Governments, to meet six ambitious targets aimed at closing the gap between Indigenous and non-Indigenous Australians across urban, rural and remote

areas. These targets are to close the gap in life expectancy within a generation; halve the gap in mortality rates for Indigenous children under five within a decade; ensure all Indigenous four years olds in remote communities have access to early childhood education within five years; halve the gap in reading, writing and numeracy achievements for Indigenous children within a decade; halve the gap for Indigenous students in year 12 attainment or equivalent attainment rates by 2020; and halve the gap in employment outcomes between Indigenous and non Indigenous Australians within a decade.

Climate change

2.46 Canada is a major exporter of petroleum to the US, from its oil sands deposits in Alberta, as well as a source of energy to the US. A major focus of the climate change debate in Canada is on ensuring its interests are not affected adversely by a future emissions trading regime in the US. The recent introduction of the Waxman-Markey climate and energy bill in the US Congress has raised concerns in Canada that it could be subject to US trade restrictions if its climate policies are deemed to be not comparable by the US.

2.47 Canadian climate change policy is characterised by a range of measures at the federal and provincial levels. This reflects significant regional differences across Canada, with some provinces reliant on fossil fuels, while others use primarily nuclear or hydroelectricity. In its 2007 climate change policy document, the Canadian federal government committed itself to a target of a 20 per cent reduction in emissions in 2020 (2006 as base), a 60-70 per cent cut in 2050; and an intensity based performance standard for large industrial emitters. It also included clean fuel standards, carbon capture and storage, price support for renewables and a biofuel mandate. In November 2008, Prime Minister Harper said Canada would pursue a North American cap and trade system.

2.48 In February 2009, the US and Canada commenced a bilateral clean energy dialogue which Canada characterised as a first step in coordinating policies and measures to reduce emissions and support the development of low and zero emission technologies, including carbon capture and storage. Canada argues that it is critical to meeting the US's future energy demand, and has highlighted the close integration in the US/Canada energy market.

2.49 The Canadian Government has announced some details of its climate change regime in advance of the late 2009 UNFCCC negotiating session in Copenhagen, notably on offsets, but the Environment Minister has indicated that the Government is deferring action related to its trade exposed and emissions intensive sectors pending the finalisation of the US's measures.

2.50 The extent to which Canada shares many of the same challenges and goals in addressing climate change as Australia - population growth, existence

of emissions/energy intensive sectors, interest in carbon capture, opposition to trade restrictions to achieve climate change objectives - is demonstrated by the wide range of dialogue and cooperation mechanisms between the two countries, most notably the Asia Pacific Partnership for Clean Development and Climate and the Global Carbon Capture and Storage Institute. There is clearly interest and value for both countries in continuing to strengthen and deepen their cooperation in this field.

Natural Resource Management

2.51 Under the Canadian Constitution, the power to regulate mineral exploration, development, conservation, and management is generally one of exclusive provincial jurisdiction. Each of the provinces has adopted a statute or ordinance that governs the exploration for, and the acquisition and exploitation of, state-owned minerals within their respective jurisdictions. There is also general provincial legislation for environmental, workplace safety and labour purposes that have an impact on mining activities.

2.52 The Canadian federal government enjoys the same powers in respect of minerals on federal public lands. Moreover, the federal legislative powers over minerals are exclusive in the three federal territories and offshore. The Constitution also provides the federal government with certain powers that apply concurrently with provincial legislation over specific aspects of mineral activities, such as inter-provincial and international trade. The federal government also has the power to declare a local work, such as a mine, to be for the general advantage of Canada and thereby assume regulatory authority over such a work. This declaratory power was used in 1946 to exert federal control over uranium and other related substances. The *Atomic Energy Control Act* declares that all works and undertakings for the production, refinement or treatment of such substances are subject to the regulatory authority of the federal Canadian Nuclear Safety Commission. Approval from the Commission is necessary for the development, operation or commissioning of any uranium mining facility, but prospecting and exploration for uranium are not specifically controlled.

2.53 The delegation met with the Québec provincial and federal resource ministers to seek an insight into Canada's approach and policy responses to resource management. The federal Minister of Natural Resources advised that, like many Canadian sectors, the mining industry has been hit hard by falling commodity prices, decreased demand and tightened access to capital caused by the global economic downturn. However, despite the downturn in demand and prices, minerals and metals remain one of the strengths of the Canadian economy. The mineral exploration, mining and metals manufacturing sector is vital to some 150 communities and employs over 363,000 Canadians. In 2008, Canada had over 1,200 junior exploration and mining companies and over 2,400 internationally competitive suppliers of equipment, technology and knowledge-

based services. The cumulative worldwide mining assets of Canadian mining companies at the end of 2007 were valued at C\$80 billion in over 100 countries.

2.54 There was some discussion on the impact of state owned enterprises and sovereign wealth funds seeking to acquire mining interests and the implications for both Australia and Canada. The *Investment Canada Act* was cited as the main legal mechanism for regulating foreign investment, by providing for proposed investments to be screened by the Minister of Industry for their net benefit to Canada. Canada has also introduced specific guidelines to apply to investments by state owned enterprises and sovereign wealth funds.. Canada needs inward investment provided it contributes to economic growth and employment opportunities.

Flow through shares

2.55 In October 2000, the Canadian government announced a temporary, 15 per cent investment tax credit for investors in flow-through shares of mineral exploration companies with the program titled the Mineral Exploration Tax Credit (METC). After expiring at the end of 2005, the temporary credit was re-introduced effective 2 May 2006 and has been extended in each Budget process since. The program is currently scheduled to expire at the end of March 2010.

2.56 The METC is a measure designed to assist junior mining companies⁴ in raising new equity through the issuance of flow-through shares. This program is designed to provide additional financing in order to help exploration companies to maintain, or increase, their level of exploration activities in Canada. The program applies only to preliminary mineral exploration activities conducted from or above ground. It does not apply to oil and gas, coal, bituminous sands or oil shale; expenses incurred to explore underground, or for the purpose of bringing a mine into production, are also excluded. The delegation was able to seek advice from both the provincial and federal levels on the practical results of the program. Each level indicated that anecdotal evidence suggested that the program was very successful with a steady take up rate of investors. The federal Minister of Natural Resources advised that the scheme was very important to junior mining companies. The federal Minister for Industry noted that the scheme has increased the level of investment in the market.

4. The Prospectors and Developers Association of Canada state that mining companies are defined largely by the way in which they derive their revenues. A senior producer or operator generates its revenues from the production and sale of the commodity it is mining. A junior mining company has no mining operations and is essentially a venture capital company. It must rely almost entirely on the capital markets to finance its exploration activities ["almost entirely" because some juniors derive their financing from private sources]. There is another category: mid-tier producers. These are generally junior companies that have decided to go into production on properties that they have discovered.

Chapter Three

Mexico

3.1 This chapter outlines Mexico's political, social and economic situation and records the substance of meetings held during the delegation's visit.

Country Brief⁵

3.2 The partnership between Australia and Mexico is strong and growing. In 2006, Australia and Mexico celebrated the 40th anniversary of the establishment of diplomatic relations, with events held in both countries. An increased level of cooperation in recent years has resulted in several commercially focused outcomes, including a Memorandum of Understanding (MOU) on Education and Training (2008), a bilateral Double Taxation Agreement (2004), an MOU on Energy (2005) and an Investment Protection and Promotion Agreement.

Political Overview

3.3 Mexico is a congressional democracy with a directly elected President. The President serves a six-year term and cannot be re-elected. The bicameral Congress comprises 128 Senators, each serving a six-year term, and 500 members in the Chamber of Deputies, serving a three-year term. Senators and Deputies cannot stand for re-election.

3.4 Mexico's political climate has changed significantly over the past decade. In 2000, the political hegemony of the Institutional Revolutionary Party (PRI), which had endured in Mexico for 71 years, was broken by the election of President Vicente Fox of the National Action Party (PAN). Fox, a former Chief Executive of Coca-Cola in Mexico and Governor of Guanajuato, defeated the PRI candidate, Francisco Labastida, on a platform of democratic change, an end to corruption and wider community prosperity. During six years in office, Fox's Government pursued macroeconomic goals focused on increasing investment and employment. Sound fiscal management promoted economic growth and moved Mexico out of recession.

3.5 The July 2006 election of Felipe Calderon continued Fox's economic liberalisation and stable macroeconomic policies. Calderon won the Presidency by the slimmest margin in Mexican history on 1 December 2006. His party, the PAN, currently holds the largest number of seats in both the Senate (58 out of 128) and the Chamber of Deputies (207 out of 500). Lacking a majority in either chamber,

⁵ Much of the historical analysis and data presented throughout this chapter has been provided by the Department of Foreign Affairs and Trade, April 2009.

the Calderon Government needs the support of other parties for its legislation to be adopted.

3.6 Calderon campaigned on a platform of improving employment rates, strengthening investment, and tackling growing crime rates. Calderon especially identified the need to enhance national security through police and judicial reform as a key priority. He initially received widespread public support for his campaign in the cities and states most affected by drug gang-related violence, and was praised by the US Government following the extradition of several leading drug felons in Mexico to the United States.

3.7 However, the President's targeting of powerful drug trafficking cartels has come at some political cost. In 2008, over 6000 people died from drug-related violence, more than twice the number killed in 2007. Moreover, violence is spreading beyond the traditionally dangerous US-border towns to some of Mexico's largest cities, such as Monterrey. As recently as February 2009, Calderon has been forced to defend his policies against mounting claims that Mexico is a failing state.

Economic Overview

3.8 According to the International Monetary Fund, in 2007 Mexico's economy ranked 15th in the world (only Brazil, ranked 10th in 2007, has a larger GDP among Latin American countries). It is currently the only Latin American member of the Organisation for Economic Co-operation and Development which is evidence of the growing transparency and improved governance across the Mexican economy. Mexico is also one of the World Trade Organisation members with the greatest number of Free Trade Agreements (it currently has a network of 12 FTAs with 44 countries).

3.9 The Mexican economy has gradually gathered momentum since moving out of recession in 2002. Mexico's GDP grew by around five per cent in 2006, the highest rate of growth for several years. Mexico can attribute its transformation from a highly protected economy to its more open, regionalised and market-based economy of today to widespread trade liberalisation over the past several decades. This has encouraged foreign firms to set up plants to take advantage of relatively low labour costs and proximity to the US market. Economic activity is increasingly dominated by the private sector, but is characterised by a mixture of modern, export-oriented industry and agriculture, alongside more outmoded sections of the domestic economy.

3.10 Much of Mexico's modern economy has been driven by competition and export opportunities stemming from Mexico's extensive network of Free Trade Agreements (FTAs), covering more than 90 per cent of the country's trade. They include FTAs with Chile; the United States and Canada (North American Free Trade Agreement, NAFTA); the European Union; Israel; Colombia and Venezuela; Bolivia; Guatemala, El Salvador and Honduras; Uruguay; the European Free Trade Area

(Norway, Iceland, Switzerland and Liechtenstein); and Japan. Mexico is currently negotiating FTAs with Korea and Peru.

3.11 Mexico's economy needs to grow by at least 6 per cent per annum to create the one million jobs required annually to keep pace with additions to the workforce from population growth. Real GDP only grew by around 2 per cent in 2008 and is expected to contract in 2009 somewhere in the range of 0.8 – 1.8 per cent (according to Mexico's Central Bank). Economic growth remains closely interlinked with the US economic cycle.

3.12 The interconnectedness of the Mexican and US economies is well known. It is derived from close linkages across four important economic channels: trade; remittances; investment; and financial channels. The trade channel is especially well developed, with 85 per cent of all Mexican exports destined for sale in the American domestic market. Remittances from the United States accounted for US\$25 billion in 2008 making it the country's second largest source of foreign exchange. The investment channel further demonstrates the close ties between the two economies' with half of Mexican foreign direct investment flowing from US-based investors. The highly integrated financial systems allow for close and reliable economic relations.

3.13 The Government has announced increased spending and investment in infrastructure as a means of stimulating economic growth in the context of an expected economic slowdown caused by the recent turmoil in international finance markets. In recent months, Calderon has announced two stimulus packages worth US\$5.75 billion to boost public spending to support growth and save jobs. The 2009 budget includes a 13 per cent increase in spending on infrastructure projects, housing, and agriculture. Calderon has also moved to unilaterally reduce tariffs on most industrial goods to zero progressively by 2013. This is a significant step given the extent to which other countries are attempting to increase protectionist measures in the wake of the global economic downturn.

Bilateral Relations

3.14 Australia's bilateral relationship with Mexico is strong. In November 2008, the Australian Minister for Foreign Affairs, the Hon Stephen Smith visited Mexico and signed a Memorandum of Understanding on Education to investigate ways to deepen educational ties between the two countries. Visits by President Calderon to Australia for the September 2007 APEC Summit underscored our mutual interest in strengthening bilateral trade, investment, political and people-to-people links. Apart from this Parliamentary delegation, scheduled bilateral visits in 2009 include a visit to Australia by Mexican Vice Foreign Minister Lourdes Aranda in May.

Trade and Investment

3.15 The Australia-Mexico bilateral economic and trade relationship is robust.

Australia and Mexico signed a Trade and Investment Agreement in 1994. This provided for the establishment of the Australia-Mexico Commission on Trade and Investment (also known as the Joint Trade and Investment Commission or JTIC). The JTIC has met on six occasions, most recently in Mexico City in March 2006. At that meeting Australia agreed to a proposal from Mexico to establish an Australia-Mexico Joint Experts Group (JEG) to examine the bilateral economic relationship and means for enhancing it.⁶ Mexico was Australia's second largest merchandise trading partner in Latin America in the financial year 2007-2008 (just behind Brazil) with two-way trade worth \$1.75 billion. Australia's merchandise exports to Mexico are valued at approximately \$550 million, dominated by coal. Meat, leather live animals, dairy and a growing range of services are also exported. The trade in Australian education and training services has been especially strong. Student numbers continue to grow and, in 2008, there were 1436 enrolments by students from Mexico in Australia. This makes Mexico Australia's third largest education and training market in Latin America, after Brazil and Colombia (and ahead of Peru). Australian food and wine brands are increasingly on sale in Mexico. Tourist numbers have been trending upwards and more growth is expected as a result of the inclusion of Mexico in the 'Aussie Specialists' visa program and the new Qantas-Mexicana code-share arrangement.

3.16 Imports of merchandise goods from Mexico have increased significantly over the last decade and were valued at \$1.23 billion in 2007-2008. The major imports from Mexico were internal combustion piston engines, motor vehicle parts, telecommunications equipment and computers. Mexican investment in Australia had been concentrated in private real estate and manufacturing, although one of Mexico's largest food companies, Grupo Gruma, bought two Australian companies, Rosita's and Oz-Mex Foods, in 2006. In June 2007, the Mexican giant Cemex, the world's third largest cement producer, took a 54.9 per cent stake and majority control of Australia's Rinker Group Ltd. The US\$14.2 billion deal represented the largest takeover in the history of the global building-materials industry.

3.17 Mexico is one of the world's most important developing countries and a key economy in Latin America. Its size and geographical proximity to the world's largest economy and NAFTA partner, the United States, and very good links to markets in Central and South America, make it an attractive trading partner for Australia. Given complementary economic and trade profiles, there are strong prospects for expanding Australia-Mexico trade and investment.

3.18 The energy sector is becoming an increasingly important element of the trade relationship, with the sale of Australian coal, and potentially Australian liquefied natural gas (LNG), to Mexico creating new opportunities for Australian business. Expansion of energy and mining-related services also offers strong

6 The report of the JEG is available at http://www.dfat.gov.au/geo/mexico/trade/australia_mexico_jeg.pdf

potential for future growth. The relationship has grown as Australian companies in a range of industries (mining services and technology, agribusiness, food and beverages, IT, software, biotechnology, automotive parts and education and professional services) enjoy success in Mexico.

3.19 Coal is Australia's largest single export to Mexico, having doubled from 2.1 million tonnes in 2004 to 4.4 million tonnes in the 2007 calendar year (worth US\$234 million). In 2007 Mexico was Australia's fifth largest export market for thermal coal (after Japan, Taiwan, Korea and Thailand). Coal trade with Mexico was enhanced by the Mexican Government's decision in 2002 to remove a three per cent tariff from most primary and intermediate goods (including coal) imported from all non-NAFTA sources, which had previously favoured US and Canadian coal exporters.

3.20 Mexico attracts significant foreign direct investment (over US\$15 billion per year for the last 10 years) due to NAFTA membership and its generally liberal investment laws. The investment environment has improved markedly over the last several decades as a result of domestic reform and the introduction of more simplified procedures, higher ceilings on foreign equity and greater intellectual property protections. Australian direct investment in Mexico is modest, and concentrated in mining and consolidated services (linked to finance and leasing arrangements) followed by manufacturing.

Delegation meetings

3.21 While the program of meetings for the delegation was modified to take into account the measures taken by the Mexican Government to prevent the spread of the H1N1 influenza virus, the delegation was still able to fulfill its key meetings and objectives. Some larger group meetings were curtailed; however, the delegation was able to travel to Hidalgo State to meet with the Governor, state officials and business leaders. In Mexico City, the delegation was pleased to visit the Mexican Parliament and to meet with members of the Business Association of Mexico, Australia and New Zealand (ACANZMEX).

Hidalgo State

3.22 The delegation was very pleased to meet with the Governor of Hidalgo State, Gobernador Miguel Ángel Osorio Chong, and a number of state officials. The Governor highlighted the importance of trade for the state and its missions around the world. Hidalgo State comprises 1.1 per cent of Mexico, has 2.5 million inhabitants with nearly equal representation of men and women. The state is located in the centre of the country and has the advantage of its close proximity to Mexico City.

3.23 The delegation noted the announcement that Pemex, Mexico's state oil company, will build its new 300,000 barrels per day refinery in Hidalgo State. The

Governor noted that the refinery will be built in Tula and will create 18,000 direct and 80,000 indirect jobs over a five year period. He noted that new investments, particularly in infrastructure, are helping to bring down the unemployment rate. Other significant investment activity occurring in the region is the development of a trucking and container business near the oil refinery creating an additional 10,000 direct and 100,000 indirect jobs. Hidalgo State gained first place for the generation of jobs in Mexico last year and was the top generator of jobs in the first quarter of 2009. Whilst most of the Mexican states were suffering job losses, Hidalgo is one of four to create jobs.



The delegation meeting with the Governor of Hidalgo State, Gobernador Miguel Ángel Osorio Chong

3.24 The Governor highlighted the need for education services to help in developing his state and that there are significant trade opportunities, in particular with livestock, agriculture, mining and energy. There are two agreements in place between Australia and Mexico, a Memorandum of Understanding for education and training, and an Investment Protection and Promotion Agreement. There is also an increasing number of Mexican students accessing higher education in Australia.

3.25 Following the meeting with the Governor, the Secretary of Economic Development, Lic. Aunard de la Rocha Waite, chaired a meeting of state officials, local business leaders and federal senators with the delegation. The delegation was

shown a video presentation highlighting the trade and investment opportunities in Hidalgo State, followed by three presentations by local business leaders.

3.26 Sr. Gabriel Rollo Roque, representing the mining company San Nicolas Tolentino, provided an overview of a new mine, Mina El Refugio, and outlined the mine's good prospects for steel, iron, silver, copper and gold. The company has the mining lease until 2046 and is looking for investment funds. Sr. Roque highlighted the already substantial infrastructure and support from the government for this venture.

3.27 Ing. Ruben Covarrubias Rubio, the owner of a mining company Covamin, outlined a project titled Jacala. The project is located in the vicinity of the village of the same name in Hidalgo State and covers an area of 390 hectares. Following twenty years of geological studies, the site has good prospects for copper, iron, gold and silver. The company has been supported by a Canadian geologist and now requires technology and capital assistance to undertake a metallurgy study as the next step in developing the project.



The delegation meeting with local business leaders and federal senators from Hidalgo State

3.28 Felix Chavez Avila, representing the company Grupo Cresa, outlined their role as a leader corporation that encourages the development of Mexican agribusiness through various services offered by their four subsidiary companies across Mexico: Agrogali which designs, manufactures and builds greenhouses for

intensive production, as well as the provision of training and technical support; Hortalizas Hidroponicas La Higa which selects and packs tomatoes and provides the link between producers, sellers and consumers; Calidad Y Repuesta Empresarial offers finance for any activity or productive project in the rural sector; and San Miguelon which distribute high quality seeds from the Asgrow and Dekelb brands.

3.29 Following the presentations, Senator Jose Guadarrama Marquez, representing Hidalgo State, discussed the trade relationship between Mexico and the USA which accounts for 85 per cent of Mexican trade. He identified the need for Mexico to diversify by creating opportunities with other countries noting there are obvious synergies in each market. The Senator further noted the need to collaborate in the education and scientific fields.

Mexico City

3.30 The delegation attended a private function hosted by the Australian Ambassador HE Ms Katrina Cooper with the Business Association of Mexico, Australia and New Zealand (ACANZMEX). ACANZMEX is a group of private sector representatives working to promote business-to-business links and stimulate trade and investment between Australia, New Zealand and Mexico. The function served as a milestone in the revitalization of both the organisation itself and the ongoing commercial relationship between the countries. Members of the delegation have been pleased to note that some of the business contacts generated by the function have resulted in follow-up visits to Australia.

Parliamentary Meetings

3.31 The delegation spent a day at the Mexican Parliament undertaking a full schedule of meetings as planned. The delegation was able to meet with a number of Senators and discussed the impact of the H1N1 influenza virus on the country and the plans in place to restrict the spread of the disease. In each meeting at the Mexican parliament gratitude was expressed to the delegation for its decision to continue to fulfil the visit during a challenging time for Mexico. This culminated in a standing ovation given to the delegation during its visit to the Mexican Senate.

3.32 The delegation noted that the two nations work cooperatively on the international stage in forums such as APEC, this is very much appreciated and there is much common ground between us. This cooperation will be more important than ever in these times of financial and environmental challenges. On a people-to-people level, Australia is pleased to be welcoming more and more students from Mexico into our educational institutions and at a parliament-to-parliament level, the delegation was very happy to be in Mexico to renew links. The delegation was impressed with the robust nature of the Mexican Parliament.



Delegation discussions at a roundtable discussion arranged by Senador Carlos Jiménez Macías

3.33 Senador Carlos Jiménez Macías, Chairman Senate Committee on Foreign Affairs, Asia-Pacific convened a roundtable discussion between the delegation and a group of Senators. The delegation discussed the importance of cultural, economic and education exchanges between the two countries. Mexico is a strong proponent of a global free market and the Mexican Senators were proud of the large number of free trade agreements to which Mexico is a signatory to, stating that it would not be in the countries interest to go back to protectionism and that the global economic crisis should not be used as an excuse to close economies. Australia's efforts in developing trade agreements, as well as its support for the ongoing Doha round of World Trade Organisation negotiations, were also acknowledged.

3.34 The issue of climate change was discussed, along with the need to reform the energy sector and to promote better use of water resources such as using grey water in fruit production. Mexico relies heavily on fossil fuels and the parliamentarians recognised the need to diversify and to move towards the use of renewable energy. There is a current focus in Mexico on providing special funds to develop technologies in this field.

3.35 The delegation met with the President of the Mexican Senate, Sr Gustavo Madero Muñoz. Discussion points included the differing parliamentary and electoral systems of the two countries, and the move towards improved transparency now occurring in Mexico. The discussion recognised that while many differences exist, there are also many similarities in the political processes. The operation of welfare programs and a universal health care system were also discussed, along with taxation policies.

3.36 The President of the Mexican House of Deputies, Cesar Duarte Jáquez, also met with the delegation. Discussion points included the diversity of the geography of Mexico and the impact of climate change in such a diverse

country; the importance of economic and trade links with Australia; and the recent Australian Expo, a two-day trade show showcasing Australian education.



The delegation meeting with the President of the Mexican Senate, Sr Gustavo Madero Muñoz

3.37 A meeting was also held with the Acting Minister for Foreign Affairs, Lourdes Aranda Bezaury. The importance of maintaining links between Australia and Mexico, through high level visits and discussions at international forums was noted. It was noted that the visit of the Australian Foreign Minister to Mexico on 17-18 November 2008 resulted in agreement to enhance the bilateral relationship through the establishment of regular Senior Officials Talks due to commence in early 2009. The delegation welcomed this major development in the deepening of the institutional arrangements underpinning the bilateral relationship. There was also discussion on the continuing relevance of the Council on Australia Latin America Relations (COALAR) which was established by the Australian Government in 2001 to enhance Australia's economic, political and social relations with Latin America.

3.38 The meeting also covered major issues impacting on Mexico including climate change, the global financial crisis, terrorism and organised crime, and they are committed to working with the international community on these issues. While Mexico does not contribute military forces to peacekeeping missions, they play a role in international politics, and try to participate in non-military activities such as health education.

H1N1 Influenza

3.39 The delegation became aware of the potentially serious nature of the H1N1 influenza outbreak in the lead up to its planned arrival in Mexico. Individual members of the delegation made the decision whether to travel to Mexico after consultation with the Australian Embassy and taking into account the travel advice issued by the Australian Department of Foreign Affairs and Trade at the start of the visit. The visit honored an invitation from the Mexican Parliament with the aim of strengthening ties between the two parliaments at a time when there is great potential to develop the relationship between Australia and Mexico. While the program of meetings for the delegation was modified to take into account the measures taken by the Mexican Government to prevent the spread of the disease, the delegation was still able to fulfill its key meetings and objectives.

3.40 The delegation undertook a broad range of meetings with parliamentary and business representatives in both Hidalgo State and Mexico City. In particular, the delegation received a very positive reception on the Mexican side that an Australian Parliamentary delegation had chosen to continue to fulfil the visit during a challenging time for Mexico. This was evidenced by a standing ovation given to the delegation during its visit to the Mexican Senate.

3.41 The delegation is confident that, despite reducing the length of the Mexico section of its program, it achieved its aims and made a positive contribution to the ongoing bilateral relationships between Australia and Mexico.

APPENDIX ONE

Delegation Program

- Canada
- Mexico

PROGRAM

*of the Official Visit of the
Senator the Honourable John Hogg, President of the Senate
and a Parliamentary Delegation of Australia*

to

Canada

18 - 26 April 2009

QUEBEC CITY

Saturday 18 April 2009

Arrive Quebec City

Sunday 19 April 2009

Briefing by
His Excellency Justin Brown
High Commissioner of Australia to Canada

Presentation by
Mr. David Mendel, President
Canadian Cultural Landscapes

Monday 20 April 2009

Meeting with
Mr. André Maltais
Associate Secretary General, Aboriginal Affairs

Meeting with
Mr. Jean-Sylvain Lebel
Associate Deputy Minister, Mining

Meeting with
Mr. Yvon Vallières, M.N.A.,
President of the National Assembly of Quebec

Guided tour of the National Assembly Building

Lunch hosted by
Mr. Yvon Vallières, M.N.A.,
President of the National Assembly of Quebec

Presentation on forest fire prevention measures
Société de la protection des forêts contre le feu

Visit Service aérien gouvernemental

Depart for Ottawa

OTTAWA

Tuesday 21 April 2009

Breakfast meeting hosted by the
Honourable Gerry St-Germain, Senator
Chair of the Senate Standing Committee on
Aboriginal Peoples

Meeting with the
Standing Committee on Aboriginal Affairs and Northern Development

Meeting with the
Honourable Noël A. Kinsella
Speaker of the Senate

Lunch hosted by
Mr. Joe Preston, M.P.
Vice-Chair of the Canadian Branch of the
Commonwealth Parliamentary Association

Tour of Parliament Buildings
Attend Senate Chamber for Senators' Statements with official recognition

Attend House of Commons
Question Period with official recognition

Meeting with the
Honourable Peter McKay, P.C., M.P.
Minister of National Defence

Meeting with the
Honourable Lisa Raitt, P.C., M.P.
Minister of Natural Resources

Meeting with the
Honourable Tony Clement, P.C., M.P.
Minister of Industry

Dinner hosted by the
Honourable Noël A. Kinsella
Speaker of the Senate

Wednesday 22 April 2009

Meeting with
Mr David Stewart-Patterson
Executive Vice-President; and
Mr. Sam Boutziouvis
Vice-President Economics and International Trade
Canadian Council of Chief Executives

Visit Australian High Commission

Meeting with the
Honourable Peter Milliken, M.P.
Speaker of the House of Commons

Lunch hosted by the
Honourable Peter Milliken, M.P.
Speaker of the House of Commons

Meeting with the
Honourable Stockwell Day, P.C., M.P.
Minister of International Trade

Meeting with the
Honourable Michael A. Meighen, Senator
Chair of the Standing Senate Committee on Banking, Trade and Commerce;
and the Honourable Wilfred Moore, Senator

Meeting with the
Honourable Chuck Strahl, P.C., M.P.
Minister of Indian and Northern Affairs and
Federal Interlocutor for Métis and Non-Status Indians

Meeting with the
Honourable Consiglio Di Nino, Senator
Chair of the Standing Senate Committee on
Foreign Affairs and International Trade

Reception for the official launch of
Australia and the South Pacific Letters Home, 1965-1972
Arthur R Menzies, Former Canadian High Commissioner to Australia

Depart for Toronto

TORONTO

Thursday 23 April 2009

Meeting with

The Honourable John Gerretsen, M.P.P.,
Minister of the Environment; and
Mr. Kevin Flynn, M.P.P.

Parliamentary Assistant to the Minister of Environment

Tour of the Legislative Building (Legislative Assembly of Ontario)
Attend Parliamentary Session and Introduction in the House

Lunch hosted by the

Honourable Steve Peters, M.P.P.
Speaker of the Legislative Assembly of Ontario

Meeting with

Mr. Monte Kwinter, M.P.P.

Parliamentary Assistant to the Minister of Industry, Trade and Investment

Meeting with

Mr. Bob Delaney, M.P.P.

Parliamentary Assistant to the Minister of Research and Innovation

Meeting with the

Honourable Brad Duguid, M.P.P.
Minister of Aboriginal Affairs

Friday 24 April 2009

Breakfast with the Australia-Canada Association

Lunch with the Canada Australia Chamber of Commerce

Saturday 25 April 2009

ANZAC Day Ceremony (Canadian Forces College)

Sunday 26 April 2009

Depart for Mexico City

PROGRAM

of the Official Visit of the

*Senator the Honourable John Hogg, President of the Senate
and a Parliamentary Delegation of Australia*

to

Mexico

26 - 29 April 2009

Sunday 26 April 2009

MEXICO CITY

Updated Briefing on flu outbreak and security situation by the Australian Ambassador HE Ms Katrina Cooper and Consul Stein

Briefing by Australian Ambassador and Embassy staff on program arrangements and relevant political and economic issues in Mexico.

Dinner with Mr Mark Ramsey, President of Macquarie Group Mexico and Mr Javier Mata, from AUSTECA (an importer of Australian livestock to Mexico) with Australian Embassy staff.

Monday 27 April 2009

Breakfast briefing by Mr Grame Barty, Austrade Regional Director for the Americas on the trade and investment outlook in the region

HIDALGO STATE

Meeting with the Governor of Hidalgo State, Miguel Angel Osorio Chong

Lunch with State Government and business representatives

MEXICO CITY

Private function hosted by the Australian Ambassador to Mexico, HE Ms Katrina Cooper, with the Business Association of Mexico, Australia and New Zealand (ACANZMEX)

Tuesday 28 April 2009

Visit Mexican Senate
Roundtable with Mexican Senators

Meeting with
the President of the Senate, His Excellency Senador Gustavo Madero
Muñoz

Formal presentation of the Australian Delegation before the Mexican
Senate

Interview by the Mexican Senate Channel with Senator Hogg

Meeting with
the Lower House President His Excellency, Dip. Cesar Duarte Jáquez

Meeting with the
Acting Minister for Foreign Affairs Ambassador HE Ms Lourdes Aranda

Wednesday 29 April 2009

Depart Mexico

Friday 1 May 2009

Return Australia

APPENDIX TWO

Fact Sheets

- Canada
- Mexico



CANADA

Fact Sheet

General information:

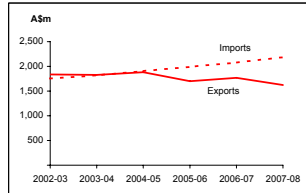
Fact sheets are updated biannually; May and September

Capital: Ottawa
Surface area: 9,971 thousand sq km
Official languages: English, French
Population: 32.9 million (2007)
Exchange rate: A\$1 = C\$0.9608 (Aug 2008)

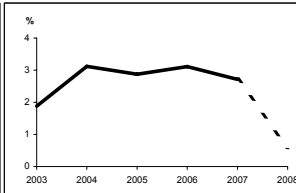
Head of State: HM Queen Elizabeth II, represented by Governor-General HE The Rt. Hon. Michaëlle Jean
Head of Government: Prime Minister The Rt. Hon. Stephen Joseph Harper

<i>Recent economic indicators:</i>	2003	2004	2005	2006	2007(a)	2008(b)
GDP (US\$bn) (current prices):	868.3	994.0	1,133.4	1,279.0	1,436.1	1,564.1
GDP PPP (US\$bn) (c):	1,006.2	1,065.8	1,131.0	1,203.7	1,269.7	1,307.1
GDP per capita (US\$):	27,479	31,159	35,195	39,314	43,674	47,073
GDP per capita PPP (US\$) (c):	31,843	33,409	35,119	37,001	38,614	39,339
Real GDP growth (% change YOY):	1.9	3.1	2.9	3.1	2.7	0.6
Current account balance (US\$m):	10,486	22,975	21,843	17,838	12,726	14,803
Current account balance (% GDP):	1.2	2.3	1.9	1.4	0.9	0.9
Goods & services exports (% GDP):	37.9	38.3	37.7	35.9	34.5	34.2
Inflation (% change YOY):	1.7	2.3	2.3	1.3	2.4	2.9

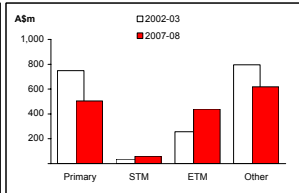
Australia's merchandise trade with Canada



Real GDP growth



Australia's merchandise exports to Canada



Australia's trade relationship with Canada (d):

Australian merchandise trade with Canada, 2007-08:		Total share:	Rank:	Growth (yoy):
Exports to Canada (A\$m):	1,623	0.9%	19th	-8.2%
Imports from Canada (A\$m):	2,188	1.1%	19th	5.4%
Total trade (exports + imports) (A\$m):	3,811	1.0%	22nd	-0.9%

Major Australian exports, 2007-08* (A\$m):

Alcoholic beverages	264
Passenger motor vehicles	73
Medicaments (incl veterinary)	68
Non-ferrous waste & scrap	54

*Includes A\$595m of confidential items, 37% of total exports.

Major Australian imports, 2007-08 (A\$m):

Aircraft, spacecraft & parts	174
Meat (excl beef)	127
Sulphur & iron pyrites	99
Pumps (excl liquid pumps) & parts	93

Australia's trade in services with Canada, 2007-08:

		Total share:
Exports of services to Canada (A\$m):	736	1.4%
Imports of services from Canada (A\$m):	824	1.6%

Major Australian service exports, 2007-08 (A\$m):

Personal travel excl education	340
Education-related travel	133

Major Australian service imports, 2007-08 (A\$m):

Personal travel excl education	419
Transportation	152

Canada's global merchandise trade relationships:

Canada's principal export destinations, 2007:

1	United States	78.9%
2	United Kingdom	2.9%
3	China	2.1%
14	Australia	0.4%

Canada's principal import sources, 2007:

1	United States	54.2%
2	China	9.4%
3	Mexico	4.2%
23	Australia	0.4%

Compiled by the Market Information and Analysis Section, DFAT, using the latest data from the ABS, the IMF and various international sources.

(a) All recent data subject to revision; (b) IMF forecast; (c) PPP is purchasing power parity; (d) Total may not add due to rounding.



MEXICO

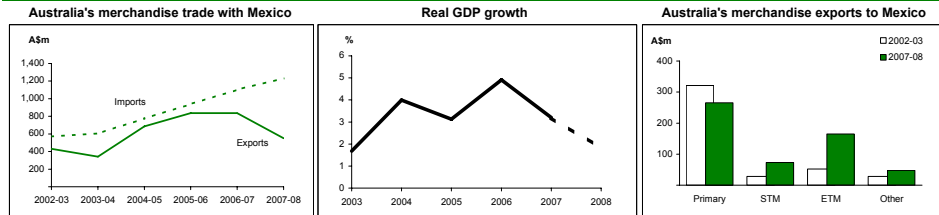
Fact Sheet

General information:

Fact sheets are updated biannually, May and September

Capital:	Mexico City	Head of State and Head of Government:	
Surface area:	1,958 thousand sq km	President	Mr Felipe Calderón Hinojosa
Official language:	Spanish		
Population:	105.3 million (2007)		
Exchange rate:	A\$1 = 9.1946 New Pesos (Aug 2008)		

Recent economic indicators:	2003	2004	2005	2006	2007(a)	2008(b)
GDP (US\$bn) (current prices):	700.3	759.4	847.0	948.9	1,022.8	1,142.6
GDP PPP (US\$bn) (c):	1,136.1	1,231.6	1,295.2	1,402.5	1,486.3	1,550.3
GDP per capita (US\$):	6,932	7,442	8,216	9,104	9,717	10,747
GDP per capita PPP (US\$) (c):	11,246	12,069	12,563	13,457	14,120	14,582
Real GDP growth (% change YOY):	1.7	4.0	3.1	4.9	3.2	1.8
Current account balance (US\$m):	-8,573	-6,595	-5,207	-2,231	-5,813	-15,882
Current account balance (% GDP):	-1.2	-0.9	-0.6	-0.2	-0.6	-1.4
Goods & services exports (% GDP):	25.3	26.6	27.2	28.1	28.3	33.9
Inflation (% change YOY):	3.9	5.1	3.3	4.0	3.7	5.7



Australia's trade relationship with Mexico (d):

Australian merchandise trade with Mexico, 2007-08:		Total share:	Rank:	Growth (yoy):
Exports to Mexico (A\$m):	551	0.3%	33rd	-34.2%
Imports from Mexico (A\$m):	1,233	0.6%	28th	11.8%
Total trade (exports + imports) (A\$m):	1,783	0.5%	32nd	-8.0%

Major Australian exports, 2007-08 (A\$m):		Major Australian imports, 2007-08 (A\$m):	
Coal	140	Internal combustion piston engines	153
Computer parts & accessories	40	Computers	152
Medicaments (incl veterinary)	40	Telecom equipment & parts	126
Meat (excl beef)	38	Passenger motor vehicles	105

Australia's trade in services with Mexico, 2007-08:		Total share:
Exports of services to Mexico (A\$m):	82	0.2%
Imports of services from Mexico (A\$m):	33	0.1%

Major Australian service exports, 2007-08 (A\$m):		Major Australian service imports, 2007-08 (A\$m):	
Education-related travel	39	Personal travel excl. education	23
Business & professional	24	Business travel	4

Mexico's global merchandise trade relationships:

Mexico's principal export destinations, 2007:			Mexico's principal import sources, 2007:		
1	United States	82.1%	1	United States	49.6%
2	Canada	2.4%	2	China	10.5%
3	Germany	1.5%	3	Japan	5.8%
25	Australia	0.2%	26	Australia	0.3%

Compiled by the Market Information and Analysis Section, DFAT, using the latest data from the ABS, the IMF and various international sources.

(a) All recent data subject to revision; (b) IMF/EIU forecast; (c) PPP is purchasing power parity; (d) Total may not add due to rounding.

