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JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS,  
DEFENCE AND TRADE

TRADE SUBCOMMITTEE

**Reference: Australia's trade with Mexico and the region**

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**JOINT STANDING COMMITTEE ON  
FOREIGN AFFAIRS, DEFENCE AND TRADE**

**Trade Subcommittee**

**Wednesday, 28 February 2007**

**Members:** Senator Ferguson (*Chair*), Mr Edwards (*Deputy Chair*), Senators Bartlett, Crossin, Eggleston, Hutchins, Johnston, Kirk, Sandy Macdonald, Moore, Payne, Stott Despoja and Webber and Mr Baird, Mr Barresi, Mr Danby, Mrs Draper, Mrs Gash, Mr Gibbons, Mr Haase, Mr Hatton, Mr Jull, Mrs Moylan, Mr Prosser, Mr Bruce Scott, Mr Sercombe, Mr Snowden, Dr Southcott, Mr Cameron Thompson, Ms Vamvakinou, Mr Wakelin and Mr Wilkie

**Trade Subcommittee members:** Mr Baird (*Chair*), Mr Snowden (*Deputy Chair*), Senators Bartlett, Eggleston, Ferguson (*ex officio*), Johnston and Payne and Mr Barresi, Mrs Draper, Mr Edwards (*ex officio*), Mr Haase, Mr Hatton, Mr Jull, Mrs Moylan, Mr Prosser, Mr Bruce Scott, Mr Sercombe, Dr Southcott, Mr Cameron Thompson, Ms Vamvakinou, Mr Wakelin and Mr Wilkie

**Members in attendance:** Senators Eggleston and Ferguson and Mr Baird, Mrs Draper, Mr Edwards, Mr Haase, Mr Jull, Mr Prosser and Mr Cameron Thompson

**Terms of reference for the inquiry:**

To inquire into and report on:

Expanding Australia's trade and investment relations with Mexico and the region with particular reference to:

- the nature of Australia's existing trade and investment relations;
- likely future trends in these relations; and
- the role of the government in identifying and assisting Australian companies to maximise opportunities in Mexico and the region.

**WITNESSES**

**DUHALT, Mr Jorge, Deputy Head of Mission, Embassy of Mexico in Australia ..... 1**  
**ORTIZ DE ROSAS, Ambassador Martha, Ambassador, Embassy of Mexico in Australia ..... 1**  
**ROBLEDO LOPEZ, Miss Carmen, Third Secretary, Embassy of Mexico in Australia ..... 1**



**Subcommittee met at 11.16 am****DUHALT, Mr Jorge, Deputy Head of Mission, Embassy of Mexico in Australia****ORTIZ DE ROSAS, Ambassador Martha, Ambassador, Embassy of Mexico in Australia****ROBLEDO LOPEZ, Miss Carmen, Third Secretary, Embassy of Mexico in Australia**

**CHAIR (Mr Baird)**—We welcome Her Excellency the Mexican Ambassador and Mr Duhalt, deputy head of mission. Thank you for agreeing to assist the committee with its inquiry into Australia's trade with Mexico and the region. The committee has received your submission, which we have designated No. 3. The committee prefers that all evidence be given in public, but should you wish to give evidence in private you may ask to do so and the committee will consider your request. Although the committee does not require you to give evidence on oath, these hearings have the same standing as proceedings before the parliament. We welcome the people sitting behind you, who are part of the Inter-Parliamentary Union study group. Before proceeding to questions would you like to make an opening statement?

**Ambassador Ortiz de Rosas**—I want to start by expressing my appreciation to the Parliament of Australia and in particular to the members of the Joint Standing Committee on Foreign Affairs, Defence and Trade for their interest in Mexico and for undertaking this study. Exactly one year ago I had the opportunity to come and speak with you about the increasing relationship between Mexico and Australia on the occasion of the 40th anniversary of the establishment of bilateral diplomatic relations. Today I am honoured to be back here to participate in your inquiry into ways to strengthen economic relations between my country and Australia.

To start, I would like to briefly mention some important facts about my country, because 2006 was an important year for Mexico. We had the most contested federal election in memory, which resulted in a very narrow victory for the candidate of the National Action Party. Most of you are probably aware that thousands of Mexican citizens mobilised to democratically express their political views before, during and after the July 2006 election. President Felipe Calderon's inauguration on 1 December 2006 brought to a conclusion an election process that, despite the problems it had to face, came to prove the strength and reliability of the young Mexican democracy.

In the first 90 days of his administration, President Calderon has made a call to all political forces to engage in dialogue and work together to advance democracy, promote respect for human rights and ensure law enforcement and public security for both business and the general population. He has emphasised that his priority is to promote a competitive economy that creates better jobs, fights poverty and strives for environmentally sustainable development.

The political parties, so bitterly divided three months ago, have responded by unanimously agreeing on 14 February to a bill that formalises the process for reform in six crucial areas of the state: governance and political reform, the electoral system and democracy, federalism, reform of the judiciary, tax and fiscal reform, and social and human rights.

It could sound familiar to you, but Mexico is not anymore in the grip of the passions and divisions that characterise an election year. The commitment made by all political parties represented in the Mexican congress two weeks ago is a sign of a new climate of political dialogue emerging in my country. It also points to the fact that most political actors have understood the urgency of agreeing on the long-awaited reforms necessary to further invigorate Mexico's economic development.

The government of Mexico recognises that domestic democratic dialogue has to be complemented by responsible participation in the international community and a continuing engagement with those countries with which it already has a dynamic relationship. Australia is one of these countries, not just because of the extraordinary growth experienced in the bilateral economic links in the last five years but also for the many social and political values we share. The increasing number of people-to-people links is driving an increase in our awareness of each other on both sides of the Pacific Ocean.

Our convergence as members of APEC has been pivotal in expanding our bilateral relations. The year 2002, when Mexico chaired the APEC meetings, saw an important growth in the number of links between our governments and people. I would dare to say that it was then that Mexico and Australia really started to know more about each other. The fact that from that year the number of Mexican students in Australia has increased, from 200 to more than 1,000 in 2006, is just one of the signs that support my view.

This year we have a similar opportunity. With Australia being the host of APEC 2007 and with a new federal administration in Mexico, there is a strong potential to consolidate our bilateral relationship and there are a number of initiatives that may take the relationship to new levels of growth.

In the written submission presented to this committee, the Embassy of Mexico underlined both the characteristics of the Mexican economy and the complementarities and dynamics of the relations between Mexico and Australia. The document illustrates the many possibilities for enhancing bilateral trade and investment and the benefits that may result from closer cooperation in different areas.

Mexico is the first trading partner for Australia in Latin America. My government would like to continue working with Australia in opening new avenues that maintain the momentum of our bilateral relations. Let me assure you that the Mexican government is completely committed to working towards stronger cooperation with Australia in all areas, and the Embassy of Mexico will be working every day to achieve those goals.

**CHAIR**—Thank you very much, and thank you for taking the time to come to see us. You know that the purpose of the committee is to look at what opportunities may exist for Australian exporters which we do not currently exploit and, where impediments to trade exist, what we should be working on from the viewpoint of the government to make representations to your country about facilitating the two-way trade between our two countries.

How do you assess the possibility of having a free trade agreement with Mexico, and would there be benefits in that? I notice that 58 per cent of our exports is coal and that there is potential for gas exports from our North West Shelf. Because export is concentrated predominantly in the

minerals area, do you think there is a real possibility that we could get a workable free trade agreement between our two countries?

**Ambassador Ortiz de Rosas**—You know that our economic relationship with you has been growing very steadily in the last five years. We are the first Latin American country to be a trading partner with Australia, but we have very few investments both ways and so we have a lot of possibilities to expand in different areas of our economies. We are complementary economies. During the last meeting of the joint expert commission last year, both governments decided to establish a joint group to study the range of possibilities that both our countries have to expand our economic relationship in trade and investment and which areas would be included. So they have engaged in some feasibility studies. The joint group will meet in April this year, and as far as I know also in July.

**CHAIR**—Are they meeting in Mexico City in April, or in Australia?

**Ambassador Ortiz de Rosas**—No. The April meeting of the joint expert group will be in Adelaide. I am not sure about July, but I think they will meet here again in July. So the working group is in the phase of exploring the different possibilities. One of those possibilities could be an FTA, but at this stage the group is exploring in which areas would be benefits for both of our economies. The benefits are in different documents that have been submitted to you. My government has the political will to continue working with Australia to see whether there is the possibility of having some kind of instrument or mechanism to expand our economic relationship with Australia.

**CHAIR**—That is certainly very positive. My final question really relates to the issue of the gas potential. We have been talking to the Governor of California about exporting Australian gas there. How do you see that potential? Do you see a terminal being built that could supply Mexico with LNG from Australia, or do you see that it is more likely to go to California? I am interested in your take on the situation.

**Ambassador Ortiz de Rosas**—I think there is a compromise, a contract made between the Gorgon project to export LNG to Mexico and to the terminal you have mentioned in Baja California. So, as far as we know, this terminal will be ready in 2010, or a little later. So starting in 2010 Mexico will be buying LNG from the Gorgon project in Western Australia. This gas will be for Mexico's domestic consumption. The problem we have is that the northern part of Mexico is very industrialised and we do not have enough resources to supply industry with LNG anymore, so we need to import this resource. Starting in 2010 we will be buying it from Australia, and some of this gas could be re-exported to California, the excess of that we receive in Mexico.

**Senator FERGUSON**—Welcome, Your Excellency. I am very sorry that I will not be one of those who will visit Mexico, because it clashes with another conference, but I am sure that participants will be able to see for themselves the opportunities that exist. I was very interested in your submission where you talk about your network of free trade agreements. You have a significant number of free trade agreements that have been in operation since the early and mid 1990s, including NAFTA, which was one of the most significant. I am a little confused about the inclusion in your free trade agreements of an economic cooperation agreement with the European Union and an economic partnership agreement with Japan. How do these cooperation

and partnership agreements differ from the free trade agreements that you have signed with a whole range of countries?

**Ambassador Ortiz de Rosas**—The NAFTA is an economic agreement mainly, which includes some aspects of labour market issues. But the comprehensive agreement that we have signed with the European Union includes all the parts, and as far as I recall it includes some acceptance of Mexico in relation to some political questions. For instance, we accepted a clause to work towards democracy and respect of human rights. So these are not the same kinds of agreements. The agreement with Japan I am not very familiar with, but I think it is a partnership agreement and is not as comprehensive as those with the United States and Canada.

**Senator FERGUSON**—When you say that they are not as comprehensive, does that mean they do actually include free trading arrangements or not? As an example: we have free trade agreements with America, Singapore and Thailand. But with New Zealand we have what is called a closer economic relationship, and that closer economic relationship also includes free trading arrangements. I am wondering whether your economic cooperation agreement with the European Union and your economic partnership agreement with Japan actually include free trade arrangements plus a number of other things, or whether they include the other things and not a commitment to free trade.

**Mr Duhalt**—I am not sure whether I understood you correctly: by free trade arrangement do you mean the mechanics to liberalise trade, access to markets and so on?

**Senator FERGUSON**—A free trade agreement is a signed document in which certain trading arrangements are agreed upon and signed off, which may do away with any tariffs that might exist between countries or any other barriers to trading between two countries. I do not know whether an economic cooperation agreement means that you have free trade arrangements, where you have signed off on free trading arrangements, or whether it means that you have other economic cooperation but not free trade arrangements.

**Mr Duhalt**—No, we have both—a free trade agreement plus something else. They have some mechanisms for intellectual property, to promote investment, to resolve controversies and to have cooperation in science, technology and education. It is a wider aspect of cooperation, but it includes free trade and access to markets. The free trade agreements also have some political consultation, promotion of democracy and some mechanisms for dialogue.

**Senator EGGLESTON**—Ambassador, when you were here last year—I have some notes from your meeting last year—you spoke about a memorandum of understanding on mining, education and energy. You said that our exports are largely coal, beef and live animals. I think we have covered energy, with the news that Gorgon gas will be going to north-western Mexico for industry there. But what about education? How are we going in developing education and training relationships between Australia and Mexico, and what is the potential for future development?

**Ambassador Ortiz de Rosas**—This is one of the areas in our relationship that we want to grow more. We have signed an MOU with Australia and we have received a lot of delegations from the ministry of education in Mexico, including a visit from our minister of education in 2005. We have more than 30 bilateral agreements among universities and we are participating in

two programs that are very important: the peace scholarship program, which brings more than 30 students per semester from Mexico to do one or two semesters at different universities that are part of this program through the IDP; and the Scholarship Vanguardia, which brings students from Mexico to train in English and leadership. So we have in place those two scholarship programs and the public universities in Mexico participate in those programs. As I mentioned before, in 2001 we had 200 Mexican students in Australia and now we have more than 1,000. So the relationship has been strengthening.

**CHAIR**—What about the other way round?

**Ambassador Ortiz de Rosas**—That is what I am working on. We are trying to receive more Australian students. Mexico provides some scholarships for students and we only received one request this year. So we have given one scholarship to one Australian student who is going to Mexico in August to study in the area of archaeology. We would like to promote this to have more Australian students visit Mexico. Last year we issued 100 visas for Australian students, so we are on a good path. But one problem is that we need to promote the study of Spanish at all different levels of education here in this country, because sometimes students start to study Spanish at university and it is not the same as if they started in primary or secondary school. On my different trips to the states, I am promoting the inclusion of the Spanish language as compulsory in the education system.

**Senator EGGLESTON**—I suppose language would be one problem, and the closeness of the United States would be another problem in terms of educational exchanges between Australia and Mexico. We have a lot of Asian students here because we are close to Asia, and I suppose Mexican students would largely go north to the United States for tertiary education. So it is difficult for those two reasons.

**Ambassador Ortiz de Rosas**—Yes, you are right. The main reason that it has been chosen by Mexican students is that they are close to the United States. But after September 11 and the difficulties in getting a visa to go there, they are looking for different options, and one of these options is Australia. Other options are Canada and Europe, of course, but Australia is one of the main options to come to and learn English and study at least one semester at university. We are also working in other parts of the education sector: the training part, which is also very important for my country. We have developed different programs and we are working in different areas in different states in the training and vocational part of the education system.

**Senator EGGLESTON**—Are there any specialised areas of education that Australia can offer Mexican students? I had in mind dryland agriculture because a lot of Mexico is dry, as is a lot of Australia.

**Ambassador Ortiz de Rosas**—Yes, we have similarities in our geography. For example, last month we received a delegation from Mexico from the mining sector. They came to participate in the APEC mining ministerial conference. They are looking to have more exchanges in universities in Australia that offer engineering and mining. It would be a good area to develop further. There is also agriculture; we have very good universities in Mexico for agricultural purposes, so we probably need to match the curriculums of those universities to further develop our relationships in these different areas. We are working on that. There are a lot of possibilities to expand the multilateral relationship with Australia on education.

**Senator FERGUSON**—I noticed also, amongst your other free trade agreements, that you have a free trade agreement with Uruguay, which you tell us gives you increased presence with the other countries of the Mercosur agreement. Does the fact that you have this arrangement with one Mercosur country give you access to the markets of the other countries on a free-trading arrangement?

**Ambassador Ortiz de Rosas**—No, it is only with Uruguay. We do not have this arrangement with the other Mercosur members yet.

**Senator FERGUSON**—But the Mercosur members have a free-trading arrangement with each other. So what would stop you exporting goods into Uruguay and then those goods being exported from Uruguay to all the countries?

**CHAIR**—Rules of origin.

**Senator FERGUSON**—Rules of origin would stop it?

**Mr Duhalt**—The national component should be higher. So if it is just imported from Mexico and does not have any added value from Uruguay then it is not considered a Uruguayan product for the purposes of export to the rest of the region.

**CHAIR**—Is it greater than 50 per cent that has got to be—

**Mr Duhalt**—I do not remember what the threshold is, but it is something like that.

**Senator FERGUSON**—In view of all these free trade agreements that you have, is it Mexico's intention to still pursue multilateral arrangements throughout the world, or will you be continuing to look at bilateral trading arrangements with as many countries as possible?

**Ambassador Ortiz de Rosas**—Our priority is probably the same as Australia's. If the multilateral system will work, we will go with the multilateral system. But since we have engaged now in more than 12 free trade agreements, now the Mexican government is organising this network to be more comprehensive for the exporters in Mexico. We would like to have more free trade agreements if the Doha Round does not work in the future. But we have great advantages with NAFTA. We are working to have more advantages with other stronger partners like the European Union and Japan. For example, with Japan we signed this economic partnership in 2005 and trade between us increased 21 per cent just in one year.

**CHAIR**—Senator Ferguson is chair of our main committee; this is the trade subcommittee of it. Senator Ferguson and I are really trying to get to the level of agreements that you have. Is this one with Japan a kind of a lesser free trade agreement? Does it only include some items? You have this economic cooperation with the European Union. Is that a straight free trade agreement which has called—

**Ambassador Ortiz de Rosas**—It is a free trade agreement plus other things.

**CHAIR**—Is the economic partnership with Japan a free trade agreement plus?

**Ambassador Ortiz de Rosas**—It is a free trade agreement plus, yes.

**Senator FERGUSON**—When you are going into a free trading arrangement with another country or a series of countries like the European Union, how do you decide whether you want a free trade agreement or an economic partnership or an economic cooperation agreement? For instance, with Australia, were something to happen, would you want a free trade agreement or an economic partnership or an economic cooperation agreement? You seem to have free trade agreements and then free trade agreements plus. I do not know how you decide which one you are going to seek with individual countries.

**Ambassador Ortiz de Rosas**—I wish I could answer that question. We have a new government which took office on 1 December. The new government has decided to engage in these bilateral ties with Australia and to discuss all of these matters within the joint group that is going to meet during this year. They together will decide the areas and if we will have later on a comprehensive agreement. Probably it is better to have some areas that now have the possibility to grow—probably resources or agriculture or manufactures or whatever—in this agreement or there would be the possibility later on to have one of these mechanisms that you have mentioned. I am not an expert in the matter. The experts will decide on that. But the political will is there. The Ministry of the Economy has shown a very important will to continue working with Australia because Australia is one of the most important economies of the Asia-Pacific region. One of the priorities of the new administration is to promote more investment and trade with the Asia-Pacific region, and Australia is there. So they will meet this year and decide later on, probably next year, in 2008, what kind of mechanism they will have to continue expanding our economic relationship.

**Mr JULL**—Can I continue that on that line of investment. In your submission you lament the fact that the level of Australian investment is so low, but you make the point that there are some great low-risk, high-return investments that would be available in Mexico. Can you give me an indication of what those investments might be or in what areas we should be looking?

**Ambassador Ortiz de Rosas**—We distributed one document that is very focused on that question. It is from the Ministry of the Economy. It is called ‘Mexico economic outlook and investment opportunities’. You can see in this document that there are special areas that are focused on several manufactures and our main industries, which are the automotive industry, the electronics industry, the auto parts industry, the textile industry and footwear et cetera. They are our focus here. They specify which ones are there.

**Mr JULL**—Thank you for that. I will certainly study that. Just on the automotive parts, you have a very highly developed automobile industry. We have quite a highly developed auto parts industry. Is there much of a relationship between the Australian small parts industry and the automobile industry in Mexico?

**Ambassador Ortiz de Rosas**—Yes, this is one of the strongest areas in our trade balance. You are importing auto parts from Mexico and some big station wagons or something like that. So this is one important part of our exports to you. In the chain of production we would study what kind of expansion we could have. We could have joint ventures from these big manufactures that we have established in Mexico and the small and medium sized enterprises that are here in Australia building different parts of the automotive industry.

In fact, we have one company established in the northern part of Mexico that is building leather seats for the automotive industry. This could expand to other areas of expertise for Australia and they could probably establish in Mexico and export the parts, the components, to the national market. In this way we are complementary, and we can expand our relationship and be more competitive globally if we join forces.

**Mr HAASE**—Thank you, Chair. Your Excellency, I am much looking forward to visiting your country and I am pleased that you are here today. One of my ongoing concerns is in relation to the trade of agricultural products and, from a selfish position, I am always looking for opportunities for live cattle exports out of my electorate into Mexico. But generally in relation to agricultural products and livestock, especially the importation of Mexican fruit and vegetables into Australia, I note that in your submission you mention that there are some issues about sanitary controls impeding progress towards a free trade agreement. Do you have any information for us that details some of the particular issues? You mentioned the Hass avocado as an issue that needs to be resolved. Can you give us other specific examples and perhaps tell us if any progress is being made? I note that as yet a date has not been set for the next meeting. Could you illuminate us on that subject?

**Ambassador Ortiz de Rosas**—I think there has been no progress in this matter. The decision of both our governments was to meet in a working group to solve these sanitary issues. Last time we received a delegation from Mexico, as far as I recall, was in August 2005. Since then, the department of agriculture here and the ministry of agriculture in Mexico have been exchanging information. My government requested technical approval that Mexico is free from diseases in the avocado fields we have. We are exporting to all the states in the United States now—the 50 states in the United States. We are exporting avocados to Japan. So we are free of plagues but we have not received the go-ahead from the department of agriculture here. We are still waiting for their response and I think they need to meet. Probably a good opportunity will be when the joint expert group meets here in April to deliver on the issue of how to expand our bilateral relationship. Some people from the ministry of agriculture of Mexico will come with them and we can probably continue working on those issues. For example, we have different states in the northern part of Mexico that are free from plagues and that already have been inspected by AQIS, but nothing has happened yet. We are still waiting.

**Mr HAASE**—You are not aware of any requests made by AQIS or Biosecurity Australia that have not been resolved by Mexican departments or authorities?

**Ambassador Ortiz de Rosas**—No. The last thing we know is that we requested that the inspection teams be in Mexico as soon as possible, but we do not think they have been in Mexico yet.

**Mr HAASE**—Conversely, are you aware of any restrictions on the importation of live cattle into Mexico?

**Ambassador Ortiz de Rosas**—Not as far as I know. This is an area that needs to be solved by this group. We are part of so many free trade agreements. We do not have barriers for products from the United States, Canada and other countries, but we have barriers for products coming from Australia. This would be a win-win situation in the agricultural area if they can get together and have a resolution, because we could send mangoes, avocados and citrus fruits to Australia

and you will be sending cattle and sheep to Mexico. This area is still pending on a resolution. We have had temporary restrictions to the importation of cattle recently.

**Mr Duhalt**—It was sheep. There was an incident about two weeks ago in which some sheep meat imported by Mexico from Australia had some cyst and insect infestation, apparently. After further studies, it was found that cereal grains had contaminated the meat and then the temporary ban of import from Australia was lifted. An expert from the quarantine service came to Mexico for a bilateral meeting and the whole thing was resolved. Australia was going to develop some additional mechanisms to inspect the meat before it was sent to Mexico to ensure that there was no grain contamination. That incident happened about two or three weeks ago, but it is solved now.

**Mr HAASE**—Yes. We are very proud of the quality of our inspection service. Perhaps we had a glitch and that needs to be underlined and accentuated more greatly. We cannot afford to have carcasses slipping by with substandard inspections. You make a good point. Thank you.

**Mr CAMERON THOMPSON**—Within the whole range of economics and trade between Australia and Mexico, if there were to be an area in which you believe the focus of activity could be best spent in relation to our investigations and future growth, what would that be? I am looking at issues such as the growth of foreign direct investment and tourism. I am wondering what you would identify as being the main area of opportunity.

**Ambassador Ortiz de Rosas**—I think you mentioned one that is important. Tourism services would be an area that we could develop further in our relationship. Mexico receives more than 22 million tourists and we have a big tourism industry, so I think in that area we could join forces as well and work together to expand our relationship. The agricultural sector is another one that is important. You will probably be meeting the mining areas. You have developed a great technology in the mining industry—in the security area and the area of water resources for the industry. Mexico has an important mineral industry but only 25 per cent of our territory has been explored in the resources area, so we have a lot of things to offer and expansion of investment in this area would be greatly appreciated by Mexico. In the long term I think you will be selling us technology and different things. Now we have 11 Australian companies investing in the mining industry. They are small companies and probably we could expand our relationship in the mining industry.

Mining is one area. The automotive sector is another. Agriculture, food and beverage could be another one. We would like to expand our relationship in the processed food industry. We now have a small investment by a Mexican company here. Gruma invested in a tortilla processing factory in Melbourne. I think they invested \$A20 million. They wanted to expand, and made an investment of \$100 million. So we have a strong chain in Mexico with big, global enterprises. It could be important for you to add small and medium companies to them. So I think this is another important area. Another area would be electrics and electronics.

**Mr Duhalt**—I think one of the big sectors is probably mining. After the visit of the vice-minister for mining two weeks ago, it was shown that there are a lot of opportunities in the mining sector, especially in exploration and maybe also in mining itself.

**Mr CAMERON THOMPSON**—Is there a particular sector of mining? I notice that there is silver and those sorts of things. Is there a particular area in which the technology that Australia has used in exploration is going to be particularly effective?

**Mr Duhalt**—I think all of them would be, especially in safety standards. Australia has very high technology in relation to safety. Communication within the mines, especially underground mines, the detection of gases and processes that are—

**Mr CAMERON THOMPSON**—So you mean in safety?

**Mr Duhalt**—In safety of the mine workers. There are also environmentally sound technologies and technologies for use of scant resources like water. We have problems with mining in remote areas both in Australia and in Mexico. The access to some resources is very scarce. So we have to develop technologies for the use of scant resources, the conservation of the environment in respect of the environmental impact of mining and the safety of the mine and the workers. They are three areas of importance for us.

**Ambassador Ortiz de Rosas**—Aeronautical parts are important now in Mexico. In aeronautical components, we have a big investment from Bombardier that has resulted in building very high-quality parts in my country. Some other international global companies have invested in that, so we have developed a strong base in this area as well.

**Mr CAMERON THOMPSON**—Is that built around the development of one particular aircraft or is it something that is generic?

**Ambassador Ortiz de Rosas**—I think it is different in some parts. We have some information here about aeronautical components.

**Mr Duhalt**—I think they are mentioned in the brochure.

**Mrs DRAPER**—Welcome, Your Excellency. I am very sorry that I am not visiting your country this time around. My main area of interest is education, which the senator has already asked a question about. I am also interested in the tourism industry, which Mr Cameron touched on. You will be very pleased to know that my oldest son is studying economics at university but has also chosen to study Spanish as his language of choice. Maybe he will get to Mexico before me! I was interested to see the increase in the number of Australian tourists going to Mexico, at almost 22,000—a 91 per cent increase—compared to in 2004. What do you attribute that to? Is it a greater awareness campaign? In your opinion, what are the main attractions for Australians coming to visit Mexico?

**Ambassador Ortiz de Rosas**—We have different figures now that we received from the area of the government that estimates the amounts of tourists visiting Mexico. We had 25,000 Australians. That was only through the five main international airports in Mexico. We do not count the ones who are crossing the border by car; some Australian tourists go to the United States and then to Mexico.

So, yes, my country has a campaign in Australia to promote tourism. I think there are very good programs that have helped us a lot on the TV under these gateway programs about the

Mexican culture—it is so rich. We have 3,000 years of culture, which we are proud of, and we have a country that offers a lot: beautiful beaches for surfing like you have here, but also the archaeological zones, ecological parks, the colonial cities that are so beautiful and the museums—for example, the archaeological museum in Mexico City is one of the best museums in the world. So the combination of all these things—the archaeological zones, the colonial cities, the beaches and our good weather—is probably what is attracting Australians to Mexico. Also, if you want to go to Cuba, you have to go through Mexico, and we have a travel agency in Brisbane that is promoting Mexico and Cuba together.

So we know that there are a lot of Australians visiting Mexico. One of the important things in this relationship is that we already have a memorandum of understanding on air services that provides code-shared flights between Mexicana de Aviacion and Qantas to three or four different cities in Mexico. Now we are working on an agreement on air transport. I hope for it to be signed in the near future. We could have a direct flight, but I know that, realistically, it will not be in the near future. Perhaps you can help me to promote more tourism!

**Mrs DRAPER**—That is Mr Baird's department!

**Senator FERGUSON**—The number of Australian tourists to Mexico almost doubled last year, I think, to 22,000.

**Ambassador Ortiz de Rosas**—Yes.

**Senator FERGUSON**—What about the number of Mexicans visiting Australia? Is that increasing too?

**Ambassador Ortiz de Rosas**—Our information is different to what we saw in one of your submissions. It said that it is half and half coming back and forth, but we know that we received 25,000 Australians last year and only 5,000 Mexicans came to Australia. We received this information from DIMA, because we need visas to come to this country. Through COALAR, which is working very well, and the embassy, your embassy in Mexico could promote Australia more and invite the travel agency to be represented when you have these gateway exhibitions to promote your country in the wider scale. We need to create more awareness, of course, whether in Australia or in Mexico.

**Senator FERGUSON**—I was saying to the chair earlier that I remember 40 years ago, when Qantas used to fly Fiji, Tahiti, Acapulco, Mexico City, Bermuda, London. You need that back!

**Ambassador Ortiz de Rosas**—Yes, that is what we need now. It will be good to promote more investment, more students and more knowledge about each other.

**CHAIR**—It is a logical flight plan, one would think, because it would be quicker than Los Angeles and could go straight up to New York. Anyway, that is for another time. We thank you for your attendance today. We appreciate it. If there is no objection, the document 'Mexico economic outlook and investment opportunities' will be incorporated into the Trade Subcommittee's records as an exhibit to the inquiry into Australia's trade with Mexico and the region.

Resolved (on motion by **Senator Ferguson**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

**Subcommittee adjourned at 12.10 pm**