

the small size of the TRQ, while the 20 percent over-quota tariff imposes costs to the importers and consumers. Canada has raised this issue with Mexico on several occasions and will continue bilateral discussions aimed at obtaining better market access for this product.

Processed Food Certification

Canada and Mexico agreed at the September 2000 meeting of the SPS Committee to have further bilateral discussions on Mexico's certification requirements for processed food. This continues to be a priority for Canada as we need to clarify Mexican requirements for some processed foods and discuss a range of related issues.

Customs-Related Issues

Mexico requires that all goods, prior to entering the country, be customs-cleared and have any duties paid on the U.S. side of the border, adding extra time and costs to all shipments. Mexico also currently lacks an expedited process to deal with the movement of small packages and courier goods across its border. Canada will explore ways to deal with systemic border issues.

IMPROVING ACCESS FOR TRADE IN SERVICES

Professional Services

The engineering professions of the NAFTA parties signed a mutual recognition agreement (MRA) in June 1995 on the licensing and certification of engineers. This agreement has not been implemented on a trilateral basis due to lack of support in the United States. (Only Texas has taken steps to implement the mutual recognition agreement.) The relevant engineering bodies of Canada (the Canadian Council of Professional Engineers (CCPE)) and Mexico have been ready to implement the agreement for over two years. In the absence of consensus among U.S. engineering interests, the CCPE and its Mexican counterpart have decided to implement on a bilateral basis. This was confirmed by an exchange of letters between our respective Ministers of trade in early 1999. Canada will work with Mexico to ensure that the bilateral agreement is implemented by the Mexican Ministry of Education.

A mutual recognition agreement on foreign legal consultants has not been implemented due to objections in the United States. Canada will work with Mexico to explore whether this mutual recognition agreement can be implemented bilaterally.

Financial Services

NAFTA requires Canada, the United States and Mexico to meet annually to address financial services issues. Recognizing that Mexico has reservations under NAFTA, Canada would like to begin discussions with Mexico on the establishment of new categories of securities firms that would be open to Canadian participation.

On the insurance side, Canada will continue working toward facilitating the provision of seamless insurance transactions for motor carriers involved in cross-border trade between Canada, the United States and Mexico.

Trucking

Under Chapter 12 (cross-border trade services) of the NAFTA, the United States agreed to open its border states [Texas, Arizona, New Mexico and California] to Mexican trucks carrying international cargo by December 18, 1995, and to its entire territory by January 1, 2000. Notwithstanding these NAFTA obligations, the United States refused to approve any new applications from Mexican trucking firms for operating authority into the United States. With the exception of five companies that had grandfathered rights (i.e. operating authority prior to 1982) and one Mexican carrier that had transit rights to operate through the United States into Canada, American law currently prohibits Mexican trucks from travelling further than 20 miles into U.S. territory. Mexico, facing protectionist pressures from its trucking industry, responded by imposing restrictions on cross-border U.S. trucking and refusing access to U.S. and Canadian trucking companies. While access to the American market for Canadian truckers was not affected, Canadian commercial interests suffered because of the dispute between Mexico and the United States. Canadian trucking companies interested in increasing their access to the Mexican market were unable to do so because of the dispute.