

countries implemented a package of liberalized rules of origin, covering a broad range of food, consumer and industrial products, and affecting approximately US\$20 billion in trilateral trade.

On the services side, there has been work to facilitate trade through the recognition of professional credentials. In October 2005, national representatives of the architectural profession in all three countries signed a tri-national Mutual Recognition Agreement for International Practice. The Agreement outlines the circumstances under which an architect licensed and/or registered in the jurisdiction of one NAFTA party can practise architecture in the jurisdictions of the other parties. The Government of Canada is now encouraging Canadian provincial and territorial professional bodies to ratify and implement the Agreement. Seven of the 11 Canadian jurisdictions in which architecture is a licensed activity have already ratified, and the remaining jurisdictions (Manitoba, New Brunswick, Ontario and Quebec) are currently working on the ratification process. The fact that the architectural professional bodies in the NAFTA members could reach agreement is impressive given the difficulties faced by other professional bodies; their efforts should be recognized as a NAFTA success story.

Other areas of current work include the promotion of further regulatory cooperation, improvements to the temporary entry provisions and increased transparency. At this time, Canada also places high priority on safeguarding the integrity of NAFTA by ensuring that its parties fully and promptly implement decisions of the NAFTA dispute resolution panels.

Settling Disputes Under NAFTA

NAFTA provides a dispute settlement process to resolve the disputes that inevitably arise in such a large trade and economic relationship. This process comes into play when the parties cannot resolve their differences through informal discussion in the relevant committees and working groups, or through other consultations.

Chapter 20 of NAFTA includes provisions relating to the avoidance or settlement of disputes over the interpretation or application of the Agreement. With respect to trade remedies, Chapter 19 replaces judicial review of a final anti-dumping or countervailing duty determination with review by a binational panel. Such a panel determines whether a final determination is

consistent with the importing party's anti-dumping or countervail law. There are also separate dispute settlement provisions for matters under Chapters 11 (Investment) and 14 (Financial Services).

In calendar year 2005, four requests were filed for Chapter 19 panel review of U.S. anti-dumping and/or countervailing duty determinations affecting Canadian products. All concerned softwood lumber. These were followed by three requests for panel review in early 2006: two of these involved softwood lumber and one related to steel wire rod. During calendar year 2005, 13 panel reviews were active on products including softwood lumber, magnesium, wheat and steel wire rod. As well, nine panel decisions were made (three each in softwood lumber and in wheat, one in magnesium, one in steel wire rod and one in galvanized steel), and one panel was terminated. Further, a Chapter 19 panel review that had been requested by Mexico with respect to a Canadian anti-dumping action on blinds from Mexico was terminated. For more information on NAFTA panel decisions and reports, please visit http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=76.

MEXICO

Mexico is a strategic commercial partner for Canada. Our trade and investment relations with that country are critical to increasing our competitiveness within North America and to meeting the challenges posed by new players in an increasingly integrated global trading network. Over the past several years, Mexico's economy has enjoyed macroeconomic stability and continued its convergence with the rest of North America in terms of interest rates and inflation. Mexico has also made progress in building a reliable and transparent regulatory environment that continues to attract foreign direct investment. Over 1,500 Canadian companies have a presence in Mexico, and a further 3,100 are currently working on their first sales in Mexico. According to Mexican statistics, Canada is now Mexico's fifth largest investor. Mexico's FDI in Canada has also been increasing as Mexican companies expand abroad in search of new markets. Based on import statistics from both countries, bilateral trade has increased nearly 300% since NAFTA entered into force, and Mexico is now Canada's fifth most important export market and third most important supplier.