

Council of Professional Engineers has contacted the Canadian provincial engineering associations in this regard, and so far eight provincial/territorial associations have given their approval. The associations of Quebec and Ontario have not yet approved.

Mexico's professional association has given its approval, and the Mexican Education Ministry is working to finalize the language test and other requirements for which it is responsible. The Texas Professional Association will give final consideration to the Operational Procedures Document at its meeting in May 2003. Associations in other U.S. states have also signalled their interest.

Representatives of the Canadian Institute of Chartered Accountants and their Mexican and U.S. counterparts have signed an MRA in Washington, D.C., that recognizes the professional qualifications of chartered/certified accountants in their respective jurisdictions.

Representatives of the Canadian Council of Land Surveyors and their Mexican and U.S. counterparts have approved a draft MRA and are working toward a final agreement.

At the NAFTA Commission meeting in October 2003, ministers approved administrative measures proposed by the NAFTA Temporary Entry Working Group to add plant pathologists and actuaries to the NAFTA list of professions allowed temporary entry.

Canada will continue to work with other interested Canadian professional associations to expand their access to the Mexican market.

## OTHER ISSUES

### Government Procurement

Procurement by Mexican entities listed in NAFTA Chapter 10 is governed by the disciplines of this chapter. Mexico may exclude up to US\$1.2 billion per year of government procurement from the disciplines of NAFTA Chapter 10. In addition, Mexico may exclude up to US\$300 million for the state-owned oil (PEMEX) and electricity (CFE) firms. These exemptions reduce the opportunities available for Canadian exporters seeking to bid on

procurement by Mexican government agencies and public companies. Canada will continue to assist Canadian exporters on a case-by-case basis and to monitor Mexico's application of these exemptions. Canada remains concerned that Mexico has not demonstrated its compliance with these limits on exclusions. Canada continues to press Mexico for relevant statistical and other information to demonstrate that these limits have not been exceeded.

### Mexican Initiative to Require Bottling of Tequila in Mexico

Mexico is preparing a mandatory technical regulation (NOM) that would require all tequila (which is produced only in Mexico) to be bottled in Mexico. At present, some tequila is exported to other markets in bulk, where it is bottled and sold as Mexican tequila. The majority (75%) of tequila exported to Canada and the United States is shipped in bulk. Moreover, Canada is the fourth most important importer of bulk tequila, after the United States, Germany and France. There has been significant growth in the tequila market internationally over the past decade.

Existing tequila trade between Mexico and Canada is mutually beneficial and is expected to grow significantly in the near term. Introduction of this measure will interfere with both existing and anticipated commercial arrangements and negatively impact on the anticipated growth.

Mexican industry claims that the quality of some tequila that is bottled abroad is highly suspect, with disreputable foreign bottlers diluting and lowering the quality of the tequila and damaging its reputation.

Shipments in bulk for bottling in destination countries is common business practice in the beverage alcohol industry. There are various safeguards in place to ensure product quality and integrity.

There have been three trilateral (Canadian, U.S. and Mexican governments and industry) meetings to discuss this issue, most recently in February 2004. Solutions are being sought that would enable Mexico to abandon the proposed NOM and to accept increased diligence by regulatory agencies in importing countries to ensure the integrity of tequila in the marketplace.