

ENERGY SECTOR : QUESTION #8

Considering the Mexican subsidies given to energy and chemical feedstocks, what changes will the government be seeking in the negotiations?

RESPONSE:

- IT IS THE GOVERNMENT'S BELIEF THAT THE PRICING OF FEEDSTOCKS AND ENERGY PRODUCTS SHOULD BE MARKET DRIVEN AND NOT SUPPORTED THROUGH SUBSIDIES OR OTHER BARRIERS TO TRADE. WHILE WE BELIEVE THE MEXICAN GOVERNMENT WILL WISH TO RETAIN THE OPTION OF USING SPECIFIC INCENTIVES TO ASSIST IN THE RESEARCH AND DEVELOPMENT, THE MARKET SHOULD NOT BE AFFECTED BY SUCH MEASURES AND THE ADVANTAGES GRANTED TO NATIONAL COMPANIES SUCH BE GENERALIZED TO INCLUDE CANADIAN AND THE U.S. COMPANIES.

ENERGY SECTOR : QUESTION #9

Under a NAFTA, what will be done about the Mexican two tier pricing system for the promotion of the processing of energy products domestically?

RESPONSE:

- WHILE THE FINAL OUTCOME OF THE NEGOTIATIONS REGARDING PRICING TIERS FOR PETROCHEMICALS IS, AS OF YET, UNKNOWN, THE NAFTA NEGOTIATIONS ARE DEALING WITH JUST SUCH ISSUES. THE PURPOSE OF THE NEGOTIATIONS IS TO OPEN THE RESPECTIVE ECONOMIES OF CANADA, THE UNITED STATES AND MEXICO TO THE MARKET PRICING, WHILE RECOGNIZING THE NATIONAL SECURITY INTERESTS AND INDUSTRY SENSITIVITIES OF THE RESPECTIVE COUNTRIES. IT IS OUR HOPE THAT THE SPIRIT OF THE NEGOTIATIONS WILL BE CARRIED OVER INTO THE DISCUSSIONS ON ENERGY.