

## **IMPROVING ACCESS FOR TRADE IN GOODS**

### **Accelerated Tariff Elimination**

Most tariffs between Canada and Mexico are already free, and virtually all remaining tariffs will be eliminated by 2003. The NAFTA provides for the accelerated elimination of tariffs where countries agree. In this industry-driven process, tariffs are eliminated based on the support of the relevant sectors in both countries. Two rounds of accelerated tariff elimination, covering approximately \$25 million in Canada-Mexico bilateral trade, have resulted in the removal of tariffs on a number of consumer products and manufacturing inputs. Canada will continue to review requests for accelerated tariff elimination in response to private-sector interests to improve Canadian access to the Mexican market.

## **AGRICULTURAL PRODUCTS**

### **Seed Potatoes**

In October 1998, the CFIA and Mexican officials concluded an agreement that enables Canadian seed potato exports to Mexico and provides for eventual sales of Mexican minitubers to Canada. The agreement also has provisions for the development of access for Mexican table potatoes to Canada. The agreement has functioned well since its implementation.

### **Dry Beans**

Access for dry beans in the Mexican market is limited by TRQs. Preferential TRQs are provided for Canada and the United States under the NAFTA, while a MFN TRQ is also provided under the WTO to all Members. On several occasions, including in 1999, Mexico has delayed the process by which certificates that enable importers of beans to access the lower in-quota rates of duty are issued. The matter of the delays was formally raised during the NAFTA Committee on Agricultural Trade meeting in March 1999, and discussions are ongoing to ensure the smooth implementation of Mexico's market access commitments.

### **Frozen French Fries**

Under the NAFTA, Mexico established a TRQ on french fries with an over-quota tariff of 20 percent. This tariff is due to be eliminated in 2003. Demand for frozen potato products in Mexico, especially from food service chains, has been growing rapidly and has been supplied by imports. However, market access for frozen french fries has been limited by the small size of the TRQ, while the 20 percent over-quota tariff imposes unnecessary 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.

### **Apples**

According to Mexican law, the importation of apples is subject to importer registration. However, the Mexican Ministry of Finance (Hacienda) has refused to issue the necessary permits for the importation of fresh Canadian apples. While no "official" reason has been given, it appears that the refusal to issue the permit is connected to the fact that Canadian apples are priced lower than a reference price that is supposed to apply only to U.S. apples. Due to the perishable nature of the goods, Canada is intent on reaching a quick resolution. Discussions with Mexico are ongoing in an effort to clarify the application of this system and to ensure the issuance of permits and Mexico's compliance with existing market access obligations for apples.

### **MOU—Cooperation in Food Safety and Inspection and Animal and Plant Health**

On September 29, 1999, Agriculture and Agri-Food Minister Vanclief and his Mexican counterpart Secretary Arroyo Marroquin signed an MOU — which was further signed by Health Minister Allan Rock — with the objective of identifying and resolving issues related to food safety and inspection and animal and plant health issues as they pertain to bilateral trade in agriculture and food products. The MOU will further the cooperation between regulatory officials in order to facilitate the trade of safe agriculture and food products through the use of science-based requirements.