## Government Procurement

The implementation of the NAFTA has brought improvements to the transparency and openness of the Mexican procurement process. There are, nonetheless, outstanding Mexican implementation issues, in addition to ongoing access concerns, which the Canadian Government is addressing.

### Mexican Services Exclusions List

Under NAFTA Chapter Ten, Mexico is required to complete its list of services excluded from the NAFTA Government procurement chapter by July 1995. Although progress has been made this year, Mexico has still not finalized its list. Until it does so, Canadian interests in the Mexican market are hindered by the lack of transparency in the Mexican services coverage. The Canadian Government will continue to press Mexico to finalize its list.

### PEMEX and CFE Set-Asides

Mexico negotiated set-asides from full NAFTA procurement coverage for the state oil (PEMEX) and electricity (CFE) firms for a transitional period (1994–2002). Canada will continue to monitor Mexico's application of this set-aside.

### Bid Notification Periods

Chapter Ten obligates the NAFTA parties to publish procurement tenders in a transparent way, so that qualified suppliers from the NAFTA countries have sufficient time to submit bids. A study commissioned by the Canadian Government in 1997 and further work this year has raised concerns about Mexico's compliance with the notification obligations. Canada continues to press Mexico for a response to our concerns.

## Investment

Canadian direct investment in Mexico has increased from $245 million in 1990 to $1 billion in 1997. This can be attributed in large measure to the NAFTA, which through its Chapter Eleven investment provisions has provided enhanced security for Canadian investors.

Other than limitations or exclusions in certain clearly defined sectors (of particular importance to Canada is investment in upstream oil and gas activities), Mexico does not restrict foreign investment in its economy. In addition, the Mexican government's ambitious privatization and infrastructure upgrading program is creating new opportunities for Canadian businesses in sectors such as electrical generation, transportation (airports, railways, and ports), and natural gas transportation (pipelines) and distribution.

In September 1998, Mexico published an update to the Foreign Investment Regulations, with a view to simplifying administrative procedures, as well as to providing greater juridical security, certainty and transparency.

## Free Trade Area of the Americas

The Free Trade Area of the Americas (FTAA) negotiations represent an historic opportunity to unite the countries of this hemisphere in a comprehensive free trade area that will promote regional prosperity and generate enhanced commercial opportunities for all of our economies.

The decision to create an FTAA was made by leaders of the 34 democratic countries of the hemisphere when they met in Miami for the first Summit of the Americas in December 1994. In their "Declaration of Principles", leaders resolved to conclude the FTAA negotiations no later than 2005 and to make concrete progress toward achieving that goal by the end of the century.

In 1998, FTAA Results and Milestones were as follows:

- In March 1998, Trade Ministers of the 34 participating countries issue a Joint Declaration outlining key objectives and principles for an FTAA.
- Nine negotiating groups and three consultative bodies created.
- Canada selected to chair the FTAA negotiations through the first 18 months. In this capacity, Canada chairs the Trade Negotiations Committee (TNC) of Chief Negotiators.
- In April 1998, FTAA negotiations officially launched by leaders.