



Trade Remedies

Although Canadian exports have seldom been targeted by Mexico, one general concern is that Mexico appears increasingly to be relying on so-called "trade remedies" to protect domestic producers. The Canadian steel industry is appealing two final anti-dumping determinations by the Mexican Ministry of Trade and Industrial Development (SECOFI) against imports of Canadian steel under the NAFTA Chapter Nineteen dispute resolution provisions. About \$6 million in Canadian steel exports were affected by the dumping duties in 1995.

Canada believes that the use of anti-dumping measures is inconsistent with the objectives of a free trade area. Canada has proposed to Mexico various options to deal with this issue, including a possible anti-dumping exemption agreement to be negotiated on a bilateral basis. Canada's recently concluded Free Trade Agreement with Chile includes a provision phasing out the use of anti-dumping actions over a period of six years as tariffs in both countries on particular goods reach zero. This provision provides Canadian exporters with an exemption from the application of anti-dumping measures in Chile, and it has a "demonstration effect" in contributing to Canada's objective of reforming the use of anti-dumping measures within the NAFTA.

Government Procurement

Under Chapter Ten of the NAFTA, Mexico was required to complete its list of services excluded from the NAFTA by July 1995. In addition, 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 urge the Mexican government to resolve these outstanding NAFTA implementation issues.

Chapter Ten also obliges the NAFTA parties to publish procurement tenders in a transparent way, including 40-day open tendering and 25-day selective tendering procedures, so that qualified suppliers from the three parties can submit bids in a competitive manner. Canadian suppliers have encountered occasional difficulties with Mexican non-compliance with the requisite time periods. After Canada expressed concern about this matter, some improvement in Mexican practice has been noted. Canada will continue to monitor this area closely.

Investment

Canadian industry has not encountered any particular obstacles to investing in Mexico. Except in certain clearly defined sectors where Mexico limits or excludes foreign investment (of particular importance to Canada is the oil industry), Mexico does not restrict foreign investment in its economy. Through its Chapter Eleven investment provisions, the NAFTA has also provided greater security for Canadian investors in Mexico. In addition, the Mexican government's ambitious privatization program is creating new opportunities for Canadian businesses in sectors such as electrical generation, transportation (airports, railways, ports, highways), and natural gas transportation (pipelines) and distribution.