

monetary and economic policies, particularly toward the end of President Zedillo's six-year term in office, a period traditionally plagued by economic crises. In addition to prudent domestic policies, Mexico restructured debt and otherwise took steps to avoid capital flight and a balance-of-payments crisis. With a Central Bank strategy geared toward "sustained stabilization" and a government focus on productivity, efficiency and competitiveness, the economy performed better in 1999 than most private analysts had expected. For 2000, official targets include GDP growth of 4.5 percent and inflation at 10 percent. Certainly Mexico benefited from its membership in the NAFTA and a strong U.S. economy, as well as its remarkably strong export sector. By the end of 1999, Mexico's exports were approaching those of the rest of Latin America combined. For 2000, a further increase of 11 percent is forecast. Imports have been growing steadily as well, finishing up more than 11 percent in 1999 over the previous year, with a similar increase forecast for 2000.

Market Access Results in 1999

- Canada and Mexico signed a satellite services agreement to facilitate the provision of services via commercial satellites licensed by the two countries.
- Canada and Mexico signed a Memorandum of Understanding (MOU) on the acceptance of test data to ensure that telecommunications and IT products meet all necessary safety standards.
- New opportunities for air services between the two countries were created as a result of an agreement on code-sharing that has been effectively implemented.
- A MOU on Cooperation in Food Safety and Inspection and Animal and Plant Health was signed in September 1999 to identify and resolve issues related to bilateral trade in agriculture and food products.
- The Fruit and Vegetable Dispute Resolution Corporation was incorporated in November 1999. This voluntary, industry-based, tri-national dispute settlement mechanism focuses on private commercial disputes involving trade in fruits and vegetables within and among the NAFTA countries.

Canada's Market Access Priorities for 2000

- continue to press Mexico to honour its NAFTA trucking obligations;
- make further progress on the harmonization and simplification of customs procedures and pursue facilitation of cross-border movement of goods (agri-food, textiles, etc.);
- continue discussions to ensure smooth operation and improvements on the agreement on seed potatoes;
- continue discussions for a smooth implementation of market access commitments for dry beans and for greater access on frozen french fries and mozzarella cheese;
- complete negotiations on fixed and mobile satellite services protocols to the 1999 Canada-Mexico Agreement on Satellite Services;
- continue to monitor closely Mexico's implementation of its WTO commitments under the WTO Agreement on Basic Telecommunications;
- continue ongoing initiatives to reconcile trade data; and
- continue to urge Mexico to finalize its list of services excluded from the NAFTA government procurement chapter and to resolve issues related to implementation of the chapter.

Canadian access to the Mexican market continues to improve and consolidate under the terms of the NAFTA. Prior to the NAFTA, more than 80 percent of Mexican exports to Canada entered duty-free, while most Canadian exports to Mexico faced Most Favoured Nation (MFN) tariff rates of between 10 percent and 20 percent. Also, Canadian firms have been able to expand sales in sectors that were previously highly restricted, such as the automotive, financial services and energy sectors. The elimination of Mexican import licensing requirements and the phasing out of almost all tariffs is helping to provide barrier-free access to a market of over 90 million people. Canada will continue to address bilateral trade irritants in the various NAFTA working groups and committees to ensure access for Canadian exporters, service providers and investors.