

FINANCE

Major Agreements

North American Free Trade Agreement

MOU on Trade and Investment Consultations

Convention for Exchange of Tax Information

Double Taxation Agreement

Agreement to eliminate double taxation on income obtained through the international operation of ships and aircraft.

MOU for Cooperation on Auditing

Major Interlocutors

Canada:

Department of Finance

Bank of Canada

Revenue Canada

Export Development Corporation

DFAIT

Mexico:

Ministry of Revenue and Finance (Hacienda)

Bank of Mexico

BANCOMEXT

Extent and Mechanisms of Cooperation

The finance relationship between Canada and Mexico is multi-faceted, comprising both public and private sector institutions. A large portion of the cooperation in the finance sector is governed by NAFTA. Within the Canadian Department of Finance, the Tariffs Division participates in trilateral meetings on accelerated tariff elimination and on Rules of Origin. Recently, a significant confidential Agreement between Central Banks has increased bilateral cooperation.

The Bank of Canada follows developments in Mexico and is concerned with international debt strategy and policy developments at the International Financial Institutions. The relationship with Mexico is largely through the Bank of Mexico and is centred on monetary and financial issues. The relationship has deepened within recent years to the point at which the Governor meets his USA and Mexican counterparts annually and holds monthly telephone conversations with his Mexican counterpart. There are weekly telephone conversations between foreign exchange officers from the Bank of Canada, the Bank of Mexico and the New York Federal Reserve. In October 1991 the Bank established a foreign exchange swap facility agreement with Mexico, initially to the tune of Cd. \$200 million. In April 1994, in the context of the North American Framework Agreement, the Canada-Mexico swap facility was increased to \$1 billion, and to \$1.5 billion in January 1995. The recent increase was in effect until January 1996.

Finance Ministers from the USA, Canada and Mexico - along with their respective Central Bank Governors - together form the North American Financial Group and meet annually on the fringes of the Spring meetings of the IMF/World Bank in Washington. Bilateral meetings also take place on an irregular basis at the autumn