

Telecommunications

A number of Canadian telecommunications companies are doing business in Mexico. With the conclusion of the ABT at the WTO, access for the supply of services to Mexico has increased, offering more opportunities to Canadian businesses. Canada will closely monitor Mexico's implementation of its WTO commitments. In addition, Canada will continue to urge Mexico to put in place terminal attachment standards that conform to the NAFTA requirements, and to implement conformity-assessment procedures that would allow the acceptance of Canadian test data, as required under Articles 908 and 1304 of the NAFTA. Mexico has made encouraging commitments on both these fronts within the NAFTA Telecommunications Standards Subcommittee. There continues to be a problem, however, with licensing provisions associated with the different types of telecom service operators, due to the insufficient establishment of regulatory guidelines and licensing requirements. Canada encourages Mexico to develop these, to allow Canadian companies to take full advantage of the opportunities available in providing telecom services in Mexico. During the January 1998 Team Canada mission to Mexico, Canada and Mexico renewed their co-operation in the field of telecommunications with the signing of an MOU in the Field of Telecommunications between Industry Canada and Mexico's Secretariat of Telecommunications and Transportation. Both countries have experienced rapid growth in this industry by sharing innovative technologies and by collaborating in the development of telecommunications policy and regulations, and wish to pursue co-operation in this dynamic and increasingly important area.

Financial Services

Mexico significantly liberalized its financial services sector as part of the NAFTA, prompting the Canadian financial services industry to increase its participation in the Mexican market. One area in which Canada is seeking further change in the Mexican regime, however, relates to limited-scope securities firms. While Mexico has no current plans to allow such firms, this may be considered in the medium term. Canada will, therefore, follow with interest Mexico's work in this regard, and will continue encouraging Mexico to

establish new categories of securities firms. Canada will also follow the implementation of pension reform in Mexico. While banks will be allowed to undertake fund management, Canada has noted that foreign securities will not be permitted as part of a Mexican pension fund portfolio, and encourages Mexico to open this market to foreign securities.

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 10, Mexico is required to complete its list of services excluded from the NAFTA government procurement chapter by July 1995. 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 places a high priority on an early resolution of this important outstanding market access issue, and 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 has raised concerns about Mexico's compliance with the notification obligations. Mexico has undertaken to respond to Canada's recent enquiry respecting Mexico's compliance with the notification obligations.