

SERVICES SECTOR : QUESTION #10

In which areas of business and professional services does Canada stand to gain under a NAFTA?

Background:**Canada-**

Canada has a high reputation for the export of consulting engineering services in the resource sector (energy, mining and forestry), the transportation sector (urban and marine) and in the telecommunications sector. Success has been achieved in Mexico despite the impediments and barriers to trade such as the 21% withholding tax on revenue from service export earnings for non-resident service providers.

Mexico-

Mexico has also been successful as an exporter of services, ranking only second to Singapore among developing nations. For Mexico, the major markets are in Latin American and the United States where Mexican services come into competition with Canadian services. This is true in the areas of computer software, construction services, some health services, advertising, accounting and business consulting services. A significant advantage lies in the trade of services in the United States, especially among companies which have, as part of the work force, a significant proportion of Spanish-speakers.

RESPONSE:

- SIGNIFICANT SERVICE EXPORT OPPORTUNITIES EXIST FOR CANADIAN SERVICE PROVIDERS IN MEXICO. WHILE AT THE PRESENT TIME THERE ARE CERTAIN BARRIERS AN UNEQUAL TREATMENT OF NON-RESIDENT SERVICE PROVIDERS, NEGOTIATIONS ARE UNDER WAY AT THE PRESENT TIME TO CREATE AN EQUAL PLAYING FIELD IN MEXICO FOR RESIDENTS AND NON-RESIDENT SERVICE PROVIDERS ALIKE.