

COMMONLY ASKED QUESTIONS

Why does Canada need to be involved in the NAFTA?

The NAFTA preserves Canada as a preferred location for investments in goods and services for the integrated North American market. Being part of the NAFTA negotiations gave Canada the opportunity to improve upon the gains it made in the FTA. The NAFTA gives Canada access to a growing and dynamic market of 85 million people in Mexico.

By being part of the NAFTA, Canada has signalled its willingness to adapt to the realities of global trade liberalization. With Canada in the NAFTA, we are in a position to take advantage of -- and influence -- the future of the larger hemispheric trading relationship.

Why was it necessary to improve upon the FTA in the NAFTA?

After several years' experience with the FTA, we identified some areas where improvements would be beneficial. A good example would be more predictable rules of origin to prevent disputes like the Honda Civic case. Clearer guidelines have been achieved that spell out precisely how the North American content for autos should be calculated. Improvements were also made in other areas, with whole new sectors added, such as land transportation services and intellectual property rights. Those FTA provisions that have passed the test of time have simply been rewritten in the NAFTA to include Mexico.

What incentive is there to invest in Canada when Mexico has the advantage in labour costs?

The wage issue is just one of many considerations when deciding to invest. Canada has a number of advantages that make it a competitive location for investment. Good transportation and communications links, access to affordable capital, abundant energy resources, and an educated and highly skilled work force are some of our key competitive advantages.