

## Backgrounder

### ACCESS NORTH AMERICA: MAKING THE NAFTA WORK FOR CANADIANS

#### Background

- The government introduced legislation to implement the North American Free Trade Agreement (NAFTA), following fourteen months of negotiations with the United States and Mexico. The Agreement is scheduled to come into force on January 1, 1994.
- The Agreement provides significant opportunities for Canadian industry to gain access to the Mexican market and solidify its position in the U.S. market.
- Benefits of the NAFTA include:
  - comprehensive liberalization or removal of Mexican trade and investment barriers, including the elimination of its tariffs;
  - preservation of the gains made in the Canada-U.S Free Trade Agreement (FTA);
  - significant liberalization of the U.S. government procurement regime, including the addition of the U.S. Army Corps of Engineers;
  - clearer North American content rules and improved customs procedures; and,
  - broad coverage of services, including land transportation services, specialty air services, financial services, etc.
- Since negotiations on the Agreement began, the interest of Canadian companies in the Mexican market has grown dramatically. For example, Canadian business visitors to the Canadian Embassy in Mexico City have increased from 2,100 in 1991 to 4,500 in 1992. Canadian exports to Mexico increased by 37 per cent in 1992, to reach \$770 million.
- The NAFTA builds on the success of the FTA. Despite the recession, last year Canadian exports to the United States grew by 13.6 per cent to \$122.3 billion.