



process, tariffs are eliminated based on support in the industry sector concerned. The first round involved elimination of tariffs on July 1, 1997 on a number of products, including spandex monofilaments, tahini and wooden venetian blinds. For the second round, Canada has pursued the accelerated elimination of tariffs on several products, including automotive glass, sardines, electronic door locks and certain textile yarns. Canada will continue to seek accelerated tariff elimination in response to private-sector interests, to further improve Canadian access to the Mexican market.

Customs

Although Canadian industry has not actively pressed concerns about Mexican customs administration, the Government is aware that, at times, the manner in which Mexican customs procedures are implemented impedes the timely delivery of Canadian goods. The Heads of Customs Conference, comprising representatives of the three NAFTA countries, meets regularly to discuss what improvements or changes would be required to streamline the cross-border commercial process. For example, the three Heads have recently endorsed the North American Trade Automation Prototype (NATAP), an effort to harmonize and simplify the data, documents and processes required to complete a trilateral customs transaction. Work is also under way to improve enforcement co-operation, temporary entry procedures, and entry requirements for courier shipments. Under Article 512 of the NAFTA, the parties have also agreed to co-operate and assist each other in the customs area: the Customs Subgroup, a formal trilateral body, identifies, reviews and recommends specific areas for improving the customs administration of the NAFTA.

Agricultural Products

Seed Potatoes

Technical issues threatened Canada's access to the Mexican market in 1997. In October, Canadian Food Inspection Agency officials and their Mexican counterparts reached agreement on an interim work plan, allowing access for certain classes of seed potatoes, which were, for the most part, of limited commercial importance. In January 1998, the two sides agreed on a preclearance program for the shipment of more commercially significant classes of seed potatoes. It is

Canada's intention to renegotiate the current work plan and the preclearance program, prior to the next shipping season (i.e. Fall 1998), to seek a less restrictive and more commercially viable work plan for trade in seed potatoes with Mexico.

Phytosanitary Authorization

At the November 1997 NAFTA Committee on Agricultural Trade, Canada raised concerns about Mexico's "phytosanitary authorization" permits, which are required for most grain imports. Mexico responded that these permits are necessary for grains because phytosanitary regulations have not yet been published. There are frequent delays in the issuance of these certificates, often as long as four to six weeks. Canada requested that Mexico replace the permit system with published phytosanitary import regulations for all grains. Mexico agreed to consider Canada's request. Canada will continue to press for resolution of this issue, both in the NAFTA Committee on Agricultural Trade and bilaterally.

IMPROVING ACCESS FOR TRADE IN SERVICES

Trucking

Canadian trucking companies are interested in the Mexican market. The NAFTA's trucking access provisions were to have come into effect in December 1995. However, the United States did not liberalize its measures because of various concerns, including Mexican truck safety standards. Consequently, Mexico has been unwilling to accept applications from Canadian or U.S. trucking companies for access to the Mexican border states. Following 18 months of discussion with Mexican transport officials, a Canadian trucking company formally submitted an application in January 1998 to operate to and from the Mexican border states. The Canadian government believes that the U.S.-Mexico trucking dispute should not impede fulfilment of Mexico's NAFTA trucking obligations to Canada. Canada will continue to press this issue with Mexico. More generally, substantial progress has been made in harmonizing technical standards for motor carriers under NAFTA Chapter Nine. Canadian transport officials will continue this work with their U.S. and Mexican counterparts, in anticipation of the early opening of the U.S.-Mexico border to trucking services.