



(SECOFI) against imports of Canadian steel under NAFTA Chapter Nineteen dispute resolution provisions. In August of that year, as a result of the first NAFTA panel decision, anti-dumping duties were terminated on hot-rolled sheet from Canada.

With respect to the second case, further to two remands by the panel established to examine SECOFI's anti-dumping duty determination on steel plate, anti-dumping duties were modified. The Canadian complainants in the case eventually withdrew from the proceedings and the SECOFI modifications went unchallenged.

Trade remedies continue to be a Canadian priority with respect to both the United States and Mexico. Canada will continue to pursue their elimination in the context of the NAFTA Trade Commission.

NAFTA Accelerated Tariff Elimination

Most tariffs between Canada and Mexico are already free and virtually all remaining tariffs will be eliminated by 2003. The NAFTA provides for the accelerated elimination of tariffs where countries agree. In this industry-driven process, tariffs are eliminated based on support in the industry sector concerned in both countries. The first round involved elimination of tariffs on July 1, 1997 on a number of products, including spandex monofilaments, tahini and wooden venetian blinds. In the second round, implemented on August 1, 1998, both Canada and Mexico eliminated tariffs on certain yarns, textile fabrics, chemical products, caulking compounds, certain watches and other specified products, covering approximately \$25 million in Canada-Mexico bilateral trade. Canada will continue to review requests for accelerated tariff elimination in response to private-sector interests, to further improve Canadian access to the Mexican market.

AGRICULTURAL PRODUCTS

Seed Potatoes

In October 1998, CFIA and Mexican officials concluded an agreement that enables Canadian seed potato exports to Mexico and sales of Mexican minitubers to Canada. The agreement also has provisions for the development of access for Mexican table potatoes to Canada. In 1999, Canada will continue to press Mexico to ensure the smooth operation and improvement of the agreement.

Phytosanitary Authorization

At the November 1997 meeting of the NAFTA Committee on Agricultural Trade, Canada raised concerns about Mexico's "phytosanitary authorization" permits which were required for most grain imports; issuance of these certificates were often delayed as long as four to six weeks. Mexico responded that these permits were necessary for grains because phytosanitary regulations had not yet been published. Canada requested that Mexico replace the permit system with published phytosanitary import regulations for all grains. In October 1998, Mexico published its new import regulations eliminating phytosanitary authorization permits for those grains and seeds, for purposes other than planting, which Canada has historically exported. As necessary, Canada will ask Mexico to add to the regulations those newly exported grains and seeds not currently included. In general, the new regulations improve the terms of access for Canadian grains. In 1999, Canada will raise the few remaining technical issues in the North American Plant Protection Organization.

Apples

According to Mexican law, the importation of apples is subject to importer registration. However, the Mexican Ministry of Finance (Hacienda) has refused to issue permits required for the importation of fresh Canadian apples. While no "official" reason has been given, it appears that the refusal to issue the permit is connected to the price of Canadian apples being below a reference price that is supposed to apply only to U.S. apples. Due to the perishability of the goods, Canada is intent on reaching a quick resolution and has initiated discussions with Mexican officials.

IMPROVING ACCESS FOR TRADE IN SERVICES

Trucking

Mexico's NAFTA commitments on trucking services and investment were to have come into effect in December 1995. However, Mexico has delayed implementation in response to the fact that the United States did not liberalize its trucking measures because of various concerns, including Mexican