

115 *Energy and Petro-Chemicals*

NAFTA limits Mexico's use of restrictive trade practices in the energy sector. It contains disciplines that prohibit Mexico from applying discriminatory border restrictions and export taxes.

The elimination of Mexican investment restrictions on secondary petrochemicals, coupled with the immediate elimination of trade restrictions on most petrochemicals, offers important opportunities for Canadian-based companies. Canadian manufacturers of industrial equipment for the energy industry have access to freer Mexican markets. The agreement also contains clearer disciplines on energy regulators to avoid discriminatory actions and to minimize disruption of contractual arrangements.

116 *Agriculture*

The Canada-U.S. Free Trade Agreement continues to govern agricultural trade between Canada and the United States. Within NAFTA, Canada and Mexico have a separate agreement. Mexico's market is being opened

through the immediate elimination of import licences and the phase-out of tariffs.

117 *Telecommunications*

Canada is a recognized world leader in telecommunications. NAFTA encourages the development of competitive telecommunications networks, providing a market for Canadian developers of such enhanced services as electronic messaging, advanced data networks and electronic mail.

Mexico is in the process of modernizing its services so that they are compatible with Canadian and U.S. networks. By the year 2000, Mexico's demand for imported telecommunications products is expected to grow by 42%. Under NAFTA, Mexico eliminated its tariffs on all communications equipment in 1994, with the exception of tariffs on central switching apparatus and telephone sets. These will be phased out by January 1, 1998.

118 *Transportation*

NAFTA has streamlined transportation between the three countries. By January 1, 1999, trucks and buses can criss-cross the North American continent with virtually no border restrictions.

Under NAFTA, for instance, a Canadian driver can haul a load from Calgary to Mexico City, with a stop in Texas to pick up more goods. On the way home, the same driver can deliver Mexican goods to both Canadian and U.S. destinations.

Canadian and Mexican firms have access to each other's international maritime shipping markets.

NAFTA provisions on cross-border trade and services do not include passenger and cargo services for the airline industry. They do, however, provide for specialized air services such as aerial mapping and surveying, as previously noted.

Note: All figures are quoted in Canadian dollars unless indicated otherwise.