

Mexico's policy of strategic trade liberalization has established a wide network of trade agreements, providing preferential access to 32 countries and representing a market of 870 million people. However, negotiations between Mexico and Japan for a free trade agreement, now in the final stages, have run into difficulties. Other than the agreement with Japan and the ongoing negotiations with respect to the Free Trade Area of the Americas and the WTO, the Mexican government's strategy is to focus more on improving benefits under existing agreements than engaging in a new wave of free trade agreements.

According to Mexico's Economy Ministry, in 2002 foreign direct investment in Mexico reached approximately \$18 billion, with Canada placing as the fourth largest foreign investor in that country. Reform of Mexico's electricity and energy sectors would lead to further investment in sectors in which Canada is well placed to compete.

Reforms and market growth, along with the elimination of most customs duties, will lead exporters and investors to focus on priority sectors such as energy equipment and services, agri-food, automotive and auto parts, advanced manufacturing, plastics, environmental technologies, safety and security, and information and communication technologies.

Market Access Results in 2003

- As scheduled under NAFTA, on January 1, 2003, most customs duties were eliminated on trade in originating goods between Canada and Mexico, except for tariffs on beans and corn, which will be eliminated in 2008, and on sugar, dairy, poultry and egg products, which are excluded from the agreement with Canada.
- A number of Mexican non-tariff trade barriers were identified and addressed, including measures relating to dry beans, cheese, meat inspection and points of entry for breeding swine.
- A Work Plan 2003–2004 was signed by Canada and Mexico for the resumption of trade in seed potatoes from Alberta.
- With respect to bovine spongiform encephalopathy (BSE), in August 2003, Mexico announced a reopening of the border for boneless beef and certain other products.

- Canada, the United States and Mexico signed a non-binding trilateral arrangement regarding documentation requirements for exports of living modified organisms intended for direct use as food or feed, or for processing under the Cartagena Protocol on Biosafety.
- The Border Clearance Representative has been active in assisting Canadian agri-food products exports by facilitating entry into Mexico, mainly via the Nuevo Laredo cross-border entry point.
- The signing of a mutual recognition agreement (MRA) by the accounting profession was completed. The MRA on engineers is near completion.
- Canada and Mexico achieved a satellite coordination agreement (a memorandum of understanding) to resolve a dispute between Mexico's SATMEX and Telesat Canada, avoiding a lengthy legal dispute that would have resulted in important financial losses to the two companies. The problem would not have been resolved without the intervention of both governments.

Canada's Market Access Priorities for 2004

- Achieve full market access for Canadian beef and live animals to Mexico.
- Continue representations for a complete cross-Canada resumption of exports of seed potatoes to Mexico.
- Continue vigorous representations to ensure that the proposed Ministry of Health mandatory technical regulation (NOM 194) on meat is not trade-restrictive or in violation of Mexico's international trade obligations.
- Monitor Mexican Biosafety Legislation to ensure that Canadian interests are not adversely affected.
- Continue to monitor the high-fructose corn syrup/sugar dispute between Mexico and the United States to ensure that Canadian interests are protected.
- Monitor the opening of the U.S.–Mexico border to cross-border trucking services, while providing assistance to Canadian transport companies and ensuring access for Canadian fleets.
- Monitor customs-related developments at the U.S.–Mexico border that may impact on Canadian exporters and provide timely assistance to Canadian companies with regard to exporting across this border.