

complete its review. Consequently, there is some uncertainty regarding the time frame for approval of the Mexican Biosafety Law, though it may be approved by Congress in 2005. In its current version, the draft law would require labelling of all products containing GMOs. The Mexican government has set up an interdepartmental consultative mechanism (CIBIOGEM) on biosecurity and GMOs, which has to date been headed by SAGARPA (the Agriculture Ministry). A change of leadership to SEMARNAT (the Environment Ministry) could result in a new and less trade-friendly approach that will need to be closely monitored.

In 2004, members of Mexico's Lower House and environmental organizations expressed their concern with regard to the trilateral arrangement on documentation requirements for Living Modified Organisms for Food, Feed or Processing, which was signed by the three NAFTA partners in October 2003. They claim that this arrangement violates the Cartagena BioSafety Protocol and have asked for an explanation from the Mexican government as to the scope, content and obligations of this document. SAGARPA is working to clarify these concerns and has confirmed its intention to continue with the implementation of the arrangement. In December 2004, the Congress approved a version of the Biosafety Law with certain changes, but the law still requires labelling of all products containing GMOs. The law is now with the Mexican Senate.

Border Clearance

Mexico has very complex and continually evolving import regulations for agri-food products. To deal with this issue, in 2001 Canada contracted a border clearance representative (BCR), located at the Nuevo Laredo border crossing, to assist Canadian exporters of agri-food products. The BCR works directly with Canadian agri-food exporters before they ship their products, educating exporters on the correct procedures in order to ensure that proper documentation is in place. The BCR has developed a strong professional relationship with Mexican officials, which facilitates communication and on-the-spot resolution of border clearance difficulties at Nuevo Laredo and other border crossings. The BCR has proven to be a useful mechanism for reducing border clearance delays and expediting the movement of Canadian

agri-food products across the Mexican border. This is a pilot project, which will expire in 2005 unless additional funding can be identified.

High-Fructose Corn Syrup

On January 2, 2002, the Mexican government introduced a 20% tax on beverages containing sweeteners other than cane sugar. This effectively halted Canadian exports to Mexico of high-fructose corn syrup (HFCS), as beverage manufacturers in Mexico switched to using cane sugar as their principal sweetener. Canadian exports of HFCS to Mexico had increased steadily in the years preceding the new tax and were expected to rise further. The tax has adversely affected Canadian corn producers, and questions have been raised regarding its consistency with Mexico's international trade obligations. Under NAFTA, two U.S. companies affected by the tax have filed requests for arbitral proceedings to claim damages for expropriation. In December 2004, Mexico's Chamber of Deputies (with subsequent Senate approval) voted to maintain the 20% tax, despite lobbying by the Economy Ministry and President Fox to have it rescinded.

The Government of Canada has made several representations to the Mexican government outlining its concerns regarding the tax, and has joined the U.S. WTO challenge of the tax under third-party status.

IMPROVING ACCESS FOR TRADE IN SERVICES

Professional Services

Professional engineering associations in Canada, Mexico and Texas are in the final stages of implementing the 1995 Canada-Mexico-U.S. Mutual Recognition Agreement for Professional Engineers. This would allow engineers in participating jurisdictions to be recognized as professional engineers in those jurisdictions, fully authorized to independently perform engineering work. All three parties have signed a letter of intent to go back to their members for approval to implement the MRA. The Canadian Council of Professional Engineers has contacted the Canadian provincial engineering associations in this regard, and so far eight provincial and/or territorial associations have given their approval. The associations