

in previously closed sectors, such as autos and parts, financial services, trucking, energy and mining.

The NAFTA does not greatly change the access for the United States or Mexico to the Canadian market, but it does fundamentally change Canadian and U.S. access to the Mexican market. For example, most automotive products — by far the largest Mexican export to the Canadian market — entered Canada duty-free under the terms of the Canada-U.S. Auto Pact. At the same time, the Mexican Auto Decree virtually excluded Canadian companies from participating in the Mexican market. The NAFTA provides a set of balanced rights and obligations to create a level playing field.

2. **Improve and protect the FTA:** Canada sought to resolve the trade problems that had occurred during the past few years with the United States, while ensuring that there was no reduction in the benefits and obligations of the FTA.

Canadian negotiators successfully pursued this goal by obtaining clearer and more predictable rules of origin, an extension of duty drawback provisions, an improved mechanism for consultation and dispute settlement, a strengthened sideswipe exemption from U.S. safeguards and a reduced U.S. capacity to retaliate in dispute-settlement cases.

The principles of transparency and due process permeate the Agreement. Building on a GATT provision (article X, which establishes that fair rules, openly administered, should be the basis of modern trade relations), the NAFTA strengthens the security and predictability of Canadian access, particularly to the Mexican market but also to the U.S. market. It provides business with sound rules as well as access to procedures to redress grievances. It further constrains the U.S. capacity to take arbitrary and capricious retaliation against our trade, providing added confidence and stability for traders and investors throughout the free trade area.

Canada also successfully ensured that the NAFTA protects vital Canadian interests, including the Auto Pact, cultural industries and supply management. The Agreement allows Canada to maintain the Auto Pact safeguards, continue quotas to support supply management for poultry and dairy products, exempt the cultural industries from the NAFTA as they were from the FTA and maintain the government's freedom to act in the area of social services.

3. **Ensure that Canada remained an attractive location for investors:** Canada wanted to ensure that the NAFTA would not undermine Canada's capacity to keep and attract investment. This was achieved. We have ensured that, to both foreign and domestic investors, Canada will continue to be an inviting base of operations for the North American market.

New economic policies, such as those adopted in the NAFTA, have made Mexico one of Latin America's most promising export markets.... Mexico is soon slated to become an industrial power.

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