NAFTA - FINANCIAL SERVICES

WHAT'S IN THE AGREEMENT

- Full access to Mexico's financial markets for Canadian and U.S. financial institutions over time, which until now has been denied to foreign firms;
- Canadian and U.S. banking, insurance and securities firms will be able to establish wholly-owned subsidiaries in Mexico. Initially, foreigners will be subject to certain market share limitations, but these will disappear by the year 2000. Further safeguard provisions in banking and securities if market shares of Canadian and U.S. subsidiaries become extremely large, but these apply only until, at the latest, 2007;
- The Agreement establishes principles to which all countries must adhere, including market access, equal treatment for foreign-owned and domestic firms, and most-favoured-nation status for the NAFTA parties;
- The establishment of a consultations process with annual trilateral meetings, or more if deemed necessary. Consultations may include regulators;
- For the first time, banking and securities services will be subject to the disciplines of a dispute settlement mechanism, which was not the case in the Canada-U.S. Free Trade Agreement (FTA).

BENEFITS FOR CANADA

- Significant new expansion opportunities for Canadian financial institutions in the developing Mexican market;
- The FTA has been improved to include clear principles or "rules of the road" defining our trade relationship with the U.S. and Mexico in financial services;
- Matters such as an enhanced consultation and dispute settlement process will allow for greater opportunities to discuss and resolve industry concerns with the other NAFTA parties.