

- A successful appeal by Canadian industry of one final anti-dumping determination by Mexico on Canadian hot-rolled sheet (duties were terminated).
- The completion of a procurement study that successfully underlined Canadian concerns regarding Mexico's compliance with bid-notification requirements.

Canada's Market Access Priorities for 1998

Over the coming year, Canada will:

- Complete a second round of accelerated tariff reductions on products of interest to the private sector.
- Make further progress on the harmonization and simplification of customs procedures.
- Renegotiate the current seed potato work plan and preclearance program to seek a less restrictive trade in seed potatoes.
- Seek to reduce delays in Mexico's phytosanitary authorization procedures governing imports of Canadian grains.
- Urge Mexico to honour its NAFTA trucking obligations and process a Canadian application to operate a cross-border trucking service into Mexico.
- Closely monitor Mexico's implementation of its WTO commitments under the WTO Agreement on Basic Telecommunications.
- Encourage Mexico to put in place telecommunications equipment and conformity assessment standards that conform to NAFTA requirements, and to clarify telecommunications service licensing provisions.
- Move forward with bilateral discussions to identify options toward the reform of anti-dumping measures.
- Urge Mexico to clarify its list of services excluded from the NAFTA government procurement chapter.

Canadian access to the Mexican market continues to improve and consolidate under the terms of the NAFTA. Prior to the NAFTA, more than 80% of Mexican exports to Canada entered duty-free, while most Canadian exports to Mexico faced MFN tariff

rates of between 10% and 20%. Also, Canadian firms have been able to expand sales in sectors that were previously highly restricted, such as the automotive, financial services, and energy sectors. The elimination of Mexican import licensing requirements and the phasing out of almost all tariffs is helping to provide barrier-free access to a market of over 90 million consumers.

Bilateral trade irritants are being addressed in the various NAFTA working groups and committees. The Canadian government will continue to work on behalf of the Canadian private sector to improve access in a number of areas relating to goods, services and investment, as follows.

IMPROVING ACCESS FOR TRADE IN GOODS

Trade Remedies

The Canadian steel industry appealed two final anti-dumping determinations by SECOFI against imports of Canadian steel under NAFTA Chapter Nineteen dispute resolution provisions. In August 1997, as a result of the first NAFTA panel decision, anti-dumping duties were terminated on hot-rolled sheet from Canada. In December 1997, the second NAFTA panel remanded a number of issues in the dumping investigation on hot-rolled steel plate to Mexican authorities for reconsideration. On February 16, 1998, Mexican anti-dumping authorities (SECOFI) issued a re-determination of the duties. As a result, anti-dumping duties were significantly increased. The Panel has until May 18, 1998 to consider the re-determination. It is likely that the Canadian companies involved will challenge the SECOFI re-determination.

The reform of anti-dumping measures between Canada and Mexico consistent with Canada's NAFTA obligations, has been the subject of discussions between the two governments. To date, discussions have not proceeded beyond the preliminary stage.

NAFTA Accelerated Tariff Elimination

Virtually all tariffs between Canada and Mexico are being phased out and will be eliminated by 2003. The NAFTA provides for the accelerated elimination of tariffs where countries agree. In this industry-driven