

INVESTMENT : QUESTION # 5

How would a decision at the MTN negotiations affect the NAFTA negotiations on investment?

Background:

The ability for Mexico to accommodate U.S. demands will be contingent upon the position of investment in the Uruguay Round. A GATT Accord on Trade Related Investment Measures (TRIMS) will most likely be on the outer limit of what is negotiable under the NAFTA. If no decision emerges from the Uruguay Round, the TRIMS will be of increased importance to all three countries.

RESPONSE:

- A DECISION AT THE MULTILATERAL TRADE NEGOTIATIONS ON TRADE RELATED INVESTMENT MEASURES WILL BE INTEGRATED INTO THE NAFTA ONLY IF IT IS CONGRUENT WITH THE NAFTA OBJECTIVES UNDER DISCUSSION IN THE INVESTMENT AND FINANCIAL GROUPS.

INVESTMENT : QUESTION # 6

Is Mexico not today still essentially a public run economy with little chance for foreign investment?

RESPONSE:

- THE MEXICO THAT IS DESCRIBED IN THE ABOVE QUESTION WILL BE THE MEXICO OF THE PAST FOLLOWING THESE NEGOTIATIONS. UNDER PRESIDENT SALINAS IMPORTANT FOREIGN INVESTMENT CHANGES HAVE BEEN INTRODUCED IN MEXICO. THEY HAVE SUCCESSFULLY OPENED THE ECONOMY TO A SIGNIFICANT EXTENT TO INVESTMENT IN MEXICO. ALREADY IN CERTAIN SECTORS 100% FOREIGN OWNERSHIP IS PERMITTED UP TO U.S. \$100 MILLION WITH ONLY MINOR GOVERNMENT REGULATION.
- IN SENSITIVE AREAS SUCH AS BANKING AND TELECOMMUNICATIONS, PREVIOUSLY RESTRICTED TO FOREIGN INVESTORS PERMIT INVESTMENT OF 30% AND 49% RESPECTIVELY FOR BANKING AND TELECOMMUNICATIONS. THE NAFTA NEGOTIATIONS WILL SERVE AS A VEHICLE TO FURTHER THE ACCESS ALREADY ACHIEVED.
- WHILE WE RECOGNIZE THE MEXICAN GOVERNMENT'S CONCERNS REGARDING THE PROTECTION OF INDUSTRY AND INDUSTRIAL PROCESSES, IT SHOULD BE REITERATED THAT THE GOAL OF THESE NEGOTIATIONS IS TO FURTHER LIBERALIZE THE ECONOMIES OF CANADA, THE UNITED STATES AND MEXICO ON A CONTINENTAL BASIS.