

CANADA'S KEY OBJECTIVES MET

Barrier-Free Access to Mexico

- ◆ Phase-out of tariffs for virtually all Canadian exports to Mexico over 10 years;
- ◆ Elimination of Mexican import licensing requirements for goods;
- ◆ Opportunities to bid for major Mexican government procurement contracts;
- ◆ Canadian financial services companies will be able to open subsidiaries, invest in, and acquire financial institutions in Mexico (banking, securities and insurance);
- ◆ Major liberalization of the restrictive Mexican investment regime;
- ◆ Liberalization of the Mexican services market, including land transport, specialty air services, professional services, and enhanced telecommunications (e.g., advanced data-processing services). Agreement between Canada and Mexico to maintain their relatively open international maritime shipping services.

FTA Benefits Plus Improvements

- ◆ The Auto Pact remains;
- ◆ Protection of Canada's cultural industries;
- ◆ Social services and health services are protected;
- ◆ High health, safety and environmental standards are preserved and can be strengthened;
- ◆ Canada's supply management import quotas for egg, dairy and poultry products are not affected;
- ◆ Unlike in the Free Trade Agreement (FTA), transportation services (including land and specialty air services) and intellectual property rights are included;
- ◆ Clearer North American content rules, including for autos, reducing the risk of unilateral interpretations by customs officials;
- ◆ The impact of the new rules of origin for textiles and apparel is offset by increases in the quotas giving preferential access to the U.S. market for Canadian goods that do not meet the rules of origin;
- ◆ Extension for two years of duty drawback beyond the FTA expiry in 1994. This will be replaced in 1996 by a permanent duty refund system that will reduce input costs for Canadian manufacturers who still pay duties on goods into other NAFTA countries;
- ◆ Clearer disciplines on energy regulators to avoid discriminatory actions against contractual arrangements, benefiting Canadian gas exporters;
- ◆ More stringent discipline on the United States for imposing border restrictions against imports from Canada; and
- ◆ Improved dispute settlement procedures.

Canada -- An Attractive Place to Invest

- ◆ Canada will be on an equal footing in competing for investment in North America because the NAFTA ensures secure access for our exporters to both the United States and Mexico.