An essential element of the decision by the Government of Canada to proceed with NAFTA was the creation of working groups on subsidies and dumping, that will address long-standing Canadian concerns about disputes arising from countervailing and anti-dumping duties. The working groups are to complete their work by the end of December 1995, to seek solutions that reduce the possibility of disputes from the operation of trade remedy laws.

[6] *Government Procurement*

All three countries have agreed to provide substantially increased access to government procurement opportunities not only in goods, but also in services, including construction services.

For example, Canadian companies can bid for service and drilling contracts with the Mexican state-owned company Petroleos Mexicanos (PEMEX).

[7] *Facilitation of Business Travel*

Business travel has been expedited through the introduction of simplified procedures. Eligible business people in over 60 professions can be granted temporary entry without any prior approval procedures.

[8] *Intellectual Property Protection*

NAFTA includes comprehensive coverage of intellectual property rights encompassing standards and rules of enforcement. The patents, trademarks, copyrights and trade secrets of Canadian-based companies and individuals are protected.

The agreement provides a higher level of protection for intellectual property rights than any other bilateral or multilateral agreement.

[9] *Investment*

Under the agreement, all investors from NAFTA countries are to be treated equally. The NAFTA coverage extends to investments made by any company incorporated in a NAFTA country, regardless of its country of origin. This helps to ensure that foreign investors continue to view Canada as an attractive place to invest by offering them a more secure footing in the North American marketplace.

Mexico is reducing investment restrictions on dozens of sectors, including autos, mining, agriculture, fishing, transportation and most manufacturing.

Investor state arbitration has also been included so that disputes between investors of a NAFTA country and a NAFTA government may, at the investor's request, be settled through international arbitration. This gives Canadian investors in the United States and Mexico added confidence and security.

Under NAFTA, 100% foreign investment is allowed in most Mexican industries.

There are major disciplines on the use of trade distorting investment restrictions, ensuring that Canada and the other NAFTA countries remain preferred sites for domestic and foreign investment.

Review thresholds regarding investments in individual Mexican companies have been raised, from a maximum threshold of US$25 million in the first year of the agreement to US$150 million after nine years.

As agreed in NAFTA, Mexican and U.S. firms benefit from increased review thresholds under the *Investment Canada Act*. These have since been extended to all WTO (World Trade Organization) members, for investments in both goods and services. Subject to certain exceptions (cultural industries, financial and transportation services, and uranium), under NAFTA, the threshold for 1995 is $160 million (assets of business being acquired) for direct acquisitions. Indirect acquisitions by American and Mexican

Formulas for Determining North American Content Levels

In those cases where North American content is an issue, exporters or producers can choose between two formulas:

Transaction Value Method
(not less than 60%)

$$RVC = \frac{TV - VNM}{TV} \times 100$$

RVC = regional value content (%)
TV = transaction value adjusted to F.O.B. bases
VNM = value of non-originating materials used by producer in the production of a good

Net Cost Method
(not less than 50%)

$$RVC = \frac{NC - VNM}{NC} \times 100$$

NC = net cost of a good