

The possibility of increased protectionism in the agriculture sector remains, along with Mexican concerns over NAFTA's impact on the sector. In line with the National Agreement on Agriculture negotiated in 2003 with Mexican farmers, the Mexican government has committed to using every instrument at its disposal to protect the agriculture industry, including the increased use of non-tariff barriers. This has resulted in the increased use of safeguard and anti-dumping investigations, along with the application of mandatory regulations and the levying of duties and other fees on imports.

#### **Market Access Results in 2004**

- Canada negotiated import conditions with Mexican authorities that allow the import of various agricultural products including meats, pet food and grains.
- Regarding BSE, during 2004 Mexico agreed to resume imports of some additional beef products including veal meat (bone-in and boneless) from calves under nine months of age; tripe, cheek and meat products containing beef and prepared beef (marinated or otherwise prepared) from animals under 30 months of age; fetal bovine serum; tallow for industrial use; pet food; sheep offals (head); and sheep or goat meat, carcasses and viscera.
- In April 2004, Mexico agreed to remove its avian influenza-related measures against duck meat from Canada.
- Canada and Mexico signed a cross-Canada Work Plan in July 2004 for the resumption of trade in seed potatoes from across Canada.
- Canada and Mexico continued work on the mutual recognition agreement (MRA) for engineers and added other professions (actuaries and plant pathologists) to the list.
- In July 2004, Mexico implemented a series of measures to liberalize the NAFTA rules of origin applicable to seven products, making it easier for exporters of these products to benefit from duty-free treatment under NAFTA.

#### **Canada's Market Access Priorities for 2005**

- Monitor key aspects of Mexican domestic policy that may affect Canadian market access, including amendments to Mexico's animal health law to

require the inspection of imported live animals on the Mexican side of the border.

- Continue discussions with Mexico, and as necessary with the United States, aimed at removal of all remaining BSE-related trade measures including those on beef products (bone-in beef and beef from animals over 30 months) and live animals (including dairy breeding cattle).
- Continue to make representations to Mexico seeking removal of all remaining avian influenza-related trade measures against poultry from Canada.
- Ensure that Mexican mandatory technical regulations, such as NOM 194 on meat and NOM 66 on mandatory consolidation of all animal and animal product regulations, are not trade-restrictive or in violation of Mexico's international trade obligations.
- Monitor Mexican biosafety legislation to ensure that Canadian interests are not adversely affected.
- Continue to monitor the high-fructose corn syrup/sugar dispute between Mexico and the United States to ensure that Canadian interests are protected.
- Assist Canadian suppliers with respect to the application of NAFTA Chapter 10 (Government Procurement) by Mexican government agencies and state-owned enterprises, as well as monitor and lobby the Mexican government with respect to any identified systemic problems with Mexican government procurement.
- Work with interested Canadian professional associations to expand their access to the Mexican market.
- Monitor implementation in Mexico of measures to liberalize rules of origin and work to expand the list of included items.

### **IMPROVING ACCESS FOR TRADE IN GOODS**

#### **Bovine Spongiform Encephalopathy**

Following Canada's announcement of its first BSE case in Alberta on May 20, 2003, Mexico and other trading partners banned the import of Canadian cattle, beef and other products. On August 8, 2003, Mexico announced that it would resume imports of boneless beef from animals under 30 months and