

CANADA AND THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

FINANCIAL SERVICES

- ◆ Under the NAFTA, Mexico will provide full access to its market after a transition period. Canadian banks, trust companies, securities brokers and insurance companies will be able to open subsidiaries, invest in, and acquire ownership of financial institutions in Mexico. In an improvement on the FTA, the NAFTA establishes principles to which all countries must adhere, including equal treatment for foreign-owned and domestic firms. Also, for the first time, this sector will be subject to dispute settlement provisions.

INTELLECTUAL PROPERTY

- ◆ The NAFTA includes comprehensive coverage of intellectual property rights encompassing standards and rules of enforcement. The patents, trademarks, copyrights and trade secrets of Canadian companies and individuals will be protected under these provisions. Patent protection will be the same in all industrial sectors. The inclusion of intellectual property in the Agreement is a major improvement over the FTA.

INVESTMENT

- ◆ Under the NAFTA, Mexico will reduce 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 from a NAFTA country and a NAFTA government may, at the investor's request, be settled through international arbitration. This will give Canadian investors in the United States and Mexico added confidence and security. Canada retains the right to review foreign takeovers in Canada consistent with current policy.

STANDARDS

- ◆ The NAFTA allows Canada to maintain its high standards for health, safety and the environment. It also establishes rules to prohibit standards, regulations and procedures that are unnecessary obstacles to trade. The NAFTA establishes a Standards Committee to address technical standards problems before they become trade irritants. The Agreement affirms the resolve of the NAFTA partners to protect, enhance and enforce workers' rights and to improve working conditions in each country.