

ENERGY

- ◆ The NAFTA energy provisions create a new framework in which Canadian firms will have new opportunities.

The NAFTA limits Mexico's use of restrictive trade practices in the sector. It contains disciplines that prohibit Mexico from applying discriminatory border restrictions and export taxes. In the petrochemical sector, the elimination of Mexican investment restrictions, coupled with immediate elimination of trade restrictions on most petrochemicals, offers important opportunities for Canadian companies. The Agreement also contains clearer disciplines on energy regulators to avoid discriminatory actions and to minimize disruption of contractual arrangements. This is an important gain for Canadian gas exporters to the United States.

The NAFTA provisions reflect unique factors, like Mexico's constraints on private ownership in its energy sector. While Mexico did not agree to security of supply provisions, neither did it obtain security of supply for its imports or security of access for its exports.

SERVICES

- ◆ The NAFTA provides wider coverage of cross-border trade in services than the FTA, including transportation services and new areas of professional services. In transportation services, the trucking industry has been opened to allow greater freedom for Canadian transporters to carry cargo from Canada to the U.S. and onward to Mexico. Domestic carriers in each of the three NAFTA countries retain the exclusive right to haul cargo within their own country.

For the first time, specialty air services have been included, opening opportunities for Canadian suppliers particularly in the high-tech area (aerial mapping and surveying) in both the U.S. and Mexico. Canada and Mexico have agreed to maintain their relatively open international maritime shipping market. Mexico has agreed to open its market to business and professional services, including management, engineering, accounting and legal services. The Agreement will simplify temporary entry procedures for business persons and place fewer restrictions on professionals. Such travellers will not pay duty on accompanying tools and equipment.

Like the FTA, the NAFTA excludes basic telecommunications such as local and long-distance telephone services. However, enhanced services (e.g., advanced data-processing services) are covered. This will encourage North America-wide competition in the latest telecommunications and computer services in which Canada excels.