

2. NAFTA PROVISIONS

a) Covered Services

For the purposes of the NAFTA, specialty air services are defined as the following fourteen services:

- aerial mapping
- aerial surveying
- aerial photography
- forest fire management
- fire fighting
- aerial advertising
- glider towing
- parachute jumping
- aerial construction
- heli-logging
- aerial sightseeing
- flight training
- aerial inspection and surveillance
- aerial spraying services

b) Liberalization Schedule

Not all covered services are liberalized as of January 1, 1994. Industries in each NAFTA country are at varying levels of development and require time to prepare for foreign competition. Aerial mapping, surveying and photography ("geomatics"), forest fire fighting and management, aerial advertising, glider towing and parachute jumping were liberalized in Canada and the U.S. as of January 1, 1994. However, aerial spraying is not liberalized until January 1, 2000. Mexico has a different timetable, liberalizing "geomatics" services on January 1, 2000. Please refer to Chart 1 on page 6 which indicates the implementation dates for each covered service.

The U.S. and Mexican markets for those services not yet liberalized are not necessarily closed to Canadian providers. It is possible to enter into strategic alliances and joint ventures with local firms that will satisfy domestic content requirements imposed by laws in those countries. In particular, some Mexican companies appear ready to enter into such arrangements with Canadian providers. Should your company be interested in entering into such a venture, the advice of legal counsel should be sought in order to structure the arrangement in a manner that will achieve desired goals.

In addition, U.S. and Mexican legislation does not explicitly deny market access to foreign companies (although there are a few exceptions) providing services not yet liberalized under the NAFTA. Typically, the U.S. and Mexico grant market access to foreign specialty air service providers taking into account safety standards and the interests of their domestic industries. If a service provided by your company is in demand, and no local company is capable of providing the same service, then the relevant aviation authority may grant authority to provide the service in advance of the liberalization provisions of the NAFTA.