

NAFTA - TRANSPORTATION SERVICES

WHAT'S IN THE AGREEMENT

Unlike the Canada-U.S. Free Trade Agreement (FTA), the NAFTA includes comprehensive provisions on land transportation services. The main elements are:

- ◆ Greater freedom to provide trucking services and bus transportation services into Mexico;
- ◆ Opening up the trucking of cargo between the United States and Mexico over a six-year period. (Canada does not restrict either the U.S. or Mexico. Mexico was previously closed to foreign trucking);
- ◆ Gradual removal of Mexican foreign ownership restrictions on international trucking firms over a ten-year period;
- ◆ Commitment to harmonize, over a three- to six-year period, operating and safety standards, including drivers' licences, equipment standards (such as the weight and length of trucks) and the transport of dangerous goods;
- ◆ A program of co-operation among the three countries to maintain and enhance environmental and safety standards;
- ◆ Liberalization of trilateral trade in specialty air services, including aerial mapping;
- ◆ Agreement between Mexico and Canada to maintain their relatively open international maritime shipping services;
- ◆ Agreement to consider within seven years a possible liberalization of ownership of domestic trucking companies in Mexico;
- ◆ Current regulatory regimes for domestic trucking and bus sectors remain.

BENEFITS FOR CANADA

- ◆ Easier shipment of goods by land across borders throughout North America;
- ◆ Gradual phasing out of Mexican investment restrictions giving Canadian carriers time to develop long-range business plans, such as expanding fleets and routes across North America;
- ◆ Canadian companies have the same competitive advantages in Mexico and the U.S. as their U.S. counterparts;
- ◆ Canadian truckers can carry goods to the U.S., for example, pick up cargo there, deliver it in Mexico, and make the return trip, delivering Mexican cargo to both U.S. and Canadian destinations;
- ◆ Canadian and Mexican international maritime shipping firms can operate into each other's markets;
- ◆ Canadian shipyards have greater opportunities to do repairs on U.S. merchant vessels;
- ◆ Canada's operating and safety standards for transportation are maintained and Canada retains the right to strengthen them.