

# Intelligence MEMOS



*As NAFTA renegotiations proceed through the summer and fall, the C.D. Howe Institute Intelligence Memos will be looking at what to expect and provide analysis on the latest developments at the table. This post is part of that series.*

From: Dionisio Pérez Jácome, Ambassador of Mexico to Canada  
To: Concerned Canadians  
Date: August 17, 2017  
Re: **THE MEXICAN AGENDA FOR THE MODERNIZATION OF THE NAFTA**

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During the last 23 years, NAFTA has proven to be beneficial to the US, Canada and Mexico. It has increased trade and investment, stimulated integrated production, and generated employment in all three countries. Nearly 200,000 export-related jobs are created annually in the region. In the US alone, 14 million jobs depend on trade with NAFTA countries. Consumers have benefited from an abundant supply of locally-generated competitively priced goods and services.

With NAFTA we are not only selling more to each other; we are competitively producing together for world markets.

Mexico not only increased its global exports by 620 percent from 1993 to 2016, but also transformed the structure of its export industry. While in the 80's oil accounted for more than 70 percent of total exports, in 2016 manufactured goods represented 89 percent. Roughly 85 percent of these exports go to NAFTA partners, and to a large and growing extent they include intermediate goods from regional value chains.

Recognizing this success, Mexico enters NAFTA negotiations seeking to build upon the existing agreement to further develop regional integration and increase competitiveness. Modernizing NAFTA will allow us to address current challenges and incorporate the vast opportunities offered by the 21st century economy. To this end, following extensive consultations, we have defined four core objectives:

1. **Strengthen North American competitiveness.** We seek to maintain preferential access to goods and services in the NAFTA region, support measures that inhibit the introduction of unjustified trade barriers, maintain non-discriminatory treatment for Mexican investors, improve customs procedures, and promote the temporary entry of businesspeople.
2. **Advance towards inclusive and responsible regional trade.** We will focus on promoting increased small and medium business participation in regional supply chains, strengthening compliance with national and international labour commitments, establishing anticorruption measures, increasing cooperation and dialogue in trade and the environment, improving border infrastructure, and incorporating gender perspective.
3. **Capitalize on opportunities offered by the 21<sup>st</sup> century economy.** We aim to update NAFTA with the developments that have occurred in the energy sector in Mexico and regionally, promote the development of digital economy, e-commerce and financial services provision through digital platforms, seek improved access for Mexican financial service providers and investors, and promote greater integration of telecommunication markets, among others.
4. **Promote certainty in trade and investment in North America.** We are ready to modernize all dispute settlement mechanisms included in NAFTA, to make them more agile, transparent and effective. We will also promote free competition and the provision of legal certainty to Mexican suppliers participating in public procurement processes in North America.

We know that it might not be an easy ride, but we maintain an optimistic approach and believe that a win-win-win outcome is possible. We have the opportunity, once again, to make NAFTA a reference agreement for future trade negotiations outside North America.

The Mexico-Canada relationship is thriving right now, as evidenced during President Peña Nieto's state visit to Canada a year ago. We enjoy strong economic, commercial, cultural and political relations. Successfully updating and modernizing NAFTA will, undoubtedly, bring us closer together.

*Dionisio Pérez Jácome F. is the Mexican ambassador to Canada, and this article reflects his point of view and not necessarily that of the Mexican government.*

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