

Joint Statement by the NAFTA Free Trade Commission:

Building on a North American Partnership

WASHINGTON - Following their July 31 NAFTA Free Trade Commission meeting, United States Trade Representative Robert B. Zoellick, Canadian Minister for International Trade Pierre S. Pettigrew, and Mexican Secretary of Economy Luis Ernesto Derbez issued the following joint statement:

"We have recently passed the midpoint in the implementation of the North American Free Trade Agreement (NAFTA) -- a fitting time for an assessment of our accomplishments to date and for consideration of the work ahead. The Commission recognized the importance of the Agreement for all three countries in how it has strengthened and enhanced our trilateral economic relations.

"Taking note of the positive numbers reflecting the increase in trade and investment between our three countries since the NAFTA came into force, we welcomed its resounding success. The numbers clearly speak for themselves. Since 1994, trade between the United States, Canada and Mexico has grown by 128 percent. From less than US\$297 billion in 1993, our trilateral trade has now surpassed US\$676 billion, or more than US\$1.8 billion per day. Investment among our three economies has also increased significantly, with total investment in NAFTA countries reaching US\$1.3 trillion in 1999. As a result of this growth in trade and investment, millions of jobs have been created in all three countries.

"We are confident that NAFTA's success over its first seven years will continue as we proceed with implementation of the Agreement, resulting in greater opportunities for trade and investment that will benefit consumers, workers, farmers and companies across the continent. In reviewing the operation of the NAFTA Work Programme, we acknowledged the progress made thus far by the more than twenty-five committees, working groups and other subsidiary entities. Our discussion was productive and comprehensive. At the conclusion, we reaffirmed our commitment to the full implementation of the Agreement. We are particularly pleased with progress towards a fourth round of accelerated tariff reductions and have agreed to work expeditiously through appropriate domestic procedures in order for the changes to take effect on January 1, 2002.

"Tentative trilateral agreement has also been reached on six product-specific rules of origin proposals, liberalizing the rules applicable to alcoholic beverages, petroleum/topped crude, esters of glycerol, pearl jewelry, headphones with microphones and chassis fitted with engines. These proposals will resolve some technical problems and enhance trade. Agreement was reached on proposals for technical rectifications to clarify various audit provisions and, in addition, trilateral work is near completion on technical rectification of the rules of origin to align with further amendments to the Harmonized System, which enter into force on January 1, 2002. It is intended

that all these amendments and technical rectifications will enter into force at the same time, on January 1, 2002. We directed officials to continue work towards further liberalization of the NAFTA rules of origin.

"We reviewed the operation of Chapter 11 of the NAFTA and issued interpretations of certain Chapter 11 provisions. Furthermore, we directed experts to continue their work examining the implementation and operation of Chapter 11, including developing recommendations as appropriate. The experts are to report to Ministers on a periodic basis and, at a minimum, prior to the next meeting of the NAFTA Free Trade Commission.

"We view these steps as contributing to the efficient and transparent operation of the Chapter 11 dispute settlement process and to the proper and responsible participation of the disputing parties in such proceedings. Concurrently, we agree to make accessible to the public, in a timely manner, documents submitted to, or issued by, Chapter 11 tribunals, pursuant to the interpretation.

"We reaffirmed our strong support for further regional and multilateral trade liberalization, and noted the important role that regional co-operation, such as the NAFTA, can play in stimulating further multilateral trade liberalization. In this context, we agreed to cooperate amongst ourselves in other regional and global fora, such as the Free Trade Area of the Americas (FTAA), Asia-Pacific Economic Cooperation (APEC) and the World Trade Organization (WTO).

"Our NAFTA cooperation extends to our serious commitment to launch a new round of multilateral trade negotiations at the WTO's 4th Ministerial Conference in Doha, Qatar, because of its critical contribution to global economic growth and development. Just as NAFTA has demonstrated decisively that countries of different levels of trade and development benefit from a free trade agreement, we are convinced that further trade liberalization in the WTO can provide benefits for its full membership. Therefore, we will work with our trading partners for an ambitious and pragmatic agenda that meets the interests and concerns of all WTO Members. We look forward to working closely together, and reaching out to other trading partners to secure a successful launch.

"We welcomed the advances made in the FTAA in increasing the transparency of trade negotiations through the unprecedented release of the draft negotiating text of the FTAA, and agreed to work together to enhance the transparency of other negotiations, such as at the WTO.

"Finally, we agreed that Mexico will host the next NAFTA Commission Meeting at the Ministerial level in the spring of 2002."