



March 29, 1996

Ambassador Michael A. Kantor
United States Trade Representative
600 Seventeenth Street N.W.
Washington, D.C. 20606
U.S.A.

Dear Ambassador Kantor:

I refer to our exchange of letters of December 21 and 27, 1995 with respect to Articles 1108 and 1206 of the North American Free Trade Agreement, (hereinafter referred to as "NAFTA"). Pursuant to that exchange of letters, I have the honour to confirm that:

The attached Canadian Schedule to Annex I of the NAFTA sets out the reservation of existing non-conforming measures of the provinces and territories, in accordance with Articles 1108 and 1206 of the NAFTA.

For transparency, also attached are documents that list non-conforming measures maintained at the provincial and territorial level.

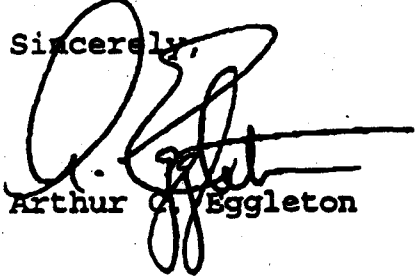
The listing of a measure in Annex I is without prejudice to a future claim that Annex II may apply to the measure or some application of the measure.

.../2

I have the honour to propose that this letter, which is equally authentic in English and in French, and your letter of confirmation in reply, shall constitute an agreement of the Parties, which shall enter into force as of March 31, 1996, and an agreed interpretation of the Free Trade Commission.

Please accept, Ambassador Kantor, the assurances of my highest consideration.

Sincerely,



Arthur Eggleton

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (1102, 1202)
Most-Favoured Nation Treatment (1103, 1203)
Local Presence (1205)
Performance Requirements (1106)
Senior Management and Boards of Directors
(1107)

Level of Government: Provincial

Measures: All existing non-conforming measures of all
provinces and territories.

Description:

Phase-Out: None

Minister for International Trade



Ministre du Commerce International

Ottawa, Canada K1A 0G2

March 29, 1996

The Honourable Herminio Blanco Mendoza
Secretary of Commerce and Industrial Development
Alfonso Reyes 30, Piso 9
Col. Hipodromo de la Condesa
06179 Mexico D.F.
Mexico

Dear Dr. Blanco:

I refer to our exchange of letters of December 21 and 27, 1995 with respect to Articles 1108 and 1206 of the North American Free Trade Agreement, (hereinafter referred to as "NAFTA"). Pursuant to that exchange of letters, I have the honour to confirm that:

The attached Canadian Schedule to Annex I of the NAFTA sets out the reservation of existing non-conforming measures of the provinces and territories, in accordance with Articles 1108 and 1206 of the NAFTA.

For transparency, also attached are documents that list non-conforming measures maintained at the provincial and territorial level.

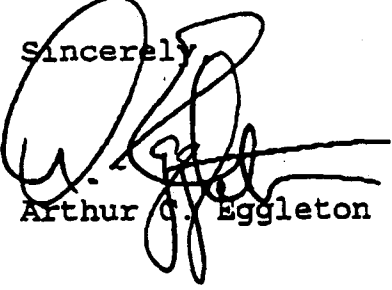
The listing of a measure in Annex I is without prejudice to a future claim that Annex II may apply to the measure or some application of the measure.

.../2

I have the honour to propose that this letter, which is equally authentic in English and in French, and your letter of confirmation in reply, shall constitute an agreement of the Parties, which shall enter into force as of March 31, 1996, and an agreed interpretation of the Free Trade Commission.

Please accept, Dr. Blanco, the assurances of my highest consideration.

Sincerely



Arthur C. Eggleton

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (1102, 1202)
Most-Favoured Nation Treatment (1103, 1203)
Local Presence (1205)
Performance Requirements (1106)
Senior Management and Boards of Directors
(1107)

Level of Government: Provincial

Measures: All existing non-conforming measures of all
provinces and territories.

Description:

Phase-Out: None

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

MAR 29 1996

The Honorable Arthur C. Eggleton
Minister of International Trade
External Affairs and International Trade Canada
Ottawa, Ontario K1A 0G2

Dear Minister Eggleton:

I refer to the exchange of letters of December 21, 1995 with respect to Articles 1108 and 1206 of the North American Free Trade Agreement (NAFTA). Pursuant to that exchange of letters, I have the honor to confirm that:

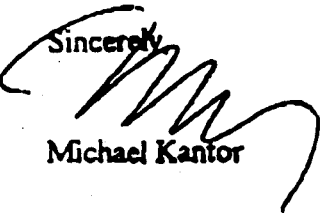
The attached U.S. Schedule to Annex I of the NAFTA sets out the reservation of existing non-conforming measures of the states, the District of Columbia and the Commonwealth of Puerto Rico in accordance with Articles 1108 and 1206 of the NAFTA.

For transparency, also attached are documents that list non-conforming measures maintained at the state level.

The listing of a measure in Annex I is without prejudice to a future claim that Annex II may apply to the measure or some application of the measure.

I have the honor to propose that this letter, and your letter of confirmation in reply, shall constitute an agreement of the Parties, which shall enter into force as of March 31, 1996, and an agreed interpretation of the Free Trade Commission.

Sincerely,


Michael Kantor

Enclosure

Sector:

All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation:

**National Treatment (1102, 1202)
Most-Favored Nation Treatment (1103, 1203)
Local Presence (1205)
Performance Requirements (1106)
Senior Management and Boards of Directors
(1107)**

Level of Government:

State

Measures:

**All existing non-conforming measures of all states,
the District of Columbia, and the
Commonwealth of Puerto Rico**

Description:

Phase-out:

None

Dr. Herminio Blanco Mendoza
Minister of Trade and Industrial Development

March 29, 1996

Arthur C. Eggleton
Minister of International Trade
125 Sussex Drive
Ottawa K1A 0G2

Dear Minister Eggleton:

This is in reply to your communication of this date as well as in reference to our exchange of letters on December 21, 1995, regarding Articles 1108 and 1206 of the North American Free Trade Agreement. Pursuant to that exchange, I have the honour to confirm that:

The attached Mexican Schedule to Annex I of the Free Trade Agreement of North America (hereinafter referred to as "TLC") sets out the reservation of existing non-conforming measures of the states, in accordance with Article 1108 and 1206 of the TLC.

For transparency, also attached are documents that list non-conforming measures maintained at the state level.

The listing of a measure in Annex I is without prejudice to a future claim that Annex II may apply to the measure or some application of the measure.

I have the honour to accept the proposal made in your letter and affirm that the present letter of confirmation shall constitute an agreement of the Parties, which shall enter into force as of March 31, 1996, and an agreed interpretation of the Free Trade Commission.

Sincerely,

[Signed: H. Blanco M.]

cc: Ambassador Michael Kantor
Trade Representative of the United States
Washington, D.C.

Tratado de Libre Comercio (de América del Norte) = NAFTA

Sector: All sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (1102, 1202)
Most-Favoured Nation Treatment (1103, 1203)
Local Presence (1205)
Performance Requirements (1106)
Senior Management and Boards of Directors
(1107)

Level of Government: State

Measures: All existing non-conforming measures of all
states.

Description:

Phase-Out: None