



scope of such a negotiation to seek input from the provinces and territories, the business community and other interested stakeholders.

As to the successful negotiation of foreign investment promotion and protection agreements or other instruments designed to encourage a transparent, rules-based environment for Canadian investors, active consideration will be given to concluding investment agreements with all Andean countries in the context of a possible free trade agreement with the Andean community.

As noted, Canada has a double taxation agreement (DTA) with Ecuador, and has signed and enacted DTAs with Peru and Venezuela, but is awaiting appropriate country approvals. Efforts with the other Andean countries advance at a pace consistent with their capacity to negotiate.

Recommendation 10

"That Canada initiate bilateral free trade negotiations with the Andean Community and the Mercosur countries, or alternatively, interested countries within those regional groupings. With Brazil already having been identified by the Government of Canada as its priority South American market, considerable effort should be devoted to improving Canada's bilateral relationship with that country."

On August 7, 2002, it was announced that talks would be held to discuss bilateral free trade with the five members of the Andean Community. A preliminary discussion on such an initiative was held on August 27, and a second meeting will likely be held later this autumn.

With the members of MERCOSUR (Argentina, Brazil, Paraguay and Uruguay), Canada signed a trade and investment cooperation agreement (TICA) in June 1998. This agreement lays the foundation for enhancing trade and investment relations and furthering cooperation in the FTAA, WTO and the Cairns Group.

At the last meeting under the TICA, held in November 2001 in Montevideo, Uruguay, senior officials agreed on a work plan covering issues related to trade development, connectivity and ways of strengthening customs procedures.

In the Government's view, the mechanisms and forum offered by the TICA provide the necessary tools to manage Canada's increasingly important trade and investment relationship with MERCOSUR. Looking to the future, the FTAA will represent the ideal mechanism to enhance and strengthen our relationship with these countries.

With respect to Brazil, the largest market in Latin America, Canada is devoting considerable attention to improving the bilateral relationship. Additional human resources

