distorted one in international trade.

14.4 **Business opportunities for Canada**

Canada is a net exporter of agricultural goods, with exports of about US$13 billion and imports of around US$9 billion per year. As such, it stands to gain significantly from trade liberalization in agriculture, both in the GATT's Uruguay round and through regional treaties like NAFTA. Chile is a relatively small market, but may provide opportunities for Canadian exporters in traditional crops such as wheat, barley, and oilseeds. In return, Chile has a major competitive edge in fresh fruits and some segments of agro-industry, whose exports are likely to benefit the most from an FTA.

The Chilean import-substituting agricultural sector, mainly consisting of traditional crops, is subject to price bands, as mentioned. There is no other form of protection such as quotas or licenses, except for the general 11% ad-valorem tariff. These imply the imposition of variable import tariffs, which are raised when the international price falls below the preestablished lower limit of the band. The negotiations prior to Chilean accession to NAFTA could result in a reduction of these import barriers.

The final status of protection for Chile's traditional crops will depend on three main issues: (a) the implementation of the result of the recently completed Uruguay round of GATT regarding agricultural goods; (b) the evolution of the process of agricultural restructuring, currently under way in this sub-sector;[11] and (c) the extent of liberalization for Chilean exports granted by Canada and the U.S. in agriculture and other sectors.

Indeed, NAFTA specifies that parties should endeavor to work towards domestic support measures that have minimal or no trade distortion effects, and measures that are exempted from any applicable domestic support reduction negotiated under the GATT. If

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[11] Lower profitability and the prospects of trade integration with countries such as Argentina, have prompted a natural restructuring process in the traditional sector.