

2002. Canadian exports increased to \$77 million (up 75% from a year earlier) after they had plummeted to \$43.9 million in 2002, while imports increased to \$377 million, or 17% from \$322.8 million in 2002. According to the Argentine Statistics Institute, INDEC, Canada's market share of total Argentine imports has held relatively steady at 0.79% in 2003 (from 0.81% in 2002), despite a surge in Brazil's market share over the same period (from 31% in 2002 to 39% in 2003).

Canada's Market Access Priorities for 2004

- Continue representations aimed at removing Argentina's BSE measures on imports from Canada.
- Continue discussions with Argentina to restore access for Canadian pork.
- Support the Canadian business community in Argentina, particularly in the area of investment, with a focus on promoting judicial security and financial stability in the mining investment regime.
- Promote dialogue in the Free Trade Area of the Americas and World Trade Organization negotiations.

Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of case of bovine spongiform encephalopathy, Argentina temporarily suspended all imports of Canadian products of ruminant origin, including bovine semen and embryos. Canada has kept all its trading partners, including Argentina, fully informed of the results of its investigation and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

CHILE

Overview

The Chilean economy is in good shape, with solid institutional foundations and basic macroeconomic variables in balance. Chile's economy should benefit from strengthened confidence and new opportunities arising from Chile's free trade agreements with the European Union, South Korea and the United States,

which will continue to open markets to Chilean goods in 2004. GDP growth accelerated to more than 3% in 2003 and is projected to reach 5% in 2004 as the global economy recovers. Mining was the most dynamic sector on the supply side in 2003, due to double-digit growth in copper output. Chile's long-term foreign currency debt is the best-rated in Latin America and has been considered investment-grade by all credit-rating agencies since 1992.

Canada views Chile as a key regional partner. Chile has one of the most open and stable economies in Latin America. Canada has been at the forefront of partnering with Chile in establishing key trade links and was the first G8 nation to sign a Free Trade Agreement (FTA) with Chile. The Canada-Chile FTA (CCFTA), implemented in 1997, has been the cornerstone of our trade and investment relations; it is complemented by separate agreements on labour and environmental cooperation. The set of predictable and transparent rules established by the CCFTA have proven effective in reinforcing our increasingly important bilateral trade and investment relationship. Canada remains committed to the full implementation of the CCFTA and to identifying additional work under the Agreement to further trade and investment relations.

Total two-way trade between Canada and Chile has nearly tripled over the past decade, from \$421 million in 1993 to \$1.2 billion in 2003. Since implementation of the CCFTA in 1997, two-way trade has increased by 67% from \$718 million.

The leading Canadian exports to Chile are cereals (wheat), machinery, paper and paperboard, electrical machinery, mineral fuel and oil, and plastics. Canada's leading imports from Chile are fruits (particularly grapes), copper and copper articles, copper ores, wood, wine, fish and seafood. The major sectors of opportunity for Canadian companies in the medium term include equipment and services in the following areas: mining and metals, energy, environment, information technology and telecommunications, construction and building products, transportation and infrastructure, and plastics. Many Canadian companies consider Chile to be a gateway to neighbouring markets.