



Canada, but also in the hemisphere as a whole. The Government therefore appreciates the careful work the Committee has undertaken to examine the state of negotiations of the Free Trade Area of the Americas and the state of Canada's bilateral economic ties with the Americas.

A TRADE AND INVESTMENT STRATEGY FOR THE AMERICAS

Recommendation 1

"That, in order to generate economic benefits for Canada, carve out a distinct Canadian identity, build momentum for the Free Trade Area of the Americas (FTAA), and serve as an insurance policy in the event of FTAA failure, the Government of Canada aggressively pursue bilateral trade and investment agreements with Latin American and Caribbean countries as well as country groupings."

The Government agrees that pursuing bilateral trade agreements with Latin American and Caribbean countries can generate economic benefits, promote Canadian interests and build momentum for the FTAA. Even further, free trade has proven to be an effective strategy to minimize the negative effects of external shocks on Latin American economies. Mexico and Chile, two of the countries with a number of free trade partners, were among the least affected by the 1998 Asian crisis.

The Americas region represents Canada's most important market, and strengthening our economic ties with the region is a high trade policy priority for the Government. The FTAA negotiations, launched in April 1998, hold the potential to create the world's largest free trade area, with 800 million people and a combined gross domestic product of nearly \$17 trillion.

Strategic bilateral trade agreements are both a fallback and a complement to our hemispheric initiative. Through the North American Free Trade Agreement (NAFTA), which was preceded by the Canada-United States Free Trade Agreement (CUSFTA), Canada has assured itself access to its most important partner, the United States, and to Mexico, its sixth-largest export destination and fourth-largest source of imports. Through the Canada-Chile Free Trade Agreement (CCFTA) and, more recently, the Canada-Costa Rica Free Trade Agreement (CCRFTA), Canada secured access to two of the most stable and fastest-growing markets in the region.

Canada's standing as a leading economy (member of the G8, member of the Quad trade grouping), and our reputation for fair-minded negotiation, are probably why expressions of interest in closer trade relations continue to be heard from partners throughout the hemisphere. Canada is currently negotiating a free trade agreement (FTA) with the Central

