

The CCFTA also provides for a mutual exemption from the application of anti-dumping duties. For each good, the anti-dumping exemption takes place when the tariffs on that good have reached zero in both countries, or after six years, whichever is earlier. The CCFTA includes a review clause which requires both countries to review the anti-dumping exemption no later than five years after the coming into force of the agreement. The CCFTA also contains an exceptional circumstances clause that provides for special consultations on specific problems should these arise.

The CCFTA also marks a significant further guarantee of liberalization in the area of services. In particular, the Agreement freezes Chile's current regulatory regime, which is relatively open by international standards. This will ensure that Canadian service providers will continue to benefit from an open and transparent business environment. The CCFTA also includes provisions on temporary entry which expedite entry for Canadian traders and investors, business visitors, inter-company transferees and other business professionals. The Agreement will enhance commercial opportunities for Canadian service providers in sectors such as mining, forestry, construction, engineering and other professional services, consulting services, specialty air services, education and training, and tourism.

With respect to investment, the CCFTA offers significant new protection for Canadian investments in Chile, including an agreement to automatically grant Canadian investors the benefits of any future liberalization, and an undertaking to negotiate a bilateral double taxation agreement. While the Agreement will allow Chile to maintain existing capital control measures under its Central Bank legislation, it nevertheless prevents Chile from imposing more restrictive measures against Canadian investors. Canada expects to revisit the issue of the reserve requirement in any future negotiation of Chile's accession to NAFTA.

The CCFTA demonstrates Canada's determination to create jobs and encourage economic growth through trade liberalization. As a bridge to full NAFTA accession for Chile, and as a step toward fulfilling Canada's broader trade policy objective of promoting hemispheric trade liberalization under the Free Trade Area of the Americas (FTAA), the CCFTA is evidence that free trade between North and South America can be achieved.

5.2 Canada-Israel Free Trade Agreement

The Canada-Israel Free Trade Agreement (CIFTA), implemented on January 1, 1997, is another building block in the Canadian government's efforts to expand trade opportunities for Canadian business. Two-way trade in goods reached \$500 million in 1996 and is growing rapidly.

The CIFTA is focussed on removing barriers to trade in goods. Tariffs on bilateral trade were removed on virtually all industrial products immediately upon implementation of the agreement. Duties were also removed or lowered on a range of agricultural, agri-food or fish products of direct export interest to Canada. The Agreement also contains a provision that Canada and Israel enter into further discussions by January 1, 1999, with a view to removing tariffs on additional agri-food items.

The CIFTA levels the playing field for Canadian producers competing against their European and American counterparts. Israel has had free trade agreements with the European Union and the United States for a number of years, and has negotiated agreements with other countries in more recent years. As a result, Canadian exporters faced Israeli tariffs — which ranged from 10% to 25% for many of Canada's exports — while their main competitors have enjoyed duty-free access.

Canadian manufacturing sectors which are expected to benefit from the CIFTA include environmental and pollution control equipment, advanced technology products, energy, oil and gas, and forestry products. In the case of agriculture, sectors well positioned to take advantage of the new access to the Israeli market include grain and grain products, oilseeds, pulse crops and various processed foods.

Canada intends to extend the benefits of the CIFTA to goods originating from the West Bank and Gaza Strip. Details are likely to be finalized by the summer of 1997.

Canadian investors have indicated that they face few barriers to investing in Israel. However, given that trade and investment are interrelated and mutually enhancing, Canada and Israel have entered into discussions with a view to concluding an agreement, complementary to the CIFTA, to promote and protect foreign investments.