

# BUILDING BLOCKS IN A BETTER TRADE SYSTEM

**C**anada has concluded or is working toward trade agreements with a variety of partners. These initiatives complement and reinforce Canada's push toward greater multilateral and regional free trade. Here is an update on where things stand.

## Chile

The Canada–Chile Free Trade Agreement came into force on July 5, 1997. Since then, economic relations between the two countries have flourished. In 2002, bilateral trade amounted to \$947.6 million, including nearly \$280 million in Canadian exports. Investment has also increased to a total of \$5.69 billion, making Canada the third-largest investor in Chile.

## Israel

The Canada–Israel Free Trade Agreement was Canada's first such accord with a nation outside the Western hemisphere. It eliminated tariffs on most industrial products originating in either partner and exported to the other country.

Since implementation of the agreement on January 1, 1997, bilateral trade between Canada and Israel has doubled; in 2002 it exceeded \$1 billion for the first time.

## Costa Rica

On November 1, 2002, the Canada–Costa Rica Free Trade Agreement entered into force.

The agreement gives better access to the Costa Rican market for Canadian fish, paper products, auto parts, plastics, wood and agricultural goods. It also reduces red tape and border procedures for Canadians doing business in Costa Rica.

Two-way merchandise trade between Canada and Costa Rica amounted to \$321.9 million in 2002.

## European Free Trade Association

On October 9, 1998, Canada announced the launch of free trade negotiations with the European Free Trade Association (EFTA) countries of Iceland, Norway, Switzerland and Liechtenstein.

In 2002, Canada's two-way goods trade with the EFTA countries was valued at \$7 billion; Canadian exports totalled \$1.5 billion, while imports totalled \$5.5 billion.

## Singapore

On October 21, 2001, Canada's Prime Minister Jean Chrétien and Singapore's Prime Minister Gok Chok Tong announced the launch of negotiations toward a free trade agreement between Canada and Singapore.

In 2002, Canada's exports to Singapore totalled over \$13 million, making it Canada's 21<sup>st</sup>-largest export market for the year. Canada's 2002 imports from Singapore totalled \$988 million. In 2000, Canada's services exports to Singapore were valued at \$227 million, and imports totalled \$602 million.

## Central America Four

Seeking to further enhance trade relations with Central America, on November 21, 2001, Canada launched free trade negotiations with El Salvador, Guatemala, Honduras and Nicaragua.

In 2002, bilateral merchandise trade between Canada and these four Central American countries totalled \$560.2 million. In 2000, bilateral trade in services was estimated at \$77 million, and Canadian direct

investment in these markets was estimated at over \$167 million.

## CARICOM

On December 19, 2001, the Government of Canada announced public consultations to obtain the views of Canadians on a proposed free trade agreement with the Caribbean Community and Common Market (CARICOM).

Two-way merchandise trade between Canada and CARICOM reached \$1.24 billion in 2002. Canadian investment in the region has gone mainly to the financial, mining, energy and tourism sectors; it stood at \$31.7 billion in 2002, making this Canada's third most important investment destination after the United States and the United Kingdom. In addition, each year in the Caribbean, Canadian firms win consulting and engineering contracts worth \$200 million.

## Andean Community countries and Dominican Republic

On November 4, 2002, Minister Pettigrew announced that the Government of Canada would hold broad and comprehensive consultations concerning two proposed free trade deals: one with the Andean Community countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) and the other with the Dominican Republic.

The Andean countries are important commercial partners for Canada. Bilateral trade reached \$3.3 billion in 2002, with Canadian exports totalling \$1.2 billion. Canadian investment in the Andean countries is estimated at \$11 billion. Two-way merchandise trade between Canada and the Dominican Republic is increasing; in 2002 it amounted to \$244.7 million. 🍁