

Two-way trade in merchandise between Canada and Costa Rica amounted to \$250 million in 2001, despite a 25% drop in exports. The FTA and the two parallel accords will come into force in early 2002, once the legislative implementation process is successfully completed in both countries.

### **EL SALVADOR, GUATEMALA, HONDURAS AND NICARAGUA (CA4)**

Following an agreement by leaders at the Canada-Central America Summit in September 2000 and after extensive consultations with Canadians, International Trade Minister Pierre Pettigrew announced on November 21, 2001, the launch of free trade negotiations with El Salvador, Guatemala, Honduras and Nicaragua. The negotiations are well under way and could conclude by the end of 2002. In 2001, Canadian exports to the CA4 totalled \$165 million, while imports stood at \$361 million. In the negotiations, Canada is seeking to secure preferential access for Canadian goods and services to the CA4 markets and the elimination of tariffs on key Canadian exports such as telecommunications goods and services, environmental equipment and services, value-added processed foods, automotive parts, and construction equipment and services. A chapter on investment is also anticipated. Side agreements to address labour and environmental issues are also being pursued.

### **PANAMA**

With a GDP of US\$10 billion, the second-highest per capita income and the most stable consumer prices in the region, Panama still leads its Central American neighbours as a potential market for Canadian goods and services. Panama's key location and excellent infrastructure are two of the many advantages to doing business both in this country and, through it, with its neighbours in Latin America and the Caribbean.

2002 will bring major opportunities in the construction sector, with the initiation of two large projects: the construction of a second bridge over the Panama Canal with access highways and the construction of a light rail system for Panama City. These two projects are worth some US\$100 million and US\$200 million, respectively. As well, in 2002, the Panama Canal Authority may announce the Canal Expansion Project, which will be

worth up to US\$8 billion and include construction of new water reservoirs (hydroelectric plants/dams), dredging of the channel, and construction of a third set of locks for post-Panamax-type vessels. The rehabilitation of the main potable water plant and construction of a second pipeline also offer potential for Canadian firms.

On market access, non-tariff import barriers continue to affect Canadian agri-food exports to Panama. There are also serious concerns regarding the administration of tariff measures affecting imports of agricultural products that have been designated as sensitive, especially meat products. Canadian agri-food exports also face cumbersome and trade-restrictive plant inspection requirements, among other barriers.

### **CARIBBEAN COMMUNITY (CARICOM)**

Annual two-way merchandise trade between Canada and CARICOM countries amounted to \$1.2 billion in 2001, with Canadian exports totalling \$405 million and imports \$821 million. (These statistics do not include goods transhipped through the United States.) More than \$200 million in contracts for Canadian consulting, engineering and contracting services are awarded annually.

Canadian investment in CARICOM countries as a group exceeds \$25 billion and is mainly in financial services (banking, insurance), particularly in Barbados and the Bahamas. Canadian investment diversified in the 1990s to include Trinidad and Tobago's energy sector and Guyana and Suriname's mining sectors. Canadian investment in Trinidad and Tobago is now estimated at more than \$2 billion, due to major investments in the petrochemical sector by Potash Corporation of Saskatchewan and the current construction of an US\$400 million methanol plant by Methanex of Vancouver.

At the Canada-CARICOM Summit in Jamaica on January 19, 2001, Prime Minister Jean Chrétien and the heads of government of the Caribbean Community and Common Market countries agreed to initiate discussions toward bilateral free trade. Canadian and CARICOM representatives held a preliminary meeting in March 2001. Consultations with Canadians were launched in December 2001 to obtain advice and views on priorities, objectives and concerns regarding such an initiative.