



Whatever the yardstick—trade, investment, the movement of people or ideas—the North American region, especially the United States, is by far Canada's first priority. If it is evident that the relationship has been extremely advantageous to us, it is equally clear that it is our most challenging one.

NAFTA has proven its value as a means of stimulating trade, investment and competitiveness. Total trade among Canada, Mexico and the United States has increased substantially since NAFTA was implemented. Canada's total merchandise trade with the United States and Mexico was approximately \$585 billion in 2001. Two-way merchandise trade between Canada and Mexico grew 3.3 percent to reach \$14.6 billion in 2001. Canada's merchandise trade with the United States reached \$570 billion in 2001.

NAFTA incorporates a work program that allows the parties to pursue a number of improvements with a view to keeping the Agreement fresh and relevant, and actively seeks to remove existing impediments to trade and investment. The Government's priorities within this context are those activities that can have an important positive effect on business (e.g., simplification of rules of origin, temporary entry provisions for business people, cross-border trade in services).

Of particular interest for Canada in responding to policy concerns raised in the context of the NAFTA investor-state mechanism, the Government has pressed its NAFTA partners to clarify Chapter 11. On July 31, 2001, the NAFTA Commission adopted clarifications of the minimum standard of treatment obligation and of the investor-state dispute settlement mechanism's transparency provisions, and NAFTA ministers instructed their experts to pursue the examination of the operation of Chapter 11 and identify possible areas for further clarifications.

Designed to keep pace with emerging challenges through its ongoing work program, NAFTA has established a strong foundation for future growth. At the 2002 NAFTA Commission meeting in Mexico, ministers reaffirmed their determination to complete the full implementation of the Agreement according to the established schedule and directed officials to review the prospects of additional trilateral work that could stimulate further the trade between the three countries. Officials will continue to identify existing impediments to trade and investment and conduct the necessary work to eliminate them through NAFTA.

