

spurs innovation and advances in productivity and technology, and leads to greater choice and lower prices for Canadian consumers. Canada has played an important part in establishing the rules-based regime governing international trade in goods, services and investment and has assumed active leadership roles in both multilateral and regional fora.

Canada's trade policy goals and priorities in regional undertakings are fully consistent with Canada's overarching objectives of multilateral trade liberalization. The Government believes regional trade agreements can serve as valuable contributors to trade liberalization within the multilateral system by reducing barriers, preparing industries for international competition and generating momentum for further liberalization efforts. With the shared goal of establishing a rules-based system to govern international trade, regional and multilateral arrangements can be mutually supportive and reinforcing as a means to achieve the common end.

As the Committee notes, Canada stands to benefit greatly from the negotiation of a hemispheric trade agreement. The aim is to reach an agreement that is balanced and comprehensive, World Trade Organization (WTO) — consistent and a single undertaking (i.e. participants must sign on to all elements of the agreement). The creation of an FTAA is a natural extension of Canada's successful regional trade initiatives, building on the 1994 North American Free Trade Agreement (NAFTA) with the US and Mexico, and the 1997 Canada-Chile Free Trade Agreement (CCFTA). With a combined population of 800 million and an aggregate GDP of nearly US \$11 trillion, an FTAA would be the world's largest free trade area. The countries of Latin America and the Caribbean offer lucrative potential markets and new commercial opportunities for Canadian companies that could be capitalized on under an FTAA. Latin America and the Caribbean (that is, the non-NAFTA countries of the FTAA) collectively generate a GDP of US \$2 trillion and have a population of nearly 500 million, and are well positioned as dynamic, emerging economies with tremendous growth potential. The possible launching of bilateral free trade negotiations with Costa Rica, a proposal currently being explored, could serve as a building block for the FTAA and help inject momentum into the negotiations.

