

Finally, ministers received the FTAA Civil Society Committee's report in Toronto and agreed to give the committee a renewed mandate for the next 18 months to obtain ongoing input from civil society through written submissions. A report on the full range of views presented is to be provided to ministers in Argentina. While Canada will continue to champion a more ambitious mandate for the committee — including direct interaction with civil society and perhaps exchanges on domestic consultative procedures — the renewed mandate will allow the committee to continue to function and will allow further incremental progress to be made towards developing common ground in this sensitive area.

At the Toronto Ministerial Conference, ministers also agreed on a new roster of the countries that will serve as the chairs and vice-chairs for the next 18 months. The new roster is set out as an appendix to the ministerial declaration at http://www.sice.oas.org/ftaa/toronto/minis/minis_e.asp

In sum, our main objectives as Chair of the first phase of the FTAA negotiations have been met. The institutional framework needed to facilitate the progress of the negotiations has been established, substantive results were achieved in the form of a package of business facilitation measures to be implemented on January 1, 2000, and a clear sense of purpose and direction has been injected into the negotiations, with the negotiating groups tasked to develop draft texts by the next ministerial meeting in 2001. Although many challenges and much hard work lie ahead, Canada is confident that the stage has been successfully set for the next steps in the negotiations to achieve a hemispheric trade agreement by 2005.



Overview

Argentina, Brazil, Paraguay and Uruguay formed the Southern Cone Common Market (Mercosur) in 1991 under the Treaty of Asunción to provide the following by 2006: free circulation of capital, labour, goods and services; a common external tariff (CET); and harmonized macroeconomic and sectoral policies.

With 240 million people (compared to 380 million in the NAFTA) this customs union is Canada's largest export market in Latin America. In 1999, two-way merchandise trade between Mercosur and Canada was valued at \$2.82 billion, a decrease of 14.3 percent from 1998. All of the reduction came on the export side, with Canadian shipments to Mercosur dropping one-third in value to \$1.07 billion. Imports from Mercosur increased a nominal 3.1 percent in 1999. Canada's main exports to Mercosur are paper products, potash, wheat, telecommunications equipment, aircraft parts, petroleum products, machinery, malt, minerals, plastics, rolling stock and pharmaceuticals. Investments are concentrated in the aluminium, oil and gas, mining, power, telecommunications and spirits sectors.

Partially harmonized CETs were implemented in 1995, and already about 90 percent of all internal trade is duty-free. The exceptions to the CET, such as hundreds of individual tariff lines for each country, are to be eliminated by 2006. Important areas such as sugar remain exempted. The Adjustment Regime, which set transitional rules for Mercosur trade, has expired (in December 1999 for Paraguay and Uruguay and in December 1998 for Brazil and Argentina). On services, the Mercosur trade ministers approved a framework in mid-December 1997, and detailed negotiations are ongoing. There has been no progress on the free movement of labour component in the Mercosur agreement.

Since its inception, Mercosur has negotiated and entered into free trade agreements with Chile and Bolivia. Mercosur has also reached a framework agreement with the EU and is looking at 2005 for full implementation.

Trade and Investment Cooperation Arrangement (TICA)

Signed in June 1998, the Canada-Mercosur Trade and Investment Cooperation Arrangement (TICA) laid the foundation for enhanced bilateral trade and investment and established a framework for collaboration in the FTAA, the WTO and the Cairns Group. The first Consultative Group meeting called for under the TICA took place during the FTAA conference in Toronto in November 1999. At that meeting, the Consultative Group agreed to form two committees: one to study customs and technical cooperation; and a