

- The North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico came into effect on Jan. 1, 1994.
- NAFTA was the first reciprocal free trade agreement Canada had negotiated with a Latin American country.
- NAFTA has improved Canadian access to markets in the United States and Mexico. By year-end 1996, two-way trade among NAFTA nations had increased by 18.7 per cent, reaching \$388 billion.
- Investment between NAFTA countries is also growing. U.S. investment in Canada reached \$122.7 billion in 1996, a 9.1 per cent increase over the previous year, and the fourth consecutive annual increase. Mexican investment in Canada is growing but remains relatively small (\$239 million in 1996).
- In 1996, Canada had a total of \$92.9 billion invested in the United States, a 7.5 per cent increase over 1995. Canadian investment in Mexico reached \$1.3 billion, more than double the 1993 figure. This made Canada one of the most important sources of new investment in Mexico.
- NAFTA does not affect the phase-out of tariffs under the Canada-U.S. FTA. Under this agreement, virtually all tariffs will be eliminated by Jan. 1, 1998.
- NAFTA will eliminate almost all tariffs between Canada and Mexico by Jan. 1, 2003.
- NAFTA allows tariffs to be eliminated ahead of schedule if the countries agree. This process is led by interested industry sectors, and involves public consultations.
- While NAFTA consolidated Canada's strong trade relationship with the United States, it also encouraged Canadians to focus on the large, relatively untapped markets of Latin America.

Canada-Chile Free Trade Agreement

- Prime Minister Jean Chrétien and Chilean President Eduardo Frei signed the Canada-Chile Free Trade Agreement during the President's state visit to Canada in November 1996. It came into effect on July 5, 1997.