

affected. Canada made a number of high-level representations in 2001 and is making resolution of the issue a high priority for 2002.

Central America and the Caribbean

Overview

Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama are emerging economies with generally good economic growth. Canadian exports to Central America reached \$265 million in 2001. Canadian exports face import barriers in traditional sectors, particularly agricultural products such as milk and pork in Panama, pork in Guatemala and frozen food (french fries) in Costa Rica.

On April 23, 2001, after nine months of negotiations, Canada and Costa Rica signed a bilateral free trade agreement (FTA) and two cooperation agreements on labour and the environment. On November 21, to facilitate further access to the Central American markets, Canada launched free trade negotiations with El Salvador, Guatemala, Honduras and Nicaragua as a group (the Central America Four, or CA4). The conclusion of free trade agreements with these countries will signal Canada's continued commitment to the hemisphere and help realize the potential for further developing the trade relationship between our countries, particularly with regard to small and medium-sized businesses. More details on these negotiations are set out below.

The Caribbean Community (CARICOM) is a welcoming market for Canadians. There are few barriers to trade, English is a common language, legal codes and business practices are similar to those in Canada, and Canadian banks are well-established in the region. The 15 members of CARICOM are Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti (all but ratification), Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Montserrat (U.K. dependency). The Bahamas is a member of CARICOM but not of the Caribbean Common Market.

Market Access Results in 2001

- Conclusion of the Free Trade Agreement with Costa Rica.
- Preliminary FTA discussions with El Salvador, Guatemala, Honduras and Nicaragua.
- Preliminary discussions with CARICOM on a framework for FTA negotiations.
- Ongoing discussions with Guatemalan counterparts to reach agreement on sanitary requirements for Canadian meat imports.

Canada's Market Access Priorities for 2002

- Conclude FTA negotiations with El Salvador, Guatemala, Honduras and Nicaragua.
- Advance FTA negotiations with CARICOM.
- Pursue discussions with the Dominican Republic on barriers to the import of Canadian wood and agricultural products.
- Continue to press Panama for the removal of restrictive import permit requirements, sanitary and phytosanitary measures, and other trade barriers adversely affecting Canadian exports of agri-food products.

COSTA RICA

The Canada-Costa Rica Free Trade Agreement will increase our access to a dynamic new market, especially for Canadian fish, paper products, auto parts, plastics, wood and agricultural goods. One of the main accomplishments of this FTA is the successful negotiation of a precedent-setting framework for competition policy, which could serve as a model for the region. Additionally, the FTA includes a comprehensive chapter on trade facilitation that will help make trade procedures more efficient and reduce formalities and costs for Canadian businesses at the border. The Agreement also sends a clear signal of our commitment to the hemisphere and will give momentum to the Free Trade Area of the Americas negotiations.

The two additional agreements on environmental and labour cooperation will help Costa Rica strengthen its environmental and labour management systems while reaping the benefits of increased trade with Canada.