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Trade, Investment and Financial Stability

The proposed Free Trade Area of the Americas is a vehicle for promoting growth and creating prosperity in the Americas. It would establish the world's largest free trade area. With a combined gross domestic product (GDP) of about CDN\$19.7 trillion, the FTAA would account for about 40 percent of the world's economic activity, a proportion greater than that of the European Union.

A hemispheric trade agreement would open new markets and provide a competitive stimulus for both goods and services industries, fuelling a search for innovation and improvement throughout the Hemisphere. It would also provide rules that create a stable and predictable environment, encouraging investment and financial stability throughout the Americas.

The results of the North American Free Trade Agreement (NAFTA), which brings together the Canadian, U.S. and Mexican economies to their mutual benefit, foreshadow the potential gains from Hemispheric free trade. The FTAA has the potential to significantly expand overall trade in the Americas. This would translate into higher GDP growth throughout the Hemisphere, and it would help all of us achieve our domestic economic and social policy objectives.

The FTAA was conceived in principle in December 1994 at the inaugural Summit of the Americas, held in Miami, Florida. In April 1998, at the Second Summit in Santiago, Chile, the Leaders of the 34 democratic countries in the Americas launched negotiations towards a hemisphere-wide free trade area. Canada became the first Chair of the FTAA process, seen as a key opportunity to demonstrate Canadian commitment to strengthening ties within the Hemisphere and further the trade liberalization agenda. By the conclusion of Canada's term as Chair, at the November 1999 Trade Ministerial in Toronto, concrete progress towards the next phase of the negotiations had been realized.

The FTAA and Canada's Trade Relationship With Latin America and the Caribbean

Without fanfare, in recent years Canada has developed a close and ever more significant trading relationship with Latin America and the Caribbean. For example, Canada has a free trade agreement with Chile, and on April 23, 2001, signed a similar agreement with Costa Rica. Canada is also exploring free trade agreements with the Dominican Republic, the Caribbean community (CARICOM) and the Andean Community countries (Bolivia, Colombia, Ecuador, Peru and Venezuela). Meanwhile, Canada has begun formal free trade negotiations with the four Central American countries of El Salvador, Guatemala, Honduras and Nicaragua.

Canada continues to play an active leadership role in the negotiations. It is currently the Chair for the Negotiating Group on Dispute Settlement, and Vice-Chair for the Negotiating Group on Subsidies, Antidumping and Countervailing Duties. Canada also continues to advocate greater transparency in the FTAA negotiations. At the April 2001 Trade Ministerial in Buenos Aires, Argentina, the Trade Ministers endorsed Canada's proposal to make public the consolidated draft negotiating text of the FTAA Agreement. The Ministers decided to release the second draft at the November 2002 Trade Ministerial in Quito, Ecuador, demonstrating the success of Canada's long-standing efforts to instill a new culture of transparency in trade negotiations. Canada has pledged its full support to trade-related technical assistance through the Hemispheric Cooperation Program announced during the Quito Ministerial.