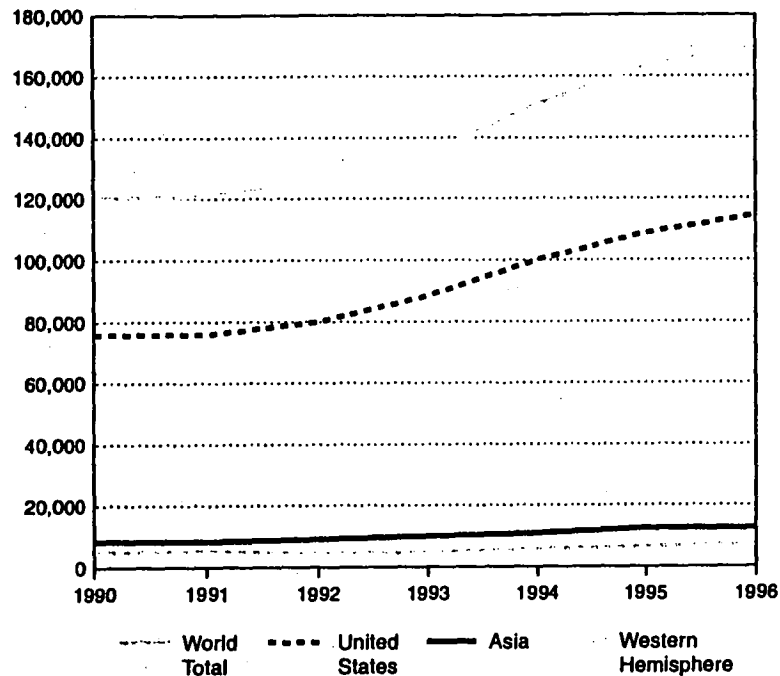


Figure 11.7  
Canadian Exports from Selected Regions, 1990–1996  
(millions of \$)



Source: International Monetary Fund, *Direction of Trade Statistics 1990–1996* (Washington: IMF, 1997).

of economic prosperity and employment the first place in the list of priorities.

The government has spared no effort to change that situation. At the Miami summit, Canada openly promoted Chile as the next country to join NAFTA, and when the US Congress refused to give the Clinton administration the fast-track authority that would have enabled the deal Canada moved on and signed a quasi-NAFTA-level bilateral trade agreement with Chile. Similarly, important trade missions to the region were organized in 1995 and 1998, in the face of significant political, economic, and even commercial tensions and uncertainties. The first of these took a large delegation to Mexico a

few months after the peso crisis and in the midst of serious political disturbances following the assassination of the governing party's candidate for the presidency. Similarly, another large mission visited Mexico, Brazil, Argentina, and Chile in January 1998, right during a financial crisis in Asia that was threatening economic stability. Most significantly, Canada was perhaps the keenest supporter of the FTAA process, contributing more than its share to the OAS trade unit and doing its best to keep some momentum in the initiative.

These efforts have met with growing obstacles. As mentioned, investments and trade between Canada and the region are *not* growing in relative terms, with the latest trade mission to the region producing disappointing results and some disenchantment among the hundreds of business people who joined in (at \$15,000 a seat). A timetable for negotiation of an FTAA was discussed during the April 1998 Santiago Summit of the Americas. Yet, even such a momentous development is likely to have little relevance: the Clinton administration, unable in October 1997 to secure fast-track negotiation of such an agreement, is now even less likely to deliver, as it grows weaker by the day and is increasingly centred on domestic issues and foreign adventures in the Middle East.

Side initiatives could not possibly compensate for such a central tenet of Canada's hemispheric agenda as the FTAA, but they could sustain a certain momentum. Even these, however, have been plagued with difficulties. Negotiations with Chile became tense when Canada insisted that Chilean controls over capital movements, celebrated through much of the hemisphere as Chile's saviour during the peso crisis, be eliminated. Canada's insistence, and Chile's determination, led to a showdown and to President Frei's last-minute cancellation of the visit during which the treaty was to be signed. Canada, the foremost advocate of NAFTA expansion and of the FTAA, was forced to back down: Chile kept its capital controls, Frei's visit was rescheduled, and the treaty was signed. Much damage was done in the region's chanceries, however, to Canada's image of openness, flexibility, and understanding towards partners that were—or felt—more vulnerable to the vagaries of international capital flows.

While the agreement with Chile had an essentially symbolic value, the announcement in 1997 that Canada had started discussions about a potential association with Mercado Común del Sur (MERCOSUR) was a truly significant development—although the planned agreement did little more than institutionalize contacts that have been taking