

pursue, in special circumstances, bilateral trade agreements with states that are in transition from the command economy system, and that are not GATT/WTO members. The nature of such agreements is that of a basic Most-Favoured Nation (MFN) agreement, with non-preferential elements. In this connection, Canada signed a bilateral trade agreement with Russia in 1992, and a similar agreement with Ukraine in March 1994. Negotiations are also under way with Estonia, Latvia, Lithuania, Kazakhstan, Viet Nam and Mongolia. It is expected that agreements will also be negotiated with other states of the former Soviet Union (FSU).

Canada will focus efforts on five new potential GATT/WTO members (China, Taiwan, Russia, Ukraine and Saudi Arabia) to ensure effective access to sectors of greatest interest to Canadian companies.

Regional/Bilateral: North American Free Trade Agreement

Canada's decision to enter into the NAFTA, which came into force on January 1, 1994, builds on its fundamental commitment to expand multilateral, rules-based trade within the new World Trade Organization. An essential element behind Canada's ratification of the NAFTA was the creation of Working Groups on subsidies and dumping that will address long-standing Canadian concerns about disputes arising from countervailing and anti-dumping duties.

The Government believes that the NAFTA will continue to generate many new market and investment opportunities — and jobs — for Canadians. It maintains the view, however, that the NAFTA is incomplete. The need to deepen and broaden the Agreement, as underlined by the recent Special Joint Committee on Canada's Foreign Policy, is therefore an important government objective. This will be pursued by various means:

- **Deepening the NAFTA** — Canada will work to extend the provisions of the NAFTA in critical areas such as trade remedies, trade in services, and procurement. This will be achieved, in part, through the Working Groups created to seek solutions to trade disputes arising from the use of trade remedy laws in the three countries.

- **NAFTA Accession** — Canada supported the NAFTA in the belief that it would continue to evolve into a non-discriminatory, comprehensive free trade regime fundamentally open to all countries willing to abide by its rules and disciplines. In this context, the Government fully supports efforts to widen the NAFTA within the hemisphere, and will work, on a priority basis, to assist the accession of Chile to the Agreement.

Canada has taken the position that all countries that agree to abide by the NAFTA rules should be welcome to become members.

- **Other Ties with Latin America** — At the December 1994 Summit of the Americas in Miami, Canada agreed with the other countries of the hemisphere, to work toward the creation of a Free Trade Agreement of the Americas by 2005. Governments have begun an examination and assessment of existing free trade arrangements, including Mercosur, the Andean Pact, the G-3 and CARICOM, to chart the future course of liberalized trade throughout the region. Canada will continue to build other institutional trade and economic ties with Latin America. In this regard, several Foreign Investment Protection Agreements (FIPAs) and Double Taxation Agreements (DTAs) are already being negotiated. Within the region, Canada currently has DTAs with Brazil, Argentina and certain Caribbean countries, and FIPAs with Argentina and Uruguay. It is also addressing barriers to free trade, such as non-harmonized product standards, both bilaterally and in regional forums. Within the Organization of American