

approaching \$8 billion. There is every indication that the CCFTA will spawn many new Canada-Chile business relationships and successes. This is evidenced by the overwhelming interest in Chile on the January 1998 Team Canada Mission to Latin America when some 66 business deals worth three-quarters of a billion dollars were signed.

At the first meeting of the CCFTA Commission in Santiago on January 21, 1998, Minister Marchi and Minister Insulza reaffirmed the two nations' commitment to implementing fully the provisions of the CCFTA which will promote enhanced trade and investment flows, and will contribute to stronger economic growth and the creation of new high-quality jobs in both economies. The signature on January 21, 1998 of the Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the first of Chile's new generation of tax treaties, meets one of the key commitments contained in the CCFTA. This Convention will facilitate the growth in trade and investment between Canada and Chile by establishing a more stable taxation framework for individuals and companies doing business in each other's country. As well, a comprehensive work program, comprising eight committees and working groups, has been launched to carry out the implementation of the major elements of the CCFTA. Significant progress has also been made in promoting co-operation on labour and environment issues under the two side agreements concluded in parallel with the CCFTA.

Looking towards the coming year, the Chilean government has indicated that it plans to liberalize its MFN tariff. Currently, Chile has a uniform tariff where all goods subject to the MFN rate are dutiable at 11%. The change would likely see the uniform MFN rate reduced from 11% to 8%. Although this may reduce the margin of preference enjoyed by Canadians under the CCFTA, in some cases where the Chilean tariff is being gradually phased out under the CCFTA for Canadian goods, Chile has provided Canada with a written commitment to maintain a certain margin of preference if it does indeed reduce its MFN tariff. When the proposal moves forward, Canada will ensure that this commitment is fully honoured.

### **Taxes on Alcoholic Beverages**

The European Union, United States, Canada and Peru contend that Chile maintains a tax regime which discriminates against imported alcoholic beverages. Canada is therefore participating in WTO dispute settlement proceedings to resolve the matter.

## **FREE TRADE AREA OF THE AMERICAS**

The decision to create a Free Trade Area of the Americas was made by leaders of the 34 democratic countries of the hemisphere, when they met in Miami for the first Summit of the Americas in December 1994. In their "Declaration of Principles," leaders resolved to conclude the FTAA negotiations no later than 2005 and to make concrete progress toward achieving that goal by the end of the century. Trade Ministers were entrusted with the preparations.

Since the Miami Summit, FTAA Trade Ministers have met three times, in Denver (June 1995), in Cartagena, Colombia (March 1996) and in Belo Horizonte, Brazil (May 1997). Their fourth meeting is scheduled for March 1998 in San José, Costa Rica.

At Denver and Cartagena, Trade Ministers agreed that the FTAA should be fully consistent with the WTO; should maximize market openness through high-level disciplines built on existing agreements; should be balanced and comprehensive in scope; and should represent a single undertaking comprising mutual rights and obligations.

In the lead-up to the Belo Horizonte meeting in May 1997, Canada worked closely with FTAA counterparts to ensure progress. Canada's main goals for the meeting were met. At Belo Horizonte, Ministers decided that leaders should formally initiate FTAA negotiations at the second Summit of the Americas in Santiago, Chile, now scheduled for April 1998. To this end, Trade Ministers declared that, at their fourth ministerial meeting in San José, they would formulate how the FTAA talks would proceed, including such features as the objectives, approach, structure and venue for the negotiations. Ministers also decided at Belo Horizonte that countries may negotiate