

political ties with the region's rapidly growing economies. Although the region is a relatively small market, Canada's efforts in expanding its role in Central America are paying dividends. Our exports to the region are growing, and Canadian companies have been successfully competitive.

Canadian  
direct foreign investment in the region is approximately \$209 million. In March 1998, Canada signed a Memorandum of Understanding on Trade and Investment with Central America to enhance our economic relations with the region.

Increasing investment in these countries by international financial institutions, notably the IABD and the IDB, has led to industrial and commercial expansion in the region. In 1995, Canadian exports to the four countries totaled \$94 million, while imports were valued at \$197.3 million. In 1999, Canada exported goods worth \$211.8 million to Central America and imported goods worth just over \$251 million.

Recent trade and economic developments in Central America will offer increased opportunities for Canadian participation in sectors where

Canadian

companies have proven expertise. There is significant potential for

Canadian

companies in several priority export sectors, such as telecommunications equipment, environmental equipment and services, foodstuffs, automotive parts, and construction materials. Canadian exports include financial services, wheat, telecommunications equipment, newsprint and other paper products, potash, processed foods, fruits and vegetables, and plastics. Canadian imports include fruits and vegetables, textiles and apparel, sugar, electronic components, tobacco and coffee.

#### Submissions by Interested Parties

Consulting with Canadians on our mutual goals is an important part of how Canadian trade policy is formulated. It is essential that the Government of Canada be fully aware of the interests and sensitivities of Canadians with respect to this initiative. Therefore, we would welcome advice and views on any priorities, objectives and concerns about a free trade agreement with Central America. We seek input with respect to the following:

- \* opinions on areas of export interest, including products for which Central America should eliminate barriers. The Government is also seeking views on products for which there may be concerns if access to the Canadian market for Central American products were to be improved, including opinions on the staging of any concessions;
- \* views on general rules of origin issues and/or advice on appropriate rules of origin or procedures for specific products or sectors;
- \* any suggestions on "trade facilitation" issues, e.g. significant impediments related to import-related procedures;
- \* advice, views and experiences on customs-related issues for both travellers and commercial goods entering or leaving the region;
- \* advice and views on the possible inclusion of investment within the scope of negotiations, the types of problems faced by Canadian investors in Central America, and the type of investment rules that would provide them with better access, treatment, protection and predictability for their investments;
- \* advice and views on the possible inclusion of services within the scope of negotiations, service sectors in Central America that could be a target for further liberalization, and opinions on measures affecting access, including regulatory measures that restrict trade in services;