

A PARTNER FOR THE FUTURE

Chile's growing concern over sustainable development is creating new demands for the same technologies that Canada has developed to manage its own natural resource problems.

Chile's open market economy, stable political system, and clearly-stated investment regulations have created the most dynamic market in Latin America. Huge inflows of foreign investment combined with high internal savings have provided the capital to support an average real GDP growth of 7 percent over the past ten years. Market-oriented policies have encouraged the development of an entrepreneurial spirit and a strong private sector. President Eduardo Frei, who took office in March, 1994, has made it clear that these policies will be continued. He took the lead in initiating new trade contacts in the Americas, Europe and Asia. His goal is to increase Chile's exports to US \$20 billion by the turn of the century.

So far, Canada's trade with Chile has been relatively small, but there are excellent prospects for the future. Chile's growth has been concentrated in the natural resource-based industries such as mining, forestry, agriculture and fishing. Trade is booming in all of these areas and this success underlies the nation's outstanding overall economic performance. But Chileans are increasingly aware that there are limits to growth, and that they cannot continue to deplete their natural heritage indefinitely. There is a growing awareness of the concept of sustainable growth, and a new emphasis on the need to use resources efficiently and to protect the environment. The necessity of diversifying exports to reduce reliance on raw resources and develop value added products has also become apparent. These are all problems that Canada has successfully tackled in the past, in precisely the same industries. Thus, Canada has a great deal to offer Chile, in both technological expertise and resource management know-how.

Our two nations have many other things in common. Both Canada and Chile have small populations spread over immense distances. Limited markets at home have forced the two countries to look outward for business.

These similarities have already led to a great deal of interaction. Canada is already the second-largest foreign investor in Chile and received more new investment approvals in 1995 and 1996 than any other country. After the Miami Summit of the Americas in 1994, Chile was seeking accession to the North American Free Trade Agreement (NAFTA) with Canada, the United States and Mexico. The American Congress, however, was not able to approve fast-track negotiating authority. This prompted Chile and Canada to enter into an interim bilateral free trade agreement. The text of the agreement was signed on December 5, 1996 at Canada Expo '96 in Chile. The agreement was implemented July 5, 1997 and due to the inherent benefits afforded to Canadians, Chile will inevitably emerge as one of Canada's major trading partners for the future. Chile hosted the 1998 Second