

by January 2005 a comprehensive and balanced agreement that will expand prosperity and foster economic growth throughout the hemisphere. Countries are to negotiate an integrated set of obligations and benefits in each of the existing nine areas (market access; agriculture; services; investment; government procurement; intellectual property; competition policy; subsidies, anti-dumping measures and countervailing duties; and dispute settlement). Additional, more ambitious obligations could be negotiated simultaneously among countries that so choose. Trade ministers also agreed to release the third version of the negotiating text in the four official languages of the FTAA: English, French, Portuguese and Spanish. Although Canada did not achieve all that it had sought, it did succeed in narrowing differences on the way forward for the final phase of the negotiations.

Market Access Results 2003

- Progress was achieved throughout the draft FTAA Agreement, as reflected in the third draft of the consolidated text released by FTAA trade ministers in November 2003.
- Market access negotiations progressed on the basis of initial offers for goods, tabled by all countries in February 2003.
- Market access negotiations progressed on the basis of initial offers for services, investment and government procurement, tabled by most countries in February 2003.
- Ministers agreed to maintain the established timetable for concluding the negotiations.
- Work advanced on the Hemispheric Cooperation Program, including through a \$7-million grant to the Inter-American Development Bank and the Organization of American States from the Canadian International Development Agency, which will provide trade-related technical assistance and capacity building to enable smaller economies to participate in the FTAA.
- Further progress was made relating to transparency and the participation of civil society, for example, there were improvements to the quality and frequency of information made available to the public, as well as increased interaction with civil society through special thematic meetings.

- Ministers recognized the linkage between the Summit of the Americas process and the FTAA, particularly with respect to labour, the environment and cultural diversity.

Canada's Market Access Priorities for 2004

- Develop and implement a negotiation framework, as instructed by ministers, that will advance work on the integrated draft text of the FTAA Agreement and the market access negotiations for goods, services, investment and government procurement.
- Pursue the conclusion of a high-quality, comprehensive Agreement.
- Seek agreement with other countries on a process to establish parallel agreements on labour and the environment in the context of the FTAA.
- Continue to pursue measures that increase the transparency and participation of civil society in the FTAA, including those of an institutional nature.
- Build support among FTAA participants for a specific reference to the Organization of American States' Democratic Charter in the FTAA.

Mercosur

Overview

Argentina, Brazil, Paraguay and Uruguay established the Southern Cone Common Market (Mercosur) in 1991 through the Treaty of Asuncion. Mercosur provides for the free circulation of goods, services, capital and labour; a common external tariff; and harmonized macroeconomic and sectoral policies by 2006. With 215 million consumers (compared with 400 million in NAFTA), this customs union was Canada's second largest export market in Latin America in 2003, after Mexico. Partially harmonized common external tariffs were implemented in 1995. Approximately 90% of all internal trade is duty-free, with the remaining exceptions to the Common External Tariff scheduled to be eliminated by 2006.