

Chile has one of the most open and stable economies in Latin America, and many Canadian companies consider it to be a gateway to regional and neighbouring markets. Negotiations on a government procurement chapter for the CCFTA were completed in 2006, and similar talks on financial services disciplines are well advanced.

### **Andean Community**

Representatives of Canada and the Andean Community countries (Bolivia, Columbia, Ecuador and Peru) met in December 2006 to explore the possibility of free trade negotiations. The discussions were positive and allowed for a frank exchange of views on a wide range of issues that could be raised in future free trade negotiations. Canada expects to be in a position to launch negotiations with interested and prepared Andean countries in 2007.

A free trade agreement with the Andean Community countries would help to ensure a level playing field and secure new commercial opportunities for Canadian exporters, services providers and investors, particularly in light of the recently concluded U.S.-Colombia and U.S.-Peru free trade agreements. These agreements will, upon implementation, grant U.S. exporters immediate duty-free access for over 80% of consumer and industrial products, including those in many sectors of interest to Canada (e.g., wheat, pulses, high-quality beef, processed food products).

A Canada-Andean Community free trade agreement would also further advance Canada's foreign policy objectives in the region and promote development through economic integration. Consultations with Canadian stakeholders in 2002-2003 revealed broad support for a Canada-Andean Community agreement.

In addition to pursuing a free trade agreement, Canada's priorities for the Andean Community countries in 2007 will be to continue representations for the resumption of trade in beef, cattle, and poultry from Canada. Canada will also

continue to seek market access to the countries of the Andean region under the General Agreement on Trade in Services (GATS) at the WTO. During the past four years, Colombia has undertaken a series of major reforms to develop a competitive legal framework and investment regime as well as a good business climate. Colombia also continues to reduce the role of government in its economy and to encourage private-sector participation, particularly in oil and gas and in mining. Similarly, the Peruvian government's intervention in its economy has been minimal, with particular emphasis being placed on attracting investment into the agricultural sector of the highlands. Thanks to a smooth political transition following the 2006 presidential elections, Peru's stable and open economy is expected to enjoy strong growth over the coming years.

In 2006, bilateral merchandise trade with the Andean Community countries totalled \$3.9 billion. The Canadian stock of direct investment in the Andean Community amounted to \$3.5 billion in 2006.

### **Central America and the Caribbean**

In 2006, Canadian exports to the Central American region (El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica and Panama) amounted to \$442.8 million, and bilateral trade totalled more than \$1.3 billion. Guatemala has the broadest economic base and largest economy in Central America: in 2006, close to 42% of total Canadian exports to this region were to Guatemala. Panama's services-based economy grew by more than 8% in 2006, and free trade negotiations with the United States have been completed and are awaiting congressional approval.

The Canada-Costa Rica Free Trade Agreement (CCRFTA) entered into force on November 1, 2002, providing the two countries with a competitive advantage vis-à-vis foreign competitors in each other's markets. Canada has now benefited from over four years of duty-free access for over