



An important challenge remains the development of a collective process of consultation with civil society in the Americas in the absence of consensus on how or the extent to which such consultations should occur. The Committee of Government Representatives on the Participation of Civil Society is a Canadian initiative and a Canadian senior official serves as the acting Chair of the Committee. As a result of a meeting of the Committee in October 1998, an open invitation was extended to civil society to provide written submissions by March 31, 1999, on trade-related matters as outlined in the San José Ministerial Declaration. The Committee will meet again in May to consider the written input received.

Canada will continue to seek a larger and more interactive role for the Committee, which should include hearing from civil society representatives directly and holding a meaningful dialogue with them. While there is still no consensus on expanding the mandate, Chief Negotiators have agreed to keep the matter under discussion. Within Canada, the Government has initiated comprehensive consultations with the Canadian private sector, including civil society, to develop and refine its objectives in the FTAA negotiations and in respect of the broader trade policy agenda.

In the short term, Canada's challenge is to ensure implementation of the work programme across the nine Negotiating Groups and the three consultative bodies. Our aim is to put in place a solid foundation for the FTAA so we can achieve concrete progress by 2000 and complete our work by 2005. As Chair, Canada must also ensure that the Administrative Secretariat in Miami, where the negotiations are taking place for the first three years, is made fully operational. The TNC has selected a Canadian, Michael Eastman, as Director of the Secretariat effective January 1999. His appointment should ensure effective administrative support for successive rounds of the negotiations.

MERCOSUR

Overview

The Southern Cone Common Market (Mercosur), the customs union comprising Argentina, Brazil, Paraguay and Uruguay, is Canada's largest export market in Latin America. In 1998, Canada's goods

exports to Mercosur totalled \$1.56 billion and total imports were \$1.70 billion. Canada's main exports to Mercosur are paper products, potash, wheat, telecommunications equipment, aircraft parts, petroleum products, machinery, malt, minerals, plastics, rolling stock and pharmaceuticals. Investments are concentrated in the aluminium, oil and gas, mining, power, telecommunications and spirits sectors.

Mercosur was officially created in 1991 through the Treaty of Asunción. When fully implemented in 2006, Mercosur will provide for the free circulation of goods and services, capital and labour, a common external tariff (CET), and harmonized macroeconomic and sectoral policies. Partially harmonized CETs were implemented in 1995 and already about 90 percent of all internal trade is duty-free. The exceptions to the CET, such as the automotive sector in Argentina and Brazil, and hundreds of individual tariff lines for each country, are to be eliminated by 2006. Important areas such as sugar remain exempted. On services, the Mercosur Trade Ministers approved a framework in mid-December 1997, and detailed negotiations are ongoing.

Since its inception, Mercosur has negotiated and entered into free trade agreements with Chile and Bolivia. Free trade talks are under way with the Andean Pact, which comprises Bolivia, Colombia, Ecuador, Peru and Venezuela, and a limited preferential trading arrangement is being negotiated with Mexico. Mercosur has also reached a framework agreement with the EU, which is the first step toward full-fledged free trade negotiations that may begin in 1999.

Trade and Investment Co-operation Arrangement (TICA)

In the coming year, Canada will endeavour, with the collaboration of Mercosur members, to implement the TICA signed in June 1998. This arrangement lays the foundation for enhanced bilateral trade and investment. It establishes a framework for Canada and Mercosur to collaborate on FTAA, WTO and Cairns Group work programs. Once fully implemented, it will create an advisory committee of business representatives and foster private-sector dialogue to facilitate trade and investment in both directions. The TICA provides for regular consultations which is expected to result in a joint assessment of barriers