

military rule but they are not considered de-stabilizing. Chile has made enormous progress in the economic and social sectors since its return to democracy in 1990. Chilean politics are now dominated by coalitions of the right and left. Legislative elections held December 11, 1997 did not significantly change the political configuration in the National Congress (Senate and Chamber of Deputies). The next presidential election is scheduled for December 1999, and the race to succeed President Frei - prohibited by the constitution from a second consecutive term - is underway. Former ruler Augusto Pinochet retired as Commander of the Army and took up a lifetime seat in the Senate in March 1998. There was substantial opposition to the accession of General Pinochet to the Senate.

## **CHILE AND THE NORTH AMERICAN FREE TRADE AGREEMENT**

There is a strong consensus in Chile in support of both democracy and the free-market economy. Combined with the nation's 20-year experience in operating competitive enterprises, these factors have made Chile the most qualified South American nation for membership in The North American Free Trade Agreement (NAFTA). The Summit of the Americas, held in Miami in December 1994, declared a goal of hemispheric free trade by 2005. At the end of the summit, Chile was formally invited to begin negotiations for entry into NAFTA. The lack of fast-track negotiating authority in the United States has prevented further talks on NAFTA enlargement.

Meanwhile, Canada negotiated and signed a bilateral free trade agreement with Chile, based on the NAFTA model so as to provide easy accession to the NAFTA, should that be desired at a later date. The signing of the bilateral free trade agreement during President Frei's visit in November 1996, and its implementation of this agreement on July 5 1997, has been a major development in our relationship.

Prime Minister Chrétien and President Frei have met again on several occasions at the APEC Summit in Vancouver in November 1997; the Team Canada mission which Prime Minister Chrétien led to Santiago in January 1998; and the Summit of the Americas which was held in Santiago in April 1998. The excellent rapport between leaders is reflected at all levels and areas of the relationship, and we see each other as partners. Ties have been strengthened by a series of meetings at the ministerial level involving, among others, the Minister of Foreign Affairs, the Minister for International Trade, the Minister of Agriculture, the Minister of Labour, the Minister of Transport, the Minister of Finance, the Minister of the Environment as well as the Secretaries of State for Latin America and Africa, Agriculture, and Science, Research and Development. Canada and Chile cooperate closely on a range of issues at the UN, OAS and APEC, while the Summit of the Americas process underlines the similarity of approaches to regional issues. Canada has supported Chilean membership in APEC and NAFTA, positions which have added to our growing political partnership.