

Trade Data Reconciliation

The statistics produced by countries on their merchandise trade with the rest of the world frequently differ from the statistics published by their trading partners. These differences reflect legitimate conceptual differences between import and export statistics, as well as possible errors. The *Merchandise Trade Reconciliation Canada-Mexico 2000-2001* report produced by Statistics Canada and the Mexican agency INEGI shows a discrepancy of over \$4 billion between what Statistics Canada reports as exports to Mexico and what INEGI reports as imports from Canada. The major factor contributing to this gap is transshipment or indirect trade through the United States. The implication is that Canada's actual exports to Mexico are far greater than the reported figures using Canada's export statistics.

Free Trade Area of the Americas

The Free Trade Area of the Americas (FTAA) was conceived in principle in December 1994 at the inaugural Summit of the Americas in Miami. At the second Summit, in Santiago in April 1998, the leaders of the 34 democratic countries of the Americas launched the negotiations toward a hemisphere-wide free trade area.

The proposed FTAA is an integral part of the larger Summit of the Americas process. The FTAA complements the Summit objectives of strengthening democracy, promoting human rights and finding ways to address a range of social and economic issues through hemispheric cooperation. The FTAA is perhaps the most visible element of the Summit process, but its principal objectives of growth and development through enhanced economic integration are ultimately intended to reinforce the Summit's broader objectives. Canada hosted the Third Summit of the Americas in Quebec City in April 2001, and it continues to play a significant role in the broader Summit process. Most notably, Canada helped forge consensus among the 34 members of the Organization of American States on the holding of a Special Summit of the Americas, which took place January 12 to 13, 2004, in Monterrey, Mexico.

The FTAA negotiations could result in the creation of the world's largest free trade area, with over 830 million people and a combined gross domestic product of more than \$20.1 trillion. In addition to liberalizing trade in goods, the FTAA has the potential to secure improved market access commitments in the services sector and to establish stronger investment protection measures throughout the hemisphere.

The FTAA will build on Canada's existing free trade ties with the United States, Mexico, Chile and Costa Rica, and its expanding links elsewhere in the hemisphere, allowing Canada to take full advantage of emerging hemispheric markets. The FTAA will coexist with pre-existing agreements, such as the North American Free Trade Agreement. This means that Canada's trade with the United States and Mexico will continue to be governed by NAFTA, and the FTAA will substitute in these relations only if all three parties agree. Excluding Canada's NAFTA partners, the Americas are now the destination for \$3.4 billion of Canadian goods exports a year. In addition, the stock of Canadian direct investment in the region is in excess of \$54 billion, representing 13% of Canada's total outward investment in 2003.

The FTAA negotiations, which are scheduled to conclude by January 2005, are proceeding on two simultaneous tracks. The first is a general negotiation focusing on rules and commitments, including issues of an institutional nature. The second track deals specifically with market access for agricultural and non-agricultural goods, investment, services and government procurement.

With respect to the market access negotiations, in February 2003, Canada presented, and received from all countries, initial market access offers in agricultural and non-agricultural goods. In addition, Canada presented, and received from most countries, initial market access offers in services, investment and government procurement. Countries were invited to request improvements to the initial market access offers in June 2003. The process for improving the initial market access offers commenced in July 2003.

On November 20, 2003, the ministers responsible for trade in the hemisphere met in Miami for the eighth FTAA Ministerial Meeting. At this meeting, trade ministers reaffirmed their commitment to conclude