

### 3.1 Market Access

- While it is difficult to specify in detail the impact of the **North American Free Trade Agreement (NAFTA)**, there has been an observed increase in trade, investment and employment in Canada since the agreement was implemented.
  - Canada's merchandise exports to the United States have risen by 63% since the NAFTA was implemented, reaching \$244 billion in 1997.
  - Canadian exports to Mexico over the same period were up 54%, reaching \$1.3 billion in 1997.
  - Foreign investment flows from Canada's NAFTA partners have also risen in the past four years; FDI from the United States was 21% higher in 1996 than in 1993 (the last pre-NAFTA year), while FDI from Mexico was 35% higher.
- Leaders launched the **Free Trade Area of the Americas (FTAA)** negotiations during the April Summit of the Americas in Santiago, Chile. A negotiating structure for the FTAA has been agreed upon, with Canada chairing the process for the first 18 months.
- Canada actively participated in a range of **World Trade Organization (WTO)** initiatives in 1997.
  - **An Agreement on Basic Telecommunications** was concluded in February 1997, with the participation of countries that account for more than 90% of worldwide telecommunications revenues. The agreement, which came into effect in February 1998, gives Canada secure access to the key markets of the United States and the European Union; improved opportunities to serve countries in Asia and Latin America; and the benefits of a transparent, multilateral, rules-based trading framework.
  - In March 1997, Canada and 42 other countries concluded the **Information Technology Agreement (ITA)**, creating a duty-free market representing over 92% of the US\$500-billion-a-year world trade in information technology products. With the tariff cuts that started in July 1997, the ITA will lead to improved market access, lower prices on inputs for Canadian producers, and growing markets.