



UNCLASSIFIED

January 18, 1995

On December 11, 1994, the Heads of Government of Canada, the United States, Mexico and Chile announced their decision to begin the process by which Chile will accede to the North American Free Trade Agreement (NAFTA).

To this end, officials from the NAFTA partners have been directed to undertake the preparations necessary to begin negotiations, including focusing on relevant technical procedures and institutional issues.

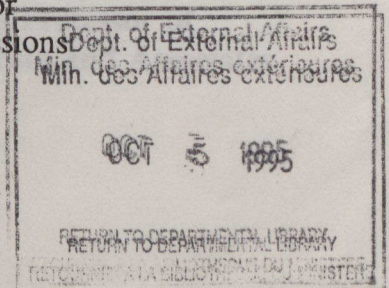
The decision announced in the "Four Leaders' Statement on Chile" was the culmination of Canada's efforts during 1994 to ensure that the NAFTA becomes the principal tool for trade and investment liberalization in this hemisphere, and possibly beyond.

One of the elements in Canada's initial preparations for the accession of Chile to NAFTA was the attached study, commissioned by the Canadian Embassy in Santiago, Chile and the Department of Foreign Affairs and International Trade. It was prepared by two leading Chilean economists and consultants, Fernan Ibañez and Felipe Larraín. The opinions expressed in this study are those of the authors, and do not necessarily represent the views of the Government of Canada. The study, however, does provide a useful overview of many of the issues that will likely be addressed during the negotiations.

It is our hope that this preliminary work, examining the Chilean trade and investment regime and identifying possible business opportunities for the Canadian private sector, will be a helpful starting point for your own analytical work, as Canada and its NAFTA partners work through the preparatory discussions and accession negotiations with Chile.

Yours sincerely,

Keith Christie
Lead Negotiator
NAFTA Accessions



43-273-940

43 27 8