

A first, and all-important, commitment to open markets has been made. Thanks to strong, visionary leaders in Brazil and throughout the Americas, bilateral and multilateral free trade is breaking out all over the Western Hemisphere. These remarkable strides in recent years make it all the more curious that the next logical step — a single free trade regime for the Western Hemisphere as a whole — remains elusive. An increasingly tangled web of bilateral and regional trade agreements is hardly helpful from a business perspective. It leads to a confusing overlap of rights and obligations, including multiple rules of origin, that increase the transaction costs of all firms, especially small businesses hoping to export. Because of the absence of uniform content requirements, it prevents the further integration of regional production — this at a time when global trade is increasingly driven by intra-firm transactions, strategic sourcing and transnational investments. But perhaps the most dangerous aspect of a drift toward separate bilateral or regional agreements is the risk that they might solidify into exclusionary trading blocs. It is clear, for example, that failure to open the NAFTA to Chilean accession would send a negative signal to other would-be partners that the prospects for future entry are indeed limited. . . . But what does this all mean for Brazil-Canada trade and investment? As natural allies, middle powers in the new world, and old friends, these developments should enable Canada and Brazil to rekindle a relationship which — at times — has suffered from economic shocks. However, our robust and dynamic commercial relationship stands as evidence that we can trade together to our mutual benefit.

Notes for an address by the Honourable Roy MacLaren, Minister for International Trade, to the Brazil-Canada Chamber of Commerce, Toronto, Ontario, November 28, 1994, 94/73

The last several years have witnessed nothing less than economic revolution in North America. And yet, in many ways, it is the choices we make over the next several years which will determine whether an even more profound revolution is set in motion — one which would see the NAFTA [North American Free Trade Agreement] transformed from a limited continental arrangement into the world's most dynamic and powerful economic entity extending throughout the western hemisphere and perhaps beyond. Like all turning points in history, nothing is preordained. After initially embracing a sweeping vision of free trade from Alaska to Tierra del Fuego, the United States appears uncertain of its next steps. Economic insecurities, domestic priorities, and recent political upheavals in Washington have conspired to cloud the United States' trade objectives and obscure its hemispheric intentions. Partly in response to apparent hesitation in the United States, Latin America has begun to re-evaluate its own options. New regional groupings — even an exclusive South American free trade area — have for some begun to look more attractive as the prospects for full hemispheric integration appear to grow more uncertain. The dangers of losing momentum at this critical juncture cannot be overstated. At a minimum, we risk missing out on burgeoning trade and investment opportunities in the newly emerging economies of Latin America. Following decades of economic isolation, Latin America is now transforming itself into one of the most open and economically liberal regions in the world. By hesitating now, North America will not only forego the chance of gaining an early foothold in these dynamic markets; it will forego the chance of encouraging and reinforcing their transformation. We also risk missing an historic opportunity to bridge our two continents, North and South.

Notes for an Address by the Honourable Roy MacLaren, Minister for International Trade, to the North American Policy Group at Dalhousie University and the Halifax Board of Trade, Halifax, Nova Scotia, November 25, 1994, 94/72

Finance Canada

**Draft Amendments to the Income Tax Regulations
on Qualified RRSP Investments**

November 29, 1994

Finance Minister Paul Martin announced proposed changes to the rules which allow shares of small business corporations and co-operative corporations to qualify as investments for RRSPs. The proposed changes permit shares required to be held as a condition of membership in certain cooperative corporations to qualify as an RRSP investment, providing the RRSP annuitant and related parties do not own 10 per cent or more of the shares of any class of the corporation.

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