

Canada and the Free Trade Area of the Americas

March 2000



Canada 

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<http://www.dfait-maeci.gc.ca/tna-nac/menu-e.asp>

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Foreword

Canada's continued prosperity and growth depend on how successful we will be in opening up new markets for our products and services, expanding Canadian investment abroad in emerging markets, and attracting new sources of foreign investment in Canada.

That is why, in April 1998 at the second Summit of the Americas in Santiago, Chile, Prime Minister Chrétien joined the leaders of the 33 other democratic countries in the Hemisphere to launch negotiations on creating a Free Trade Area of the Americas (FTAA).

The Government subsequently asked the House of Commons Standing Committee on Foreign Affairs and International Trade to undertake public consultations on how Canada should approach the negotiations.

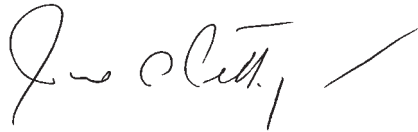
After hearing from people across Canada, the Committee tabled its Report in October last year. It strongly supported the FTAA process and offered specific recommendations on the issues to be considered in the negotiations.

To a large extent, the Committee's recommendations will form the basis for the Government's approach to the negotiations on an agreement to create more open markets within the Hemisphere. Of course, an agreement will be acceptable to us only if it advances Canada's vital social interests in areas such as the environment and labour, and if it preserves our right to regulate for the public good.

The Government is convinced that it is to our advantage to take a leadership role in helping to bring about hemispheric free trade. Canada is now fully engaged in negotiations with all our trading partners in the region; we are confident the outcome will be an agreement by 2005.

This paper provides a snapshot of the work we have been doing over the past few years to build stronger ties with our hemispheric partners. It outlines the Government's response to the major recommendations made by the Standing Committee on Foreign Affairs and International Trade. Last, it highlights some of the opportunities and challenges that such an agreement will present to our country.

I hope that the paper will encourage more Canadians to become involved in helping create an agreement that, in the words of Prime Minister Chrétien, will contribute to making the Hemisphere “*una gran familia.*”

A handwritten signature in black ink, appearing to read "P. S. Pettigrew", followed by a long, sweeping horizontal stroke.

Pierre S. Pettigrew
Minister for International Trade

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The Potential of the Americas

The negotiations on a Free Trade Area of the Americas present a historic opportunity to unite the 34 democratic nations of the Americas in a comprehensive agreement for greater economic integration, development and growth.

The Government believes that Canada's future is directly linked to that of our hemispheric neighbours. We want to be in on the ground floor of the development of this huge new economic powerhouse.

- ▼ More than 800 million people — almost one sixth of the world's population
- ▼ An economy of roughly US\$11 trillion
- ▼ More than one third of the world's economic activity
- ▼ A combined gross domestic product greater than the European Union's
- ▼ Would be the world's largest free trade area



The Benefits of Liberalized Trade

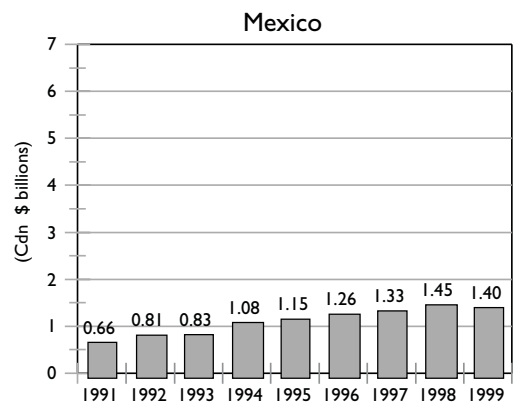
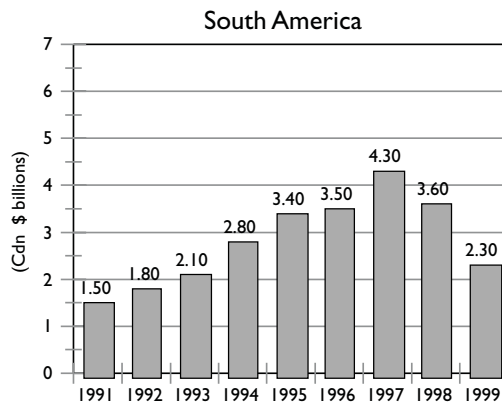
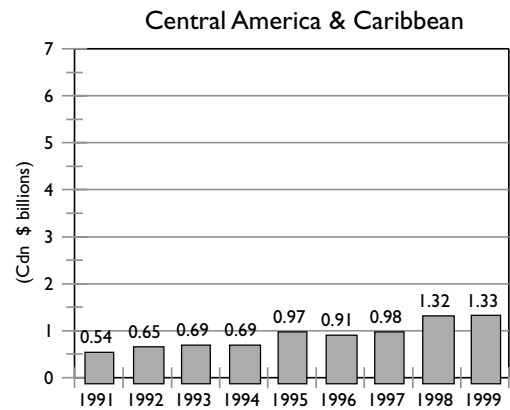
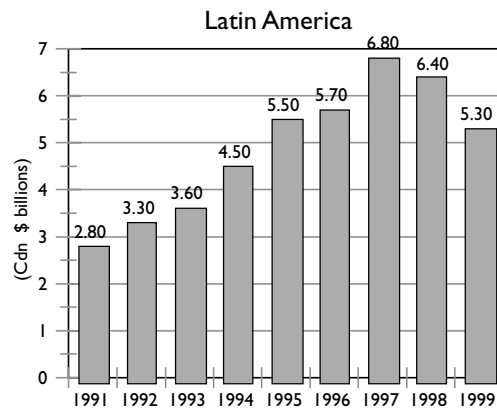
A more liberalized trading system based on clear rules:

- ▼ creates jobs for Canadians
- ▼ gives our companies larger markets and economies of scale
- ▼ provides access to cheaper inputs, such as advanced technology
- ▼ gives us greater choice of less expensive consumer goods
- ▼ increases competition and encourages innovation and efficiency
- ▼ encourages Canadians to be attuned to the challenges of an interdependent world

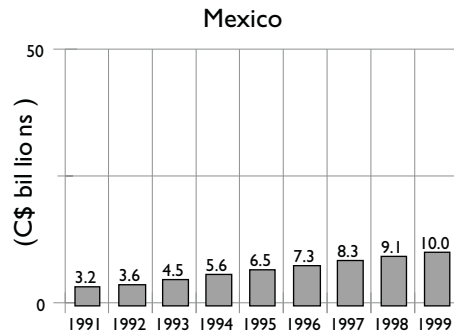
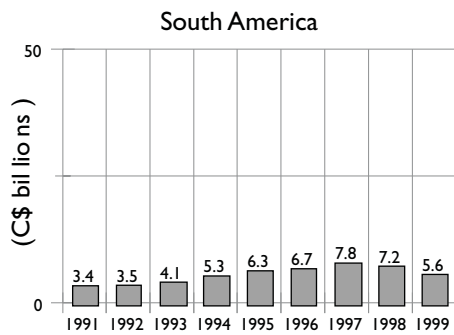
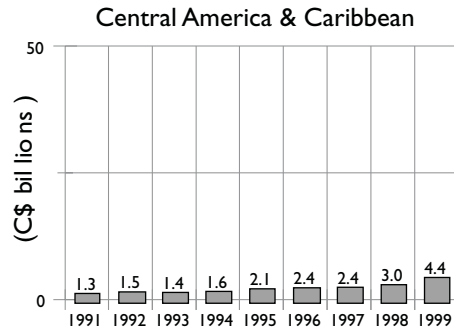
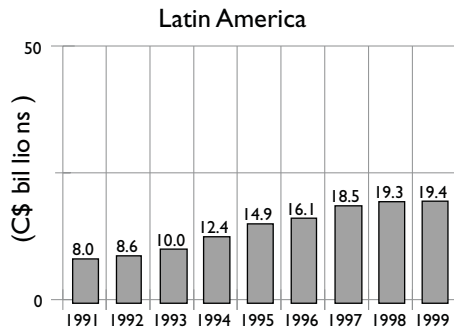


Canada–Americas Trade Relationship

Canadian Exports to Latin America January 1991 to November 1999



Canada–Latin America Two-Way Trade January 1991 to November 1999



Notable Canada–Americas Trade Activity

- ▼ 1998 Team Canada trade mission to Mexico, Brazil, Argentina and Chile, led by Prime Minister Jean Chrétien
- ▼ 1995 trade mission, led by the Prime Minister, to Argentina, Chile and Brazil
- ▼ 1994 North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico
- ▼ Canada–Chile Free Trade Agreement and its two parallel agreements on environment and labour, implemented in 1997
- ▼ Technical discussions to upgrade the Foreign Investment Protection Agreement between Canada and Argentina
- ▼ 1998 Canada–Mercosur Trade and Investment Co-operation Arrangement for increased bilateral trade and investment between Canada and the Mercosur countries (Brazil, Argentina, Uruguay and Paraguay)
- ▼ Similar agreement with the Andean Community (Bolivia, Colombia, Ecuador, Peru and Venezuela)
- ▼ Memorandum of Understanding on Trade and Investment with Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua
- ▼ Memorandum of Understanding on agriculture with Brazil
- ▼ Nine foreign investment protection agreements with FTAA member countries
- ▼ March 2000 mission by International Trade Minister Pettigrew to Uruguay, Chile and Argentina

The FTAA: Key Dates

December 9–11, 1994	First Summit of the Americas Miami, United States
June 30, 1995	First Western Hemisphere Trade Ministers Meeting Denver, United States
July 1–2, 1996	First Business Forum of the Americas Denver, United States
March 18–20, 1996	Second Business Forum of the Americas Cartagena, Colombia
March 21, 1996	Second Western Hemisphere Trade Ministers Meeting. Cartagena, Colombia
May 13–15, 1997	Third Business Forum of the Americas Belo Horizonte, Brazil
May 16, 1997	Third Western Hemisphere Trade Ministers Meeting Belo Horizonte, Brazil
March 16–18, 1998	Fourth Americas Business Forum San José, Costa Rica
March 19, 1998	Fourth Western Hemisphere Trade Ministers Meeting San José, Costa Rica
April 19, 1998	Second Summit of the Americas Santiago, Chile
November 1–3, 1999	Fifth Americas Business Forum Toronto, Canada
November 4–5, 1999	Fifth Western Hemisphere Trade Ministers Meeting Toronto, Canada
April 2001	Sixth Western Hemisphere Trade Ministers Meeting Buenos Aires, Argentina
April 20–22, 2001	Third Summit of the Americas Québec City, Canada



The Committee Report

In September 1998, the Standing Committee on Foreign Affairs and International Trade was asked to provide advice on the positions Canada should take in negotiating a Free Trade Area of the Americas.

The Report of the Committee was tabled in October 1999. The 29 recommendations closely follow the Government of Canada's trade policy agenda and objectives. With some very limited qualifications, the Government accepted the Committee's recommendations.

The Government agrees with the Committee that our commercial interests and objectives must be managed prudently, and must take account of the broader social and other public policy issues affected by international trade. An FTAA would also consolidate and complement the existing bilateral trade and investment arrangements Canada now has with many FTAA member countries.

The Government further agrees with the Committee on the negotiating positions and priorities that Canada should take in the negotiations. Those positions and priorities can be summarized as follows.

Market Access

Canada supports the elimination of tariffs on all non-agricultural products over a period not to exceed 10 years, with accelerated reductions for products of export interest and, where possible, provisions addressing non-tariff measures.

Agriculture

Canada will continue to negotiate broader trade liberalization in agricultural products, in keeping with its World Trade Organization (WTO) negotiating position.

Services

Canada has made the export of services a priority, moving beyond the General Agreement on Trade in Services where possible, and it is consulting with various sectors to identify specific Canadian interests.

The Government remains committed to preserving our right to regulate in pursuit of national objectives, including those in the health and education sectors.

Investment and Competition Policy

Canada supports the negotiation of a framework for competition policy in an FTAA agreement provided that it does not prejudice the independence of domestic competition authorities. On investment, Canada supports the exploration of possible investment rules in an FTAA agreement, using as a basis our past experiences with the negotiation and implementation of investment rules with other countries, including those of Latin America and the Caribbean.

Government Procurement

Canada supports an agreement on government procurement to cover the broadest range of goods and services possible, including construction.

Culture

As announced in the 1999 Speech from the Throne, Canada intends to pursue a new international instrument on cultural diversity. Such an agreement will recognize the special role of cultural goods and services, and the right of governments to preserve and promote cultural diversity while respecting the rules of the international trading system and ensuring markets for cultural exports.

Intellectual Property

Canada supports inclusion in the FTAA of intellectual property (IP) provisions that complement the international IP framework, offer certainty and transparency, and encourage trade.

Technical Barriers to Trade

Canada has benefited from the WTO Technical Barriers to Trade Agreement, and agrees that the Government's negotiating position in the FTAA will derive from WTO-based rules and obligations.



Smaller Economies

Canada already provides tariff concessions to smaller economies in the region but acknowledges that special arrangements may be necessary for some countries on a case-by-case basis. Such time-limited privileges will be examined in the course of the negotiations.

Moreover, on a bilateral basis Canada supports trade-related technical assistance projects that help smaller economies participate more fully in the FTAA process.

Trade Remedies

Canada supports efforts to explore improvements to the rules governing the use of anti-dumping measures, both multilaterally and within the Hemisphere. The Government also supports efforts to improve disciplines on the use of subsidies, including the elimination of agricultural export subsidies. Ideally, progress on these issues in the Hemisphere should be achieved in tandem with multilateral improvements.

Dispute Settlement

Canada supports the creation of an FTAA dispute settlement mechanism based on the WTO model and consistent with the provisions in the NAFTA.

Consultations with Canadians

Throughout the FTAA negotiating process, the Government of Canada has ensured that Canadians are consulted closely, and it will continue to do so. To provide Canadians with timely information, updates on Canada's trade policy agenda (including the FTAA negotiations) are posted on the Department of Foreign Affairs and International Trade Web site: <http://www.dfait-maeci.gc.ca/tna-nac/>

The Government also supports efforts to engage citizens in other FTAA member countries. The Government believes that considerable progress has been made in encouraging our hemispheric partners to involve their citizens. Throughout the negotiations, we will promote continuous involvement with civil society .

Provinces and Territories

Provincial and territorial governments will continue to be actively consulted on all aspects of trade policy, and will continue to contribute to the development of Canada's trade priorities and objectives.

Social Issues

In addition to trade issues, leaders at the 1998 Santiago Summit of the Americas committed themselves to working to improve access to education, to eradicate poverty and discrimination, and to strengthen democracy, justice and human rights.

This work is being undertaken through the broader Summit process, of which the FTAA is an important element. The Government of Canada understands that social and economic activity are interrelated, and it is fully committed to addressing the social dimensions of trade.

Canadian values of tolerance, co-operation and respect for cultural differences have given us a unique position of influence and respect throughout the Hemisphere.

We have offered our help in response to hurricane devastation in Central America and the Caribbean; we have contributed to peacekeeping efforts in Haiti, Nicaragua, El Salvador and Guatemala; we have given support for economic development. In these and many other ways, Canada has shown that it is willing to be a true partner and friend to all of Latin America and the Caribbean.

Human Rights

Canada is committed to ensuring that any treaty or convention it adheres to does not conflict with our international human rights obligations. Canada strongly supports the principle that no country should, in any forum, seek to deny or circumvent its international human rights obligations. Canada has been active in advancing respect for human rights in the Americas and has put forward proposals to strengthen the inter-American human rights system.



Labour

The Government strongly supports International Labour Organization (ILO) measures to promote universal respect for core labour standards. The ILO's objectives have direct relevance for the Hemisphere — in particular, the objective of increased capacity for delivery of the Organization's technical co-operation activities, which represent the most direct and practical means of promoting minimum labour standards and effective social security systems.

Through its growing presence within the Inter-American Conference of Ministers of Labour forum, Canada will continue to encourage and promote co-operation between the ILO Regional Office and the member countries of the Organization of American States on initiatives aimed at increasing awareness, promoting respect for the basic rights of workers, and encouraging compliance with core labour standards in the Americas.

Environment

The Government of Canada believes that trade and environmental policies should be mutually supportive, and that the FTAA negotiations should contribute to the achievement of sustainable development. Environmental preservation and protection, along with responsible development of our natural resources, are key considerations that Canada will seek to ensure are factored into the FTAA negotiations.



Canada's Leadership Role

In its Report, the Committee encouraged the Government of Canada to continue its leadership role in the FTAA negotiations, and the Government intends to do so.

As mentioned, Canada acted as Chair during the important start-up phase of the negotiations, from April 1998 to the Ministerial Meeting held in Toronto last November. Canada further played a pivotal role in overseeing the work of the various Negotiating Groups.

As Chair of the first phase of the FTAA negotiations, Canada has seen its main objectives met. The institutional framework necessary to conduct negotiations has been established, and substantive results have been achieved in the form of a package of business facilitation measures for implementation as of January 1, 2000. Canada has given the negotiations a clear sense of purpose and direction.

Canada will continue to play an important role in the negotiations as Chair of the Negotiating Group on Government Procurement and as Vice-Chair of both the Negotiating Group on Competition Policy and the Joint Government–Private Sector Committee of Experts on Electronic Commerce.

In addition, the Government of Canada will continue to provide leadership in other trade-related areas, such as the engagement of civil society at both the hemispheric and domestic levels. Last, it will continue discussion of the impact of trade on other social issues, as well as on environmental and labour issues.



Conclusion

Canada has long advocated freer trade among nations and has always stressed the importance of a transparent, rules-based international trading system. We were one of the original signatories of the General Agreement on Tariffs and Trade (GATT) over 50 years ago, and continue to be a strong supporter of the WTO process today.

The Government's support of the FTAA and other trade liberalization initiatives is a key component of our strategy for jobs and growth.

A rules-based system benefits Canada because it provides a more predictable trading environment for our businesses, and allows us to compete on an equal footing with larger and stronger economies.

All Canadians are encouraged to participate in the FTAA negotiating process by offering the Government their advice and guidance.

The Government takes its leadership responsibilities very seriously. It has committed itself to making certain that Canada's voice — calling for liberalized trade and insisting that economic integration work for Canadians — is heard and respected in the negotiations for a historic new partnership among the nations of the Hemisphere.



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Notes

