

**NOTES FOR AN ADDRESS BY THE  
HONOURABLE SERGIO MARCHI  
MINISTER FOR INTERNATIONAL TRADE  
AT THE  
CANADA-CHILE FREE TRADE AGREEMENT  
PLENARY SESSION**

SANTIAGO, Chile

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I am delighted to be here today at the dawn of a new year, at a time of new beginnings, celebrating the start of a new phase in our trading relationship.

Today marks an important milestone in the relationship between our two countries. As you have heard from Minister Insulza, the Canada-Chile Free Trade Agreement [CCFTA] Commission has just met for the first time, and an exciting new stage of our economic cooperation has begun. We have started to breathe life into the Agreement we negotiated and to realize the potential that it holds.

Important progress has already been made. The working groups will ensure that the Agreement functions as it should. And our agreement on double taxation means you can invest and do business in Canada with confidence.

Together, we are working to ensure that the CCFTA provides a secure foundation for our expanding partnership.

Canada has great hopes for this relationship. Annual two-way trade between us now stands at about C\$760 million. We see that figure multiplying several-fold in the coming years. We also see the Free Trade Agreement with Chile as an important contribution to the cause of freer trade around the globe -- an example for others to follow.

Chile is the final stop of this Team Canada trade mission. It has been an exhilarating couple of weeks. Canadian companies, from every part of the country, have demonstrated their interest in doing business in Latin America, in putting down roots here and in becoming long-term partners.

It is appropriate that our trade mission should end here because Chile and Canada have so much in common. Chile, like Canada, is a global trader, depending heavily on exports for its national wealth. Like Canada, Chile is a mid-sized nation that can't afford to limit itself to one market or one region.

Both Chile and Canada have recognized that freer trade is an idea whose time has come, that the way to future prosperity does not lie in hiding behind protectionist barriers, but in opening ourselves up to new opportunities, new ideas and new markets.

But we also know that many people feel anxious about globalization -- in our own countries, and right around the world. Those concerns must be addressed. We have to demonstrate to people

that there's a place for them in the exciting future that is unfolding and reassure them that they will be able to participate in its prosperity.

That is why the side agreements on labour and environment are so important. These agreements, which are well on their way to being implemented, are really about people. They are about broadening the benefits of freer trade and ensuring that the reduction and elimination of trade barriers bring real benefits to the lives of our citizens.

I can tell you, quite candidly, that the move to freer trade for Canada has not always been easy. Adjustments had to be made. Attitudes had to be changed. But I can also say, without hesitation, that it's been worth it.

The numbers speak for themselves: Our exports are up more than 45 percent in just four years. Each year, we seem to set a new record trade surplus. Our trade with the United States now amounts to more than one billion Canadian dollars *every day*. Foreign investment in Canada has soared since 1993, and more than one million new jobs have been created in the last four years.

It is interesting to note that the effectiveness of our more open approach to trade is reflected not only in hard numbers, but also in the hearts and minds of Canadians. Seventy percent of Canadians now support freer trade. Support for the NAFTA [North American Free Trade Agreement] in particular is up from just 37 percent in 1993 to 63 percent today.

Canadians no longer see trade as some obscure topic that is only of interest to economists and politicians. They see its connection with their jobs and its relevance to their lives. They see the opportunities it brings and they see themselves competing successfully on the international stage.

Canadians recognize that their continued economic prosperity means looking beyond their own frontiers. That's why we're so excited about our relationship with Chile. This region is increasingly important to Canada.

While we look forward to the day when Chile takes its rightful place at the NAFTA table, we were not prepared to wait for the U.S. Congress. We negotiated the [Canada-Chile] Free Trade Agreement because Canada has confidence in Chile.

We see Chile as a natural gateway for exports, investments and partnerships with the entire region. That process -- of seeing Chile as a base for operations -- is already well under way. Canada is already the second largest foreign investor in Chile and a number of Canadian companies have established substantial operations there -- companies such as:

B.C. Bearings, which now has three offices in Chile supplying high-quality ball bearings to the mining and forestry sectors;

- Placer Dome, with its huge Zaldívar and La Coipa copper and gold mines, employing many Chileans in the Second and Third Regions;
- Newbridge Networks, which together with its local Coasin subsidiary, is providing Chile and other countries in the region with high-technology products and communications solutions;
- Novacorp, which has completed a celebrated pipeline project bringing natural gas to Santiago from Argentina and is pursuing major new opportunities in the Concepción area; and
- Methanex Corporation, with its billion-dollar methanol production facility in Punta Arenas - - soon to be the largest such plant in the world.

These companies, and many others, have recognized the benefits of Chile's superb banking and other services. They have seen the advantages Chile offers as a point of entry into other Latin American markets. And they are already profiting from the tariff-free access conferred by the Free Trade Agreement between our two countries.

I know that expanding business opportunities elsewhere in the region will be a major theme in your plenary later this afternoon, and I would encourage you, as leaders of the Chilean and Canadian business communities, to make full use of our Free Trade Agreement as you pursue these other opportunities.

Canadians understand the potential of Chile. They see a dynamic market in a growing region. They see Chile's stable economy, growing middle class and high savings rate.

So we were not really surprised when more than 1100 companies attended the seminars we held across Canada on the Free Trade Agreement. A very strong foundation has been laid and we have every confidence that great things will be built upon it.

Speaking of foundations -- as Canada begins the next stage of its work in this hemisphere, we do so with our own economic house in order. The \$42-billion deficit our government inherited in 1993 is expected to be eliminated by next year. Our economy is growing at the highest rate of all G-7 countries, and both inflation and interest rates in Canada are at their lowest levels in decades. As you can see, we have both prepared for, and benefited from, a more open trade policy.

I spoke earlier of this as a time of new beginnings. Over the past few days, we have established many contacts, signed many agreements and advanced many partnerships. I think every Canadian on this trip will come away with a sense of the possibilities here.

Many have come to see themselves as connected to this region, perhaps not by birth, as I am, or even by formal partnership, but certainly by outlook and philosophy. We have added a Latin beat to our enthusiasm for freer trade.

As we look ahead, we see exciting opportunities for mutual benefit. We see Chile and Canada playing a great role at a historic moment. We are partners at the WTO [World Trade Organization], working together in pursuit of broad trade liberalization. We are partners in APEC [the Asia-Pacific Economic Cooperation forum], reaching out across the Pacific to develop new forms of co-operation. Beyond that, we see a Free Trade Area of the Americas [FTAA].

During our Commission meeting earlier today, Minister Insulza and I reaffirmed our mutual commitment to the launch of the FTAA negotiations at the Summit meeting in Santiago in April. We recognized that there is a shared desire, and a unique opportunity, to build a true sense of community in the hemisphere -- and that this was an opportunity we could not afford to miss.

In that effort, Chile and Canada must work together. Geography has not made us neighbours, but history has made us friends and commerce is making us partners. Let us develop that partnership, expand its scope, extend its benefits and give all of our people the opportunity to lead better lives.

We have taken an important step in that direction today. But we know there is still much more to do. So let us remember the wise words of Cervantes, "*del dicho al hecho hay gran trecho*" -- "from word to deed, long strides we need." Let us have the courage to take those long strides.

And let us take them together.

Thank you.