

## Foreign Affairs, Trade and Development Canada

# Harper Government Expands and Modernizes Free Trade Agreement with Chile

**September 30, 2013** - The Honourable Ed Fast, Minister of International Trade, today announced that Canada's expanded free trade agreement with Chile is now in force. Minister Fast made the announcement at the TMX Broadcast Centre in Toronto with Alfredo Moreno, Chile's Minister of Foreign Affairs.

"Our government's top priority is to create jobs, growth and long-term prosperity for all Canadians," said Minister Fast. "Today's announcement of an expanded Canada-Chile Free Trade Agreement [CCFTA] will ensure that Canada's world-class financial institutions and other Canadian businesses enjoy enhanced access to the Chilean market. This is the latest example of how our government's pro-trade plan is getting results for Canadian businesses, workers and families."

The expanded and modernized agreement includes the addition of a new financial services chapter, which will help Canadian financial institutions develop new markets in the areas of banking, insurance and asset management in Chile. It also includes new rules on government procurement, customs procedures and dispute settlement.

Minister Fast also used the occasion to officially release a study that concludes that Canada enjoys an economic boost of approximately \$250 million annually from its trade relationship with Chile.

"A key part of our government's trade expansion plan, the most ambitious in Canadian history, is to expand and modernize past agreements in order to maximize the benefits they produce for hard-working Canadians and their families," added Minister Fast. "The Canada-Chile economic relationship is clear proof of the prosperity-generating power of free and open trade. That's why we'll continue to open new markets for our exporters and ensure Canadian businesses and workers have the competitive edge and tools they need to continue to succeed abroad."

Two-way merchandise trade has more than tripled since the CCFTA came into force in 1997 and totalled almost \$2.5 billion in 2012.

Also participating at today's announcement were representatives of the Canadian Council for the Americas, the Toronto Financial Services Alliance and the Royal Bank of Canada, as well as Randy Hoback, Member of Parliament for Prince Albert, Saskatchewan, and President of ParlAmericas, an independent network composed of the national legislatures of 35 states from North, Central and South America, and the Caribbean.

To view the study released by Minister Fast and to learn more about the benefits of the CCFTA, consult [\*\*The Economic Impact of the Canada-Chile Free Trade Agreement\*\*](#).

A backgrounder follows.

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## Backgrounder - Canada's World-Class Financial Sector

The amending agreement to the Canada-Chile Free Trade Agreement (CCFTA) encompasses a number of areas not covered in the original agreement. One of the main areas now included is financial services, a key driver of jobs and economic growth in Canada.

The financial and insurance services sector, which includes banks, insurance companies and asset-management firms, is one of the largest subsectors of Canada's services economy. It accounted for over \$101 billion—about 6.5 percent—of Canada's GDP in 2012.

The financial services sector is a key driver of economic growth. For example:

- it employs almost 700,000 Canadians;
- it pays wages and salaries that are well above the national average;
- it supports and relies upon a number of ancillary, high value-added services that are important contributors to the economy in their own right;
- all other sectors depend on the breadth, quality and strength of the financial services sector; and
- it facilitates the way in which the rest of the economy functions, making it more efficient and thereby enhancing the competitiveness of Canadian firms.

Demand around the world is increasing for Canadian financial and insurance services. Exports have increased by 40 percent over the last five years, reaching \$9.1 billion in 2012. Canadian insurers are active in more than 20 countries.

Canadian financial institutions have identified Chile as a priority market for banking and asset management. Though mining is the major industry in Chile today, financial services account for about 16 percent of GDP, according to KPMG. The Chilean financial services industry has seen robust growth over the last years and is considered to be one of the most advanced in Latin America.

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