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# News Release

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October 31, 2002 (3:00 p.m. EST) No. 133

## CANADA-COSTA RICA FREE TRADE AGREEMENT ENTERS INTO FORCE

International Trade Minister Pierre Pettigrew today exchanged notes with Costa Rican Foreign Trade Minister Alberto Trejos to bring into force on November 1 the Canada-Costa Rica Free Trade Agreement. The ministers met during a bilateral meeting in Quito, Ecuador, on the margins of the Free Trade Area of the Americas Ministerial.

"As of tomorrow, Canadian exporters will begin to take advantage of this agreement," said Minister Pettigrew. "It provides a balanced market access package that will bring significant benefits to both countries and it marks a step forward for future cooperation."

The agreement, signed in April 2001, gives better access to the Costa Rican market for Canadian fish, paper products, auto parts, plastics, wood and agricultural goods. It will also reduce red tape and border procedures for Canadians doing business in Costa Rica. Two-way merchandise trade between Canada and Costa Rica reached \$250 million in 2001.

"This agreement demonstrates that it is possible to take into account differences in the levels of development and size of the free trade partners," added Minister Pettigrew. "Throughout the negotiations, Canada and Costa Rica built an alliance based on mutual knowledge and trust that will be very useful in providing momentum to the negotiations of the Free Trade Area of the Americas."

Separate Canada-Costa Rica agreements on environmental and labour cooperation come into force on November 1, ensuring that respect for environment and labour laws is kept as a vital component of the economic prosperity that comes with trade liberalization.

For more information please visit the following Web site:

[http://www.dfait-maeci.gc.ca/tna-nac/Costa\\_Rica-e.asp](http://www.dfait-maeci.gc.ca/tna-nac/Costa_Rica-e.asp)

A backgrounder is attached.

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## **Backgrounder**

### **CANADA-COSTA RICA FREE TRADE AGREEMENT**

In order to take into account the differences in levels of development and size of the two economies, Canada will liberalize its market more quickly than Costa Rica. For example, in market access, Costa Rica will eliminate tariffs immediately on 67 percent of its tariff lines, but over a period of 14 years on remaining goods. Canada will provide immediate duty-free access to 86 percent of its tariff lines, with remaining goods subject to tariff elimination over a period of only eight years.

Under this agreement, most industrial products will receive immediate duty-free access on implementation, including some key Canadian exports such as automotive and environmental goods, newsprint, prefabricated buildings and some construction products. Tariffs on the remainder of these goods will be gradually phased out over a period of either 7 or 14 years, depending on the type of product. Significant gains are also expected for agricultural products such as french fries, pulses, grains and oilseed products, fresh fruit and vegetables and processed food products.

One of the main accomplishments of this agreement is the successful negotiation of a precedent-setting framework for competition policy that could serve as a model for the region. Canada and Costa Rica will promote greater transparency and certainty in both markets and enhance the effectiveness of enforcement activities by competition authorities in the two countries through the establishment of a concrete framework for cooperation and consultation.

Additionally, the agreement includes a comprehensive chapter on trade facilitation that will make trade procedures more efficient and reduce formalities and costs for Canadian businesses. This is the first bilateral free trade agreement containing innovative stand-alone provisions on trade facilitation.

Other areas addressed include the temporary entry of business people, customs procedures, rules of origin, anti-dumping and non-substantive provisions for services, investment and government

procurement. Cultural industries are exempted.

The Government of Canada has consulted extensively on this initiative with businesses, citizen-based organizations and Canadians at large, as well as the provinces and territories. The response received was strong and indicated support for pursuing a free trade agreement with Costa Rica. Negotiations with Costa Rica were launched in June 2000 and concluded in early April 2001.