



News Release

November 21, 2001 (1:00 p.m. EST) No. 154

FREE TRADE NEGOTIATIONS LAUNCHED WITH FOUR CENTRAL AMERICAN COUNTRIES

International Trade Minister Pierre Pettigrew today announced the launch of free trade negotiations with El Salvador, Guatemala, Honduras and Nicaragua, aimed at further enhancing Canada's trade relationship with Central America.

"This free trade agreement will improve our trade and political ties with these emerging markets," said Mr. Pettigrew. "An agreement would also give Canadian exporters more advantageous access compared with competing suppliers in the United States and Europe."

In 2000, bilateral trade between Canada and these four Central American countries totalled \$617 million. Canadian direct investment in these markets is estimated at over \$158 million.

There is significant potential for Canadian companies in several priority export sectors, including telecommunications and environmental equipment and services, processed foods, automotive parts and construction.

Canada will preserve its ability to maintain or establish measures in sectors such as health, public education and social services. The free trade agreement will be accompanied by parallel environmental and labour cooperation agreements. An environmental assessment will be conducted to assist trade negotiators in identifying and evaluating any environmental impacts.

From a broader perspective, a free trade agreement with the region would signal Canada's continuing commitment to the hemisphere and would inject further momentum into Free Trade Area of the Americas and WTO negotiations by serving as a model for cooperation between developed and developing countries.

The first negotiating session will be held in Central America in December and follows several preparatory rounds.

- 30 -

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