

Is the Pacific Alliance (PA), a Possible Backstop if NAFTA Talks Fail? New Policy School Report

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Calgary – There has been considerable coverage lately of Canada’s ongoing efforts to secure preferential access to overseas markets in Asia, while trying to save NAFTA and promote its “progressive” trade agenda. One attractive opportunity that has largely been overlooked is the Pacific Alliance (PA). The PA trade pact, comprising Chile, Colombia, Mexico and Peru, is currently in the process of considering granting associate membership status to several additional countries, including Canada.

Today, The School of Public Policy with authors Hugh Stephens and Juan Navarro released a report that examines the PA, including its history, and the opportunity it represents for Canada.

Canada already enjoys strong bilateral relations with each of the PA members, but a multilateral agreement could offer Canada far more in terms of market integration. The PA also happens to offer Canadian exporters a very attractive market, with a population of **219 million**, a very young average age (29.8 years) and a GDP per capita, at **US\$17,500**, higher than that of China’s **US\$14,600**. The PA nations are all also ranked among the most hospitable places to do business in South America. Meanwhile, as the Regional Comprehensive Economic Partnership (RCEP) involving 16 Asia Pacific nations moves closer to reality, there are suggestions that it could someday merge with the PA, possibly opening the door for Canada to yet more opportunity comprising half the world’s population and **40 per cent** of its GDP.

According to co-author, Hugh Stephens “For all the focus on the newly renamed CPTPP and the NAFTA renegotiations, not to mention Canada’s recently concluded economic partnership agreement with the EU and potential free-trade negotiations with China, very little attention has been paid in Canada to the developments with the PA. And yet, this is one trade bloc that holds some of the greatest promise for Canada.”

The Pacific Alliance offers not only an excellent trade deal for Canada to partner with PA nations for increased international trade and market opportunities, but being an associate PA member would also offer a useful platform to further strengthen Canada’s presence in the Asia-Pacific region. It makes eminent sense to turn this opportunity into concrete commitments as part of Canada’s broader trade policy agenda beyond NAFTA.

The paper can be downloaded at <https://www.policyschool.ca/publications/>

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