ABSTRACT

The Free Trade Area of the Americas and its Implications for Smaller and Relatively Less Developed Countries In the Western Hemisphere

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Trade liberalisation and the globalisation of production continue to stimulate fierce competition for international goods, services and capital markets in the international economy. In this context, the thesis examines the implications of capital flows within the Free Trade Area of the Americas.

It recognises that as countries redefine the nature of their participation in the international economic system, the proposal for the establishment of a Free Trade Area of the Americas by the year 2005 demands critical consideration. It is argued that tendencies towards a polarisation of capital flows can be exacerbated within such a hemispheric free trade area encompassing countries of varying sizes and levels of development.

This thesis examines patterns of foreign direct investment flows, to countries at various levels of development and concludes that capital, in the form of foreign direct investment tends to favour larger, more developed economies in the case of the Western Hemisphere. It therefore proposes the options of transitional mechanisms, various levels of participation and financial as well as technical assistance to facilitate the integration and effective participation of smaller, relatively less developed countries in the Free Trade Area of the Americas.

Key Words: Denise Goolsarran, Free Trade Area of the Americas, foreign direct investment, smaller, relatively less developed countries, Western Hemisphere.