

in regional terms and assuming a false homogeneity. Of course, there is a regional dimension to Latin American co-operation. Canada has supported this and been sensitive to the regional dimension, as shown by our permanent observer status at the OAS, and our membership in the Pan-American Health Organization, the Inter-American Development Bank and other institutions having a Latin America focus. Our financial participation in Inter-American Development Bank is now around \$750 million and we also contribute \$237 million to the Bank's Fund for Special Operations for social development projects.

But the diversity of Latin America is one of its central characteristics and Canada should recognize it in its approach. The score of countries from the Rio Grande to Tierra del Fuego differ in their internal make-up, international orientation, in their economic development and areas of concentration, and in their size. The largest country, Brazil, speaks a different language from the others. Geography has presented formidable barriers to communication so that Latin America has been very slow to develop transportation links. As a consequence, intra-regional trade is still only about 15 per cent of total exports, and even this is a considerable increase from earlier periods. There has been a certain sharing of geography, history and cultural links which has given meaning to Latin America as a region, and the last two decades have seen significant efforts to increase regional links through trade agreements, cultural exchanges, diplomatic links and improved transport and communications. But the fact remains that Latin America does not function closely as a "region" in the way Europe, particularly Western Europe, does.

Canadian policy towards the area should be very sensitive to the particular characters of the very different countries which constitute it. I believe Latin Americans themselves will respond positively to such an approach, in the same way that Canadians respond positively to a clear recognition by other countries of our distinctiveness.

The new importance of Latin America requires Canada to give increasing attention to its relations with the region's countries. It is in the nature of things that our focus will fall most on those countries which are of the greatest economic and political interest to Canada, among which Brazil, Mexico and Venezuela must stand out.

Venezuela now has come to be our fifth largest trade partner. In 1979, Venezuela was Canada's chief foreign source of oil, supplying roughly 40 per cent of our imports. Instability in the Middle East underlines the importance of Western Hemisphere oil sources for Canada, and I view it as being in our long-term interest to establish stronger bilateral energy relationships between Canada and Venezuela. As a purchaser of Canadian exports, Venezuela ranks after the U.S., Japan, Germany and the U.K. The rapid expansion of the Venezuelan economy and its growing oil revenues provide excellent opportunities for Canada to increase its exports of goods and services and to develop co-operative ventures, such as in oil sands technology. Canada should also come to represent a market of growing importance for Venezuelan exports in addition to oil. We have been able to develop close relations with Venezuela and I am confident that the Venezuelan government will respond positively to our desire to broaden and deepen our political and economic links.