

Further, countries of the region have also suffered from increasing unemployment, severe inflation and stagnant GDP growth. The debt crisis has forced several countries to turn to the International Monetary Fund (IMF), the Bank for International Settlement (BIS) and private banks in order to reschedule or restructure their debt. Most observers, however, agree that South American countries have a strong resource base and will rapidly respond to a worldwide economic recovery and an increase in prices for their export commodities. The region is expected to average a real annual GDP growth of 4 per cent during 1981-1986, and an estimated 5.5 per cent growth during 1986-1991.

In the political sphere, Ecuador, Peru and, most recently, Bolivia have returned to a democratically-elected form of government; in Brazil elections held in November 1982 reaffirmed that country's transition to a full civilian-elected government; presidential elections were successfully held in Colombia; and in Argentina, a return to civilian government is foreseen for 1985.

South American countries increasingly see Canada as a reliable supplier both of traditional resource and agricultural exports and more importantly of quality, competitive manufactured goods. While our exports to the region in 1981 and the first seven months of 1982 have remained stable over 1980 figures, our sales to the region in the past decade have increased at a 20 per cent annual rate compounded since 1971. Canadian companies have obtained several major contracts in sectors of strong Canadian capability: transportation, energy development, agriculture and fisheries, mining, forestry, urban development and communications, usually against very stiff competition. South America also offers opportunities for the establishment of joint ventures or licensing as a means for Canadian firms to enter, protect or expand their position in a particular national and/or regional market.

Though each country in South American presents distinct challenges for Canadian companies, common themes in terms of requirements prevail throughout the continent, and these requirements closely correspond to Canadian expertise and industry capability.