

the most likely candidate in the very near term. The accession process will inevitably reinforce Canada's hemispheric vocation.

One final word on economic good governance. Direct and portfolio investment flows to the five major markets of Argentina, Brazil, Chile, Mexico and Venezuela more than doubled in 1991 to \$36 billion. According to the Inter-American Development Bank, "in 1991 the long-awaited economic revival of Latin America began." Linked with the lowering in interest rates, the inflow of capital has "completely turned around the international transfer of resources in Latin America's favour." With regard to direct foreign investment flows, the Bank for International Settlements now estimates the annual inflow at US \$12-13 billion, twice the level of the 1980s. The turn-around has meant an improved economic and trade outlook, the broadening of the investor base, growth in equity markets and acceleration of privatisation. In time, real growth in personal income per capita and increases in employment should reinforce popular support for staying the new course.

- **Political Good Governance**

Impressive progress has been made in consolidating democratic institutions throughout the region. The tradition of democracy and respect for human rights has remained strong in the Commonwealth Caribbean - the foundation of continuing close and positive relations with Canada.

In Latin America, the political role of the armed forces has receded, in many cases dramatically and to a far greater extent than in many African and Asian countries. Brazil's constitutional regime proved remarkably resilient in the face of the severe pressures generated by the corruption-related impeachment proceedings against former President Collor. It shows every sign of being able to cope with an even bigger ongoing scandal involving several prominent members of the Brazilian Congress. Colombia's well-rooted democratic institutions have withstood major and repeated tests over the past two decades and were strengthened in the 1980s by the extension of direct elections to include governors and mayors. Venezuela has added direct elections for governors to its impressive record of democratic consolidation over the last thirty years. Moreover, the country's institutions withstood two coup attempts against the increasingly unpopular ex-President Perez, with his eventual removal from office being accomplished by Constitutional means. Chile has emerged from the Pinochet years with a vigorous democracy led by some of South America's most able and pragmatic politicians. A record of dark human rights abuses, economic mismanagement and incompetence (the 1982 Malvinas fiasco) dramatically reduced the self-confidence and role of Argentina's military, while the Menem government has shown the courage and competence to manage tough economic reforms even in the