

# LATIN AMERICA AND THE CARIBBEAN

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- There has been an encouraging transformation of the political landscape in South America, and the economic prospects of the region look brighter.
- Democratic rule has returned to Argentina and the first civilian government in 20 years has been elected in Brazil. New governments have also been elected in a number of other countries.
- A renewed sense of regional solidarity has accompanied this process, evident in the efforts being made to seek peaceful solutions to border problems and in the Contadora peace initiative to resolve the disputes of Central America.
- There have also been some signs of progress towards democracy in Central America. The situation remains volatile, however, and is still very polarized between left and right.
- Economic distress, massive indebtedness and the flight of capital plague several countries. Such conditions will persist for some time.
- But the sense of economic despair has eased. Economic adjustment programs are being put in place and debts rescheduled in an orderly and responsible manner. Some of the most dynamic NIC's can be found in the region, competing successfully for world markets and investments.
- Despite economic difficulties, democracy remains strongly rooted in the Commonwealth Caribbean. The region, however, has yet to achieve the degree of economic integration previously anticipated.

## Canadian Dimensions

- Canada's relations with Latin America and the Caribbean have been shaped by the region's proximity, and by the historical and cultural ties we share with a number of the countries there.
  - We believe the Contadora process offers the best hope for a peaceful end to the conflict in Central America. We are sharing our peacekeeping expertise to facilitate the creation of a workable and enforceable control and verification commission. Our experience warns us that the political problems and financial costs can be considerable.
  - We have maintained an active economic assistance program in Central America, where conditions permit, and we have recently restored aid to El Salvador.
  - Latin America is an important and growing market for Canadian exports. It is also the source of about half our oil imports.
  - It is the largest offshore recipient of Canadian bank loans, with current exposure at \$15 billion. After the United States, it is the major destination for Canadian direct investment abroad.
  - Our relations with the Commonwealth Caribbean remain close and active. The Prime Minister met recently in Jamaica with his regional counterparts, underscoring the importance Canada attaches to the region. We are committed to substantial increases in development assistance to the region and to easing barriers to trade. We have set aside the option of a direct security role in the region and we have concentrated on aid, trade and investment programs as our contribution to regional stability and progress.
  - Given Canada's links with the Caribbean, there should be scope for new trade and investment initiatives.
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- We have 18 diplomatic, trade and consular offices in Latin America and the Caribbean.