

CANADIAN TRADE AND INVESTMENT OBJECTIVES IN LATIN AMERICA AND THE CARIBBEAN

Latin America is on the move. And the resulting developments in the region's economic and trade environments are having major implications for Canada's trade relations in the area. With the impending implementation of the NAFTA, and with trade and investment assuming higher profiles in the region, Canada's private sector is positioning itself to challenge these emerging regional market opportunities. The 1993 regional forecast is still higher growth and much lower inflation.

Two-way trade between Canada and the region surpassed \$9.0 billion in 1992. Canadian commercial and investment interests in Latin America and the Caribbean continue to grow. **For 1992, Canadian exports to the region increased by 7.21% over 1991.** Exceptional increases were registered in Canadian exports to:

Mexico by 37.4% to \$770.6 million from \$560.7 million,
Colombia by 67.0% to \$228.8 million from \$137 million, and to
Argentina by 64% to \$101.2 million from \$61.76 million.

The first three months of 1993 reflect a similar trend, with Canadian exports to the region increasing 19.61% when compared to the same period of 1992.

BACKGROUND

Significant progress has been made towards trade liberalization and concomitant measures of structural adjustment, privatization of state enterprises and other market-oriented economic reforms in Latin America and the Caribbean. Tariffs, having replaced licences as the principal measure of import control, are undergoing scheduled reductions in many countries. All major Latin American countries are now members and subject to GATT disciplines, and there are a number of accessions underway.

Latin America and the Caribbean's 1992 economic situation mirrored that of 1991, as the region's economic expansion exceeded population growth, and as the trend towards lower inflation rates continued. Preliminary figures indicate the region's 1992 gross domestic product increased by 2.4%, albeit at a slower pace than the 3.5% registered in 1991. Although more and more countries in the region have progressed in consolidating their adjustment processes, 1992 was marked by widening variances in the performances of many of the region's economies. The regional output for the economies of Latin America (excluding Brazil) and the Caribbean increased by 4.3% (compared to 5% in 1991).