

Trade

Until 1976, trade and economic relations between Canada and Venezuela were governed by an agreement providing for the exchange of most-favoured-nation (MFN) treatment. Although the agreement lapsed in 1976, Canada continued to extend MFN treatment to Venezuela. Canadian exports to Venezuela remained relatively stable at \$678 million in 1980 but imports from Venezuela grew to \$2.2 billion, an increase of 46 per cent caused by the higher price of oil. The quantity and quality of Venezuela's oil production has declined and Venezuela has attempted to diversify its markets which has reduced the amount of crude available to Canada. Despite this, Canadian oil imports from Venezuela were about 150 000 barrels a day, in 1980 or about 39 per cent of Canada's import requirements.

Venezuela's major exports include petroleum and petroleum products, iron ore, cocoa and coffee. Its imports include automobiles, automotive parts, machinery, chemicals and foodstuffs. Among its chief markets are the USA, the Netherlands, the Antilles, Canada and Britain. Considerably reduced demand in these markets has contributed to Venezuela's recent negative economic growth. Combined with high inflation and the possibility of further reductions in world oil prices, particularly those of OPEC, prospects for early recovery are not bright.

Canada's main exports to Venezuela are newsprint, auto parts, synthetic rubber and plastics.

From a Venezuelan perspective, Canada is an industrialized country sympathetic to the interests and concerns of developing countries and capable of playing a constructive role in the North-South dialogue. Canada is also an oil producer with experience and technical expertise, especially with tar sands, which is of great interest to Venezuela.

History and Politics

Venezuela's population which exceeds 15 million, is composed of Indian (Mestizo), European, African and American Indian ethnic groups. For more than 20 years it has had a republican form of government.