

Canadian registered investment in Brazil is approximately \$US 2.4 billion making Brazil the third largest recipient of Canadian investment abroad, after the United Kingdom and the United States. Canadian-controlled assets in Brazil are, however, estimated to be considerably higher, probably in the order of \$US 4.0 billion. Brazil ranks third (behind the United Kingdom and the United States) among destinations of Canadian investment abroad. Canada accounts for nearly 6% of total foreign investors in that country.

Brazil, Argentina, Paraguay and Uruguay have agreed to establish, by 1 January 1995, a Common Market of the Southern Cone (MERCOSUL) which will result in substantial reductions in tariffs and non-tariff barriers to trade between its member countries. The Mercosul concept evolved from the Act for Argentine-Brazilian Integration which the two countries signed in July 1986. Late in 1990, Uruguay and Paraguay became involved in the process, but will have one extra year to remove their product exemptions from Mercosul's global, linear and automatic tariff reduction schedule.

The Canadian and Brazilian business communities maintain close relations through, for example, the Brazil-Canada Chamber of Commerce and its Brazilian counterpart, the Camara de Comercio Brasil-Canada. These organizations hold regular events designed to stimulate trade and investment. It is through channels such as these that both Canadian and Brazilian companies have been successful in concluding joint ventures and transfers of technology agreements in a wide range of sectors.