Canada will continue to monitor how Brazil applies its customs valuation regime on Canadian exports to ensure that this is consistent with Brazil's international trade obligations.

Meat Certificate Validation Requirements

Canadian exporters remain concerned that the Brazilian consulates must validate inspection certificates for meat products prior to export (so-called consularization requirement). This step creates additional delays and costs for Canadians in advance of shipping. Canada does not impose such a requirement on imports from Brazil or any other country. Moreover, we consider that this requirement is contrary to common international practice and that it constitutes an unnecessary barrier to trade. Over the years, Canada has made many representations requesting removal of the requirement. Although Brazilian senior government officials have given repeated assurances that this will be done, the requirement remains. Canada will continue to press the Brazilian government for official confirmation that the validation requirement for Canada is removed.

Mutual Recognition of Poultry Inspection Systems

Brazil does not allow the import of most Canadian poultry meat on the grounds that Brazil has not yet reviewed and recognized Canada's meat inspection system for poultry or approved Canadian establishments (Brazil accepts ostrich, emu and duck meat from Canada). However, Canadian exporters have expressed an interest in exporting processed food containing chicken to Brazil. Canadian Food Inspection Agency (CFIA) officials and their Brazilian counterparts are now working on a mutual review of the poultry meat inspection systems. Both countries have completed their information-gathering exercise and are reviewing reports on the applicable trade conditions for poultry meat. Completion of this process would allow exports of Canadian poultry (i.e. chicken and turkey) into Brazil and Brazilian poultry into Canada. Bilateral discussions are ongoing.

Brazilian Tariff on Wheat

In 1996, Brazil notified WTO members that it had withdrawn a market access concession of 750 000 tonnes of duty-free imports of wheat from its WTO schedule and would begin applying a duty, currently set at 12.5%, to wheat imports. As a major supplier of wheat to Brazil, Canada exercised its right to request compensation for the non-implementation of this concession and the raised tariff. Since that time, Canada and Brazil have held a series of consultations but have not yet agreed on a settlement. Canadian exports of wheat to Brazil in 2001 were valued at $7.2 million, a decrease of 72% from the previous year.

Telecommunications Services

As deregulation of Brazil's communications industry progresses, Canadian exporters of telecommunications services continue to demonstrate strong interest in opportunities in that market. When several WTO member countries declined to accept Brazil's revised offer of commitments under the WTO Agreement on Basic Telecommunications, Brazil withdrew its offer. Consequently, Brazil has made no market access commitments on basic telecommunications services under the WTO. Canada will continue to work, in negotiations under the WTO and the FTAA, to put trade with Brazil in this important sector on a more secure foundation.

Investment

In 2000, Canadian foreign direct investment in Brazil was approximately $4.6 billion, making Brazil Canada's 14th-largest destination for foreign direct investment. Due to the significant levels and long history of Canadian investment in Brazil, it is regarded as one of Canada's priority countries for concluding a Foreign Investment Protection Agreement (FIPA). Several consultations have been advanced since the mid-1990s, but we have not yet concluded a FIPA.

ARGENTINA

Overview

Latin America's third-largest economy is struggling through its fourth year of recession, following several years of economic expansion and optimism. The 1980s in Argentina were blighted by a foreign debt crisis, disarray in public finances and high inflation. In April 1991, the government implemented a stabilization plan (under the Convertibility Law), which included the adoption of a Currency Board to ensure that monetary expansion was restricted to money demand. The Board prevented the government from