

In Uruguay, the civilian government led by President Julio Maria Sanguinetti continued the process of restoring democratic institutions after 11 years of military rule. Efforts were made by officials in both Canada and Uruguay to renew the relationship and to identify areas of collaboration and co-operation.

In Paraguay, President Alfredo Stroessner maintained firm control after 31 years in power, although signs of opposition to his regime are appearing.

The Chilean government met with some success in controlling the country's difficult economic situation in 1985. During the period under review negotiations were completed on a foreign investment insurance agreement and a bilateral air agreement. Trade relations between Chile and Canada continued to grow, with particular focus on the resource sector. International attention during 1984-85 continued to focus on political developments within the country. The prospects for an early return to democratic civil rule in Chile remained bleak in the absence of any constructive dialogue between the military junta and the opposition parties, and the political situation remained highly charged. The period was marked by increased violence by both the supporters and opponents of the regime and continuing widespread violations of human rights. The human rights situation continued to affect Canada's bilateral relationship with Chile.

Organization of American States

Canada continued to monitor development in the OAS through its Permanent Observer Mission and maintained active involvement in a number of inter-American agencies including the Pan-American Health Organization (PAHO), the Inter-American Institute for Co-operation on Agriculture (IICA) and the Pan-American Institute of Geography and History (PAIGH).

The Caribbean and Central America

Canada's relations with this region continued to reflect a wide range of disparate concerns and Canadian priorities.

In the Caribbean, Canada sought to strengthen its long-standing economic and cultural ties with the Commonwealth Caribbean. The Caribbean remained, of course, a favourite destination for Canadian tourists. Political developments in Haiti underlined the region's developmental assistance needs, which Canada has recognized and addressed.

Economic difficulties affected Central America as well, along with continued political and military uncertainty. Elections in several Central American countries showed hopeful evidence of growing support for the democratic process in the region. The human rights record in Central America, while remaining of grave concern, has shown signs of improvement.

The Caribbean

The Caribbean remained an area of priority for Canada's foreign policy in 1985-86, with particular concentration on the region's Commonwealth members. Prime Minister Brian Mulroney attended the Commonwealth Heads of Government Meeting in Nassau, October 16-22, 1985, and held separate bilateral discussions with Caribbean leaders. During the sessions, the Prime Minister unveiled details of the CARIBCAN initiative. CARIBCAN is a new economic and trade development program growing out of proposals put forward by the Prime Minister of Jamaica in Kingston, Jamaica,

in February 1985 on behalf of his Commonwealth Caribbean colleagues. The program grants preferential, one-way, duty-free access to Canadian markets for Commonwealth Caribbean products and offers a program to facilitate Caribbean exports to Canada. The meetings in Nassau provided renewed impetus to the close working relationship established between leaders at the earlier Kingston meeting.

In Haiti, faced with mounting popular pressure, the Duvalier regime fell after 29 years in power. The change took place with a minimum of violence. Canada welcomed the commitment of the interim government to greater respect for human rights and to economic and political reform. Recognizing that Haiti's economic frailty must be addressed at the same time as its political problems, Canada is committed to a substantial increase in official development assistance to Haiti in 1986-87. In addition, a delegation of Haitian businessmen visited Canada in November 1985, seeking to strengthen business ties between the two countries.

An extraordinary growth in tourist traffic in recent years has made the Dominican Republic the fourth-most-popular Caribbean destination for Canadian tourists. In 1985, Canadians paid more than 40 000 visits to the Dominican Republic.

In Guyana, the death of President Forbes Burnham on August 6, 1985 led to the succession of Vice-President Desmond Hoyte to the Presidency. Canada was represented at Mr. Burnham's state funeral by the Honourable Monique Vézina, Minister for External Relations. The elections of December 1985 consolidated President Hoyte's position as president and party leader of the ruling People's National Congress. Elections were also held in Dominica, where Prime Minister Eugenia Charles was re-elected.

Economic difficulties continued to trouble Caribbean countries in 1985-86. While relief was provided to most countries by the drop in oil prices on world markets, Trinidad and Tobago has been adversely affected by the change in the price of its principal export commodity.

Two-way trade between Canada and the Caribbean amounted to more than \$1.5 billion in 1985. The Caribbean remained the recipient of the highest per-capita levels of Canadian development assistance of any region in the world.

Mexico

Mexico suffered progressively worsening economic difficulties throughout 1985-86. In particular, the major earthquake disaster in September 1985, with consequent economic dislocation, and the precipitous decline in international oil prices, have had a major impact on Mexico's internal fiscal regime and its ability to service its \$97 billion (US) foreign debt.

Despite this difficult environment, Canada's bilateral relationship with Mexico reflected the active pursuit of a wide range of mutual interests. The Right Honourable Joe Clark, Secretary of State for External Affairs, visited Mexico in March 1986, for the sixth meeting of the Canada-Mexico Joint Ministerial Committee. Discussions covered a wide agenda of political and economic subjects in addition to identifying specific actions to be taken to increase trade between the two countries. The Canada-Mexico Interparliamentary Group met in Mexico in February 1986, providing an opportunity for an interchange of views on a wide variety of subjects. The Mexican Minister of Agriculture Eduardo Pesquiera visited