

Chile Open for Business

Economic Growth – Continued from page I

mining, forestry, power and energy, information technology and telecommunications, agriculture and environment. Canada enjoys an excellent reputation in Chile as a reliable supplier of advanced technology and products, enhancing the potential for sales of goods and services and for technology transfer; there are over 50 Canadian-Chilean joint ventures operating in Chile today.

Prospects for expanded commercial relations between the two countries are extremely promising. Canada's profile in Chile received a tremendous boost in 1995, when Jean Chrétien became the first Canadian Prime Minister to visit Chile, leading a trade delegation of some 250 business people representing 185 companies. During the visit, 33 deals worth more than \$1.7 billion were signed between Canadian and Chilean firms; \$918 million in contracts and \$846 million in agreements in principle. Since the visit, the actual value of signed contracts has increased by 15 per cent and 42 per cent (\$355 million) of agreements have been completed. And in the year following the Prime Minister's January visit, Canadian companies announced additional investments valued at US\$1.3 billion.

Signalling the importance Canada places on its economic relations with Chile, six Ministerial missions, six trade promotion missions and two major trade shows were organized in 1995. Among the official visits were a business delegation of 30 companies and associations in March 1995, led by Minister of Agriculture and Agri-Food Ralph Goodale, and an environmental mission of 43 companies in April 1995, headed by Secretary of State (Science, Research and Development) Dr. Jon Gerrard.

Bilateral Agreements/ Understandings on the Rise

EDC (Export Development Corporation) is open for business in Chile with no restrictions. Short-term insurance (over \$90 million in 1995) and foreign investment insurance (almost \$82 million) are the two most widely used EDC programs. With three financing lines of credit with major banks in Chile, EDC provides a variety of financing services to Canadian businesses, including direct buyer loans, leasing, note purchases, pre-shipment and project financing.

The Canadian International Development Agency's Industrial Co-operation Program (CIDA INC) is the agency's most active mechanism in Chile, focussing its support on the formation of joint ventures and capital project studies with emphasis on training and the transfer of technology. By 1995, there were 43 projects with a total value of \$1.9 million, ranging from highly technical engineering and geological services to niche technology development such as automated construction and financial software.

Several new agreements and memorandums of

understanding (MOUs) between Canada and Chile were also signed during the Prime Minister's Team Canada visit, including a Canada-Chile Permanent Bi-national Commission on political, economic and commercial relations. The Business Council of National Issues formed a strategic alliance with the Confederación de la Producción y del Comercio to foster direct business-to-business linkages within the context of the North American Free Trade Agreement (NAFTA). In addition, new environment, telecommunications, and transportation MOUs were also signed.

Complementing these new agreements are a number of existing co-operative agreements, including:

- * The Canadian Manufacturers' Association (CMA) and SOFOFA (the Chilean equivalent) have established a formal relationship, exchanging several high-level missions. The CMA operates a business linkage program in co-operation with CIDA INC to facilitate the long-term business development of Canadian firms in the Chilean market.
- * CANMET of Natural Resources Canada and CIMM (Chile's mining and metallurgy institute) concluded a MOU in August 1991 to pursue co-operative research in mining technology.
- * The Pacific Research Centre of Forestry Canada and INFOR (Chile's forestry research institute) have begun a seed exchange program.
- * Geomatics Canada, part of Natural Resources Canada and the Instituto Geografico Militar (Chile's cartography agency) signed a MOU on technical exchanges in December 1993.
- * The Association of Consulting Engineers of Canada confirmed an information and technology exchange agreement with its Chilean counterpart, the Asociación de Ingenieros Consultores de Chile, in October 1993.

Canada, Chile and the NAFTA

The objective of the government to make Chile more competitive and active in the international scene has been strengthened through a number of bilateral and multilateral associations. Chile is bolstering trade relations with its Latin American neighbours, most predominantly through current discussions towards an association with Mercosur (a common market made up of Argentina, Brazil, Paraguay and Uruguay). It is also positioning itself as a link in South America from which to build trade relations with other regions. In November 1994, Chile became the second Latin American country, after Mexico, to become a member of the Asia-Pacific Economic Co-operation forum, a region which purchases 30 per cent of its exports. Chile is also working towards strengthening bilateral cooperation with the European

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