

CANADA - VENEZUELA TRADE

Venezuela has traditionally been Canada's most important trading partner in Latin America after Mexico and Brazil. During the 1970's, two-way trade between Canada and Venezuela more than quadrupled due primarily to the global increase in petroleum prices. Total bilateral trade peaked in 1981 at \$2.9 billion.

Over the course of the 1980's, total bilateral trade declined to a level of \$838 million in 1988. This decrease can be mainly attributed to the fall in world oil prices and the impact of the 1983 recession which severely constrained Venezuelan economic growth. The trade surplus, which Venezuela has traditionally enjoyed with Canada, also declined during the past decade, from a high of \$1.8 billion in 1982 to \$91 million in 1988.

Venezuelan exports to Canada are dominated by crude and processed petroleum products. Combined, these products accounted for 89% of Venezuelan exports to Canada in 1988. Despite the reduction in total bilateral trade, Venezuela remains Canada's second largest source of offshore petroleum, an import commodity valued at more than \$500 million in 1988.

The balance of Venezuela's exports to Canada include gold alloys, pipes and tubes of iron or steel, motor vehicle parts, urea and bituminous coal.

Canadian exports to Venezuela, which comprised 3% of that country's \$10.6 billion total imports in 1988, are diverse, but heavily weighted in favour of agricultural and resource products. Agricultural commodities represented more than 30% of Canada's exports in that year with wheat topping the list. Wheat exports, in fact, have increased dramatically, from \$22.5 million in 1986 to \$97.5 million in 1988.

Venezuela is Canada's second largest market for the export of live dairy cattle after the U.S.A. registering a total of \$14.8 million in 1988. It is the second largest export market for pulses after Colombia, and Canada's most important export market for seed potatoes in Latin America.

Paper products (newsprint, wood pulp, groundwood printing paper), accounted for \$104.8 million of Canada's export total in 1988. Polyethylene (\$20.5 million), and motor vehicle parts (\$8.5 million) rounded out the list of Canada's major export items to Venezuela.

The Venezuelan government is planning a number of development projects to bolster their industrial sector, diversify exports and to assist in import substitution. These endeavours, coupled with significant economic reforms including accession to the GATT, should result in renewed export opportunities for Canada. Canadian interest and capabilities in sectors of concentration will yield opportunities for new export initiatives. Foremost among these will be the energy (oil and gas, hydroelectric), mining, agriculture, transportation/communications and forestry sectors.

Canada-Venezuelan bilateral trade has weathered the economic storms of the early 1980's and is poised to regain and surpass its impressive performance of the 1970's. Public and private sector initiatives in both countries will facilitate the realization of these aspirations.