

CANADA - URUGUAY TRADE

Canada-Uruguay trade links, although modest in volume, date from the post-war era.

Bilateral trade between the two countries reached \$65 million in 1990, but fell to \$33 million in 1991 and slightly more in 1992 (\$32.4 million). Uruguay's low growth rate averaging at 1.3% over the last three years and depressed prices for Uruguay's main commodities exports may explain this trade pattern. Canada's imports consist mainly of leather, woven fabrics, ceramics and oranges, while its exports embody newsprint, polyethylene and potatoes. Primary exports to Uruguay included polyethylene and related products, food products, newsprint and yarn. Exports in 1992 totalled \$11.9 million. In part, bilateral trade has been limited by the lack of complementarity of the economic structures of the two countries. Future opportunities for Canadian exporters will include specialty areas such as agri-food, mining and forestry.

Uruguay's modernization efforts are visible through two major endeavours: the first is the ratification of the Mercosur Agreement with Paraguay, Brazil and Argentina. The MERCOSUR is the southern cone economic-commercial union that aims to reduce tariff and duties to zero by December 31, 1994 with an extra year being granted to Uruguay and Paraguay. The second is the privatization bill which will likely impact on their airline, telephone, utility and ports industries.

Canada will assist Uruguay in its objective to modernize and industrialize its economy. In so doing, Canada will develop potential opportunities for the export of Canadian goods and services through the transfer of technology and joint ventures. In 1991, Canada signed a Foreign Investment Protection Agreement with Uruguay, its first in Latin America.

Canada is confident that the provisions of such agreements will lead to an expansion of trade opportunities for both countries and sustainable long-term growth in bilateral trade.