

CANADA'S TRADE WITH LATIN AMERICA AND THE CARIBBEAN

Canada recognizes the importance of Latin America and the Caribbean markets in the international economy. Approximately \$80 billion in global exports are directed to Central and South America and the Caribbean annually.

Extremely high levels of foreign debt, estimated to exceed US \$400 billion, have been the greatest impediment to economic growth and social development in the region in recent years. There is, however, reason for optimism: For the first time in seven years the debt obligations for Latin America and the Caribbean actually declined in 1988; a trend which continued in 1989. The Mexican debt reduction agreement, reached under the aegis of the Brady Plan, is a step in the right direction, which Canada fully supports. This augurs well for similar programs in a number of countries in the region.

Economic circumstances are expected to improve in the 1990's, which could result in a surge in regional imports. It is estimated that imports could exceed US \$100 billion in the medium term, and Canadian exporters are poised to claim a significant share of this trade.

Latin America and the Caribbean currently welcomes in excess of \$2.5 billion in Canadian merchandise exports each year. Total two-way trade between Canada and the region amounted to \$7.7 billion in 1989, exceeding Canada's combined total with China and Southeast Asia. Canada has consistently maintained a 2.7% share of global exports to the area. Brazil alone imported \$521 million in goods and services from Canada in 1988. Mexico, Venezuela, Colombia and Chile are also important regional markets.

Sales of agricultural and mineral commodities remain an important aspect of Canadian exports to the region with wheat, canola, potash, sulphur, coal and forest products providing an excellent commercial base for Canada in a number of markets. Latin American and the Caribbean States are an important destination for Canadian specialized engineering consulting services. Success has also been evident since the mid-1980's in exports of high technology products, particularly in the telecommunications and informatics sectors where Canada is recognized as a world leader. These products, and other finished and semi-finished exports, now account for almost 60% of Canada's trade with the region.

Import liberalization on the part of a number of regional economies has greatly assisted bilateral trade development. The acknowledgement by Latin American governments that the benefits of export-led economic growth outweigh traditional import substitution policies has opened significant new opportunities in markets such as Mexico and Brazil.