

constructive approach across the full range of OAS activities. Through the OAS, Canada has been successful in having the U.S. adhere to multilateral diplomacy in its reaction to the crises in Haiti and Peru. Canada has advanced OAS thinking and practice with regard to making human rights and democratic development more central issues deserving an active approach.

3. THE AMERICAS IN TRANSFORMATION

- **Economic Good Governance**

The trends identified in the late 1980s have deepened, although not equally in all countries. The allure of import substitution has lost its intellectual legitimacy in most business, government and academic circles, generally replaced by a commitment to market-based economic development and more open trade policies. Key parts of Latin America appear to have turned the corner on the lost decade.

The region has embarked on a period of sustained real growth. It is worth remembering that during the 1970s Latin America out-performed Asia, with average annual real GDP increasing by 5.6% compared to 4.9% respectively (energy-dependent Brazil led the pack at almost 9% growth). The 1980s witnessed the Asian economies outpacing Latin America by an impressive ratio of five to one. The clear consensus, however, is that this differential has narrowed considerably in the 1990s. DRI/McGraw-Hill, for example, estimates that compound annual growth in real GDP in 1990-95 will be 4.1% in Latin America, 4.9% in Asia and only 1.3% in Europe (see Chart 2). A recent Inter-American Development Bank study indicates the current economic reform process, if sustained, will lead to annual growth rates of 3.9% to 5.2% in the major South American economies during the rest of the decade. The WEFA Group also estimated last year that Latin American average annual growth would register 4.1% over the 1992-97 period. Looking further down the road to the second half of the 1990s, DRI places potential Latin American GDP growth rates (5.2% compound growth annually is forecast) at about twice those of North America and Europe, and modestly ahead of that anticipated for Asia as a whole.² The US \$1 trillion Latin American market is becoming more attractive as a result of better management in key regional economies.

² Although both DRI and the WEFA Group suggest that Asia's newly industrialized economies could register annual increases in GDP on the order of 7%.