

## CANADA - URUGUAY TRADE

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

Bilateral trade between the two countries has been greatly influenced by the fluctuations of the Uruguayan economy. After a steady decline in its economic fortunes in the early 1980's, Uruguay rebounded in 1985 and its economy peaked in the third quarter of 1986 with a GDP growth rate in excess of 7%. After two years of this steady growth the economy again moderated in 1988.

With the turnaround in the Uruguayan economy, an increase in exports to Canada followed. From \$14.8 million in 1986, Uruguayan exports to Canada climbed to \$130 million in 1987 before falling to \$11 million in 1988. Canadian exports to Uruguay also increased rapidly, from \$5.1 million in 1985, to \$12.6 million in 1986, to \$26 million in 1987 before declining to \$11.2 million in 1988.

Uruguay ships primarily woven fabrics, leather and leather products, seed, and gold to Canada. Of the \$130 million in exports to Canada in 1987, \$119 million were gold and gold alloys. In 1988, woven fabrics of wool regained their traditional dominance in Uruguayan exports, comprising \$5.2 million of the total \$11 million for all commodities shipped to Canada in that year.

Canada's principal exports to Uruguay include newsprint, sulphur, seed potatoes, dried peas and lentils, metallic salts, gold and, in 1987, wheat. The doubling of Canada's exports to Uruguay from 1986 to 1987 was largely due to wheat sales totalling \$13 million. The following year, total Canadian exports declined to \$11.2 million as a consequence of the sharp decline in wheat sales.

Canada will assist Uruguay in its objective of modernizing and industrializing 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 the belief that there is considerable potential for growth in its exports in specific sectors, the Canadian government is encouraging the conclusion of such agreements in agri-food, mining, forestry, transportation and energy.

Canada is confident that the provision of such assistance for the development of the Uruguayan economy will lead to an expansion of trade opportunities for both countries and sustainable long-term growth in bilateral trade.