

1.5 Latin America and Caribbean

The region remains the most crucial and relevant Third World area in terms of Canadian trade objectives and global economic interests. Facts: largest recipient of Canadian bank loans; most favoured area for Canadian direct foreign investment after U.S.; most important Canadian market area after U.S., Western Europe, Japan; over 50% of Canadian exports to region are manufactures; three countries, Mexico, Brazil and Venezuela are designated priority markets, while Cuba, Colombia and Trinidad rank closely behind.

In the course of recovering from global economic recession, the emphasis is on structural adjustment designed to conserve foreign exchange, expand exports and increase employment. Market demand over the next 5-10 years will reflect these objectives and it will consist mainly of major infrastructure projects in: energy (hydroelectric, oil and gas); resource development (mining, fishing, agribusiness); transportation (rail, urban air, ports, roads, storage and handling); telecommunications; urban development; tourism. Secondary industry development will reflect the same objectives, particularly in agribusiness, resource upgrading and metal-mechanical equipment.

In the region, the countries of the Caribbean Basin and Cuba have special characteristics in that they are good traditional and, taken as a whole, large markets for Canadian processed food, newsprint, a wide range of manufactured products and telecommunication equipment. In addition, Canada-Cuba trade relations are unique with Canada the sole source of North American products and technology in several sectors including agriculture, transportation, power generation, telecommunications and tourism.

In the more developed countries (Brazil, Mexico) the demand for more sophisticated technology transfer will increase rapidly in sectors such as communications, instrumentation and process control, food processing, electronics and metal processing. Accompanying this demand, with its inherent spin-off of regional protectionism, will be a requirement, in one form or another, for joint participation in the industrial development process.

Primary markets are Mexico, Brazil, Venezuela, Cuba, Colombia and Trinidad. Of secondary importance are Argentina, Barbados, Chile, Ecuador, Jamaica, Panama and Peru. The remainder of the countries will be treated for the most part on a responsive basis.

The import capacity of Latin America and the Caribbean is expected to grow by 2½ to 3 times its present size of \$75 billion by 1990. By maintaining our current market share, Canadian exports to the region would reach from \$5-9 billion annually.