

Backgrounder

CANADA-CHILE TRADE AND INVESTMENT RELATIONS

Two-way Canadian-Chilean trade has more than doubled over the past decade from a total of \$202.4 million in 1983 to a high of \$547.8 million in 1994. During that same period, Canadian exports of wheat, pulp and paper machinery, mining equipment, telecom equipment, automotive parts and iron and steel products increased by several hundred per cent. In 1994, the value of Canadian exports to Chile reached \$312.1 million, an increase of almost 50 per cent over 1993.

The only Latin American country with an "investment grade BBB" debt rating, Chile attracted a record US\$1.69 billion of total foreign investment in 1993. Canadian investment flows to Chile have increased sharply during the last four years, making Canada one of Chile's largest foreign investors. The cumulative total of actual Canadian foreign investment to July 1995 was \$2.4 billion, while the cumulative total of actual and planned investment is \$7 billion. The bulk of these funds are located in the mining sector, chiefly in mine development, although other sectors such as energy, banking and communications are beginning to attract more interest.

Canadian commercial objectives centre on the Chilean mining, forestry, power and energy, communications and informatics, agriculture and environmental sectors. Canada and Chile's resource-based economies have much in common, and Canada enjoys an excellent reputation as an advanced supplier, which enhances the potential for sales of goods and services and for technology transfer. There are more than 50 Canada-Chile joint ventures operating in Chile, ranging from fighting forest fires to building industrial machinery.

Indications are that the Canada-Chile commercial relationship will continue to expand. Chile's relatively small population of 14 million and geographic distance from Canada does not limit its possibilities as a base for third country operations, which are supported by a sophisticated industry, professional business culture and rich resource base.

In January 1995, Prime Minister Jean Chrétien led the first-ever trade delegation to Chile; it consisted of more than 250 business people representing more than 185 companies. During the visit, 33 Canadian business people signed deals worth more than \$1.7 billion, including \$918 million in contracts and \$846 million in agreements in principle with Chilean partners. The companies represented a broad range of industries and technologies from across Canada including the mining and energy sectors. In May 1994, EXPOMIN '94, held in Santiago, Chile,