

Future Directions of Canadian Policy

The new importance of Latin America requires Canada to give increasing attention to its relations with the region's countries. It is in the nature of things that our focus will fall most on those countries which are of the greatest economic and political interest to Canada, among which Brazil, Mexico and Venezuela must stand out.

Venezuela now has come to be our 5th largest trade partner. In 1979, Venezuela was Canada's chief foreign source of oil, supplying roughly 40% of our imports. Instability in the Middle East underlines the importance of Western Hemisphere oil sources for Canada, and I view it as being in our long term interest to establish stronger bilateral energy relationships between Canada and Venezuela. As a purchaser of Canadian exports, Venezuela ranks after the USA, Japan, Germany and the UK. The rapid expansion of the Venezuelan economy and its growing oil revenues provides excellent opportunities for Canada to increase its exports of goods and services and to develop cooperative ventures, such as in oil sands technology. Canada should also come to represent a market of growing importance for Venezuelan exports in addition to oil. We have been able to develop close relations with Venezuela and I am confident that the Venezuelan government will respond positively to our desire to broaden and deepen our political and economic links.

Mexico is our nearest Latin American neighbour. Like us, it was somewhat in the shadow of the American giant, with heavily concentrated trade and many other trans-border issues. We both are keen to diversify our relations, and Canada is glad to be one of five countries Mexico has designated as being a target for closer relations. We intend to respond as positively and imaginatively as we can.

Mexico's vast oil wealth and its increasing industrialization makes it certain that Mexico can be expected to play a key role both in this hemisphere and on the world stage. Mexico, whose total imports grew by almost 50% last year, is a very promising market for Canadian manufactured goods. Its economic development plan envisages expenditures of \$40 billion providing excellent opportunities for Canada. Canada has moved to develop closer relations with Mexico. We have concluded a cultural exchange agreement. In early 1979 two major agreements on energy cooperation and industrial cooperation were concluded with Mexico. The energy agreement is particularly important to both Mexico and Canada. It allows Mexico to lessen its dependence on the US market while it assures Canada certain supplies of petroleum. In return for future increased oil