

newsprint. As a result of the signature in January, 1980 of a new three-year wheat agreement, Brazil has become our third-best wheat customer (after the U.S.S.R. and China). With approximately \$100 million of recent Canadian sales in Brazil's offshore petroleum sector - including a subsea oil production system, supply ships, and a \$25 million jack-up drilling rig - Brazil is now regarded as our third leading market (after the North Sea and the Gulf of Mexico) for offshore oil and gas equipment and services. A new contract for Pratt and Whitney aircraft engines to be supplied to Embraer, Brazil's national aircraft manufacturer, is further evidence of the country's potential as a market for high technology goods from Canada.

In the first eight months of 1980, exports to Brazil totalled \$518.0 million, representing an increase of 155.0% over the comparable period of 1979. While traditional exports such as wheat, potash, newsprint and minerals led the way in the growth, a number of new items joined the list of leading exports, including fuel oil (\$8 million), electronic tubes and parts (\$3 million) and mining machinery (\$3 million).

Among all sources of Canadian imports, Brazil ranked fourteenth in 1979. Imports from Brazil totalled \$313.1 million, an increase of 26.1% over 1978. For Brazil, Canada offers access to a substantial (\$60 million plus) and open market for competitive products where orderly marketing is undertaken.

Canadian imports from Brazil have become more diversified, and at the same time more industrialized. Fabricated and fully-manufactured products now account for 48% of total Brazilian sales to Canada. While coffee represented 14% of total 1979 imports from Brazil, almost half of this was instant coffee rather than green beans. Frozen orange juice concentrates also accounted for 14% of total imports. Other leading items include motor vehicle engines, iron ore, cocoa and chocolate, steel, footwear and ferro-alloys.

Imports from Brazil in the first eight months of 1980 totalled to \$238.1 million. Major growth items included motor vehicle engines, coffee, footwear, baler twine, and bauxite ore.