

important sub-groupings in South America—the Andean Pact and the River Plate Group.

The second factor is a severe shortage of foreign exchange, which may affect Latin America somewhat less than it does other parts of the developing world but which nevertheless imposes certain limitations on the process of industrialization. This shortage lends great importance to the availability of export credits and insurance facilities to facilitate the sale of capital equipment and certain bulk commodities. In the past, nearly one-third of the total sum committed by the Export Credits Insurance Corporation for financing Canadian exports was applied to sales to Latin America. The recently-incorporated Export Development Corporation has been given still broader powers as well as increased financial support. It is therefore expected to be able to offer significantly greater assistance to Canadian firms interested in exporting to Latin America.

The third factor is the desirability of increasing the sale of Latin American products in Canada. The Latin American countries need stable markets for their basic commodities. They also face an increasing need to diversify secondary industry in order to provide employment for their rapidly expanding urban populations and in order to conserve or earn more foreign exchange through import substitution or expanded exports. Measures to promote this diversification, such as high external tariffs on certain classes of imports, or other protective steps which could be taken by such regional trade groupings as the Latin American Free Trade Association, are bound to restrict Canadian exports to some extent. However, any developed country hoping to broaden or intensify its commercial relations with Latin America must be prepared to take this need for diversification into account and, while doing everything it can to maintain access for its own goods, to reduce the need for such protective measures by taking all possible steps to facilitate the entry of Latin American goods into its own market.

Canadian imports from Latin America have so far increased at about the same rate as Canadian exports to that area. As with exports, however, the rate of increase has not been nearly as high as that of Canadian imports from the world as a whole. Again, as in the case of Canadian exports to Latin America, the range of Canadian imports tends to be limited, being restricted mainly to tropical foodstuffs and raw and semi-processed materials. By far the greater part of these imports is represented by petroleum and petroleum products from Venezuela, which accounted in 1969 for some \$332 million of a total import figure of \$544 million and provided