

A new currency, tight monetary and fiscal policies, price deregulation, and the slashing of import barriers have already produced tangible results for Brazil. Inflation, which was running at about 50 per cent a month in the spring, is now down to two or three per cent a month. Real GDP [gross domestic product] growth should reach four per cent this year, and five per cent next year.

Brazil's privatization program and other reforms have attracted extensive private investment. And its domestic energy has already found further expression in an aggressive, outward-looking trade and investment policy. Brazil's average tariff rate has dropped from over 65 per cent to 14 per cent and the ban on imports competing with domestic production has been revoked.

Many familiar walls have fallen and many more will have to fall for economic reform to succeed. Although I understand that such reforms are not painless and that the adjustment period can be challenging, the rewards should be great. The prospect of seeing this great country mobilizing its assets and abilities is indeed exciting — I could feel the energy building when I was in Rio Grande do Sul and São Paulo three months ago.

But what does this all mean for Brazil-Canada trade and investment? As natural allies, middle powers in the new world, and old friends, these developments should enable Canada and Brazil to rekindle a relationship which — at times — has suffered from economic shocks.

However, our robust and dynamic commercial relationship stands as evidence that we can trade together to our mutual benefit.

There is no doubt that recent market liberalization policies implemented by Brazil and the proposed opening to foreign investors of key sectors of interest, such as telecommunications and mining, have put Brazil back on the map as a prime investment location and leading commercial partner.

Brazil is Canada's second-largest trading partner in Latin America. Canada's exports to Brazil have steadily increased and are increasingly diversified in the 1990s. This is especially due to the market liberalization program introduced in 1990. In the years ahead, we expect to see a significant increase in two-way trade.

Canada and Brazil have been commercial partners since the 1890s, when the company which became Brascan introduced the first horse-drawn tram system in Rio, and later introduced electric power and telecommunications services to both Rio and São Paulo. Since then, Canadian investment in Brazil has grown to over \$3 billion. Now is the time to augment this relationship with even greater investment in each other's growing economies. To that end, I