

CANADA'S TRADE WITH LATIN AMERICA

(By S G. Tregaskes, Area Trade Officer for Latin America
Foreign Trade, November 24, 1956).

Canada's trade with Latin America this year is showing a heartening increase. In the first six months of 1956 it has risen by \$40 million over the first half of 1955. If this pace is maintained during the rest of the year, total trade with this area will reach a record \$580 million.

Although trade with Latin America accounts for only 5 per cent of our world trade, when the United States and the United Kingdom are excluded this percentage rises to 25. In fact, Latin America ranks as our fourth largest market, following the United States, the United Kingdom, and Europe.

A GROWING MARKET

Latin America currently has about 185 million people and, with its high rate of population growth, it is expected that it will have more than 300 million by 1980. Economic progress throughout the area has been very rapid in the past few decades; it has accelerated since the end of World War II and indications are that it will continue to gain in the years ahead. Obviously, the Latin American market is one that merits close and sustained attention from the Canadian exporter.

EXPORTS AND IMPORTS INCREASE

Canadian exports to Latin America for the first eight months of 1956 increased slightly over the same period of 1955, rising from \$113 million to \$116 million. Exports in 1955, on the other hand, fell to \$170 million from the \$194 million of 1954. This decrease was more than accounted for by a fall in exports to Brazil of \$34 million between 1954 and 1955. Throughout 1955 Brazil was plagued by dollar shortages and the consequent imposition of restrictions of various kinds materially reduced purchases from dollar countries.

To the end of August of this year, Canada's principal markets in Latin America were Mexico, Venezuela, Colombia, Cuba and Brazil, but Peru, Puerto Rico, the Dominican Republic and the Central American countries continued to be important customers for a wide range of Canadian goods.

Principal exports from Canada to Latin America in 1955 were: wheat and flour (\$26 million), newsprint (\$20 million), industrial machinery (\$13 million), non ferrous metals (\$12 million), fish (\$10 million), drugs and chemicals (\$8 million), asbestos (\$7 million), dairy products (\$6 million), wood pulp (\$5 million), agricultural machinery (\$5 million), malt (\$4 million), and seed potatoes (\$3 million). In addition a wide range of manufactured and semi-manufactured goods, raw materials and agricultural products, numbering several

hundred, were exported to the area during 1955.

In contrast to the wide range of products exported to Latin America in 1955, six commodities bought by Canada from Latin America in that year accounted for nearly 90 per cent of Canada's total imports of \$320 million. These were petroleum (\$178 million), coffee (\$50 million), bananas (\$23 million), cotton (\$20 million), sugar (\$7 million), vegetable fibres (\$5 million). Other important imports were cocoa, nuts, fresh fruits and vegetables, and meat products.

Few other types of commodities are available from Latin America in substantial quantities. The list given above emphasizes the fact that, with a few exceptions, Latin America at present is predominantly an agricultural and extractive region; most Latin American countries have "single crop" or "single export commodity" economies.

Imports from Latin America in the first six months of the current year have increased remarkably over the same period of 1955, to \$183 million from \$147 million in 1955. Larger imports of cotton from Mexico and petroleum from Venezuela accounted for the bulk of the increase.

TREATY RELATIONS

In July of this year Canada and Honduras signed a trade agreement for the exchange of most-favoured-nation treatment between the two countries. Canada now enjoys most-favoured-nation customs treatment with all countries of Latin America and Canadian products are subject to the same reduced rates of duty and customs charges in most Latin American countries as apply to goods from other countries, such as the United States and the United Kingdom. As the sole exception, the United States enjoys an exclusive tariff preference on a number of goods entering Cuba.

LATIN AMERICAN CONFERENCE

Eleven Canadian Trade Commissioners in ten Latin American countries were recalled to Ottawa in July to attend a conference organized by the Department of Trade and Commerce to discuss ways and means of increasing Canada's exports to the rapidly developing republics of Latin America.

They were joined during the conference by a small group of Canadian businessmen with wide selling experience in that area. These businessmen presented some of the problems with which they are confronted and put forward a number of constructive recommendations for the Department to consider.