CANADIAN INVESTMENTS IN ARGENTINA

Since 1989, there is a growing interest towards the Argentine investment market by foreign companies including Canadian ones. The process of Argentina's economic revitalization, its growing deregulation, the implementation of a privatization program and an opening up of trade barriers, the agreements signed between the countries and the possibility for growth in other sectors where Canada's leadership is world class (i.e., energy, mining and communications), without a doubt have contributed in sparking interest by Canadian investors.

Canada's foreign direct investment in Argentina is small. In 1992, it represented less than 8% of total investment in Central and South America with US $175 million, but is now growing with Canadians playing a larger role. Canadian direct investment in Argentina is about $1.0 billion, with a concentration in the energy and telecommunications sectors.

In the first part of this document, the section entitled INVESTMENT OPPORTUNITIES provides a good overview of the foreign investment rules in Argentina. In addition, as previously mentioned, a Foreign Investment Protection Agreement (FIPA) is effective between the two countries. Argentine laws and the predisposition in favour of greater cooperation with Canadian companies, allow the vision of a growing joint operation.

THE EXPORT DEVELOPMENT CORPORATION (EDC)

EDC is a customer-driven financial services corporation dedicated to helping Canadian business succeed in the global marketplace. EDC facilitates export trade and foreign investment by providing risk management services, including insurance, financing and guarantees to Canadian companies and their global customers.

EDC is open in Argentina for acceptable risks involving both the public and private sectors. In 1994, EDC supported approximately $160 million in Canadian exports and investments to Argentina. EDC's most active programs in 1994 were Foreign Investment Insurance and Financing. The main industrial sectors supported under those two programs were oil and gas, telecommunications, power generation, malting, and manufacturing equipment. EDC also provided export credit insurance coverage in support of goods including paper, rubber, sulphur, telecommunication equipment and medical/pharmaceutical products. Canadian exporters supported under EDC's various programs ranged from small to large