

Recent developments and their potential impact?

The second meeting of the *Mercosur Council* was held in Argentina in June 1992. The Presidents of the Mercosur nations ratified a *Joint Action Agreement* outlining goals, particularly in the area of economic coordination, to facilitate the elimination of tariff and non-tariff barriers to trade. The Presidents of Chile and Bolivia attended the Mercosur Summit as observers.

Mercosur member states are concentrating their efforts on bringing the agreement on stream. While not actively considering new members, technical exploratory talks are being held with a number of their neighbours to examine the possibility of establishing expanded links with those countries.

What is Canada's bilateral trade relationship with the Mercosur?

Canada and Argentina two-way trade reached \$190 million in 1991. Canadian exports to Argentina have traditionally consisted of chemicals and minerals, plastics, machinery and electrical equipment, wood pulp and newsprint. Imports have generally been primary products such as raw hides and leathers, processed and unprocessed food, as well as some data processing equipment and parts. Argentina's economic program of privatization offers considerable opportunity for Canadian firms, particularly in such sectors as oil and gas.

Brazil was Canada's largest export market in Latin America, with two-way trade totalling \$1.3 billion in 1991. This two-way trade is inferior to volumes registered during the late 1980s due to market contractions in both countries. Canada's exports to Brazil have consisted primarily of commodities such as wheat, sulphur, potash, newsprint and paper products. For 1991, fruit juices topped the list of Brazilian exports to Canada, followed by iron and steel products, footwear, coffee and aluminum.

Bilateral trade between Canada and Uruguay reached \$65 million in 1990, but fell to \$33 million in 1991. Future opportunities for Canadian exporters will include specialty areas such as agri-food, mining and forestry.

Two-way trade with Paraguay is modest, totalling only \$2 million in 1991. An inhibiting factor has been the lack of available credit to exporters from Paraguay. New political and economic stability in that country may give an additional boost to trade.