

\$14.3 billion authorized by CADIVI to the end of 2003, official figures show that only half was actually disbursed by the Venezuelan Central Bank.

According to key food associations, CADIVI is approving only 60% to 70% of all foreign currency needed to cover imports of food goods, forcing the local industry to go to the black market. Local consumption of imported food products declined by 16% during 2003. There is no indication as to the duration of the regime.

Agricultural Products

Sanitary regulations at the Ministry of Agriculture and Lands (MAT-SASA) are not fully transparent and authorities do not respond in a timely fashion to official enquiries regarding sanitary and phytosanitary (SPS) issues. Venezuela's commitment to an open and rules-based trading system continues to be questioned. During the past few years, Canada has made numerous representations to Venezuelan authorities, raising concerns about Venezuela's SPS-related import licensing system, which restricts agricultural products. Canada's specific concerns have been with respect to meat, seed potatoes, table potatoes, onions and, most recently, pulses. According to industry, import licences are either not granted on a timely basis, granted but not for the full amount of the request, or not granted at all. No legitimate reasons are provided for denying or delaying the licences. Canada's position is that as long as Venezuela's legitimate SPS concerns have been addressed, any SPS-related licences should be granted on a timely and automatic basis. On November 26, 2002, the U.S. held formal WTO dispute settlement consultations with Venezuela. Canada participated in these consultations.

OTHER ISSUES

Continuing political and economic difficulties call into question Venezuela's attractiveness as a foreign investment destination. Las Cristinas is a major gold mining project in Venezuela that remains the subject of long-standing and complex legal disputes involving various parties, including the Venezuelan government and several Canadian companies. A range of litigation is under way in Venezuela in an attempt to resolve the attendant commercial disputes. The Government

of Canada has underlined to Venezuelan authorities the importance of resolving the disputes in accordance with the principles of transparency, good faith and due process of law.

Central America

Overview

The Central American countries of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama are emerging economies with generally good economic growth. Annual two-way merchandise trade between Canada and Central American countries amounted to \$969 million in 2003, with Canadian exports to Central America totalling \$335 million and imports totalling \$633 million. (Note: These statistics do not include many goods transshipped through the United States.)

The Canada–Costa Rica Free Trade Agreement, which came into effect on November 1, 2002, demonstrates that it is possible to take into account differences in the levels of development and size of free trade partners. Two cooperation agreements on labour and the environment have also come into force. The conclusion of a free trade agreement with El Salvador, Nicaragua, Guatemala and Honduras will also enhance Canada's presence and influence in the region and help to further develop the trading relationship between our countries.

Market Access Results in 2003

- Negotiations toward a free trade agreement continued with El Salvador, Guatemala, Honduras and Nicaragua (CA4).
- The implementation of the Canada–Costa Rica Free Trade Agreement continued, including the second scheduled tariff reduction on January 1, 2003.
- Negotiations toward a Canada–Costa Rica double taxation agreement were launched.
- A direct air link between Canada and Costa Rica was established, with flights operating three times weekly between the two countries.