materials. Japan also offers Canada a substantial opportunity for investment capital.

China, with its new "open door" policy and movement towards decentralization, offers new opportunities in agriculture, energy, mining, oil and gas, aerospace, and telecommunications. India's next Five-Year Plan in 1985 places emphasis on power generation, oil and gas equipment, railway modernization, and telecommunications. Both China and India are seeking to absorb technology through joint ventures and licensing. Export financing is important.

Approximately 60 per cent of ASEAN (Association of Southeast Asian Nations) imports (U.S. $80 billion) are of machinery, transportation equipment, and other manufactured goods. Opportunities in those sectors also include telecommunications, power generation, and oil and gas equipment and services.

Over one-half of the Australia and New Zealand market consists of fully manufactured goods: agricultural equipment, videotext, aircraft, oil and gas drilling equipment, engineering consulting services, and telecommunications equipment.

The newly industrialized countries of the region (Hong Kong, Korea, Taiwan) rely greatly on imports. Opportunities for Canadian exports exist in the following areas: grains and foodstuffs, forest products, chemicals, electronics, and telecommunication and satellite equipment. Hong Kong is also a potential source of investment capital for Canada.

The developing countries of Asia and Pacific have traditionally been aid-oriented export markets financed by international financing institutions (IFI).

4. Latin America and Caribbean

The countries of Latin America and the Caribbean are slowly beginning to recover from several years of economic recession and the market prospects are expected to improve over the medium term. In addition to the continuing good demand for Canadian commodities, opportunities will consist mainly of major infrastructure projects in energy, telecommunications, transportation, urban development, tourism and resource development projects (agriculture, mining, forestry, fisheries, oil and gas).

This region is the largest recipient of Canadian bank loans; the most favoured area for Canadian direct foreign investment after the U.S.; and an important market for Canadian exports of manufactured goods. The import capacity of the region is expected to grow by two and a half to three times the present size of $75 billion by 1990. By maintaining our current market share, annual Canadian exports to the region would be between $5 and $9 billion. Primary markets are Mexico, Brazil, Venezuela, Cuba, Columbia, and Trinidad.

In the more developed countries (Brazil, Mexico) the demand for sophisticated technology transfer will increase rapidly in communications, instrumentation and process control, food processing, electronics, and metal processing. There will also be demands for joint participation in the industrial development process.

Cuba and the countries of the Caribbean Basin have been traditional markets for Canadian processed food, newsprint, manufactured goods, and telecommunications equipment. Canada-Cuba trade relations are unique: Canada is the sole source of North American products and technology in several sectors.

5. Africa and Middle East

The oil exporting countries are facing the need for substantial economic and financial adjustment. The reversal of world oil markets has brought the purchasing power of these countries back to its 1978 level. The primary markets of this region are in the Arabian Peninsula and in North Africa (i.e., Algeria, Egypt, Saudi Arabia, and the Gulf countries). Egypt is the only market whose fortunes are not tied to the world market prices for oil and gas.

These markets have moved out of the "boom" phase and into a consolidation and industrial development phase. Canadian exporters, who lacked the depth and resources to participate fully in the previous megaprojects, are now better placed to supply the technology, and raw and semi-finished materials and services that are required. These are among the best "cash" markets in the world, although most exports to Egypt require blended EDC/CIDA (Export Development Corporation/Canadian International Development Agency) financing.

Many African countries are expected to experience balance of payment problems for the next four to five years and will only recover slowly thereafter. There are major opportunities for capital projects in Western/Central Africa provided there is access to aid financing.