

Mexico is our nearest Latin American neighbour. Like us, it was somewhat in the shadow of the American giant, with heavily concentrated trade and many other trans-border issues. We both are keen to diversify our relations, and Canada is glad to be one of five countries Mexico has designated as being a target for closer relations. We intend to respond as positively and imaginatively as we can.

Mexico's vast oil wealth and its increasing industrialization make it certain that Mexico can be expected to play a key role both in this hemisphere and on the world stage. Mexico, whose total imports grew by almost 50 per cent last year, is a very promising market for Canadian manufactured goods. Its economic development plan envisages expenditures of \$40 billion providing excellent opportunities for Canada. Canada has moved to develop closer relations with Mexico. We have concluded a cultural exchange agreement. In early 1979 two major agreements on energy co-operation and industrial co-operation were concluded with Mexico. The energy agreement is particularly important to both Mexico and Canada. It allows Mexico to lessen its dependence on the U.S. market while it assures Canada certain supplies of petroleum. In return for future increased oil supplies, Mexico will be looking for augmented industrial co-operation with Canada in a wide variety of areas. I am pleased that President López Portillo will be visiting Canada in May and we expect to be able to make significant progress in the implementation of our agreements on energy co-operation and industrial co-operation. We also envisage discussion on major world political and economic issues. Clearly, our relations in future must have both a political and an economic dimension.

Brazil, with its population, its industry, its huge untapped resources and its impressive growth, is of evident economic importance. Canada has special historical links through investments now totalling \$1 billion, our largest outside the U.S. Our banks are very active, with loans of almost \$4 billion, and our two-way trade last year exceeded \$700 million. Canada was pleased to conclude in January a major grain sale, for approximately \$700 million over three years. Brazil proposes to triple its installed electric generating capacity in the coming decade, almost entirely through hydro, an area of established Canadian expertise. It is undertaking a very imaginative program to develop gasohol, the production of fuel from plants. Brazil has the potential to become a world power, and it is already being felt as a major influence or partner in such distant countries as Iraq and Angola. Canada looks forward to developing much closer economic, political and cultural links with this vigorous country.

While our relations will be especially strong with Mexico, Brazil and Venezuela, we will be anxious to develop our relations with the countries of the Andean Pact such as Colombia, Peru, Bolivia and Ecuador where significant new trade and investment opportunities are developing, and with the six countries of Central America where we have been very active in economic development and there are very interesting possibilities for joint ventures and the supply of capital equipment. We will also consider promoting our economic relations with the countries of what is called the Southern Cone, countries whose economies are developing rapidly and which welcome Canadian industrial and commercial participation; with the Latin countries of the Caribbean such as the Dominican Republic, Haiti — the only French speaking nation in Latin America and a country where we have an active aid program and
