ii) Political

Canada's political relations with Brazil are defined by environmental issues, development co-operation, human rights, regional priorities, multilateral diplomacy and the Lamont-Spencer consular case.

(See Book I, section J, Latin America and Caribbean, for further details on the Lamont-Spencer case.)

Canada's relations with Brazil have room to grow. Canada is working to expand and diversify the bilateral relationship. Bilateral political and economic consultations took place in Brasilia on October 5-7, 1993.

Democratic roots do not run deep in Srazil. Developments over the next few months will be critical as Brazil addresses constitutional retorm and prepares for presidential elections in November 1994.

Human rights remain of concern. Socio-economic disparities load to abuses of those groups which are most marginalized, such as street children, indigenous people and rural communities.

Brazil is an important regional and international player, ourrehtly occupying a seat on the Security Council, with the outential of securing a permanent seat in eventual UN reform and representing a significant voice in the Organization of American Statas (OAS) and other inter American institutions, it will chair the influential Rio Group in 1994. The Group is an informal association of Latin and South American countries which is used as a densultative mechanism.

Despite its enormous possibilities, Braul has failed to reach its full econemic potential. After a brief period of optimism a few years ago: it suffers once neal from problems of uneven development and very high inflation. Nonetheless, Braul, one of the 10 largest economies in the world, is undargoing a process of economic liberalization which should lead to increased opportunities for Ormedian businest.

CANADIAN INTERESTS

i) Trade and Economic

2

Brazil is a major destination for Canadian direct investment (cumulative total is approximately \$2.4 billion as of 1992). It is Canada's second largest export market (\$640 million in 1992) in Latin America.