

Latin America

The spread of the international economic and financial crisis to Latin America in the third quarter of 1998 resulted in economic contraction in the region, the deepest point of which was in the first half of 1999. Except in the case of Mexico, all major economies in Central/South America remained weak in 1999, although conditions improved as the year progressed. In particular, the downturn in Brazil proved to be less severe than feared, and, as confidence improved, short-term interest rates fell substantially from their crisis-related peak levels of early in the year. Nonetheless, Canada's merchandise exports to Central and South America declined by 17.2 percent in 1999, with the most significant declines being to Brazil (-36.3 percent), Colombia (-46.1 percent) and Argentina (-38.6 percent).

As in East Asia, there were some bright spots for Canada in Latin America: exports to free trade partners Mexico and Chile rose by 11.8 percent and 5.3 percent respectively — in Chile's case, despite a decline in output in that economy. Overall, this region absorbed 1.1 percent of Canada's merchandise exports in 1999, a fall from 1.5 percent in 1998.²

Table 9: Canada's Merchandise Exports to Key Latin American Economies, 1989-1999

	1989-1992	1993-1996	1997	1998	1999
Exports (\$ millions)					
Mexico	673	1 082	1 277	1 467	1 632
Argentina	67	198	409	342	211
Brazil	575	1 123	1 693	1 382	1 038
Chile	155	333	392	339	360
Colombia	204	401	473	471	255
Venezuela	356	656	954	704	524
Total	2 029	3 792	5 198	4 705	4 020
Share in Canada's total exports to the world (%)					
Mexico	0.45	0.46	0.43	0.46	0.46
Argentina	0.04	0.08	0.14	0.11	0.06
Brazil	0.39	0.47	0.57	0.43	0.29
Chile	0.10	0.14	0.13	0.11	0.10
Colombia	0.14	0.17	0.16	0.15	0.07
Venezuela	0.24	0.28	0.32	0.22	0.15
Total	1.36	1.59	1.74	1.48	1.13

Source: Statistics Canada, *Exports by Country*, Catalogue no. 65-003-XPB.

² The same caveats discussed in the case of the U.S. share of Canadian exports (see Box 2) apply in this case as well.

