CANADEXPORT

Focus on Central America

Stability of Change Signals Central America Bound for Business

Change is the one constant continuously stitching a seam of stability through the seven countries that comprise Central America. And it's change that, for the most part, is positive, progressive — and full of promise. Commercially, as CanadExport discovered on a business trip to Guatemala City, Panama City and San José, the region is dynamic: conscientiously changing internally so that it can more completely and confidently position itself as an integral player in the competitive world marketplace of the 21st century. The dominoes are in place. Central America appears on the verge of realizing its vision.

The most recent in a series of domino moves, and one that is certain to make the vision more viable is the Guatemala peace accord to be signed December 29, 1996 — officially bringing to a close 36 years of civil war!

Internal change, less striking perhaps than the peace accord, yet quite significant in the overall evolution of the region, is evident too, as the countries move toward regional and economic integration.

Legislative and other meaningful measures — some slow, some not so slow — also are guiding the countries to firmer forms of democracy, to privatization of telecommunications, energy and transportation services and to increased trade liberalization.

The stability of change bodes well, both for Central America itself and for trading nations — Canada very much included — that conduct business or would like to increase their business dealings with the region.

Canada-Central America Trade

No stranger to the region, it comes as no surprise that Canada is keenly interested in increased trade and investment opportunities with Central America.

"We have been involved in the region for many years, in good times and bad," International Trade Minister Art Eggleton told the Central American Heads of State at a luncheon in Toronto on May 17, 1996. "It is a confident region and one we want to do business with."

While the balance of trade is very much in Central America's favour, overall, Canadian trade with the region has grown fairly substantially in recent years. In fact, with the exception of 1993, Canada's trade with Central America grew at a higher rate than its trade with Mexico, Brazil or Chile!

Between 1992 and 1995, average growth in total Canada-Central America trade was 17.1 per cent. In 1995, Canadian trade with the region grew by 21.2 per cent, with two-way trade reaching $500 million.

At the same time, however, Central America's trade with Canada represented only about 1.5 per cent of its total international trade — indicating a good potential for future growth, particularly as the countries of Central America continue to pursue a path toward regional and economic integration.

Integration

That path — on which Canada is leaving an imprint — is a progressive and expanding one, beginning primarily with the formation, in 1960, of the *Central American Common Market (CACM)*, which, at the time, provided for free trade between El Salvador, Guatemala, Honduras and Nicaragua.

Costa Rica joined the process in 1963, around which time the *Permanent Secretariat for Economic Integration (SIECA)* and the *Central American Bank for Economic Integration (CABEI)* were established. Belize and Panama, perceived because of geography and goals as somewhat distinct, participate as

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