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Relations between Canada and
Venezuela 43235014

Canadian Foreign Policy

TEXTS

82/4

September 1982

RELATIONS BETWEEN CANADA AND VENEZUELA

Venezuela, Canada's largest export market in Latin America, supplies significant quantities of our imported oil. Over the period 1971-79, bilateral trade increased three-fold to \$2.2 billion, with the increased value largely due to higher oil prices.

Bilateral Relations

Canada and Venezuela established diplomatic relations in 1953 and contacts at the ministerial level began to increase in the mid-1970s. In 1974 the Canadian Ministers of External Affairs and Regional Economic Expansion met with President Perez and their Venezuelan counterparts. Prime Minister Trudeau's official visit to Venezuela in 1976 strengthened the relationship.

Venezuelan Foreign Minister Zambrano visited Canada early in 1981 and Canadian Trade Minister, Lumley went to Venezuela in July of that year to inaugurate Telidon, Canada's two-way television technology. During Mr. Zambrano's visit to Canada it was agreed to negotiate a framework co-operation agreement to stimulate more diversified relations between the two countries. External Affairs Minister MacGuigan pursued these discussions during his visit to Venezuela in January 1982 and the agreement was signed by Mr. MacGuigan and the Venezuelan Ambassador to Canada on June 25.

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Trade

Until 1976, trade and economic relations between Canada and Venezuela were governed by an agreement providing for the exchange of most-favoured-nation (MFN) treatment. Although the agreement lapsed in 1976, Canada continued to extend MFN treatment to Venezuela. Canadian exports to Venezuela remained relatively stable at \$678 million in 1980 but imports from Venezuela grew to \$2.2 billion, an increase of 46 per cent caused by the higher price of oil. The quantity and quality of Venezuela's oil production has declined and Venezuela has attempted to diversify its markets which has reduced the amount of crude available to Canada. Despite this, Canadian oil imports from Venezuela were about 150 000 barrels a day, in 1980 or about 39 per cent of Canada's import requirements.

Venezuela's major exports include petroleum and petroleum products, iron ore, cocoa and coffee. Its imports include automobiles, automotive parts, machinery, chemicals and foodstuffs. Among its chief markets are the USA, the Netherlands, the Antilles, Canada and Britain. Considerably reduced demand in these markets has contributed to Venezuela's recent negative economic growth. Combined with high inflation and the possibility of further reductions in world oil prices, particularly those of OPEC, prospects for early recovery are not bright.

Canada's main exports to Venezuela are newsprint, auto parts, synthetic rubber and plastics.

From a Venezuelan perspective, Canada is an industrialized country sympathetic to the interests and concerns of developing countries and capable of playing a constructive role in the North-South dialogue. Canada is also an oil producer with experience and technical expertise, especially with tar sands, which is of great interest to Venezuela.

History and Politics

Venezuela's population which exceeds 15 million, is composed of Indian (Mestizo), European, African and American Indian ethnic groups. For more than 20 years it has had a republican form of government.

Currently, the President is Luis Herrera Campins of the Social Christian Party, known as "COPEI". Venezuela's first elected President was Romulo Betancourt, founder and leader of the Accion Democratica Party, which ousted Colonel Marcos Perez Jimenez in a combined military and civil movement in 1958. With the exception of a brief democratic period in the late 1940s, Venezuela had been a dictatorship for more than a century. Discovered by Christopher Columbus in 1498 and settled in 1502 by the Spanish who retained control until 1821, Venezuela achieved its independence from Spain under the leadership of Simon Bolivar.

Canada will, no doubt, continue to import a large proportion of its petroleum from Venezuela. Joint research in the field of energy is growing and the Venezuelan market for Canadian manufactured goods, particularly in the high-technology industries, is increasing in importance. This strong, mutually beneficial relationship will continue to develop for some time.

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