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Preliminary report of the  
Ministerial Mission to Latin  
America October 27-November 27,  
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PRELIMINARY REPORT OF THE  
MINISTERIAL MISSION TO  
LATIN AMERICA

OCTOBER 27 - NOVEMBER 27, 1968

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PRELIMINARY REPORT OF THE

MINISTERIAL MISSION TO

LATIN AMERICA,

OCTOBER 27 - NOVEMBER 27, 1968

I. INTRODUCTION

Background

On November 29 the Secretary of State for External Affairs made a statement in the House of Commons about the Ministerial Mission to Latin America and its work, followed by Opposition comments. Later that day the Secretary of State for External Affairs and other Ministers who participated in the mission met the press to answer questions.

In his statement to the House the Secretary of State for External Affairs said in part:

"I am glad to be able to report that the mission accomplished the objectives set by the Prime Minister before its departure. It is the desire of the Government to determine, in the shortest possible time, how present possibilities may be translated into action within the framework of our broader foreign policy review. The members of the Ministerial mission will now reflect on what they have found and seen and heard and will shortly make a report to the Government. I would like to make clear that it is the intention of the Government, before completing its review of policy toward Latin America, to consult individuals and groups within the Canadian community which have an interest in Latin America and, in Parliament, to submit the review to critical examination in Committee. In this process the Government will welcome presentations and representations from all sides...

A preliminary report on the work of the mission is being prepared and I will table it ... as soon as it is available."

This paper is the preliminary report to which the Secretary of State for External Affairs referred. It is being tabled in the House of Commons, and will be made available to the press and to the public, as a means of providing Members of the House - and interested persons outside it - with information which may be of assistance to them when reflecting on the future of Canada's relations with Latin America.

Scope of Preliminary Report

This preliminary report is limited to general impressions and to a first indication of some of the possibilities for future co-operation.

In the context of the policy review the mission's main purpose was to acquire fresh information about the avenues which might be opened up for closer relations with Latin American countries, and a better understanding of the issues involved, in order to assist the government in making the necessary policy decisions. The mission also considered particular actions or projects which can be pursued under present policies and procedures. This paper contains examples of findings of both types. However, the work of the mission should be viewed principally as a contribution to the policy review itself.

The policy review encompasses Canada's relations with the whole of Latin America, both bilateral relations with the countries of the region and the actual or potential relationships with regional groupings or multilateral organizations of the Inter-American system. For this reason, while the mission's work was to a large extent focussed upon the nine countries it visited, it also gave its attention to broader regional and hemispheric questions.

## II. THE MISSION AND ITS WORK

### Origin and Objectives of Mission

The review of Canada's relations with Latin America is part of the overall review of foreign policy which the Government has undertaken. In the case of Latin America, it was necessary to take special steps to obtain the information and insights on which a well-founded review of our relations, and a realistic appreciation of future prospects, could be based. While Canada has diplomatic missions in all the countries visited, and in other countries of Latin America, the Canadian Government does not have the intimate and continuing contacts with Latin America that it has, for example, with the countries of Europe. For this and other reasons, indicated below, it was decided last May to send a Ministerial mission to Latin America before the end of 1968.

Shortly before the mission left Canada toward the end of October, the Prime Minister stated that its purpose was to assist the Government in its review of policy toward Latin America, a part of the world with which the Government believes Canada should develop closer relations. The mission's main tasks were as follows:

- to explore the common benefits that might result from closer relations with Latin America;
- to explore all important aspects of Canada's relations with Latin America--political, economic and cultural;
- to demonstrate our desire to draw closer to Latin American countries on a bilateral basis and the importance we attach to our relations with the hemisphere as a whole;
- to enable Ministers to have direct consultations with important Latin American leaders and to observe at first hand developments in some of the more important Latin American countries;
- to review not only relations with the Latin American countries but also world issues in which we and they have a common interest; and
- to make Canada better known in Latin America, and to establish a basis for better understanding of Latin America on the part of Canadians.

### Composition of Mission

To accomplish these objectives, it was necessary to send Ministers with authority in foreign policy, trade and economic questions

and cultural affairs, supported by officials drawn from the Departments and agencies of Government principally concerned with these subjects. To gain a broad perspective on our relations with Latin America, the mission visited as many countries of that area as was possible within the time available.

Five Ministers took part in the mission. They were the Secretary of State for External Affairs, Hon. Mitchell Sharp; the Minister of Industry, Trade and Commerce, Hon. Jean-Luc Pepin; the Minister of Energy, Mines and Resources, Hon. J.J. Greene; the Secretary of State, Hon. Gérard Pelletier; and Mr. Otto Lang, Minister without Portfolio with responsibilities in the field of industry, trade and commerce. The Parliamentary Secretary to the Secretary of State for External Affairs, Mr. Jean-Pierre Goyer, also took part. The mission arranged its schedule to permit at least three of the Ministers to visit each country. In this way, the main areas of interest - political, economic and cultural - were always well covered.

Ministers were supported by senior officials of the Department of External Affairs, the Department of Industry, Trade and Commerce and the Department of the Secretary of State, as well as of the Canadian International Development Agency, the Export Credits Insurance Corporation, the Canada Council, the National Gallery, the National Film Board and the C.B.C. Most of these officials were with the mission throughout the tour.

Major Canadian news media were invited to send representatives with the mission, and the C.B.C. (French Network), C.B.C. (International Service), the Toronto Telegram, the Southam Press, and a crew from C.B.C. T.V.'s programme, The Way It Is, participated either in whole or in part.

The mission travelled in an airplane chartered from Air Canada and flown by an Air Canada crew.

#### Itinerary

The mission visited nine countries: six in South America (Argentina, Brazil, Chile, Colombia, Peru and Venezuela); one in North America (Mexico); and two in Central America (Costa Rica and Guatemala). The tour lasted a month.

#### The Mission in Relation to the Policy Review

The substantive preparations for the mission and the work of the mission itself constituted the first phase of the review of policy toward Latin America. Preparations were carried out over a period of three months prior to the departure of the mission, in co-operation with all Departments and agencies participating in the mission. Other Departments and agencies were consulted and advice was obtained from Canadian

Ambassadors in Latin American countries. The history and facts of Canada's relationships with Latin America, and with the particular countries and regions to be visited, were reviewed and the material most relevant to the work of the mission was made available to its members in the form of briefs.

Much was accomplished in this first phase, which concluded with the mission itself. Some projects which can be advanced under present policies and procedures have been identified; a few of these have been carried to completion and the others will be followed up without delay. More broadly, the mission should provide the Government with answers to at least some of the questions about Canada's relations with Latin America which for some time have preoccupied Canadians interested in that area. The mission has been able to identify more clearly the role which Canada might best play in the affairs of Latin America, and it has developed a clearer conception of the place which Latin America as a whole - and the countries of Latin America considered separately - should occupy within the wider framework of Canada's foreign relations.

Members of the mission are now analysing and organizing their findings in order to assist the Government to carry forward the Latin American policy review. In doing this at the official level they are acting as the task force for this part of the foreign policy review. In the light of their experience while on the mission and of the information they have gathered, they will shortly review policy alternatives and in due course make recommendations to the Government. In carrying out this task they are consulting with Departments and agencies of the Government, and with our Ambassadors in the Latin American countries.

At the same time the Government wishes to consult interested individuals and groups within the Canadian community and intends to submit the policy review to critical examination in the Parliamentary Committee on External Affairs and National Defence. As a first step in this process, arrangements are now being made for consultations with members of the academic and business communities.

The task force is also giving attention to a follow-up programme related to particular projects already under consideration before the mission visited Latin America or which were identified in the course of the tour.

#### Accomplishment of Other Objectives

In other respects the mission has already accomplished its

objectives. By its very presence in Latin America for an extended period the mission demonstrated the importance the Canadian Government attaches to relations with the countries of the western hemisphere. The breadth of the mission's interests - political, economic and cultural - was perhaps something new. The mission's desire to conduct an exploration over the whole range of the interests which Canada has in common with the Latin American countries met a very warm and ready response in all the capitals visited.

The mission discussed not only bilateral questions but also many basic political and economic problems of the deepest concern to present-day governments in their search for the welfare of their peoples and for a peaceful and stable world. This search for understanding, this joint exploration of positions and ideas characterized the discussions in all the countries the mission visited.

The size and composition of the mission was such that, both at the Ministerial level and at the level of officials, it was possible in the space of two or three working days to establish direct relationships with many senior persons responsible for policy-making in fields of mutual concern.

In each country Ministers were received by the President and had a series of meetings with Ministers of the host government. Officials also attended these meetings, which sometimes took the form of a round-table discussion. In most countries members of the mission talked with leading members of the legislative bodies. Certain officials had individual meetings or made side visits to outlying places, sometimes to neighbouring countries not covered by the official itinerary.

In the political field, the mission discussed hemispheric questions and current international issues. In the trade and economic field the mission discussed trade in the multilateral context, bilateral trade, financing and investment. Everywhere the mission went it found that development is a main preoccupation of government. In the cultural sphere, to which the Latin Americans also attach great importance, the mission explored a wide spectrum of activities ranging from scientific research to film production. Discussions in all the above areas related to concrete possibilities as well as to general considerations.

While the mission worked mainly with governments, it also paid special attention to private institutions which, both in Latin America and in Canada, have an important role to play in developing mutual relations. The mission had meetings, for example, with Chambers of Commerce, with university rectors, with museum directors and leading experts in the arts as well as with Canadian businessmen and with Canadian missionaries and other volunteer workers. In all these meetings the mission was greatly impressed by the importance of the part which private individuals and groups can play in the pursuit of goals shared by the peoples of Canada and Latin America.

Most of the mission's contacts were with specific national governments or with persons working in a national context. However, the mission also had valuable meetings with governmental representatives dealing with regional organizations such as the Latin American Free Trade Area (LAFTA), the Andean Group, the River Plate Group, the Central American Common Market (CACOM) and the United Nations Economic Commission for Latin America (ECLA). The mission explored possibilities for Canadian co-operation in the regional economic developments being fostered by such groupings.

In all countries visited the mission was offered a warm and most hospitable reception. The atmosphere in the talks was at all times cordial, frank and, as a rule, quite informal. Members of the mission entered into a dialogue with its Latin American counterparts which they would very much like to continue.

The mission was widely publicized in all the countries visited. Ministers held a press conference in each country; in one case there were separate conferences in three different cities. These conferences were well attended by representatives of the local press and of foreign newspapers and wire services, as well as by Canadian journalists accompanying the mission. There can be no doubt that the presence of the mission was felt in Latin America.

It is hoped that the mission and its work may also have contributed in a modest way to a better knowledge and understanding in Canada of Latin America and its peoples and hence to a fuller appreciation of the extent to which Canada shares mutual interests and common objectives with them.

There is one feature of the mission which deserves special mention. It was an excellent projection abroad of the Canada of to-day. Almost every member of the mission spoke French and English. In addition, many could speak Spanish or Portuguese.

### III. CANADA'S PRESENT RELATIONS WITH LATIN AMERICA

#### Background

The mission started its work realizing that Canada already enjoys good relations with the countries of Latin America but at the same time aware that, except in the case of one or two countries which are geographically closer to Canada than the others and which Canadians visit with some frequency, the relationship is not as close as it could be. This situation would appear to be the result partly of distance, partly of the fact that Canada is geographically separated from Latin America by the United States and partly of the historical pre-occupations of Canada on the one hand and the Latin American countries on the other. Some Canadians, chiefly businessmen and missionaries, have been actively interested in Latin America for a very long time. Canadian banks and insurance companies have long been established in several countries, and there has for some time been considerable Canadian investment in some parts of Latin America. There has long been a significant trade between Canada and several Latin American countries, and Trade Commissioners' Offices were opened in some Latin American countries before World War II. However, it is perhaps only since World War II that Canada and the countries of Latin America have begun to discover their real common interest, both within the hemisphere and in the world at large.

#### Development of Diplomatic and Commercial Relations

The first phase of Canada's awakening to Latin America came with World War II. In 1940 it was by no means certain that the war would not throw the whole western hemisphere into a condition of defensive isolation; in any case the war created common problems among the countries of the hemisphere - ocean shipping problems, for example - and the need to solve these problems created a requirement for closer official contacts. Increased interest in Inter-American trade at a time when trade with Europe, and soon afterward with Asia, was disrupted also drew the countries of the hemisphere closer together.

One expression of this, as between Canada and Latin America, was the opening of diplomatic missions in six Latin American countries - Argentina and Brazil in 1941; Chile in 1942; Mexico and Peru in 1944; and Cuba in 1945. Also, early in the war, trade and diplomacy combined to launch the first Canadian Ministerial visit to Latin America - that of the then Minister of Trade and Commerce, Hon. James McKinnon, in 1941.

The second phase of expansion in diplomatic relations took place when in 1953 and 1954 missions were established in Venezuela and Colombia in 1953 and in Uruguay, the Dominican Republic and Haiti in 1954. In 1961 Canada established diplomatic missions in three more Latin American countries, Costa Rica, Ecuador and Guatemala. In the same year Canada accredited Ambassadors already resident in other countries to Bolivia, El Salvador,

Honduras, Nicaragua, Panama and Paraguay. Canada now has diplomatic relations with all 20 countries of Latin America. In 14 of these there are Canadian diplomatic missions of which nine have resident Ambassadors, Chargés d'Affaires being in charge of the other five. <sup>1</sup>

In the post-war period there were a number of official and state visits in both directions, including a trade and good will mission in 1953 led by Rt. Hon. C.D. Howe; a visit to Brazil and Mexico in 1958 by the Secretary of State for External Affairs, Hon. Sidney Smith; an official visit to Mexico in 1960 by Rt. Hon. John Diefenbaker, who was then Prime Minister, and a visit in the same year to Argentina, Chile and Peru by Hon. Howard Greene, Secretary of State for External Affairs. The Presidents of Mexico and Argentina visited Canada in 1959 and 1961 respectively.

The post-war period was also marked by a steady strengthening in Canada's official commercial representation in Latin America<sup>2</sup> as well as by the conclusion of several more trade agreements with Latin American countries. Some of the existing trade agreements with those countries pre-date World War II; indeed Canada had trade agreements with some Latin American countries prior to the opening of diplomatic missions in the early 1940's. For example, Canada's trade relations with Colombia are based on a British treaty dated 1866 while, in the case of Bolivia, Canada agreed in 1935 to have its trade relations covered by the British treaty with Bolivia dated 1911. Canada signed trade agreements with Uruguay and Guatemala in 1937. Trade agreements of modus vivendi <sup>3</sup> were signed with Argentina, Brazil, Chile, the Dominican Republic and Ecuador in 1941. A trade agreement was signed with Mexico in 1947, modus vivendi with Venezuela and Costa Rica in 1950 and a trade agreement with Honduras in 1956.

Canadian trade with Latin America has grown substantially since the early 1940's. In 1941, Canada's exports to Latin America totalled \$33.3 million and imports were valued at \$61 million. In 1967, the corresponding figures were \$337 million and \$418 million. It should be noted that, while Canada's trade with Latin America has thus increased greatly during this period, the present total of something more than \$700 million is only about 3% of Canada's total world trade. It should also be noted that the trade balance in favour of Latin America is due principally to heavy Canadian imports of petroleum products from Venezuela. Otherwise, with few exceptions the current trade balance is in Canada's favour.

1 See Annex I

2 See Annex II

3 Modus vivendi is a term frequently applied to a relatively informal trade agreement.

### Present Relationships with Inter-American Organizations

During the past twenty-five years Canada has participated increasingly in Inter-American and other international organizations dealing specifically with Latin America and its problems, and a considerable number of Canadians now participate in the work of non-official bodies of the same kind. These organizations vary in size and importance, and the degree of Canadian involvement is greater in some cases than in others. They nevertheless bring Canadian officials and professional men actively into contact with their Latin American counterparts from time to time. The work of these organizations covers a wide range of subjects including central banking, tax administration, fisheries, statistics, industrial development, radio frequencies, civil aviation, postal regulations, agriculture, labour problems, roads and highways, city planning, engineering, architecture, public health, social welfare, cultural and educational questions, geography and history, legal questions and problems of the press.

Perhaps the most significant aspect of this development has been Canada's modest progress toward closer association with the Inter-American system. For many years Canada has been a member of three official Inter-American organizations. These are the Pan-American Institute of Geography and History, the Inter-American Statistical Institute and the Inter-American Radio Office. In recent years, on invitation, Canada has sent official observers to such high-level OAS meetings as the Special Meetings of Consultation which revised the OAS Charter and the Heads of State meeting which took place in Punta del Este in 1967. In 1961 a Canadian Minister was an observer at the special meeting of the Inter-American Economic and Social Council which launched the Alliance for Progress and since that time Canada has regularly sent observers to meetings of the Economic and Social Council. Last year Canada was invited to send observers to the meetings of the Executive Committee of the Alliance for Progress (CIAP) which conducts annual reviews of the economic development of OAS countries, and Canada now sends observers to most of these meetings. In 1961 Canada became a member of the United Nations' Economic Commission for Latin America and has participated fully in its work since that time.

### Scope of Political Consultations at the Present Time

Since World War II the opening of diplomatic relations with the countries of Latin America, coupled with association of Canadian and Latin American representatives in the work of the United Nations and its subsidiary bodies, has led to increasingly frequent exchanges of views between Canada and the countries of Latin America on political matters of common concern, both global and hemispheric. While Canadian and Latin American views have not coincided on all issues of this kind - and while the views of the Latin American countries themselves are of course not always homogeneous - there has been a considerable identity of interest on a number of important questions.

In recent years Canada and certain Latin American countries have been associated in some of the United Nations' peacekeeping operations. Canadian and Latin American representatives have made significant contributions, from their respective points of view, to the codification of international law. Especially during the last few years Canadian representatives have from time to time been engaged in significant negotiations with the United Nations representatives of certain Latin American countries on such political issues as the situation in the Middle East. In recent years, too, Canada and some Latin American countries have been closely associated with the work of the United Nations' Eighteen-Nation Disarmament Committee, and Canada has given strong support to the Latin American move to establish a Latin American nuclear-free zone. This sort of consultation and cooperation, though sometimes ad hoc and in the case of some countries modest in scope, has proved beneficial and could be intensified to mutual advantage.

#### Canada's Present Role in Latin American Economic Development

Canada is a major contributor to the U.N.'s technical assistance programme, the World Bank and the International Development Agency, all of which play a significant part in promoting economic development in Latin America. Canada also has an economic development programme directly related to Latin America which is essentially multilateral in character. Expansion of the Canadian aid programme in 1963 made it possible for Canada for the first time to give serious consideration to cooperation with Latin American countries in economic development, and in 1964 the Canadian Government made an arrangement with the Inter-American Development Bank under which Canada made \$10 million available to the Bank for development assistance loans to Latin American countries. Canada has continued to make an annual contribution at the same rate and the loan funds so far made available by Canada total \$50 million, all of which has now been committed to a total of fifteen separate projects. Countries for which loans from Canadian funds have so far been approved include Argentina, Bolivia, Brazil, Chile, Colombia, El Salvador, Mexico, Peru and Paraguay. In addition, the Export Credits Insurance Corporation has made available to the Bank \$15 million in credits which may be used by Latin American countries. It should be noted however that the amount Canada devotes annually to development assistance in Latin America is only about 3% of Canada's annual expenditures on economic assistance of various kinds on a world-wide basis.

The Export Credits Insurance Corporation has also extended direct credits to some Latin American countries, notably Mexico, Chile, Argentina, and Brazil, on a fairly large scale. During the past several years, out of a total of about \$400 million in such credits extended to foreign countries as a whole, credits totalling about \$150 million have gone to Latin American countries.

Canadian private enterprise is also playing a role in Latin American economic development. Canadian investment in the area, established in

certain countries for many years, has increased somewhat since the war. One channel for such investment is ADELA, an international investment association which finds capital for investment in Latin America. In recent years there has been an increase in the number of Canadian engineering and consultant firms working under contract in Latin America.

### Present State of Cultural Relations

Until recently, cultural contacts between Canada and the countries of Latin America have been limited in scope. The present state of our relations with these countries may be summarized as follows.

#### Scientific and Academic Exchanges

In September, 1968, the Government of Canada and the Government of Brazil signed an agreement to establish scientific exchanges in areas of common interest. Under this agreement, the National Research Council and its Brazilian counterpart, The Conselho Nacional de Pesquisas, will arrange for an exchange of five scientists each year; these scientists will be called upon to carry out their research in cooperation with their colleagues in the other country. The annual cost of the programme for each country has been set at \$20,000.00, with provision for subsequent increases as required.

At the present time, there are approximately five hundred students from Latin America attending Canadian universities - most of whom are relying on private funds. There are also many Latin American students in Canadian high schools. Furthermore, the Canada Council, and the National Research Council, together provide close to a quarter of a million dollars each year to subsidize the cost of sending Canadian research workers and students to Latin America on research projects.

Finally, there is a modest programme of university exchanges between "El Instituto Colombiano de Especializacion en el Exterior (ICETEX) and the Association of Universities and Colleges of Canada (AUCC). Under this programme, Colombia has sent about six students a year since 1962 to study and work at the postgraduate level in Canadian universities.

#### Cultural Exchanges

In 1944, Canada and Brazil exchanged notes which encouraged the exchange of cultural publications and displays. This agreement gave rise to a few such exchanges in the years immediately following, usually as a result of private initiatives.

In the last few years Canadian work in the visual arts has been displayed in Latin America through participation in the Biennial of

Modern Engraving at Santiago, Chile, and the Sao Paulo Biennial of Paintings. Also, Canadian performers appear occasionally in this part of the world just as Canada from time to time welcomes the visits of Latin American performers who appear in Canadian cities. There have also been certain exchanges in the field of cinema.

Mexico exhibited an excellent collection of her art from the pre-Columbian, colonial and modern periods at EXPO '67. For our part, Canada participated in the cultural displays in Mexico organized around the Olympic Games held there last year. Canada exhibited paintings, Eskimo and Indian art work, handicrafts, children's paintings and also set up booths to provide information about Canada. In addition, Canadian theatre troupes performed in Mexico on this occasion.

#### Public Information

In recent years there has been a modest increase in the amount of news about Latin America appearing in Canadian newspapers and other media, and the same is true in the opposite direction. This process has been assisted by the efforts of Canadian embassies in Latin America and of Latin American embassies in Canada. Also, the CBC-IS has for many years done much to project the image of Canada in Latin American countries. It is nevertheless still the case that, relatively speaking, there is a paucity of information and informed comment about Latin America in Canada, and about Canada in the Latin American countries.

#### Movement of Peoples

With the exception of students, and tourists from the closer Latin American countries such as Mexico, the number of Latin Americans visiting Canada is a very small proportion of the total. With the exception of Mexico, which receives nearly 50,000 Canadian tourists each year, this is also the case in the reverse direction. Immigration is also at a very low level in both directions.

#### IV. IMPRESSIONS OF THE MISSION: SOME FUTURE POSSIBILITIES

##### Political Affairs

##### The Political Situation in Latin America

Wherever they went Canadian Ministers and officials endeavoured to form as clear an understanding as possible of political, economic and social conditions in the country they were visiting, and to learn as much as possible about the related plans and policies of the host governments. This aim was pursued principally through conversations with Ministers and officials of the host governments. On their part, Ministers and officials of many of the host governments were interested in learning more about conditions in Canada and about the Canadian Government's plans and policies.

In all the countries visited the President and others with whom the mission talked took time to explain current developments and government policies. For example, in Venezuela the significance of the general election which was shortly to take place was analysed and the government's economic and social programmes were explained. In Colombia the rather special political system which has evolved there in recent years was elucidated and the policies and methods which the government is applying to economic problems were described in detail. In Peru the mission was given an account of the reasons for the recent coup and of the aims and outlook of the new government. In Chile the evolution of that country's democratic system of government and the nature and aims of President Frei's "revolution in freedom" were described in depth; the situation resulting from the recent severe drought and the measures being taken to correct it were also explained. In Argentina the determination of the government, before all else, to strengthen the basically sound Argentine economy was made clear. In Brazil the mission learned of plans for building on the impressive economic progress already achieved and of development projects for the welfare of certain sections of the very large Brazilian population. In Mexico the mission gained a greater understanding of the basic aims and particular accomplishments of Mexican governments since the revolution, and it noted the substantial economic gains already made in Mexico. In Central America the mission learned a good deal about the countries visited and their development plans, and it enquired closely into the nature and policies of the Central American Common Market.

From these conversations and otherwise the mission formed three clear impressions. First, there can be no doubt that Latin America is a very important part of the world and that in future it will be increasingly influential. Second, it was clear to the mission, as it travelled through the vast region it was visiting (it took nine hours to fly from Rio de Janeiro to Mexico City), that it is misleading to think in terms of a single or homogeneous Latin America just as it is a mistake to think of say, Europe or Asia in such terms. Certainly the area has a common

cultural heritage and without doubt its leaders are seeking in various ways to establish the greatest possible co-operation and unity of purpose on the part of all Latin American countries. It is nevertheless true that, within this actual and potential unity there is much diversity. Each country and each region has its own characteristics and its own aspirations.

The countries and regions of Latin America are also highly diversified in topography, climate, resources, population and patterns of economic development. Latin America contains a population of some 225 million, over ten times that of Canada, growing at a very rapid rate and expected to reach some 500 million in thirty years' time. Some of the world's largest, most modern and most elegant cities are in Latin America; three of the biggest—Buenos Aires, Sao Paulo and Mexico City—together have a population almost equal to that of Canada. At the same time, in most countries the majority of the population live in rural areas and have a relatively low standard of living; population pressures and the problems of poverty are also felt in the cities. Yet there is a vast hinterland in South America—and to some extent in Central America too—where few people live at all. The social and economic problems of the area are great but so are its resources, both human and material. At the same time, social and economic development is more advanced in some parts than in others and natural resources are not equally shared.

Thirdly, a commonplace of modern political life, and of international relations as they exist today, was also brought home to the mission in these conversations. Ministers of Development or Finance or Economic Affairs were closely concerned with both the domestic and international aspects of economic and financial questions. At the same time Ministers of Foreign Affairs did not lose sight of their domestic situations when discussing foreign affairs, and they paid attention not only to political problems but also to the economic issues related to them. There could hardly have been a clearer illustration of the extent to which domestic and international affairs are necessarily inter-related, and of the extent to which economic and political issues have become closely interconnected.

#### International Issues

The mission found Latin American Foreign Ministers and officials anxious to discuss major international issues as fully and carefully as time allowed. Canadian Ministers and officials also found that Ministers and officials of the host governments were interested in Canada not only as a bilateral partner and a neighbour in the hemisphere but also as a country which, because of its relationships with other parts of the world and other groupings such as NATO, the Commonwealth and la Francophonie, is in a special position to discuss world issues in which the Latin American countries themselves are interested. The net result was that discussion of issues of this kind was sometimes prolonged considerably beyond the time originally allotted.

In some cases there are differences of policy or of outlook between Canada and certain Latin American countries, but the overwhelming impression of the mission was that between Canada and the Latin American countries there is both a broad community of outlook and a high degree of mutual understanding. The long association of Canada and the Latin American countries in the United Nations and some of its agencies gave rise to many spontaneous discussions of the work of the United Nations, its value and the nature of the relationships which have developed there between the Latin American countries and Canada. Specific United Nations issues discussed included peacekeeping, the law of the sea and the development of international law generally. Another such topic discussed in some depth was the Middle East; both sides in the discussions were anxious to have an up-to-date exchange of information and views on the situation there.

Canada and the Latin American countries have not always seen eye-to-eye on African issues in the United Nations but their respective approaches to these issues have been basically sympathetic. The mission found Latin American representatives more than willing to discuss the present situation in such countries as Nigeria and Rhodesia and interested in a Canadian perspective on conditions in Africa based on reports from Canada's diplomatic missions.

The Latin Americans were particularly interested in East-West relations. Discussion of this question focussed mainly on the situation in Eastern Europe, and during the latter part of the tour the Secretary of State for External Affairs was able to contribute informed comment from the perspective of the NATO Foreign Ministers' meeting in Brussels. The Latin Americans were also interested in the Canadian Government's review of its relations with Europe and NATO and, to some extent, in Canadian views on the prospects of Britain joining the European Common Market and the Canadian attitude toward this.

Asia was also well covered in the political discussions. Vietnam received some attention but the focus of this part of the conversations was China and its potential role not only in Asia but in the world at large. There was some discussion of the problem of Chinese representation at the United Nations and the Latin Americans, most of whose governments recognize Nationalist China, expressed interest in Canada's intention to explore the possibility of establishing diplomatic relations with the People's Republic of China.

Disarmament figured prominently in the talks in all capitals visited, partly in the context of East-West relations and partly as a separate subject. Much of the discussion dealt with the work of the Eighteen-Nation Disarmament Committee, in which Canada is associated with Latin American countries, with special focus on nuclear disarmament. Reference was also made to the Latin American Nuclear Free Zone which the Latin American countries negotiated among themselves and which Canada has strongly supported.

The political talks were often marked by spontaneous exchanges

on current developments. For example, on one occasion the crisis of the French franc evoked an exchange of views on the international financial situation. On other occasions, after the United States elections, one side or the other informally sought an unofficial appreciation of the likely evolution of United States policy under its new President.

### Hemispheric Questions

In each of the capitals visited considerable time was devoted to a review of hemispheric questions. The principal topics discussed were general conditions in the hemisphere, and the question of Canada joining the OAS.

### General Conditions in the Hemisphere

The contribution which the OAS, and, more recently, other regional groupings have made to the development of a more secure international environment in the western hemisphere was recognized. The OAS has played a constructive role in helping to control disputes among member states over borders and other matters of this kind, and regional groupings are now helping to give neighbouring states in different regions a sense of community which transcends particular differences. With regard to internal security, in all the countries visited the mission found that governments maintain an attitude of confidence toward guerrilla threats where they exist and toward security problems generally.

It was clear that in some of the countries visited the armed forces play a significant political role. The question of how this might affect certain aspects of Canadian policy toward countries of the area is one which would appear to require careful consideration in the policy review. At the same time, it is recognized that most governments in Latin America are endeavouring to satisfy the needs of their people through economic development, although in this regard the most pressing question is the speed at which the effects of development are actually felt by the people. Many governments, too, are carrying out reforms in such fields as land ownership and tax collection. It was clear to the mission that some countries of Latin America have made real headway in these matters. The mission was deeply impressed by the calibre of the statesmen it met and of the public services supporting them.

It was also clear to the mission that, in the security sphere, the governments of all the countries visited attach great importance to the principle of non-intervention and would react strongly to any outside interference in their internal affairs.

### Relations with Cuba

In most of the capitals visited there was some discussion of Cuba's relations with the other countries of the hemisphere. The fact that, among the countries of the hemisphere, only Mexico and Canada maintain diplomatic and commercial relations with Cuba, and the respective

reasons for this, was recognized.

#### Regional Groupings

The regional groupings now emerging in Latin America are in varying stages of evolution. The largest--the Latin American Free Trade Area, to which all South American countries and Mexico adhere--is still moving toward free trade among its members; the larger goal of a Latin American Common Market, recently espoused by all the Latin American countries, is a broader objective which it is hoped to attain by 1985.

The Central American Common Market is already a reality. It has functioning institutions and a well articulated system for regulating trade among its members and with the outside world; it has also made progress toward rationalization of the economies of member countries.

The Andean Group--consisting of Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela--is in its organizational phase but has clearly defined aims and, in spite of formidable problems of a political and practical nature, possesses a good basis for future economic co-operation.

The River Plate Basin Group--involving Argentina, Bolivia, Brazil, Paraguay and Uruguay--is another example of close regional co-operation, in this case for the joint development of basic infrastructure.

In the political discussions the mission was mainly interested in the long-term political implications of these regional groupings. It did not find that any of them have concrete plans for moving toward political, as distinct from economic, integration. The mission was nevertheless struck by the active attention being given to these groupings by the governments concerned, and with the degree to which they are drawing the countries composing them into closer association with one another.

#### The Question of Canada Joining the OAS

In each country visited the mission sought informal views on the possibility of Canada applying to join the OAS. As with most of the topics discussed, the exchanges on this subject were entirely exploratory. It appeared that the governments of all the countries visited would welcome Canada as a member of the OAS. However, while some urged Canadian membership, others did not. All wished to have closer relations with Canada, inside or outside the OAS, and all recognized that a decision to apply for membership in the OAS is a decision for Canada to make.

#### Future Consultation on Political Matters

Discussion of political questions between the Canadian Government and the governments of Latin American countries is normally carried out through diplomatic channels or in international organizations. The mission's presence in Latin American capitals provided an unusual

opportunity for direct discussions with Latin American Ministers and senior officials. Such opportunities arise only occasionally but the mission found its discussions so valuable that it would like to see talks of this kind continued. It is the hope of the mission that mutually convenient ways of doing this in future may be found. For example, normal diplomatic consultations with certain countries might be intensified at times when this would be most useful in relation to topics to be considered at forthcoming international meetings; alternatively, somewhat more deliberate consultations between Canadian and Latin American representatives in international organizations could be encouraged.

A step in the direction of closer consultation with one Latin American country has already been taken. When the mission was in Mexico the Secretary of State for External Affairs and the Mexican Foreign Minister exchanged notes establishing a Joint Mexico-Canada Committee. This committee has been set up to consider matters of common interest to the two countries in the political, economic and commercial fields; by mutual agreement the committee may also consider other matters such as, for example, cultural relations.

#### Development Assistance

##### Canadian International Development Agency

Economic and social development is the principal task facing all the countries the mission visited. Development issues were given high priority on the agenda of discussion with each of the governments concerned. They reviewed with the mission their own development needs, their plans for meeting these needs and their ideas as to how Canadian cooperation could be most helpful to them in this area. Representatives of the Canadian International Development Agency had detailed discussions with officials responsible for development planning and implementation in all the countries visited and with representatives of multi-lateral and regional organizations in the development field. In Colombia, Peru, Chile, Argentina, and Mexico, they reviewed existing Canadian aid programmes with representatives of the Inter-American Development Bank and the Government agencies concerned.

Canada also has development projects in Latin American countries other than those visited by the mission. While officials of CIDA were not able to visit Ecuador or Bolivia, they were able to visit Paraguay, El Salvador and Honduras -- all of these being countries where Canadian development assistance loans are also being applied. Among the existing projects which CIDA officials were able to examine and discuss in the countries visited by the mission, or separately by themselves, were the following:

--a loan to help provide a modern long-distance telecommunications system between major cities in Chile, and inter-

connection with other Latin American countries;

--a loan to the Government of Paraguay to finance highway feasibility studies;

--a loan to a government agency in El Salvador for the construction of a major port;

--a loan to purchase technical equipment and provide post-graduate fellowships in Canada for the State Technical University of Chile;

--a loan to the International Development Council of Argentina to finance pre-investment studies of the technical and economic feasibility of specific aid projects;

--a loan to the Administrative Planning Department of Colombia to assist in the financing of pre-investment studies of social and economic development projects;

--a loan to a Mexican Government agency to finance a programme of economic, technical and financial feasibility studies of specific development projects;

--a loan to a Peruvian Government agency to finance a pre-investment studies programme, especially feasibility, engineering, regional, sectional and sub-sectional studies;

--a loan to the Central American Bank for Economic Integration to finance infrastructure projects in Central America, including highways, industrial parks, agricultural commodity storage installations and telecommunications.

CIDA officials were also able to examine the following projects which were under consideration at the time of the mission's visit and which have since received final approval:

--a loan to finance the construction of large hydro-electric power facilities on the Alto Anchicaya River in Colombia;

--a loan to the Brazilian Air Ministry to finance the first phase, involving economic and technical feasibility studies, of the proposed Brazilian jumbo-jet international airport;

--a loan to the Brazilian state electricity corporation to finance the construction of a steam power plant in the city of Belém, for expansion of nine electric companies located in North-east Brazil and for consulting services.

In Ecuador, Canada is helping to finance an economic survey of the Guayas River basin; and in Bolivia, Canada has helped the National Development Corporation establish a line of credit for mining and industry.

CIDA officials were able to discuss general projects to which Canadian development assistance could be directed in future. They were also able to obtain considerable information on the general economic and developmental situation in the countries visited. This will be of great value to the Government in reaching eventual policy decisions on the future size and nature of the Canadian development assistance programme for Latin America.

#### Canadian Government Assistance to Private Bodies

An important element in Canada's assistance to Latin America is support of development projects carried out by private Canadian organizations. The mission was greatly impressed by the outstanding work being done by the more than 2,000 Canadian missionaries and lay volunteers throughout Latin America, particularly in the fields of education, public health and community development. The mission had discussions with a large number of these people and looked into several specific projects for which support is being extended or considered under CIDA's Non-Governmental Agencies programme.

CIDA officials either visited or were briefed in detail on the following projects of this kind, all of which are operational and which are contributing in a very significant way to the economic and social development of the area.

Peru - A community development project in the suburbs of Lima, including a large technical and vocational school for men and women, a medical dispensary, and a potable water project. CIDA has now allocated a total of approximately \$125,000 in support of these projects.

Honduras - radio school for elementary education and instruction in basic hygiene and farming methods.

Brazil - agricultural cooperative for the improvement of the production, marketing and pricing of coffee produced by small farmers.

Guatemala - coffee cooperatives, schools for primary education and public health centres.

Canadian Executive Services Overseas - the newly established office in Sao Paulo, Brazil, has received requests for 22 Canadian specialists, of which two are now in the field.

Canadian University Services Overseas - 83 CUSO volunteers (47 in Peru, 9 in Colombia) are working in five Latin American countries as nurses, teachers, social workers, etc.

In addition, since the mission's return, CIDA has allocated a sum of approximately \$66,000 to the technical department of a Canadian school in Haiti.

### Canadian Consulting Firms in Latin America

The members of the mission also saw a great deal of the work of Canadian consulting firms which are very active throughout Latin America. Their services are much in demand and they represent one of the most valuable resources Canada can make available to Latin America. Through these firms Canadian skills and experience in such fields as electric power, forestry, fisheries and the exploitation of mineral resources can be brought to bear on some of Latin America's most critical development problems.

### Possible Canadian Role in Technical Assistance

The most important resource of this great area is its people. They already possess a rich cultural tradition and some of the world's leaders in the arts, the professions and to an increasing degree, the sciences. But there is a large and growing number of energetic, ambitious young people who want expanded opportunities to acquire the education and technical skills they need to participate in their nation's development. By helping to meet this most important of all development needs there is no doubt that Canada could make a significant contribution to Latin America's growth while greatly enriching her own experience and educational processes.

### Trade and Economic Affairs

#### General

With respect to trade and economic affairs, it was not the mission's purpose to enter into negotiations or to conclude specific agreements or contracts, but rather to lay the basis for stronger trade and economic relations with Latin America.

Intensive discussions were held with the Ministers and senior officials responsible for development and for economic and commercial policies in each of the countries visited, as well as with the heads of the government co-ordinating agencies concerned with industrial and economic planning. In addition to the meetings held at ministerial level, officials dealing with economic matters met with their counterparts and detailed discussions were held by the President of the Canadian International Development Agency and the President of Export Credits Insurance Corporation on concrete issues of special interest to their agencies.

Numerous meetings were held with leading members of the local business communities, including representatives of Canadian firms resident in the area, and in some cases roundtable sessions were organized with the major business and industrial associations.

Meetings were held with the Executive Secretary and senior officials of the United Nations Economic Commission for Latin America, of which Canada is a member, at their headquarters in Santiago, Chile, and with the Secretary-General and senior officers of the organization for Central American Economic Integration in Guatemala City.

In all their discussions of economic affairs the mission met men and women of outstanding competence and experience, dedicated to their tasks and confident in their ability to deal with the complex economic issues facing their countries.

Despite the diversity of these countries, they have certain common characteristics with important economic implications. While they are all at various stages of development, facing many of the deep-seated problems common to the developing world as a whole, in varying degrees some sections of their populations have already reached standards of living and of economic performance comparable to those in many countries of the "industrialized world".

The Latin American economies are in rapid process of transformation, with increasing elements of the population being brought into fuller participation in the market system, with vast diversified mineral, forestry, fisheries and agricultural resources still untapped, with specific long-range plans for the improvement of their infrastructures and with large-scale needs for advanced technology and capital equipment.

#### Multilateral Cooperation

The strengthening of Canada's bilateral trade and economic links with Latin America is of first importance. However, high priority should also be given to the broadening of cooperation on a wide range of international economic issues with respect to which Canada and Latin American countries share common or complementary interests and objectives. For example, one can cite the close identity of Canadian and Argentine views with respect to the stability of world wheat pricing and marketing; our common interests with Chile, Peru and Mexico with respect to copper, lead and zinc; with Venezuela with respect to petroleum; our shared interest with all countries of the area in the liberalization of world trade and in equitable arrangements for the marketing of primary products such as coffee, cocoa and sugar, in the development of world free trade for tropical and primary products and in the establishment of a new scheme of tariff preferences for the developing world.

It was agreed that it is important for Canada and Latin America to work even more closely together in international organizations such as UNCTAD and the GATT to strengthen cooperation in pursuit of common objectives.

### Latin American Economic Policies

The Government representatives with whom the mission met all emphasized the great importance they attach to economic development and industrialization. In all cases, the Governments themselves, through special agencies devoted to "fomento", or the promotion of development plans, play a major role in shaping and implementing these long-range policies.

In some cases, the main emphasis in economic policy is on import substitution, with high tariffs or restrictions on non-essential products, but there is increasing awareness of the need to move towards more competitive conditions and in a number of countries the emphasis is beginning to shift towards developing export potential.

While most Latin American countries are anxious to retain a degree of control and direction over foreign investment and ownership, they all indicated their strong interest in increased private investment from Canada.

Closely related to the economic development programmes of each of these countries, are the important moves towards economic integration in Latin America - through the Latin American Free Trade Area, the proposals for an Andean Pact and the Central American Common Market. While some of these moves are running into difficulties and delays, they are beginning to have an effect, particularly in stimulating the development of "complementarity agreements", arrangements designed to encourage specialization and rationalization by allocating certain types of production facilities to particular countries.

Latin American economic integration, whatever the pattern it may take in years ahead, could have some adverse trade implications for Canada but by increasing purchasing power it also creates new opportunities and challenges for Canadians in their trade and economic relations with Latin America.

### Bilateral Trade

Canada already exchanges most-favoured-nation treatment with each of the countries in the area through direct trade agreements or under GATT. In Caracas, the mission signed the annual renewal of the Modus Vivendi between Canada and Venezuela. In Bogota, agreement was reached on the desirability of early conclusion of a direct trade agreement between Canada and Colombia to replace the existing trade relations governed by a longstanding British treaty.

Canadian trade with Latin America as a whole, which in 1967 amounted to exports of \$337 million and imports of \$418 million, is at a disappointingly low level, particularly in view of the potential that exists, and in comparison with Canada's trade with other countries overseas and with the trade of other countries with Latin America.

## Imports Into Canada

While recognizing that the world trading system is one of multi-lateral trade and payments, many of the Latin American countries are preoccupied with their chronic trade imbalances, and accordingly tend to pay special attention to the state of two-way trade with their main trading partners. For this reason, it is important to develop increased trade between Canada and these countries in both directions at higher levels than at present, and to create opportunities that will make this expansion possible.

It was made clear to the Latin American governments that the Canadian market is by and large open on a competitive basis, with few import limitations and with relatively low or non-existent tariffs for many of the products of interest to Latin American countries, thus providing scope for their own export initiative. It was emphasized that Canada will welcome vigorous efforts by the producers and exporters of Latin America - of traditional products such as coffee, and of many other products - to develop, promote and diversify their sales to the Canadian market. Canada will wish to examine whether, within its overall multi-lateral approach, there is anything further that can be done to facilitate and assist these efforts. There may be ways in which those responsible in Canada for export trade promotion could work with the authorities in Latin American countries who seek to market their products more effectively in Canada.

Because of traditional trade patterns, geography and the present state of shipping facilities, a high proportion of Latin American exports to Canada of such basic products as coffee and bananas are traditionally consigned in the first instance to major commodity markets such as New York. This is a feature of Canada's trade with Latin America that tends to detract from the full appreciation, and perhaps the full development, of Canada as a market for Latin American products. The mission agreed that it would be desirable to examine what possibilities there may be, on an economic basis, for the encouragement of direct shipment of Latin American products to Canada.

Almost without exception the countries of Latin America have great potential for increased foreign exchange earnings from tourism. Mexico, for example, currently earns some \$8 to \$10 million from Canadian tourism in that country but this still represents only a small portion to total Canadian tourist expenditures abroad. The mission suggested that increased efforts by Latin American countries to promote their tourist attractions in Canada could result in their obtaining a larger share of Canadian tourist expenditures. It was also suggested that there might be ways in which the Canadian Government Travel Bureau and the authorities responsible for tourism in the Latin American countries could cooperate to this end.

## Canadian Exports

The mission indicated that Canada attaches importance to increasing its present exports to Latin America of such traditional commodities as newsprint, asbestos, automobile parts, aluminum - and to seeing them supplemented by other important Canadian products such as wheat, for which Latin America already represents an important commercial market and potentially one of the world's major markets in the future.

The mission discussed the possibility of sales of Canadian wheat in a number of countries. Brazil, Venezuela, Colombia, Peru, Chile, Guatemala and Costa Rica all, to some degree, import wheat on a commercial basis, in some cases on credits - and it is considered that these discussions would assist the Canadian Wheat Board to increase Canada's share of wheat sales to these important markets. The mission hopes that the Latin American situation will be taken fully into account in the Government's current review of credit policy for wheat exports.

The mission also discussed in various countries how Canadian sales of such products as newsprint and automotive parts might be affected by Latin American economic integration. Production of newsprint in Chile and other countries, and the establishment of automobile production and other types of industrial production by major international companies in Latin America, coupled with regional tariff preferences, will lead to intensified competition with Canadian exports to these markets. The mission recognized that regional integration might result in a degree of protection of local production but drew attention to the importance both for Canada and Latin America of ensuring continued access on reasonable terms for competitive Canadian goods.

In addition to Canada's traditional exports Canada is clearly in a position to participate much more fully in the economic and industrial development of Latin American countries. There are many similarities between the kinds of technical and industrial problems that Canada has had to face and overcome in its own continental expansion and the kinds of problems that the countries of Latin America are now facing. In many of these fields, Canadian industry and technology have attained high standards and advanced capability.

A central element of Canada's export trade of the future must lie in the field of specialized and advanced technology and expertise - the keystones of a modern economy.

In the United States, Europe and Japan - Canada's major world markets - Canadian industry is demonstrating its ability to compete with local suppliers on their own home ground. The developing countries of Asia and Africa also provide important markets, but mainly on a non-commercial basis.

Latin America on the other hand, offers unique and distinctive opportunities for Canadian industry to participate in major projects and

in industrial development on a commercial basis, in a receptive climate, and on terms of equality with suppliers around the world. It is up to Canada to develop these opportunities.

Thus, there are broad avenues of economic activity which will benefit both Canada and the countries of Latin America, and in which Canadian industry and technology can make a major contribution. Among these are:

- telecommunications,
- consulting engineering services,
- airport construction,
- mining, forestry and fishery equipment,
- hydro-electric equipment,
- grain storage facilities,
- port handling equipment,
- forest fire fighting equipment,
- pulp and paper machinery,
- aerial surveys,
- specialized aircraft,
- nuclear reactors,
- subway equipment,
- road and railway equipment,
- educational equipment.

For illustrative purposes, the following are a few of the wide range of specific opportunities which are identified in the various countries.

In Venezuela the mission had detailed discussions with respect to the subway which is to be constructed in Caracas. An offer of Canadian Government financing of US \$75 million was confirmed and it is hoped that, in the international competitive bids to be opened in 1969, Canadian companies will obtain an important share of the business which will result. In Argentina, Brazil and Mexico there are possibilities for the sale of Canadian subway equipment and the mission obtained details of these projects and the financing terms that may be required.

In Venezuela the mission discussed possible Canadian participation in airport construction, municipal waterworks, pipelines, petrochemical plants, pulp and paper plants and other economic development projects.

Most of the countries visited have plans for substantial increases in electrical generating capacity which should provide opportunities for sales of Canadian equipment and services. In Argentina the Export Credits Insurance Corporation confirmed its commitment to provide financing for the supply of equipment and services for El Chocon, a major hydro-electric development, in cases where Canadian exporters are successful bidders. The mission also had specific discussions with respect to the Barranquilla Power Project and the Alto Anchicaya Power Project in Colombia and other hydro and thermo-electric projects in Brazil, Chile and Mexico.

The Mexican authorities also explained their plans for further development of their livestock, forestry and mining industries and suggested scope for participation by Canadian expertise in these fields.

The Government of Chile is interested in equipment for forest fire fighting and discussions were held with respect to the possible supply by Canadian companies of aircraft and ground fire-fighting equipment.

The River Plate development, which involves Argentina, Brazil, Bolivia, Paraguay and Uruguay, was reviewed with the Corporacion Nacional de Desarrollo in Argentina. This important project, for which much planning remains to be done, offers immediate opportunities for Canadian consulting engineers and later for the provision of Canadian equipment.

The mission explored the plans of Brazil, Argentina, Mexico and Chile for the development of nuclear power facilities and concluded that this is an area where significant potential exists for the sale of Canadian equipment.

In Costa Rica the mission received suggestions with respect to four specific new projects which Canada might wish to consider financing in addition to a number of projects already under way.

The International Nickel Company of Canada is proceeding with plans to develop nickel resources in Guatemala with an investment of approximately \$150 million. The mission discussed this project in Guatemala and it is expected that INCO's operations should provide an opportunity for Canadian companies to bid for part of the capital equipment which will be required for this project.

Telecommunications is another field of special interest in Latin American planning, and specific discussions were held in a number of countries with respect to possible Canadian participation. In Chile, the Canadian International Development Agency is providing financing of \$4.2 million for the expansion of the National Telecommunications network.

Among other immediate prospects is the call for international competitive tenders for the construction of a Central American telecommunications network. This project has great importance for the development of Central America and its implications were discussed in detail by the mission in both Guatemala and Costa Rica.

Canada's experience in the storing and handling of grain is of interest to some of the countries in Latin America, and both Argentina and Brazil requested specific information about Canadian equipment and technical assistance in this field.

Following discussions in Peru which indicated possibilities for the sale of Canadian capital equipment and agricultural products, the mission announced that Canada would participate in the Pacific International Trade Fair to be held in Lima in 1969. The Banco Industrial of Peru is interested in obtaining a loan from the Export Credits Insurance Corporation to enable it to re-lend to local purchasers of Canadian capital equipment. Discussions were also held with FINEPI (Fund for Financing the Preparation of Investment Projects) with regard to the sale of Canadian equipment for special projects to be financed from the existing Canadian CIDA loan of \$500,000.

In mining there are opportunities for increased cooperation in the technical field. A number of countries expressed particular interest in Canada's expertise in off-shore exploration and it is likely that some countries will participate with Canada in a joint programme in off-shore exploration next year. Through a recently approved loan from the Export Credits Insurance Corporation fund for long-term Latin American development projects, Canada will participate in the expansion programme of Brazil's largest iron ore producer.

These are a few of the many specific possibilities in the general areas listed above where there is challenging scope for the participation of a wide range of Canadian expertise, industrial technology and capital goods. The mission urged the governments and agencies of the countries visited to look to Canada as a competitive and efficient source of supply for these goods and services, and the planning and development agencies of many of the countries visited undertook to maintain close contact with Canadian Trade Commissioners as their detailed plans for specific projects are developed.

It is clear, however, that in this regard the initiative must come from Canada itself. The basic motivation must originate from within Canadian industry and from the Canadian business community. The mission was convinced that increased attention by Canadian businessmen, particularly through more frequent and regular visits, would be well repaid. All concerned must be fully alert and aware of existing opportunities and private enterprise must continue to take imaginative steps to coordinate industrial operations in such a way as to enable Canadian industry, possibly organized in consortia, to bid successfully for complete large-scale projects

## Export Financing

In Latin America, financing terms and credit facilities are often as crucial in determining the award of contracts as price, quality and delivery. These countries must assign priorities in the face of scarce financial resources, and foreign suppliers are increasingly receptive to providing attractive credit terms. Financing facilities available to Canadian suppliers and exporters must remain competitive and capable of matching those of Canada's competitors.

One particular financing requirement which became increasingly evident to the mission is the desire of importing countries in Latin America to be provided with financing for part of the local costs involved in their projects. Among the considerations put forward in justification of this requirement is that the implementation of such projects gives rise to additional imports not directly related to the projects but arising therefrom. As other supplier countries are prepared to provide at least a part of such financing requirements Canada should give serious consideration to this matter as part of the review of its export effort.

It also seemed to the mission that the possibility that investment insurance may be provided for Canadian companies investing in developing countries might be of interest to some countries in Latin America.

In the opinion of the mission, the whole range of Canadian Government financing techniques and facilities should be closely re-examined to determine whether any further improvements may be required, bearing in mind the Latin American situation.

## Cultural Affairs

### General

The mission represented the first major effort at the government level to establish effective cultural contacts with Latin America. The presence of representatives of various Canadian cultural organizations, in particular the Canada Council, the Canadian Broadcasting Corporation, the National Film Board, the National Gallery, and of officials responsible for the dissemination of Canadian culture abroad, enabled the mission to reach a great many organizations and persons active in all areas of cultural life in each of the countries visited and to draw up a preliminary schedule of exchanges. The mission was also able to discuss these matters at the intergovernmental level in meetings with the various departments involved.

The mission was warmly received wherever it went. Those with whom it met were generally very pleasantly surprised to discover that, in its relations with Latin America, Canada intends to include cultural and intellectual exchanges, an area particularly close to the Latin Americans

in which the Latin American countries have much to offer. Conscious of their long and rich traditions and the spiritual values on which they rest, these people are trying to reconcile their cultural inheritance with the demands of a developing society. In this context, the mission's efforts to launch cultural cooperation with them marks a particularly important step in the development of closer relations between Canada and Latin America.

The mission noted many affinities with the peoples of Latin America, affinities which have not yet been exploited, which facilitate the process of developing better understanding with the people of Latin America. In the first place, there is a common cultural heritage derived from the original inhabitants of the two parts of the American continent. Furthermore, like the people of Latin America the great majority of Canadians are the heirs of the Christian traditions and of the Graeco-Latin civilization; a large number of them participate further in Latinity through their French culture; Canadians, like the Latin Americans, belong to the western hemisphere but, like them, attach great importance to maintaining close ties with Europe. In short, Canadians have much in common with the people of the Latin American countries.

The foregoing serves to make clear the circumstances in which the mission's initiative took place, and in part to explain the very favourable reactions awakened by this initiative. In view of the desire of the mission to explore all possible areas for expanded cultural cooperation in future scale, the results obtained seem excellent. Those concerned with these matters in Canada are already able to better understand in what direction they will probably wish to direct their future action, where they should concentrate their efforts and what resources they will need to implement a valid programme of cultural exchanges with Latin America.

The following is a list of aspects which seem to call for further attention.

#### University and Scientific Exchanges

The needs of the Latin American countries with respect to university exchanges are very great, particularly in the areas of pure and applied science and of the humanities and technology. Welcoming information made available by the mission, representatives of all the countries visited made known their desire to send increasing numbers of their students to specialize in Canadian universities at the post-graduate level. Already thousands of Latin American students are attending U.S. or European universities, either at their own expense or through scholarships provided by their own country or the host country. In many cases these students would be equally prepared to come to Canada if they were sure they could obtain as good an education as elsewhere and if they knew of the various Canadian scholarships already available.

On the other hand, the Latin American countries have a great many institutions of higher learning or research which have much to offer and which would welcome Canadian teachers or research workers.

In the academic field, a number of universities or research institutions would like to establish joint research programmes with Canadian institutions in fields as varied as agriculture, mines, basic sciences, nuclear sciences, humanities, archeology, anthropology, etc.

In some of the Latin American countries the mission also encountered considerable interest in the organization of exchanges in the areas of the pure and applied sciences, the technological sciences and the social sciences. A step in this direction is the Canada-Brazil scientific agreement which has been in effect since last September. In Brazil the mission found that the authorities there would like to expand the terms of this agreement and give it increased importance. In Mexico and Argentina the mission also found that the authorities responsible for science would like to make arrangements with Canadian scientific organizations. The mission also noted that these countries are themselves conducting research programmes which might well prove of interest to Canadian scientists.

#### The Arts

In the area of the arts the countries visited have in some ways more to offer than Canada. Whether it be pre-Colombian, colonial or modern art, the artistic treasures to be found in Latin America are remarkable, and the museums there are often of the highest calibre. It seems likely that steps will soon be taken to exchange art exhibitions; but it would also be desirable to exchange art experts, experts in antiquities, etc. The performing arts also offer considerable opportunity for cooperation. Some of the Latin American countries have first-rate art centres and theatres, as well as organizations which would welcome Canadian artists; at the same time, Latin American performers have much to offer Canadian audiences.

#### Film, Radio and Television

Interesting prospects exist in the field of film, radio and television. The National Film Board and the C.B.C. already have large-scale programmes in several of these countries. While exchanges as such have so far been minimal, there is a good possibility that they will be increased. There are also possibilities for co-production agreements with such countries as Brazil and Mexico. There is one field with regard to which Canadian experience aroused a good deal of interest in all the countries visited - that of audio-visual techniques. This is still a very new field, and Canadian experts working in it and Canadian equipment would be most welcome in Latin America.

### Exchanges of Persons

In general, the mission concluded that exchanges of persons in all fields, including technical trainees and youth groups, seem to be one of the more promising ways of promoting better mutual understanding between Latin Americans and Canadians in areas of priority interest.

### Future Approach

For the present, the most pressing need would appear to be the setting up of a system for exchanging information about the resources, needs and priorities in the Latin American countries and in Canada, and determination of the most efficient ways of taking account of these factors in order to arrange cultural cooperation between the Latin American countries and Canada. One way of going about this might be an exchange of cultural missions for this purpose. This idea was suggested during the Ministerial mission's tour and seemed to arouse considerable interest on both sides. In any case, once the ground work has been laid it will be much simpler to set up more specific programmes. It is along these lines that the mission intends to submit a number of recommendations to the government concerning an area of potential cooperation which Canada cannot afford to ignore if it means to give real substance to its relations with Latin America. At the same time, it is clear that the availability of the necessary resources will determine the possibilities of making real progress in this field.

### Public Information

In the time available to it in each of the countries visited the mission did not find it possible to examine in depth the situation regarding public information about Canada. However, it was able to determine that, broadly speaking, the situation is as described in an earlier part of this report. Both in this regard and in regard to the information about Latin America available to Canadians, the task force is reflecting on steps which might be taken to increase the flow of information in both directions.

## V. CONCLUSION

### The Task Force

To complete its part in the review of policy towards Latin America, the task force composed of the officials who were members of the Ministerial Mission is now considering its findings. In due course, through the Ministers who led the mission, it will make recommendations to the Government.

### Some Possible Steps and Some Policy Alternatives

The objective of the task force is to determine the most effective and appropriate ways in which Canada's relations with Latin America could be strengthened. The task force is examining both present possibilities and more long-range policy alternatives. Some present and future possibilities are indicated in the foregoing pages. The broad policy alternatives to which the task force is at present giving consideration are outlined below.

#### Political Relations

In the political sphere there is the question of whether Canada should take an early decision to apply for membership in the OAS. Alternatively, the Canadian Government could proceed from the premise that, before seriously contemplating this major institutional step, it would be best for Canada to develop closer bilateral relations with all, or a selected group of, Latin American countries and to increase co-operation with those Inter-American and regional organizations with which Canada is well placed to work effectively.

Either way, it is the view of the mission that there should be more frequent and intensive consultation with Latin American countries on international and hemispheric affairs.

#### Trade and Economic Relations

The full development of the trade and economic possibilities apparent to the mission calls for a comprehensive review of present practices and procedures in a number of fields with a view to strengthening and expanding two-way trade with Latin America. Among the matters to be examined will be the ways and means:

of improving inter-governmental consultation and co-operation with Latin America on subjects of common interest, both of a bilateral and multi-lateral character, such as commodity agreements, trade liberalization etc.;

of helping Latin American countries take advantage of the opportunities available to their exports in the

Canadian market, so as to improve these countries' purchasing power (including examination of possibilities for direct shipment of Latin American products to Canada);

of strengthening Canadian export financing facilities and perhaps instituting investment guarantee facilities, which are of actual or potential importance for Latin American development and for Canadian industrial growth;

of more effectively helping Canadian exporters and investors themselves to become aware of, and to develop opportunities for participation in Latin American economic development and industrialization projects;

of improving credit facilities for the sale of wheat in Latin America where terms somewhat better than straight commercial terms might be needed; and

of facilitating the operations in Latin American countries of Canadian engineering and consultant firms.

#### Development Assistance

In the aid field, the first question is whether, within its overall aid programme which is at present expanding, Canada should increase its aid to Latin America and to what level. The method of extending aid also has to be considered. This involves such questions as what sort of relationship Canada might have in future with the Inter-American Development Bank which now administers the Canadian development assistance programme in Latin America; whether it would be desirable for Canada to extend development assistance directly for projects in particular countries or for projects undertaken by regional groupings; and whether any technical assistance programme for Latin America should be either multilateral or bilateral in character or both. It should also be noted that CIDA's Non-Government Agencies programme for aid to private institutions is applicable in Latin America, and that CUSO and CESO are already active in the area and that there is scope for expansion of their activities.

#### Scientific Co-operation

Co-operation in science with Latin America has already begun and could be expanded. There is also some prospect for co-operation in nuclear matters with certain Latin American countries. Many countries in Latin America give high priority to this area of co-operation.

#### Cultural Relations

There would appear to be considerable scope for greater

cultural exchanges with Latin America, either through cultural agreements with one or more countries if this is feasible or through informal arrangements either at the governmental or institutional level. Increased cultural and academic exchanges would benefit both the Latin American countries and Canada, not only in the realm of the theatre and performing arts but also in the realm of disciplines such as the pure and applied sciences and the social sciences.

#### Movement of People

There is the more general question of the steps which might be taken to facilitate the movement of people between Canada and Latin America, including the possibilities of co-operation with respect to promotion of tourism.

#### Public Information

There is also the question of whether it would be desirable to provide for some further government initiative in the information field or whether there are other ways in which the flow of information about Latin America to Canada and vice versa can be increased.

#### Official Canadian Representation in Latin America

The task force also recognizes that, while Canada is represented in fourteen of the twenty countries of Latin America, the present establishment of Canadian missions in each of these countries is minimal. If closer relations in Latin America are to be developed effectively it may be necessary to take appropriate steps to strengthen Canadian official representation in the area and also to review very carefully the service requirements of the missions so that they may efficiently support Canadian Government operations.

#### Contributions to Policy Formation By Persons and Groups Outside Government

Attention is drawn to the steps outlined on page 5 of this report, which the Government is taking to consult with interested groups and individuals both inside and outside Parliament. This report itself has been prepared, and is being tabled in Parliament and otherwise made public, with the object of assisting Members of Parliament and interested private groups and persons to reflect on the issues involved and, if they so wish, to make their contributions to the development of policy.

ANNEX I

The following table indicates Canada's diplomatic representation in Latin American countries on a country-by-country basis.A

<u>Country</u>	<u>Representation</u>
Argentina	Ambassador
Bolivia	Ambassador in Peru accredited
Brazil	Ambassador
Chile	Ambassador
Colombia	Ambassador
Costa Rica	Ambassador
Cuba	Ambassador
Dominican Republic	Chargé d'affaires; Ambassador in Venezuela accredited
Ecuador	Chargé d'affaires; Ambassador in Colombia accredited
El Salvador	Ambassador in Costa Rica accredited
Guatemala	Chargé d'affaires; Ambassador in Mexico accredited
Haiti	Chargé d'affaires; Ambassador in Cuba accredited
Honduras	Ambassador in Costa Rica accredited
Mexico	Ambassador
Nicaragua	Ambassador in Costa Rica accredited
Panama	Ambassador in Costa Rica accredited
Paraguay	Ambassador in Argentina accredited
Peru	Ambassador
Uruguay	Chargé d'affaires; Ambassador in Argentina accredited
Venezuela	Ambassador

\*Heads of mission only shown in this table

ANNEX II

The following table indicates Canada's official commercial representation in Latin American countries on a country-by-country basis:

<u>Country</u>	<u>Representation</u>
Argentina	Commercial Counsellor
Bolivia	Responsibility of First Sec. (Commercial) Peru
Brazil	Commercial Counsellor in Rio Trade Commissioner in Sao Paulo
Chile	Commercial Counsellor
Colombia	First Secretary (Commercial)
Costa Rica	Responsibility of Chargé d'Affaires, Guatemala
Cuba	Responsibility of Commercial Counsellor, Mexico
Dominican Republic	Responsibility of First Sec. (Commercial) Puerto Rico
Ecuador	Responsibility of First Sec. (Commercial) Colombia
El Salvador	Responsibility of Chargé d'Affaires, Guatemala
Guatemala**	Chargé d'Affaires
Haiti	Responsibility of First Sec. (Commercial) Puerto Rico
Honduras	Responsibility of Chargé d'Affaires, Guatemala
Mexico	Commercial Counsellor
Nicaragua	Responsibility of Chargé d'Affaires, Guatemala
Panama	Responsibility of Chargé d'Affaires, Guatemala
Paraguay	Responsibility of Commercial Counsellor, Argentina
Peru	First Secretary (Commercial)
Uruguay	Responsibility of Commercial Counsellor, Argentina
Venezuela	Commercial Counsellor

\*Heads of Commercial Sections only shown on this table.

\*\*Chargé d'Affaires is officer of Department of Industry, Trade and Commerce



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