

doc  
CA1  
EA660  
90C51  
ENG

DOCS  
CA1 EA660 90C51 ENG  
Canada's trade with Latin America  
and the Caribbean. --  
43259415

.b2370360 (E)

**CANADA'S TRADE  
WITH  
LATIN AMERICA  
AND  
THE CARIBBEAN**

Dept. of External Affairs  
Min. des Affaires extérieures

JUN 12 1991

RETURN TO DEPARTMENTAL LIBRARY  
RETOURNER A LA BIBLIOTHEQUE DU MINISTERE

43-259-415

## TABLE OF CONTENTS

### I OVERVIEW

Latin America and the Caribbean	1
---------------------------------	---

### II SOUTH AMERICA

Argentina	3
Bolivia	5
Brazil	6
Chile	8
Colombia	10
Ecuador	12
Paraguay	13
Peru	14
Uruguay	15
Venezuela	16

### III CENTRAL AMERICA AND THE CARIBBEAN

Bahamas	17
Barbados	18
Costa Rica	19
El Salvador	20
Guatemala	21
Honduras	22
Jamaica	23
Mexico	24
Nicaragua	26
Panama	27
Trinidad and Tobago	28

**OVERVIEW OF CANADA'S TRADE WITH LATIN  
AMERICA AND THE CARIBBEAN**

## **CANADA'S TRADE WITH LATIN AMERICA AND THE CARIBBEAN**

Canada recognizes the importance of Latin America and the Caribbean markets in the international economy. Approximately \$80 billion in global exports are directed to Central and South America and the Caribbean annually.

Extremely high levels of foreign debt, estimated to exceed US \$400 billion, have been the greatest impediment to economic growth and social development in the region in recent years. There is, however, reason for optimism: For the first time in seven years the debt obligations for Latin America and the Caribbean actually declined in 1988; a trend which continued in 1989. The Mexican debt reduction agreement, reached under the aegis of the Brady Plan, is a step in the right direction, which Canada fully supports. This augurs well for similar programs in a number of countries in the region.

Economic circumstances are expected to improve in the 1990's, which could result in a surge in regional imports. It is estimated that imports could exceed US \$100 billion in the medium term, and Canadian exporters are poised to claim a significant share of this trade.

Latin America and the Caribbean currently welcomes in excess of \$2.5 billion in Canadian merchandise exports each year. Total two-way trade between Canada and the region amounted to \$7.7 billion in 1989, exceeding Canada's combined total with China and Southeast Asia. Canada has consistently maintained a 2.7% share of global exports to the area. Brazil alone imported \$521 million in goods and services from Canada in 1988. Mexico, Venezuela, Colombia and Chile are also important regional markets.

Sales of agricultural and mineral commodities remain an important aspect of Canadian exports to the region with wheat, canola, potash, sulphur, coal and forest products providing an excellent commercial base for Canada in a number of markets. Latin American and the Caribbean States are an important destination for Canadian specialized engineering consulting services. Success has also been evident since the mid-1980's in exports of high technology products, particularly in the telecommunications and informatics sectors where Canada is recognized as a world leader. These products, and other finished and semi-finished exports, now account for almost 60% of Canada's trade with the region.

Import liberalization on the part of a number of regional economies has greatly assisted bilateral trade development. The acknowledgement by Latin American governments that the benefits of export-led economic growth outweigh traditional import substitution policies has opened significant new opportunities in markets such as Mexico and Brazil.

Streamlined investment regulations, with reasonable provisions for profit and capital repatriation, and more equitable taxation policies, have attracted foreign capital to the area. In fact, the Latin American and the Caribbean region is the third leading destination for Canadian overseas investment after the U.S.A. and Europe. It is estimated that over \$3 billion in Canadian capital is at work in the region with Brazil a notable location of Canadian controlled assets.

Canada's success in Latin American and the Caribbean markets is the result of a convergence of our unique export capabilities and the region's requirements for traditional and value added products. The region has and will continue to present significant opportunities to Canadian exporters in sectors as diverse as petroleum exploration and development, telecommunications, hydroelectric power generation and transmission, agro-industrial products, livestock and related services, bio-technologies, natural resource development including mining and forestry, and transportation equipment.

New projects either awarded or under pursuit such as satellite and cellular telephony procurement in Brazil, polyethylene manufacturing in Venezuela, nuclear research reactors in Colombia, a forestry technology development centre in Chile, helicopter sales to Mexico and aircraft sales to the Bahamas all point to additional market penetration by Canadian products and services in the coming years.

As a traditional supplier, proud of its historical ties with Latin America and the Caribbean States, Canada is anxious to pursue additional market opportunities as economic circumstances improve in the region. Sustained market development support to Canadian industry by External Affairs and International Trade Canada, the Export Development Corporation (EDC), and the Canadian International Development Agency (CIDA) is essential to the success of these initiatives, as are the long term commitments of Canadian exporters in realizing fully trade opportunities.

In keeping with this concerted effort, Canada implemented the CARIBCAN program in July, 1986, as a vehicle to facilitate trade, investment and industrial cooperation between Canada and the Commonwealth Caribbean. The principal program feature is unilateral extension by Canada of duty-free treatment on a wide range of goods produced in eighteen beneficiary countries in the Caribbean. Currently, a review of this program is underway with the intent of improving its Canadian market access elements.

Canada believes that the 1990's will signal a more mature trading relationship with Latin America and the Caribbean, one in which Canada will be poised to become a more active partner in the region's economic development. The lending program of the Inter-American Development Bank, in addition to Canadian trade and export financing initiatives, will be important tools in the success of these efforts.

**SOUTH AMERICA**

## CANADA - ARGENTINA TRADE

Canada has historically enjoyed beneficial trade relations with Argentina. In recent years, however, economic difficulties within Argentina have resulted in a significant reduction in trade between the two countries.

In the period from 1980 to 1988, Canada's exports to Argentina decreased from approximately \$225 million to \$57.9 million, while Canada's imports from Argentina increased from \$36 million to \$123.4 million over the same period.

Today, the composition of the Argentine exports to Canada include leather goods, fresh fruit and nuts, fruit juice concentrates, steel products, computers and parts, and beef.

Leather products have consistently held the top position of Argentine export trade with Canada. In the three-year period from 1986 to 1988, these commodities represented approximately 50% of the total value of that trade, growing from \$34.7 million in 1986 to \$42.8 million in 1988.

Products which have emulated this growth pattern, include fruit and fruit juice exports. Fruit exports, fresh or dried, increased from \$3.6 million in 1986 to \$7 million in 1988. Exports of fruit juice concentrates grew from \$2.8 million in 1986 to \$7.5 million in 1987, receding slightly to \$6 million in 1988.

Other Argentine exports which have shown a dramatic increase in value include pipes, meat and cotton fabrics. From a value of \$.33 million in 1986, pipe exports expanded to \$5.4 million in 1988. Total meat exports in 1986 were valued at \$.58 million; just two years later, this had grown to \$4 million. From a base of \$.38 million in 1986, cotton fabric exports increased in the same period to a value of \$2.8 million.

Canada's principal exports to Argentina include diesel and gas turbines and parts, motor vehicle parts, sulphur, telecommunications equipment, wood pulp, asbestos, deuterium oxide, nuclear reactor parts, synthetic rubber and potassium chloride.

Although when, taken as a whole, the value of Canada's exports to Argentina declined dramatically between 1980 and 1988, the records of individual products are not as uniform.

Those experiencing reduced sales volume included sulphur, wood pulp and motor vehicle parts and accessories. Exports of diesel and semi diesel engine parts, however, increased in value from \$1.5 million in 1986 to \$3.5 million in 1988. Exports of potassium chloride grew from \$.18 million in 1986 to \$1.7 million in 1988, while cellulose exports also expanded from \$.16 million in 1986 to \$1.5 million two years later.



Canada's public and private sectors have been actively involved in facilitating and expanding Canadian Argentine trade.

Despite a difficult economic situation, Canadian companies have been successful in the Argentine mining, energy and forestry industries. In mining, a consortium comprised of Quebec-based firms is participating in an investment program initiated by the Quebec Ministry of Energy and Natural Resources. The plan calls for a \$30 million investment in a gold exploration program over a period of five years.

In forestry, Canadian suppliers are currently involved in negotiations with the Ministry of Agriculture of the province of Cordoba to provide land-based fire fighting equipment valued at over \$1.5 million.

Argentina has identified hydroelectric development as an important part of its long-term energy strategy. Priority has been assigned to the completion of power generation projects currently under construction and the improvement and expansion of power transmission systems. Canadian firms are actively involved in these projects, including the construction of mini-hydro plants in outlying provinces.

The Government of Canada has pursued a number of initiatives since Argentina's return to civilian democratic rule in an effort to further enhance the bilateral trade between two countries. It has scheduled trade missions and seminars in sectors such as grain storage, energy, rail transportation, telecommunications, mining and forestry. It has also hosted a number of informative fact-finding visits by senior Argentine government officials.

The successful meetings of the Canada-Argentina Joint Economic Committee (JEC) held in August 1985 and July 1988, and the September 1986 visit to Argentina by the Right Honourable Joe Clark, have further served to strengthen Canadian-Argentine relations.

Argentina's development plans and priorities correspond in large measure to Canada's own industrial technical capabilities. Despite continuing economic difficulties, the Argentine market offers opportunities for the export of goods and services in various sectors of traditional Canadian strength such as energy development, communications and transportation.

As economic circumstances improve, both nations will benefit from a heightened level of Canada-Argentine bilateral trade.

## CANADA - BOLIVIA TRADE

Bolivia's recently instituted economic recovery strategy has harnessed inflation, reduced bank debt and facilitated trade and investment flows. The "New Economic Policy" is predicated on industrial expansion and foreign trade. As a result, medium to large scale development projects are now being undertaken which are, in turn spawning lucrative trade and investment opportunities. Canada is eager to assist Bolivia in its economic restructuring efforts and to build upon the modest bilateral trade which now exists between the two countries.

During the six year period from 1982 to 1987, exports from Bolivia to Canada have consistently averaged approximately \$8.0 million per year.

The volume and value of Canada's exports to Bolivia have swung dramatically from year to year over the course of this period. In 1982 the value of export trade was \$9.1 million. In 1983, this fell to \$3.8 million but recovered to \$10.6 million in 1984. The late 1980's have been characterized by little or no growth in bilateral trade as Bolivia confronted very serious economic problems.

Bolivian exports to Canada are heavily laden with metals and ores. Of the total value of \$22.6 million for all Bolivian exports to Canada in the year 1988, \$20 million was attributable to gold in unwrought forms. Tin, silver ores and concentrates, and lead ores and concentrates comprised an additional \$2 million in exports in the same year. Brazil and cashew nuts, lumber and non-coniferous products constituted the remainder of exports for 1988.

The composition of Canada's export trade with Bolivia is very diverse ranging from raw materials to semi-processed goods and fully manufactured products. Wheat shipments accounted for \$2.7 million of the \$5.5 million for all products in 1988. Mining machinery and parts, and woodland log handling equipment were exported to Bolivia in the same year at a value of \$.22 million.

External Affairs and International trade Canada has initiated a market development strategy focusing on the mining and petroleum sectors in response to the export trade opportunities that Bolivia's economic recovery has fostered.

In September 1989, building on the success of a November 1988 trade development initiatives in the mining sector, seven Bolivians were sponsored to attend Mintec' 89, a mining symposium largely funded and organized by External Affairs in Val D'Or, Quebec. Two additional trade missions to Bolivia, one in mining, the other in petroleum, have visited the country and have identified promising sectoral opportunities.

Bolivia's economic recovery, predicated on policies of industrial expansion and export-led economic growth, coupled with Canadian expertise in the mining, forestry, telecommunications and transportation sectors, forecast a bright future for the economic relationship between the two countries.

## CANADA - BRAZIL TRADE

Canada and Brazil have enjoyed an extensive and mutually-beneficial trade relationship since the 19th century. In 1988, Brazil represented Canada's largest market in Latin America, with two-way trade totalling \$1.7 billion.

The balance of trade between us has dramatically shifted since 1980 as a result of Brazil's increased success in exporting a broad range of products to the Canadian market, and the contraction of Brazil's domestic market. Brazilian exports to Canada have increased steadily from \$348 million in 1980 to \$1.1 billion in 1988. The total value of Canadian exports to Brazil, on the other hand, has fluctuated from 1980 to 1988 but has shown a general decline over the nine year period. In 1980, Canada's exports to Brazil were valued at \$893 million; in 1989 they had declined to \$521 million.

Canadian registered investment in Brazil is approximately \$1.5 billion making Brazil the third largest recipient of Canadian investment abroad, after the U.S. and the United Kingdom. Canadian-controlled assets in Brazil are, however, estimated to be considerably higher, probably in the order of U.S. \$4.5 billion. Canada, as a result of these holdings, ranks as the sixth largest foreign investor in Brazil, accounting for approximately 5% of the total market share.

With respect to the composition of two-way trade, the product mix of Brazilian sales to Canada has remained relatively consistent over the years. This diverse mixture included fruit juice concentrates, coffee, bauxite, footwear, computer parts, and a variety of steel products.

For the year 1988, ores and steel products topped the list of Brazilian exports to Canada. Ingots, iron and non-alloy steel were valued at \$152.1 million, steel fabricated materials registered at \$115 million and bauxite ore at \$48.1 million. A major addition in 1987 and 1988 was automobiles - over \$100 million in 1987 and \$51 million in 1988, compared to \$1 million in 1986.

A recent and successful entry to the Brazilian export portfolio has been electronic equipment and related parts. These products were shipped to Canada in 1988 at a total value of \$71.6 million.

Traditional commodities, both food products and leather goods continued to enjoy prominence in Brazil's list of exports to Canada in 1988. Orange juice concentrates (\$82.6 million), coffee (\$71 million), and cocoa (\$25.1 million) were preeminent in the agriculture sector while bovine hides and leather exports totalled \$20.2 million in 1988, and footwear totalled \$51.8 million.

Canadian exports to Brazil have consisted primarily of commodities such as wheat, sulphur, potash, coal and newsprint, with engine parts for motor vehicles, and aircraft engines and parts, accounting for the largest segments of the manufactured goods sales.

For the year 1988, Canada's bellweather export, wheat, was dislodged from the top of the export inventory. Wheat sales were uncharacteristically small.

(over)

Ores and raw materials for production processes, however, did lead Canada's export list to Brazil. Sales of copper ores and concentrates in 1988 climbed to \$47.5 from less than \$6 million in 1987. Coal (\$84 million), potassium chloride nitrate (\$73.6 million), sulphur (\$63.8 million) and newsprint (\$42.7 million) complete the list of Canada's raw or semi-refined exports to Brazil.

The Canadian and Brazilian business communities maintain close relations primarily through the Brazil-Canada Chamber of commerce and its counterpart, the Camara de Comercio Brasil-Canada. These organizations hold regular events designed to stimulate trade and investment. It is through channels such as these, that both Canadian and Brazilian companies have been successful in concluding joint ventures and transfers of technology agreements in a wide range of sectors.

Despite the contraction in the Brazilian market, many opportunities are foreseen for the expansion of Canadian-Brazilian trade. Canadian exporters eagerly look to sectors such as communications, transport systems, oil and gas equipment and services, pulp and paper equipment and services, electronics, live animals and genetic materials as areas of key export opportunities in the future. Economic reforms expected in the 1990's should further facilitate commercial and investment linkages, thereby creating the conditions for expanded bilateral trade.

## CANADA - CHILE TRADE

Canada and Chile have enjoyed steady growth in their bilateral trading relationship through the 1980's. Industrial development strategies and levels of expertise are well-matched, which has been reflected in expanded two-way trade.

Bilateral trade for the years between 1983 and 1987 has grown consistently, from \$204.2 million to \$251.7 million. In 1987, Canada exported \$135.5 million of goods to Chile, a 37% increase over the previous year's export levels. For the same period, Chile increased its exports to Canada by approximately 8% and shipped more than \$164 million of products to Canada.

Chilean exports to Canada have concentrated on two major areas: agricultural commodities and ores and precious metals. In 1988, fresh grapes alone accounted for \$54 million of the total \$160 million in Chilean exports for that year. Fresh fruit (other than grapes), fruit juices and wines accounted for an additional \$34 million in exports in 1988, sustaining an upward trend which began in 1986.

Chilean exports of copper in ores and concentrates declined over the three year period from \$41 million in 1986 to \$23.7 million in 1988. Exports of silver and gold, however, fared much better; silver export values totalled \$2.6 million in 1987 and rose to \$11 million in 1988. Gold shipments amounted to \$7 million in 1987 and \$9.6 million the following year.

The composition of Canadian exports to Chile has focused on semi-processed natural resources and manufactured goods, and has been directed at specific sectors of concentration. Chile is an important customer of Canada's resource industry. Canada exported such mineral commodities as sulphur, coal, potassium chloride and molybdenum totalling \$47.5 million to Chile in 1988.

Canadian companies have been particularly successful in the mining and forestry sectors. Canada has recognized the great potential of Chile's forestry industry by becoming a very active participant in this sector. Forestry accounts for 11%, or US \$700 million, of Chile's total exports, making it second only to mining as a foreign exchange earner.

It is anticipated that the development of the forestry sector will require the execution of a number of important, new capital projects, with investment in machinery, equipment, and other capital assets totalling US \$3 billion during the next 15 years. The private sector is expected to figure prominently in this investment.

Canada's exports to this industry sector averaged \$4.6 million in 1987 and 1988. For example, exports in pulp and paper industry machinery and parts increased from \$.6 million in 1986 to \$2 million in 1988. Woodworking machinery, equipment and parts exports grew from \$.06 million in 1986 to \$1 million in 1988.

(over)

Canada envisages this potential market to be in excess of US \$150 million in the coming years. In order to tap the investment in the Chilean forestry sector, Canada has focused on participating in expositions such as FISA, where, a few years ago, the theme of the Canadian pavilion was forestry machinery and equipment. In November 1989, Canada participated in Expocorma, an international exposition hosted in Concepcion, in which products and services related to the forestry sector were displayed.

Over the past 14 years, the mining industry in Chile accounted for 63% of that country's total exports. Chile boasts 20% of the world's copper production. In 1988, Canada exported over \$26 million of mining equipment and machinery to Chile, approximately two and a half times the level of exports for these products in 1986 and 1987.

Canada considers the Chilean mining sector a priority with continued export potential for Canadian goods and services. Currently, the investment held by Canadian companies in Chilean mining operations total in excess of US \$800 million.

Exhibitions and technical seminars held in Canada such as MINTEC, foster the exchange of information, financing methods and equipment and services between the mining sectors of both countries. Mining executives from key Latin American countries, particularly from Chile, greatly benefited from their attendance at these events.

The positive trends in bilateral trade and the continuation of an extensive program of exhibits, seminars and exchanges in both Canada and Chile directed at key industrial sectors, attest to the vitality of Canada-Chile trade. The expertise of the Canadian private sector in these areas and the potential for growth in the Chilean market bode well for the future of such commercial interaction and sustained growth in bilateral trade and investment linkages.

## CANADA - COLOMBIA TRADE

Canada's trade relationship with Colombia is one of its most successful in South America. On a regional basis, Colombia is Canada's third largest export market and one of the most promising in all of Latin America. The full potential of this bilateral trade, however, has yet to be realized, due in part, to the general recession in Latin America in the last decade.

Two-way trade between Canada and Colombia grew slowly during the 1970's but achieved a new high of \$357 million in 1987.

Over the seven years period from 1982 to 1988, Colombian exports to Canada increased steadily each year, from \$92 million to \$138 million. The trend of Canadian exports over the same period was also one of stable, consistent growth totalling \$177 million in 1988.

The composition of Colombia's exports to Canada has traditionally been dominated by one significant commodity: coffee. In 1988, coffee accounted for approximately 55% of Colombia's exports to Canada. While remaining Colombia's number one export, it has diminished in importance from \$89.9 million in 1986 to \$75.7 million in 1988. The trend is also evident in the trade figures of Colombia's second most important export to Canada: bananas and plantains, which recorded totals of \$16.8 million in 1986; \$22 million in 1987 and \$15.4 million in 1988.

The mix of Colombian exports to Canada is diversifying. Crude oil and cut flowers are becoming increasingly prominent in Colombia's shipments to the north. Trade in both of these commodities has shown steady, significant growth since 1986.

Other notable additions to the Colombian export list have been towels, cotton and cotton fabrics, and precious or semi-precious stones.

Canadian exports to Colombia have traditionally been dominated by wheat and newsprint. These two commodities accounted for 40% of Canada's 1988 exports. Wheat sales have grown markedly since 1986, while shipments of newsprint have remained steady with some fluctuations over the same period.

A variety of Canadian products have shown a similar pattern of growth. Trade in motor vehicles, parts and accessories amounted to \$38 million in 1986, rising to \$44 million in 1987. Aircraft engines and parts registered \$1.5 million in trade in 1986, but increased dramatically to \$12.3 million the following year.

Other commodities now contributing significantly to Canada's exports include dried lentils and peas, synthetic rubber, corrugated board and polyethylene.

Over the last three years, Colombia has imported an average of 12.7% of Canada's annual South America exports. During the same time period, Canada's average imports from Colombia represented approximately 2% of that country's total exports.

The Canadian Government has tangibly recognized the growth potential of the Colombian market. Canada's Export Development Corporation (EDC) is in the process of negotiating a \$10 million line of credit with ECOPETROL, Colombia's national petroleum company. The EDC currently has in place a \$45 million line of credit with CARBOCOL, the national coal company, as well as additional project and commercial lines of credit in support of export transactions.

Agriculture Canada, the Canadian International Development Agency (CIDA) and Petro Canada International Assistance Corporation (PCIAC) have entered into extensive technical cooperation agreements with Colombia, while the Department of Energy, Mines and Resources (EMR) is involved in direct technology transfer to Colombia.

From the Canadian perspective, Colombia is a market of great size, sophistication, and economic vitality. Opportunities for expansion of bilateral trade abound. Over the past several years, the pursuit of major infrastructure projects by Canadian business has expanded from hydroelectric power, mining and gas transmission to urban transportation, urban and rural telecommunications, nuclear energy, a proposed polyethylene plant and the imminent reorganization of the Colombian railway network.

Canada continues to work actively to promote the export of high-technology, value-added products to the Colombian market. A stable, well-managed local economy augurs well for increased market penetration in the 1990's.



## CANADA - ECUADOR TRADE

Canada-Ecuador bilateral trade has been affected by conditions largely beyond the control of either country. The dramatic drop in world oil prices and the recovery from a severe earthquake in 1986 have exacerbated an already difficult local economic situation. These factors have impacted upon Ecuador's trade with Canada over the course of the last decade.

Ecuadorian exports to Canada showed a remarkable growth from \$47 million in 1981 to \$85 million in 1988. Canadian exports to Ecuador declined in this period from \$84 million in 1981 to \$43.6 million in 1988. This notwithstanding, Canadian firms have remained active in the market, particularly in projects related to petroleum exploration, mining, power transmission and satellite data receiving.

Ecuador's principal exports to Canada include bananas and plantains, coffee, shrimps and prawns, cocoa, and fruits and berries.

Canada's major exports to Ecuador include aircraft engines and parts, asbestos, newsprint, plastic and synthetic rubber, polyethylene resins, zinc and wood pulp.

In spite of the economic difficulties presented by the natural disaster and international factors, Ecuador is a market in which Canadian firms have identified significant export opportunities. Canada is confident that, with Ecuador's recovery from the effects of the earthquake, stable oil prices, and successful economic reforms, bilateral trade will resume its steady development.

## CANADA - PARAGUAY TRADE

Canada's bilateral trade with Paraguay during the 1980's has been modest in volume.

Paraguay's exports to Canada are dominated by coffee and it is the dramatic decline in this commodity that has been responsible for the sharp reversal recently witnessed in the balance of trade between the two countries. In 1986, Paraguay shipped \$6.2 million in coffee to Canada; just two years later that figure had fallen to \$.18 million.

Leather, meat and fish extracts, juices, chinawood oil or tung oil, and tea complete the list of Paraguayan exports to Canada.

In 1988, the principal Canadian export items to Paraguay included wheat flour (\$.35 million), milk powder and skim milk (\$.25 million), television cameras (\$.35 million), printed circuits, parts and accessories for chain saws, and commercial telecommunications equipment.

Canada-Paraguay bilateral trade has been characteristically modest, given limited contact between our countries. Canada will, however, endeavour to foster more continuous trade-links with Paraguay in the future, to better respond to emerging market opportunities.

## CANADA - PERU TRADE

Canada-Peru bilateral trade in the 1980's has been marked by fluctuations resulting from both domestic and international economic factors.

Since the beginning of the decade, the annual volume of trade between Canada and Peru has ranged from \$138 million in 1982, to a low of \$114 million in 1985. Two-way trade in 1988 stood at \$150.4 million.

Peru's major exports to Canada in recent years have consisted of ores and concentrates of lead, zinc, copper, precious metals, coffee, and cotton (both yarns and fabrics), as well as wool fabrics. This mixture of commodities represents approximately 80% of Peru's sales to Canada.

Canadian exports to Peru during this period have included wheat, milk powder, mining machinery and parts, and machinery for the transportation of textile sectors. Canadian firms have been particularly active in the mining, hydroelectric, telecommunications and agricultural sectors.

From 1986 to 1988, milk powder exports averaged approximately \$17 million while wheat fell from a high of \$48 million in 1987 to \$9 million a year later. Newsprint exports remained relatively steady over the same period totalling approximately \$8 million in 1988.

Canada has a long history of contributing to Peru's economic development. Canadian firms financed and built the Tintaya copper mine, assisted in the development of major electrical transmission lines and central telephone exchanges, and worked with Petroperu on major oil and gas exploration initiatives.

The serious economic difficulties which Peru has recently experienced have impinged on its international trade relations. Canada-Peru bilateral trade, however, remains strong, diverse and important to Canada's commercial linkages with Latin America.

## CANADA - URUGUAY TRADE

Canada-Uruguay trade links, although modest in volume, date from post-war era.

Bilateral trade between the two countries has been greatly influenced by the fluctuations of the Uruguayan economy. After a steady decline in its economic fortunes in the early 1980's, Uruguay rebounded in 1985 and its economy peaked in the third quarter of 1986 with a GDP growth rate in excess of 7%. After two years of this steady growth the economy again moderated in 1988.

With the turnaround in the Uruguayan economy, an increase in exports to Canada followed. From \$14.8 million in 1986, Uruguayan exports to Canada climbed to \$130 million in 1987 before falling to \$11 million in 1988. Canadian exports to Uruguay also increased rapidly, from \$5.1 million in 1985, to \$12.6 million in 1986, to \$26 million in 1987 before declining to \$11.2 million in 1988.

Uruguay ships primarily woven fabrics, leather and leather products, seed, and gold to Canada. Of the \$130 million in exports to Canada in 1987, \$119 million were gold and gold alloys. In 1988, woven fabrics of wool regained their traditional dominance in Uruguayan exports, comprising \$5.2 million of the total \$11 million for all commodities shipped to Canada in that year.

Canada's principal exports to Uruguay include newsprint, sulphur, seed potatoes, dried peas and lentils, metallic salts, gold and, in 1987, wheat. The doubling of Canada's exports to Uruguay from 1986 to 1987 was largely due to wheat sales totalling \$13 million. The following year, total Canadian exports declined to \$11.2 million as a consequence of the sharp decline in wheat sales.

Canada will assist Uruguay in its objective of modernizing and industrializing its economy. In so doing, Canada will develop potential opportunities for the export of Canadian goods and services through the transfer of technology and joint ventures. In the belief that there is considerable potential for growth in its exports in specific sectors, the Canadian government is encouraging the conclusion of such agreements in agri-food, mining, forestry, transportation and energy.

Canada is confident that the provision of such assistance for the development of the Uruguayan economy will lead to an expansion of trade opportunities for both countries and sustainable long-term growth in bilateral trade.

## CANADA - VENEZUELA TRADE

Venezuela has traditionally been Canada's most important trading partner in Latin America after Mexico and Brazil. During the 1970's, two-way trade between Canada and Venezuela more than quadrupled due primarily to the global increase in petroleum prices. Total bilateral trade peaked in 1981 at \$2.9 billion.

Over the course of the 1980's, total bilateral trade declined to a level of \$838 million in 1988. This decrease can be mainly attributed to the fall in world oil prices and the impact of the 1983 recession which severely constrained Venezuelan economic growth. The trade surplus, which Venezuela has traditionally enjoyed with Canada, also declined during the past decade, from a high of \$1.8 billion in 1982 to \$91 million in 1988.

Venezuelan exports to Canada are dominated by crude and processed petroleum products. Combined, these products accounted for 89% of Venezuelan exports to Canada in 1988. Despite the reduction in total bilateral trade, Venezuela remains Canada's second largest source of offshore petroleum, an import commodity valued at more than \$500 million in 1988.

The balance of Venezuela's exports to Canada include gold alloys, pipes and tubes of iron or steel, motor vehicle parts, urea and bituminous coal.

Canadian exports to Venezuela, which comprised 3% of that country's \$10.6 billion total imports in 1988, are diverse, but heavily weighted in favour of agricultural and resource products. Agricultural commodities represented more than 30% of Canada's exports in that year with wheat topping the list. Wheat exports, in fact, have increased dramatically, from \$22.5 million in 1986 to \$97.5 million in 1988.

Venezuela is Canada's second largest market for the export of live dairy cattle after the U.S.A. registering a total of \$14.8 million in 1988. It is the second largest export market for pulses after Colombia, and Canada's most important export market for seed potatoes in Latin America.

Paper products (newsprint, wood pulp, groundwood printing paper), accounted for \$104.8 million of Canada's export total in 1988. Polyethylene (\$20.5 million), and motor vehicle parts (\$8.5 million) rounded out the list of Canada's major export items to Venezuela.

The Venezuelan government is planning a number of development projects to bolster their industrial sector, diversify exports and to assist in import substitution. These endeavours, coupled with significant economic reforms including accession to the GATT, should result in renewed export opportunities for Canada. Canadian interest and capabilities in sectors of concentration will yield opportunities for new export initiatives. Foremost among these will be the energy (oil and gas, hydroelectric), mining, agriculture, transportation/communications and forestry sectors.

Canada-Venezuelan bilateral trade has weathered the economic storms of the early 1980's and is poised to regain and surpass its impressive performance of the 1970's. Public and private sector initiatives in both countries will facilitate the realization of these aspirations.

**CENTRAL AMERICA AND THE CARIBBEAN**

## CANADA - BAHAMAS TRADE

Canada-Bahamas bilateral trade has developed slowly during the last decade with recent upward growth indicating prospects for improved performance by both economies in the 1990's.

The balance of trade shifted dramatically in favour of Canada in the five years from 1984 to 1988. Bahamian exports to Canada in 1984 totalled \$127.5 million and progressively decreased to \$20.9 million by 1988. In the same period, Canada's exports to the Bahamas remained relatively constant, totalling \$35.6 million in 1988.

Bahamian exports include organic chemicals, rum, fuel oil, precious stones and coins, and fish and shrimps.

Representative of Canada's exports to the Bahamas are electrical parts, malt and mill products, and various iron and steel items.

Although two way trade between Canada and the Bahamas was relatively modest in 1988, amounting to approximately \$56 million, on-going activities are expected to significantly expand commercial exchanges in the short term. Canadian firms have recently secured orders for five new-generation turbo-prop aircraft, as well as the supply of equipment and engineering services for several multilaterally financed projects designed to develop health care facilities, shipping and ports infrastructure. Canadian companies have also recently been awarded large privately financed hotel development contracts. The Bahamas also represents an excellent market for Canadian suppliers of food products and beverages, construction products and engineering services.

Canada and the Bahamas have a long history of bilateral trade dating from the 19th century. Commercial prospects would appear to indicate that this tradition will continue to grow and prosper, to the mutual benefit of both countries.

## CANADA - BARBADOS TRADE

Canada and Barbados have a tradition of excellent and long standing bilateral relations based upon trade, investment and tourism and linkages.

Trade has played an important role in strengthening these links. Canadian exports to Barbados have averaged approximately \$40 million from 1984 to 1988. Imports from Barbados have fluctuated somewhat over the same period, totalling \$7.5 million in 1984, and rising to \$21.3 million in 1986. Total exports in 1988 were estimated at \$6.6 million.

Canada imports electrical parts, sugar, oil and fuels, and rum from Barbados, while it exports telecommunications equipment, pulp and paper, potatoes and vegetables, and pharmaceuticals to the island nation.

An important aspect of bilateral relations between our countries is tourism. In 1988 alone 65,700 Canadians visited Barbados; making an important contribution to local economic development.

Prime Minister Mulroney attended the Canada-Commonwealth Caribbean Heads of Government meeting in Barbados March 18-20, 1990, hosted by Prime Minister Erskine Sandiford. The meeting was convened to review relations between Canada and the Commonwealth Caribbean States.

Twenty-five representatives of the Canadian business community also participated in the Canadian Solo Trade Show held in Barbados from March 19-21, 1990, which highlighted Canadian capabilities in the supply of goods and services to the hotel, restaurant and institutional sectors. Other identified sectors of opportunity for Canadian suppliers include agriculture and food, construction, advanced technology, and education, medical and health equipment and services.

The strong political and economic links between Canada and Barbados should result in expanded trade and investment flows between both countries. It is expected that, having weathered a period of modest growth in the last decade, trade relations are now poised to improve further in the 1990's.



## CANADA - COSTA RICA TRADE

Canada-Costa Rica trade relations have developed steadily over the course of forty years dating from the signing of the Commercial Agreement on November 17, 1950.

In the 1970's, two-way trade grew significantly and by 1987, Costa Rican exports totalled \$63.2 million while Canadian exports had climbed to \$30.7 million.

Costa Rican exports to Canada are dominated by two agricultural products: bananas and coffee. Specifically, of Costa Rica's \$50.8 million total in exports to Canada in 1988, bananas accounted for \$28.5 million and coffee \$13 million.

The mainstays of Costa Rica's economy are now being challenged as the country's principal foreign currency earners by tourism. New tourist facilities are being rapidly developed to handle an ever increasing volume. Canadian tour operators have established charters from Toronto, Montreal and Vancouver which are operating at capacity loads. The 1988 winter season alone recorded almost 10,000 Canadian visitors.

Canada's main exports to Costa Rica continue to be fertilizers, newsprint and paper, machinery, plastic resins and sheets, food products and pharmaceuticals.

Costa Rica represents an attractive market to Canadian exports in the agriculture, livestock industries and gold mining sectors. Resource development and infrastructure projects also offer important opportunities as well.

The development and expansion of the Costa Rican economy has opened many trade opportunities for both partners in the Canada-Costa Rica trading relationship. Built on over forty years of steady growth, it is expected that this partnership will continue to expand in the 1990's.

## CANADA - EL SALVADOR TRADE

Canada's exports to El Salvador have increased and diversified during the 1980's. Although the composition of El Salvador's exports to Canada has traditionally been dominated by agricultural products, there are indications that this commodity structure is expanding.

Both trading partners have witnessed solid growth in their exports during the 1980's. El Salvador's exports to Canada grew from \$25 million in 1984 to \$41.7 million in 1988, while Canadian exports increased from \$15.8 million to \$23 million during the same period.

Coffee, cotton and sugar comprise most of El Salvador's exports to Canada. The manufacturing sector, however, particularly textiles, is growing in strength and is garnering an increasing share of total exports.

Major Canadian export items include industrial raw materials such as chemicals and plastics, newsprint and parts for machinery. Opportunities for increased exports exist in the agricultural sector, specifically, agrochemicals, genetic material and veterinary medicines and equipment.

Canada-El Salvador bilateral trade is on a steady path of growth and diversification. Expansion of our trading relationship will parallel the stability and growth of El Salvador's economy.

## CANADA - GUATEMALA TRADE

Guatemala's broad economic base; its diverse endowment of rich agricultural land, hydroelectric potential, energy and mineral wealth, offers innumerable opportunities to its trading partners.

Throughout the 1980's, Canada's exports to Guatemala expanded considerably. Prominent in this trade were Canadian engineering skills, construction expertise, oil drilling and management services. In 1983, however, Canadian exports declined to \$15.3 million and have only modestly recovered in the years since.

Guatemala's exports have averaged \$35 million for much of the late 1980's. Coffee, fruit and clothing are the major export commodities accounting for over 90% of total sales to Canada. Canada's exports to Guatemala totalled \$18.4 million in 1988. Shipments consisted primarily of chemical, agricultural and mineral products, including an even mix of polyethylene resin, fertilizer, newsprint, canned fish and other foods, zinc and aluminum.

Guatemala's recent economic recovery has resulted in improved market opportunities in a number of sectors, particularly construction and tourism. The heightened demand for consumer goods, agricultural products and raw materials, and the greater diversification of the Guatemalan economy in general, signify real growth potential in the two-way trade between our countries.

## CANADA - HONDURAS TRADE

Canada's two-way trade with Honduras has been greatly affected by the recent contraction of the Honduran economy.

Although modest in volume, Honduras has held the advantage in the trade balance between our countries since the mid-1980's. Honduran imports totalled \$27.9 million in 1988, up slightly from previous years. Canada's exports to Honduras were \$19.6 million in 1988, which also surpassed the totals of previous years.

The Honduran economy is agriculturally based and, consequently, its exports to Canada are comprised primarily of bananas, coffee, wood, shrimp, lobster and sugar.

Canadian exports include corrugated container board and newsprint, canned fish, milk powder, asbestos fibre and dried peas and beans.

Honduras' wealth of natural resources, including Central America's largest forest reserves, hydroelectric potential and minerals, represent opportunities for Canadian suppliers of forest machinery, mining equipment, agro-chemicals and fertilizers.

The record of the Canada-Honduras bilateral trade relationship is one of modest expansion. The development of the Honduran economy, particularly the realization of its resource potential, will result in expanded trade opportunities in the future.

## CANADA - JAMAICA TRADE

Canada and Jamaica have benefited from a steady expansion in their bilateral trade. Growth in commercial exchanges continued during the 1980's.

Jamaican exports to Canada increased from a total value of \$136.8 million in 1984 to \$150 million in 1988. Of the total 1988 figure, 90% was attributable to shipments of alumina bauxite. The remainder of Jamaica's exports to Canada consisted largely of chemicals, rum, vegetables, clothing and knitwear.

Canadian exports grew over the same period from \$73.9 million to \$126.35 million and included a diverse range of fish and seafood products, pulp and paper, energy, transportation and telecommunications equipment and construction machinery and parts.

Export opportunities for Canadian firms in the Jamaican market are excellent, particularly in the areas of building materials, processed and fresh food products, telecommunications and pre-engineered structures for industrial and tourism facilities. A Canadian firm has recently won three orders totalling \$85 million for the supply of telecommunications equipment, which bodes well for introduction of other high technology exports to the market.

Canada-Jamaica trade has shown steady and consistent growth based on an expanding product base. Both nations look forward to the continuation of this advantageous relationship.

## CANADA - MEXICO TRADE

Mexico is Canada's leading trading partner in Latin America with two-way trade increasing at a rate of over 10% per annum since the mid-1980's.

The bilateral trade between our countries amounted to \$2.2 billion in 1989, with Mexico shipping \$1.6 billion in goods and Canada reciprocating with exports worth over \$600 million.

The change in composition of Mexican exports to Canada over the course of the 1980's is indicative of the economic transition within the country itself. It is now clear that Mexico is a competitive industrial economy. The bulk of Canada's imports from Mexico are now manufactured end-products, while crude oil imports have fallen significantly from the 82% share that this commodity held in the early years of the decade. In fact, Mexico's exports of manufactured goods, such as automotive, communications and consumer products, now account for two-thirds of total shipments to Canada.

Other major Mexican export items include electronic machinery and parts, and precious metals, metal ores and crude materials, crude oil, coffee, vegetables, and fruit.

Automotive products, accounting for 40% of Mexico's total exports to Canada in 1988, are now the most significant contribution to export growth. Since 1985, shipments have exceeded \$600 million each year. Although mostly produced by branch plants in Mexico, a growing share of these products are originating from the plants of the independent autoparts manufacturers.

Radios, televisions and related electronic products totalled \$98 million in 1988. Office and data processing equipment has shown remarkable growth, from a level of \$13 million in 1985 to \$96 million in 1988. Steel manufactures at \$39 million, and fruits and vegetables at \$60 million also have shown dramatic increases in only a few years, and imports of precious metals, at \$71 million, were more than three-times their 1987 level.

Canada's exports to Mexico include a substantial level of manufactured goods as well as the traditional mixture of raw and semi-refined resource products. Motor vehicle related products are also the largest item in Canadian exports to Mexico, accounting for \$71 million in 1988. Other important manufactured exports in 1988 included telecommunications equipment (\$16 million), data processing equipment (\$12 million) and steel manufactures (\$41 million).

During the 1980's, Canada supplied steadily increasing quantities of traditional commodity exports to Mexico. In 1988 alone, significant sales were recorded for skim milk powder (\$42 million), wheat (\$38 million), Canola oilseed (\$56 million), wood pulp (\$36 million), newsprint (\$7 million), potash (\$15 million) and asbestos (\$8 million).

These statistics illustrate the success of Mexico's recent economic reforms which have been achieved over a remarkably short time period. Canada has greatly benefited from this economic transition by one of its most important global trading partners. It is also apparent that opportunities to profit from these mutually-beneficial developments are abundant and should be explored fully in the short term.

The possibilities of assisting Mexico in its economic development through increased access to Canadian technology and expertise will provide advantages to both countries in the production and supply of industrial goods such as environmental protection equipment, construction machinery, telecommunications apparatus, electronic components, electrical equipment, railway supplies and forest products.

Canada-Mexico trade is building on a solid tradition of interdependent exchange. The continuing transformation of Mexico's economy will further enhance this relationship.

## CANADA - NICARAGUA TRADE

Although Canada has remained committed to free and open trade with Nicaragua, our bilateral trading relationship has been greatly affected by the U.S. embargo.

Canada's exports to Nicaragua were \$22.5 million in 1984. Following the imposition of the U.S. trade embargo in May 1985, shipments via the U.S. had to be discontinued and new routes developed. Canadian exports for 1985, as a result dropped to \$18.4 million.

Nicaragua's exports to Canada were also seriously affected by the U.S. embargo, dropping to \$25.6 million in 1985. This has, however, improved in recent years and Nicaraguan exports have grown steadily to reach a total of \$64.5 million in 1988.

The main items of Nicaragua's shipments to Canada include gold alloy, beef (\$23 million in 1988), lobster, shrimp and prawns, and transhipped oil.

Canada's major exports to Nicaragua in 1988 were dried beans, powdered milk, fertilizer, and a wide variety of manufactured items and machinery.

The lifting of the U.S. embargo following the recent election in Nicaragua will undoubtedly favourably affect the country's bilateral trading relationships. The resiliency shown by Canada's two-way trade with Nicaragua during difficult times would suggest that trade between our two countries will continue to expand in the 1990's.



## CANADA - PANAMA TRADE

Panama and Colon Free Zone (CFZ) represent both an attractive domestic market and a convenient distribution centre for Canada's exporters.

Over the course of the 1980's, the balance of trade between our two countries has shifted dramatically in favour of Canada, due to recession in the Panamanian economy.

The composition of Panama's exports to Canada closely approximate that of its immediate Central American neighbours, in spite of the fact that its economy is considerably more diversified. Bananas, coffee, pharmaceuticals and shrimp are the principal Panamanian exports to Canada.

Despite Panama's economic difficulties, Canada exported \$34 million worth of grain, fuel, edible oil, pulp and paper, and chemicals to the market in 1988.

The anticipated resurgence of the Panamanian economy presents excellent opportunities for Canadian suppliers to re-establish themselves in the two-way trade between our countries. Agricultural commodities, foodstuffs, construction materials, autoparts and consumer goods are only a few of the items Panamanian importers will be shopping for in the international market. Canada is well-positioned to meet this demand.

## CANADA - TRINIDAD AND TOBAGO TRADE

The balance of trade between Canada-Trinidad and Tobago during the latter half of the 1980's has undergone a significant shift.

In 1984, Canada held a \$117 million advantage in export trade. Just four years later, Trinidad and Tobago exports exceeded Canada's by \$1.5 million.

During this period, the value of Trinidad and Tobago's exports multiplied by 2-1/2 times to register at \$56.4 million, while Canada's exports slipped from \$136 million to \$54.9 million.

While the balance of trade has shifted during the decade to a state of virtual equilibrium, the composition of the exports of both Canada and Trinidad and Tobago has remained largely unchanged. Principal exports from Trinidad and Tobago include fuels and oil, iron and steel, fertilizer, rum, fish and seafood. Canada ships primarily potatoes and vegetables, pulp and paper, fish and seafood, and electrical parts to Trinidad and Tobago.

Like most of the other island nations of the Caribbean, tourism plays a preeminent role in Trinidad and Tobago's relations with Canada. In 1988, it is estimated 23,200 Canadians visited the island.

Canada's long-standing relationship with Trinidad and Tobago represents a solid base of friendship and commercial exchange upon which both nations will endeavour to build.

LIBRARY E A/BIBLIOTHEQUE A E



3 5036 20074834 4

DOCS

CA1 EA660 90C51 ENG

Canada's trade with Latin America  
and the Caribbean. --

43259415



60984 81800