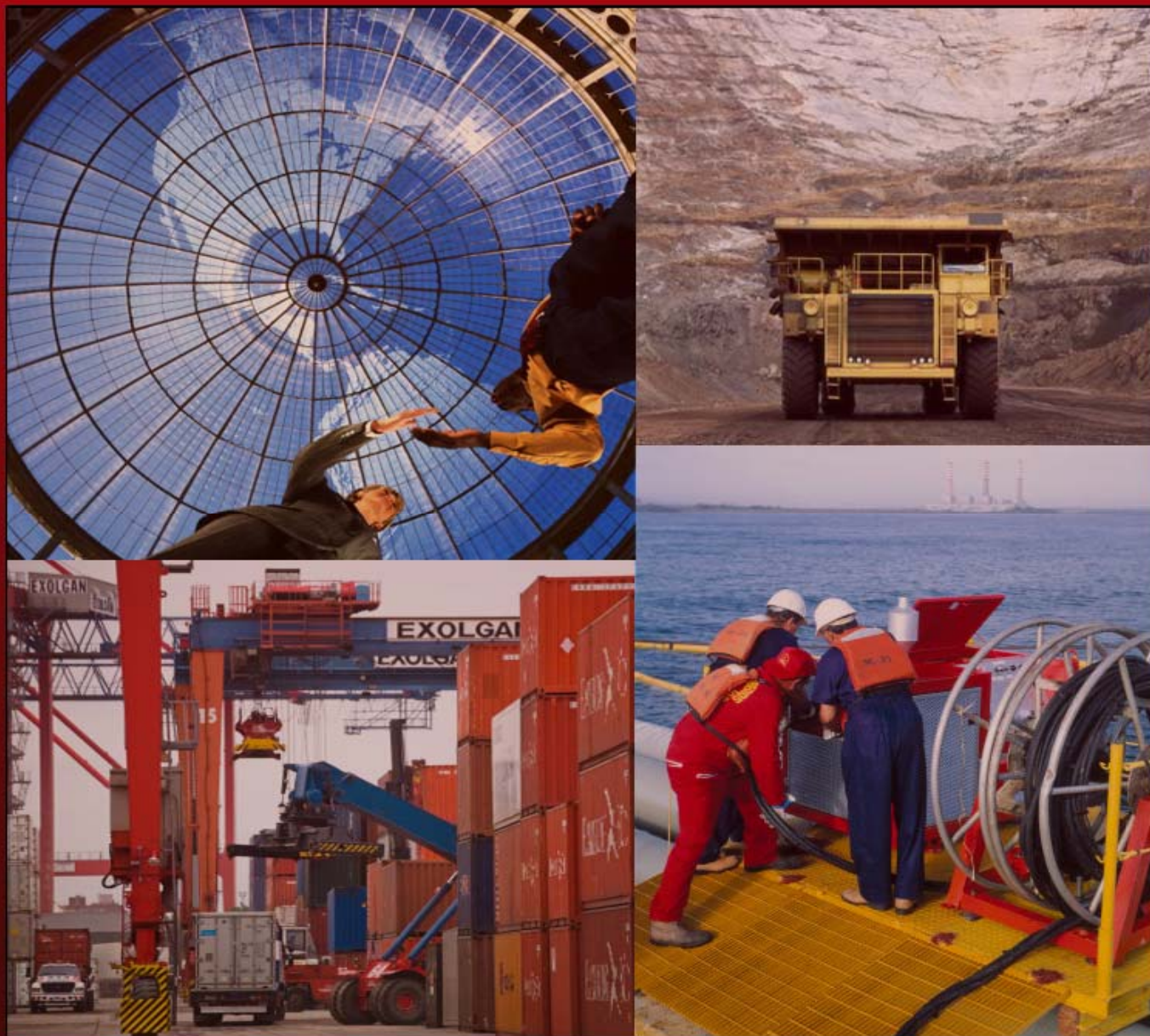


Exploring the Americas: An Assessment of Atlantic Canada's Trade Prospects in the Americas



June 2008



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Acknowledgements

This research was sponsored by the Atlantic Canada Opportunity Agency (ACOA) under the Atlantic Trade and Investment Partnership, which develops initiatives aimed at building an export economy in Atlantic Canada, including the export potential of key economic sectors and new markets. The views expressed in this study do not necessarily reflect the views of ACOA or of the Government of Canada.

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Exploring the Americas

An Assessment of Atlantic Canada's Trade Prospects in the Americas

Executive Summary

The global economy is changing. Atlantic businesses are responding to evolving global trade patterns, changing international business practices and the emergence of new competitive pressures. One strategy is to explore the potential in new markets beyond traditional developed economies such as the United States. For example, while Atlantic Canada's non-energy exports to the United States have declined by \$2 billion (or 22%) since 2000, non-energy exports to other countries have grown by \$2.4 billion.

The Americas (which for the purposes of this report includes all the countries and dependencies in the Caribbean, Central America and South America, with the exception of Mexico which is a participant in the North American Free Trade Agreement) are of interest for a number of reasons including close geographic and historical ties with Caribbean countries and the Canadian government's commitment to play a bigger role in the Americas and to strengthen trade and investment linkages.

Helped by high commodity prices and economic reforms, the more than 40 countries and dependent territories in the Americas are experiencing renewed economic growth and stability,. Brazil is the region's leader in terms of economic size but other countries also stand out in terms of their economic performance and potential. Yet there is huge diversity within the region in terms of size, income, language, openness, infrastructure, stability and growth potential.

This report provides a macro-level assessment of Atlantic Canada's trade potential in the Americas. It identifies twelve countries that offer the best overall prospects for increased exports. Within these countries, a number of sectors are identified that might provide opportunities for Atlantic businesses. But new markets also pose challenges and risks for exporters and these issues are emphasized. Finally, the report discusses the place of the Americas relative to other global opportunities. Two appendices provide a rich amount of data, analysis and discussion on the Americas.

Key Findings

Based upon an assessment of various indicators of market potential, challenges and costs, existing linkages, and economic and political risks, but giving particular weight to market size, income and growth, APEC has identified twelve countries in the Americas that are of most interest for Atlantic Canadian companies: Brazil, Peru, Chile, Colombia, Argentina, Venezuela, Panama, Costa Rica, Trinidad and Tobago, Cuba, the Bahamas and Barbados.

Within these twelve countries, APEC has highlighted a number of specific sectors of interest. The primary resource sector is an important part of several of these economies and there are opportunities for exploration and provision of equipment and services in mining, oil and gas and electricity generation. With rapid economic growth in the Americas, and development needs relating to infrastructure and the environment, there are opportunities to provide construction products and engineering and environmental solutions and consultancy services. These developing countries also have needs relating to ICT solutions and services and education and training. Atlantic Canada's existing merchandise trade with the Americas is focused on energy products, newsprint, potash, and food products but the scope for further increases in these industries is mixed.

The prime attraction of markets in these developing countries is that they are growing much more rapidly than Atlantic Canada's traditional export markets in the United States or the European Union. Several Atlantic businesses and educational institutions are already active in the Americas. Canada has also signaled a renewed interest in the Americas and is negotiating trade agreements with several countries in the region (although the United States and the European Union are also negotiating trade agreements).

However, potential new entrants to the Americas need to be aware that these are still developing countries. Compared with traditional developed economies, the markets in the Americas tend to be smaller, with a more challenging business environment and weaker infrastructure, which will increase business costs and require more time to succeed. Language skills are an important consideration with Spanish the official language throughout most of Latin America and Portuguese spoken in the largest country Brazil. Economic, business and political risks are also higher than in more advanced economies. Atlantic businesses already active in the Americas confirm the need to take a long-term approach, to be committed to thorough research, and to take the time to secure the best local connections in the market. These are not necessarily markets for smaller exporters with limited experience and resources.

Global Context

The Americas are not the only developing markets of potential interest to Atlantic businesses. A comparison of the strongest twelve prospects in the Americas with a sample of other developing economies reveals that there are several larger markets that are growing somewhat faster. These economies in Asia and Europe tend to have better infrastructure than in the Americas and generally lower economic and business risks. However, proximity is a key advantage for the Americas. Countries in the Caribbean and Central America are closer than markets in Europe, while South America is closer than markets in Asia.

The final message is that competitiveness remains the key to ultimate success in new markets. The appreciation of the Canadian dollar and the presence of low cost competitors are already affecting Canadian companies in the Americas. Developing countries offer huge long-term potential for companies that are committed to these markets and are willing to take some risks to establish themselves. But Atlantic firms need to ensure that their products and services are viable within the international marketplace and that they can ensure an adequate and reliable supply.

Chapter 1: Introduction

As the Atlantic Provinces Economic Council (APEC) explained in a recent report, the global economy is changing.¹ Firms are developing global supply chains to reduce operating costs and take advantage of local competencies around the world. China and India are emerging as economic powerhouses, attracting foreign investment both to supply their large and rapidly growing domestic markets and as low-cost locations for global exports. These and other low-cost competitors are challenging Atlantic Canada's manufacturers and service exporters. Commodity prices have risen in response to growing demand from developing countries, boosting the value of Atlantic Canada's commodity exports and stimulating exploration and investment. New security measures have led to a thickening of the U.S. border while the substantial appreciation of the Canadian dollar since 2003 has dented revenues of Atlantic exporters in the prime U.S. market. Multilateral trade talks have stalled but many countries are pursuing bilateral or regional trade deals.

Atlantic businesses are responding to these evolving global trade patterns, changing international business practices and the emergence of new competitive pressures. Atlantic Canada's energy exports, which are almost exclusively exported to the United States, have soared since 2000. While the Atlantic region's non-energy exports to the United States have declined by \$2 billion (or 22%) since 2000, non-energy exports to other countries have grown by \$2.4 billion. Increased volumes and prices for ores account for \$1.3 billion of the gain in Atlantic Canada's non-U.S. exports since 2000.

As Atlantic exporters respond to these new challenges, one strategy is to explore the potential in new markets beyond traditional developed economies such as the United States, European Union and Japan. APEC's recent report highlighted the many fast-growing developing markets for international trade in Asia, Europe and Latin America. This report provides a more detailed analysis of growth prospects in the Americas, which for the purposes of this report includes all the countries and dependencies in the Caribbean, Central America and South America, with the exception of Mexico, which is a participant in the North American Free Trade Agreement (NAFTA).

The Americas are of interest for a number of reasons including close geographic and historical ties with Caribbean countries and the Canadian government's commitment to play a bigger role in the Americas, including increased trade and investment linkages. Yet the Americas are a diverse group of nations, ranging from tiny islands with less than 100,000 population to countries such as Brazil with a population of almost 190 million. Income levels (in terms of GDP per capita) vary enormously, from prosperous Bahamas to impoverished Haiti and Bolivia. There is also political, historical and cultural diversity.

This report provides a preliminary macro-level assessment of Atlantic Canada's trade potential in the Americas. It identifies those markets that offer the best overall prospects for increased exports. Within these countries, a number of sectors are identified that might provide opportunities for Atlantic businesses. But new markets also pose challenges and risks for exporters and these issues are emphasized. Finally, the report discusses the place of the Americas relative to other global opportunities.

The report is organized as follows. The next chapter provides an overview of the region in terms of market prospects, costs and challenges, existing linkages and risks. In Chapter 3 APEC presents its synopsis of the 12 best prospects for Atlantic firms in the Americas while Chapter 4 contains a brief analysis on where the Americas fit within global market opportunities. The main conclusions of this report are included in Chapter 5. Two appendices provide a rich amount of information and resources about the Americas. Appendix A contains profiles on 12 countries including information on specific sectors within these countries. Appendix B provides data on a large number of economic and political variables for all the countries and dependent territories in the Americas analysed in this study.

¹ APEC (2007) *Competing in the Global Economy: Atlantic Canada's Recent Export Trends and Trade Policy Issues*. Halifax: APEC.

Methodology

This report is intended to provide an overview of potential markets in the Americas. The report is based upon a review and analysis of secondary data sources and reports that are believed to be accurate and reliable, supplemented with a select number of interviews with key informants and Atlantic businesses with experience in the Americas. The report includes links to other country and sector studies and resources. Potential exporters will need to undertake detailed analysis and competitive assessments of the market prospects for their own industry and products.

Chapter 2: Overview of the Americas

The Americas have a long history. The voyages of Christopher Columbus and other European explorers around 1500 led to extensive European colonization and settlement of the so-called “New World”, notably by Spain, Portugal, Britain and France. Over the last 200 years, many of these countries have gained independence from their former colonial power although some territories, while enjoying self-government, remain overseas dependencies of European countries.

List of Countries and Dependent Territories

	The Caribbean	Central America	South America
Countries	Antigua and Barbuda Bahamas Barbados Cuba Dominica Dominican Republic Grenada Haiti Jamaica Saint Kitts and Nevis Saint Lucia Saint Vincent and the Grenadines Trinidad and Tobago	Belize Costa Rica El Salvador Guatemala Honduras Mexico** Nicaragua Panama	Argentina Bolivia Brazil Chile Colombia Ecuador Guyana Paraguay Peru Suriname Uruguay Venezuela
Dependent Territories	Anguilla (UK) Aruba (The Netherlands) Bermuda (UK) British Virgin Islands (UK) Cayman Islands (UK) Guadeloupe (France) Martinique (France) Montserrat (UK) Netherlands Antilles (The Netherlands) Puerto Rico (United States)* Saint Barthélemy (France) Saint Martin (France/The Netherlands) Turks and Caicos Islands U.S. Virgin Islands (United States)*		Falkland Islands (UK) French Guiana (France)
Note: * Treated as part of the United States and not included in this study. ** Mexico is part of NAFTA and not a country of focus for this report.			

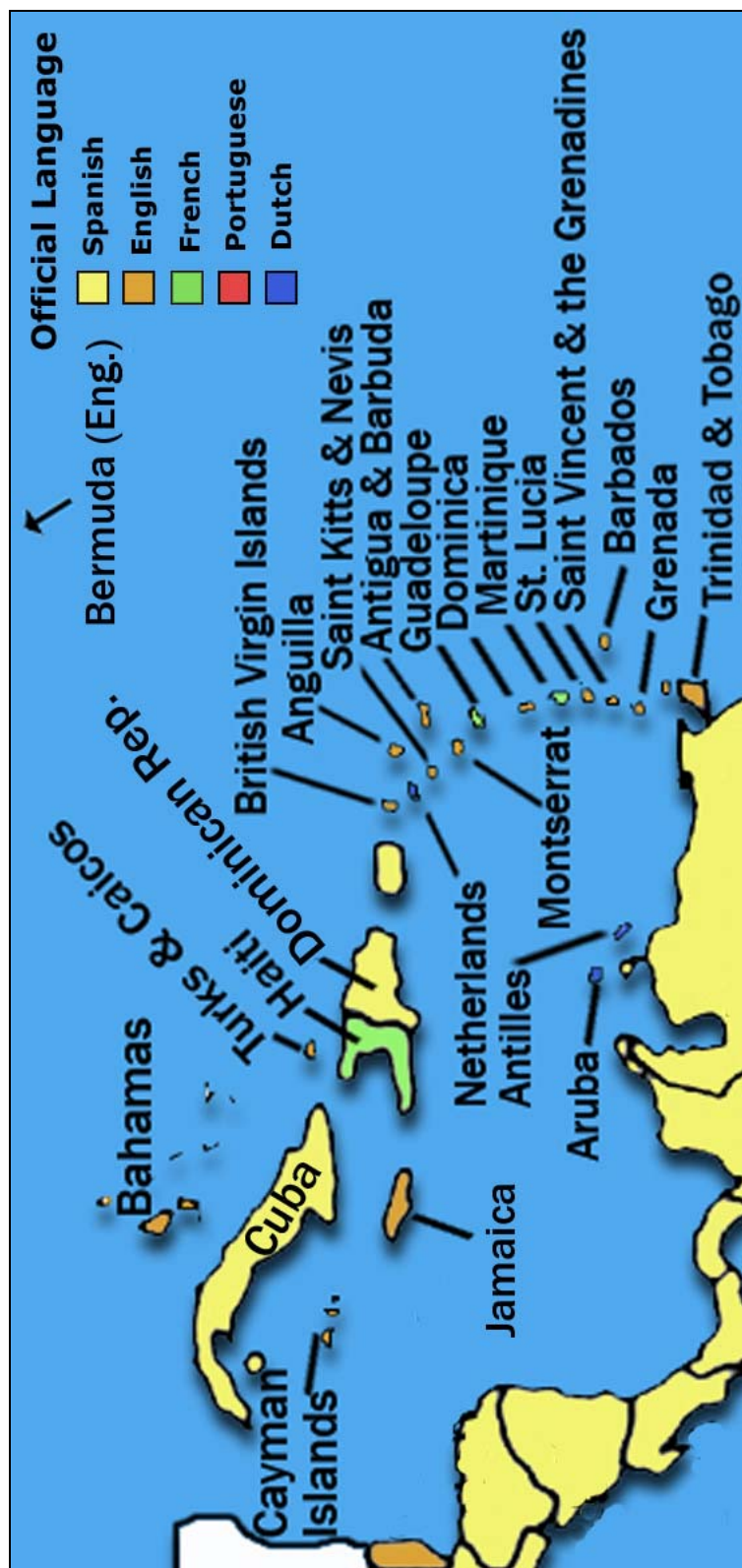
Reflecting this European involvement, Spanish is the official language throughout most of Central and South America although the largest nation, Brazil, speaks Portuguese. English is dominant in the Caribbean although there are some French-speaking countries and territories.

While much of the Americas has a chequered political history with revolutions and dictatorships, democracy has spread throughout the region since the 1980s. Following the debt crisis of the early 1980s, the region has experienced greater economic stability with inflation rates generally falling to single digit levels during the last decade. Economic growth has been quite strong over the last few years, with the median annual growth rate in the Americas above 4% for four consecutive years (2004-2007).

Map of the Americas Showing Official Language by Country and Territory



Map of the Caribbean Showing Official Language by Country and Territory

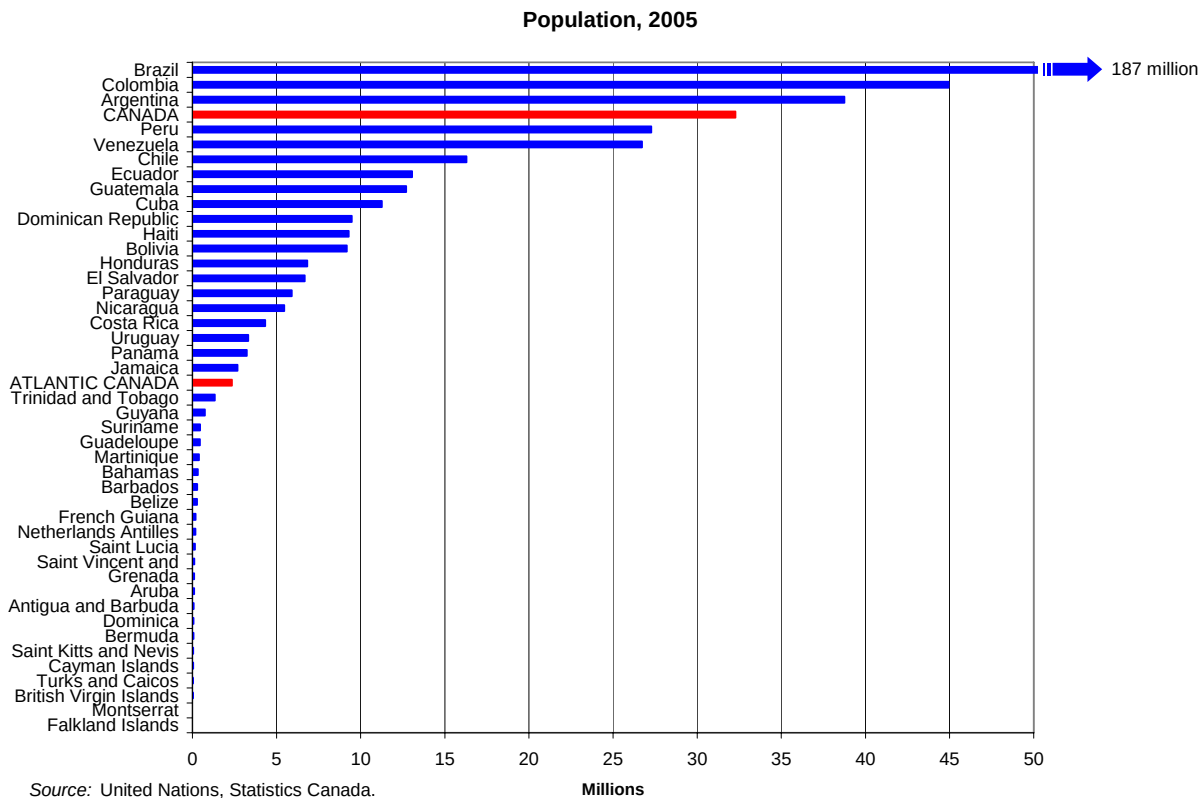


This chapter provides a comprehensive economic overview of the region, highlighting the huge variations in economic performance and potential. The analysis focuses on indicators of market potential, costs and challenges, existing linkages and risks. For context, equivalent data for Canada and Atlantic Canada are provided where possible. The Appendix provides a summary of data on all of these indicators and some additional indicators for all the countries for which data are available.

2.1 Market Prospects

Size

Brazil stands out by far as the biggest country in the Americas. Its population of over 187 million is about four times larger than the next largest country, Colombia, and is almost six times larger than the population of Canada.² Besides Brazil, four countries have a population exceeding 25 million – Colombia, Argentina, Peru and Venezuela. Chile leads a further 16 countries with populations exceeding one million. By contrast about ten countries and territories have populations of less than 100,000 people.



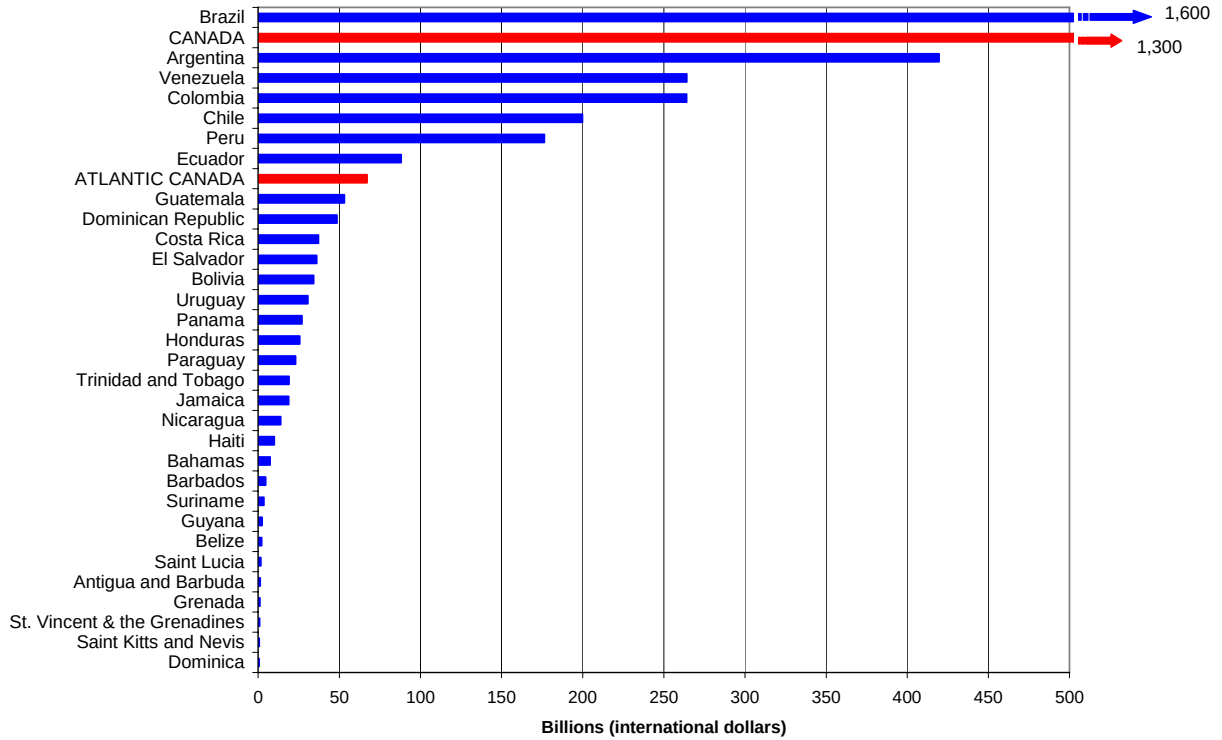
In terms of economic size, a similar picture is apparent. Brazil's economy dominates, being about four times larger than Argentina and about 40% larger than Canada's GDP when measured using purchasing power parity (PPP) exchange rates.³ Argentina, Venezuela, Colombia, Chile and Peru stand out as being much larger than the other economies in the Americas, and noticeably larger than the combined GDP of the four Atlantic provinces.

² Mexico is the second most populous country in Latin America with a population of about 104 million.

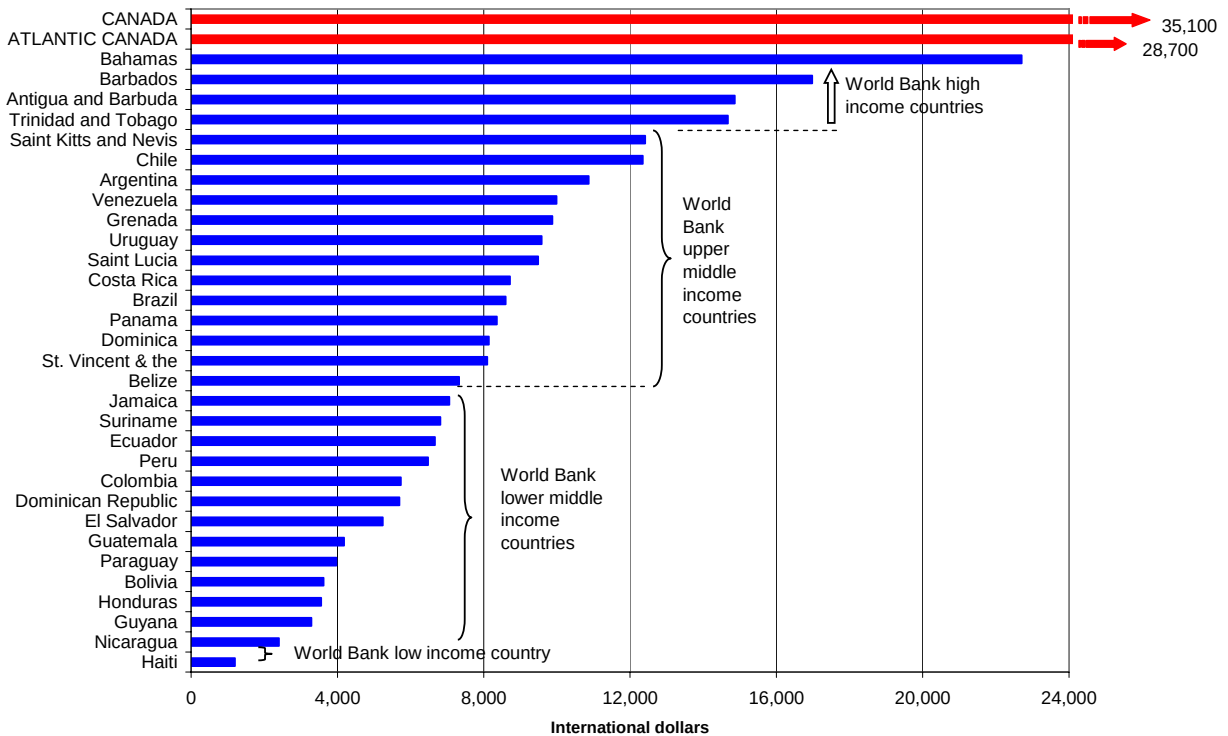
³ Purchasing power parity (PPP) rates are an alternative to using market exchange rates to compare economic activity across economies. The PPP rate is defined as the amount of a particular currency needed to purchase the same basket of goods and services as one unit of the reference currency, usually the U.S. dollar. Because they adjust for the difference in price levels across countries, PPP exchange rates tend to provide a more meaningful estimate of global economic activity than market exchange rates. Source: IMF (2008), World Economic Outlook.

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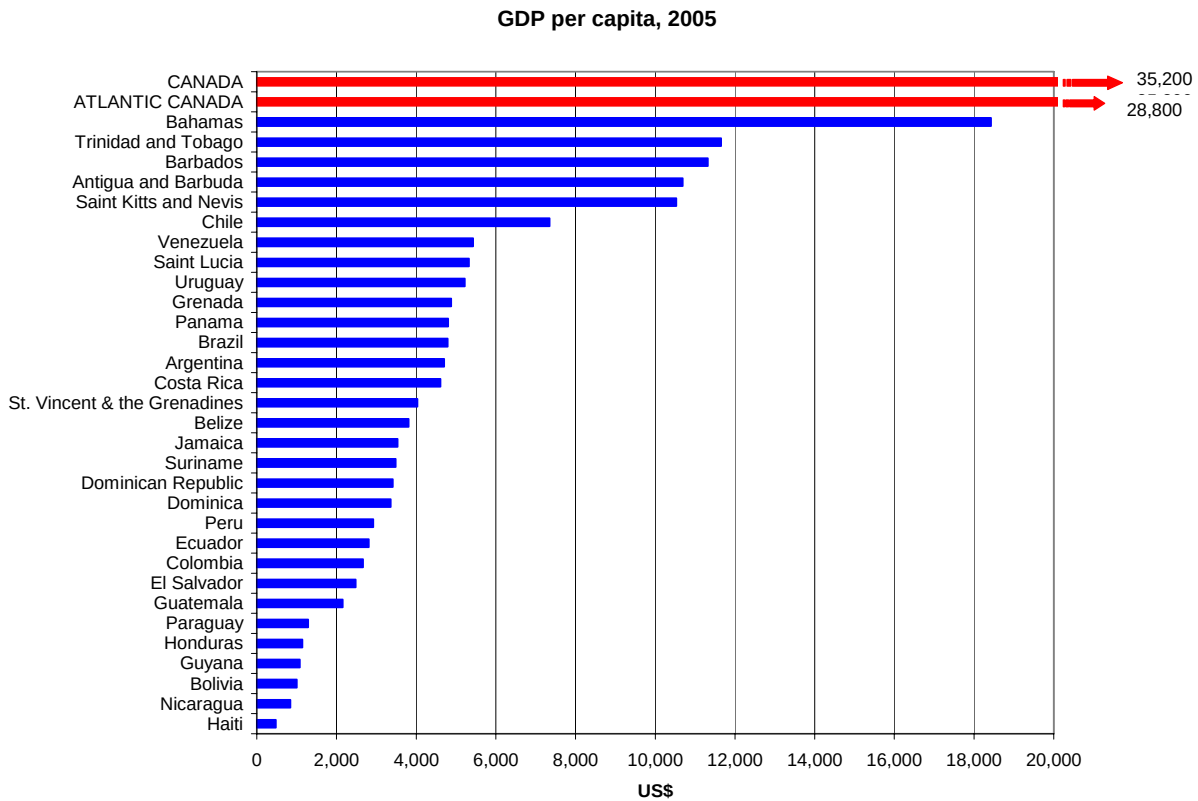
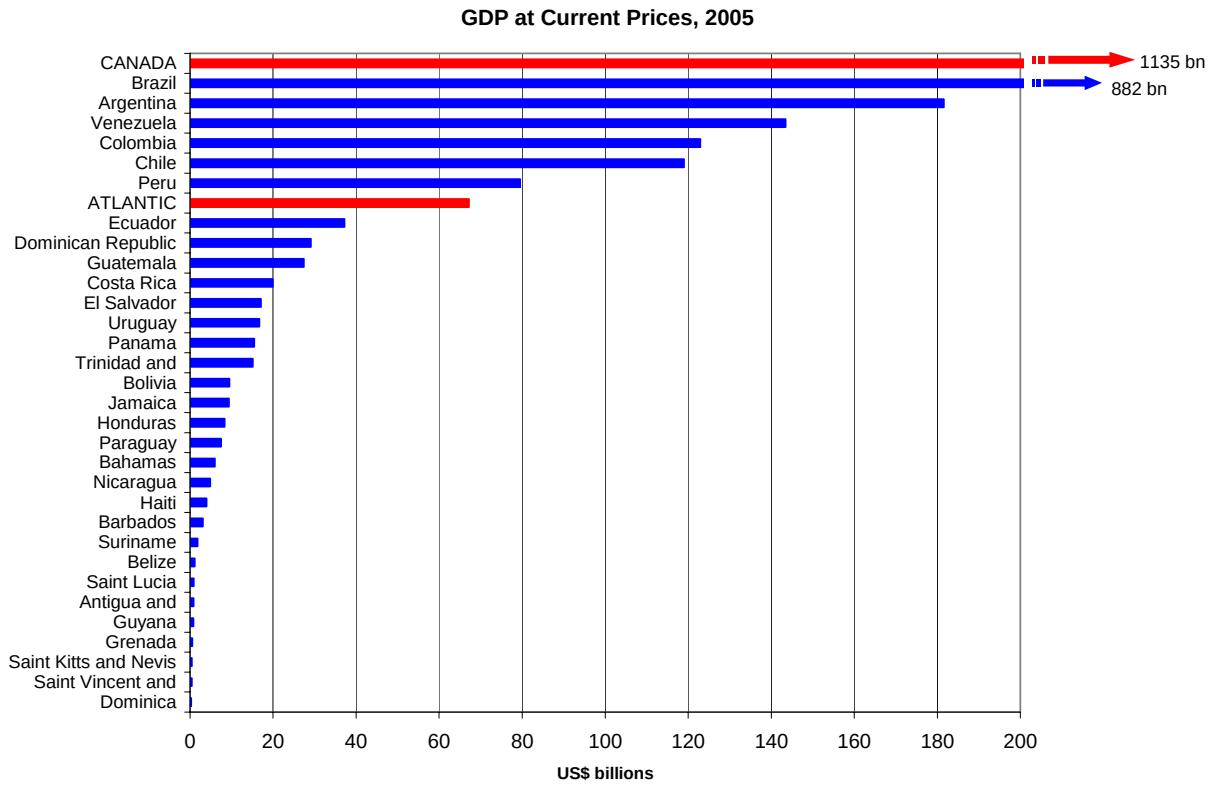
GDP at Current Prices (using Purchasing Power Parity Exchange Rates), 2005



GDP per capita (using Purchasing Power Parity exchange rates), 2005



Exploring the Americas



Income

The picture is quite different when viewed in terms of income levels, as measured by GDP per capita (using PPP exchange rates).⁴ Income levels in the Americas are well below those in Canada and Atlantic Canada. Four small Caribbean countries (Bahamas, Barbados, Antigua and Barbuda, and Trinidad and Tobago) lead the regional rankings and are all classified as high income countries by the World Bank. The Bahamas has the highest average income level in the region. Chile has the highest income among South American countries while Costa Rica and Panama have the highest average incomes in Central America. Haiti is the poorest country in the region and classified as a low income country by the World Bank with more than half its population living on less than a dollar a day.

Average incomes don't tell the full story, however. There is substantial inequality in many countries in the Americas and is highest in Bolivia, Haiti, Paraguay and Columbia. In Haiti, for example, the top 10% of income earners have average incomes more than seventy times what is earned by those in the bottom 10% of the income distribution. In Canada, the ratio of the top 10% to the bottom 10% is less than ten. Trinidad and Tobago, Nicaragua, Jamaica and Uruguay also have relatively low income inequality based upon this measure.

Recent Economic Growth Performance

Growth rates can vary considerably depending upon the period chosen. Real GDP growth in the Americas dipped in 2001 and 2002 with the U.S. and global slowdown and the Argentine debt default but has been much stronger since 2003, partly helped by stronger commodity prices. Overall, most countries in the Americas have posted stronger growth in the period 2003-2007 than over the period from 1995 to 2005. Since 2003, growth rates in the Americas have generally been higher than in Canada.

Looking at both the last decade (1995-2005) and more recent years (2003-2007), Trinidad and Tobago stands out as the fastest growing economy in the region. Panama, Costa Rica and Uruguay were the only other countries among the top ten performers in both periods. Argentina and Venezuela posted very weak growth during the last decade (1995-2005) but trail only Trinidad and Tobago in growth performance since 2003. Jamaica, Haiti and Dominica have had persistently poor growth while Barbados and Brazil have been in the bottom third of the regional growth rankings (although still faster than Canada since 2003).

Potential Economic Growth

Which countries offer the best prospects for growth? In terms of absolute forecast growth in the size of their economy (GDP), the large South American countries (Brazil, Argentina Venezuela, Chile, Columbia and Peru) offer the biggest growth potential.

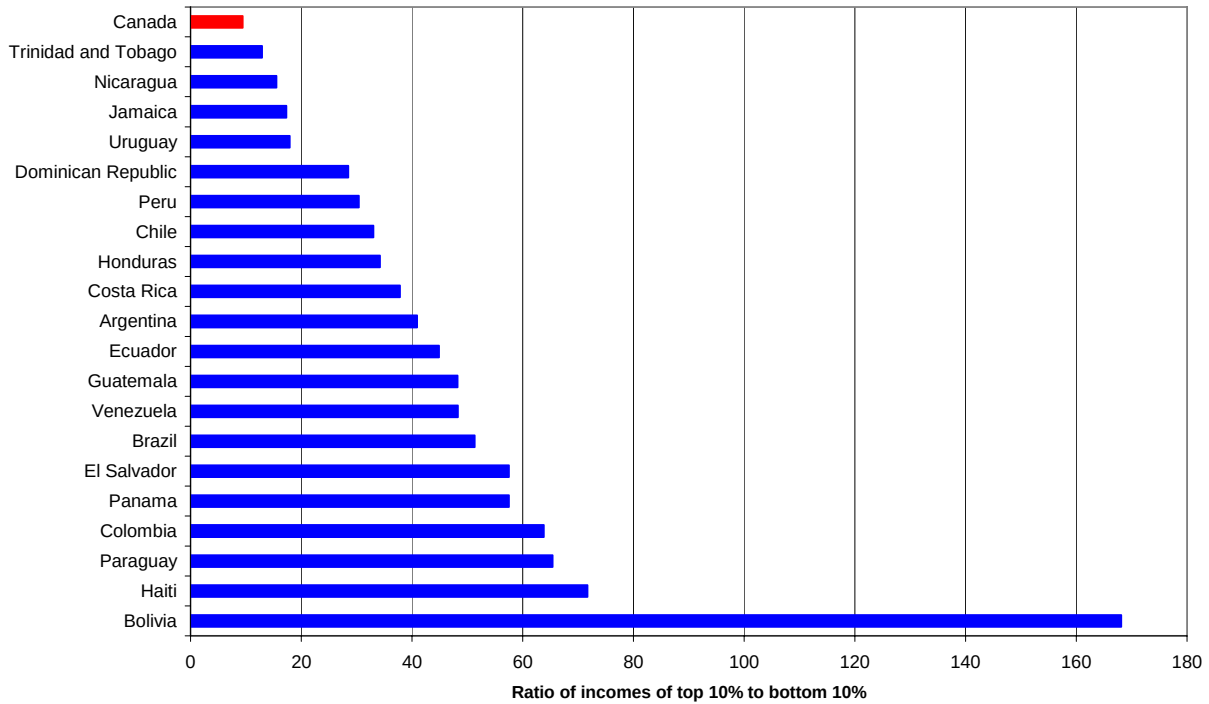
In terms of growth rates, real GDP growth in the Americas over the next decade is expected to be somewhat weaker than the last few years. The current U.S. slowdown poses further risks for the region. However, the median growth rate in the Americas over the next five to ten years is still forecast to be well above 3.5% per year, much faster than economic growth in Canada or the United States.

Looking at the average of forecasts by Global Insight (December 2007) and the IMF (April 2008) for the next five years (2008-2013), Panama is expected to be the fastest growing economy with annual growth in excess of 7%. Costa Rica, Bolivia, Peru, Suriname and Chile all rank among the top ten performers in both the IMF and Global Insight forecasts. Trinidad and Tobago is expected to be the fastest growing economy in the Caribbean.

Although forecast growth rates are quite highly correlated with growth in the recent (2003-2007) period, there are some differences among forecasters. In particular, Global Insight expects rapid growth in Argentina (5.6%) and Venezuela (5.2%), but the IMF is much more cautious with growth rates of 3.9% and 3% respectively. By contrast, the IMF is much more bullish for Paraguay (4.7%) than Global Insight (3%).

⁴ A similar picture is obtained when using market exchange rates to compare per capita incomes. A few countries do change relative positions but the correlation between the two measures for the Americas is 0.97.

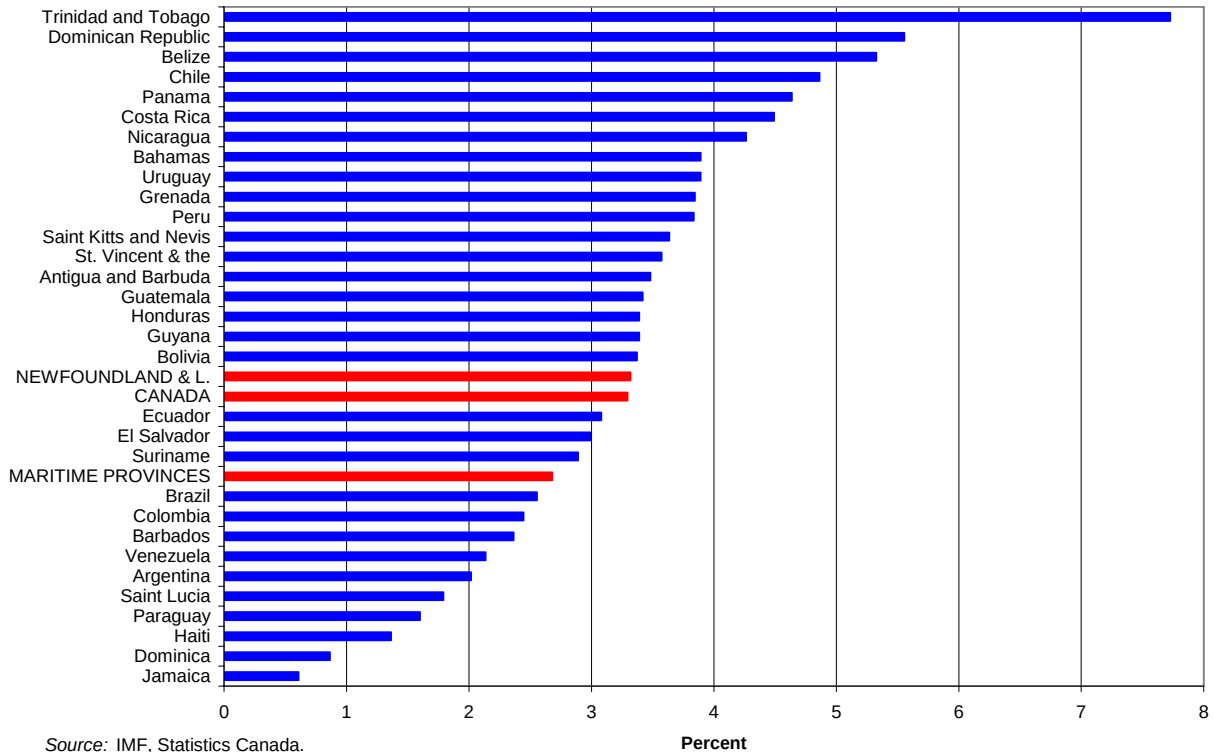
Income Inequality



Note: The reference year varies by country but is generally between 2001 and 2006.

Source: United Nations.

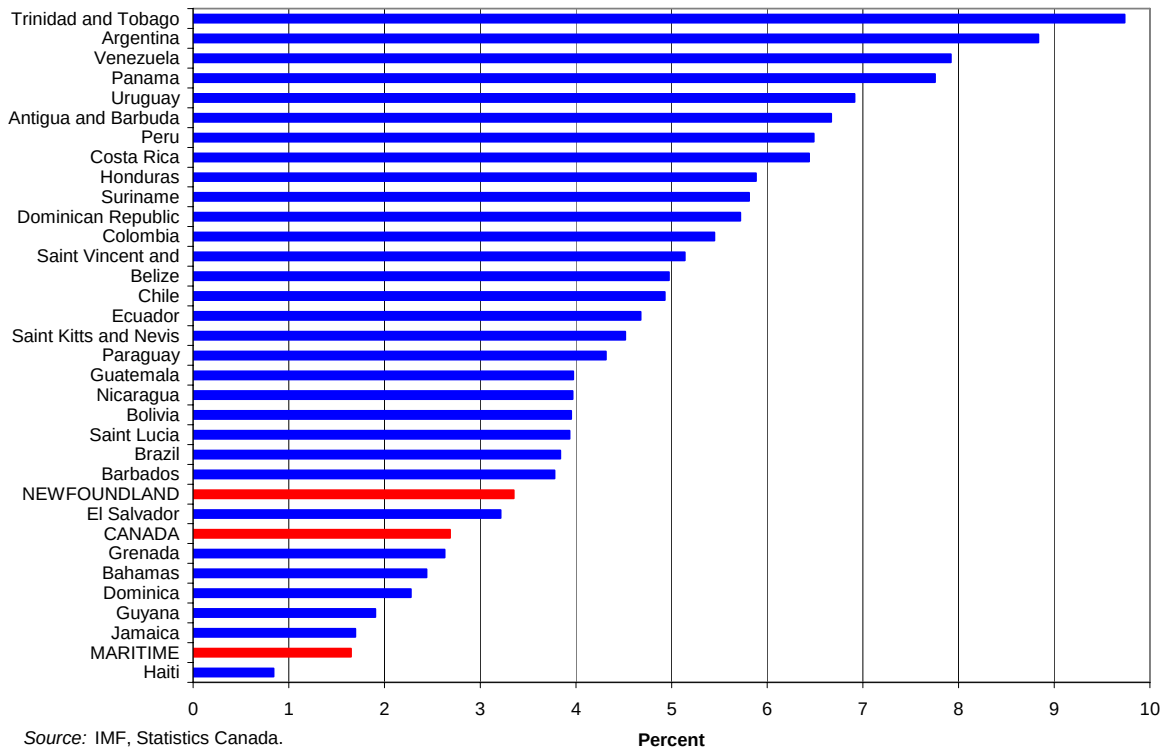
Average Annual Real GDP Growth, 1995-05



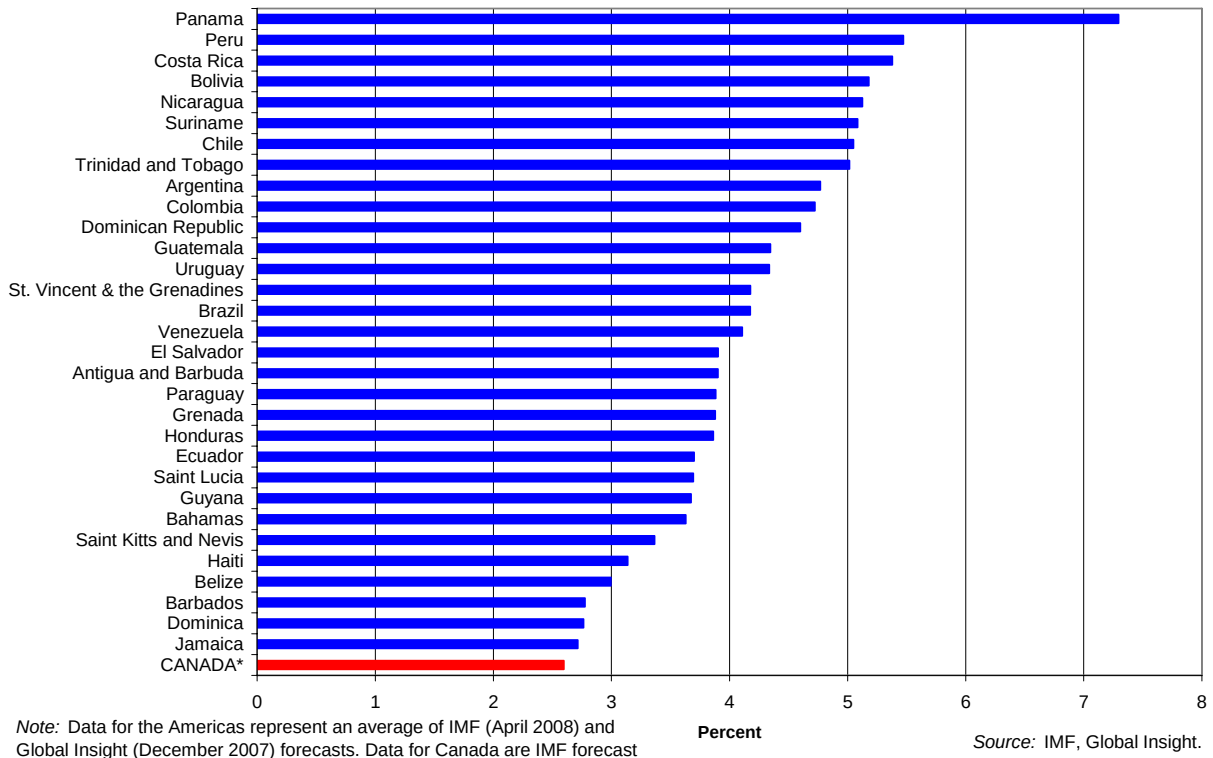
Source: IMF, Statistics Canada.

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Average Annual Real GDP Growth 2003-2007



Projected Average Annual Growth in Real GDP, 2008-13



2.2 Costs and challenges

While market potential focuses on opportunities in terms of revenues, it is also important to consider the costs of doing business in a country. Legal and regulatory processes, infrastructure, distance to market, and tariff barriers are all factors that can raise the cost of doing business.

Business regulations

The World Bank Doing Business project provides objective measures of business regulations and their enforcement around the world. Ten different components are assessed: starting a business, dealing with licenses, employing workers, registering property, getting credit, protection investors, paying taxes, trading across borders, enforcing contracts and closing a business. An overall ranking on the ease of doing business is also produced. Based on this measure, Chile is the easiest country in the Americas in which to do business with Peru also getting a quite favourable assessment. Several small Caribbean countries score well on this index. However, countries such as Venezuela, Haiti, Suriname and Bolivia are among the most challenging countries in the world in terms of business regulations.

Infrastructure

The capacity and quality of a nation's infrastructure is critical for local and international business, supporting stronger integration with the global economy. There are many diverse components that need to be considered such as transportation networks (road, rail, ports, airports), power supply and telecommunications. The World Economic Forum measures eight of these infrastructure components as part of its Global Competitiveness Index. Relevant, quantitative and comparable data are not easy to obtain. The World Economic Forum therefore relies on survey data for six of its infrastructure measures with hard data available for the other two measures.⁵ Unfortunately, the World Economic Forum currently has data for only 22 countries in the Americas. Based on the global rankings for the overall quality of infrastructure index, Barbados and Chile have the best infrastructure in the Americas, followed by Panama and El Salvador. The countries with the weakest infrastructure include Paraguay, Bolivia and Nicaragua.

Proximity

Distance can be an important issue both in terms of shipping costs for goods and the cost of business travel. The Caribbean islands such as the Bahamas and Jamaica are much closer in terms of marine sailing time (5-7 days) and flight time. Venezuela and Columbia are the closest South American countries (7 days sailing time) with Panama and Costa Rica a further day sailing time. Chile (21 days) and Argentina (20 days) are the most distant countries from the Port of Halifax.⁶

Trade barriers

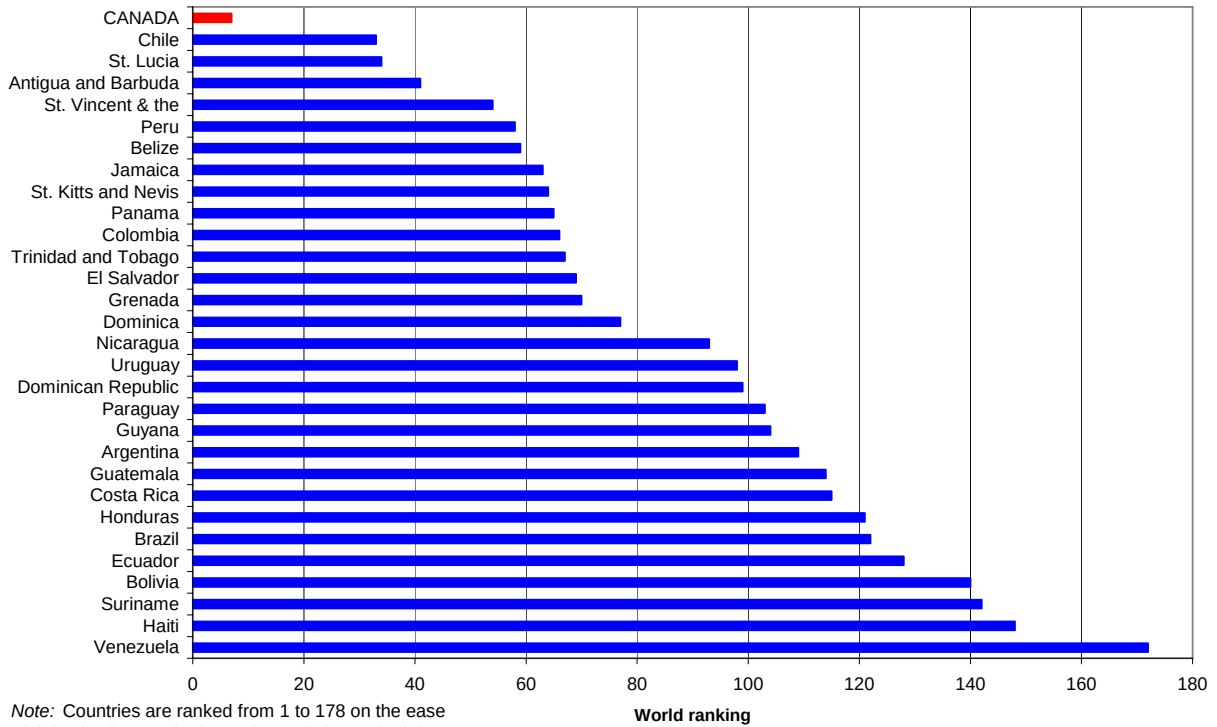
Import tariffs and various non-tariff barriers can increase the costs of exporting. The Bahamas, which is not a member of the World Trade Organization (WTO) has by far the highest average tariff rate in the Americas at 30% (although comparable data are not available for Venezuela). Barbados has the next highest rate at 13.5% with Columbia, Brazil and Argentina having the highest average import duties rates in South America. Haiti has the lowest average tariff rate in the Americas with import duties being low in most Central American countries.

⁵ The World Economic Forum conducts an annual Executive Opinion Survey of over 11,000 top management executives around the world. The number of executives surveyed in the Americas ranges from about 60 (Barbados) to about 200 (Brazil).

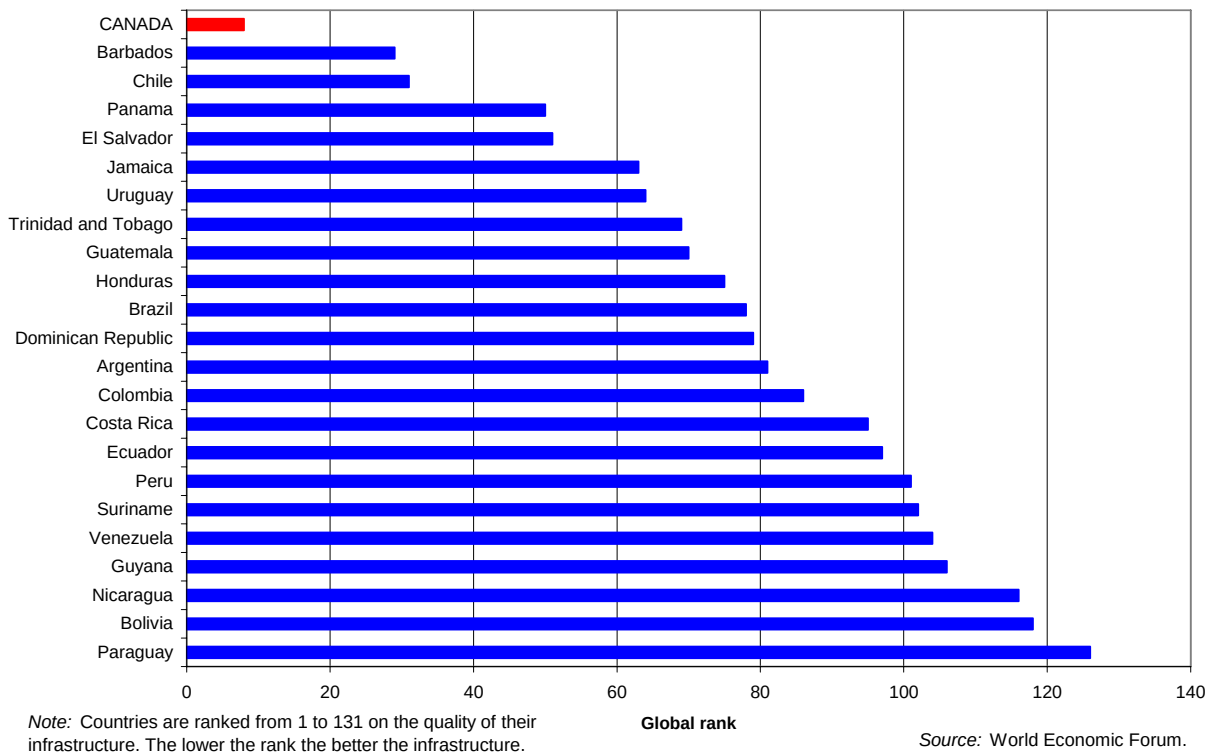
⁶ The availability of direct shipping connections can also make a difference in sailing time.

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Ease of Doing Business Ranking, 2008

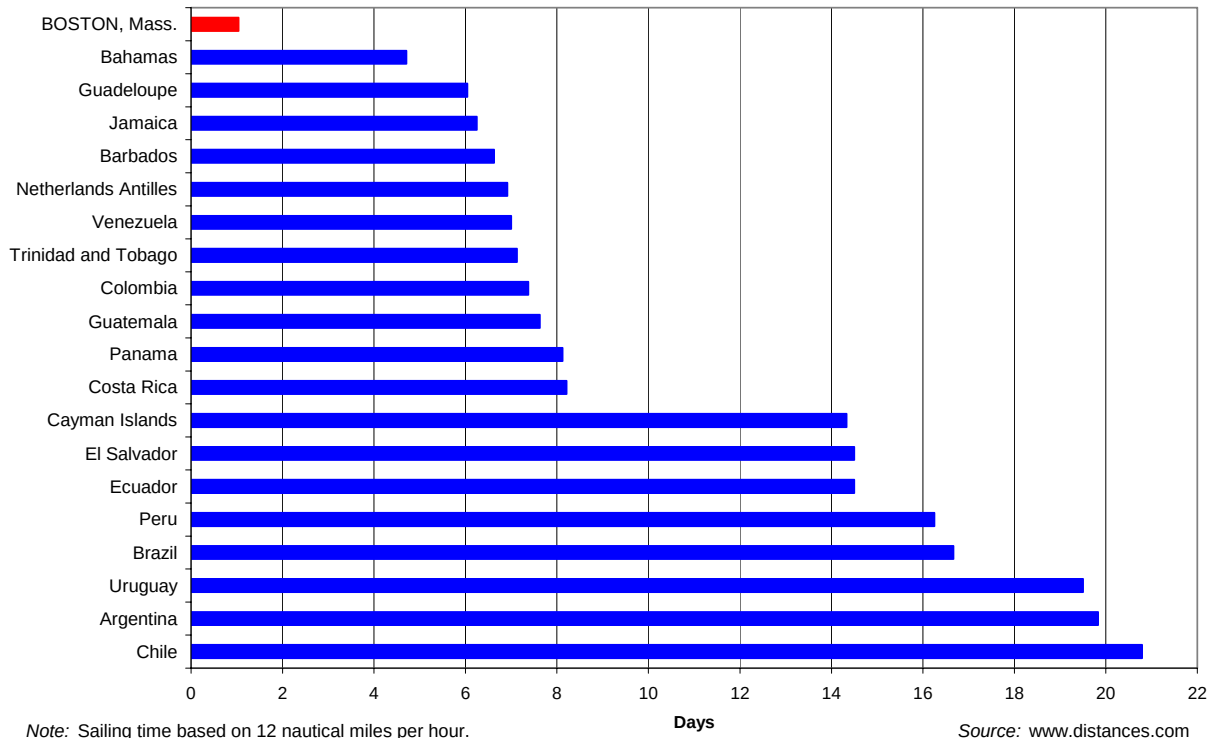


Quality of Infrastructure Ranking, 2007-08

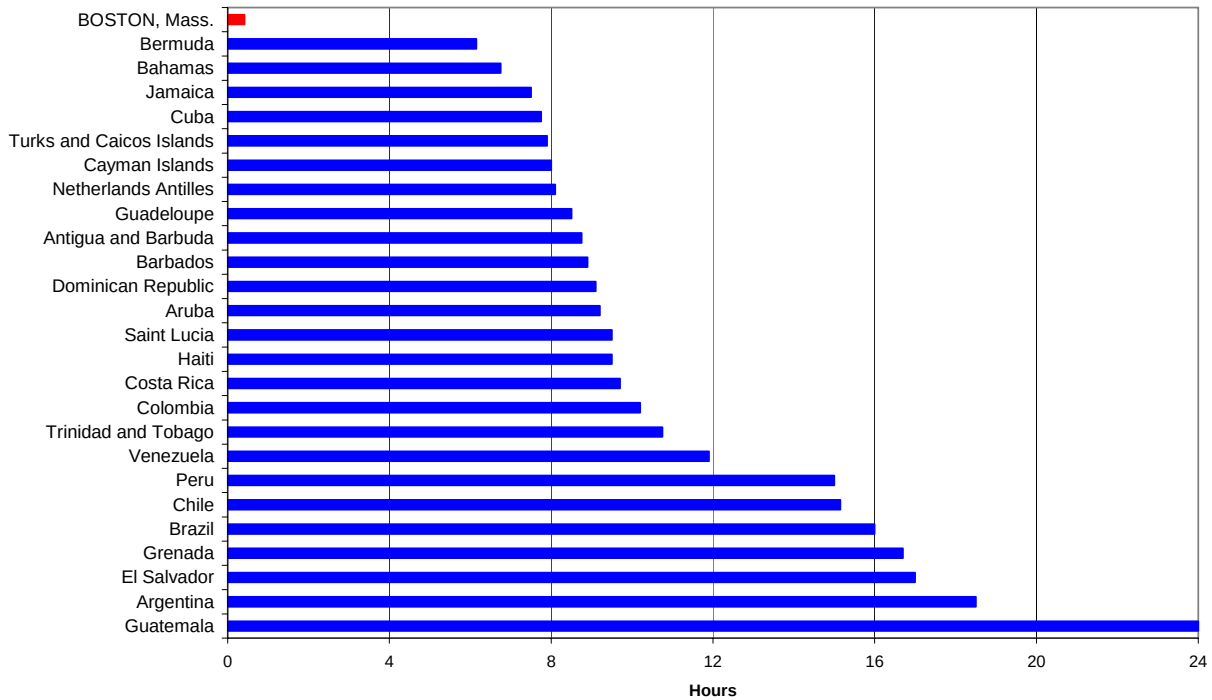


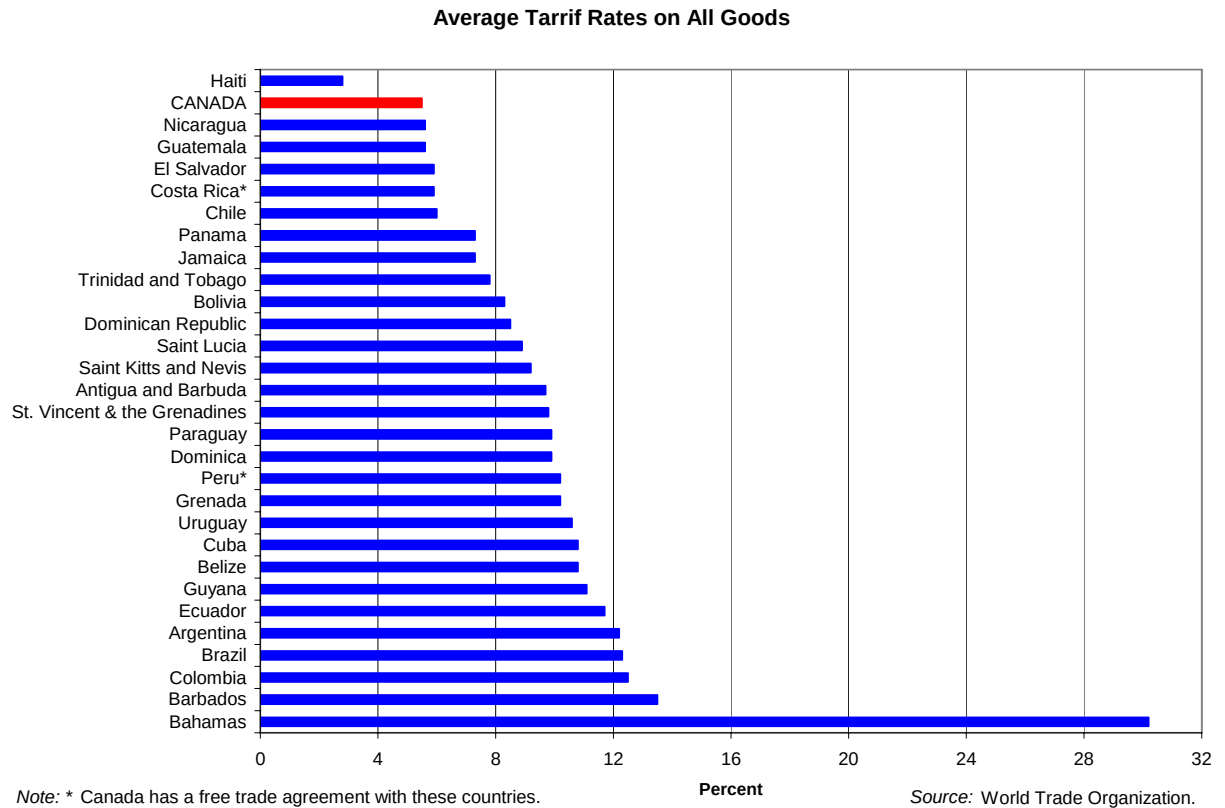
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Marine Sailing Time from the Port of Halifax



Flying Time from Halifax





2.3 Existing Linkages

The strength of existing economic and trade linkages between Atlantic Canada and the Americas is important for several reasons. It points to the extent to which existing trade opportunities have been developed. Strong linkages indicate that firms have been able overcome any barriers or costs to market entry and new firms may benefit from a positive reputation established by other Atlantic or Canadian suppliers. Atlantic and Canadian firms with existing ties and experience in the Americas may be able to provide contacts and collaborative ventures to help secure new opportunities.

Merchandise Exports

Nationally, and in Atlantic Canada, merchandise exports to the Americas (excluding Mexico) rose rapidly between 1990 and 1997 but trended down from the late 1990s as several countries encountered economic difficulties. With improving economic growth in the Americas, Canadian and Atlantic merchandise exports have been steadily recovering since 2003 to reach record levels in 2007. Atlantic Canada's non-energy exports to the Americas have averaged about \$500 million since 1995 but total merchandise exports reached a record \$860 million last year, largely due to a jump in exports of refined petroleum to Chile.

Paper (largely newsprint) has traditionally dominated Atlantic Canada's merchandise exports to the Americas, although the value of paper exports since 2003 is much lower than in the late 1990s. Fertilizer (potash) has been the region's second most important export to the Americas with export values almost doubling in value since 2004. Food products (fresh potatoes, frozen French fries, and fish products) are Atlantic Canada's third most important export to the Americas with exports of frozen potatoes averaging about \$50 million since 2004. In general, Atlantic Canada's exports to the Americas are not very diverse – one product often accounts for between 40% and 95% of Atlantic exports to a particular country.

Atlantic Canada's Merchandise Exports to the Americas

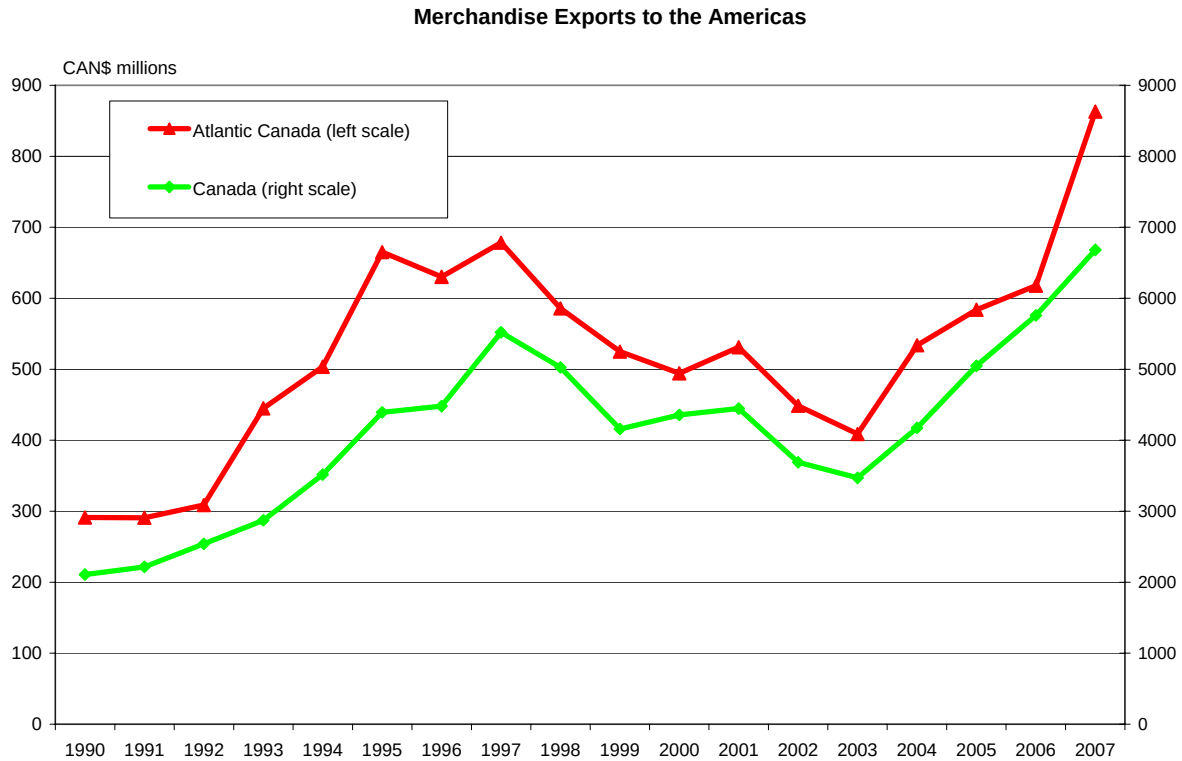
<i>CAN\$ millions</i>	Average 2003-07	2007
Paper	205.3	212.9
Fertilizer (potash)	93.6	117.7
Energy products	66.9	239.8
Processed vegetables	43.2	51.0
Fish/shellfish	33.5	33.0
Boilers/Machinery	27.2	23.3
Vegetables	18.4	21.7
Salt/Lime/Stone/Cement	10.7	15.2
Ores	8.2	30.5
Pharmaceuticals	6.5	12.6
Other	87.9	105.4
Total - Americas	601.4	863.1
Total - United States	20,065.2	23,464.2
Total - All other countries	3,959.5	4,700.5

Source: Strategis Trade Data Online.

Based on average exports in the last five years, Prince Edward Island is the Canadian province that sells the largest proportion of its merchandise exports to the Americas (4.3%), followed by Saskatchewan (largely due to its wheat exports to South America).⁷ All four Atlantic provinces have a higher proportion of exports destined for the Americas than other parts of Canada.⁸

In absolute terms, however, Ontario and Quebec account for half of Canada's merchandise exports to the Americas. In Atlantic Canada, New Brunswick has the largest value of exports to the Americas, averaging CAN\$240 million between 2003 and 2007, followed by Newfoundland and Labrador (CAN\$ 180 million), Nova Scotia (CAN\$ 150 million) and Prince Edward Island (CAN\$32 million).

In terms of specific destinations, Atlantic Canada's merchandise export profile is very similar to Canada's. Exports are greatest in the larger South American countries of Brazil, Venezuela, Chile and Colombia followed by Cuba and Trinidad and Tobago in the Caribbean. Peru is the main country with significant Canadian exports but very limited Atlantic exports (less than CAN\$ 7 million annually in Atlantic exports).

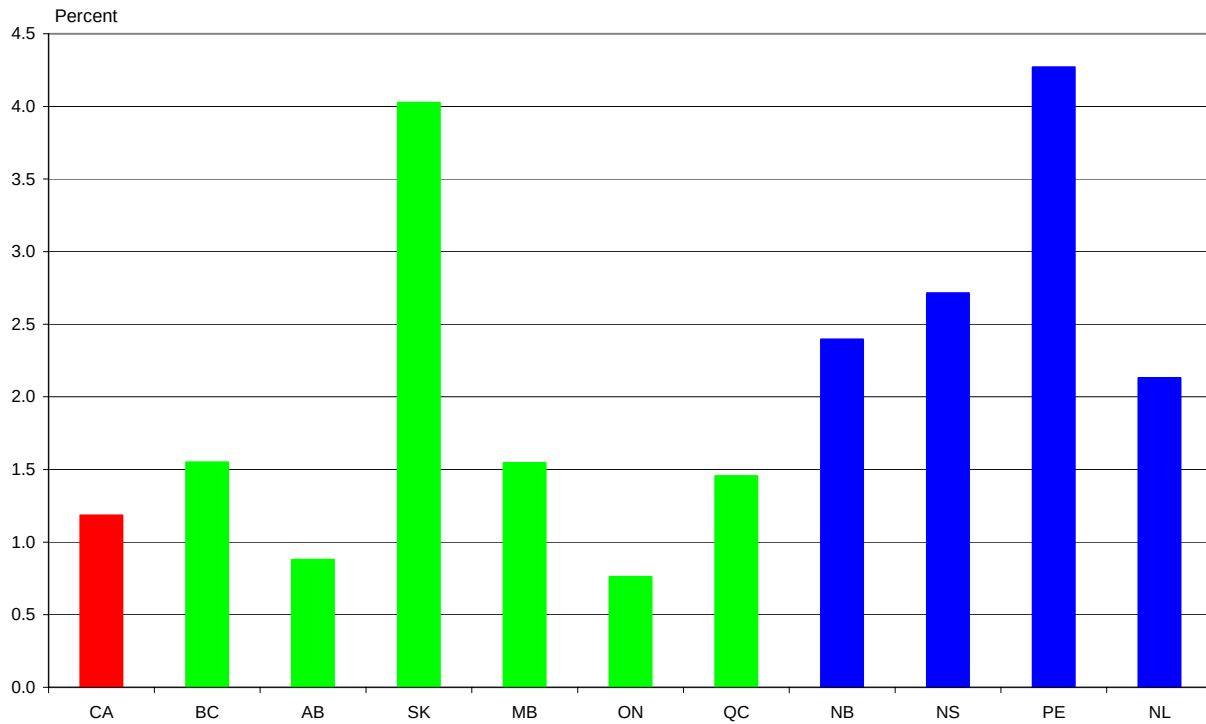


Source: Strategis Trade Data Online.

⁷ Prince Edward Island's share of exports to the Americas was over 16% in 1990 but declined steadily during the 1990s. New Brunswick and Newfoundland and Labrador also had somewhat higher shares of trade with the Americas during the 1990s. The Atlantic provinces have not seem much change in their shares of trade with the Americas since 2000.

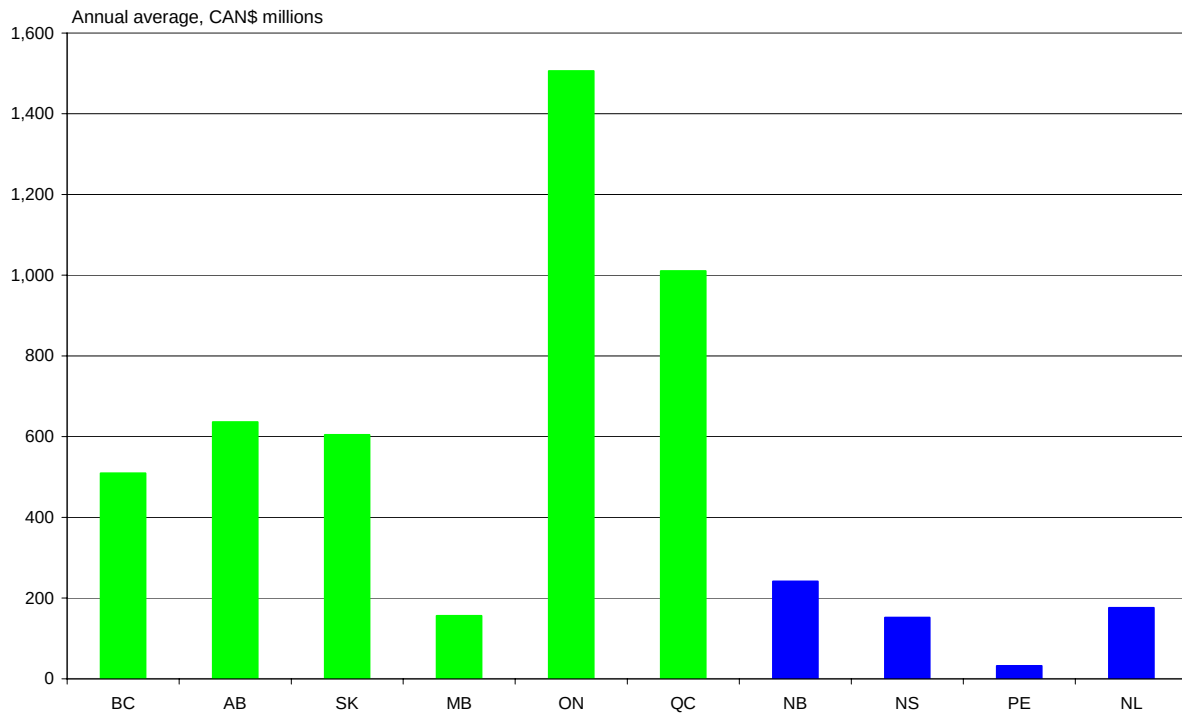
⁸ Geography plays a visible role in Canada's trade patterns. Ontario and New Brunswick have relatively high shares of exports to the United States. The western provinces tend to have higher shares of exports to Asia while the eastern provinces tend to have relatively high shares of exports to Europe.

Share of Merchandise Exports to the Americas, 2003-2007



Source: Strategis Trade Data Online.

Merchandise Exports to the Americas, 2003-2007



Source: Strategis Trade Data Online.

Merchandise imports

In terms of merchandise imports, Cuba accounts for the largest source of imports cleared in Atlantic Canada although the nature of these imports is suppressed.⁹ Venezuela (mainly crude oil) and Columbia (mainly coal) are the other two large sources of imports into Atlantic Canada. Overall, energy products are the main identified import from the Americas to Atlantic Canada. Nationally, Brazil, Chile, Venezuela and Peru are the largest import sources from the Americas.

Service exports

Bermuda and Barbados dominate Canada's exports (receipts) and imports (payments) of services, likely reflecting transactions in the financial services industry. The value of trade in services with other countries in the region is relatively small, much of it with the larger South American economies. Barbados, Jamaica and the Bahamas are noticeable for their relatively large travel payments, reflecting spending overseas by Canadian tourists. Aside from trade with Bermuda and Barbados, there has been little change in the value of Canada's trade in commercial services with the Americas over the last decade.

There are no data on Atlantic Canada's exports and imports of commercial services although several Atlantic firms have been active in providing engineering and related consultancy services. Universities and colleges also generate export revenues by attracting international students to the region. In 2006-07, there were almost 1100 students from the Americas studying at Atlantic universities including over 240 students from Trinidad and Tobago at the University of New Brunswick. In the same year, Nova Scotia universities hosted over 200 students from Bermuda and about 170 from the Bahamas; in addition, Mount Saint Vincent University had over 90 students from Jamaica and over 40 from Barbados. Atlantic universities are also involved in the Americas through international projects (including issues such as ocean governance and management, health planning, health care training, public service delivery, school leadership, education sector management), academic and research collaboration, study abroad and exchange programs, and overseas internships and placements.

Direct investment

In terms of Canadian direct investment overseas, Canada has the largest amount of investment in Barbados and Bermuda (and the Cayman Islands), reflecting investments by Canadian financial institutions such as Scotiabank, Royal Bank and CIBC. Brazil, Chile, Argentina and Peru accounted for the largest value of Canadian investment in South America in 2006. In terms of foreign direct investment in Canada, Brazil is the largest foreign investor, reflecting the takeover of Inco (which operates the Voisey's Bay nickel development in Newfoundland and Labrador) by CVRD. Bermuda and the Cayman Islands are the other two noticeable investors in Canada.

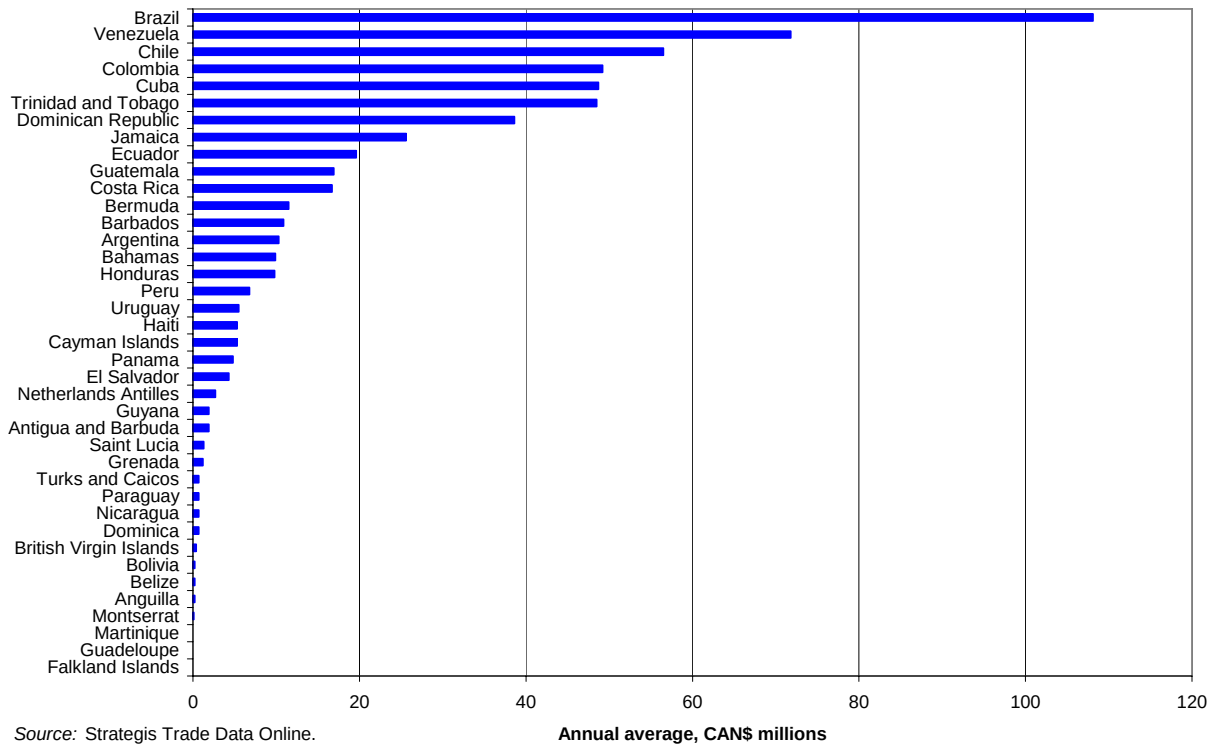
People

Immigrants can potentially help build linkages between countries through their knowledge of their home country, language skills and their business contacts.¹⁰ Overall, Atlantic Canada has very few recent immigrants from the Americas, with Colombian and Cuba providing the largest source in the last decade, with 400 and 245 immigrants respectively. There are over 300 immigrants in Atlantic Canada that arrived prior to 1991 from each of Trinidad and Tobago, Jamaica, El Salvador and Guyana.

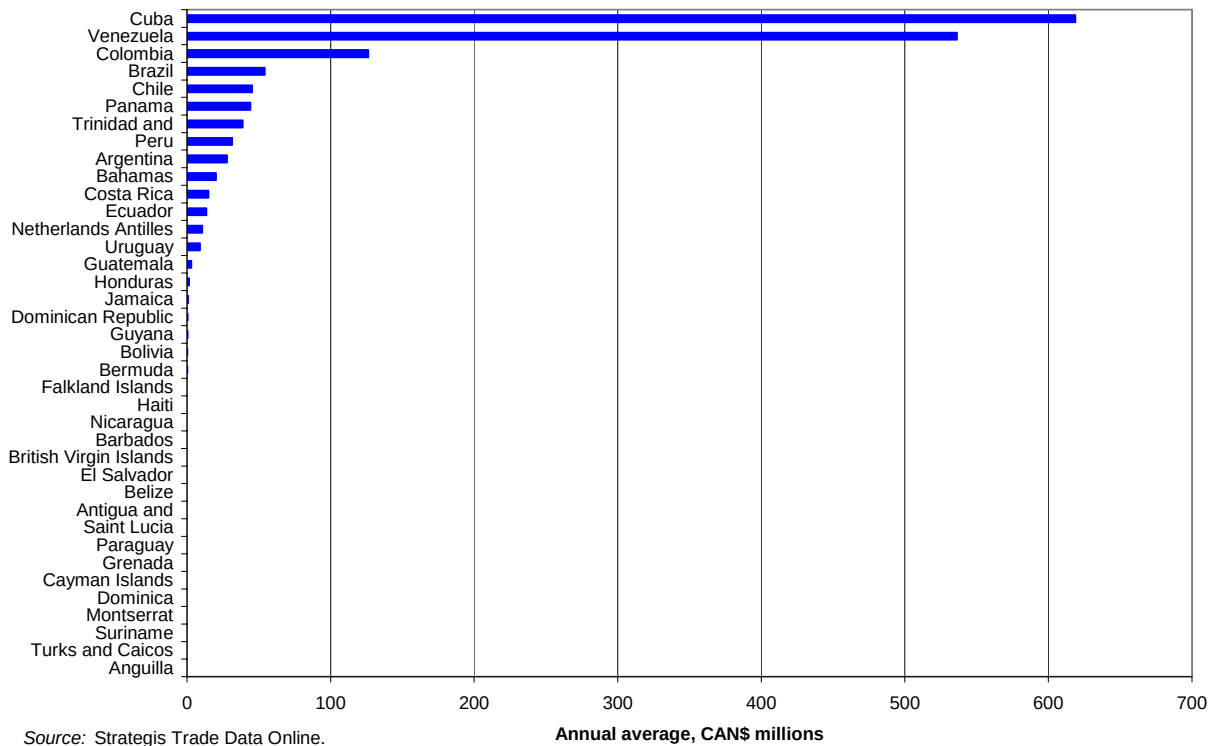
⁹ Merchandise imports are recorded by province of clearance not the final destination so the trade data do not provide a full picture of the geographic origin of imports.

¹⁰ Refugees and family class immigrants may be less useful in this regard than immigrant entrepreneurs and skilled workers but data on immigrant class by country of birth and province are not available. Recent immigrants may be of greater help depending on the extent to which earlier immigrants have retained strong connections with their home country. Some research suggests the strongest impact is on nostalgia trade – importing goods from their home country for purchase by compatriots in the host country. Dade, Carlo and Per Unheim (2007), *Diasporas and Private Sector Development: Impacts and Opportunities*. Ottawa: FOCAL.

Atlantic Canada's Merchandise Exports, 2003-2007

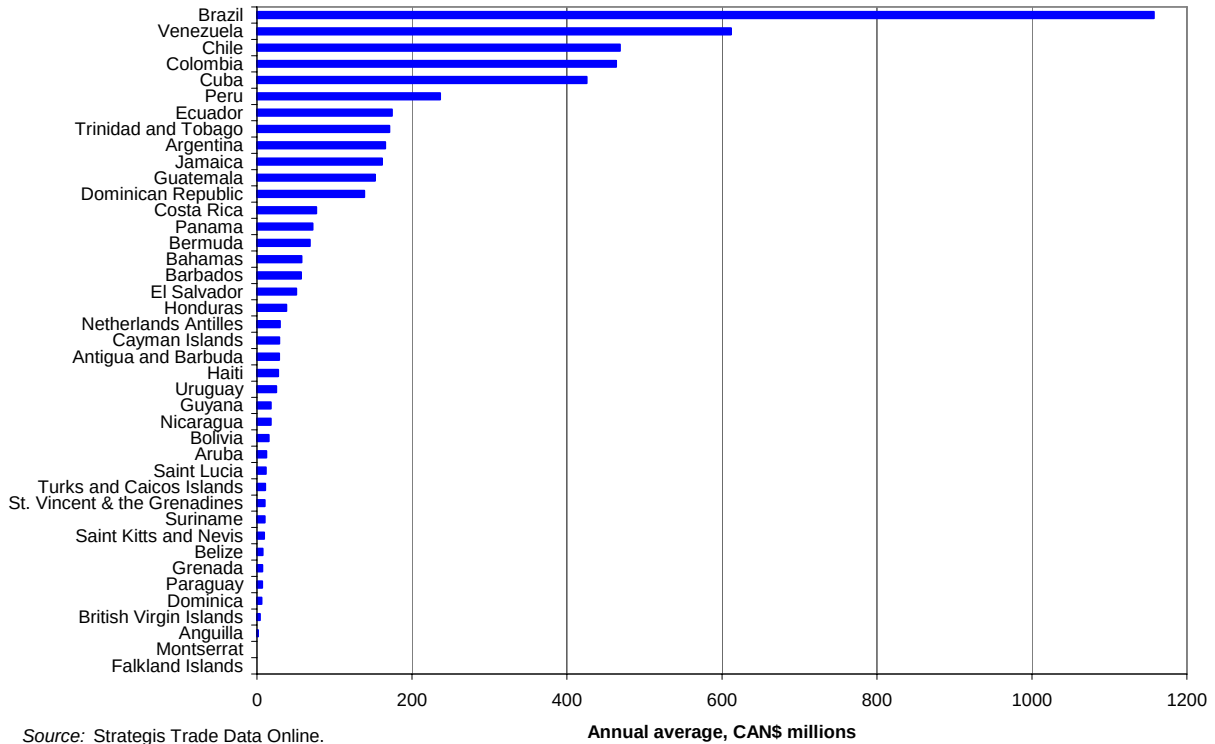


Atlantic Canada's Merchandise Imports, 2003-2007

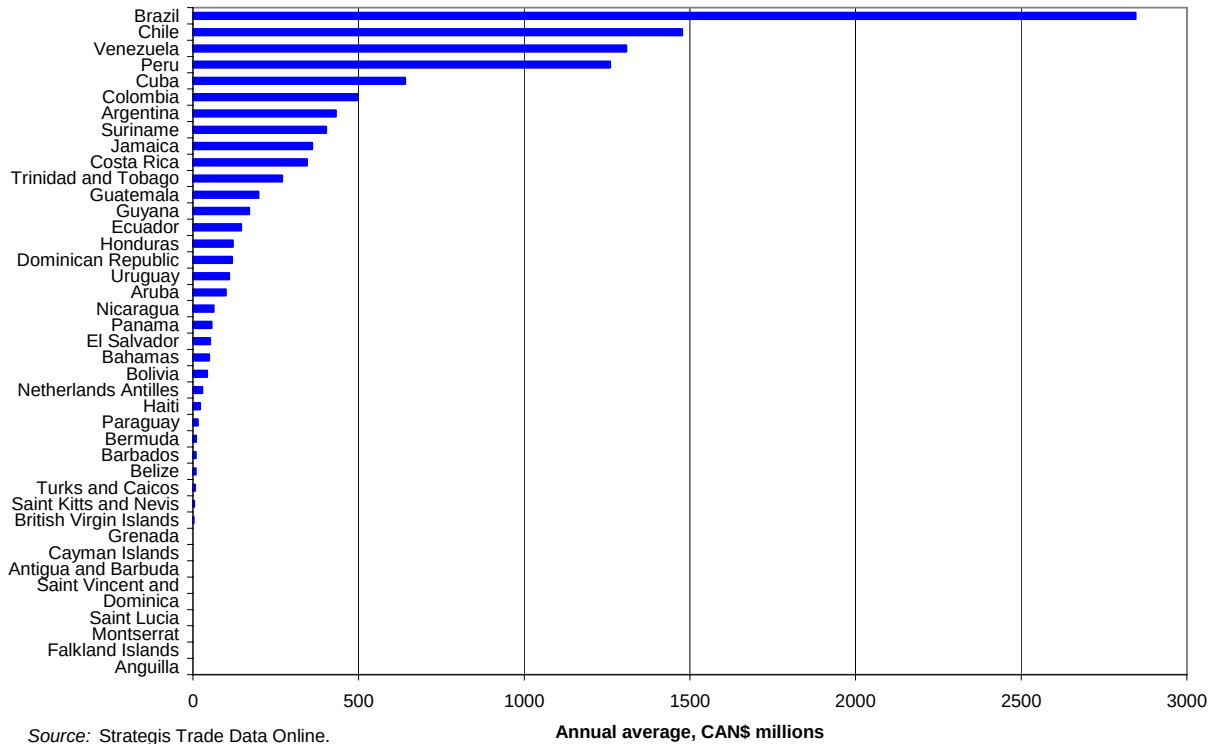


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Canada's Merchandise Exports, 2003-2007

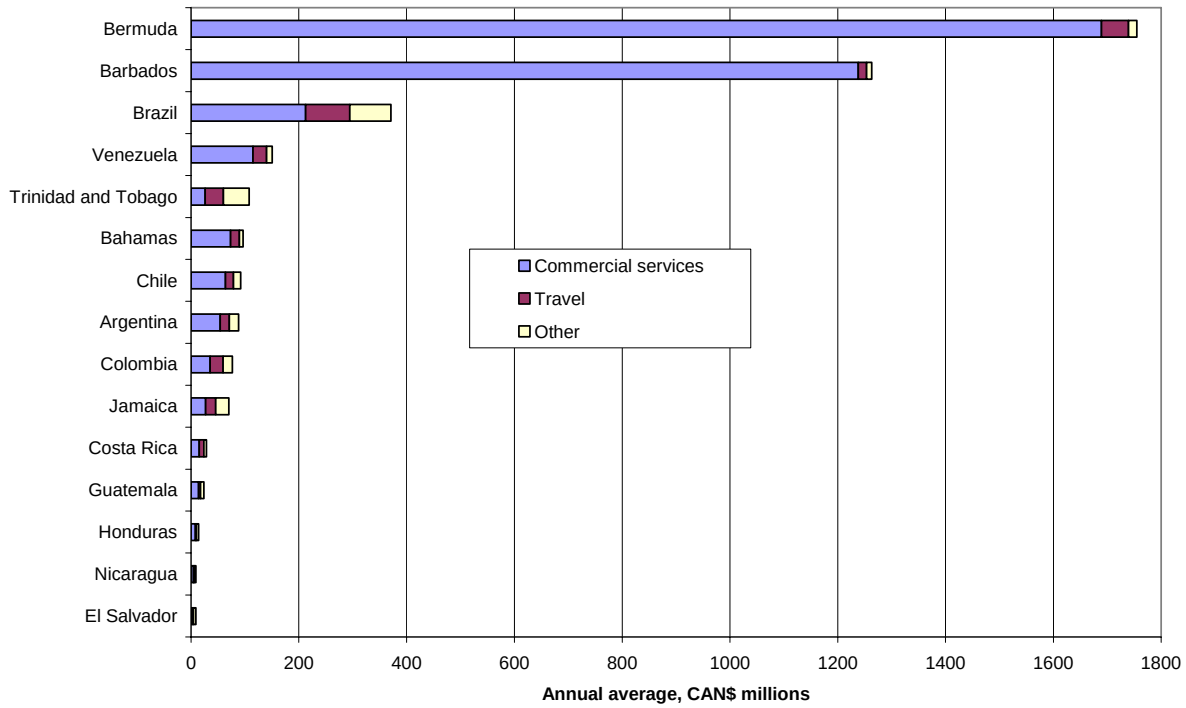


Canada's Merchandise Imports, 2003-2007



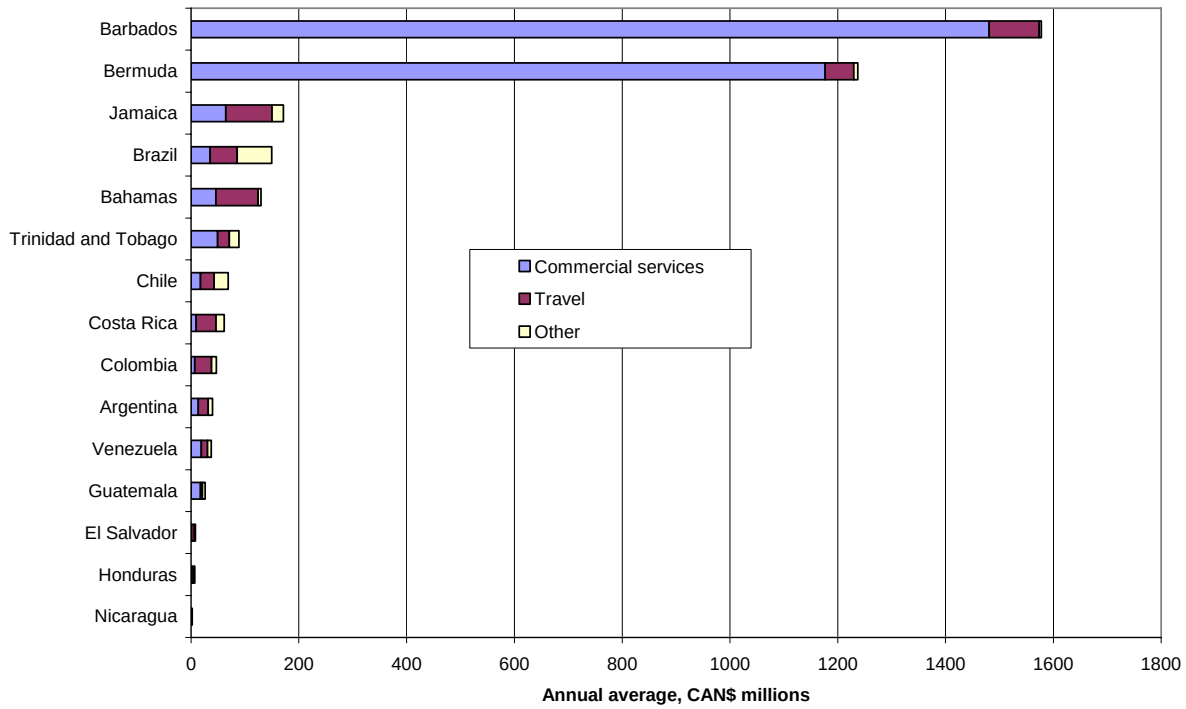
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Canada's Service Exports, 2003-2005



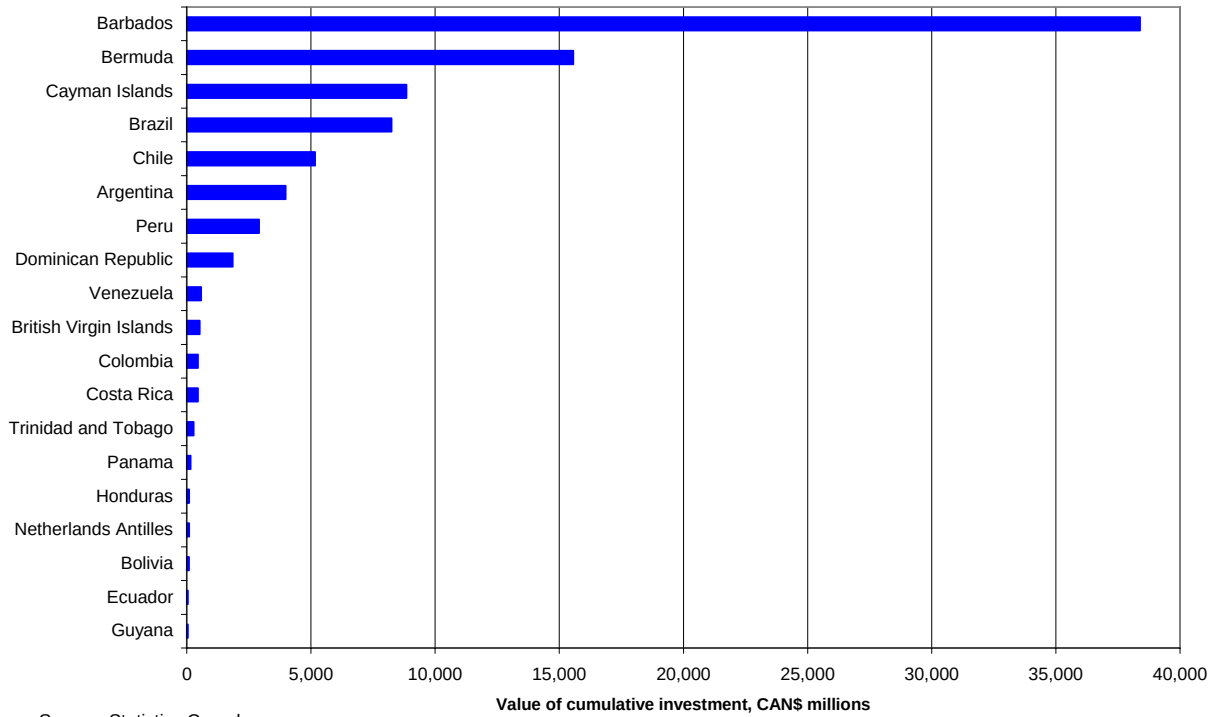
Source: Statistics Canada.

Canada's Service Imports 2003-2005

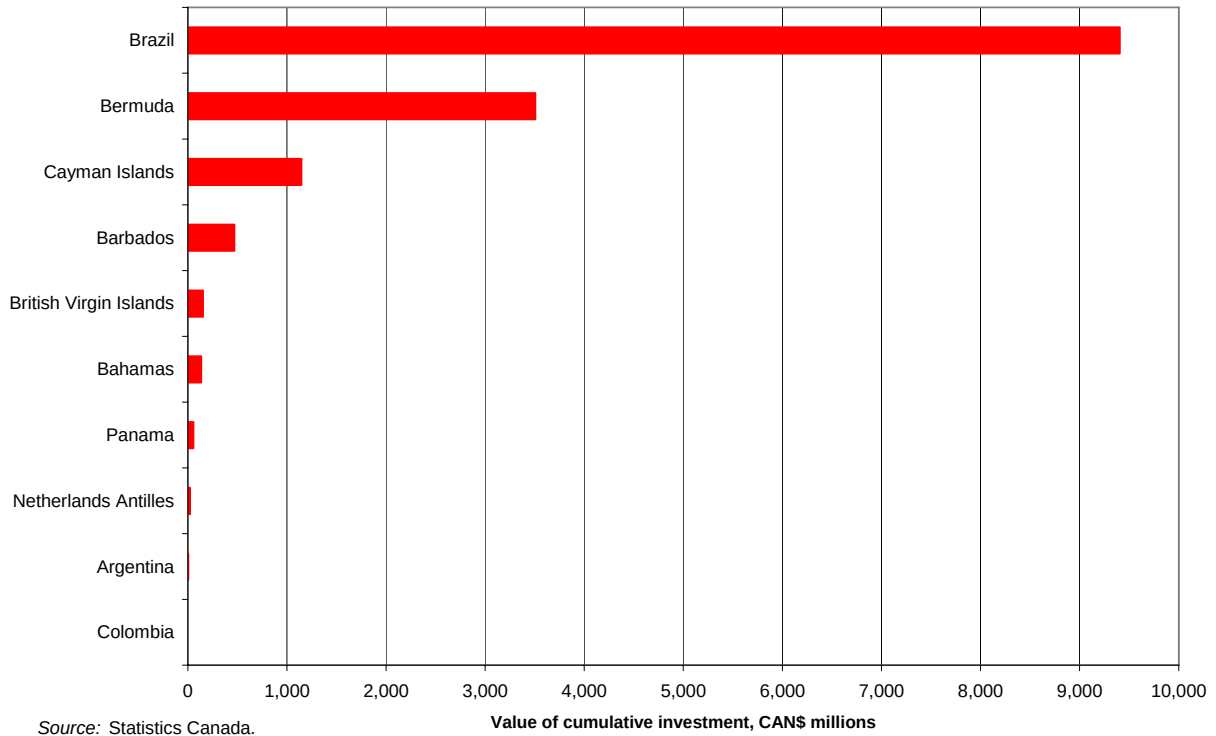


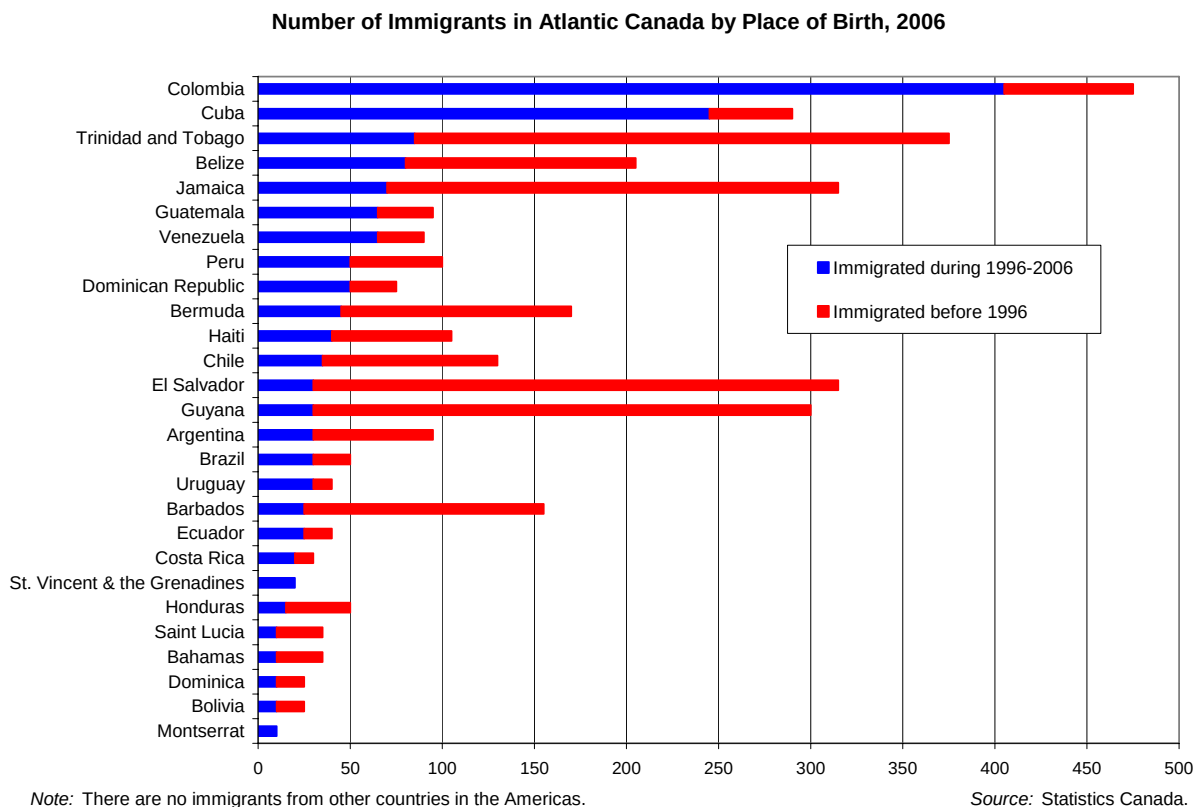
Source: Statistics Canada.

Canadian Direct Investment Overseas, 2006



Foreign Direct Investment in Canada, 2006





Trade policy

In terms of federal engagement in the Americas, Prime Minister Harper said in July 2007 that “Canada is committed to playing a bigger role in the Americas and to doing so for the long term.” Building strong sustainable economies through increased trade and investment linkages is one of Canada’s three key objectives in the Americas. In the October 2007 Speech from the Throne, the government indicated that it “will keep advancing Canada’s trade interests in the Americas and around the world to open up new markets for Canada’s innovators.”

Canada has implemented two free trade agreements (FTA) with countries in the Americas. The FTA with Chile came into force in July 1997 and the agreement with Costa Rica came into force in November 2002. There has been no noticeable increase in the value of Canada’s exports to these countries as a result of these trade agreements. However, imports from Costa Rica have continued to grow and imports from Chile have increased substantially, with large increases in the last few years in the value of copper imports. There has been no visible impact on the value of Atlantic Canada’s exports as a result of these FTAs. Atlantic exports to Chile only increased in 2006 and 2007 due to exports of refined petroleum while exports to Costa Rica have fallen since 2005 due to a collapse in exports of newsprint.

Canada concluded FTA negotiations with Peru in January 2008 with the agreement still to be ratified and implemented by both governments. FTA negotiations are continuing with Columbia.

Canada launched FTA negotiations with the Dominican Republic in July 2007 and a first round of negotiations were held in December 2007. A second round of talks were scheduled for February 2008 but have been postponed.

Canada announced in July 2007 that it is launching FTA talks with the CARICOM countries (Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat,

Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago) with formal negotiations likely to begin in 2008.

Canada has agreed to hold exploratory FTA talks with Panama.

Canada has had ten rounds of FTA negotiations with the Central American Four (El Salvador, Guatemala, Honduras and Nicaragua) with the last round held in 2004. Several issues remain unresolved despite continued meetings between trade officials.

Canada has also signed a number of Foreign Investment Promotion and Protection Agreements (FIPAs) with the Americas. According to DFAIT, "A FIPA is a bilateral reciprocal agreement aimed at protecting and promoting foreign investment through legally-binding rights and obligations. FIPAs provide important disciplines that help open international markets and make them more secure for Canadian investors."¹¹

Free Trade Agreements can give exporters of a particular country an advantage over competitors from countries which don't have an FTA. In this regard, the United States has implemented five FTA's with countries in the Americas with which Canada does not have an FTA (Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua).¹² It has also signed but not yet implemented FTAs with Colombia, Panama and Peru.

In 16 December 2007 the European Union initialled an free trade agreement with the CARIFORUM countries (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Christopher and Nevis, Suriname, and Trinidad and Tobago)¹³ The EU has negotiated but been unable to conclude a free trade agreement with the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay).

The Americas have also been signing bilateral and regional trade agreements among themselves and with other countries.¹⁴ In the Caribbean, there are 15 full members of CARICOM of which 12 (Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago) are working to implement a Caribbean single market and economy.

Guatemala, El Salvador, Honduras and Nicaragua are members of the Central American Common Market. The four Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) have a free trade agreement as do the Andean Community (Bolivia, Columbia, Ecuador and Peru) and the two groups have associate status with each other.¹⁵ These two blocs, along with Chile, Guyana and Suriname, are also working to create the Union of South American Nations (Unasur), modeled after the European Union, which includes the goal of a single market.

¹¹ According to DFAIT, "FIPAs accomplish their objectives by setting out the respective rights and obligations of the countries that are signatories to the treaty with respect to the treatment of foreign investment. Typically, there are agreed exceptions to the obligations. FIPAs seek to ensure that foreign investors will not be treated worse than similarly situated domestic investors or other foreign investors; they will not have their investments expropriated without prompt and adequate compensation; and, in any case, they will not be subject to treatment lower than the minimum standard established in customary international law. As well, in most circumstances, investors should be free to invest capital and repatriate their investments and returns."

¹² Both Canada, the United States and the European Union have implemented an FTA with Chile. Canada has implemented an FTA with Costa Rica but Costa Rica has not yet implemented the FTA it signed with the United States.

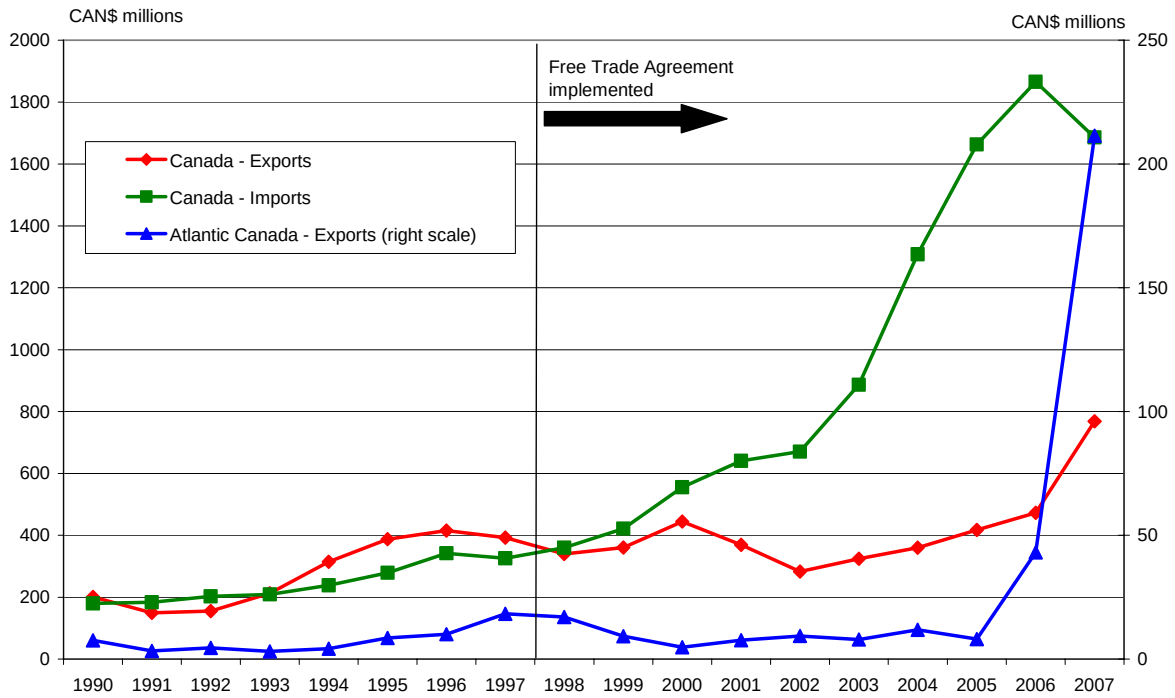
¹³ The agreements are formally referred to as Economic Partnership Agreements (EPA) and cover trade in goods and services, investment and a range of trade-related areas. The CARICOM countries along with the Dominican Republic and Cuba are collectively known as CARIFORUM.

¹⁴ Negotiations on a broader Free Trade Agreement of the Americas (FTAA) were launched in 1998 but stalled and did not meet a January 2005 deadline for completion. The 34 countries have yet to agree on how to implement a new negotiating framework agreed to in November 2003.

¹⁵ Venezuela has applied to become a member of Mercosur but this has not been finalized.

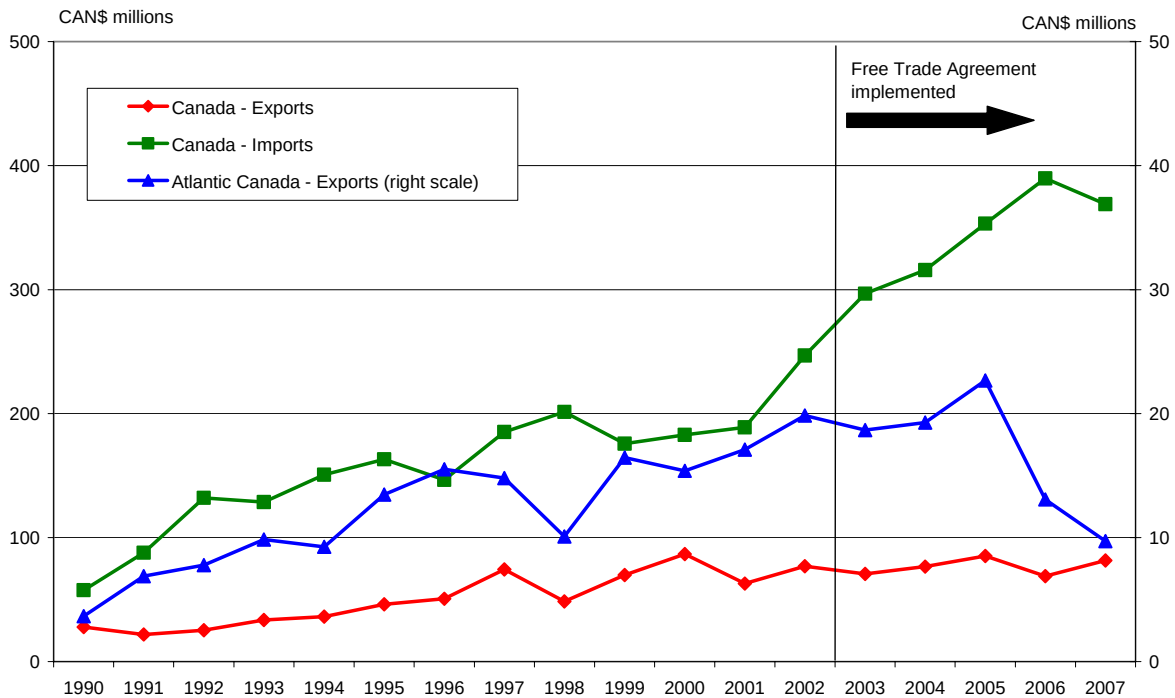
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Canada's Merchandise Trade with Chile



Source: Strategis Trade Data Online.

Canada's Merchandise Trade with Costa Rica



Source: Strategis Trade Data Online.

Canadian and U.S. Trade and Investment Agreements in the Americas

Country	U.S. - FTA	Canada - FTA	Canada - FIPA
Antigua and Barbuda		Negotiating	
Argentina*			Apr 1993
Bahamas		Negotiating	
Barbados		Negotiating	Jan 1997
Belize		Negotiating	
Bolivia**			
Brazil*			
Chile	In force (Jan 2004)	In force (Jul 1997)	
Colombia**	Signed (Nov 2006)	Negotiating	
Costa Rica	Signed (May 2004)	In force (Nov 2002)	Sep 1999
Cuba			
Dominica		Negotiating	
Dominican Republic	In force (Mar 2007)	Negotiating	
Ecuador**	Negotiations not concluded		Jun 1997
El Salvador	In force (Mar 2006)	Negotiations not concluded	Signed (May 1999)
Grenada		Negotiating	
Guatemala	In force (Jul 2006)	Negotiations not concluded	
Guyana		Negotiating	
Haiti		Negotiating	
Honduras	In force (Apr 2006)	Negotiations not concluded	
Jamaica		Negotiating	
Montserrat		Negotiating	
Nicaragua	In force (Apr 2006)	Negotiations not concluded	
Panama	Signed (Jun 2007)		Feb 1998
Paraguay*			
Peru**	Signed (Apr 2006)	Concluded Jan 2008	Jun 2007
Saint Kitts and Nevis		Negotiating	
Saint Lucia		Negotiating	
St. Vincent & the Grenadines		Negotiating	
Suriname		Negotiating	
Trinidad and Tobago		Negotiating	Jul 1996
Uruguay*			Jun 1999
Venezuela**			Jan 1998

Note:

FTA: Free Trade Agreement (by current status)

FIPA: Foreign Investment Protection and Promotion Agreement (date implemented unless noted)

* Canada signed a Trade and Investment Cooperation Arrangement with these countries in June 1998.

** Canada signed a Trade and Investment Cooperation Arrangement with these countries in May 1999.

Source: DFAIT, U.S. Department of Commerce, U.S. Government Accountability Office.

2.4 Risks

There are many factors that can create risks for international business including exchange risk, risk of default on international debts, domestic fiscal pressures, macroeconomic instability and political risk factors. This section highlights key risks relating to exchange rate volatility, macroeconomic stability, payments risks and political/corruption risks.

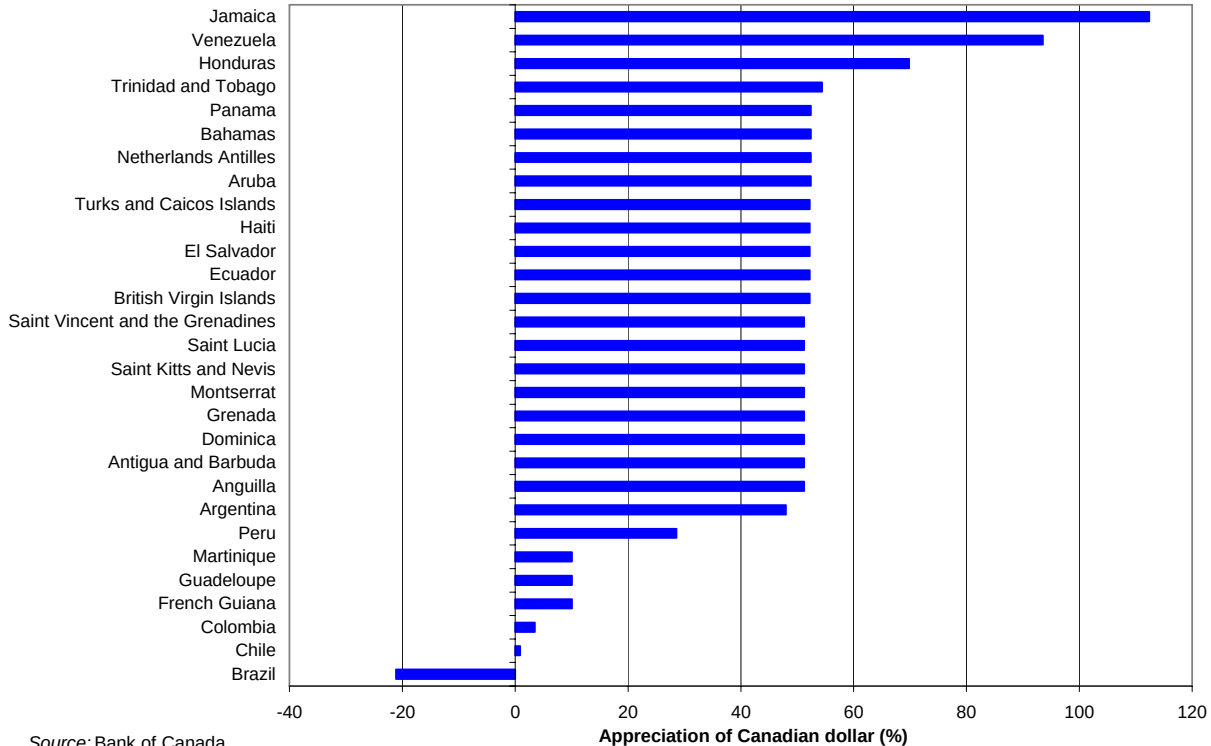
Exchange rate

The 50% appreciation of the Canadian dollar against the U.S. dollar since 2003 has created significant challenges for Atlantic exporters in their prime U.S. market. However, many countries in the Caribbean have currencies that are tied to the U.S. dollar so this competitive pressure carries over into many other markets. The Canadian dollar has appreciated to an even larger extent against the currencies of Jamaica, Venezuela and Honduras. However, the Canadian dollar has fallen in value relative to the Brazil real, with little change again the currencies of Chile and Columbia.

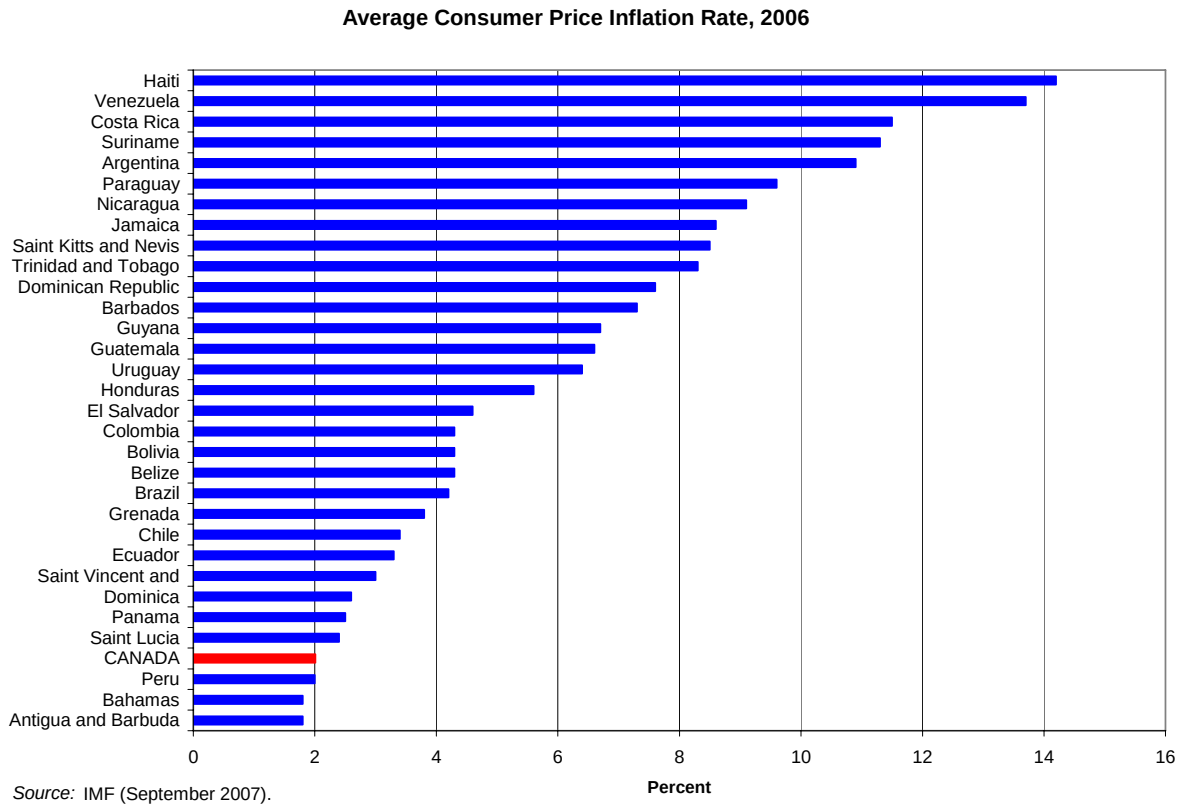
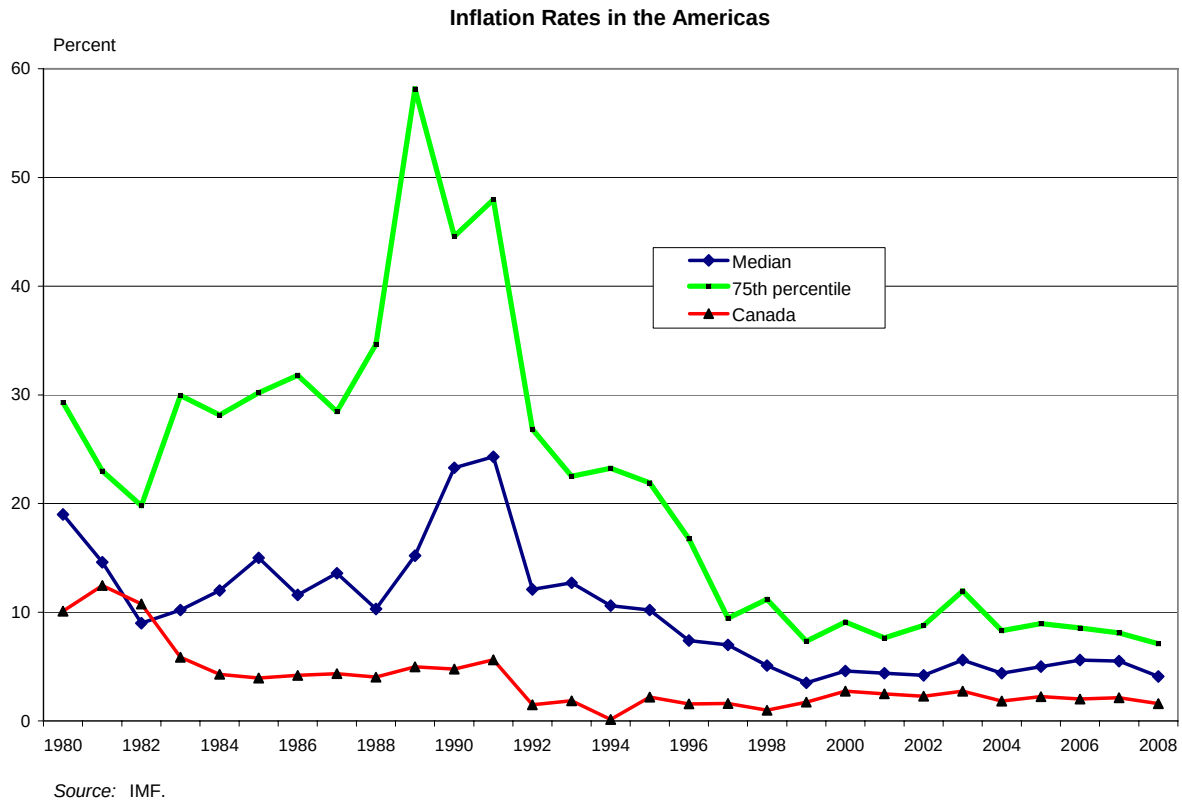
Inflation

Inflation rates provide one indicator of macroeconomic stability. Several countries in Latin America experienced periods of hyperinflation between the mid-1980s and the mid-1990s. Argentina, Bolivia, Brazil, Nicaragua, Peru and Suriname all experienced several years of annual inflation rates in excess of 100%. Over the last decade, inflation rates in the Americas have fallen sharply with the median inflation rate close to 5% over the last five years. Some countries have consistently maintained very low inflation rates such as Panama and the Bahamas. Peru's inflation was one of the lowest in the region in 2006 at 2% but Haiti, Venezuela, Costa Rica, Suriname, and Argentina had inflation rates between 10% and 15%.

Change in Exchange Rate Relative to the Canadian Dollar, January 2003-January 2008



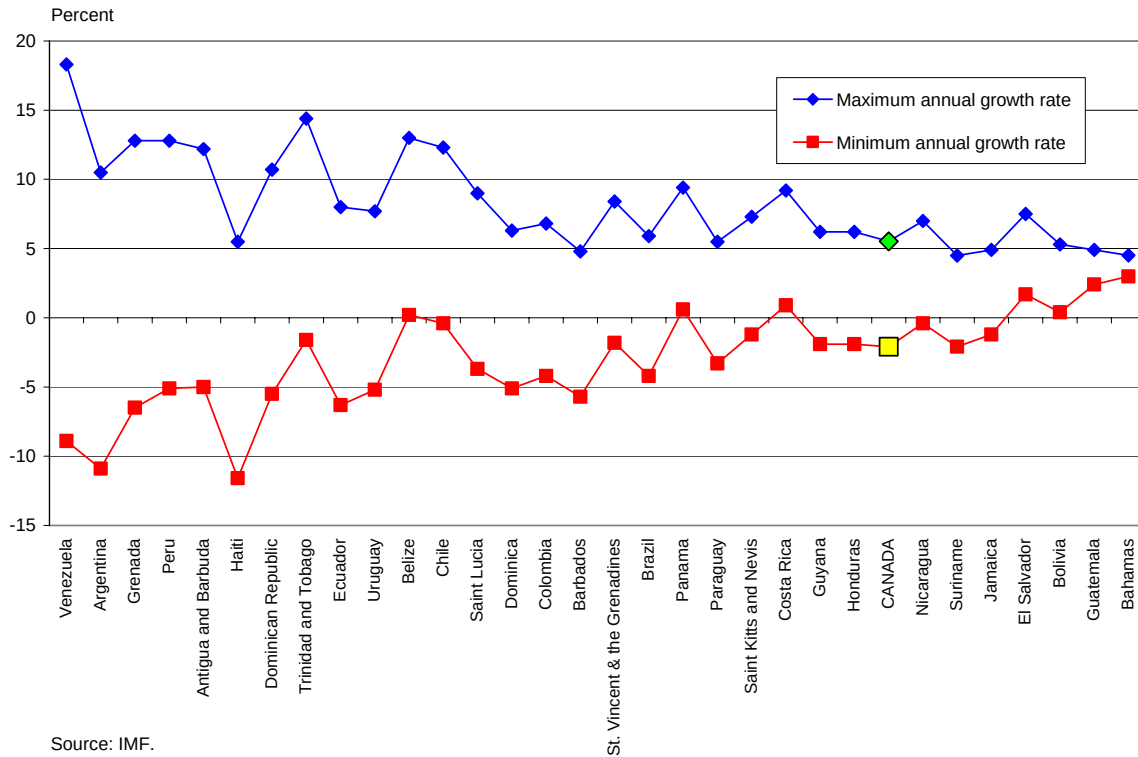
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Volatility

The variation in annual growth rates also provides an indicator of macroeconomic stability. While Venezuela and Argentina have both experienced annual growth rates in excess of 10% in more than one year since 1990, they have also experienced annual contractions of about 10% in real GDP. By contrast, economic growth in the Bahamas has varied between 3% and 4.5% between 1990 and 2006.

Variation in Annual Growth Rates, 1990-2006



Payment risk

The risk of experiencing payment difficulties which would result in financial losses is a very important consideration for companies doing international business. The Export Development Corporation (EDC) assesses these risks on a regular basis. As of February 2008, Caribbean countries such as Trinidad and Tobago, Barbados and the Bahamas have very low risks for both short term (less than one year) and medium to long term payments. Chile is the only South American country with such ratings. By contrast, Cuba and Haiti have the highest risks, with Argentina and Venezuela among a group of countries that are rated as high risks for both short term and long-term payments.

Payments Risks		
	Medium & Long Term	Short Term
Cuba	Case-by-case	High
Haiti	Case-by-case	High
Argentina	High	High
Belize	High	High
Bolivia	High	High
Ecuador	High	High
Guyana	High	High
Honduras	High	High
Nicaragua	High	High
Paraguay	High	High
Suriname	High	High
Venezuela	High	High
Antigua and Barbuda	High	Medium
Dominica	High	Medium
Dominican Republic	High	Medium
French Guiana	High	Medium
Grenada	High	Medium
Jamaica	High	Medium
Saint Kitts and Nevis	High	Medium
Uruguay	High	Medium
Guatemala	Medium	High
Brazil	Medium	Medium
Colombia	Medium	Medium
Costa Rica	Medium	Medium
El Salvador	Medium	Medium
Netherlands Antilles	Medium	Medium
Panama	Medium	Medium
Peru	Medium	Medium
Saint Lucia	Medium	Medium
St. Vincent & the Grenadines	Medium	Medium
Bahamas	Low	Low
Barbados	Low	Low
Chile	Low	Low
Guadeloupe	Low	Low
Martinique	Low	Low
Trinidad and Tobago	Low	Low

Source: EDC (February 2008)

Political risks

Political stability and individual and economic freedom are also an important risk factor that can effect international business operations. Military coups, civil wars, terrorist acts and the forced nationalization of companies are extreme events that can have significant economic implications. At a more general level, issues such as corruption, the integrity of the legal system and respect for private property can all affect the ability to conduct international commerce.

Freedom House is an independent organization that has been monitoring and publishing annual assessments of political rights and civil liberties around the world since 1972.¹⁶ It produces annual detailed assessments for over 190 countries. It ranks countries on both political rights (including components such as free and fair elections for national authority and legislative representatives, effective opposition groups, freedom from domination by military or foreign powers, absence of pervasive corruption within government and an accountable and transparent government) and civil liberties (including components such as a free and independent media, religious and academic freedoms, an independent judiciary, an equitable system of rule of law, freedom of travel, education and employment, right to private property and business, and equality of opportunity).

The most recent Freedom in the World assessment concludes that "Latin America today is largely governed by parties that have demonstrated a commitment to the electoral process, freedom of expression, and a broad range of civil liberties."¹⁷ Cuba is the only country to be rated as "not free", while Columbia, Venezuela and Haiti are among a group of ten countries in the Americas rated as "partly free". Caribbean countries generally score highly in terms of political rights and civil liberties freedoms; Uruguay and Chile receive the highest scores in South America while Costa Rica and Panama score highest in Central America.

Corruption

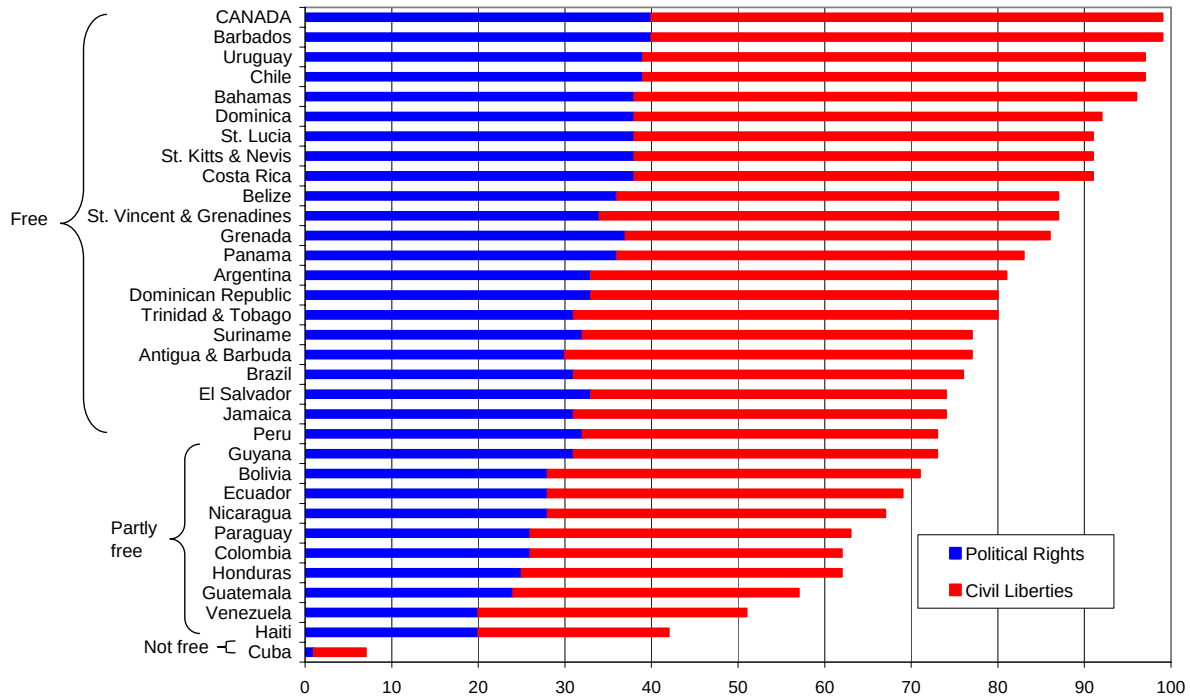
The Corruption Perceptions Index produced by Transparency International provides a similar ranking of countries based on perceptions of the extent to which corruption (the abuse of public office for private gain) pervades the public sector. Chile is perceived to be the least corrupt country in the region; Barbados leads the Caribbean rankings and Costa Rica is perceived to be the least corrupt in Central America. By contrast, corruption is perceived to be rampant in countries such as Haiti, Venezuela and Honduras.

¹⁶ Freedom House was founded in 1941 by Eleanor Roosevelt, Wendell Willkie and other Americans concerned with the mounting threats to peace and democracy.

¹⁷ Freedom House 2008, "Freedom in the World 2008: Global Freedom in Retreat", *Press Release*, January 16: Washington, D.C.: Freedom House.

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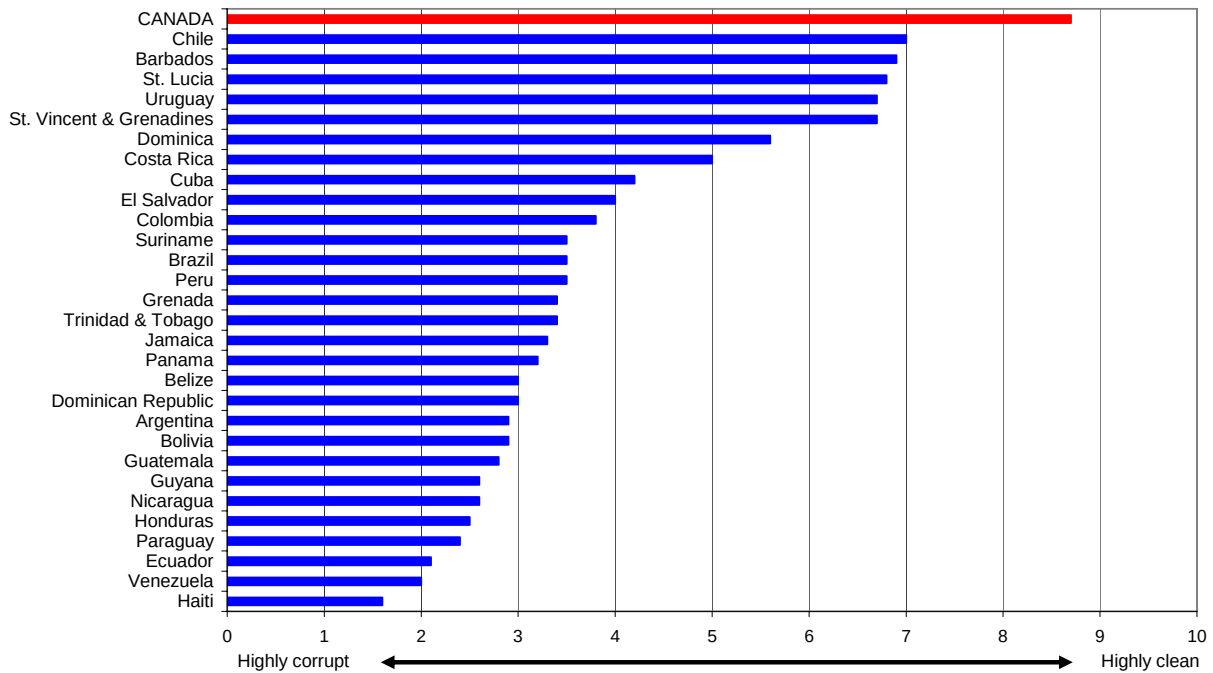
Assessment of Political Rights and Civil Liberties, 2007



Note: The chart shows the aggregate scores for political rights (maximum score 40) and civil liberties (maximum score 60) -- higher scores reflect greater individual freedoms -- and the overall assessment of individual freedoms in each country, rated as free, partly free or not free.

Source: Freedom House.

Corruption Perceptions Index, 2007



Note: The Index measures the degree to which corruption, defined as the abuse of public office for private gain, is perceived to exist among public officials and politicians, with scores ranging from 0 (highly corrupt) to 10 (highly clean).

Source: Transparency International.

Chapter 3: Assessment of Prospects in the Americas

APEC analysed a large number of indicators of market potential, costs and challenges, trade linkages and risks for each country in the Americas where data were available (see Appendix B for the complete dataset). The previous chapter provided an overview of the Americas using the key indicators for each category. This chapter provides APEC's assessment of the best country prospects for companies in Atlantic Canada, based upon these indicators and supported by information obtained from country reports and a small number of interviews with key informants and Atlantic companies with experience in the Americas.

APEC's assessment is both qualitative and subjective. A more quantitative analysis could be undertaken by assigning weights to each indicator and then computing an overall score for each country. However, the weights assigned to each indicator would still be subjective with different weights (e.g., for market size vs. income level vs. risks) producing different overall rankings of country prospects. Individual companies may have different subjective weights based upon their own sector and corporate profile. Moreover, while measures such as GDP provide a broad indicator of market size, very different country rankings may be obtained using indicators of market potential for specific products or services.

3.1 Country Groupings

As the overview of the region in the previous chapter highlighted, there is considerable diversity in the Americas in terms of country size, prosperity and language. Four distinct country groupings stand out on these three parameters (see chart):

1) Brazil

Brazil stands out from the other countries in the Americas in a number of ways. It is by far the largest economy in the Americas, with a population of over 185 million people. Brazil is one of four developing countries – known as the BRIC countries – Brazil, Russia, India and China – identified by Goldman Sachs as having the potential to become a much larger force in the world economy.¹⁸ It is classified as an upper-middle income country by the World Bank. Brazil offers the largest developing market in the Americas but, in contrast to most of Central and South America, its official language is Portuguese.

2) Large, Spanish speaking South American countries

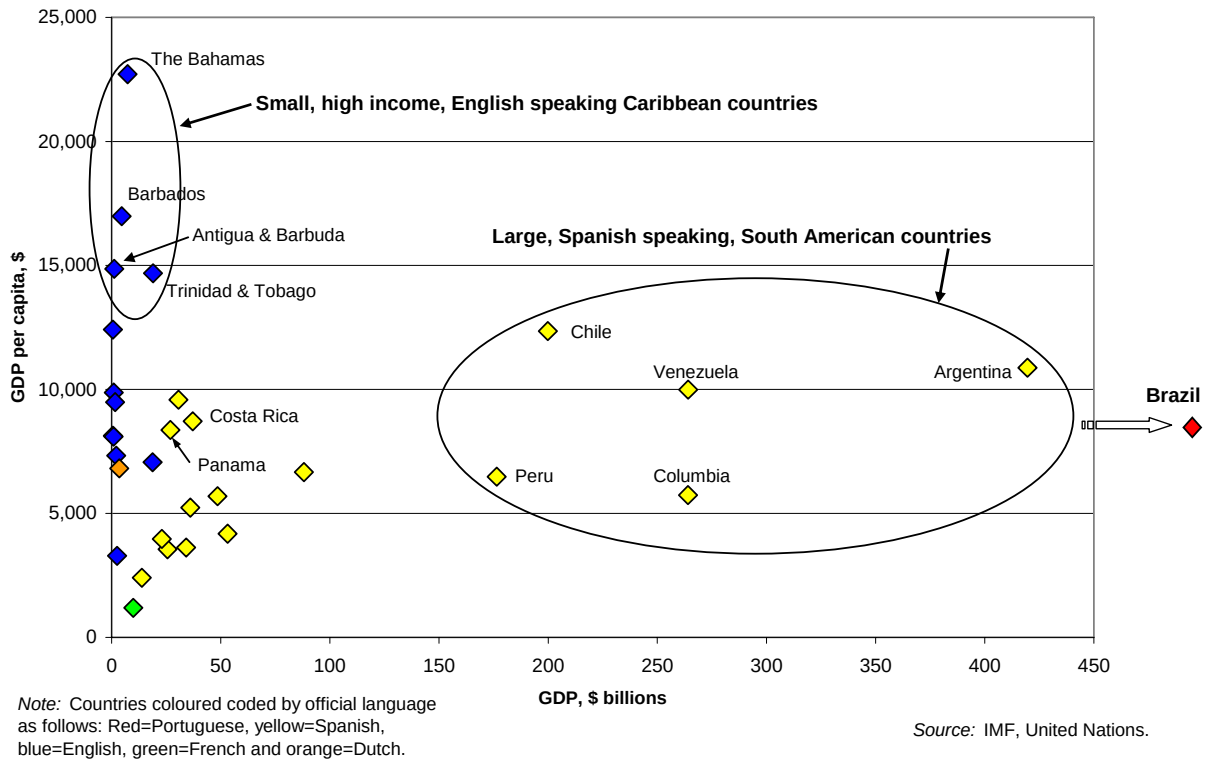
In terms of economic size, five other South American countries stand out – Argentina, Venezuela, Colombia, Chile and Peru. These Spanish speaking countries have a combined population of about 155 million people. Within this group Chile, Argentina and Venezuela are classified as upper middle income countries while Peru and Colombia are lower middle income countries. These countries offer large developing markets with significant opportunities to provide goods and services that support their development.

3) Small, high income, English speaking Caribbean countries

Four countries stand out as high income countries in the Americas – Bahamas, Barbados, Antigua and Barbuda, and Trinidad and Tobago. The nature of demand in these high income countries may be more suitable to the types of goods and services provided by Atlantic Canadian companies. These four countries are also English speaking Caribbean countries. However, they are very small. Trinidad and Tobago has the largest population at 1.3 million but the population of the Bahamas is only 323,000, followed by Barbados at 292,000. Antigua and Barbuda has a population of only 83,000 and because of this is not considered to be a prime market of interest.

¹⁸ Wilson, Dominic and Roopa Purushothaman (2003), "Dreaming With BRICs: The Path to 2050, *Global Economics Paper No: 99*. New York: Goldman Sachs.

GDP and GDP per Capita in the Americas, 2005



4) Other Latin American countries

While the above ten nations stand out, there are more than 30 other countries and territories in the Americas. Most are small with a median population of about 400,000 (smaller than the population of Newfoundland and Labrador).¹⁹ The largest country in this group (Ecuador) has a population of 13 million and the smallest dependent territories have a population of less than 10,000. Incomes are generally low and detailed economic data are not available for many of the dependent territories.

According to Global Insight, Cuba has the largest economy in this group and is expected to be one of the fastest growing economies in the Americas over the next decade. Panama and Costa Rica also stand out within this group in terms of their high growth performance.

3.2 Countries of Interest

Size and income levels are not the only relevant indicators of market potential: growth rates must also be considered. Challenges and costs, economic and political risks, and existing linkages are also relevant. Based on an assessment of these various factors, but giving particular weight to market size, income and growth, APEC has identified twelve countries in the Americas that are of most interest for Atlantic Canadian companies: Brazil, Peru, Chile, Colombia, Argentina, Venezuela, Panama, Costa Rica, Trinidad and Tobago, Cuba, the Bahamas and Barbados. Atlantic Canada's total merchandise exports to these countries averaged \$440 million over the last five years.

¹⁹ Some consultants expressed the view that there may be less competition in the smaller Caribbean islands as they are too small to capture the attention of larger U.S. and other multinationals.

The twelve countries selected here are consistent with other aggregate analyses with these twelve countries generally achieving stronger rankings on the World Economic Forum's (WEF) Global Competitiveness Index²⁰ and the Inward FDI Potential Index²¹ computed by UNCTAD.

This list of twelve countries does not mean that there are no opportunities for Atlantic businesses in the other countries – Atlantic Canada's total merchandise exports to these other countries in the Americas averaged \$155 million over the last five years. However, while some of these countries score very highly on some factors, size or other concerns (such as instability, poor infrastructure, low growth or high risks) were reasons why there were not included in this list.

The following table summarizes the strengths and weaknesses of these twelve countries. Appendix A provides profiles for each of these countries and highlights sectors of interest within each country.

Brazil has already been noted as by far the largest economy in the Americas. It is a middle income country but its recent growth has been among the lower half of countries in the region and its projected growth rate over the next five years (while still above 4% annually) is still middle of the pack. Atlantic Canada's exports to Brazil have averaged over CAN\$100 million over the last five years but are dominated by potash and newsprint. A complex tax system and high tariffs for some products may be a challenge. Proficiency in Portuguese is essential in this market.

Peru is a large country that has been growing rapidly in recent years helped by its mining and energy sector. It is expected to be one of the fastest growing economies over the next five years. Peru is rated as a low payment risk, inflation is low and the economy has been quite stable recently. Peru is a Spanish speaking, lower-middle income country and Atlantic Canada's existing exports are very small – less than CAN\$ 7 million on annually over the last five years. Canada completed negotiations for a free trade agreement with Peru in 2008 which may help improve trade linkages once implemented.

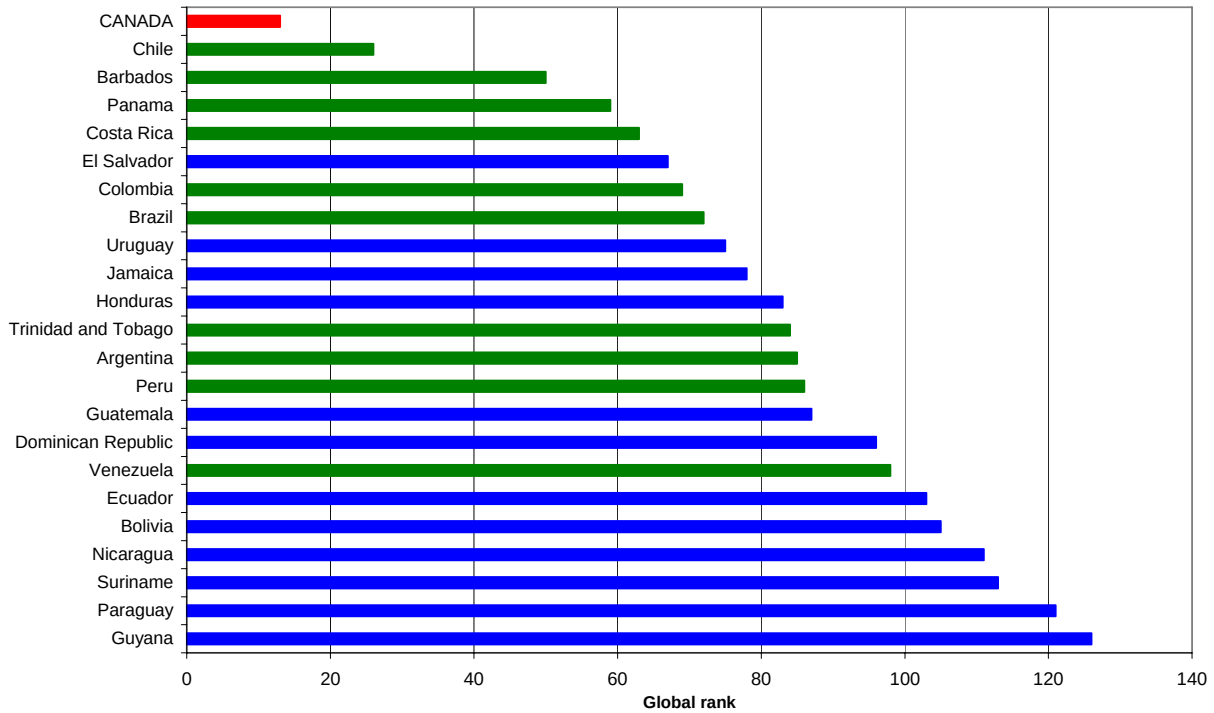
Chile is another large economy with higher income levels compared with Brazil and Peru. It is growing rapidly, helped by strong global demand for copper. Chile is expected to continue to grow at about 5% annually. Although Canada has had a free trade agreement with Chile since 1997, Atlantic Canada's non-energy exports have only averaged about CAN\$ 10 million over the last five years. However, Atlantic Canada's exports of refined petroleum jumped to almost \$200 million in 2007. Chile is rated highly in terms of its regulatory environment and infrastructure and receives the highest overall rating in the World Economic Forum's Global Competitiveness Index. Aside from being Spanish speaking, the marine shipping distance to Chile is quite high.

Columbia is a large, Spanish speaking country. Like Peru, it is a lower middle income country but it has seen its growth rate pick up substantially in recent years, helped by its energy sector, and is expected to maintain a relatively fast pace over the next five years. Columbia is relatively close and Canada is currently negotiating a free trade agreement. Atlantic Canada's merchandise exports have averaged about CAN\$ 50 million over the last five years but are almost exclusively newsprint and potash. Columbia is not rated highly in terms of political rights and civil liberties, reflecting weaknesses in areas such as the functioning of government, freedom of association/organization and the rule of law. Colombia is the world's largest producer of cocaine which has led to high crime, kidnapping and murder rates and the country has had a longstanding civil conflict although there have been substantial improvements in the last few years.

²⁰ The WEF defines competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country." The productivity of a country "determines its ability to sustain a high level of income, it is also one of the central determinants of the returns to investment, which is one of the central factors explaining an economy's growth potential."

²¹ The Inward FDI Potential Index captures 12 factors (apart from market size) expected to affect an economy's attractiveness to foreign investors.

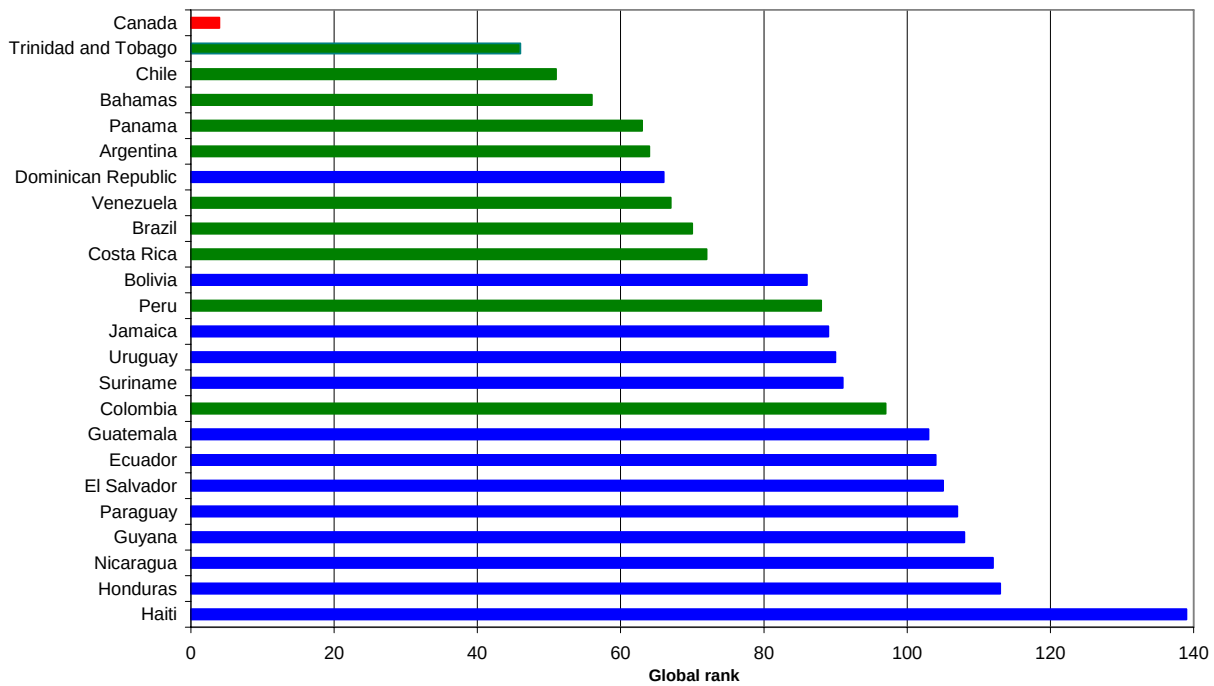
Global Competitiveness Index, 2007-08



Note: Countries are ranked from 1 to 131 on their overall competitiveness, which is based upon analysis of a large number of indicators. The lower the rank, the more competitive the economy.

Source: World Economic Forum.

Inward Investment Potential, 2003-05



Note: Countries are ranked from 1 to 141 on their potential to attract inward foreign investment, based upon 12 variables (other than market size) expected to affect an economy's attractiveness to foreign investors. The lower the rank, the better the potential for investment.

Source: UNCTAD.

Countries in the Americas of Most Interest for Atlantic Canadian Companies

Region	Country	Strengths	Weaknesses
South America (Portuguese)			
	Brazil	Very large, medium-high growth, middle income; open economy; C\$ depreciation, good existing trade links	Portuguese; Atlantic exports=potash+newsprint
South America (Spanish)			
	Peru	Large, high growth; low risk (payment, inflation)	Limited Atlantic exports; Spanish; medium-low income
	Chile	Large, high growth, medium-high income; free trade agreement, medium-high existing trade links; low risk/economic stability; low business regulations, good infrastructure, competitive open economy	Spanish; shipping distance; refined petroleum main existing Atlantic export
	Colombia	Large, medium-high growth; medium-high trade links, free trade agreement negotiations; modest economic stability; close	Political risk; Spanish; medium-low income; Atlantic exports=newsprint+potash
	Argentina	Large, medium-high growth, medium-high income; medium-high existing trade links	High risk (payment, volatile pre 2003, corruption); Spanish; shipping distance
	Venezuela	Large, medium-high income, medium-high growth; high existing trade links, close	High risk (volatile, high inflation, payment; political, corruption); Spanish; high business regulations; Atlantic exports=newsprint+ potatoes
Central America (Spanish)			
	Panama	High growth, medium-high income; low inflation; good infrastructure; close	Medium-low size; Spanish; limited existing linkages
	Costa Rica	High growth, medium-high income; Free Trade Agreement; low political risk; close	Medium-low size; Spanish; inflation has been above 10% but now falling
Caribbean (English)			
	Trinidad & Tobago	High income, high growth; English; medium-high existing trade links, close; low risk (economic stability since mid-1990s)	Very small population, small economy
	Cuba	Medium-high size, high growth; medium-high existing trade links, close	Risks (political, payment, openness); Spanish; long-term population decline
	Bahamas	High income; English; low risk/economic stability; close	Very small; medium-low growth; limited existing trade links with high average tariff rates
	Barbados	High income; English; good infrastructure, competitive economy; low risk/economic stability; close; financial services ties	Very small; weak growth prospects; limited existing merchandise trade links

Note: The summary assessments provided here are all relative to other countries in the Americas. See Appendix for detailed data.

Source: APEC.

Argentina is a large, upper-middle income country that has experienced a substantial improvement in economic performance in recent years. It is expected to continue growing quite strongly although some economic forecasters are more bullish than others. Argentina is a higher risk prospect, with considerable economic volatility prior to 2003. EDC still rates the country has high risk in terms of payment risk and Argentina scores relatively poorly on perceptions of corruption. From an export perspective, shipping times to this Spanish speaking country are relatively long and existing Atlantic merchandise exports are very modest, averaging only CAN\$10 million annually over the last five years.

Venezuela is a large, South American, Spanish-speaking country. This upper middle income country has also seen its growth performance improve noticeably over the last few years helped by rising energy prices. Venezuela's growth rate over the next five years is expected to be middle of the pack. However, as with Argentina, there is considerable disagreement in prospects between economic forecasters. Existing trade links are quite strong. Atlantic Canadian imports have averaged over CAN\$ 500 million per year during 2003-07, mainly crude oil but also some coal. Atlantic exports have averaged over CAN\$70

million during the same period, largely newsprint but also some food and other products. Venezuela is a higher risk prospect, with high payment risks, high inflation and a more volatile economy. Political rights and civil freedoms are not as strong and corruption is perceived to be significant. Venezuela's commitment to market economy principles is weak and the World Bank rates it as the most difficult country in the region in which to do business.²²

Panama stands out as being a consistently high growth performer and it is expected to be the fastest growing economy in the region over the next five years. Although not a large economy, it is an upper middle income country. Its infrastructure is rated quite highly and inflation remains low. Existing trade linkages with this Spanish speaking country are quite low with Atlantic exports averaging less than CAN\$5 million since 2003.

Costa Rica is similar in size and income levels to Panama but is slightly bigger with somewhat higher average incomes. It also stands out as having consistently high growth, something that is expected to continue, although not quite as fast as Panama. Canada has had a free trade agreement with Costa Rica since late 2002 but Atlantic exports average less than CAN\$17 million annually (2003-07). French fries are the main export from Atlantic Canada as paper exports have fallen from over CAN\$15 million annually to less than \$2 million in 2007. Although Costa Rica has attracted a number of foreign manufacturers, macroeconomic stability is a concern. The inflation rate has persisted above 10% but has been falling since 2005.

Trinidad and Tobago is a very small economy although one of the largest in the Caribbean. It is a high income country that has been the fastest growing country in the Americas over the last decade and is expected to remain one of the stronger performing economies going forward. The economy has been quite stable since the mid-1990s. This English speaking country is much closer than many of the larger South American countries and existing trade linkages are fairly strong. Atlantic Canada's crude oil imports from Trinidad and Tobago exceeded CAN\$90 million in 2007 with imports of liquefied natural gas (LNG) likely to increase once the Saint John LNG terminal is in full operation in 2009. Atlantic exports have averaged almost CAN\$ 50 million over the last five years with a number of different products. Paper exports have been the largest export from Atlantic Canada with notable exports of food products; however, iron ore was the most valuable export in 2007, worth over CAN\$30 million.

Cuba is a more difficult country to assess because there is a much more limited data set to draw upon. In terms of population, it is the largest country in the Caribbean and, according to Global Insight estimates, it is the largest economy. Global Insight estimates that economic growth has been accelerating over the last five years and expects Cuba to be the second fastest growing economy (behind Panama) over the next decade. Cuba is relatively close and existing trade linkages are fairly strong: Atlantic exports have averaged about CAN\$50 million per year (2003-07) with a variety of different products while Cuba is also a popular tourist destination for Canadians. The country and economy may open up under its new President but payment risks remain high and political freedoms and civil liberties are very weak. While its population is not expected to change much over the next 20 years, current UN projections point to a steady moderate decline thereafter.

The Bahamas is the highest income country in the Americas. This English speaking country is quite close, economically stable and low risk. However, it is a very small economy and its recent economic growth has been quite weak. Although annual growth of about 3.4% is expected over the next five years it will continue to be one of the slower growing economies in the region. Average import duties are very high and existing trade links with the Bahamas are very weak. Annual exports from Atlantic Canada average less than CAN\$10 million (2003-07), led by exports of French fries, although there was an export of CAN\$16 million in refined petroleum in 2007. The Bahamas is an important tourist destination for Canadians.

²² NB Power had a bad experience when a government-backed Venezuelan company stopped selling orimulsion fuel after NB Power had spent millions converting its Coleson Cove power station. An out of court settlement was reached over the failed supply contract.

Barbados is another small, English speaking Caribbean country. It is also a high income country although per capita income is not as high as in the Bahamas. Within countries in the Americas for which is makes an assessment, Barbados is rated second only to Chile in the World Economic Forum's Global Competitiveness Index. Its infrastructure is rated highly and this is a stable, low risk economy. In addition to its small size, economic growth rates have been towards the lower end of countries in the Americas and going forward it is expected to be one of the slowest growing. Current Atlantic merchandise exports are very modest at about CAN\$11 million annually, include exports of food products and newsprint. However, there is significant investment by Canadian financial institutions in the Barbados.

3.3 Sectors of Interest

APEC reviewed potential growth opportunities within each of the above 12 countries to identify which growth sectors are of particular relevance for Atlantic Canada's corporate capabilities. This section provides a general overview of the most common sectors to emerge from this analysis; Appendix A includes greater detail on each of these sectors.

As in Atlantic Canada, the primary resource sector is a key part of several economies in the Americas – most notably **mining** and **energy**. Opportunities for exploration, equipment and services exist in several South American countries. Brazil, Peru and Trinidad and Tobago have growing oil and gas industries which may create opportunities for companies that have developed international expertise and competencies in Atlantic Canada's offshore energy sector. There are also related opportunities to provide equipment and services in electricity generation, including alternative energy.

With rapid economic growth and development needs relating to infrastructure and the environment, there are opportunities throughout the Americas to provide **construction** products for housing and other projects, **engineering** services and **environmental** solutions and consultancy services. Obtaining contracts with international financial institutions that are active in promoting development in the region (such as the Inter-American Development Bank and the Caribbean Development Bank) is one way to access markets in the Americas.

Information and communications technologies (ICT) infrastructure and adoption are less well developed in much of the region, creating opportunities for Atlantic firms to provide ICT solutions and services, although protection of intellectual property is a potential concern for software exports. Opportunities in **advanced manufacturing** are harder to identify at the aggregate level because these markets are more specialized and require more detailed analysis that is outside the scope of this project. However, some opportunities in aerospace and marine equipment are noted.

Several Atlantic universities already receive a large number of students from certain countries in the Americas. Some also have programs, projects, and other collaborative ventures in the region. There may be opportunities to provide **education and training**, including language training and specialized skills, as well as broader education initiatives that support the development of these countries. Contracts with international development banks may be particularly important in this regard.²³

In terms of Atlantic Canada's more traditional export sectors, exports of **food products** increased rapidly to the Americas during the 1990s and have averaged about CAN\$100 million since 2004. There may be opportunities to increase exports of food products due to growing populations and incomes and limitations on domestic production in some countries. There are also potential opportunities to provide specialized equipment, technologies and consultancy services related to agricultural and fish production. Atlantic Canada has exported about CAN\$200 million of **paper products** (mainly newsprint) to the Americas annually since 2003 but exports have been lower in recent years than in the late 1990s. Competitive pressures have led to reductions in Atlantic Canada's productive capacity which may limit potential for further expansion in this sector despite some demand opportunities.

²³ *Report on the World Bank & Inter-American Development Bank On Education in Latin America & the Caribbean* prepared by Yvonne Dale, UK Trade and Investment, available on line at:
<https://www.uktradeinvest.gov.uk/ukti/ShowDoc/BEA+Repository/345/392993>

3.4 Corporate Perspectives

APEC spoke to a small number of key informants and Atlantic businesses with experience in the Americas. Generally Atlantic businesses that are working in the Americas find that governments and companies in the Americas are open to doing business but it takes a more effort than the U.S. market to make things happen. These Atlantic companies are committed to the region and have had success in some but not all the markets they have tried to enter in the Americas. In some cases the decision to enter the market was due to targeting a multinational client which has a presence in several countries including the Americas.

Chile is regarded as the freest and most open country. Peru and Trinidad and Tobago are open as well but the opportunities are focused on fewer sectors. A few of the companies have targeted or are planning to target the Brazilian market because it is large and fast growing and offers tremendous opportunity but there are taxation and language issues and the competition is very strong. Columbia, Costa Rica and Panama are seen as open markets with opportunities but there are still some concerns about corruption and crime especially in Columbia. Argentina is also a country with a large market but there are concerns about volatility and income levels to support activity. Venezuela is considered a high risk market and is being avoided for the most part. Aside from Trinidad and Tobago the best opportunities in the Caribbean are perceived to be in Barbados and Jamaica although for smaller companies there may be less competition in some of the smaller Caribbean islands.

There were several challenges noted by firms operating in the Americas with the most frequent being the appreciation of the Canadian exchange rate. Some companies have backed off expansion plans or pulled out of certain countries because of the high Canadian dollar. The slow process on trade agreements was also noted as an issue. Canada is at a disadvantage to U.S. companies in some countries because of the lack of a free trade agreement. There are local issues such as crime, corruption, political instability, language and lower incomes that create complications. Some of these local concerns can lengthen the time horizon for investment in the country which can add to costs and frustrations. There are issues around distribution including both the distance to market and poor distribution networks in country, particularly in the current higher fuel cost environment. Foreign competition, especially in the larger and more trade friendly countries, is also a concern.

Companies have varying strategies about entering Latin American markets but there are several common themes. In the early stages of identifying opportunities it is important to use the resources that are at hand including the Canadian embassy in the country and that country's embassy in Canada. Other resources such as DFAIT, industry associations in Atlantic Canada or industry associations in the Americas are helpful as well. Trade shows and trade missions can be important steps in the process of exporting to the Americas. However, it is important to be prepared. Once an Atlantic company has identified that there may be opportunities to sell a product or service in the country they must take the time to research and prepare, even if they are planning to go on an organized trade mission.

Once the opportunities are identified a key step is to find strong connections in the Americas to support market entry, whether it is a reseller for export, a joint venture partner or employees for a local office. It is crucial that Atlantic firms spend the time to find the best people who understand what they are trying to accomplish in the local market. Strong local leadership can open doors politically or in the industry which can be an important key to success.

A third important theme is that a company needs to dedicate significant time and resources to the venture if it wants to establish a successful presence in the market. The process is typically slow and markets take time to develop. Business is often relationship-based and several visits to the country are likely needed to search for the right partners and to build up the trust needed to finalize contracts.

Chapter 4: The Americas in a Global Context

This report has focused on opportunities for Atlantic Canada within the Americas. This chapter provides a broader perspective by examining where the leading countries in the Americas fit within global market opportunities. The twelve countries in the Americas identified as of most interest for Atlantic Canada are compared with five developed countries (including the United States), Mexico and ten other developing countries. These countries are chosen for illustrative purposes to show how the Americas compare with potential opportunities in both well developed and developing country markets. There are many other countries and markets that offer potential opportunities for Atlantic firms.

The United States is of particular interest as it has been the prime market for Atlantic Canadian exporters for many years. The United Kingdom, France and Germany are key members of the European Union and are long established markets for Atlantic Canada. Japan has also been a prime market in the past although Atlantic Canada's exports have been generally declining since the mid-1990s. In terms of developing countries, Mexico is relevant as a NAFTA partner and the other major economy in the Americas. Russia is one of the BRIC countries identified by Goldman Sachs while the Czech Republic, Hungary and Poland illustrate the potential in the transition countries of eastern Europe. China and India dominant discussion around the role of developing countries in the world economy, but there are several smaller developing Asian countries such as Indonesia, Malaysia, the Philippines and Thailand.

List of Comparison Countries

	Americas	Europe	Asia
Developed	United States	France Germany United Kingdom	Japan
Developing	Mexico	Czech Republic Hungary Poland Russia	China India Indonesia Malaysia Philippines Thailand
Countries of Interest (in the Americas)	Argentina Bahamas Barbados Brazil Chile Colombia Costa Rica Cuba Panama Peru Trinidad and Tobago Venezuela		

5.1 Market Prospects

China and India offer by far the largest potential markets in terms of population although the United States is still the third largest country in the world. Brazil is the fourth largest country in the world but most other countries in the Americas are considerably smaller than the populations in the G7 countries or in developing countries such as Mexico, Russia or the Philippines.

In terms of GDP, the advanced economies tend to be the largest, with the United States the largest economy in the world. China, India, Russia and Brazil (the BRIC countries), along with Mexico, are the largest developing economy markets. The other economies in the Americas tend to be among the smaller developing markets.²⁴

The developed nations by definition lead in terms of per capita incomes. The countries in the Americas tend to be in the middle of the pack relative to the other comparison developing countries. The Czech Republic and Hungary have the highest income levels in this group but China and India, despite their size, have relatively low average incomes. The Americas, however, tend to have the most unequal income distributions.

Although the United States has had the fastest economic growth among the five developed countries examined here, economic growth among the developed nations is generally slower than in developing countries. Over the last decade (1995-2005), the growth performance of the Americas has been mixed with some countries such as Brazil lagging the comparison developing nations, but others such as Trinidad and Tobago being towards the top of the pack. In the last five years (2003-07), economic growth in the Americas has generally been stronger, helped by high commodity prices for their endowments of energy and minerals.

Based on the most recent IMF projections, economic growth in the Americas during 2008-13 is expected to be somewhat slower than in the recent past. Median growth among the 12 countries in the Americas is forecast to be 4.6% annually, double the pace in the developed nations, the United States in particular. However, growth in the Americas will be slightly weaker overall than the other developing nations referenced here, which will have a median annual growth rate of 5.8%.

5.2 Costs and Challenges

The regulatory environment for businesses is generally more challenging in developing nations than in developed economies. Chile is among a group of referencing developing nations that score relatively well in terms of the business environment. Generally, countries in the Americas are just as challenging as other developing nations in terms of the ease of doing business.

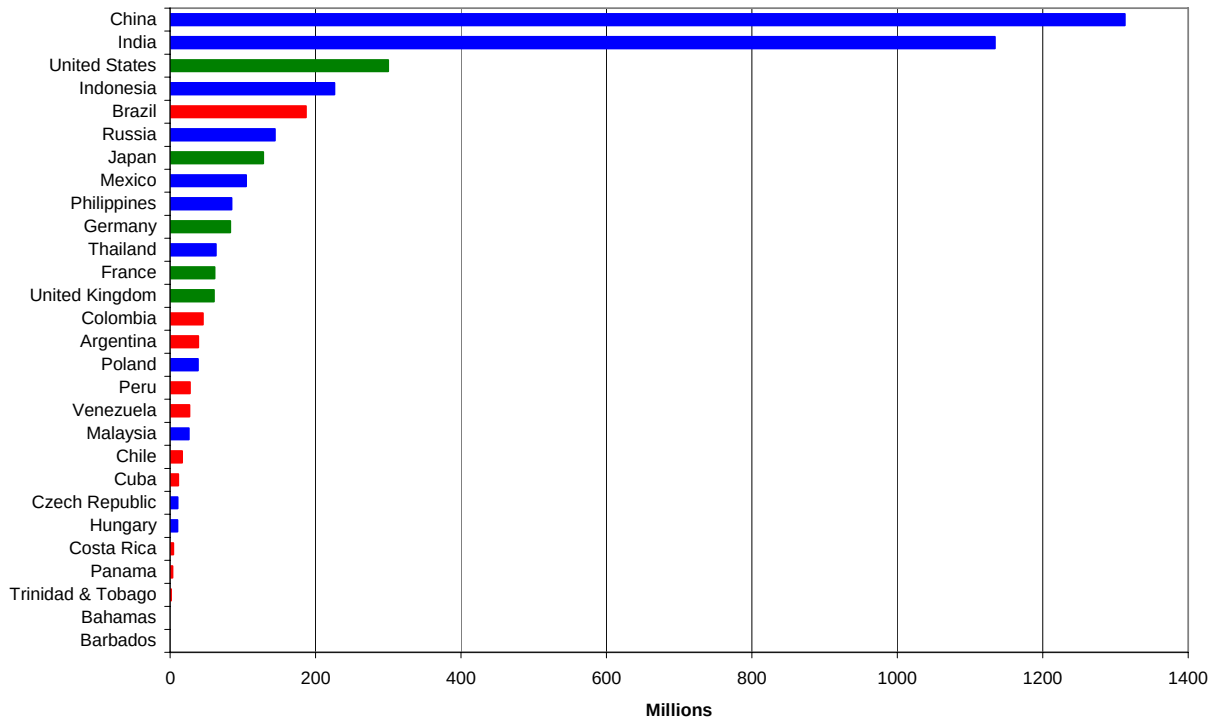
Developed countries have much better infrastructure than in developing nations, something that exporters need to consider when planning distribution of their products within a target country. Although countries such as Chile and Barbados are rated quite favourably, infrastructure quality in the Americas is generally perceived to be weaker than in the developing nations referenced here.

The U.S. east coast is Atlantic Canada's closest international market but the Caribbean and Central America are closer than European markets. While South American markets are somewhat distant, they are much closer than developing markets in Asia.

Canada has free trade agreements with the United States, Mexico, Chile and Costa Rica, providing easier access to these markets. In general, tariff rates in the Americas are slightly higher than in other developing countries, with developed countries having the lowest import duties.

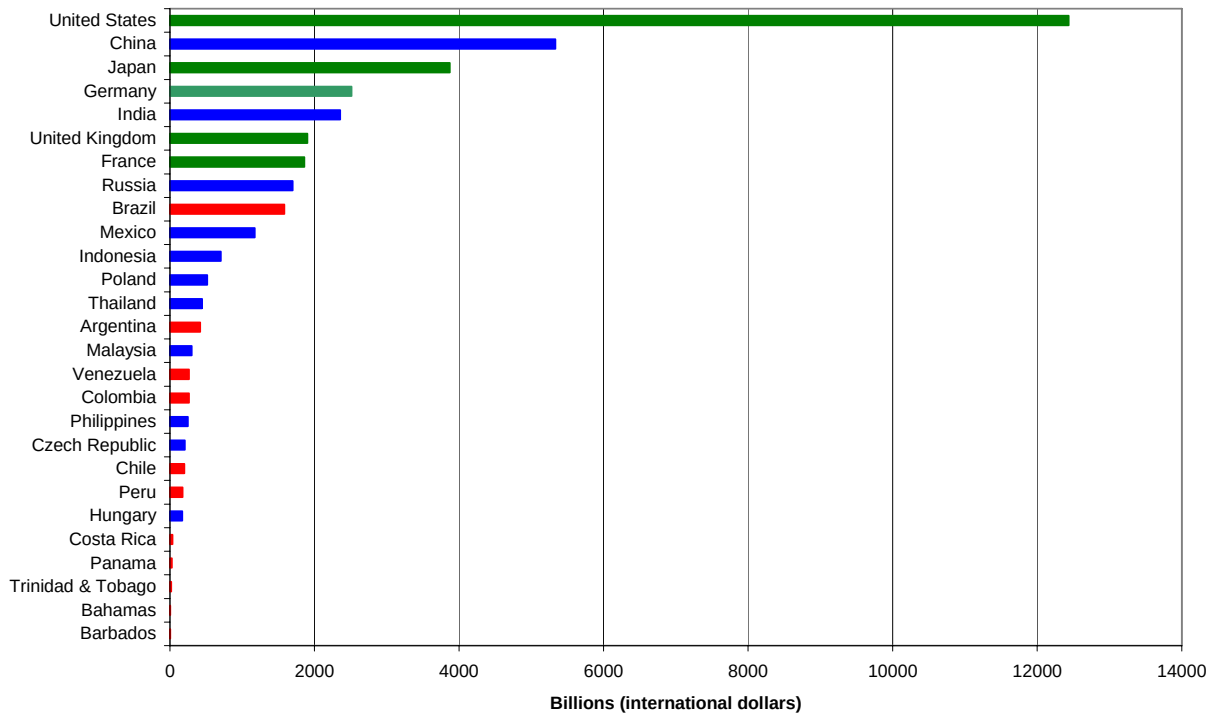
²⁴ A similar picture is apparent when measuring GDP in US dollars.

Population, Selected Countries, 2005



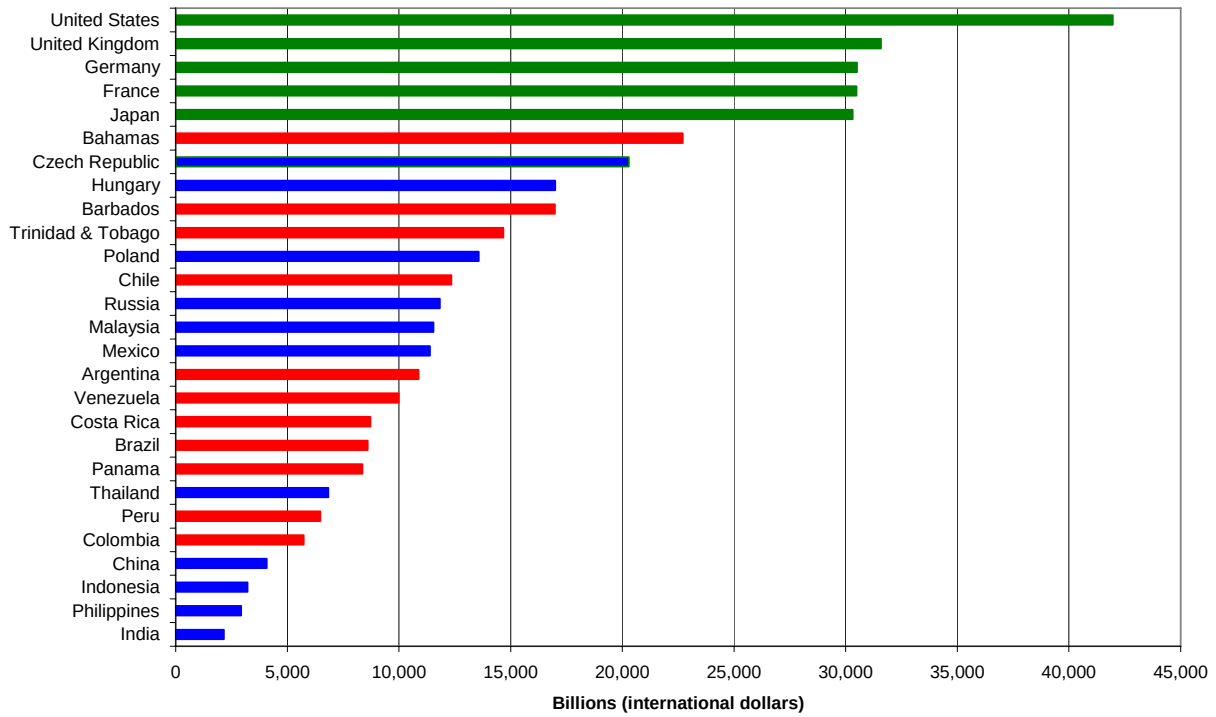
Source: United Nations.

GDP (Current Prices using PPP Exchange Rates), Selected Countries, 2005



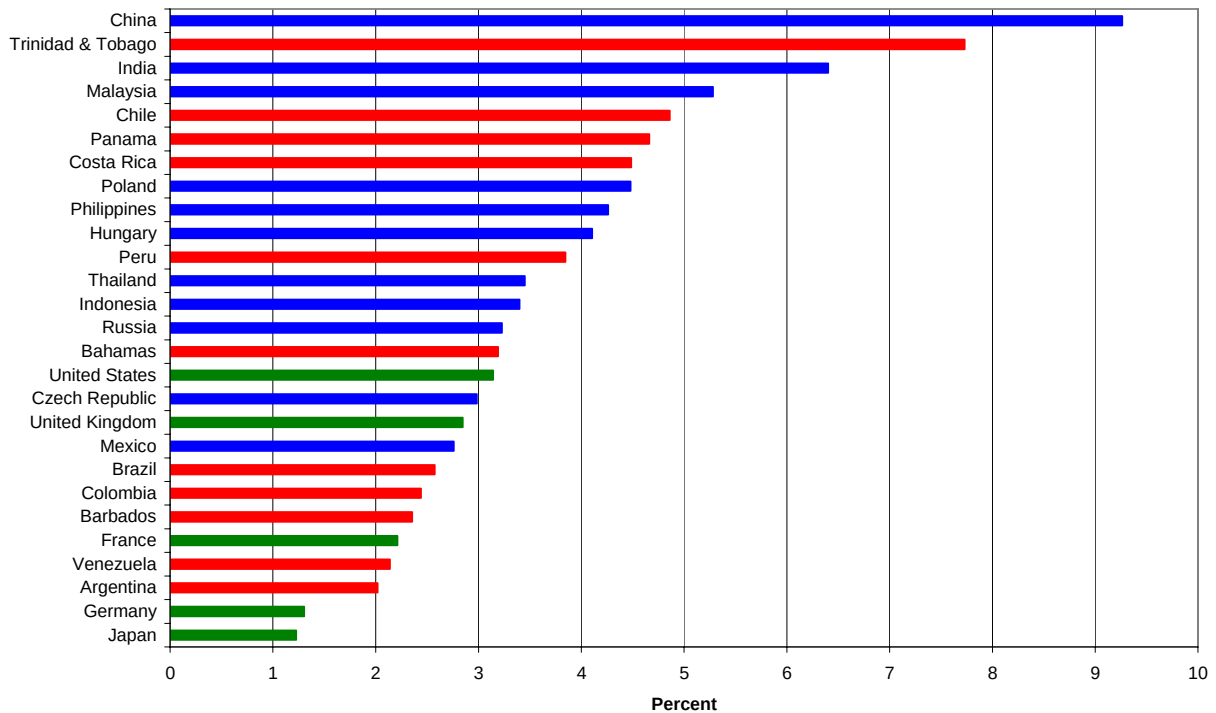
Source: IMF.

GDP per Capita (Using PPP Exchange Rates), Selected Countries, 2005



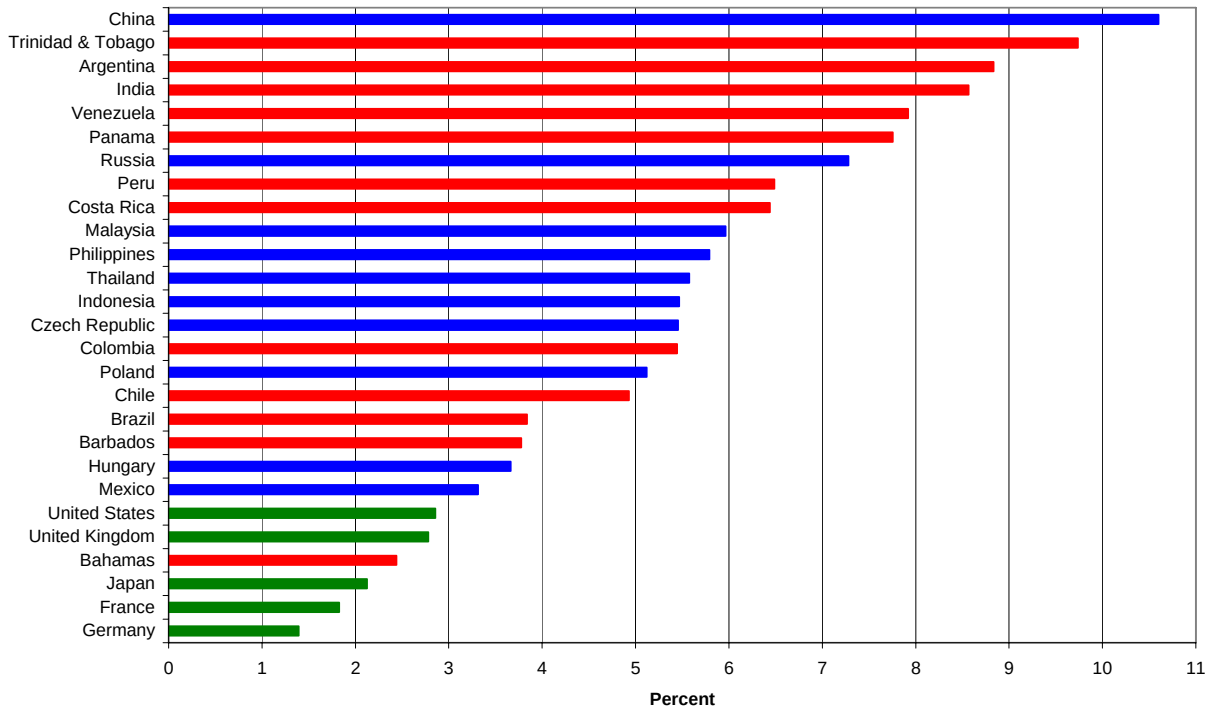
Source: IMF.

Average Annual Real GDP Growth, Selected Countries, 1995-2005



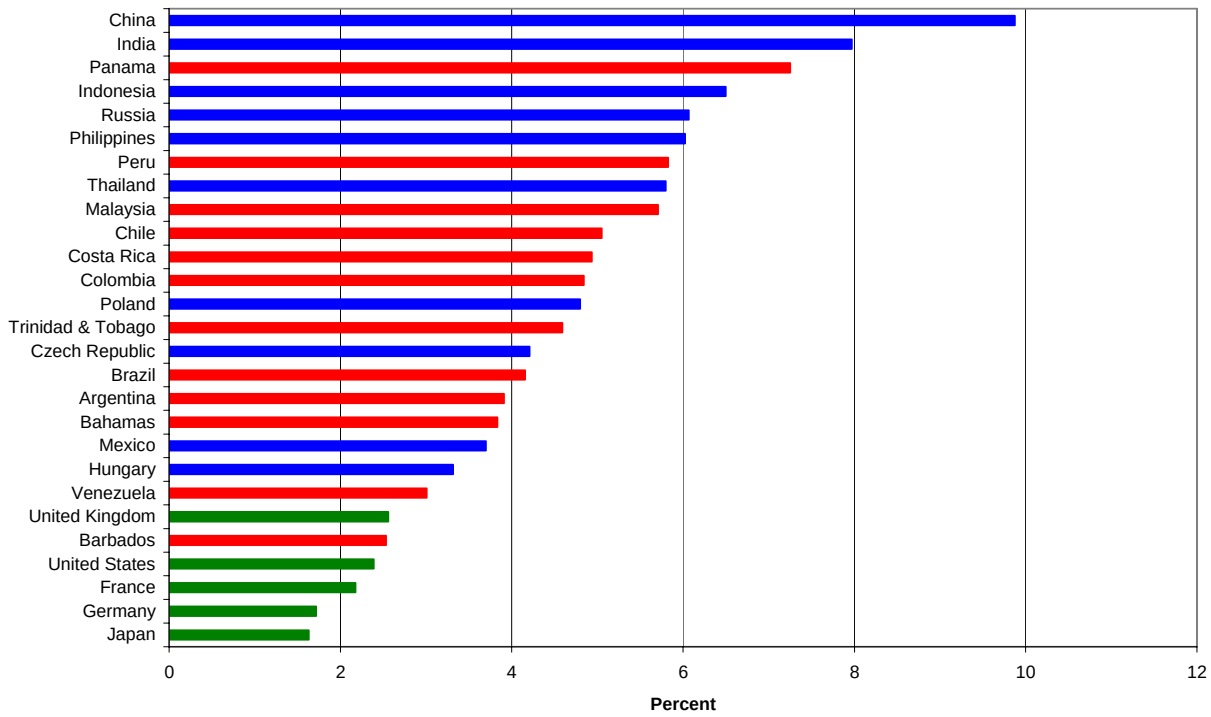
Source: IMF.

Average Annual Real GDP Growth, Selected Countries, 2003-07



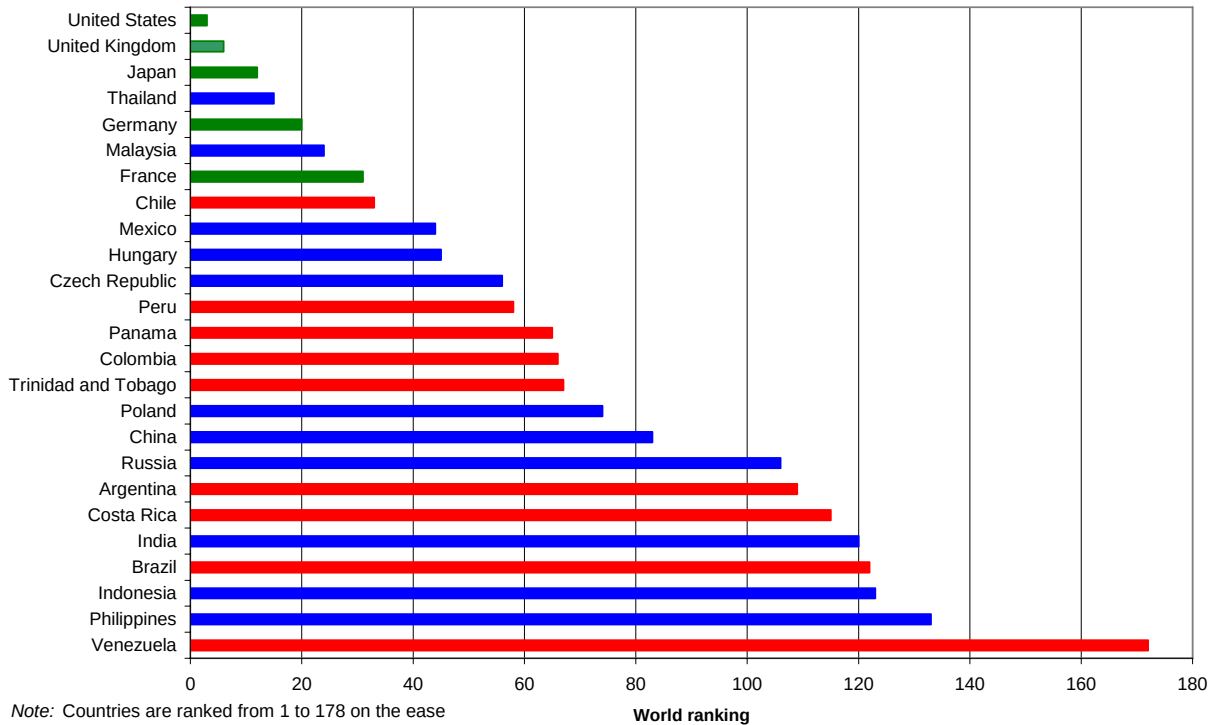
Source: IMF.

Projected Average Annual Real GDP Growth, Selected Countries, 2008-13

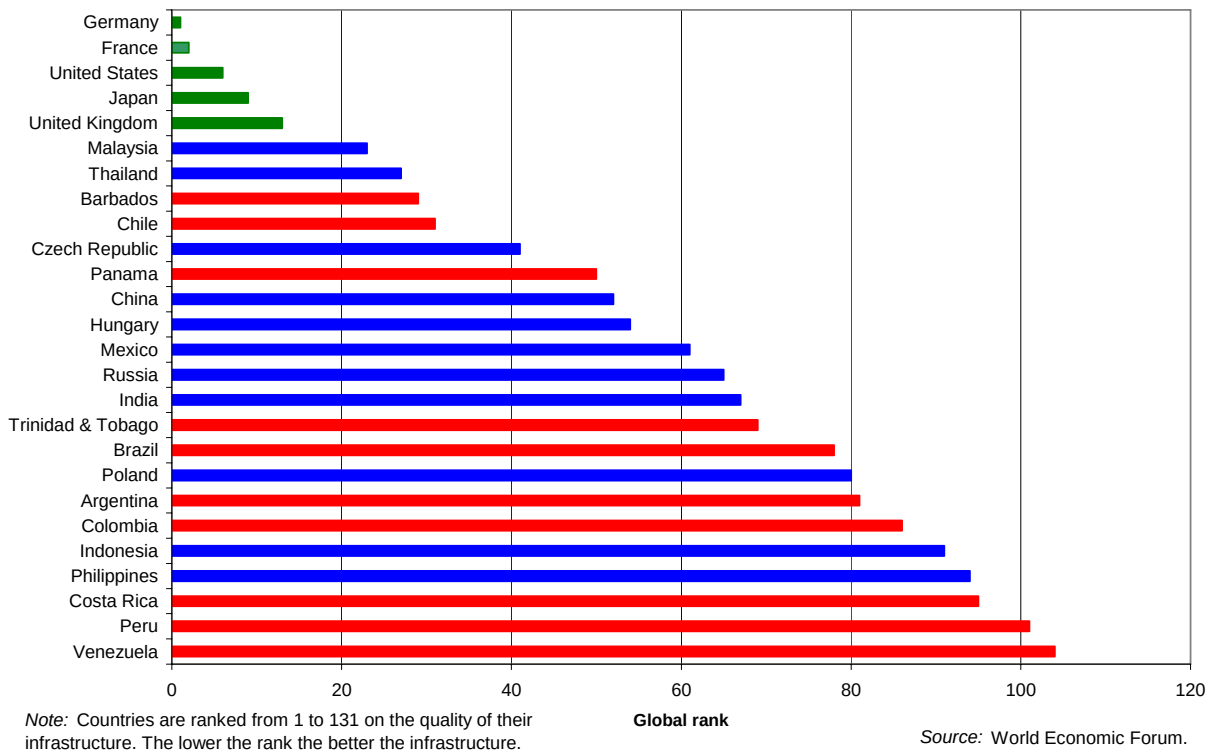


Source: IMF.

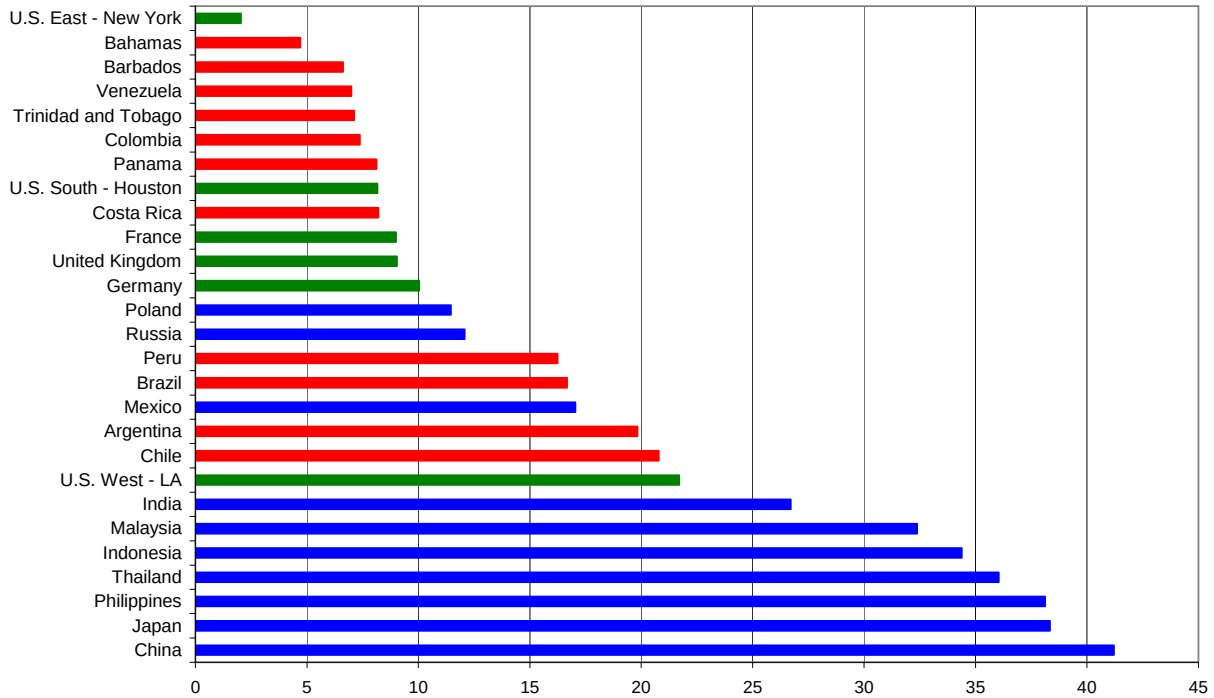
Ease of Doing Business Ranking, Selected Countries, 2008



Quality of Infrastructure Ranking, Selected Countries, 2007-08



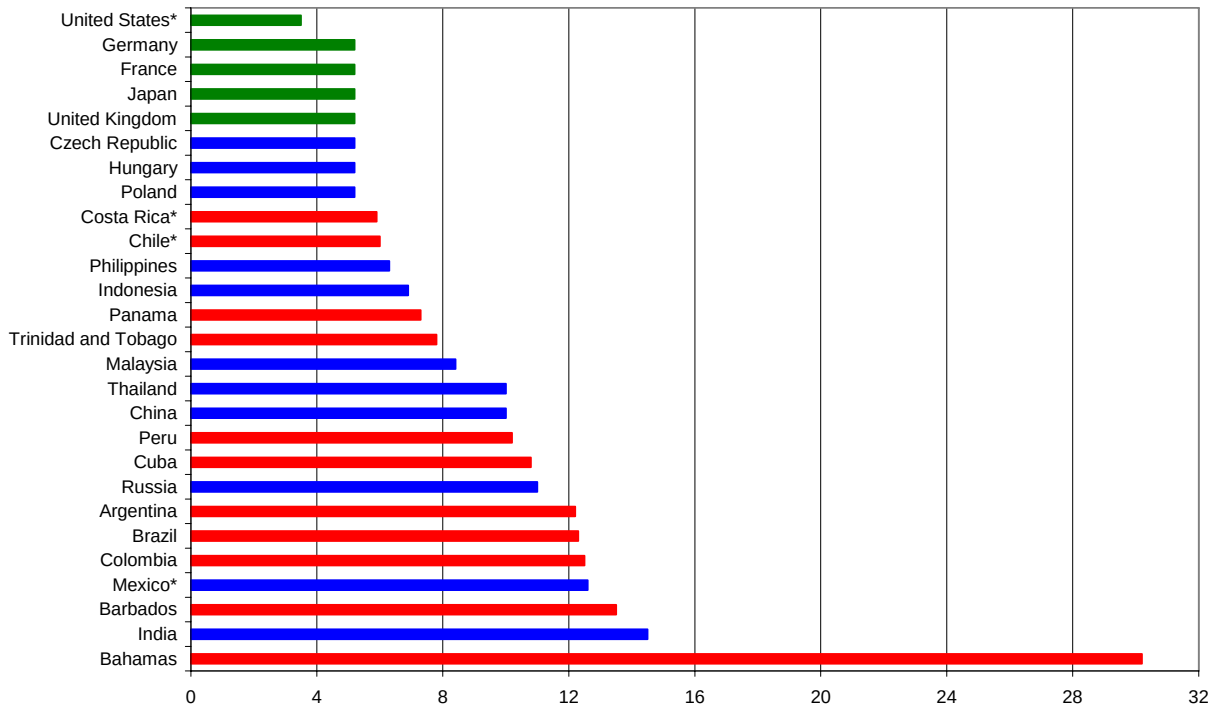
Marine Sailing Time from the Port of Halifax, Selected Countries



Note: Sailing time based on 12 nautical miles per hour to largest container port in each country.

Source: www.distances.com

Average Tariff Rates on All Goods, Selected Countries



Note: * Canada has a free trade agreement with these countries.

Source: World Trade Organization.

5.3 Existing Linkages

The United States accounts for 81% of Atlantic Canada's total merchandise exports. Exports also tend to be larger to other developed countries. China is the largest developing market for Atlantic merchandise exports. Aside from China, exports to the Americas are similar in size to those to the reference developing countries. In terms of international students, China has been the most important source of international students, particularly in recent years, with the United States also an important source country.

Developed countries, led by the United States and the United Kingdom, have been the largest source of immigrants to Atlantic Canada over the last decade.²⁵ In general, there were more immigrants from the reference developing countries than from the Americas. For example, in the last decade, there have been only 1000 immigrants from the twelve countries in the Americas compared with over 4000 immigrants from the comparison developing countries. China and India are the largest source countries in this group, with 2000 and almost 800 immigrants respectively over the last decade.

5.4 Risks

Macroeconomic instability is generally a greater risk in developing countries. Inflation rates, for example, tend to be lower in developed countries. In the Americas, inflation rates are slightly higher than in the reference developing countries. Since 2000, the median inflation rate in the Americas was 5.1%, compared with 4.3% in the reference nations.

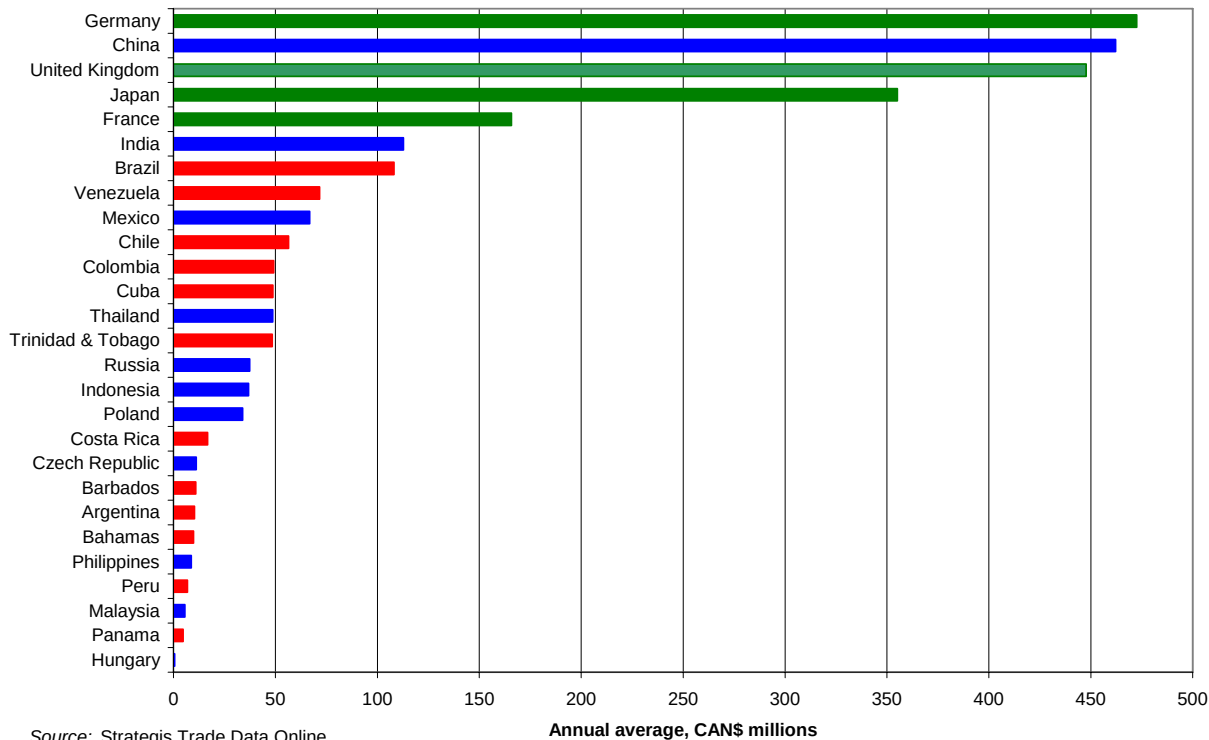
The variation in annual economic growth rates is also lower in developed countries. In general, over the period 1990-2006, growth rates have been more variable in the reference developing countries than in the Americas due to economic challenges in Eastern Europe in the early 1990s and in Asia in the late 1990s. Since 2000, the Americas have seen somewhat more volatility with years of very high growth rates in countries such as Panama and Trinidad and Tobago and years of steep decline in Argentina and Venezuela.

In terms of payment risks, all the developed countries are rated very low. The countries in the Americas tend to be rated as slightly high risks than the reference developing nations.

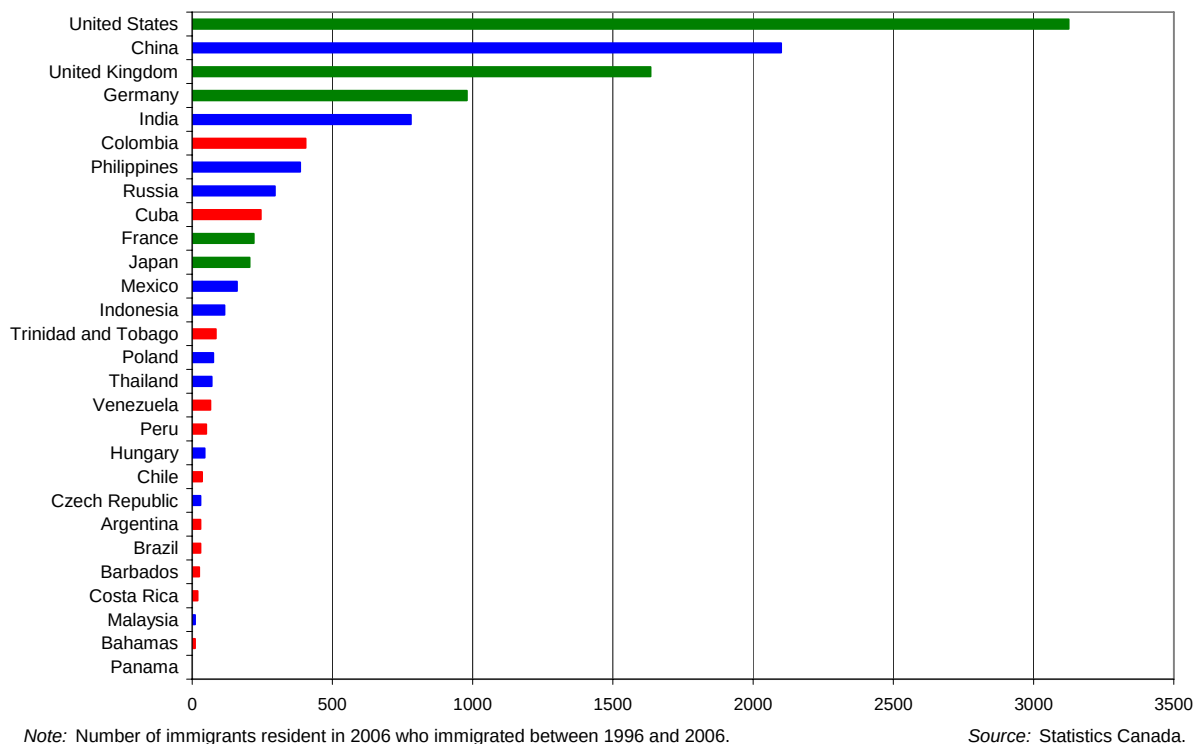
Political rights and civil liberties are stronger in developed nations and tend to be somewhat stronger in the Americas than in the comparison developing countries. Both Russia and China are rated as not free. Corruption is also perceived to be less of a problem in developed countries. While corruption is not perceived to be a big problem in Chile and Barbados, perceptions of corruption in the Americas are generally similar to the reference developing countries.

²⁵ In total there were about 21,000 immigrants from both the United States and the UK living in the Atlantic provinces in 2006.

Atlantic Canada's Merchandise Exports, Selected Countries, 2003-07

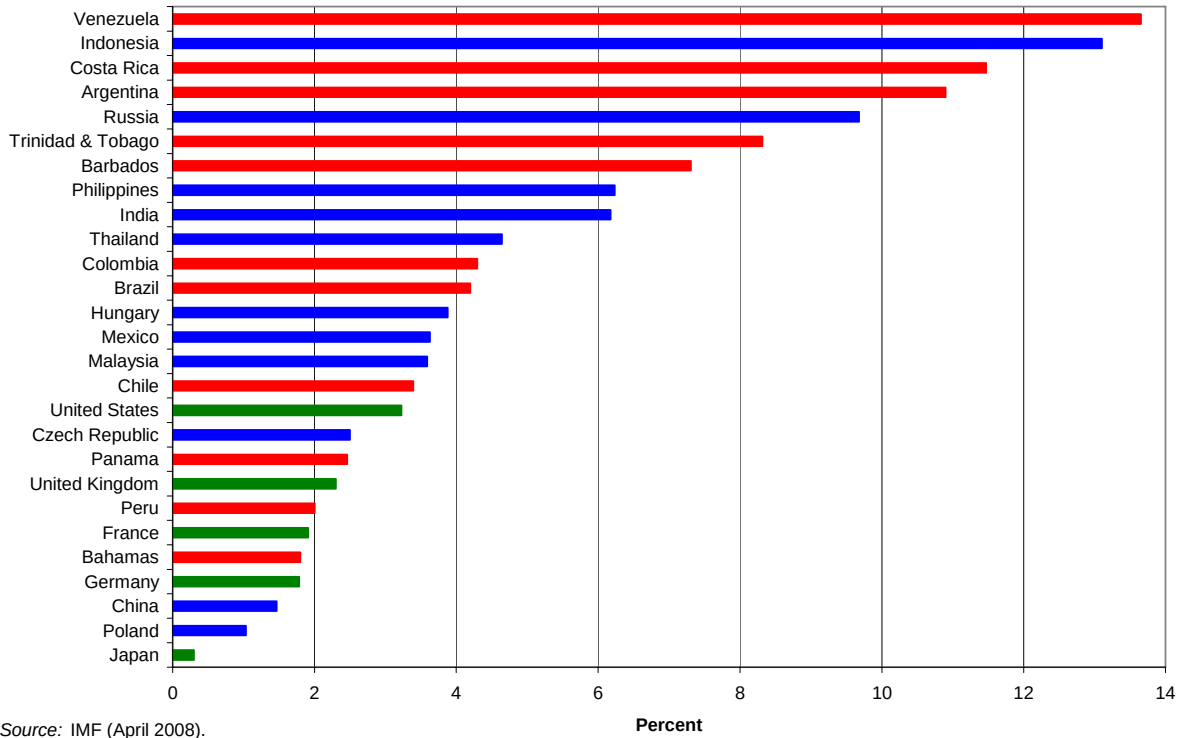


Number of Recent Immigrants in Atlantic Canada by Place of Birth, 2006

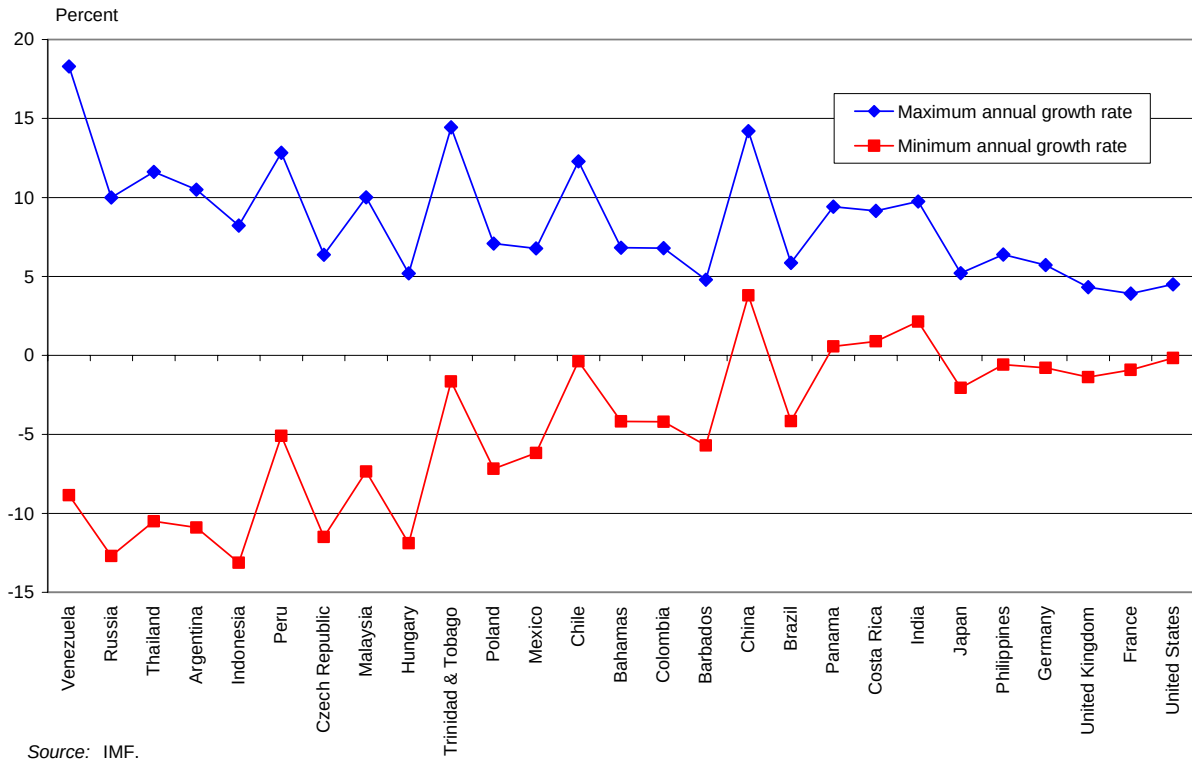


Exploring the Americas

Average Consumer Price Inflation Rate, 2006



Variation in Annual Growth Rates, Selected Countries, 1990-2006

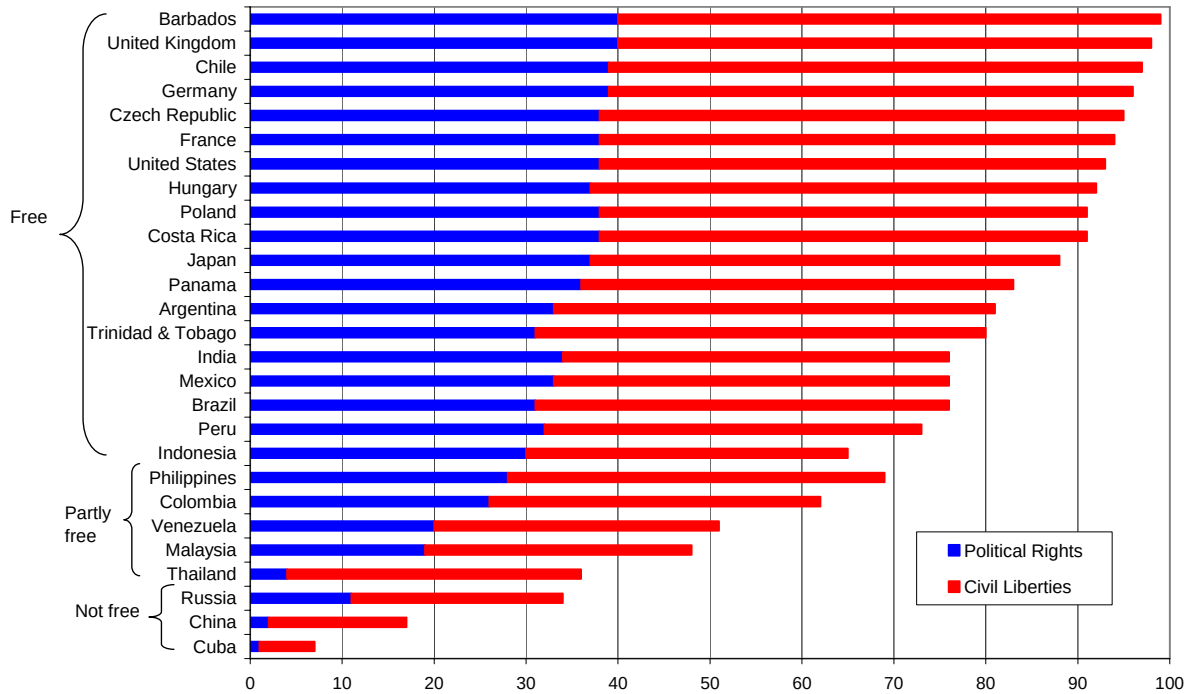


Payments Risks, Selected Countries

	Medium & Long Term	Short Term
Cuba	Case-by-case	High
Argentina	High	High
Venezuela	High	High
Indonesia	Medium	High
Brazil	Medium	Medium
Colombia	Medium	Medium
Costa Rica	Medium	Medium
Panama	Medium	Medium
Peru	Medium	Medium
India	Medium	Medium
Philippines	Medium	Medium
Russia	Medium	Medium
Thailand	Medium	Medium
Mexico	Low	Medium
Bahamas	Low	Low
Barbados	Low	Low
Chile	Low	Low
Trinidad and Tobago	Low	Low
China	Low	Low
Czech Republic	Low	Low
Hungary	Low	Low
Malaysia	Low	Low
Poland	Low	Low
United Kingdom	Low	Low
Japan	Low	Low
United States	Low	Low
France	Low	Low
Germany	Low	Low

Source: EDC (February 2008)

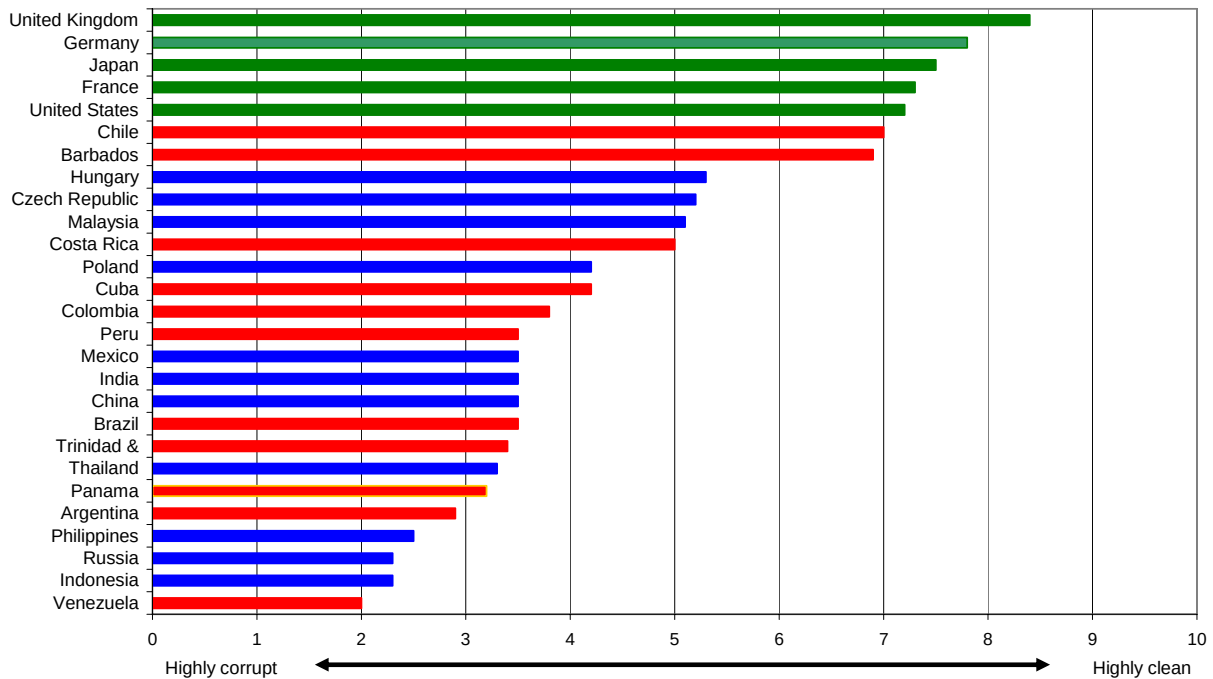
Assessment of Political Rights and Civil Liberties, Selected Countries, 2007



Note: The chart shows the aggregate scores for political rights (maximum score 40) and civil liberties (maximum score 60) -- higher scores reflect greater individual freedoms -- and the overall assessment of individual freedoms in each country, rated as free, partly free or not free.

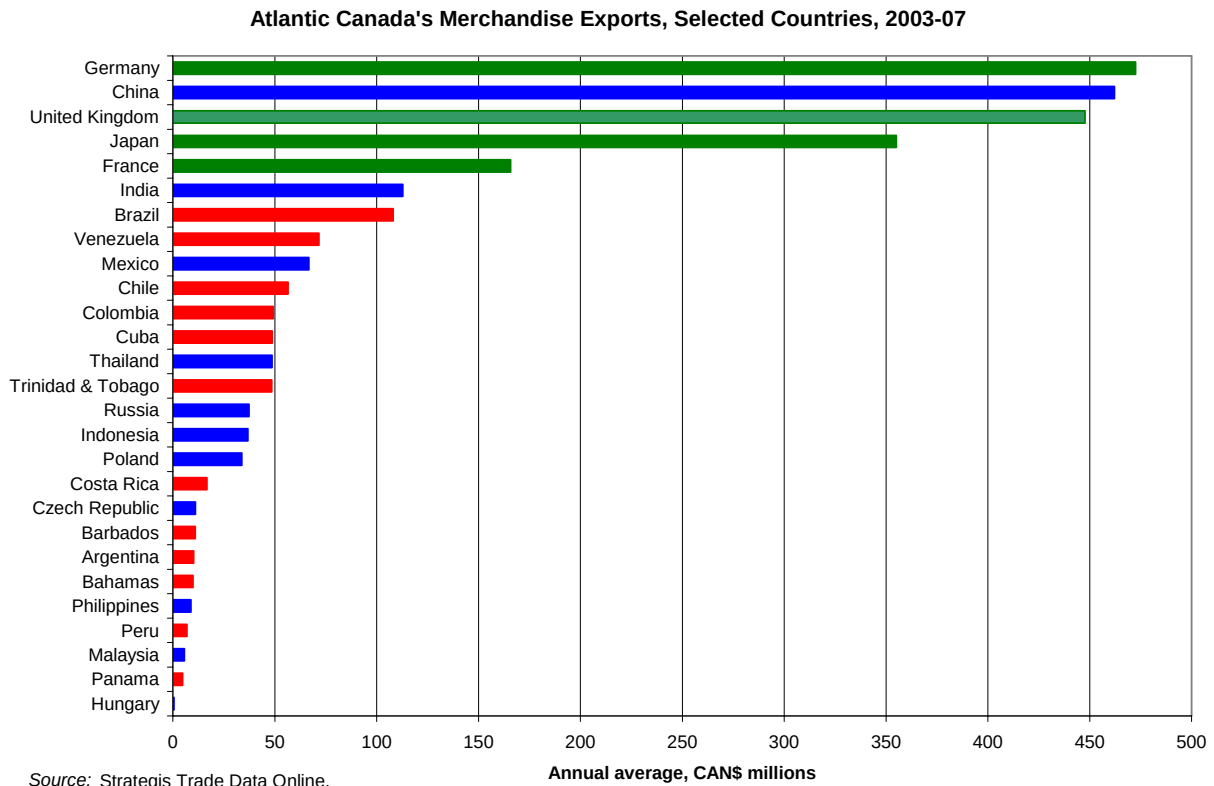
Source: Freedom House.

Corruption Perceptions Index, Selected Countries, 2007



Note: The Index measures the degree to which corruption, defined as the abuse of public office for private gain, is perceived to exist among public officials and politicians, with scores ranging from 0 (highly corrupt) to 10 (highly clean).

Source: Transparency International.



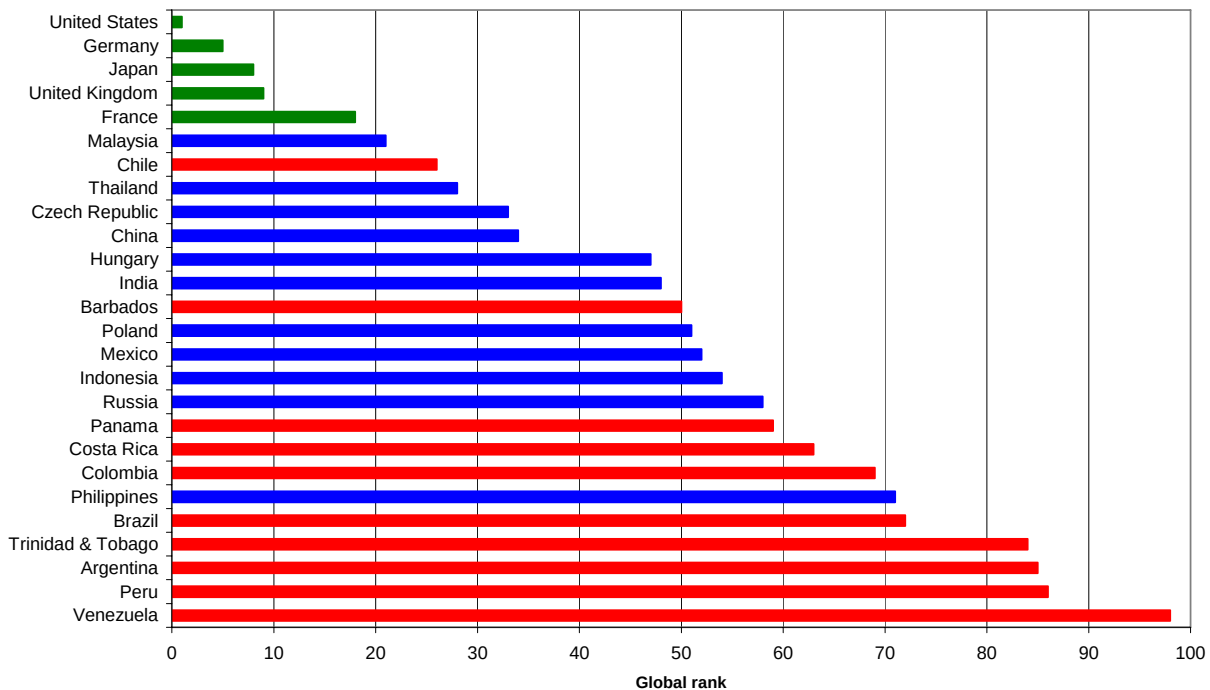
5.5 Summary of Global Prospects

This analysis has highlighted why developed markets such as the United States and European Union are so attractive for Atlantic exporters. Markets in developed countries tend to be larger, less volatile and less risky than markets in developing countries. Regulatory barriers are smaller and infrastructure is better. However, developing countries are growing faster than more mature, advanced economies, creating significant growth potential for exporters. But Atlantic firms must recognize that doing business in and with developing countries will tend to involve higher costs and higher risks.

This report has identified a number of markets in the Americas that are of potential interest to Atlantic businesses. Yet the analysis in this chapter emphasizes that there are also opportunities elsewhere in the world, most notably in Asia. Compared with the best prospects in the Americas, the reference developing countries used here tend to be larger and growing slightly faster; they have better infrastructure, stronger existing linkages, and are generally lower risk. However, countries in the Caribbean and Central America are closer than markets in Europe, while South America is much closer than markets in Asia. The Americas also tend to be rated stronger in terms of individual freedoms.

These conclusions are supported by other independent analyses. For example, in the World Economic Forum's annual rankings of Global Competitiveness, the advanced developed nations receive the highest competitiveness scores, with the countries in the Americas generally receiving lower scores than the reference developing countries. Analysis of market potential among developing countries by GlobalEDGE also tends to score other developing countries higher than countries in the Americas.

Global Competitiveness Index, Global Rank, 2007-08



Note: Countries are ranked from 1 to 131 on their overall competitiveness, which is based upon analysis of a large number of indicators. The lower the rank, the more competitive is the economy.

Source: World Economic Forum.

Market Potential Index for Emerging Markets

Developing country	Global Rank, 2008
Hong Kong	1
China	2
Singapore	3
Taiwan	4
South Korea	5
Czech Rep.	6
Hungary	7
Mexico	8
Israel	9
Poland	10
India	11
Russia	12
Turkey	13
Malaysia	14
Chile	15
Thailand	16
Argentina	17
Philippines	18
Indonesia	19
Saudi Arabia	20
Egypt	21
South Africa	22
Brazil	23
Pakistan	24
Peru	25
Colombia	26
Venezuela	27

Note: The index is based on the assessment of 19 indicators relating to market size and growth, infrastructure, openness and risks.

Source: GlobalEDGE (<http://globaledge.msu.edu/resourceDesk/mpi/>)

Chapter 5: Conclusion

The more than 40 countries and dependent territories in the Americas are experiencing renewed economic growth and stability, helped by high commodity prices and economic reforms. Brazil is the region's leader in terms of economic size but other countries also stand out in terms of their economic performance and potential. Yet there is huge diversity within the region in terms of size, income, language, openness, infrastructure, stability and growth potential.

This report has identified a number of markets in the Americas that are of potential interest to Atlantic businesses. Based upon an assessment of various indicators of market potential, challenges and costs, existing linkages, and economic and political risks, but giving particular weight to market size, income and growth, APEC has identified twelve countries in the Americas that are of most interest for Atlantic Canadian companies: Brazil, Peru, Chile, Colombia, Argentina, Venezuela, Panama, Costa Rica, Trinidad and Tobago, Cuba, the Bahamas and Barbados.

Within these twelve countries, APEC has highlighted a number of specific sectors of interest. The primary resource sector is an important part of several of these economies and there are opportunities for exploration and provision of equipment and services in mining, oil and gas and electricity generation. With rapid economic growth in the Americas, and development needs relating to infrastructure and the environment, there are opportunities to provide construction products and engineering and environmental solutions and consultancy services. These developing countries also have needs relating to ICT solutions and services and education and training. Atlantic Canada's existing merchandise trade with the Americas is focused on energy products, newsprint, potash, and food products but the scope for further increases in these industries is mixed.

The prime attraction of markets in these developing countries is that they are growing much more rapidly than Atlantic Canada's traditional export markets in the United States or the European Union. Several Atlantic businesses and educational institutions are already active in the Americas. Canada has also signaled a renewed interest in the Americas and is negotiating trade agreements with several countries in the region (although the United States and the European Union are also negotiating trade agreements).

However, potential new entrants to the Americas need to be aware that these are still developing countries. Compared with traditional developed economies, the markets in the Americas tend to be smaller, with a more challenging business environment and weaker infrastructure, which will increase business costs and require more time to succeed. Language skills are an important consideration with Spanish the official language throughout most of Latin America and Portuguese spoken in the largest country Brazil. Economic, business and political risks are also higher than in more advanced economies. Atlantic businesses already active in the Americas confirm the need to take a long-term approach, to be committed to thorough research, and to take the time to secure the best local connections in the market. These are not necessarily markets for smaller exporters with limited experience and resources.

The Americas are not the only developing markets of potential interest to Atlantic businesses. A comparison of the strongest twelve prospects in the Americas with a sample of other developing economies reveals that there are several larger markets that are growing somewhat faster. These economies in Asia and Europe tend to have better infrastructure than in the Americas and generally lower economic and business risks. However, proximity is a key advantage for the Americas. Countries in the Caribbean and Central America are closer than markets in Europe, while South America is closer than markets in Asia.

The final message is that competitiveness remains the key to ultimate success in new markets. The appreciation of the Canadian dollar and the presence of low cost competitors are already affecting Canadian companies in the Americas. Developing countries offer huge long-term potential for companies that are committed to these markets and are willing to take some risks to establish themselves. But Atlantic firms need to ensure that their products and services are viable within the international marketplace and that they can ensure an adequate and reliable supply.

Appendix A: Country and Sector Profiles

This appendix provides full profiles for 9 of the 12 countries in the Americas identified in this report as of most interest for Atlantic companies, along with shorter profiles for the remaining three countries. The countries were selected based upon the analysis described in Chapter 3. Each profile includes an overview of the country, brief profiles of selected sectors of potential interest to companies in Atlantic Canada, and some links to further research and resources.

The country profiles are presented in order of their grouping and presentation in Chapter 3. The sectors profiles for each country are presented in alphabetical order.

These profiles are intended to provide a preliminary overview of each country and sector. Companies need to undertake their own in-depth competitive assessment for their products/industry. Companies may find significant opportunities in countries and sectors that are not profiled here.

Currency Note: All dollar values in this appendix are expressed in **U.S. dollars** unless otherwise noted.

General Links of Interest

These links provide more in-depth analysis and resources for most countries in the Americas.

The Economist/Economist Intelligence Unit Country Profiles: <http://www.economist.com/countries/>

CIA World Fact Book: <https://www.cia.gov/library/publications/the-world-factbook/index.html>

U.S. Department of Commerce International Market Research reports (provided by Industry Canada. In particular, see the Country Commercial Guides (CCG), Country Background Notes (CBN) and Energy Information Administration Country Analysis Briefs (CAB)):
<http://www.ic.gc.ca/epic/site/imr-ri2.nsf/en/gr-01000e.html>

DFAIT Doing Business Abroad: <http://www.infoexport.gc.ca/ie-en/MarketReportsAndServices.jsp>

Canada's Virtual Trade Commissioner <http://www.infoexport.gc.ca/ie-en/login.jsp>

Canadian Offices Abroad: <http://www.dfait-maeci.gc.ca/world/embassies/menu-en.asp>

Embassies in Canada - <http://www.embassyworld.com/embassy/Canada/Canada2.html>

Export Development Canada Country Information:
<http://www.edc.ca/search/CountryInformation.asp?slang=e>

GlobalEDGE Country Insights: <http://globaledge.msu.edu/countryInsights/>

Doing Business Country Reports: <http://www.doingbusiness.org/>

World Economic Forum Country Analysis: <http://www.gcr.weforum.org/>

Country Profile - Brazil

Overview

Brazil is the largest country in the Americas in terms of population, GDP and geographic area. It is the fifth largest in the world in terms of population and geographic area and has the eighth largest economy.

With vast natural resources and a large supply of labor, Brazil is considered to be one of the countries in the world with the most economic potential over the next few decades. Strong commodity prices and rapidly expanding reserves are boosting activity in Brazil's oil and gas and mining sectors. The country also continues to pursue industrial and agricultural growth and development of its interior.

However, Brazil has one of the most unequal distributions of wealth in the world (over 30% of the population is below the poverty line). Poor public education, and environmental issues including pollution and deforestation are major challenges.

Brazil Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 184.2 million (1/44)
Population, 2025: 228.8 million (1/44)
GDP, 2005: \$882 billion (1/32)
Avg. GDP Growth, 00-05: 3.0% (19/31)
Avg. GDP Growth, 06-18: 3.7% (18/39)
GDP/Capita, 2005: \$4789 (12/31)
Avg. Inflation, 02-06: 8.2% (22/31)
Avg. Atlantic Exports, 03-07: CAN\$108m (1/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)
Ease of Doing Business, 2008: 122 (24/29)
Global Comp. Index, 2008: 72 (7/22)

Other

Official Language - Portuguese
Currency - Real (floating)
Largest Cities (Population, 2007 est.) - Sao Paulo (18.1m) Rio de Janeiro (11.1m)



Political

The current government, under leftist President Lula da Silva was elected in 2002 and has been successful in stabilizing the economy, while increasing social spending. Economic growth and poverty alleviation are the top priorities for government. The next election is in 2010.

Economy

The Brazilian economy weathered hyper inflation in the early 1990s and a financial crisis in the early part of this decade and is now growing strongly. Real GDP growth averaged 4.5% during the last four years and is expected to grow at about 4% per year over the next five years. A floating exchange rate, an inflation-targeting regime, and a tight fiscal policy are the three pillars of the current economic program. Booming exports along with modest inflation and a declining government debt-to-GDP ratio (although still over 40%) are all positive steps for the country's economy. In 2005, Brazil paid a \$15 billion debt owed to the IMF two years ahead of schedule. A recent report from UNCTAD revealed that a survey of 192 multinational companies ranks Brazil the fifth most attractive country in the world for investment over the next three years.

Incomes are growing but Brazil still has a high unemployment rate (9.6% in 2006), especially in major urban centers. A very strong black/gray market makes tax collection difficult and piracy in technology, consumer goods and other products is common. While there has been a move towards privatization to encourage investment there is still a strong government presence in many industries including the oil and gas and banking sectors. Although Brazil has made progress in reducing trade barriers, tariff rates in many areas remain high and continue to favor locally produced products. Brazil's tax system is complex and burdensome which forces companies to devote considerable time and money on their tax affairs.

Key Sectors

Agriculture, oil/gas & mining, cars and parts, aerospace, steel, textiles, forest products, petrochemicals, computer manufacturing, financial services, telecommunications.

Assessment

Brazil represents the largest overall economy in the Americas and is already the largest market in the region for Atlantic Canadian exports. Incomes are modest but the economy is growing steadily. The economic environment is stable and the current government is making reforms to the economy that are widely seen as progressive.. Aside from being a Portuguese speaking country that is quite distant geographically, potential challenges include strong competition from other countries, significant tariffs, a complex tax system and significant infrastructure deficiencies.

Country Profile –Bahamas

Overview

The Bahamas are a chain of islands that run east of Florida and Cuba. GDP per capita in the Bahamas is the highest in the Americas by a wide margin. Inflation has been running at one of the lowest rates in the Americas. The Bahamas have a stable government and no personal and corporate income taxes. However tariffs and import fees on imported goods are quite high and are the main source of government revenue. Reduction of trade barriers will likely lead to increases in other types of taxation to replace revenues if the country becomes a part of the Free Trade Area of the Americas. Atlantic Canada has a long history of shipping food products to the Bahamas although the strong Canadian dollar has hurt in recent years.

Bahamas Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 0.3 million (26/44)
Population, 2025: 0.4 million (26/44)
GDP, 2005: \$6.0 billion (19/32)
Avg. GDP Growth, 2000-05: 4.2% (7/31)
Avg. GDP Growth, 06-18: 3.4% (26/39)
GDP/Capita, 2005: \$18,421 (1/31)
Avg. Inflation, 02-06: 2.0% (27/31)
Avg. Atlantic Exports, 03-07: CAN\$9.9m (15/44)

Other

Official Language - English
Currency – Bahamian dollar (fixed to U.S.)
Largest City (Population, 2000) –
Nassau (210,800)



Assessment/Opportunities

The country is heavily dependant on tourism which employs over half of the nation's labour force. Financial services are also an important part of its economy. The government has focused some attention on the manufacturing and agriculture in an attempt to diversify the economy away from tourism. A boom in construction of new hotels, resorts, and residences had led to solid GDP growth in recent years. There has been a large increase in private sector investments in tourism which has boosted the construction sector. Nearly all the foreign investment in the country is in tourism and banking. The country is closely tied to the U.S. economy due to its proximity and will struggle as the U.S. economy fights its way out of recession. Over 85% of its visitors come from the U.S. The Bahamas imports more than \$250 million in food per year, representing about 80% of its food consumption.

Top Ten Exports

\$billion

	2002	2006
Ships	0.2	1.1
Beverages	0.2	0.3
Mineral fuels	0.4	0.2
Other commodities	0.1	0.2
Plastics	0.1	0.1
Fish	0.1	0.1
Paintings/antiques	0.04	0.1
Salt	0.04	0.1
Organic chemicals	0.01	0.04
Pharmaceuticals	0.00	0.01
Total Exports	1.2	2.3

Top Ten Imports

\$billion

	2002	2006
Ships	2.9	3.6
Mineral fuels	0.8	3.3
Other commodities	0.3	0.6
Machinery	0.2	0.2
Vehicles	0.2	0.2
Electrical	0.1	0.2
Wood	0.04	0.1
Iron/steel articles	0.03	0.1
Paintings/antiques	0.04	0.1
Furniture	0.03	0.1
Total Imports	5.1	9.3

Top Atlantic Merchandise Exports to Bahamas

(Avg. value 03-07, CAN\$millions)

Mineral Fuels	3.3
Process Veg	2.9
Vegetables	0.9
Dairy	0.4
Machinery	0.3
Total Exports	9.9

Bahamas' Top Export Partners

% of total, 2006

Spain	23.0
United States	20.9
Poland	14.3
Germany	14.3
United Kingdom	4.8
Other	22.6

Bahamas' Top Import Partners

% of total, 2006

United States	24.6
Brazil	15.7
Japan	13.1
Korea	12.0
Spain	6.1
Other	28.4

Sector Profile – Brazil

Aerospace

In 2006 Brazil imported nearly \$1 billion in aircraft parts. There are a wide range of aerospace companies in Brazil, but the two main buyers are Embraer and EMB, which account for over 90% of all aerospace component imports. Embraer is the third largest aircraft manufacturer in the world behind Boeing and Airbus. The key suppliers currently are the US and Europe, however strong demand from Boeing and Airbus has left Brazilian buyers looking to new markets. Low cost providers like China and India, pose the greatest competition, but their inconsistent quality provides an opportunity for Canadian companies. The products expected to have the most potential are machined parts (including aircraft propellers), avionics and systems, aircraft engines and aircraft accessories. The maintenance market continues to grow rapidly as well. Composites Atlantic based in Lunenburg has a sales office in Brazil.



Agrifoods and Fisheries

The agriculture sector is one of the most important in the Brazilian economy. The country is the world leader in the production of several commodities. Brazil is the world's largest producer of coffee, sugarcane and oranges and has the world's largest cattle herd (170 million); Brazil is the world's second largest producer of soybeans, tobacco leaves and bananas. Brazil is also one of the few countries still capable of increasing its planted area as it has more viable agricultural land than any other country in the world. The country is also looking at ways to improve its global competitiveness in agriculture by increasing the quality and yield of its crops while reducing costs. This suggests there will be significant demand for agricultural equipment and technologies. The bioscience industry in the region may find some opportunities including potato research in New Brunswick and animal and fish health research in Prince Edward Island. There may also be some opportunities for food products given the rising demand for quality and the growing population. The distance to market for food products is a concern (16 days sailing time from Halifax to Sao Paulo); however, planned expansions to cargo facilities at the Halifax airport may help (air travel time is 16 hours). Current Atlantic exports to Brazil in this sector of about CAN\$800,000 are mainly potatoes and frozen vegetables with smaller amounts of dairy and fish products.

Engineering/Environmental Services

Engineering and environmental services will be required across many of the rapidly expanding industries in Brazil's economy. Brazil's environmental technologies market is valued at nearly \$4 billion, with the largest share going to water and wastewater. Stricter environmental legislation and greater demand for technologies for water reuse, solid waste treatment, recycling, and reducing greenhouse gases are driving investment. The petrochemical and iron and steel industries spend an estimated \$500 million per year on water/wastewater technologies and services each year. The rapidly growing oil and gas and mining sectors also require innovative environmental solutions. Brazil has a checkered environmental past in regards to some of its previous mining and oil and gas developments. Brazil's growing export focus is being hampered by transportation infrastructure constraints. The country's roads, rail, ports and airports are undergoing significant expansions. Companies offering innovative solutions and technologies in these areas are more likely to penetrate the market rather than suppliers. LGL Limited of Newfoundland has done environmental consulting in Brazil.

ICT Solutions and Services

Brazil's ICT spending is expected to continue at a healthy pace due to population growth and a rapid rise in technology use in the coming decade. Brazil has the fifth largest number of internet users in the world at nearly 43 million in 2006. There is expected to be \$14 billion in software sales in Brazil during 2007, of which nearly \$6 billion will be imported. The telecommunication industry is growing rapidly especially in cellular companies. Inadequate integration of ICT systems within companies and between their suppliers and clients is leading to inefficiencies in the production chains of many sectors of Brazil's economy. Other potential growth areas for Atlantic companies include wireless, VoIP, satellite services, data services and technology for distance education. The ICT equipment market is more difficult to penetrate in Brazil due to tariffs and other barriers to imports. There is a high level of piracy in the computer equipment and software market which deters some foreign companies from entering Brazil. Atlantic of Halifax and Rutter Inc. of St. John's are Atlantic IT companies active in the Brazilian market.

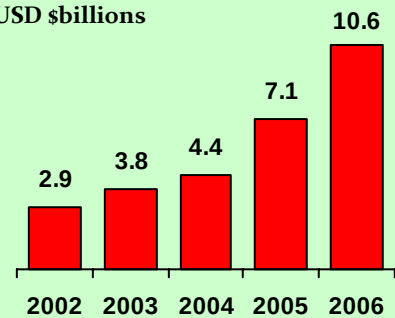
Sector Profile – Brazil

Oil & Gas

Brazil is the largest energy consumer in Latin America and has the second-largest oil reserves in South America after Venezuela. Brazil's exports of mineral fuels grew from less than \$3 billion in 2002 to \$10.6 billion in 2006. The sector is dominated by state owned Petrobras which is the largest company in South America and one of the largest in the world with a market value of \$430 billion and nearly 70,000 employees. In 2008 alone the company will spend over \$50 billion in the oil and gas sector and downstream activities. Recent offshore discoveries including the massive 33 billion barrel Carioca oil field, the 5-8 billion barrel Tupi oil field and the Jupiter natural gas field will lead to billions of new investment over the next decade. Expenditures on natural gas, pipelines and refineries will also be strong as Brazil reduces its dependence on imports. Petrobras is a global leader in ethanol production and plans to spend \$1.5 billion in that area over the next five years. The company is also expanding its global reach investing in exploration and development and refineries in other countries. External investment in Brazil's oil and gas sector began in 1997 and is on the rise with \$8 billion in spending expected by international companies between 2007 and 2010. Brazil's oil & gas equipment market is about \$13 billion of which nearly \$5 billion is imported. These figures will grow significantly in the next decade. Opportunities exist for offshore and onshore equipment and services, including flexible pipes, oil well completion systems, pumps, valves, drill pipes, and undersea services. Experienced firms in the Newfoundland and Nova Scotia offshore may benefit from the continued growth in Brazil's offshore. Spectrol Energy Services of St. John's is already working in Brazil.

Brazil's Mineral Fuel Exports Take Off

USD \$billions



Source: International Trade Centre

Other industries of interest

Mining – Strong commodity prices driven by demand in China is helping this sector which is already the fifth largest in the world valued at \$41 billion in 2005. Brazil is second only to China in terms of global iron ore production, and planned industry investment of over \$14 billion over the next four years will help to double production, largely to meet China's growing demand. Brazil-based CVRD is the world's second largest mining company and owner of the Voisey's Bay project in Labrador. Linear Gold of Nova Scotia is involved in a joint venture in Brazil.

Top Ten Exports

\$billion

	2002	2006
Vehicles	4.5	12.3
Machinery	4.3	10.9
Crude/Refined Oil	2.9	10.6
Ores (iron ore)	3.2	9.8
Iron and Steel	3.5	8.8
Meat	2.8	7.3
Electrical	3.1	6.4
Sugar	2.2	6.3
Soya Beans	3.1	5.7
Aircraft	2.8	3.4
Total Exports	60.4	137.8

Top Ten Imports

\$billion

	2002	2006
Crude/Refined Oil	6.9	17.1
Machinery	8.2	13.7
Electrical	7.0	12.9
Vehicles	2.7	5.6
Organic Chemicals	3.0	4.8
Optical/Medical	1.8	3.5
Plastics	1.8	3.4
Pharmaceutical	1.5	2.6
Fertilizers	1.2	2.3
Tires	0.8	1.8
Total Imports	47.2	91.3

Brazil's Top Export Partners

% of total, 2006

	2006
United States	18.0
Argentina	8.5
China	6.1
Netherlands	4.2
Germany	4.1
Other	59.1

Brazil's Top Import Partners

% of total, 2006

	2006
United States	16.3
Argentina	8.8
China	8.8
Germany	7.1
Nigeria	4.2
Other	54.8

Top Atlantic Merchandise Exports to Brazil

(Avg. value 03-07, CAN\$millions)

Potash	57
Paper	43
Tires	1.4
Machinery	1.2
Total Exports	108.1

Selected Links – Brazil

Useful Links

Brazilian embassy in Canada - www.brasembottawa.org
Canadian offices in Brazil – www.canadainternational.gc.ca/brazil/index.aspx
Brazil-Canada Chamber of Commerce - www.ccacanada.com/bccc/
CIA Factbook - <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>
Canada-Brazil Trade Portal - www.brazcan.org/
Global Edge - globaledge.msu.edu/countryInsights/country.asp?countryID=107®ionID=4
Economist Country Briefing - www.economist.com/countries/Brazil/

Industry Links

Agrifood and Fisheries

Brazil Ministry of Agriculture - www.agricultura.gov.br
Brazilian Agricultural Research Corporation - www.embrapa.br/english

Aerospace

Embraer - www.embraer.com
LA Aerospace & Defence Expo - www.laadexpo.com/
Brazilian Aerospace Association - www.aiab.org.br

Oil and Gas

Petrobras - www.petrobras.com
National Petroleum Agency - www.anp.gov.br
Rio Oil & Gas Trade Show – www.rioilegas.com.br

Engineering/Environmental Services

Brazilian Association of Infrastructure - www.abdib.org.br/index_en/

ICT

Telecom/IT Tradeshop - www.futurecom2008.com.br/eng/default_e.htm

Mining

Brazilian National Mining Association - www.ibram.org.br

Country Profile – Peru

Overview

Peru is the third largest country in the Americas in terms of size and has the fifth largest population. However its GDP per capita is quite low because of a large poor population. GDP per capita is rising rapidly. In 2000 it was about \$2000 per capita but is expected to double by 2009.

Rapid growth in the mining and energy sectors boosted by strong commodity prices are a key factor behind recent growth. Economic reforms and privatizations in the 1990s, and measures taken more recently to promote trade and foreign investment have also helped.

Peru does have a lack of diversity in its economy and relies quite heavily on its mineral resources. Therefore it is open to commodity price fluctuations. A lack of infrastructure has deterred trade and investment in the past.

Peru Summary

Indicator, Year: Value

(Americas Rank/No. of countries)

Population, 2005: 27.2 million (4/44)

Population, 2025: 34.1 million (5/44)

GDP, 2005: \$79 billion (6/32)

Avg. GDP Growth, 2000-05: 4.0% (9/31)

Avg. GDP Growth, 2006-18: 5.4% (6/39)

GDP/Capita, 2005: \$2920 (21/31)

Avg. Inflation, 02-06: 2.0% (4/31)

Avg. Atlantic Exports, 03-07: CAN\$7m (17/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)

Ease of Doing Business, 2008: 58 (5/29)

Global Comp. Index, 2008: 86 (13/22)

Other

Official Language - Spanish

Currency – Nuevo sol (floating)

Largest City (Population, 2007 est.) – Lima (7.7m)



Political

In its past Peru has moved between democracy and military dictatorship but now has one of the most stable governments in Latin America. President Alan Garcia was elected in 2006 under promises of improving social conditions and maintaining the fiscal responsibility of the previous government. Garcia was in power from 1985 to 1990 which was a disappointing growth period marked by hyperinflation. However, he has continued the fiscal and trade and investment policies of the previous governments.

Economy

After a decade or more of inconsistent growth, the economy is in the middle of a strong period of expansion led by its mining industry. The multi-billion dollar Camisea natural gas development, which began production in 2004 is also having a large impact on Peru's growth. Annual real GDP growth averaged 5.6% between 2002 and 2006 with growth expected to be close to 9% in 2007. The exchange rate in Peru is currently stable and the country has had one of the lowest inflation rates in Latin America although inflation rose to almost 4% at the end of 2007.

Stronger regional and national government policies and programs that attempt to improve the distribution of the benefits of economic growth to poorer and more isolated parts of the country are key policies of the current government. In addition to increasing expenditure to reduce poverty, addressing the health and education systems are a priority as they are under performing. Additional spending is also needed in transport, energy and water infrastructure. The Peruvian economy has been strong historic ties to the North American economy. An agreement on free trade between Canada and Peru was signed earlier this year and is expected to be ratified by both governments in the next few years. Peru also finalized a free trade agreement with the U.S. late in 2007. The slowdown in the U.S. economy may weigh on growth in Peru in 2008.

Underemployment and poverty are key challenges in the Peruvian economy especially in the southern highlands. Nearly 45% of the population is below the poverty line in the country as a whole. Available labor is abundant and trainable but there are shortages of highly skilled workers in some industries. The unemployment rate in Lima is quite low (7.4%) but underemployment is a problem for nearly half of those employed in the country's largest city.

Key Sectors

Mining, agriculture, textiles, natural gas, crude and refined oil, steel, metal fabrication, construction, fishing, food processing.

Assessment

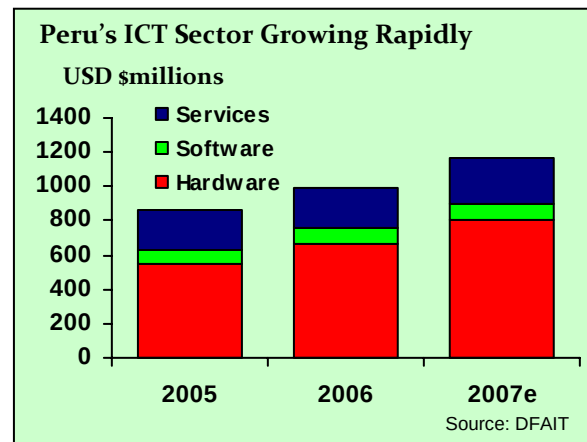
Peru is one of the largest markets in the Americas but suffers from low per capita incomes because of widespread poverty and underemployment. Incomes are on the rise and the economy will be one of the fastest growing in the Americas over the next decade. However, if the commodity prices fall Peru will be one of the hardest hit. The business environment is currently stable and the government sector is one of the least corrupt in South America. The current government has continued the path of reforms to the economy that are widely seen as progressive. The Canada-Peru Free Trade Agreement (if ratified) will help to facilitate trade and new business opportunities. Aside from being a Spanish speaking country, there are significant infrastructure deficiencies and very weak existing linkages with Atlantic Canadian exporters.

Industry Profile – Peru

ICT Solutions and Services

Peru is a rapidly growing developing economy and has a significant need for telecommunication equipment and other technologies and services related to the ICT sector. Peru's ICT sector grew by 16% in 2006 and in 2007. Hardware was the main source of growth in a sector estimated to be worth about \$1.2 billion in 2007. The potential for increased activity for Atlantic firms will also strengthen if the Canada-Peru Free Trade Agreement gets signed. Nortel, Bevertec and Convergia Networks are among the Canadian companies that have subsidiaries based in Peru. A significant barrier to trade in this sector are tariffs of 10-30% on software imports. As with other Latin American countries, piracy in the software industry is also a concern. There is strong competition from European, Asian and U.S. suppliers and increasingly from China. E-learning is an area of opportunity for Atlantic Canada firms including distance education, content development and professional certification. Geomatics is another area of interest for Atlantic firms that has high growth potential in Peru.

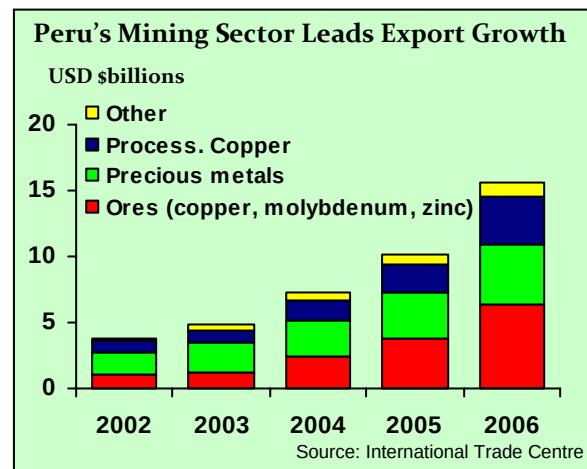
The rapid expansion of the mining sector, the development of its offshore oil & gas sector and other natural resource and environmental activity will require some level of geomatics. The Plato Group is an IT consulting and software development firm based in St. John's that has worked in Peru.



Mining Exploration and Services

Mining is the most important industry in the Peruvian economy and is the key factor behind its recent growth. China's strong demand for metals and Peru's improved economic stability is helping boost exploration and production in the country. The mining sector accounted for about two-thirds of all exports in 2006, up from about 50% in 2002. Important minerals produced in Peru include copper, gold, molybdenum, zinc, tin, lead and silver. Peru also has large uranium reserves that have not been developed. Peru's Ministry of Energy and Mines estimates that mining companies will spend close to \$10 billion between 2007 and 2014 on exploration, development and mine expansions.

Canadian firms will play an important role in these developments. There are 80 Canadian companies operating in the country including producers and exploration companies. The largest are Teck Cominco and Barrick Gold. In addition, there are more than 120 Canadian suppliers active in Peru either having a local office or an agent/distributor. They will supply much of the mining equipment and services for these new projects. It is estimated that total imports of mining equipment reached \$1.4 billion in 2006. Peru levies a 12% import duty against most imports of mining equipment, as well as a 19% general sales tax on all products and a customs fee ranging between 0.5% and 3% on imported goods. Canada also holds a strong position in the mining services market in Peru including engineering and environmental services. While most of the Canadian firms active in Peru are from western and central Canada the continued growth in the sector will provide opportunities for Atlantic firms either directly or indirectly through other Canadian firms in the mining sector especially in exploration and mining services.



Oil & Gas Equipment and Services

While a majority of oil and gas activity is still land based, there has been a stronger focus on the offshore with the start of production at the large Camisea natural gas field in 2004 and the discovery of the country's first offshore oil field in 2005. Peru had proven natural gas reserves of 8.7 trillion cubic feet (tcf) in 2007, the fifth-largest in South America. This will likely grow as Camisea and nearby fields are developed. Natural gas production will soon exceed demand leading to the start of the first LNG facility for export which will begin flowing in 2009. Maple Gas, which is the lead proponent behind the Goldboro, Nova Scotia LNG project is working on a development in Peru. Repsol, Irving Oil's partner on the Canaport LNG project and Maple are also involved in oil refineries in Peru. There may be opportunities for Atlantic firms as the relatively young offshore sector expands. A large majority (86% in 2005) of the market for oil and gas equipment and parts (onshore and offshore) come from imports. There are no import restrictions for oil and gas field equipment in Peru.

Sector Profile – Peru

Other industries of interest

Construction – The current government plans to improve the poor infrastructure in Peru during its mandate. Over \$5 billion in infrastructure spending announced in April will target water, highways, irrigation and schools. Ports and airports are also targets for expansion. Rapidly rising incomes, especially in Lima will provide some impetus for new housing developments, malls, hotels and office and warehouse space creating opportunities for Atlantic firms exporting prefabricated homes or components and construction services.

Engineering and Environmental Services – The rapid growth in the economy is driving an expanding need for engineering services to support the construction sector. A key part of the infrastructure growth is improvements needed for water and wastewater. In addition environmental protection services are in high demand. The pollution control equipment sector is estimated to be about \$100 million but is growing rapidly especially in Lima and in support of its mining sector.

Marine Equipment and Services - Peru is a leading exporter of fishmeal and fish oil, but there is increasing interest in developing a higher-value fishery and aquaculture products for human consumption. The expanding offshore sector will continue to grow as a potential market. ABCO Industries of Lunenburg, and Norstar Technical Inc. of Newfoundland are involved in the Peruvian market for marine equipment and technology.

Top Ten Exports		
<i>\$billion</i>		
	2002	2006
Ores	1.1	6.3
Precious metals	1.7	4.6
Copper articles	0.8	3.6
Mineral fuels	0.5	1.9
Animal Feed	0.8	1.2
Clothing	0.5	1.1
Coffee	0.2	0.6
Zinc	0.1	0.5
Fish	0.1	0.3
Vegetables	0.1	0.3
Total Exports	7.5	23.7

Top Ten Imports		
<i>\$billion</i>		
	2002	2006
Mineral Fuels	1.0	3.0
Machinery	1.0	2.2
Electrical	0.7	1.5
Vehicles	0.4	1.0
Plastics	0.4	0.9
Iron/Steel	0.2	0.6
Cereals	0.3	0.5
Iron/Steel articles	0.3	0.4
Paper	0.2	0.4
Pharmaceuticals	0.2	0.3
Total Imports	7.5	15.3

Peru's Top Export Partners	
<i>% of total, 2006</i>	
United States	24.1
China	9.6
Switzerland	7.1
Canada	6.8
Chile	6.0
Other	46.4

Peru's Top Import Partners	
<i>% of total, 2006</i>	
United States	16.5
Brazil	10.5
China	10.3
Ecuador	7.1
Columbia	6.2
Other	49.4

Top Atlantic Merchandise Exports to Peru	
<i>(Avg. value 03-07, CAN\$millions)</i>	
Paper	1.7
Process. Veg	0.6
Machinery	0.6
Total Exports	6.8

Useful Links

Embassy of Peru in Canada - www.embassyofperu.ca

Canadian Embassy in Peru - www.lima.gc.ca

CIA Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/pe.html>

Global Edge - globaledge.msu.edu/countryInsights/country.asp?countryID=142®ionID=4

The Economist Country Briefing - www.economist.com/countries/Peru/

Country Profile – Chile

Overview

Chile is the seventh largest economy in the Americas and has the sixth largest population. Its GDP per capita is the highest in South America.

Chile is seen as an open and accessible economy. Both the World Bank and the World Economic Forum rank Chile as the most competitive economy in the Americas. Chile has trade deals with several countries around the world including one with Canada signed in 1997.

The mining sector continues to be the key driver of growth in the Chilean economy. However, the volatility of commodity prices has caused wide fluctuations in growth in the past. One of the key challenges for new entrants in the Chilean marketplace is that there are many players due to its openness. Competition will further increase as Chile pursues new trade agreements worldwide.

Political

Chile emerged in the early 1990s from years of authoritarian rule by General Augusto Pinochet to become one of the most open and democratic countries in Latin America. Michelle Bachelet, Chile's first female president, took office in 2006 for a four-year term. Her centre-left coalition is expected to struggle after losing its majority in both houses of government.

Economy

Chile's free and open economy is evident in the large number of trade agreements in place and currently being negotiated. Chile's agreements include those with Canada, U.S., E.U., Mexico, South Korea, China, and Japan which gives it free trade access to countries accounting for over 75% of the world's GDP. Chile's open economy has helped bring an increase in domestic and foreign private investment. Chile's welcoming attitude toward foreign direct investment is codified in the country's Foreign Investment Law, which gives foreign investors the same treatment as Chileans. Many of the state owned companies were privatized over the last two decades. The main exception is CODELCO, the world's largest copper company. Revenues from CODELCO and other private mines are the key reason the country has been able to post strong public surpluses.

While there has been rapid growth in the Chilean economy over the last few years it is due in large part to strong global demand for copper. Private investment has been strong in that sector but generally there is a lack of diversity in Chile's economy. The manufacturing sector has not seen much growth over the last decade. The public healthcare and education systems have not improved much despite being given significant resources. The privatized national pension system has encouraged domestic investment and contributed to high domestic savings rates. However, nearly half of the working population is not covered by the system including those that are self-employed. Poverty rates have improved significantly since 1990 falling from 40% to about 12% in 2007. However, income inequality is a serious issue in Chile. A United Nations report ranked Chile 113th out of the 120 countries. Inflation is also running well above target and ended 2007 at close to 8%.

Key Sectors

Mining (copper), fishing, agriculture, metal manufacturing, forest products, food processing, oil and gas, wine, financial services.

Assessment

Chile's open economy and the existing Free Trade Agreement with Canada provides relatively easy access for Canadian companies. Chile is consistently ranked as the freest, most open economy in the Americas. Chile has enjoyed a long period of consistent growth, a pattern that is expected to continue. However the economy is highly dependant on the copper industry. and any significant drop in the price of copper could have a large impact on overall growth. Chile is also the most distant in the Americas in terms of marine shipping from Atlantic Canada with currently limited Atlantic exports outside of refined petroleum.

Chile Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 16.3 million (6/44)
Population, 2025: 20.7 million (7/44)
GDP, 2005: \$119 billion (5/32)
Avg. GDP Growth, 00-05: 4.3% (5/31)
Avg. GDP Growth, 06-18: 4.9% (10/39)
GDP/Capita, 2005: \$7351 (6/31)
Avg. Inflation, 02-06: 2.6% (8/31)
Avg. Atlantic Exports, 03-07: CAN\$56m (3/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)

Ease of Doing Business, 2008: 33 (1/29)
Global Comp. Index, 2008: 26 (1/22)

Other

Official Language - Spanish
Currency – Chilean Peso (floating)
Largest City (Population, 2007 est.) –
Santiago (5.8m)



Sector Profile – Chile

Aquaculture Equipment and Services

Chile is vying with Norway to be the world's leading producer of farmed salmon and is also active in other farmed species including trout, oysters, scallops, mussels, and seaweed. Exports of fish products from Chile continued to be strong until 2006 with average annual growth near 20% in the 2000-2006 period. Growth in 2007 was slower due to an outbreak of a contagious fish virus. These virus concerns may provide opportunities for Atlantic fish health researchers and equipment providers as the industry looks at investments in expertise, technologies and equipment to prevent new outbreaks. Representatives of all four Atlantic provinces attended the Aqua Sur2008 International Aquaculture Show in Santiago in March 2008. At that event a memorandum of understanding was signed between Canada and Chile to work collaboratively in areas of mutual interest on technical, scientific and economic issues. While the industry in Chile is maturing, this agreement may open up new opportunities for Atlantic Canadian aquaculture companies and researchers to help improve the productivity, safety and environmental impact of the sector. The region already has strong linkages in Chile. Atlantech Engineering of Charlottetown has an office in Puerto Montt Chile that services the aquaculture industry. Charlottetown Metal Products is exporting processing equipment into Chile and the Atlantic Veterinary College has provided diagnostic services for the industry in Chile. Cooke Aquaculture of Black's Harbour, New Brunswick is purchasing Salmenes Cupquellan S.A, a Chilean company with 30,000 MT of salmon production and annual sales of approximately \$100 million.

Electric Power Equipment & Services

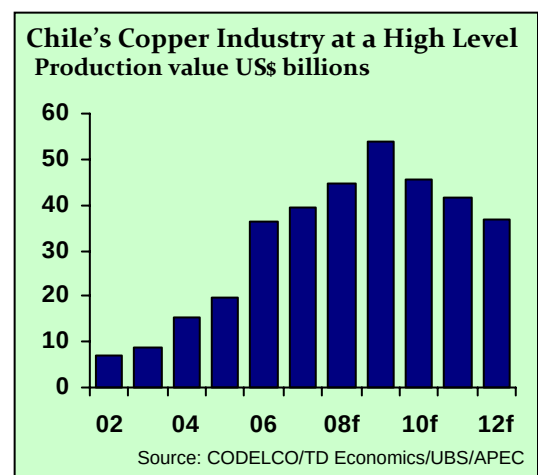
Apart from hydroelectricity and some coal, Chile has few conventional energy sources. It has been estimated that the country needs 7,000MW of new generating capacity to keep pace with the estimated growth of demand over the next decade. Nearly ¾ of its energy consumed is imported, and its main source of supply, natural gas from Argentina, is unreliable. Chile is trying to encourage investment in the electricity sector while promoting the development of non-conventional forms of energy. There are currently \$15 billion worth of projects planned including \$8 billion in hydro generation and \$5 billion in coal/thermal plants. Of the hydro projects planned several are in the far south where rainfall is abundant. But environmentalists are gearing up to oppose these projects. The rising cost of energy is also leading many of the large mining companies to build power generation into their new project plans to guarantee their own supply and in some cases even produce more power to sell to the grid. The country's first LNG import terminal is due to open in 2009 which will also help. These large scale expansions could all provide opportunities for Atlantic exporters of electrical power equipment.

Chile is also studying energy efficiency programs used by other countries, including Canada. This creates an opportunity for service providers in the energy efficiency consulting field. Investment, engineering services, and other products are required for hydroelectric projects, renewable energy and thermal electricity. Regulations require project promoters to conduct environmental impact assessments before they can initiate a project. Canadian environmental consultants and specialists may find business opportunities in this field. Transmission is dominated by Canada's Brookfield Asset Management. There are plans to begin interconnecting the grids from north to south, which would result in a more reliable power supply in Chile and perhaps provide some opportunities for firms in Atlantic Canada.

Mining Equipment and Services

Chile has a global reputation as one of the most important mining countries. Chile is the largest copper producer and exporter in the world, accounting for 35% of total world production. CODELCO, the state-owned mining company, is the world's largest copper producer, but privately owned mines (including those with international ownership) account for about half of Chile's copper production and look to increase their share of the market. The value of copper production has risen from \$7 billion in 2002 to \$36 billion in 2006. While production is up over that period (17%) it is booming copper prices (up 329% in that period) that are driving revenues. China's growing demand for copper for power plants and other construction projects along with tightening supplies of copper worldwide are driving up prices. Copper exports were nearly \$33 billion in 2006, which was about 60% of the country's total exports. Gold and silver mining and other non-metallic minerals are also an important part of Chile's mining sector. Mining production will continue to lead Chile's economy with significant foreign and domestic investment in developing new mines and/or modernizing and expanding existing ones. Chile's Capital Goods

Technological Development Corporation has identified \$18.5 billion in investment in the mining sector between 2006-2015 with about 60% coming from the private sector. These investments are only expected to sustain or create a small increase in overall production levels but will require significant imports of mining equipment and services creating potential opportunities for Atlantic companies. The Canadian Embassy estimates that Canadian firms spent \$8 billion in Chile's mining sector in 2007. Major Drilling Group of Moncton is active in Chile and has a subsidiary office in Coquimbo.



Sector Profile – Chile

Other industries of interest

Environmental Industries - The environmental equipment market is expected to grow 8% to 10% per annum in the coming years and the environmental consulting services market was estimated to be growing by as much as 30% per year. Growing concerns about major energy and mining projects may lead to more stringent environmental impact assessments and their implementation. There may be entry points through Canadian energy and mining firms into the needed support activities in environmental services. Regulations passed in 2004 require all wastewater to be treated and the Chilean government expects to spend \$1.4 billion by 2015 to ensure that happens. Controlling water quality in fish-farming areas for the important aquaculture sector is another area of opportunity. Local environmental engineering and consulting companies are looking to partner with foreign companies that have the expertise in environmental impact assessment, project design, remediation services and solid and hazardous waste management and disposal. Hi Point Industries of Newfoundland provides environmental clean-up products for this sector in Chile.

ICT sector - In 2005, revenues from Chile's information and communications technologies (ICT) sector totalled more than CAN\$11 billion with services accounting for over half the total. Chile is the Latin American leader in Internet penetration (35%) and has one of the highest broadband rates as well (4.7%). However, these penetration rates are low compared to developed countries which suggests there is room for significant growth. As with other Latin American countries the software industry is an opportunity (\$280 million in 2004) but a large share of the total market value is pirated software. Emerging markets for e-government and e-learning products may also provide an opportunity.

Top Ten Exports

\$billion

	2002	2006
Processed copper	4.6	21.0
Ores (copper/others)	2.2	14.3
Fish	1.4	2.7
Fruit	1.4	2.3
Wood	1.1	1.9
Pulp	0.8	1.3
Mineral fuels	0.2	1.1
Wine	0.6	1.0
Inorganic chemicals	0.4	1.0
Organic chemicals	0.3	0.8
Total Exports	17.4	55.9

Top Ten Imports

\$billion

	2002	2006
Mineral fuels	2.4	8.4
Machinery	2.4	4.7
Vehicles	1.4	3.5
Electrical equip	1.5	3.1
Plastics	0.7	1.3
Ores	0.1	0.8
Iron/steel	0.3	0.8
Optical/medical	0.3	0.6
Iron/Steel articles	0.3	0.6
Paper	0.3	0.6
Total Imports	15.4	34.7

Chile's Top Export Partners

% of total, 2006

United States	16.0
Japan	10.8
China	8.8
Netherlands	6.8
Korea	6.1
Other	51.4

Chile's Top Import Partners

% of total, 2006

United States	16.1
Argentina	12.9
Brazil	12.2
China	10.0
Korea	4.7
Other	44.1

Top Atlantic Merchandise Exports to Chile

(Avg. value 03-07, CAN\$millions)

Mineral Fuels	46.2
Pharmaceuticals	3.9
Machinery	1.3
Peat	0.6
Total Exports	56.5

Useful Links

Embassy of Chile in Canada – www.chile.ca/index.html/

Canadian Embassy in Chile - geo.international.gc.ca/latin-america/chile/menu-en.aspx

CIA Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/ci.html>

Global Edge - globaleedge.msu.edu/countryInsights/country.asp?countryID=111®ionID=4

The Economist Country Briefing - www.economist.com/countries/Chile/

Country Profile – Colombia

Overview

Colombia is the second most populous country in the Americas but has one of the lowest per capita incomes. Colombia's economy continues to improve thanks to an export-focused growth strategy, stronger domestic security and a highly literate population. High commodity prices are also providing a boost to the mining and energy sectors.

A free trade agreement (FTA) with the United States was signed in 2007 and is awaiting ratification. However, the U.S. Congress has delayed approval of the FTA which is a concern to the business sector in Colombia. Canada is in the early stages of a free trade agreement with Colombia.

The problems facing the country include drug dealing, high unemployment and poverty. Colombia is not a peaceful country but violent crime has decline significantly over the last five years.

Colombia Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 44.9 million (2/44)
Population, 2025: 55.6 million (2/44)
GDP, 2005: \$123 billion (4/32)
Avg. GDP Growth, 00-05: 3.3% (15/31)
Avg. GDP Growth, 06-18: 4.7% (13/39)
GDP/Capita, 2005: \$2669 (23/31)
Avg. Inflation, 02-06: 5.7% (16/31)
Avg. Atlantic Exports, 03-07: CAN\$49m (4/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)

Ease of Doing Business, 2008: 66 (10/29)
Global Comp. Index, 2008: 69 (6/22)

Other

Official Language - Spanish
Currency – Colombian Peso (floating)
Largest Cities (Population, 2007 est.) – Bogotá (7.7m)



Political

President Alvaro Uribe entered power in 2002 and was re-elected in 2006. The Uribe administration seeks to maintain prudent fiscal policies and has pursued tough economic reforms including tax and budget reforms while reducing the impact of narcotics and terrorism. Under Uribe, Colombia has become one of the more stable economies in the region. The government has regained control throughout the country, and now has a presence in all of its municipalities. While Colombia has a strong history of major commercial and investment ties to the United States, the other Andean countries (Venezuela, Ecuador and Bolivia) are currently lead by anti-American governments. Uribe has consistently had the highest approval ratings of the Latin American presidents, usually around 70%-80%.

Economy

Colombia has significant minerals and energy resources. It has the largest coal reserves in Latin America and is the fifth largest exporter of coal in the world. Colombia is second to Brazil in hydroelectric potential in Latin America. Agriculture is also an important aspect of the Colombian economy with coffee the largest export. The sustained growth of the Colombian economy can be attributed to efforts in reducing public debt levels, keeping inflation low, maintaining a stable currency, and increasing exports to neighboring countries and the United States as a result of trade liberalization.

Colombian tax rates (both personal and corporate) are among the highest in Latin America and the unemployment rate is high at 11% in 2006. Ongoing economic problems range from reforming the pension system to reducing high unemployment. Colombia's longstanding civil conflict has taken its toll on the country's energy sector, with the country's pipelines and power lines still experiencing occasional sabotage by insurgent groups. Colombia is the worlds largest producer of cocaine which has led to high crime, kidnapping and murder rates.

Key Sectors

Oil and gas, coal, agriculture, textiles, processed foods, forest products, petrochemicals, construction, iron and steel

Assessment

Strong government policies, consistent growth, low inflation and a large open economy make Colombia a strong potential location for Atlantic Canadian companies. However, competition from the United States will increase once its FTA is implemented. Crime is an on-going concern.

Sector Profile – Colombia

Environmental Equipment and Services

Colombia is the fourth-largest water generator in the world with over 200 rivers and two adjacent oceans. However, a large portion of Colombia's population lacks adequate water and sewage services. Most of the cities in Colombia, except for Bogota, either bury waste or dispose of it in open dumps or in rivers and lakes. Much remains to be done to correct the landfill operations, especially in the area of leachate monitoring and control. Recycling programs are still in their infancy; what little recycling that is done is by independent recyclers who collect cardboard, metal and glass. However, air pollution is regarded as one of the largest environmental problems in Colombia's cities, particularly in Bogota.

The World Bank estimates annual investment needs for environmental areas to be close to \$1 billion per year. Required projects include wastewater treatment plants and rehabilitation of infrastructure throughout the country. There are no tariff barriers or restrictions on investment in the Colombian environmental sector. However, certain products and technologies need specific certification for the Colombian market. Opportunities exist for Atlantic Canadian firms in providing environmental technologies and services, particularly in water treatment, emission control, waste management as well consulting services such as environmental impact assessments and support for new technology adoption.

ICT Solutions and Services

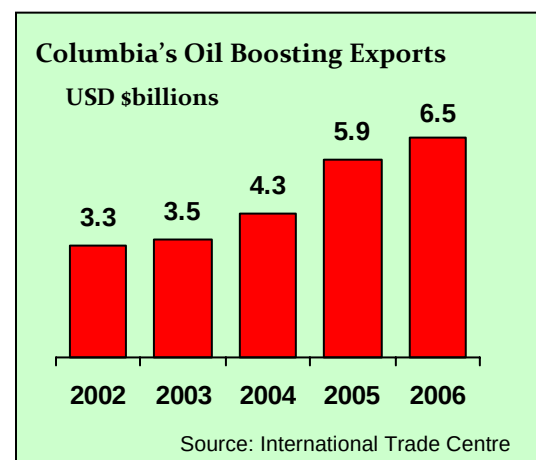
ICT has been considered one of the pillars of Colombia's development strategy to increase productivity and competitiveness. The Colombian government is looking to improve internet and broadband penetration to help provide online services for education, health and government programs. The Colombian market for internet services is still in development. Colombia's penetration rate of 13% in 2006 is under the Latin American average (15%) and internet usage is concentrated in the four largest cities; only 4.5 % of Colombians have access to broadband.

Opportunities for Atlantic Canadian firms include telecommunications, security and surveillance equipment, software and an increasing demand for geomatics services. Telecommunications is one of the largest and fastest growing sectors in Colombia with revenues of over \$9 billion in 2006. The software industry is also a fast growing component of the ICT sector with growth in this sector estimated at 16% annually. However, foreign software products have a 32% duty at entry into Colombia, giving local software products an important competitive advantage. Ongoing security concerns and a growing integration with U.S. and other multinational companies has driven up the demand for security products and services in Colombia. Products in high demand include alarm and security systems, information security and surveillance equipment. Joint-venture agreements with local companies are a requirement in the security industry.

Oil and Gas

Oil is Colombia's largest export accounting for 27% of its total in 2006 but declining reserves at existing onshore fields has led the government to make oil and gas exploration a top priority. Colombia's proven oil reserves are about 2 billion barrels and its proven natural gas reserves are 7.5 trillion cubic feet although most of its oil resources are in isolated areas. More than 80% of Colombia's onshore remains relatively unexplored. State-owned Ecopetrol estimates that the potential reserves could be 47 billion barrels. All components of the oil and gas sector from exploration to production and refining are expected to grow significantly over the next decade. Ecopetrol plans to spend \$60 billion between 2007 and 2012 to develop new exploration and production projects, improve fuel quality at its refineries and begin plans for natural gas export to Panama and the rest of Central America. Colombia's first offshore blocks went up for sale in 2007. Colombian companies are actively seeking new business partners to help it realize its energy potential. Services in demand include land surveying and mapping, seismic, drilling, training, geological studies and prospecting, mud logging and other related

services and equipment. Since 1999 the Colombian government has reduced its requirements on new investment cutting its required stake in exploration to about 50%, allowing international oil companies to own 100% stakes in oil ventures, lowering royalty rates, extending exploration licenses, and forcing Ecopetrol to compete with private operators. While opportunities are increasing in this sector, competition from other countries is very strong. Nexen, Petrobank, Enbridge, Talisman and Pacific Stratus are among the several Canadian companies active in Colombia's oil and gas sector. Neighbouring jurisdictions including Trinidad, Brazil, Peru and Venezuela are also competing for foreign investment in this sector.



Sector Profile – Colombia

Other industries of interest

Construction – The construction sector has been growing at a faster rate than the rest of the economy for several years. The rapid growth has turned the industry from one largely based on local activity to one that required international imports of over \$500 million in 2006. Colombian companies are demanding new construction technologies to improve competitiveness. The Colombian government is working to improve its road networks which are in poor condition and do not reach many of the more remote areas of the country. The government, (along with private sector support) plans to spend nearly \$3 billion by 2010 to strengthen the country's infrastructure to help reduce existing export bottlenecks and support increased flows from the U.S.-Colombia Free Trade Agreement.

Electricity - Colombia is a key player in South America's electricity sector as its production capacity far exceeds domestic demand and it has a strong infrastructure for exporting to other countries. Most of Colombia's generation is hydro related because of its abundant water resources. Planned projects could increase generation capacity significantly over the next decade. Most of the projects are hydro generation, but there are also thermal (coal and gas) and wind farm projects planned. There will be opportunities for engineering and construction firms, and providers of specialized equipment and services including control systems, electric motors, transformers, insulators and fittings, and wire/fibre optic cables.

Mining – As with its oil and gas sector, Colombia's mineral resources remain relatively unexplored. Colombia is the 5th largest coal exporter in the world and exploration and development of coal, other minerals (nickel, copper, uranium) and precious metals (gold, silver, platinum) is on the rise. Total foreign direct investment in Colombia's mining sector reached \$2 billion in 2006. Exploration equipment and services are in high demand and may provide an opportunity for companies in Atlantic Canada

Top Ten Exports			
<i>\$billion</i>			
	2002	2006	
Mineral fuels	4.3	9.4	
Coffee	0.8	1.5	
Iron/Steel	0.3	1.3	
Plastics	0.4	1.0	
Precious metals	0.2	1.0	
Flowers	0.7	1.0	
Vehicles	0.3	0.8	
Sugar	0.3	0.6	
Fruit	0.5	0.6	
Clothing	0.3	0.6	
Total Exports	11.9	24.4	

Top Ten Imports			
<i>\$billion</i>			
	2002	2006	
Machinery	1.7	3.6	
Electrical equip	1.2	3.2	
Vehicles	1.0	3.0	
Organic chemicals	0.9	1.7	
Plastics	0.6	1.2	
Iron/steel	0.3	1.1	
Cereals	0.5	0.9	
Optical/medical	0.4	0.8	
Pharmaceutical	0.4	0.7	
Mineral fuels	0.2	0.7	
Total Imports	13.2	26.2	

Columbia's Top Export Partners	
<i>% of total, 2006</i>	
United States	40.8
Venezuela	11.1
Ecuador	5.1
Spain	3.0
Peru	2.8
Other	37.3

Columbia's Top Import Partners	
<i>% of total, 2006</i>	
United States	26.6
Mexico	8.7
China	8.5
Brazil	7.2
Venezuela	5.7
Other	43.3

Top Atlantic Merchandise Exports to Columbia	
<i>(Avg. value 03-07, CAN\$millions)</i>	
Paper	29.6
Fertilizer	12.9
Mineral Fuels	1.9
Machinery	0.9
Total Exports	49.2

Useful Links

Embassy of Columbia in Canada – www.embajadacolombia.ca/

Canadian Embassy in Columbia - geo.international.gc.ca/latin-america/colombia/menu-en.aspx

CIA Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/co.html>

Global Edge – globaledge.msu.edu/countryInsights/country.asp?countryID=112®ionID=4

The Economist Country Briefing - www.economist.com/countries/Colombia/

Country Profile – Argentina

Overview

Argentina has the second largest economy in Latin America and the third largest population (39 million). Its GDP per capita is among the top third of South American countries.

After four years of declining GDP, Argentina's economy has experienced a significant comeback since 2003. Annual GDP growth has averaged 8.8%, helped by the government's expansionary policies and high commodity prices. Exports have risen from \$29 billion in 2003 to \$54 billion in 2007 and rising employment has led to a substantial reduction in the unemployment rate.

Argentina benefits from rich natural resources, a highly educated population, a globally competitive agricultural sector, and a diversified industrial base. However, capacity constraints, a lack of infrastructure investment, and energy shortages could impede growth.

Argentina Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 38.7 million (3/44)
Population, 2025: 46.1 million (3/44)
GDP, 2005: \$182 billion (2/32)
Avg. GDP Growth, 00-05: 1.8% (26/31)
Avg. GDP Growth, 06-18: 5.8% (4/39)
GDP/Capita, 2005: \$4704 (13/31)
Avg. Inflation, 02-06: 12.8% (27/31)
Avg. Atlantic Exports, 03-07: CAN\$10m (14/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)
Ease of Doing Business, 2008: 109 (20/29)
Global Comp. Index, 2008: 85 (13/22)

Other

Official Language - Spanish
Currency - Argentine Peso (floating)
Largest City (Population, 2005) - Buenos Aires (13.5m)



Political

Argentina is a federal republic with the president as the head of state. The president appoints the cabinet. The political structure is similar to the United States, with a bicameral congress and the president limited to two four-year terms. The current president is Cristina Fernandez de Kirchner, who was elected on October 28th, 2007. The country's economic challenges have led to political turmoil at times, but Argentina has been politically stable in the past decade. Next elections are due in 2011.

Economy

Argentina has rich natural resources, a highly literate population, a diversified industrial base and an export oriented agricultural sector. In 2001, after a prolonged period of recession, the country announced the largest debt default and devalued the Peso. The Peso was pegged at 70% lower to the dollar. This initiative restored Argentina's foreign currency earnings and helped reduce its debt-service ratio from 38% in 2003 to 20% in 2007. Over the next few years there appears to be plenty of currency reserves in Argentina to maintain economic growth and despite global financial volatility. However, government debt is still very high.

President Nestor Kirchner, elected in 2003, made significant reforms to fiscal policies and the country experienced rapid economic recovery. The government promoted trade liberalization, privatization and deregulation. Inflation in the country has historically been high. In 2007, inflation averaged 8.8%, down from 10.9% inflation in 2006. Inflation remains high in the country due to price controls by the government and poor monetary policies of the central bank. The government is focused on phasing out price controls in utilities and agriculture sectors but the process is expected to be very slow and piecemeal. Unemployment rates are falling due to increased activity in construction, tourism, agriculture, automotive, banking and insurance sectors.

Key Sectors

Agriculture, mining, manufacturing, oil and natural gas, tourism.

Assessment

Argentina is one of the largest and more prosperous nations in South America and has been on an economic recovery path since 2003. One forecaster expects Argentina to be one of the fastest growing economies in the Americas over the next decade but a recent IMF forecast is more pessimistic. EDC ranks Argentina high in terms of payment risk and urges some caution because of a risk of future economic instability. Canadian companies have a presence in agri-food, mining, building, telecommunications, printing and energy sectors and have CAN\$4 billion of investments in Argentina. Argentina is a Spanish speaking country and for Atlantic Canadians it is one of the most distant countries in the region in terms of marine and air access.

Sector Profile – Argentina

Environmental Services and Technologies

Argentina has one of the best developed environmental protection regimes in South America. Argentina is striving to meet international environmental standards to improve export opportunities for their products. There is also a growing awareness of environmental issues amongst the population. There is demand for basic and cost effective environmental solutions, which cannot be supplied locally. Lack of adequate financing has hampered progress, with local private firms and the public sector not making adequate investments. Multinational firms, as well as projects involving international financial institutions, have led the growth in this sector.

The environmental market is estimated at CAN\$2.5 billion, with Canada's share estimated at only 2%. Demand for environmental products and services is present in a variety of sectors including petrochemicals, pharmaceuticals, oil and gas, water providers, hospitals and municipalities. The public sector is a potential client for solid waste management services. It is important to understand the regulatory environment: there is a federal Environmental Secretariat, but provinces have jurisdiction over environmental matters. The challenge for Canadian firms is to increase their market share. US exports to Argentina accounted for 29% of the total imports in 2006. Brazil (under Mercosur laws), Spain, France, and more recently, China are major suppliers.

Specific opportunities for Atlantic Canadian companies are in the following sub-sectors. (1) Water and waste-water technologies: AySA, a public company for water provision in Buenos Aires, has said that it will invest US\$3 billion in this sub-sector in the next five years. Technologies, products and engineering consulting will be required to implement their ambitious plans. (2) Solid waste management: The World Bank has funded a plan to eliminate the abundant open-air dumps. This pilot project will eventually become the national model. (3) Energy efficiency: This is becoming a priority as Argentina's economy grows at a rapid pace. The government is keen to improve energy efficiency in all sectors. (4) Environmental consulting. Cole Associates is a PEI company involved in this sector in Argentina

Fish Products

Argentina has an extensive coastline and enjoys an exclusive economic zone which is optimal for catching fish. In 2005 the fisheries industry contributed \$516 million to Argentina's GDP. Argentina's domestic fish market is small due to a general preference for beef and a distrust regarding the freshness of fish. Due to limited consumption of fish in Argentina, 80% of local production is exported. Argentina imports processed and prepared fish such as tuna, salmon and frozen fish fillets. According to the USDA Foreign Agricultural service, there is great opportunity for exporting shrimp and salmon to the Argentina. Lobster from Atlantic Canada might also find their way into Argentina's gourmet menus, as it is a relatively unknown delicacy at the present time. Atlantic Canadian companies can take advantage of Argentine perceptions of high quality Canadian food standards.

ICT Software and Services

Argentina's ICT sector reached revenues of \$3.2 billion in 2007, a 25% increase from the previous year. In 2008, the market is expected to increase by a further 21%. Argentina has the third largest population of Internet users in Latin America with over 17 million users. Broadband access has doubled since 2006 and overall Internet usage is growing annually at 40%.

The ICT sector is heavily dependent on imports, with imports of goods and services estimated at just over \$1 billion in 2007; total exports were only \$19 million. In terms of hardware (PC, notebooks and related devices), major American companies are dominant. However, software and services account for the much of the growth in this sector and this is where Atlantic Canada firms have some potential. Internet and network security systems, network implementation, back-up and storage, and management and maintenance are some areas which present opportunities.

In addition, electronic security is a rapidly growing industry with 30% growth since 2003. Companies in this area generated revenues of over \$460 million in 2006. Specific areas of opportunities include access and perimeter control, biometric identification, global positioning systems and automated toll collection systems. IT security consulting is also in demand as most Argentine companies do not have security policies or even a security officer.

Mining Equipment and Services

Argentina has significant mineral deposits and most of them are underdeveloped. The 5000 km border between Argentina and Chile is a significant area for the mining industry. In January 2004, the government of Argentina designated the country's mining industry as a top priority. For 2005-2010 the mining industry is projected to contribute between 2.5-3.0% of GDP. Due to low start-up costs and high production potential the global mining industry considers Argentina to be an attractive destination. Metal ore exploration is largely dominated by international mining companies. There are more than 40 international companies involved in mineral exploration in Argentina, 80% of which are Canadian. There are opportunities for Atlantic Canadian companies in supplying mining equipment and services for exploration and emerging developments.

Sector Profile – Argentina

Other Industries of Interest

Construction - Argentina's construction sector is experiencing a boom. By 2006, this sector had reported 14 consecutive quarters of growth with 21% growth in 2006. Growth is expected to continue in the 42 large cities of Argentina.

Pleasure Boats - The pleasure boat market in Argentina grew by 500% between 2002 and 2004 and the market continues to expand. There are opportunities for Atlantic Canadian companies in providing high tech navigational equipment and nautical accessories which are not manufactured within Mercosur (Argentina, Paraguay, Uruguay and Brazil) countries. There are also markets for other boat parts, equipment and supplies.

Top Ten Exports		
<i>\$billion</i>		
	2002	2006
Mineral fuels	4.4	6.8
Soya-beans	2.9	4.7
Vehicles	1.6	4.0
Oils/fats	2.0	3.9
Cereals	2.2	2.9
Oil seeds	1.3	2.0
Ores (copper)	0.6	1.9
Meat	0.4	1.4
Iron/steel articles	0.5	1.3
Fish	0.7	1.2
Total Exports	25.7	46.4

Top Ten Imports		
<i>\$billion</i>		
	2002	2006
Machinery	1.3	5.9
Vehicles	0.7	5.3
Electrical equip	0.6	4.5
Organic chemicals	1.0	1.9
Plastics	0.5	1.6
Mineral fuels	0.4	1.6
Iron/steel	0.2	0.8
Optical/medical	0.2	0.8
Pharmaceuticals	0.4	0.8
Paper	0.3	0.7
Total Imports	9.0	34.2

Argentina's Top Export Partners	
<i>% of total, 2006</i>	
Brazil	17.3
Chile	9.4
United States	8.7
China	7.5
Spain	4.1
Other	53.0

Argentina's Top Import Partners	
<i>% of total, 2006</i>	
Brazil	34.4
United States	12.6
China	9.1
Area N.E.S.	4.7
Germany	4.5
Other	34.7

Top Atlantic Merchandise Exports to Argentina	
<i>(Avg. value 03-07, CAN\$millions)</i>	
Mineral Fuels	4.1
Paper	2.8
Machinery	0.9
Vegetables	0.3
Total Exports	10.3

Useful Links

Embassy of Argentina in Canada – www.argentina-canada.net/

Canadian Embassy in Argentina – geo.international.gc.ca/latin-america/argentina/embassy/hc-en.aspx

CIA Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/ar.html>

Global Edge – globaleedge.msu.edu/countryInsights/country.asp?countryID=98®ionID=4

The Economist Country Briefing – www.economist.com/countries/Argentina/

Country Profile – Venezuela

Overview

Venezuela has the fifth largest population in the Americas and the third largest economy. The oil sector is the dominant industry in Venezuela generating over 90% of the country's exports and more than half of all government revenue. Venezuela has the 6th largest proven oil reserves in the world and is the 4th largest exporter globally. The rapid rise in oil prices has increased the importance of the sector. Poverty and unemployment are high despite the wealth created by the oil sector. Inflation is a serious concern with an average increase at 21% between 2002 and 2006 and corruption and crime levels are very high in Venezuela. The country rebased its currency in 2007. President Hugo Chavez has been in power since 1999 and is widely seen as anti-U.S.

Key industries include oil and gas, petrochemicals, iron and steel, paper, aluminum and electricity.

Venezuela Summary

Indicator, Year: Value

(Americas Rank/No. of countries)

Population, 2005: 26.7 million (5/44)

Population, 2025: 35.4 million (4/44)

GDP, 2005: \$143 billion (3/32)

Avg. GDP Growth, 2000-05: 3.2% (15/31)

Avg. GDP Growth, 06-18: 5.3% (7/39)

GDP/Capita, 2005: \$5427 (7/31)

Avg. Inflation, 02-06: 21.0% (31/31)

Avg. Atlantic Exports, 03-07: CAN\$72m (2/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)

Ease of Doing Business, 2008: 172 (29/29)

Global Comp. Index, 2008: 98 (16/22)

Other

Official Language - Spanish

Currency – Bolívar fuerte (fixed to U.S.)

Largest City (Population, 2007 est.) – Caracas (2.9m)



Assessment/Opportunities

There are fewer opportunities in Venezuela due to the anti-globalization stance of the present government with the next elections due in 2012. The main opportunity is in the oil sector which is the key to its economy; however even those opportunities are limited due to the state run control by PDVSA. The Venezuelan government unveiled a business plan of \$56 billion for the period 2006-2012 to increase oil production. About 70% is expected to come from the state and 30% from private investors. Atlantic Canadian companies who want to do business in the oil sector need to partner with a local company that has an established relationship with the government. Other areas of opportunity include the electricity, mining and processed food products.

Top Ten Exports

\$billion

	2002	2006
Mineral fuels	19.2	56.8
Iron/steel	1.0	1.7
Aluminum	0.9	1.1
Organic chemicals	0.4	0.4
Inorganic chemicals	0.2	0.3
Vehicles	0.3	0.2
Ships	0.1	0.1
Fertilizers	0.1	0.1
Salt	0.1	0.1
Machinery	0.1	0.1
Total Exports	23.9	61.4

Top Ten Imports

\$billion

	2002	2006
Other Commodities	0.0	6.2
Machinery	2.0	4.3
Vehicles	1.3	3.9
Electronics	1.1	3.6
Pharmaceuticals	0.5	0.9
Organic chemicals	0.3	0.8
Ships	0.4	0.7
Iron/steel articles	0.3	0.7
Plastics	0.4	0.7
Optical/medical	0.3	0.6
Total Imports	11.7	30.6

Top Atlantic Merchandise Exports to Venezuela

(Avg. value 03-07, CAN\$millions)

Paper	44.8
Process Veg	11.1
Non-metallic	5.7
Vegetables	3.1
Fertilizers	2.2
Pulp	1.4
Machinery	0.8
Total Exports	71.8

Venezuela's Top Export Partners

% of total, 2006

United States	48.9
Latin America Integration Assoc.	18.6
Netherlands Antilles	6.1
Other Africa N.E.S.	3.9
Other Europe N.E.S.	2.9
Other	19.6

Venezuela's Top Import Partners

% of total, 2006

United States	24.2
Areas N.E.S.	20.1
Brazil	8.0
Colombia	7.9
China	5.4
Other	34.4

Country Profile – Panama

Overview

Panama is a small but rapidly growing country. It has a population of 3.3 million and one of the highest levels of GDP per capita in Central America.

Panama has historically played a key role in trade due to its strategic location. The country has served as a shipping and air transportation hub. Services, including the Panama canal, container ports, banking and insurance, contribute about 80% of the country's GDP. Panama is investing in modernizing the Panama canal. The construction of a third set of locks by 2014 will significantly boost the capacity of the canal.

About 28% of the population is in poverty and 12% live in extreme poverty due to highly uneven income distribution, unemployment, limited education and lack of social benefits. Due to substantial inequalities in access to education, labor force productivity is low.

Panama Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 3.2 million (19/44)
Population, 2025: 4.3 million (18/44)
GDP, 2005: \$15.5 billion (14/32)
Avg. GDP Growth, 00-05: 4.0% (8/31)
Avg. GDP Growth, 06-18: 7.3% (1/39)
GDP/Capita, 2005: \$4799 (11/31)
Avg. Inflation, 02-06: 1.5% (1/31)
Avg. Atlantic Exports, 03-07: CAN\$4.8m (21/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)

Ease of Doing Business, 2008: 65 (9/29)
Global Comp. Index, 2008: 59 (3/22)

Other

Official Language - Spanish
Currency – Panamanian Balboa (fixed to US\$)
Largest City (Population, 2005) – Panama City (1.1m)



Political

Panama is a very stable democracy. The current president of the country, Martin Torrijos was democratically elected in 2004. Under his government tackling corruption and investigating human rights violations have been addressed rigorously.

Economy

Panama's GDP reached almost \$20 billion in 2007. The economy has been growing at an average annual rate of 7.8% since 2003 and an estimated 11% in 2007. The sectors that have contributed significantly to the GDP growth include transportation and warehousing, construction, real estate and related services, wholesale and retail trade and the Colon Free Trade Zone. Real GDP growth is expected to remain strong over the next 5-10 years, making it one of the fastest growing economies in the Americas. However, a sharp slowdown in world industrial trade during 2008-10 would adversely affect Panama's export earnings.

Foreign direct investment (FDI) is growing rapidly with Panama attracting significant inflows relative to the size of its economy. In 2006, FDI reached \$2.6 billion, more than double the levels in 2004 and 2005. Most of the FDI is in the colon free trade zone (the largest in the Western Hemisphere) or in the financial services sector. The government lowered tariffs when it joined the World Trade Organization in 1997 and its average tariff rates are now relatively low. However, inflexible labour laws can be a challenge for firms setting up operations in the country.

The average inflation rate in Panama over the last decade was about 1.2%. Historically, inflation has been under control because of the tight monetary policy and dollarisation. The government controls fuel prices and sets prices on basic consumptions items and regulates prices through state owned utilities. Inflation in 2007 rose to 4% but is still considered to be low in the region.

Key Sectors

Transportation, container port, financial services, wholesale and retail trade.

Assessment

Panama is now a stable democracy. Continuing rapid economic growth and growing wealth presents new opportunities for Atlantic Canadian companies. Low inflation and increasing foreign investment are positive signals and Panama's infrastructure is rated relatively highly. The official language is Spanish, but English is widely spoken.

Sector Profile – Panama

Agriculture Products and Training

Only 8.8% of the land in Panama is considered arable and only 5.3% of this cropland is irrigated. Panama is self-sufficient in bananas, sugar, corn and rice (and exports bananas, sugar and coffee) but imports significant quantities of other food products. In 1998-2000, Panama's import of food products and food aid stood at 51% of total consumption, compared to an average of 37% for other Central American and Caribbean countries. Canadian businesses export vegetable-based products as well other agricultural products. There will be continued demand for potatoes, processed vegetables and agricultural inputs (such as pesticides and fertilizers). McCain Foods has a presence in this sector in Panama.

Agriculture in Panama is very labour intensive and productivity in this sector is low. In 2000, the agricultural sector employed about 26% of Panamanians but contributed only 6.8% to the GDP. A decade ago, Saskatchewan signed an agreement with Panama for improving farming methods, livestock development and for training in the agricultural sector. There may be further opportunities for Atlantic firms and institutions to provide consulting and training in agricultural and farming methods.

Construction Products

The high rate of economic growth is fueling construction activity in both the residential and commercial sectors. The construction sector is a leading contributor to the Panamanian economy. In 2006 the construction industry grew by 17%. The \$5.2 billion dollar expansion of the Panama Canal and the construction of 11,000 apartments in Panama City and hundreds more in inner cities are some examples of the type of construction activity in Panama. Construction of luxury hotels and resorts, infrastructure and retail establishments are also on the rise.

Building codes are based on American standards. Houses are built with cement and steel, but increasingly wood is being used for flooring and decorative purposes. The construction industry is looking for state-of-art technology and is open to new products and solutions. Building products in demand include steel and steel structures, wood products, doors and windows, flooring including hardwood flooring, cabinets, PVC tubes and cement. Marine Industrial Lighting of Newfoundland exports products to Panama for the marine construction sector.

Environmental Services/Technologies

Panama's major environmental concerns are soil erosion and deforestation. Deforestation is a major challenge to Panama's ecological balance as forests are cleared to make way for agricultural land. Air pollution in urban centers is also a problem. About 20-25% of the rural population does not have access to clean drinking water and nearly half the rural population does not have access to good sanitation. Organizations such as the USAID are active in helping Panama deal with its environmental problems.

Environmental consulting, technologies for clean potable water and consulting in the area of sustainable fisheries are opportunities for Atlantic Canadian firms. There are exports of live trees/plants from Atlantic Canada that will help combat the deforestation problem. Demand in this area will continue for the next few years.

ICT Services

ICT expenditure in Panama in 2006 stood at 8.4% of GDP, which compares favorably with 5.2% for the region. However, Panama lags behind many Central American and Caribbean countries with respect to its Internet usage. Only 46 out of 1000 citizens have a personal computer (compared to 88 out 1000 for the region) and only 64 out 1000 Panamanians have Internet access (compared to 156 out of 1000 for the region). There are virtually no companies engaging in e-commerce (selling directly online). Internet services are more expensive in Panama compared to other countries in Central America and Caribbean (\$38 per month vs. \$26 per month). In addition, the judicial system is bureaucratic and, coupled with a high level of corruption, there are concerns regarding the adequacy of intellectual property and copyright protection.

There is a significant lack of training in the ICT sector, including business training in e-commerce use. This presents opportunities for Atlantic Canadian firms and institutions. There is also a growing call centre industry, as many American companies like Dell look to locate their outsourced call centers closer to home (or near-shoring). This has exposed the limited supply of English speaking labour force. English language training might be an opportunity for institutions and language training organisations in Atlantic Canada.

Sector Profile – Panama

Top Ten Exports

\$million

	2002	2006
Fish	301	367
Fruit	152	314
Cattle	13	31
Meat	20	24
Paper	13	24
Vegetables	14	23
Precious minerals	5	22
Pharmaceuticals	21	22
Sugar	15	22
Aluminum	16	22
Total Exports	799	1086

Top Ten Imports

\$million

	2002	2006
Mineral fuels	520	870
Vehicles	288	528
Machinery	272	487
Electrical equip	269	393
Iron/steel	72	207
Pharmaceutical	117	204
Plastics	98	165
Paper	98	136
Iron/Steel articles	55	86
Clothing	68	83
Total Imports	3035	4828

Panama's Top Export Partners

% of total, 2006

United States	38.7
Spain	7.4
Netherlands	6.4
Sweden	5.5
Costa Rica	5.5
Other	36.5

Panama's Top Import Partners

% of total, 2006

United States	26.9
Free Zones	15.5
Netherlands Antilles	10.1
Costa Rica	5.2
Japan	4.8
Other	37.4

Top Atlantic Merchandise Exports to Panama

(Avg. value 03-07, CAN\$millions)

Process Veg	2.3
Live Trees/Plants	0.7
Paper	0.3
Total Exports	4.8

Useful Links

Canadian Embassy in Panama – geo.international.gc.ca/latin-america/panama/menu-en.asp

CIA Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/pm.html>

Global Edge – globaledge.msu.edu/countryInsights/country.asp?countryID=138®ionID=4

Country Profile – Costa Rica

Overview

Costa Rica is a relatively small country with a population of 4.3 million but it has high a standard of living (GDP per capita) compared to other Central American countries. Costa Rica is one of the largest economies in Central America and is expected to be one of the fastest growing in the Americas over the next decade.

Costa Rica has grown at an annual rate of 6.4% since 2003. Costa Rica's key economic strengths are in agriculture, tourism and manufacturing. The country is very fertile land and gets abundant rainfall. Costa Rica has oil reserves off the Atlantic coast, but the government has chosen not to explore the reserves due to environmental reasons.

Costa Rica's public infrastructure has suffered due to lack of investment and maintenance. Major challenges for the country are its dependence on the US economy, large oil imports and a narrow export base.

Costa Rica Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 4.3 million (17/44)
Population, 2025: 5.5 million (17/44)
GDP, 2005: \$19.9 billion (11/32)
Avg. GDP Growth, 00-05: 3.7% (12/31)
Avg. GDP Growth, 06-18: 5.9% (3/39)
GDP/Capita, 2005: \$4609 (14/31)
Avg. Inflation, 02-06: 11.2% (26/31)
Avg. Atlantic Exports, 03-07: CAN\$17m (11/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)
Ease of Doing Business, 2008: 115 (22/29)
Global Comp. Index, 2008: 63 (4/22)

Other

Official Language - Spanish
Currency – Costa Rican colon (floating)
Largest City (Population, 2005) –
San Jose (1.4m)



Political

Costa Rica is considered to be a very stable democracy with the president as the head of the state. President Oscar Arias was elected for a four year term in February 2006. Next elections are due in 2010. The government is committed to fiscal reforms to reduce the public debt burden and to improving infrastructure, education and security.

Economy

Costa Rica has been successful in attracting foreign investment in high technology, pharmaceuticals and several other sectors because of its low costs and very highly skilled bilingual workforce. Several large US companies such as Intel, HP, Procter and Gamble, Abbott Labs have established production facilities in Costa Rica. In 2005 the country ranked third behind China and India as the most competitive destination for outsourcing in the world. Costa Rica has a large tourism sector and eco-tourism is most popular in Costa Rica among all other Latin American countries. The tourism industry has been growing at the rate of 7% annually. Agriculture contributes 10% of the country's GDP with banana, coffee and pineapples as the main agricultural exports.

In a World Bank survey, macroeconomic instability was the major concern for many companies considering investment in Costa Rica. Costa Rica has had double-digit inflation for the last two decades. Inflation was 11.4% in 2007, down from 14% in 2005. Higher oil and food prices have contributed to recent high levels of inflation. The government is trying to reduce its large fiscal deficit and ensure tighter fiscal and monetary policies to curb inflation and the IMF forecasts the inflation rate to continue falling to below 5% over the next few years. Weak infrastructure could also constrain Costa Rica's development. Enforcement of intellectual property laws is sometimes lacking the legal processes is generally slow.

Canada and Costa Rica signed a free trade agreements in 2002 which significantly reduced tariff barriers. Costa Rica accounts for 33% of Canada's two-way trade with Central America.

Key Sectors

Agriculture and fishing, manufacturing, tourism.

Assessment

Costa Rica is considered to be the most politically stable country among all the Latin American countries. It is a moderately sized country but with strong growth potential. Atlantic Canadian companies benefit from the free trade agreement with Canada and close proximity to this Spanish speaking country.

Sector Profile – Costa Rica

Construction Products

The construction industry is vital to the Costa Rican economy and has been one of the most dynamic sectors in recent years. In the past five years, this sector has contributed almost 4% to the country's GDP and directly employees over 130,000 people. Much of the construction activity takes place in the major tourist destinations of Guanacaste and Puntarenas. The construction industry has benefited from the development of high-end luxury hotels as well as condominiums aimed at foreign second-home owners.

Growth in the commercial sector has led to increased construction of shopping malls and office complexes. This type of construction has led to demand for advanced construction technologies and systems, which can benefit Canadian firms. The use of wood in building is on the rise and so is the use of green or environmentally-friendly construction.

Costa Rica imports a significant amount of building materials, estimated at \$285 million of 2006. After excluding transshipment via the US, Canadian exports of construction materials to Costa Rica were estimated at \$4 million for 2006. While this figure is modest, Canadian firms are active in a variety of areas including the provision of steel structures, glass, prefabricated buildings, cement and caulking, fiberboard, taps and valves. There are opportunities for Atlantic Canadian companies specializing in steel fabrication, cabinets, doors and windows, stairways, lumber products (such as hardwood and plywood) and flooring.

Environmental Technologies and Services

Costa Rica is a model for good environmental management. Nearly a third of its land is under some form of environmental protection. It is estimated that 5% of the world's biodiversity is in Costa Rica. At the same time, there are environmental challenges where Atlantic Canadian companies can play a key role, either in environmental consulting or in provision of technology and other services. Two areas where Costa Rica needs to improve are solid waste management and waste water management.

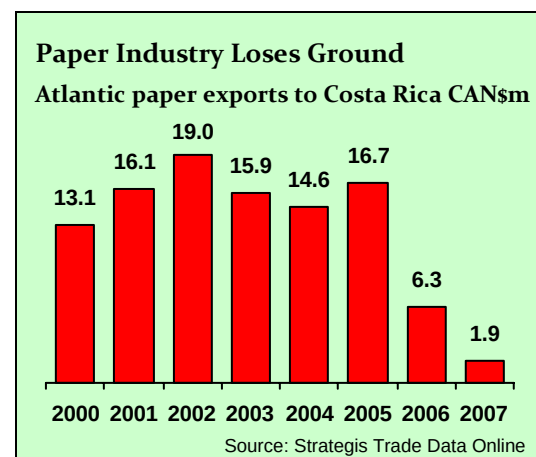
Growing industrialization and the expansion of urban areas has led to a rapid rise in waste and hazardous material. It is estimated that on a per capita basis 1 kilogram of waste is generated per day and that 60% of the urban waste goes to local dumpsites. Costa Rica lacks the infrastructure necessary for waste management and the technologies for treating waste material. There is no coherent government policy for waste management. Municipalities have made some effort recently, but a coordinated and well-funded approach to collecting, recycling, reusing, treating and disposing waste is lacking. International financial institutions are an important source of financing.

Total water withdrawal is estimated at 22 billion cubic meters. While 70% of the water used is for electricity generation, agriculture utilizes about 23% with human and industrial consumption accounting for the remaining uses. Drinking water shortages are attributed to rapid urbanization. Only 72% of Costa Ricans have access to safe drinking water. High levels of nitrates have been found in water supplies in some areas. Only 21% of the population has access to a sewage system and only 4% of the waste water is treated. There is a lack of technology and experience when it comes to treatment of waste water.

With respect to energy generation and usage, Costa Rica gets most of its energy from renewable sources, primarily hydro-electricity, along with some thermal and biomass production. The growing energy needs of this country has led to an open door policy when it comes to energy production, with the government welcoming private sector participation. Alternative energy sources such as solar and wind are being encouraged.

Paper and Pulp

Costa Rica has a need for paper and pulp products. Costa Rica is one of the largest importers and consumers of paper and paperboard per capita in Central America and Caribbean. The market size is relatively stable at around \$300 million. The agriculture industry uses carton boxes for packaging and remains the largest user of imported paper products. The United States dominates the market with a 62% market share, followed by Mexico at 11.3% and Canada at 5.6%. The main opportunities for Atlantic Canadian firms are in the sub-sectors of uncoated paper, paperboard, paper for writing and printing as well as newsprint. While Atlantic Canadian firms are currently exporting paper products, the level of activity has drastically declined in the past four years, from CAN\$19 million in 2002 to less than CAN\$2 million in 2007. Imports have shifted to other markets that are less distant and with better exchange rates including the U.S., Mexico and Columbia.



Selected Links/Reports – Costa Rica

Top Ten Exports			
<i>\$billion</i>			
	2002	2006	
Electrical equip	0.4	1.8	
Fruit	0.7	1.2	
Machinery	1.0	0.7	
Optical/medical	0.4	0.7	
Coffee	0.2	0.2	
Plants/flowers	0.1	0.2	
Vegetables	0.1	0.2	
Plastics	0.1	0.2	
Rubber	0.1	0.2	
Pharmaceuticals	0.2	0.1	
Total Exports	5.0	7.3	

Top Ten Imports			
<i>\$billion</i>			
	2002	2006	
Electrical equip	1.6	2.9	
Mineral fuels	0.5	1.3	
Machinery	0.9	1.0	
Plastics	0.4	0.6	
Vehicles	0.4	0.6	
Paper	0.3	0.4	
Iron/steel	0.2	0.4	
Pharmaceutical	0.3	0.4	
Optical/medical	0.2	0.3	
Chemical products	0.1	0.2	
Total Imports	6.9	11.1	

Costa Rica's Top Export Partners	
<i>% of total, 2006</i>	
United States	42.2
China	7.7
Hong Kong	7.1
Netherlands	6.8
Panama	3.4
Other	32.7

Costa Rica's Top Import Partners	
<i>% of total, 2006</i>	
United States	39.5
Japan	5.3
Venezuela	5.2
Mexico	5.2
China	5.0
Other	39.7

Top Atlantic Merchandise Exports to Costa Rica	
<i>(Avg. value 03-07, CAN\$millions)</i>	
Paper	11.1
Process Veg	4.2
Fertilizer	0.2
Total Exports	16.7

Useful Links

Embassy of Costa Rica in Canada – costaricaembassy.com/

Canadian Embassy in Costa Rica – geo.international.gc.ca/latin-america/sanjose

CIA Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/cs.html>

Global Edge – globaledge.msu.edu/countryInsights/country.asp?countryID=114®ionID=4

The Economist Country Briefing - www.economist.com/countries/CostaRica/

Country Profile – Trinidad & Tobago

Overview

While the population of Trinidad and Tobago (T&T) is very small (1.3 million), the country boasts one of the highest levels of GDP per capita in the Americas. It is the most industrialized country in the Caribbean because of its large reserves of oil and natural gas.

Trinidad and Tobago has been the fastest growing economy in the Americas in recent years. Real GDP growth was 12% in 2006 due to booming natural gas exports. Other industries dependent on natural gas such as petrochemicals, fertilizers, iron and steel/aluminum are also growing steadily.

The construction sector is the second largest sector in T&T and is expected to grow significantly to support the energy boom. Other sectors such as tourism and manufacturing are growing at a very modest rate.

Trinidad & Tobago Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 1.3 million (21/44)
Population, 2025: 1.4 million (21/44)
GDP, 2005: \$15.1 billion (15/32)
Avg. GDP Growth, 00-05: 8.4% (1/31)
Avg. GDP Growth, 06-18: 5.5% (5/39)
GDP/Capita, 2005: \$11652 (2/31)
Avg. Inflation, 02-06: 5.4% (15/31)
Avg. Atlantic Exports, 03-07: CAN\$49m (6/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)
Ease of Doing Business, 2008: 67 (11/29)
Global Comp. Index, 2008: 84 (11/22)

Other

Official Language - English
Currency - Trinidad & Tobago dollar (floating)
Largest City (Population, 2005) -
Chaguanas (67,000)



Political

T&T is a democratic country with a three main parties. The head of the country is the President; the Prime Minister, Patrick Manning, is the governing leader. Next elections are due in 2012 but all three main parties are committed to free market practices and increasing foreign investment. The country has a stated goal of becoming a developed country by 2020.

Economy

T&T has made a transition from an oil based economy to a natural gas based economy. As a result of this transition, in 2006 the petrochemical and natural gas sector grew significantly. T&T is now the 5th largest exporter of liquefied natural gas (LNG) in the world and the largest supplier of natural gas to the U.S., supplying two-thirds of all LNG imported into the U.S. The country is trying to reduce its dependence on the energy sector by diversifying into other sector such as fish and fish processing, merchant marine, food and beverage, music and entertainment and printing and packaging. T&T imports a lot of agricultural products and growth in the energy sector has led to a shortage of agricultural workers.

Income levels in Trinidad are growing with the unemployment rate falling to 5 % (2006). Inflation has risen in the last few years, due to the booming economy and rising food prices. The inflation rate was 8.3% in 2006, but fell to 7.8% in 2007 and is expected to continue to moderate.

Trinidad is an open economy and its government encourages foreign investment. The country is addressing infrastructure challenges due to increased traffic and the lack of a good road network. Rural areas in the island are faced with poor utilities, power failures, rudimentary drainage system and water shortages. Crime and corruption rates are still high. Trafficking and consumption of illegal drugs are prime reasons for street crime. Trinidad government is working closely with the U.S. government to track drug shipments and is enforcing strict laws.

Key Sectors

Oil and gas, petrochemicals, food processing, telecommunications, computers and peripherals, construction and tourism.

Assessment

Trinidad and Tobago is an attractive market because of its favorable economic and political environment and the close proximity of this English-speaking country to Atlantic Canada. Although very small, this is a fairly prosperous and rapidly growing nation.

Sector Profile – Trinidad & Tobago

Agriculture and Fishing

T&T's agriculture sector contributes only 0.4% of GDP. The top agricultural imports are dairy, cereals, fruits and vegetables. Dairy products are particularly lacking and the islands are 90% dependent on imported milk and milk products but high domestic prices for raw milk limit the competitiveness of Atlantic dairy companies.

Fish is a very important part of the national diet in Trinidad and Tobago. Marine fishing (which excludes aquaculture) is estimated at 7,000 to 10,000 tons per year. The government has been encouraging the underutilized fish and fish processing industry. The country is focusing on developing a sustainable fish and fish processing industry and there is a regional agreement with other Caribbean countries to develop aquatic resources in a sustainable manner. Lack of training, inadequate infrastructure and very high level of fragmentation in the industry are challenges that have to be overcome. Connors Brothers Income Fund, which has operations in New Brunswick, owns a tuna processing facility in Trinidad.

Construction Products and Services

In 2006, the construction sector contributed 8.4% to T&T's GDP. Real output growth in the construction sector in T&T was 5.2% in 2007. The oil and gas sector is driving the construction boom while the government has made investments in housing and infrastructure. The outcome of the construction boom can be seen everywhere in T&T. New homes and office buildings, new retail outlets, hotels, performing arts centers, sports complexes, highways, new gas pipelines and railway systems are all being built. T&T has a robust private sector as well as a public sector construction program. Public sector construction is focused on low to middle income housing as well as infrastructure projects (including a planned expansion of the train system). The government wants to build 100,000 houses in 10 years. In addition, there are plans to build or refurbish primary and secondary health care facilities. Such massive construction activity has led to labor and resource shortages, with foreign labor and capital investment filling the shortage.

There are opportunities for Atlantic Canadian companies with expertise in infrastructure building, environmental or engineering consulting. Several Canadian firms are active in the T&T construction industry, including engineering consulting firms such as Genivar, Ellis Don and Marshall Macklin and Monaghan (MMM Group). T&T has only six companies that can handle projects valued between \$15 to \$48 million, which has opened the doors to foreign companies.

Canada is one of the major suppliers of building products and Atlantic Canadian companies can leverage the familiarity with Canada. Construction techniques and materials used vary from those used in North America, with homes being built mostly with concrete blocks and commercial buildings with concrete and steel. Lumber is not extensively used in construction and prefabricated houses are not very popular. The market is also open to new building products and technologies. While concrete is preferred, there is growing interest in alternative materials like lumber and steel structures. T&T is experiencing a shortage of gravel, sand, clay blocks and other building materials. Canadian companies are already playing a role in addressing this shortage. Home improvement products, flooring, doors and windows, insulation systems, roofing and plumbing materials, kitchen and bath supplies are all in demand.

Environmental Technologies and Services

The increased production of natural gas presents environmental challenges for the country. Contamination of water, oil waste discharges and oil spillages which pose threats to the marine life are issues which the country is trying to address. In addition, there are opportunities for environmental consultancy and technical expertise in the areas of waste water treatment, disposing hazardous waste, water recycling and wastewater reuse, air/gas purification systems and renovation of treatment plants.

The government of Trinidad and Tobago is encouraging investment in renewable and alternative energy resources. Some initiatives have been made in the areas of solar energy but a large amount of work needs to be done in the wind, wave and biomass areas. Consultancy in these areas of alternative sources of energy development are welcomed by Trinidad and Tobago.

Oil and Natural Gas Equipment and Services

Trinidad and Tobago is the leading Caribbean producer of oil and gas which has led to a significant inflow of investment over the last several decades. T&T has large offshore oil and natural gas reserves and is the largest producer of methanol and ammonia in the world. Production of natural gas in 2006 was 4,000 mcf/d (million standard cubic feet per day). The oil and gas and petrochemical sector accounted for 45% of T&T's GDP, 62% of government revenues and 91% of its exports in 2006. While the market for natural gas is mature there are expected to be several opportunities in the deeper waters over the next few years. The country is planning to drill 16 wells by end of 2008. Repsol, a Spanish company that is building an LNG terminal with Irving Oil in Saint John, New Brunswick is involved in 7 exploration sites in Trinidad and Tobago. Overall, expenditures in the upstream sector are expected to be as high as \$1 billion per year over the next decade.

There are potential opportunities for experienced Atlantic Canadian companies to provide supplies and services such as gas pipelines, replacement and repair of wells and facilities, design and installation of offshore facilities and infrastructure, drilling services and training. The industry is competitive as many of the largest international players in the world are involved in the country's oil and gas sector. Atlantic Canadian companies actively pursuing opportunities in this sector in T&T include Neill & Gunter and Survival Systems of Nova Scotia and Spectrol Energy Services of St. John's. Canadian Superior Energy Inc., which has been active in Nova Scotia's offshore, is also developing fields in T&T.

Sector Profile – Trinidad & Tobago

Other Industries of Interest

Post-secondary education – Almost 250 students from T&T were studying at the University of New Brunswick in 2006/07.

Surveillance and crime detection devices – T&T has a high level of crime. International companies active in the country, especially in the oil and gas sector, are in need of security services

Top Ten Exports		
<i>\$billion</i>		
	2002	2006
Mineral fuels	2.3	10.7
Inorganic chemicals	0.4	0.9
Organic chemicals	0.2	0.9
Iron/steel	0.3	0.5
Fertilizers	0.1	0.2
Beverages	0.1	0.1
Machinery	0.1	0.1
Paper	0.1	0.1
Cereals	0.03	0.05
Sugar	0.03	0.04
Total Exports	3.8	14.0

Top Ten Imports		
<i>\$billion</i>		
	2002	2006
Mineral fuels	1.0	2.3
Machinery	0.6	0.8
Vehicles	0.2	0.4
Iron/Steel articles	0.2	0.4
Ores	0.2	0.2
Plastics	0.1	0.2
Beverages	0.03	0.1
Paper	0.1	0.1
Iron/steel	0.04	0.1
Chemicals	0.1	0.1
Total Imports	3.6	6.5

Top Atlantic Merchandise Exports to Trinidad	
<i>(Avg. value 03-07, CAN\$millions)</i>	
Paper	22.8
Ores	6.1
Fish	4.3
Vegetables	3.7
Non-metal minerals	2.9
Process Veg	2.8
Machinery	1.1
Iron/Steel	0.6
Total Exports	48.5

Trinidad's Top Export Partners	
<i>% of total, 2006</i>	
United States	58.1
Jamaica	5.8
Spain	5.3
Barbados	3.4
France	3.1
Other	24.3

Trinidad's Top Import Partners	
<i>% of total, 2006</i>	
United States	27.5
Brazil	13.8
Congo	6.0
Columbia	5.8
Nigeria	5.8
Other	40.9

Links of Interest

High Commission of Trinidad & Tobago in Canada – www.ttmissions.com/

Canadian Embassy in Trinidad & Tobago – geo.international.gc.ca/latin-america/trinidadtobago/menu-en.aspx

CIA Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/td.html>

Global Edge – globaledge.msu.edu/countryInsights/country.asp?countryID=151®ionID=4

Country Profile – Barbados

Overview

Barbados is one of the most prosperous countries in the Caribbean and has an exceptionally high standard of living for a developing country. However, it is a tiny country with a population of only 300,000.

Barbados' economy is driven mainly by tourism. Since 1985, offshore banking and financial services have also contributed to increasing export reserves. The country has fairly high literacy rate and the government has laid emphasis on providing free education, health and social services to its citizens contributing to a well- educated and trainable workforce. According to the UN Development Program, Barbados has one of the highest levels of quality of life.

Continued diversification of the economy and reducing the unemployment rate are two challenges faced by Barbados. The country is prone to natural disasters such as hurricanes and droughts.

Barbados Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 0.3 million (27/44)
Population, 2025: 0.3 million (28/44)
GDP, 2005: \$3.1 billion (23/32)
Avg. GDP Growth, 00-05: 1.9% (25/31)
Avg. GDP Growth, 06-18: 3.0% (29/39)
GDP/Capita, 2005: \$11316 (3/31)
Avg. Inflation, 02-06: 3.0% (10/31)
Avg. Atlantic Exports, 03-07: CAN\$11m (13/44)

Competitiveness Ranking

Indicator, Year: Global Rank (Americas Rank)
Ease of Doing Business, 2008: n/a (n/a)
Global Comp. Index, 2008: 50 (2/22)

Other

Official Language - English
Currency – Barbadian dollar (floating)
Largest City (Population, 2005) –
Bridgetown (98,500)



Political

Barbados has a two party democracy system and is one of the oldest democracies in the world. It is considered to be a politically very stable country. The parliamentary system is modeled after the British political system and the governor general is the ruling monarch. Prime Minister David Thompson of the Democratic labor party was elected in January 2008 elections. The next election is due in 2013.

Economy

Barbados is a small open economy dependent to a very large extent on international trade. The country was heavily dependent on sugar production until its independence from British rule in 1966. Since then the country has focused on tourism and more recently offshore banking and finance. Barbados has been able to generate large amounts of foreign exchange through its 0% tax rates for offshore banks, international companies and insurance companies. Canadian banks such as Royal Bank, CIBC and Scotia Bank have a significant presence in Barbados.

Economic growth has averaged 4.2% annually since 2004 but is expected to fall below 3% during the next five years. Inflation is also likely to moderate from 7.3% in 2006 to below 4% in 2008. Shortage of work has led to many Barbadians looking for employment abroad. The unemployment rate in Barbados was 7.6% in 2006.

Barbados is open to international trade but tariff rates are high. In 1973, Barbados was one of the founding members of the Caribbean Community (CARICOM), which later led to the Caribbean Single Market. Barbados has a trade treaty with Canada which allows Canadian subsidiaries in Barbados to repatriate profits without paying taxes.

Key Sectors

Tourism, financial services, agriculture and fishing, manufacturing.

Assessment

Barbados is an attractive market for Atlantic Canadian companies because it is politically stable and economically progressive. Close proximity and English being the official language make it conducive for business but tariffs are quite high. Income levels are relatively high but the economy is very small with very moderate growth expected over the next 5-10 years.

Sector Profile – Barbados

Construction Products and Services

Construction is an important sector in Barbados, driven in the past by the needs of the tourism industry. During the period 2003-05, construction grew at an average of about 12% per year with preparations for the Cricket World Cup held in Barbados also boosting activity in 2006 and into 2007. From 2008 onwards, growth will continue but at a more modest rate. Since 2003 about 5000 new family dwellings have been constructed each year. There is a serious shortage of skilled labor in the different construction trades leading to increased labour costs. The high cost of steel is also affecting the construction sector. As a result, there is a growing appreciation for prefabricated buildings in Barbados. Several Prince Edward Island firms are exporting wood products to the Barbados market including spiral staircases, wooden doors and mouldings. Training in the area of construction trade skills is another potential opportunity.

Environmental Technologies and Services

Barbados is a water-scarce country. Per capita use of water has risen from 10 gallons per day in 1978 to about 60 gallons a day for residents today. International tourists in hotels average about 179 gallons of water use a day. The dry climate coupled with spiraling usage has led to scarcity. The water shortage has the potential to affect investments in the all-important hotel and tourism sector. The government wants to ensure adequate water supply. Consulting services in the areas of irrigation and farming practices are needed. Water extraction, recycling, conservation technology, desalination and water treatment facilities are all needed.

Food and Fish Products

As a small country (431 sq. km), total arable land is quite limited. Barbados is unable to meet its local food requirements and the strong tourism sector in Barbados requires world class food products. Even with growing imports the Island is unable to meet its demand for onions, cabbages and potatoes. Processed vegetables are in demand and processed fruit products such as jams and jellies are currently imported. Canadian exports of food products to Barbados totalled CAN\$13 million in 2006, primarily pork, potatoes, frozen fries and milk powder, including potatoes and French fries from Atlantic Canada.

The fishing industry in Barbados has grown in recent years, but it contributes only 1% of GDP. Total capture of marine fish rose to nearly 9000 metric tons in the late 1980s and early 1990s, but has since dropped to about 3000 metric tons. Barbados imports shrimp from Guyana and lobster from Guyana and the United States. Canada remains the second largest supplier of seafood behind the United States but there is international competition in this sector from Asia and Europe. There are also opportunities for consultancy work and manufacturing equipment for the seafood industry. Several firms in Atlantic Canada export fish products to Barbados with the majority coming from Nova Scotia.

Information and Communication Technology (ICT)

Barbados is dependent on imports of ICT goods, which was valued at CAN\$250 million in 2006. The United States holds a dominant share of this market at 75%, while Canada's share is 15%. Telecom is the largest segment within the ICT sector. VoIP, ISP, wireless services, fixed landline and international calling are the major focus areas. There are several regional players in this segment including Cable and Wireless (Barbados) Limited and Digicel (Barbados) Limited. Only about 16% of Barbadians are Internet users and only about 20% have a home computer. Given the relatively high standard of living and rapidly growing economy, these numbers indicate room for significant growth. However, the telecommunication network and infrastructure continues to be operated under monopoly conditions, which has hampered growth. Obtaining licenses in this area is a slow and frustrating process for international companies. The small market size may also deter some companies from considering this market.

Despite these challenges Canadian firms have been active in the ICT sector in Barbados. Leading Canadian companies like Nortel and Research in Motion have a strong presence. Solutions Inc., a Nova Scotian company, formed a strategic partnership with TeleBarbados in 2006 to provide broadband Internet service in hotels and commercial properties throughout the island. Atlantic Canadian companies are unlikely to participate in the equipment and infrastructure side of the sector. Opportunities exist in Internet service provision, software development and integration and technologies for tourism industry.

Sector Profile – Barbados

Top Ten Exports		
<i>\$million</i>		
	2002	2006
Mineral fuels	27	140
Electrical equip	16	43
Beverages	23	31
Pharmaceuticals	14	22
Sugar	19	20
Precious metals	2	19
Salt	12	17
Chemical products	11	15
Oils/fats	6	13
Iron/Steel articles	7	11
Total Exports	215	441

Top Ten Imports		
<i>\$million</i>		
	2002	2006
Mineral fuels	64	302
Machinery	113	178
Electrical equip	90	142
Vehicles	60	104
Plastics	39	60
Wood	39	52
Pharmaceuticals	36	50
Iron/Steel articles	27	43
Beverages	30	40
Furniture	25	38
Total Imports	997	1629

Barbados' Top Export Partners	
<i>% of total, 2006</i>	
Ship Stores & Bunkers	24.9
United States	20.4
Trinidad & Tobago	11.3
United Kingdom	6.8
Saint Lucia	4.5
Other	32.0

Barbados' Top Import Partners	
<i>% of total, 2006</i>	
United States	37.4
Trinidad & Tobago	22.7
United Kingdom	5.5
Japan	3.7
Canada	3.7
Other	26.9

Top Atlantic Merchandise Exports to Barbados	
<i>(Avg. value 03-07, CAN\$millions)</i>	
Paper	3.8
Vegetables	1.5
Process Veg	0.9
Fish	0.6
Total Exports	10.9

Useful Links

Barbados Chamber of Commerce – www.bdscham.com/
 Canadian Embassy in Barbados – geo.international.gc.ca/latin-america/barbados/menu-en.aspx
 CIA Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/bb.html>
 Global Edge – globaledge.msu.edu/countryInsights/country.asp?countryID=102®ionID=4

Country Profile – Cuba

Overview

Cuba has the largest population and GDP of the Caribbean countries and is expected to grow rapidly over the next few years.

However, Cuba is largely a state-run economy with 75% of the jobs occurring in the public sector. This is slowly changing as employment in the public sector was over 90% in the early 1980s. There are flows of capital investment but it is restricted and has to be approved by government. The Cuban economy had a severe recession in the early 1990s due to the loss of subsidies from Russia. The average Cuban's standard of living still remains at a lower level than before the downturn despite strong growth over the last few years led by the tourism sector.

Key industries include sugar, tourism, petroleum, tobacco, construction, pharmaceuticals and nickel mining.

Cuba Summary

*Indicator, Year: Value
(Americas Rank/No. of countries)*

Population, 2005: 11.3 million (9/44)

Population, 2025: 11.2 million (12/44)

Avg. GDP Growth, 06-18: 6.0% (2/39)

Avg. Atlantic Exports, 03-07: CAN\$49m (5/44)

Official Language - Spanish

Currency – Cuban Peso (floating)

Largest City (Population, 2007 est.) –
Havana (2.2m)



Assessment/Opportunities

Investment in Cuba is restricted but the lack of competition from U.S. companies makes it more attractive. The end of Fidel Castro's reign over the country may open some new opportunities. Atlantic Canada has established trade links with Cuba with average exports of nearly CAN\$50million over the last five years. The construction sector is an opportunity area with 10,000 new hotel rooms per year expected for the tourism industry and large scale low-income housing is planned in the Havana area. Atlantic Canada already exports pre-fabricated housing products and other construction materials into Cuba. The oil and gas sector is currently a modest contributor to the Cuban economy but growth is expected especially in the offshore areas. There are an estimated of 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas in the deep waters of the North Cuba Basin.

Top Ten Exports

\$billion

	2002	2006
Nickel	0.4	0.8
Other Commodities	0.0	0.5
Sugar	0.4	0.3
Tobacco	0.1	0.2
Fish	0.1	0.1
Inorganic chemicals	0.0	0.1
Beverages	0.03	0.1
Pharmaceuticals	0.1	0.1
Mineral fuels	0.01	0.03
Iron/steel	0.04	0.03
Total Exports	1.4	2.4

Top Ten Imports

\$billion

	2002	2006
Electronics	0.3	1.3
Machinery	0.4	1.0
Optical/medical	0.1	0.3
Vehicles	0.2	0.3
Mineral fuels	0.9	0.2
Cereal	0.2	0.2
Plastics	0.1	0.2
Aluminium	0.1	0.2
Iron/steel articles	0.1	0.1
Dairy	0.1	0.1
Total Imports	4.2	6.0

Top Atlantic Merchandise

Exports to Cuba

(Avg. value 03-07, CAN\$millions)

Machinery	13.6
Paper	6.2
Fertilizers	5.6
Iron/Steel articles	4.2
Electrical Equipment	2.5
Dairy/Eggs	2.2
Iron/Steel	1.1
Plastics	0.8
Total Exports	48.7

Cuba's Top Export Partners

% of total, 2006

Netherlands	24.6
Canada	23.3
China	22.1
Spain	7.5
France	2.1
Other	20.4

Cuba's Top Import Partners

% of total, 2006

China	21.0
Spain	13.3
Germany	8.7
Canada	7.5
Italy	5.8
Other	43.7

Appendix B: Statistical Profile

This appendix provides data on a large number of indicators of market potential, barriers and costs, trade linkages and risks that were used in this report. Data are reported for all countries for which information is available. For each indicator, countries are colour-coded indicating their relative rank within the Americas from green (highest), to yellow (medium-high), to orange (medium-low) to red (lowest). Most of the data were accessed between January and March 2008.

Explanatory Notes for Tables

1. United Nations World Population Prospects 2006 Revision (Medium variant).
<http://esa.un.org/unpp/>
2. Global Insight, December 2007 (customized tabulation).
3. International Monetary Fund, World Economic Outlook, April 2008.
<http://www.imf.org/external/pubs/ft/weo/2008/01/weodata/index.aspx>
4. See note 3.
5. International Monetary Fund, January 2008.
<http://www.imf.org/external/pubs/ft/weo/2007/02/weodata/index.aspx>
6. United Nations Conference on Trade and Development, Handbook of Statistics On-line.
<http://www.unctad.org/Templates/Page.asp?intItemID=1890&lang=1>
7. See note 6.
8. See note 1.
9. See note 1.
10. See note 2.
11. See note 6.
12. See note 6.
13. World Economic Forum (WEF), *The Global Competitiveness Report 2007-2008*. The WEF defines competitiveness as “the set of institutions, policies, and factors that determine the level of productivity of a country.” The Global Competitiveness Index is an overall score based upon assessment of 113 variables grouped under 12 pillars of competitiveness. Of the 113 variables, the majority (790 are from an Executive Opinion Survey and the rest are based on hard data. The 131 countries are ranked on the overall index with the lowest rank indicating a higher level of competitiveness.
<http://www.gcr.weforum.org>
14. See note 1.
15. See note 1.
16. See note 6.
17. See note 6.
18. International Monetary Fund, World Economic Outlook, October 2007.
<http://www.imf.org/external/pubs/ft/weo/2007/02/weodata/index.aspx>
19. See note 3.
20. See note 3.
21. See note 3.
22. This is an average of the Global Insight and IMF forecasts. See notes 2 and 3.
23. See note 2.
24. See note 2.
25. See note 18.
26. See note 3.
27. United Nations Educational, Scientific and Cultural Organization.
http://portal.unesco.org/education/en/ev.php-URL_ID=20798&URL_DO=DO_TOPIC&URL_SECTION=201.html
28. World Bank. Economies are ranked on their ease of doing business, from 1 to 178, with first place being the best. A high ranking on the ease of doing business index means the regulatory environment is conducive to the operation of business. The overall index is based on objective measures for ten different components: starting a business, dealing with licenses, employing workers, registering property, getting

credit, protection investors, paying taxes, trading across borders, enforcing contracts and closing a business. The rankings are from the Doing Business 2008 report, covering the period April 2006 to June 2007.

<http://www.doingbusiness.org/economyrankings>

29. World Economic Forum, The Global Competitiveness Report 2007-2008. The WEF measures eight infrastructure components as part of its Global Competitiveness Index including quality of roads, rail, ports, airports, telecommunications and power supply. Survey data are used for six of the eight measures. The countries are ranked from 1 to 131 with the lower rank indicating better infrastructure. See note 13.

30. World Trade Organization. Simple average MFN tariff rate applied to all goods for most recent year available, from WTO country profiles.

<http://stat.wto.org/CountryProfile/WSDBCountryPFHome.aspx?Language=E>

31. Best price/time during week surrounding February 21, 2008 for one-way flights from Halifax (prices before tax).

<http://www.aircanada.com/en/home.html>

32. See note 31.

33. Distance in nautical miles between the Port of Halifax and the largest container port in each country.

www.distances.com

34. See note 18.

35. See note 18.

36. Export Development Canada (EDC), Global Export Forecast February 2008. Country ratings reflect EDC's estimates the level of risk of experiencing payment difficulties which would result in financial losses when exporting to, or investing in, a foreign market. The short term rating is a reflection of risks relating to the country's general economic/political environment, private sector and government. It also considers factors that can impact our ability to recovery financial losses in the market such as corruption, effectiveness of the judiciary and other variables. Short term is generally defined as one year or less.

http://www.edc.ca/english/docs/gef_e.pdf

37. See note 36.

38. See note 18.

39. See note 18.

40. Bank of Canada. Appreciation of the Canadian dollar relative to the foreign currency.

<http://www.bank-banque-canada.ca/en/rates/exchange.html>

41. Freedom House rating based on detailed assessment of political rights and civil liberties. Countries are rated as Free, Partly Free and Not Free based upon average ratings for political rights and civil liberties. Political rights ranking includes components such as free and fair elections for national authority and legislative representatives, effective opposition groups, freedom from domination by military or foreign powers, absence of pervasive corruption within government and an accountable and transparent government. Civil liberties includes components such as a free and independent media, religious and academic freedoms, an independent judiciary, an equitable system of rule of law, freedom of travel, education and employment, right to private property and business, and equality of opportunity. Both political rights and civil liberties are given a rating of 1 through 7 with 1 representing the highest level of freedom.

<http://www.freedomhouse.org/template.cfm?page=15>

42. See note 41.

43. See note 41.

44. Transparency International assesses countries based on perceptions of the extent to which corruption (the abuse of public office for private gain) pervades the public sector. The Corruption Perceptions Index ranges between 10 (highly clean) and 0 (highly corrupt).

http://www.transparency.org/policy_research/surveys_indices/cpi

45. The ratio of exports plus imports to GDP. This ratio provides a measure of trade dependence rather than openness to trade, per se. Cuba may score low on this measure due to government policy but small economies tend to have higher ratios than large economies such as Brazil. See note 6.

46. UNCTAD - World Investment Report 2007.

<http://www.unctad.org/Templates/Page.asp?intItemID=1485&lang=1>

47. See note 46.

48. The Inward FDI Performance Index assesses countries by the foreign direct investment (FDI) they receive relative to their economic size. It is the ratio of a country's share in global FDI inflows to its share in global GDP. A value greater than one indicates that the country receives more FDI than its relative economic size, a value below one that it receives less (a negative value means that foreign investors disinvest in that period). The index thus captures the influence on FDI of factors other than market size, assuming that, other things being equal, size is the "base line" for attracting investment. These other factors can be diverse, ranging from the business climate, economic and political stability, the presence of natural resources, infrastructure, skills and technologies, to opportunities for participating in privatization or the effectiveness of FDI promotion.

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49. The Inward FDI Potential Index captures several factors (apart from market size) expected to affect an economy's attractiveness to foreign investors. It is an average of the values (normalized to yield a score between zero, for the lowest scoring country, to one, for the highest) of 12 variables:

- GDP per capita, an indicator of the sophistication and breadth of local demand (and of several other factors), with the expectation that higher income economies attract relatively more FDI geared to innovative and differentiated products and services.
- The rate of GDP growth over the previous 10 years, a proxy for expected economic growth.
- The share of exports in GDP, to capture openness and competitiveness.
- As an indicator of modern information and communication infrastructure, the average number of telephone lines per 1,000 inhabitants and mobile telephones per 1,000 inhabitants.
- Commercial energy use per capita, for the availability of traditional infrastructure.
- The share of R&D spending in GDP, to capture local technological capabilities.
- The share of tertiary students in the population, indicating the availability of high-level skills.
- Country risk, a composite indicator capturing some macroeconomic and other factors that affect the risk perception of investors. The variable is measured in such a way that high values indicate less risk.
- The world market share in exports of natural resources, to proxy for the availability of resources for extractive FDI.
- The world market share of imports of parts and components for automobiles and electronic products, to capture participation in the leading TNC integrated production systems.
- The world market share of exports of services, to seize the importance of FDI in the services sector that accounts for some two thirds of world FDI.
- The share of world FDI inward stock, a broad indicator of the attractiveness and absorptive capacity for FDI, and the investment climate.

<http://www.unctad.org/Templates/Page.asp?intItemID=2468&lang=1>

50. Department of Foreign Affairs and International Trade Canada.

http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/neg_country-pays_region.aspx?lang=en&menu_id=17&menu=

51. Strategis - Trade Data Online.

<http://www.ic.gc.ca/epic/site/tdo-dcd.nsf/en/Home>

52. See note 51.

53. See note 51.

54. See note 51.

55. Statistics Canada.

56. Maritime Provinces Higher Education Commission and Memorial University of Newfoundland.

57. Maritime Provinces Higher Education Commission.

58. Statistics Canada, 2006 Census.

59. See note 58.

		Size						
Region Code AN = Antilles (Caribbean Islands) CA = Central America SA = South America *=dependent territory								
		Population	Real GDP (2000 prices)	GDP (current prices)	GDP (using PPP exchange rates)	Share of world GDP (using PPP exchange rates)	Imports of goods	Imports of services
		2005	2005	2005	2005	2005	2005	2005
Country/Dependency	Region	'000s	US\$ (2000) billions	\$US billions	billions	%	US\$ millions	US\$ millions
Anguilla*	AN		0.1					52
Antigua and Barbuda	AN	83	0.8	0.9	1.2	0.002	610	205
Argentina	SA	38,747	309.3	181.5	419.6	0.757	28,693	7,615
Aruba*	AN	103	1.9				1,031	927
Bahamas	AN	323	5.5	6.0	7.4	0.013	2,230	1,373
Barbados	AN	292	2.8	3.1	4.6	0.008	1,604	680
Belize	CA	276	1.1	1.1	2.1	0.004	593	158
Bermuda*	AN	64	4.1				985	
Bolivia	SA	9,182	9.7	9.5	34.2	0.062	2,341	683
Brazil	SA	186,831	737.9	882.0	1584.6	2.859	77,633	24,243
British Virgin Islands*	AN	22						
Cayman Islands*	AN	46	1.9					
Chile	SA	16,295	92.6	119.0	199.8	0.361	32,637	7,760
Colombia	SA	44,946	98.9	122.9	264.0	0.476	21,204	4,766
Costa Rica	CA	4,327	19.5	19.9	37.2	0.067	9,812	1,499
Cuba	AN	11,260	32.1				7,592	
Dominica	AN	68	0.3	0.2	0.6	0.001	164	50
Dominican Republic	AN	9,470	24.1	29.1	48.6	0.088	8,592	1,457
Ecuador	SA	13,061	20.7	37.2	88.1	0.159	10,287	2,112
El Salvador	CA	6,668	14.6	17.1	36.1	0.065	5,362	1,213
Falkland Islands*	SA	3						
French Guiana*	SA	192	1.7					
Grenada	AN	105	0.4	0.5	1.0	0.002	288	107
Guadeloupe*	AN	438						
Guatemala	CA	12,710	20.0	27.4	53.1	0.096	8,810	1,477
Guyana	SA	739	0.7	0.8	2.5	0.005	787	197
Haiti	AN	9,296	3.2	4.0	10.0	0.017	1,454	447
Honduras	CA	6,834	7.2	8.3	25.6	0.040	4,613	848
Jamaica	AN	2,682	8.5	9.4	18.8	0.034	4,460	1,729
Martinique*	AN	396	5.4					
Montserrat*	AN	6					30	20
Netherlands Antilles*	AN	186	2.7				2,322	813
Nicaragua	CA	5,463	4.6	4.9	13.9	0.025	2,595	426
Panama	CA	3,232	14.3	15.5	27.0	0.049	4,180	1,729
Paraguay	SA	5,904	8.0	7.5	23.0	0.042	3,791	340
Peru	SA	27,274	65.6	79.5	176.4	0.318	12,502	3,092
Saint Kitts and Nevis	AN	49	0.4	0.4	0.6	0.001	185	92
Saint Lucia	AN	161	0.8	0.9	1.6	0.003	418	164
Saint Vincent and the Grenadines	AN	119	0.4	0.4	0.9	0.002	240	82
Suriname	SA	452	1.8	1.8	3.5	0.006	975	352
Trinidad and Tobago	AN	1,324	12.0	15.1	19.0	0.034	5,708	330
Turks and Caicos Islands*	AN	24						
Uruguay	SA	3,326	21.0	16.7	30.7	0.055	3,879	896
Venezuela	SA	26,726	132.5	143.4	264.1	0.474	25,736	5,222
Colour Key								
High		> 20m	>50	>100	>150	>0.1%	>20000	>4000
Medium-high		8-20m	15-50	20-100	40-150	0.05-0.1%	6-20000	1000-4000
Medium-low		2-8m	5-15	10-20	15-40	0.02-0.05%	3-6000	500-1000
Low		<2m	<5	<10	<15	<0.02%	<3000	<500
Source:		UN	Global Insight	IMF	IMF	IMF	UNCTAD	UNCTAD
See Note no.		1	2	3	4	5	6	7

		Potential growth (absolute change)					Competitiveness
Region Code AN = Antilles (Caribbean Islands) CA = Central America SA = South America *=dependent territory		Population growth	Population growth	Real GDP growth	Change in imports of goods	Change in imports of services	Global Competitiveness Index
		2005-25	2005-50	2006-18	2000-05	2000-05	2007-08
Country/Dependency	Region	000s	000s	(2000) billions	US\$ millions	US\$ millions	Global Rank /131
Anguilla*	AN			0.1		11	
Antigua and Barbuda	AN	18	28	0.4	208	49	
Argentina	SA	7,368	12,635	332.2	3,413	-1,605	85
Aruba*	AN	4	1	0.6	196	282	
Bahamas	AN	74	126	3.0	156	348	
Barbados	AN	11	-20	1.3	448	192	50
Belize	CA	113	211	0.6	69	35	
Bermuda*	AN	2	-1	2.0	266		
Bolivia	SA	3,186	5,726	8.7	512	215	105
Brazil	SA	42,002	67,254	495.6	18,580	7,583	72
British Virgin Islands*	AN	4	6				
Cayman Islands*	AN	9	13	1.2			
Chile	SA	2,971	4,360	80.8	14,129	2,958	26
Colombia	SA	10,617	16,914	81.6	9,666	1,459	69
Costa Rica	CA	1,222	2,099	21.6	3,423	226	63
Cuba	AN	-29	-1,349	36.1	2,749		
Dominica	AN	1	-1	0.0	16	-2	
Dominican Republic	AN	2,702	4,502	22.4	-887	83	96
Ecuador	SA	3,013	4,927	11.7	6,566	843	103
El Salvador	CA	1,857	3,372	8.9	1,568	279	67
Falkland Islands*	SA	0	0				
French Guiana*	SA	101	214	0.5			
Grenada	AN	3	-10	0.2	40	18	
Guadeloupe*	AN	43	30				
Guatemala	CA	7,216	14,763	13.6	3,638	651	87
Guyana	SA	-56	-262	0.3	133	3	126
Haiti	AN	3,009	5,979	1.1	418	165	
Honduras	CA	2,848	5,245	4.2	1,758	250	83
Jamaica	AN	226	81	3.0	1,159	307	78
Martinique*	AN	8	-46	1.5			
Montserrat*	AN	1	1		8	-3	
Netherlands Antilles*	AN	21	0	0.9	-532	82	
Nicaragua	CA	1,612	2,706	3.7	790	83	111
Panama	CA	1,035	1,861	21.4	801	588	59
Paraguay	SA	2,122	3,964	3.6	1,598	-81	121
Peru	SA	6,874	11,775	63.8	3,614	858	86
Saint Kitts and Nevis	AN	12	20	0.3	13	16	
Saint Lucia	AN	34	55	0.3	63	31	
Saint Vincent and the Grenadines	AN	6	-13	0.2	78	26	
Suriname	SA	30	-26	1.6	449	136	113
Trinidad and Tobago	AN	77	1	11.9	2,400	-58	84
Turks and Caicos Islands*	AN	6	8				
Uruguay	SA	222	315	17.6	413	14	75
Venezuela	SA	8,647	15,323	124.8	9,523	787	98
Colour Key							
High		>5000	>10000	>50	>\$6000	>1000 m	<50
Medium-high		2500-5000	1500-10000	25-50	2000-6000	500-1000	51-80
Medium-low		500-2500	50-1500	5-25	1000-2000	100-500	81-90
Low		<500	<50	<5	<1000	<100	>90
Source:		UN	UN	GI	UNCTAD	UNCTAD	WEF
See Note no.		8	9	10	11	12	13

		Potential growth (% change)										
Region Code AN = Antilles (Caribbean Islands) CA = Central America SA = South America *=dependent territory												
		Population growth	Population growth	Growth in imports of goods	Growth in imports of services	Real GDP growth, annual average	Real GDP growth, annual average	Real GDP growth, annual average	Real GDP growth, annual average (IMF)	Real GDP growth, annual average (IMF/GI avg)	Real GDP growth, annual average (GI)	Real GDP growth, annual average (GI)
		2005-25	2005-50	2000-05	2000-05	1995-2005	2000-05	2003-07	2008-13	2008-13	2008-13	2006-18
Country/Dependency	Region	%	%	%	%	%	%	%	%	%	%	%
Anguilla*	AN				27						3.8	4.3
Antigua and Barbuda	AN	22	34	52	31	3.5	3.6	6.7	4.0	3.9	3.8	2.9
Argentina	SA	19	33	13	-17	2.0	1.8	8.8	3.9	4.8	5.6	5.8
Aruba*	AN	4	1	23	44						2.2	2.2
Bahamas	AN	23	39	8	34	3.9	4.2	2.4	3.8	3.6	3.4	3.4
Barbados	AN	4	-7	39	39	2.4	1.9	3.8	2.5	2.8	3.0	3.0
Belize	CA	41	76	13	29	5.3	6.8	5.0	2.5	3.0	3.5	3.5
Bermuda*	AN	3	-2	37							3.1	3.1
Bolivia	SA	35	62	28	46	3.4	2.9	3.95	5.2	5.2	5.2	5.0
Brazil	SA	22	36	31	46	2.6	3.0	3.8	4.2	4.2	4.2	4.0
British Virgin Islands*	AN	18	27									
Cayman Islands*	AN	20	28								3.8	3.7
Chile	SA	18	27	76	62	4.9	4.3	4.9	5.1	5.05	5.0	4.9
Colombia	SA	24	38	84	44	2.4	3.3	5.4	4.8	4.7	4.6	4.7
Costa Rica	CA	28	49	54	18	4.5	3.7	6.4	4.9	5.4	5.8	5.9
Cuba	AN	0	-12	57							6.1	6.0
Dominica	AN	1	-1	11	-5	0.9	-0.3	2.3	3.1	2.8	2.4	0.9
Dominican Republic	AN	29	48	-9	6	5.6	4.3	5.7	4.7	4.6	4.5	5.2
Ecuador	SA	23	38	176	66	3.1	5.0	4.7	4.1	3.7	3.3	3.5
El Salvador	CA	28	51	41	30	3.0	2.3	3.2	4.1	3.9	3.7	3.7
Falkland Islands*	SA	0	0									
French Guiana*	SA	53	111								2.1	2.0
Grenada	AN	3	-10	16	20	3.8	2.8	2.6	4.1	3.9	3.7	3.5
Guadeloupe*	AN	10	7									
Guatemala	CA	57	116	70	79	3.4	3.0	3.97	4.6	4.3	4.1	4.1
Guyana	SA	-8	-35	20	2	3.4	3.9	1.9	4.28	3.7	3.1	3.0
Haiti	AN	32	64	40	59	1.4	-0.3	0.8	4.0	3.1	2.3	2.3
Honduras	CA	42	77	62	42	3.4	3.9	5.9	4.5	3.9	3.3	3.6
Jamaica	AN	8	3	35	22	0.6	1.3	1.7	3.0	2.7	2.4	2.4
Martinique*	AN	2	-12								2.0	1.9
Montserrat*	AN	17	17	38	-13							
Netherlands Antilles*	AN	11	0	-19	11						2.4	2.3
Nicaragua	CA	30	50	44	24	4.3	3.3	3.97	4.7	5.1	5.6	4.7
Panama	CA	32	58	24	52	4.6	4.0	7.8	7.3	7.3	7.3	7.3
Paraguay	SA	36	67	73	-19	1.6	1.6	4.3	4.7	3.9	3.0	2.9
Peru	SA	25	43	41	38	3.8	4.0	6.5	5.8	5.5	5.1	5.4
Saint Kitts and Nevis	AN	24	41	7	21	3.6	3.1	4.5	2.4	3.4	4.3	4.3
Saint Lucia	AN	21	34	18	23	1.8	1.4	3.9	4.7	3.7	2.7	2.9
Saint Vincent and the Grenadines	AN	5	-11	48	46	3.6	2.8	5.1	4.7	4.2	3.6	3.7
Suriname	SA	7	-6	85	63	2.9	2.7	5.8	5.1	5.1	5.1	4.9
Trinidad and Tobago	AN	6	0	73	-15	7.7	8.4	9.7	4.6	5.02	5.4	5.5
Turks and Caicos Islands*	AN	25	33									
Uruguay	SA	7	9	12	2	3.9	5.2	6.9	3.8	4.3	4.9	4.8
Venezuela	SA	32	57	59	18	2.1	3.2	7.9	3.0	4.1	5.2	5.3
Colour Key												
High		>40%	<70%	>65%	>50%	>4.5	>4.0	>6	>5.0	>5.0	>5.3	>5.5%
Medium-high		27-40%	40-70%	45-65%	35-50%	3.5-4.5	3.2-4	4-6	4.3-5	4-5	4-5.3	4-5.5%
Medium-low		15-27%	10-40	30-45%	15-35%	2.5-3.5	2-3.2	3-4	3.5-4.3	3.5-4	3.2-4	2.7-4%
Low		<15%	<10%	<30%	<15%	<2.5	<2.0	<3.0	<3.5	<3.5	<3.2	<2.75%
Source:		UN	UN	UNCTAD	UNCTAD	IMF	IMF	IMF	IMF	IMF/GI	GI	GI
See Note no.		14	15	16	17	18	19	20	21	22	23	24

		Income levels		Costs/barriers						
Region Code AN = Antilles (Caribbean Islands) CA = Central America SA = South America *=dependent territory		GDP/ capita	GDP/ capita	Official language	Ease of doing business	Infrastructure quality	Avg. tariff rate	Flight time	One-way air fare	Port distance
		2005	2005	2008		2007-08	2008		2008	
Country/Dependency	Region	\$US	\$PPP		Global Rank /178	Global Rank /131	%	Hours	CAN\$	Nautical Miles
Anguilla*	AN			English						
Antigua and Barbuda	AN	10,690	14,861	English	41		9.7	8.8	\$570	
Argentina	SA	4,704	10,872	Spanish	109	81	12.2	18.5	\$733	5715
Aruba*	AN			Dutch				9.2	\$1,422	
Bahamas	AN	18,421	22,707	English			30.2	6.8	\$379	1359
Barbados	AN	11,316	16,982	English		29	13.5	8.9	\$400	1907
Belize	CA	3,807	7,325	English	59		10.8			
Bermuda*	AN			English				6.2	\$315	
Bolivia	SA	1,004	3,623	Spanish, Aymara, Quechua	140	118	8.3			
Brazil	SA	4,789	8,603	Portuguese	122	78	12.3	16.0	\$629	4800
British Virgin Islands*	AN			English						
Cayman Islands*	AN			English				8.0	\$770	4122
Chile	SA	7,351	12,346	Spanish	33	31	6.0	15.2	\$693	5985
Colombia	SA	2,669	5,735	Spanish	66	86	12.5	10.2	\$477	2126
Costa Rica	CA	4,609	8,714	Spanish	115	95	5.9	9.7	\$560	2367
Cuba	AN			Spanish			10.8	7.8	\$313	
Dominica	AN	3,365	8,136	English	77		9.9			
Dominican Republic	AN	3,411	5,694	Spanish	99	79	8.5	9.1	\$449	
Ecuador	SA	2,814	6,667	Spanish	128	97	11.7			4178
El Salvador	CA	2,482	5,238	Spanish	69	51	5.9	17.0	\$1,510	4171
Falkland Islands*	SA			English						
French Guiana*	SA			French						
Grenada	AN	4,878	9,878	English	70		10.2	16.7	\$1,615	
Guadeloupe*	AN			French				8.5	\$1,110	1736
Guatemala	CA	2,158	4,181	Spanish	114	70	5.6	24.0	\$1,209	2198
Guyana	SA	1,081	3,290	English	104	106	11.1			
Haiti	AN	478	1,196	French, Creole	148		2.8	9.5	\$550	
Honduras	CA	1,149	3,555	Spanish	121	75				
Jamaica	AN	3,532	7,064	English	63	63	7.3	7.5	\$389	1795
Martinique*	AN			French						
Montserrat*	AN			English						
Netherlands Antilles*	AN			Dutch, English				8.1	\$700	1991
Nicaragua	CA	841	2,403	Spanish	93	116	5.6			
Panama	CA	4,799	8,359	Spanish	65	50	7.3			2335
Paraguay	SA	1,289	3,972	Spanish, Guarani	103	126	9.9			
Peru	SA	2,920	6,481	Spanish	58	101	10.2	15.0	\$522	4681
Saint Kitts and Nevis	AN	10,530	12,414	English	64		9.2			
Saint Lucia	AN	5,325	9,486	English	34		8.9	9.5	\$569	
Saint Vincent and the Grenadines	AN	4,032	8,096	English, Creole-English	54		9.8			
Suriname	SA	3,485	6,817	Dutch	142	102				
Trinidad and Tobago	AN	11,652	14,680	English	67	69	7.8	10.8	\$229	2055
Turks and Caicos Islands*	AN			English				7.9	\$1,429	
Uruguay	SA	5,219	9,584	Spanish	98	64	10.6			5618
Venezuela	SA	5,427	9,992	Spanish	172	104		11.9	\$509	2062
Colour Key										
High		>\$10000	>\$14000	English	<50	<55	<7%	<8 hrs	<\$400	<4000
Medium-high		\$4500-10000	\$10-14000	French	51-80	56-85	7-10%	8-12	400-1000	4-5000
Medium-low		\$2000-4500	\$6-10000	Spanish	81-130	86-110	10-15%	>12	>1000	>5000
Low		<\$2000	<\$6000	Other	>130	>110	>15%			
Source:		IMF	IMF	UNESCO	WB	WEF	WTO	AC	AC	DC
See Note no.		25	26	27	28	29	30	31	32	33

		Economic risks						
Region Code AN = Antilles (Caribbean Islands) CA = Central America SA = South America *=dependent territory		Average inflation rate	Average inflation rate	Short-term payment risk	Medium and long-term payment risk	Annual GDP growth volatility (max - min)	Annual GDP growth volatility (max - min)	Appreciation of Canadian dollar
		2002-06	1995-2006	2007	2007	2000-06	1990-2006	Jan 03- Jan 08
Country/Dependency	Region	%	%	Rating	Rating	%	%	%
Anguilla*	AN							51.2
Antigua and Barbuda	AN	2.1	1.6	Medium	High	10.7	17.2	51.2
Argentina	SA	12.8	5.5	High	High	20.1	21.4	
Aruba*	AN							52.4
Bahamas	AN	2.0	1.7	Low	Low	0.513	1.523	52.4
Barbados	AN	3.0	2.7	Low	Low	7.4	10.5	
Belize	CA	3.2	2.2	High	High	9.5	12.8	
Bermuda*	AN							
Bolivia	SA	3.7	5.1	High	High	2.9	4.9	
Brazil	SA	8.2	12.7	Medium	Medium	4.6	10.1	-21.1
British Virgin Islands*	AN			0	0			52.2
Cayman Islands*	AN			0	0			
Chile	SA	2.6	4.2	Low	Low	3.8	12.7	0.9
Colombia	SA	5.7	11.3	Medium	Medium	5.3	11	3.5
Costa Rica	CA	11.2	12.8	Medium	Medium	7.1	8.3	
Cuba	AN			High	Case-by-case			
Dominica	AN	1.7	1.5	Medium	High	9.1	11.4	51.2
Dominican Republic	AN	19.2	12.5	Medium	High	12.6	16.2	
Ecuador	SA	5.7	27.4	High	High	5.2	14.3	52.2
El Salvador	CA	3.4	4.2	Medium	Medium	2.5	5.8	52.2
Falkland Islands*	SA							
French Guiana*	SA			Medium	High			10.1
Grenada	AN	2.6	2.1	Medium	High	19.3	19.3	51.2
Guadeloupe*	AN			Low	Low			10.1
Guatemala	CA	7.4	7.6	High	Medium	2.5	2.5	
Guyana	SA	5.9	6.1	High	High	3.4	8.1	
Haiti	AN	20.1	18.4	High	Case-by-case	4.8	17.1	52.2
Honduras	CA	7.6	13.1	High	High	3.4	8.1	69.8
Jamaica	AN	11.0	11.7	Medium	High	1.8	6.1	112.4
Martinique*	AN			Low	Low			10.1
Montserrat*	AN							51.2
Netherlands Antilles*	AN			Medium	Medium			52.4
Nicaragua	CA	7.5	9.0	High	High	4.5	7.4	
Panama	CA	1.5	1.2	Medium	Medium	7.5	8.8	52.4
Paraguay	SA	9.1	9.2	High	High	7.6	8.8	
Peru	SA	2.0	4.8	Medium	Medium	7.4	17.9	28.6
Saint Kitts and Nevis	AN	3.7	3.6	Medium	High	8.5	8.5	51.2
Saint Lucia	AN	1.7	2.6	Medium	Medium	8.7	12.7	51.2
Saint Vincent and the Grenadines	AN	2.1	1.8	Medium	Medium	7	10.2	51.2
Suriname	SA	13.8	43.9	High	High	3.2	6.6	
Trinidad and Tobago	AN	5.4	4.8	Low	Low	10.2	16	54.4
Turks and Caicos Islands*	AN							52.2
Uruguay	SA	10.7	14.1	Medium	High	3.9	12.9	
Venezuela	SA	21.0	33.6	High	High	27.2	27.2	93.5
Colour Key								
High		<5%	<5%	Low Risk	Low Risk	<6	<5	< 0%
Medium-high		5-10%	5-10%	Medium Risk	Medium Risk	6-8	5-10	0-30%
Medium-low		10-15%	10-15%			8-12	10-15	30-60%
Low		>15%	>15%	High Risk	High Risk	>12	>15	> 60%
Source:		IMF	IMF	EDC	EDC	IMF	IMF	BOC
See Note no.		34	35	36	37	38	39	40

		Political risks				Openness				
Region Code AN = Antilles (Caribbean Islands) CA = Central America SA = South America *=dependent territory		Political freedom	Political rights	Civil liberties	Corruption perceptions index	Trade/ GDP ratio	Average annual FDI flows	FDI stocks	FDI inward performance	FDI inward potential
		2007	2007	2007	2007	2005	2000-05	2005	2004-06	2003-05
Country/Dependency	Region		Rating	Rating	Score		US\$ millions	US\$ millions	Score	Score
Anguilla*	AN						57	533		
Antigua and Barbuda	AN	Free	2	2		0.77	111	1,243		
Argentina	SA	Free	2	2	2.9	0.38	4,330	54,359		0.2
Aruba*	AN					2.00	66	943	1.203	
Bahamas	AN	Free	1	1		0.46	317	3,261	4.437	0.225
Barbados	AN	Free	1	1	6.9	0.66	27	452		
Belize	CA	Free	1	2	3	0.72	56	611		
Bermuda*	AN					0.25	7,391	91,183		
Bolivia	SA	Partly free	3	3	2.9	0.52	357	4,586	0.105	0.151
Brazil	SA	Free	2	2	3.5	0.25	19,197	195,562	0.968	0.184
British Virgin Islands*	AN						4,589	49,751		
Cayman Islands*	AN						4,876	47,213		
Chile	SA	Free	1	1	7	0.66	5,008	73,913	2.817	0.236
Colombia	SA	Partly free	3	3	3.8	0.35	3,693	36,834	2.542	0.136
Costa Rica	CA	Free	1	1	5	0.85	626	5,417	2.404	0.182
Cuba	AN	Not free	7	7	4.2	0.21	-1	79		
Dominica	AN	Free	1	1	5.6	0.72	26	416		
Dominican Republic	AN	Free	2	2	3	0.49	916	4,949	1.81	0.192
Ecuador	SA	Partly free	3	3	2.1	0.62	1,281	14,047	2.114	0.129
El Salvador	CA	Free	2	3	4	0.41	326	4,173	0.982	0.129
Falkland Islands*	SA						11	76		
French Guiana*	SA									
Grenada	AN	Free	1	2	3.4	0.69	67	726		
Guadeloupe*	AN									
Guatemala	CA	Partly free	3	4	2.8	0.38	218	4,498	0.359	0.13
Guyana	SA	Partly free	2	3	2.6	1.70	50	989	3.936	0.125
Haiti	AN	Not free	4	5	1.6	0.50	12	150	0.744	0.055
Honduras	CA	Partly free	3	3	2.5	0.75	266	2,604	1.973	0.119
Jamaica	AN	Free	2	3	3.3	0.59	594	6,414	3.332	0.148
Martinique*	AN									
Montserrat*	AN					0.74	2	91		
Netherlands Antilles*	AN					1.04	45	549		
Nicaragua	CA	Partly free	3	3	2.6	0.70	219	2,461	2.407	0.121
Panama	CA	Free	1	2	3.2	0.34	664	10,261	4.535	0.2
Paraguay	SA	Partly free	3	3	2.4	0.71	60	1,297	0.53	0.125
Peru	SA	Free	2	3	3.5	0.38	1,604	15,889	1.45	0.149
Saint Kitts and Nevis	AN	Free	1	1		0.54	84	911		
Saint Lucia	AN	Free	1	1	6.8	0.57	76	1,220		
Saint Vincent and the Grenadines	AN	Free	2	1	6.1	0.65	43	719		
Suriname	SA	Free	2	2	3.5	1.45	151	285	9.454	0.145
Trinidad and Tobago	AN	Free	2	2	3.4	1.04	842	11,652	2.666	0.248
Turks and Caicos Islands*	AN						18	111		
Uruguay	SA	Free	1	1	6.7	0.43	393	2,991	2.382	0.146
Venezuela	SA	Partly free	4	4	1.6	0.61	2,545	44,405	0.382	0.19
Colour Key										
High		Free	1	1	>6	>1.0	>6000	>20,000	>3	>2.1
Medium-high		Free	2	2	3.5-6	0.64-1	2-6000	10-20000	2.2-3	0.16-0.21
Medium-low		Partly free	3-4	3-4	3-3.5	0.3-0.64	500-2000	2-10,000	0.9-2.2	0.1-0.16
Low		Not free	5-7	5-7	<3	<0.3	<500	<2000	<0.9	<0.1
Source:		FH	FH	FH	FH	UNCTAD	UNCTAD	UNCTAD	UNCTAD	UNCTAD
See Note no.		41	42	43	44	45	46	47	48	49

		Trade linkages-goods					
Region Code AN = Antilles (Caribbean Islands) CA = Central America SA = South America *=dependent territory							
		Canadian FTA status	Average ATL merchandise exports	Average ATL merchandise imports	Average CA merchandise exports	Average CA merchandise imports	Canadian stock of FDI
		2003-07		2003-07	2003-07	2003-07	2006
Country/Dependency	Region		CAN\$ millions	CAN\$ millions	CAN\$ millions	CAN\$ millions	CAN\$ millions
Anguilla*	AN		0.2	0.0	1	0	
Antigua and Barbuda	AN	Negotiating	1.9	0.0	29	1	
Argentina	SA		10.3	27.9	165	432	3,981
Aruba*	AN				12	100	0
Bahamas	AN	Negotiating	9.9	20.2	58	49	
Barbados	AN	Negotiating	10.9	0.1	57	9	38,392
Belize	CA	Negotiating	0.2	0.0	7	9	0
Bermuda*	AN		11.5	0.2	68	10	15,560
Bolivia	SA		0.2	0.3	15	43	87
Brazil	SA		108.1	54.3	1,157	2,845	8,244
British Virgin Islands*	AN		0.4	0.1	4	2	520
Cayman Islands*	AN		5.3	0.0	29	1	8,848
Chile	SA	In force	56.5	45.3	468	1,477	5,171
Colombia	SA	Negotiating	49.2	126.3	464	497	453
Costa Rica	CA	In force	16.7	15.0	77	345	448
Cuba	AN		48.7	618.9	426	641	0
Dominica	AN	Negotiating	0.7	0.0	6	0	0
Dominican Republic	AN	Negotiating	38.6	0.5	139	118	1,847
Ecuador	SA		19.6	13.5	174	146	46
El Salvador	CA	Not concluded	4.3	0.0	51	53	
Falkland Islands*	SA		0.0	0.1	0	0	0
French Guiana*	SA						0
Grenada	AN	Negotiating	1.2	0.0	7	1	0
Guadeloupe*	AN						0
Guatemala	CA	Not concluded	16.9	3.1	153	198	
Guyana	SA	Negotiating	1.9	0.4	18	170	41
Haiti	AN	Negotiating	5.3	0.1	27	22	0
Honduras	CA	Not concluded	9.8	1.5	38	121	101
Jamaica	AN	Negotiating	25.6	0.8	162	360	
Martinique*	AN		0.0	0.0			0
Montserrat*	AN	Negotiating	0.1	0.0	0	0	0
Netherlands Antilles*	AN		2.7	10.5	30	28	96
Nicaragua	CA	Not concluded	0.7	0.1	18	63	0
Panama	CA		4.8	44.1	72	57	149
Paraguay	SA		0.7	0.0	7	15	0
Peru	SA	Concluded	6.8	31.4	236	1,259	2,910
Saint Kitts and Nevis	AN	Negotiating			9	4	0
Saint Lucia	AN	Negotiating	1.3	0.0	12	0	0
Saint Vincent and the Grenadines	AN	Negotiating			10	1	0
Suriname	SA	Negotiating			10	403	0
Trinidad and Tobago	AN	Negotiating	48.5	38.8	171	269	276
Turks and Caicos Islands*	AN		0.7	0.0	11	7	0
Uruguay	SA		5.5	9.0	25	110	
Venezuela	SA		71.8	536.3	612	1,308	574
Colour Key							
High		In force/concluded	>60	>100	>400	>1000	>15000
Medium-high		Negotiating	30-60	25-100	100-400	300-800	1500-15000
Medium-low		Not concluded	8-30	5-25	40-100	80-300	<1500
Low		No negotiations	<8	<5	<40	<80	
Source:		DFAIT	STDO	STDO	STDO	STDO	SC
See Note no.		50	51	52	53	54	55

		Trade linkage -education		People linkages	
Region Code AN = Antilles (Caribbean Islands) CA = Central America SA = South America *=dependent territory		University enrollments, Atlantic Canada	University enrollments, Maritime provinces, annual average	Immigrants in Atlantic Canada who arrived between 1996-2006 by place of birth	Total immigrants in Atlantic Canada by country of birth
		2006-07	1993-07	2006	2006
Country/Dependency	Region	#	#	#	#
Anguilla*	AN	0	0.6	0	0
Antigua and Barbuda	AN	21	24.9	0	25
Argentina	SA	1	3.3	30	95
Aruba*	AN	1	1.1	0	0
Bahamas	AN	194	136.6	10	35
Barbados	AN	52	27.6	25	155
Belize	CA	1	2.2	80	205
Bermuda*	AN	226	215.9	45	170
Bolivia	SA	1	0.5	10	25
Brazil	SA	17	18.6	30	50
British Virgin Islands*	AN	0	0.0	0	0
Cayman Islands*	AN	2	1.7	0	0
Chile	SA	4	3.2	35	130
Colombia	SA	12	4.9	405	475
Costa Rica	CA	3	1.1	20	30
Cuba	AN	2	8.6	245	290
Dominica	AN	0	0.0	10	25
Dominican Republic	AN	3	1.2	50	75
Ecuador	SA	27	5.4	25	40
El Salvador	CA	0	0.4	30	315
Falkland Islands*	SA	0	0.0	0	0
French Guiana*	SA	1	0.2	0	10
Grenada	AN	1	3.5	0	10
Guadeloupe*	AN	0	0.0	10	0
Guatemala	CA	2	0.7	65	95
Guyana	SA	8	5.6	30	300
Haiti	AN	45	8.1	40	105
Honduras	CA	3	1.2	15	50
Jamaica	AN	113	54.9	70	315
Martinique*	AN	0	0.0	0	0
Montserrat*	AN	0	0.1	10	10
Netherlands Antilles*	AN	9	4.1	0	0
Nicaragua	CA	1	0.3	0	20
Panama	CA	0	0.6	0	15
Paraguay	SA	1	0.1	0	10
Peru	SA	6	2.9	50	100
Saint Kitts and Nevis	AN	14	9.8	0	25
Saint Lucia	AN	21	36.6	10	35
Saint Vincent and the Grenadines	AN	11	5.9	20	20
Suriname	SA	0	0.1	0	10
Trinidad and Tobago	AN	265	130.1	85	375
Turks and Caicos Islands*	AN	2	2.4	0	0
Uruguay	SA	2	1.4	30	40
Venezuela	SA	3	4.4	65	90
Colour Key					
High		>100	>100	>100	>250
Medium-high		25-100	15-100	51-100	120-250
Medium-low		10-25	4-15	20-50	50-120
Low		<10	<4	<20	<50
Source:		MPHEC/MUN	MPHEC	SC	SC
See Note no.		56	57	58	59