

Canadian exports to those areas. In 1986, Brazil was Canada's eighth largest trading partner. Canada has developed industrial and technical co-operation agreements with countries of the Latin American region. Venezuela is the leading supplier of oil to Canada.

#### 21.4.4 Europe

Canada's cultural and social ties with Western Europe and shared commitment to its security through membership in NATO have been strengthened in recent years through economic, trade and commercial relations. This development has taken place in parallel with the growth of the European Economic Community (EEC), which has become the world's largest trading entity.

Western Europe is an area of major importance to Canada in all matters: political consultations, security, co-operation in development, science, technology, communications, cultural exchanges, tourism, immigration and many others.

Canada seeks to expand political dialogue, contacts and mutually profitable co-operation with the Soviet Union and Eastern Europe in order to contribute to better East-West relations. The Vienna follow-up meeting to the Conference on Security and Co-operation in Europe which began in November 1986, is examining security questions, economic co-operation, human rights issues and cultural exchanges between East and West.

#### 21.4.5 The Middle East

In recent years, Canada has increased the number of its diplomatic missions in the Middle East in response to the area's growing significance in trade, industrial development and political activity. Despite unsettled conditions in some areas, Canada has consistently attempted to follow a policy of balance and objectivity between the parties to the Arab-Israeli dispute.

The decline in petroleum consumption and prices, coupled with a reduction in the region's share of the international market, has led to decreased revenues among Middle East oil producers. This has had an adverse impact on developmental projects and regional employment opportunities. Employment receipts, a major hard currency source for many Middle East labour surplus countries, have therefore plummeted. There remain, nevertheless, many opportunities for export of Canadian goods and services. Key sectors such as electronics,

avionics, operations and maintenance, power generation and distribution, educational services and training offer the highest prospects for success in the near term. Middle Eastern countries are becoming more aware of Canada's reputation as a competitive and reliable exporter. Saudi Arabia is Canada's largest market in the area.

#### 21.4.6 Africa

Direct relations were established with former British colonies in Africa as they became independent members of the Commonwealth. Increasing contacts and diplomatic relations with the newly independent French-language African states soon followed. Canada now maintains diplomatic relations with almost all the independent African states through resident Canadian missions in several countries, most of them having dual or multiple accreditation. The development of diplomatic and commercial relations has been accompanied by a significant and growing program of Canadian development assistance to Africa. There has also been growth in trade, technical assistance and cultural exchanges. South Africa is a major preoccupation.

#### 21.4.7 Asian and Pacific region

The Asia-Pacific region has emerged as an area of great political, economic, cultural and strategic significance and interest for Canada. In 1982, for the first time, Canada's two-way trade with countries of the Pacific Basin was greater than trade with our traditional Atlantic trading partners. A reflection of the growing Canadian recognition of the importance of the region for Canada was the opening in 1986 of new trade offices in Osaka, Shanghai, Bombay and Auckland. Asian-Pacific countries have replaced Europe as the major source of new immigrants to Canada.

The 1985 National Trade Strategy identified the Asian-Pacific area as the second most important region, following the US, for Canadian export development.

Japan, Canada's second largest trading partner, a major capital exporter and a source of technological innovation, is of major interest. An exchange of visits by both Prime Ministers in 1986 enhanced the Canada-Japan relationship. New initiatives are being developed to expand contacts in the political, economic, academic, cultural and scientific sectors.

Programs for major economic reforms are included in China's seventh Five Year Plan (1986-90). These efforts to modernize provide continuing opportunities for increased export