

**GOVERNMENT RESPONSE TO THE FIFTH REPORT OF THE SENATE
COMMITTEE ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE:
INTENSIFYING STRATEGIC PARTNERSHIPS WITH THE NEW BRAZIL**

The Government of Canada (the Government) has carefully considered the Fifth Report of the Senate Committee on Foreign Affairs and International Trade (SCFAIT): Intensifying Strategic Partnerships with the New Brazil.

The Government would like to thank the members of the Committee for this comprehensive and insightful report and welcomes their continued interest in Brazil as a strategic priority for Canada. The Government would further like to thank the Committee for highlighting the broad fabric of the bilateral relationship and the various mechanisms in place that continue to propel the relationship forward on a positive trajectory, as well as areas the Government might pursue to further intensify our relationship with Brazil. The Government is pleased to note that a number of the Committee's recommendations align well with what the Government is already doing or planning to do with Brazil.

The whole-of-government approach to relations with Brazil across a wide range of sectors, including agriculture, defence, education, health, science and technology, among others, has been key to Canada's success in building strong links in areas of mutual interest with Brazil.

The Government agrees with the spirit and intent of the Committee's report on Brazil and is pleased to provide the following Response to the Committee's recommendations:

RECOMMENDATION 1:

Noting that Canada-Brazil bilateral trade has increased over 150% since 2002, for a total of \$6.7 billion in 2011, reflecting a comparable increase in people-to-people contacts, the Committee recommends that the Government of Canada implement the Memoranda of Understanding and agreements in place between them, and explore further strategic initiatives by which to continue strengthening relations between Canada and Brazil.

As indicated in the Committee's report, the Canada-Brazil relationship has seen tremendous progress in recent years and the Government has undertaken a number of initiatives to broaden and deepen this relationship. Recent high level visits to Brazil, including by Canada's Prime Minister, the Right Honourable Stephen Harper, in August 2011 and the Governor General of Canada, His Excellency the Right Honourable David Johnston, in April 2012, have greatly increased Canada's visibility in Brazil and Brazil's visibility in Canada. They have also led to an impressive number of new mechanisms and instruments that lay the foundation of our bilateral engagement and have fuelled the robust forward momentum driving our relationship in recent years. The bar was raised and expectations are now high on both sides to deliver on commitments.

The Government is committed to implementing the existing agreements and memorandums of understanding (MOU) it has in place with Brazil. Canada and Brazil have signed MOUs on Olympic Games cooperation and on international development cooperation effectiveness, both of which are explained in more detail in Recommendations 5 and 8 respectively. Canada has long standing MOUs in place with Brazil in the areas of health, labour and employment, and cooperation in sport which continue to ensure close collaboration between our countries. Canada intends to renew the MOU on Sustainable Development of Minerals and Metals and is seeking to re-engage with Brazil under the MOU on Environmental and Sustainable Development Consultations and Cooperation. Canada and Brazil also cooperate in the forestry sector where Brazil has increased its support for the establishment of numerous Model Forests, a concept developed by the Canadian government.

Canada and Brazil have signed agreements such as the Air Transport Agreement and the Agreement on Social Security (both of which have been ratified by Canada), and are in the process of finalizing a customs mutual assistance agreement. Since the publication of the Committee's report, Canada and Brazil have started negotiations on a defence cooperation agreement. Furthermore, officials in both Canada and Brazil are working to establish two important collaborative mechanisms announced by Prime Minister Harper and Her Excellency Dilma Rousseff, President of the Federative Republic of Brazil, in August 2011 – an Energy Dialogue and a Space Cooperation Dialogue, the latter of which was launched in December 2012. Discussions regarding the scope, objectives and modalities of these mechanisms are currently taking place between officials in both countries.

Since the publication of the Committee's report in May 2012, Canada's Foreign Affairs Minister John Baird and Brazil's Minister of External Relations, His Excellency Antônio Patriota, held the inaugural Canada-Brazil Strategic Partnership Dialogue, which was jointly announced by Prime Minister Harper and President Rousseff in August 2011. The Dialogue took place in Ottawa on October 25, 2012 and allowed our countries to compare notes on current international issues of significant mutual interest and to discuss our bilateral agenda. This new annual high-level mechanism complements the existing annual Political Consultations, held at the level of deputy minister of foreign affairs.

As mentioned in the Committee's report, the Government launched exploratory trade discussions with MERCOSUL (at the time Argentina, Brazil, Paraguay and Uruguay) with the objective of exploring options to enhance our bilateral commercial relationship. Canadian and MERCOSUL officials held three face to face meetings as well as numerous video and teleconferences over the course of the exploratory process, which successfully concluded in May 2012.

Visits by ministers and high-level officials continue to play an important role in generating and advancing bilateral cooperation. The visit of Canada's Minister of International Trade and Minister for the Asia-Pacific Gateway, the Honourable Ed Fast, who led an infrastructure mission to Brazil in June 2011, was key to opening up new opportunities for Canadian companies looking to expand their reach into Brazil. The

August 2012 visit to Brazil by Canada's Minister of State of Foreign Affairs (Americas and Consular Affairs), the Honourable Diane Ablonczy, focused on expanding sub-federal linkages through targeted meetings with key municipal and state leaders, including the Governor of the State of Rio Grande do Sul – a sister state of the province of Manitoba – and the Governor of the State of Minas Gerais – host to considerable Canadian investment, notably in mining. The Honourable Gary Goodyear, Canada's Minister of State (Science and Technology) (Federal Economic Development Agency for Southern Ontario), accompanied Governor General Johnston to Brazil in April 2012, further positioning Canada as a committed partner in science, technology and innovation (STI). The Government looks forward to other key visits to Brazil by ministers and high-level officials reflecting our whole-of-government engagement strategy and looks forward to welcoming their Brazilian counterparts to Canada.

RECOMMENDATION 2:

That the Government of Canada focus its attention in its relations with Brazil on education, science and technology, investment and trade, infrastructure, and regional and global partnerships where Canadian advantages and leadership are of value-added to Brazil.

Canada's engagement with Brazil is wide-ranging and multifaceted. The Government is pleased to see that the Committee's recommendations reinforce and validate our existing approach and agrees with the Committee's observation that Canada needs to focus its attention on areas where our interests converge, and where Canadian advantages and leadership are of value-added to Brazil to make ourselves relevant in the face of competition and within given resource constraints. The Committee has identified education, STI, investment and trade, infrastructure (particularly in the transportation sector), and regional and global partnerships to be key cornerstones of our relationship and the Government is committed to multiplying efforts in these areas of mutual interest.

Commerce, innovation and education were in fact the driving themes of the very successful 2011 Prime Ministerial and 2012 Governor General visits to Brazil. The visits helped highlight our Government's commitment to our relationship with Brazil, conveyed the message that Canada is a partner of choice for education and innovation, and drew attention to Canadian capabilities in areas of strategic interest to Brazil such as infrastructure and transportation. The Canada-Brazil education relationship will be discussed in greater detail in the response to Recommendations 3 and 4.

The Canada-Brazil STI relationship has grown at an impressive rate. Brazil is only one of four countries with which Canada shares a funded S&T agreement, through the International Science and Technology Partnerships Program. Calls for proposals are aligned with the areas outlined in the Action Plan. The number of Canada-Brazil natural sciences and engineering collaborations more than tripled during the period from 1999-2009 (the most recent data available), from 177 collaborations to 654. Furthermore, from 1996-2010, the number of academic publications co-authored between Canada and Brazil increased fourfold, an increase that is greater than the combined number of co-authored

publications between Canada and traditional STI partners such as the US, UK, Germany and Switzerland. It is anticipated that there will be further increases in collaboration given that the Canada-Brazil Framework Agreement for Cooperation on Science, Technology and Innovation (treaty-level) was ratified in 2010.

Since its first meeting in 2011, the Canada-Brazil Joint Committee for Cooperation on Science, Technology and Innovation responsible for providing strategic direction for the implementation of the Canada-Brazil Framework Agreement for Cooperation on Science, Technology and Innovation has successfully developed the above-mentioned landmark Action Plan announced by Prime Minister Harper and President Rousseff in August 2011 and launched during Governor General Johnston's April 2012 visit to Brazil. The Action Plan is an evergreen document which identifies four promising areas of focus via established working groups in: life sciences, ocean science and technology, green energy and clean technologies, and information and communications technologies, in addition to nanotechnology as a cross-cutting theme. The second joint committee meeting is planned for early 2013 in Brasília.

On the investment and trade side, it is important to highlight progress with the Canada-Brazil CEO Forum, which aims to help us achieve stronger trade and business linkages. All members of the Canada-Brazil CEO Forum have now been announced. In November 2012, a first meeting of the Forum's working group took place in Ottawa to lay the groundwork for the leaders' meeting. The outcomes of the working group meeting were presented at the annual Canada-Brazil Joint Economic and Trade Council (JETC) meeting co-chaired by Canada's Deputy Minister of International Trade and the Undersecretary General for Economic and Financial Affairs of Brazil, on November 26, 2012 in Ottawa. It is anticipated that the first formal meeting of the Forum will take place when the leaders next meet and its recommendations to leaders will be key to defining the forward agenda in our commercial relationship.

Although it is mentioned in the Committee's report, it is worthwhile reiterating that the JETC is the key institutionalized mechanism for dialogue on global economic and commercial issues, information exchange, and commercial and economic cooperation between our countries. The next JETC meeting is slated for late 2013 in Brazil. In addition to this key bilateral mechanism, Canada and Brazil, as two globally integrated economies, also share similar interests in various multilateral economic forums such as the Organization for Economic Co-operation and Development, the World Trade Organization, and the G20.

While bilateral merchandise trade has increased by 42 percent over the last five years, the real story is investment. Brazil was the sixth-highest source of foreign direct investment in Canada in 2011, with \$18.6 billion in cumulative stocks. According to Brazilian sources, Canada is their number one destination for Brazilian outward investments. The mining company Vale is Brazil's largest investor in Canada following its acquisition of Inco Ltd. for \$19.4 billion in 2006. In September 2010, Export Development Canada (EDC) made headlines with its announcement of \$1 billion in financing for Vale. Amongst its operations across Canada are those in Atlantic Canada, facilitated by the

Atlantic Canada Opportunities Agency and other funding partners, which has led to a \$3.5 billion investment by Vale in a full scale hydromet plant in Newfoundland and Labrador to be completed in 2013. Beyond Vale, additional Brazilian investments in Canada are concentrated in cement (Votorantim/St. Marys), steel (Gerdau Ameristeel), and brewing (Ambev/Labatt). Just recently, in January 2013, JBS, Brazil's largest food processing company and the world's largest company in the beef sector, purchased XL Foods of Alberta.

Recognizing that many multinational enterprises (MNEs) have headquarters or affiliate investments with significant operations in Brazil that power opportunity-abundant global value chains, the Government has made a commitment to seize opportunities with these MNEs and convert them into real business for Canadian clients by creating a global value chains focused position at the Consulate General in São Paulo. The global value chains trade officer coordinates action among all relevant sectors and other functional areas to produce intelligence and proactively facilitate business interactions for Canadian suppliers to augment their level of participation in these companies' global value chains. In addition, through the Canada-Brazil Consultative Committee on Agriculture (CCA), established in 2006 by the respective ministries of agriculture and reporting to the JETC, Canada will continue to strengthen agriculture collaboration and enhance cooperation in the areas of trade, biotechnology, research, and innovation. The CCA allows us to prevent and manage trade irritants, and to discuss issues that affect the agriculture and agri-food sectors (including forestry and fisheries). The next CCA meeting is planned for April 2013 in Ottawa.

Infrastructure is also a priority focus for international business development and is addressed in depth in the response to Recommendation 5. Transport is the infrastructure segment where Canada is best positioned for a major breakthrough, which would pave the way for opportunities in other infrastructure areas such as water/wastewater and electricity, as the same Brazilian firms are active in these sectors. Canada has already had significant success in transportation infrastructure projects in Brazil, particularly with Bombardier Transportation's recent \$1 billion monorail contract for the São Paulo metro system. The Government anticipates that by continuing to close the triangle between the many Canadian suppliers doing business with Brazilian contractors and the many investors looking to invest in transportation infrastructure projects in Brazil, Canada has a winning model changing the way it is perceived by our Brazilian counterparts. Bringing together these players under the Canadian umbrella is improving Canada's profile, which is being taken more seriously by large local infrastructure companies and opening doors for Canadian suppliers.

Finally, with respect to global partnerships being a key cornerstone of our bilateral relationship, mechanisms such as the Strategic Partnership Dialogue, the JETC and the Political Consultations allow Canada and Brazil to engage in frank discussions on bilateral, regional, and global issues of mutual concern. Brazil and Canada also work towards common objectives in multilateral fora, such as within the United Nations Stabilization Mission in Haiti (MINUSTAH),

In sum, the Government believes that we have reached an important and unprecedented level of goodwill and strong engagement in our relationship with Brazil. Canada has a full range of practical instruments and mechanisms to allow us to continue our work and build on the considerable momentum forged at all levels and across a broad range of sectors. The Government will continue to implement and deliver on these commitments, while focusing on key areas where Canadian interests, capabilities and advantages intersect with Brazil's needs and aspirations.

RECOMMENDATION 3:

That the Government of Canada apply the necessary resources and support to sustain education as a key driving force in intensifying Canada-Brazil relations.

The Government is applying significant resources and support to sustain education as a key driving force in intensifying bilateral relations. While a Canada-Brazil Education Action Plan, referred to frequently in the Committee's report, has not been developed, academic relations between Canada and Brazil are highly diversified, implicate a broad range of stakeholders, and are continuously advancing. As part of Canada's Strategy for Engagement in the Americas, the Government identified two main deliverables in the international education sector, namely the launch of a major regional scholarship program and the creation of a higher education conference in the Americas.

The first deliverable was achieved in April 2009 with the launch of the Emerging Leaders in the Americas Program which was announced by Prime Minister Harper. The scholarships are designed to support the development of human capital and to promote a next generation of leaders in the Americas while strengthening inter-institutional linkages. Brazil is the largest beneficiary of this program receiving approximately 500 awards from 2009 to 2012.

The second deliverable was the creation of the Conference of the Americas on International Education (CAIE), a uniquely Canadian initiative representing a regular meeting opportunity for education institutions, organizations and governments across the region. The Department of Foreign Affairs and International Trade (DFAIT) has financially supported the Secretariat of the CAIE to ensure the success of the first event in Calgary in fall 2010, the second in Brazil in spring 2012 and the upcoming conference to be held in Mexico in fall 2013. The 2012 event in Rio de Janeiro was a major success with Governor General Johnston leading a delegation of 26 Canadian university presidents, and represents a great step forward in the Canada-Brazil partnership.

Since 2007, Brazil has been a priority market under the Edu-Canada education marketing program, receiving funds to promote Canada as a study and research destination. Among the initiatives organized by Canadian missions in Brazil are the annual Imagine Education in/au Canada fairs, which in September 2012 attracted almost 5,000 students and 80 Canadian institutions in Brasília, Recife and São Paulo.

In 2011, there were 2,493 Brazilian students in Canada for a period over six months, representing a 10 percent increase over 2010 and an estimated contribution to the

Canadian economy of \$77.3 million. Canada is the number one destination for Brazilians wanting to study English as a second language, and is second only to France for the study of French, with an estimated 20,000 students in Canada for six months or less in 2011.

Budget 2011 announced a new International Education Strategy (IES), pending recommendations from an independent advisory panel. On August 14, 2012, Minister Fast released the advisory panel's final report which outlines 14 recommendations to ensure future economic prosperity and position Canada as a destination of choice for top talent to study and conduct research. The report recommends focusing on growth markets for promotion activities, including Brazil.

Of the six priority countries identified in the IES, Brazil was selected as the pilot for the development of a country-specific strategy. Elements of this strategy will include the strengthening of international representation, increased promotional initiatives and outreach by the network of education officers working in a total of six Government of Canada offices in Brazil (Embassy in Brasília; Consulates General in Rio de Janeiro and São Paulo; Trade Offices in Recife, Belo Horizonte, and Porto Alegre), as well as the development and dissemination of market intelligence for institutions. Specific initiatives include the organization and expansion of the Canada-only Imagine Education in/au Canada fairs, a robust media outreach campaign and implementation of an alumni engagement strategy.

Research undertaken on behalf of the International Education and Youth Division of DFAIT indicates that the Government is the largest funder of Canada-Brazil student and researcher mobility. The findings of the 2012 study show that \$8,515,153 in 2010-2011 and \$12,083,347 in 2011-2012 were contributed by Canadian sources toward Canada-Brazil mobility. The Government was by far the largest funder of such mobility, with reported contributions of \$6,219,436 in 2010-2011 and \$8,072,384 in 2011-2012.

Canada looks forward to continuing to foster academic linkages through mechanisms such as the Canada-Brazil MOU Concerning Academic Mobility and Scientific Cooperation. Its first initiative was the Canada-Brazil Joint Research Projects program which supports two-way scholarships for some 100 Canadian and Brazilian PhD students involved in 11 joint research projects. This program enriches Canada's academic institutions through team-based joint research projects in areas of mutual interest to both countries. The second call for proposals is set to come out in early 2013.

In addition, Canada and Brazil foster bilateral academic cooperation under the auspices of the Canada-Brazil Framework Agreement for Cooperation on Science, Technology, and Innovation. This agreement builds linkages between industry and academia in addressing STI/research cooperation with Brazil. In addition, International Science and Technology Partnerships Canada's (ISTPCanada) summer 2012 funding call for proposals drew a total of 22 industry-led projects designed to build public-private sector collaborations to develop commercial products and services. The results of this competition will be announced in spring 2013, and are expected to support research ventures in each of the priority sectors. Finally, DFAIT continues to explore and build upon the synergies between education and STI, and is working closely with Mitacs, a not-

for-profit research organization that supports national innovation by coordinating collaborative industry-university research projects to promote the Globalink internship program. DFAIT is also working with the nascent CEO Forum and others to identify researcher and student opportunities not only in academia, but also in the private sector. In 2010, DFAIT also created a regional education officer position in Canada's Consulate General in São Paulo, Brazil, with the objective of strengthening education relations with the Americas and supporting Canadian missions in the region regarding education activities.

RECOMMENDATION 4:

That the Government of Canada support efforts by Canadian colleges to participate in President Rousseff's "Science Without Borders" program and encourage the Canadian private sector to explore avenues for offering internships to Brazilian students under this program.

During his official visit to Brazil in April 2012, Governor General Johnston announced that Canada looks forward to hosting up to 12,000 Brazilian students in the Science Without Borders (SWB) program. Almost 1,500 students arrived in Canada from Brazil under this program in the 2012-2013 university calendar year, which places Canada as the fifth largest recipient of SWB students in the world (ahead of competitors such as the UK and Germany) in this first year of the four-year program.

Canada sees the Brazilian SWB program as a best practice for engagement in international education and innovation, and the Government has played a key role in facilitating a coordinated Canadian approach with Brazilian stakeholders and the delivery of the program in Canada. Among implementing agencies of the SWB program in Canada are: (1) the Association of Canadian Community Colleges (ACCC); (2) the Consortium of University of Alberta, Université Laval, Dalhousie University, and University of Ottawa (CALDO); (3) the Canadian Bureau for International Education (CBIE); and (4) Mitacs, a not-for-profit research organization.

With respect to the Government's efforts to support the participation of Canadian colleges in SWB, on November 14, 2011, Minister of State Ablonczy gave a keynote address at the second Brazil-Canada Forum of Technical and Professional Education in Montreal, organized by the ACCC. Since then, the Brazilian Ministry of Education's Technical and Vocational Section and the National Council of the Institutions of the Federal Network of Professional Education, Science and Technology have expressed their desire that Canada be the number one destination for students in technical/vocational sectors.

Programs for SWB scholarship recipients in Canada include up to three components: English/French language training, academic study or research in a Canadian institution, and an internship with a research laboratory or in the private sector, as announced by the Governor General in a joint press conference with President Rousseff during his April 2012 visit. The Government, in cooperation with implementing agencies, is exploring mechanisms to best assist in organizing the internship component of SWB training. In

addition, the Canada-Brazil CEO Forum is playing a key role to identify private sector partners to host interns under the SWB program. It is anticipated that the majority of SWB scholarship recipients will participate in either an institution-based research internship or an internship with the private sector. At the college level, each institution is responsible for organizing an internship in the private sector. In addition, the soon-to-be announced private sector-led research projects funding by ISTPCanada will include provisions for support of student participation in research projects between the two countries.

The objectives of the SWB program are in keeping with the spirit of both the Canada-Brazil Framework Agreement for Cooperation on Science, Technology and Innovation and the subsequent education MOU between DFAIT and CAPES (the Brazilian Federal Agency for Support and Evaluation of Graduate Education), which include research collaboration for the purpose of capacity building and strengthening of people-to-people ties. During the visit of the Governor General, Canada and Brazil launched an Action Plan. Among its priorities are the coordination of programs to stimulate the mobility of students and researchers within industry and academia through existing programming, such as SWB.

SWB is one of several Brazilian education initiatives that Canada is following closely. Various programs exist which will strengthen Canada as a destination of choice for Brazilian students, including federal programs to train Brazilian English-language teachers in English-speaking countries and state-level exchange programs. As an example of the latter, 400 Brazilian students came to Canada in fall 2012 to spend a semester in high schools across Canada as part of the *Programa Ganhe o Mundo* (“Win the World” program) organized by the State of Pernambuco. Canada is now exploring possible partnerships in a similar International Mobility Program managed by the São Paulo State Secretary of Education.

RECOMMENDATION 5:

That within the next twelve months, the Government of Canada explore the possibility of concluding a Memorandum of Understanding on infrastructure cooperation with Brazil for a strategic investment directly linked to the 2014 FIFA World Cup and 2016 Olympics.

The Government recognizes the importance of the infrastructure sector in the Brazilian market, especially considering the Brazilian program of growth acceleration – referred to as the Programa de Aceleração do Crescimento (PAC) – which came into effect over the past five years (nearly \$800 billion for projects in areas such as railways, roads, ports, airports, electric generation, oil and gas, renewable energies, sanitation, housing, urban transportation, electricity and potable water). For the 2014 FIFA World Cup, approximately \$15 billion will be spent by Brazil to upgrade arenas, infrastructure, accommodation, and transportation. The 2016 Olympics in Rio de Janeiro is expected to facilitate nearly \$14 billion in investment, with the majority designated for infrastructure, such as urban transport, which is currently lacking in the city.

Government of Canada offices in Brazil have worked over the past years to strengthen Canada's position in the infrastructure sector through a variety of initiatives. In 2011, Minister Fast visited Brazil on his first international trip as Minister and led an infrastructure trade mission accompanied by over 20 Canadian companies hoping to provide niche market solutions. During Prime Minister Harper's visit that same year, an MOU to create a framework for Olympic Games cooperation was signed. This MOU highlighted the need to "share information on strategies and programs for maximizing trade development and inward investment" and to "facilitate and develop business links between the countries by identifying areas where Canada can exchange expertise; and by promoting business and investment opportunities where Brazilian and Canadian companies express interest." The MOU also called for cooperation in security, which can also bring about business opportunities.

While Canada will continue to leverage the existing MOU to create opportunities for Canadian companies vis-à-vis the Summer Olympics in Rio de Janeiro, the Government's approach to infrastructure cooperation is forward-looking, beyond 2016, and is focusing on how to effectively position Canadian companies in the next 10-30 year timeframe. While engagement at the governmental level must continue, exploration of additional MOUs between Canada and Brazil outside the Olympics MOU will likely not contribute any further gains or results due to the sheer variety of infrastructure opportunities for Canadian companies foreseen post-2016 and the complexity of Brazilian procurement laws. As such, the Government, through the Canadian Trade Commissioner Service and EDC, will remain focused on business-to-business linkages in order to leverage the many, but again, varied opportunities in the infrastructure sector in Brazil.

On August 15, 2012, President Rousseff unveiled her administration's policy to upgrade Brazil's transportation and logistics infrastructure, called the "Investment in Logistics Program" (or "PIL" according to its Portuguese acronym), which will complement projects outlined in the PAC, a major infrastructure program of the federal government of Brazil. The first phase of the PIL will focus on road and rail infrastructure. R\$133 billion (approximately \$65 billion) in public funds will be invested over a 25-year horizon, with the majority of funds to be disbursed in the first five years (2013-2018). The aim of the new program is to encourage private investment in transportation and logistics infrastructure by offering concessions and other means of private sector involvement (such as public-private partnerships – PPPs) for the development of Brazil's infrastructure nexus.

As a result of the PIL, there will be demand for equipment, machinery, professional labour, planning and execution know-how, as well as logistics services and companies to carry out the construction operations. Brazilian companies are likely to be strong competitors as the construction tenders and funds granted by Brazil's national development bank often come attached with local content clauses in equipment and machinery procurement. However, there will be opportunities for well-prepared Canadian suppliers of goods and services, especially through integration with Brazilian supply chains and partnering with Brazilian companies active in the transportation and logistics sector.

To date, Government of Canada offices in Brazil have seen success in working directly with Canadian companies based on their particular infrastructure strengths and corresponding Brazilian needs. These offices have raised the profile of Canadian companies and capabilities over the past 12 months through a number of initiatives. For example, the Ambassador of Canada to Brazil now requests that Canadian companies with specialized solutions be specifically raised or invited to participate when appropriate during meetings at the governor or key decision-maker level. Three roadshows focused on urban mobility solutions have been organized throughout Brazil. Brazilian delegations have attended events such as the Canada Green Building Council Conference & Expo, Smart Grid Canada (electricity) and the Water & Wastewater Benchmarking Mission. The Atlantic Gateway Initiative was the principal sponsor of Breakbulk South America in São Paulo in December 2012.

As mentioned in the response to Recommendation 2, Government of Canada offices in Brazil view transport as the infrastructure segment where Canada is best positioned. A major breakthrough in transportation projects would pave the way for opportunities in other infrastructure areas such as water/wastewater, electricity, etc., because the large Brazilian firms are active in all infrastructure sub-sectors. The Government anticipates that by closing the triangle between the many Canadian suppliers doing business with Brazilian contractors and the many investors looking at transportation infrastructure projects in Brazil, Canada has a winning model to change the way it is perceived by our Brazilian counterparts. As a result of the urban mobility roadshows, for example, Canada's profile is improving and Canadian suppliers are being looked at more carefully as potential partners by Brazilians.

Furthermore, trade commissioners and EDC have been working closely with Canadian companies to leverage opportunities specifically related to the upcoming major sporting events. Companies in the information and communication technology and digital media sector have met and pursued discussions with Brazil's organizing committees for the World Cup and the Olympics. Infrastructure companies are actively pursuing tenders that are advertised publicly, while training companies have been exploring the potential to supply services to both organizing committees and to various government agencies. Finally, from a security perspective, Canadian companies are looking to bring their social media monitoring experience from London 2012 to Brazil, and pursuing government security contracts related to both the 2014 World Cup and 2016 Summer Olympics as well as working closely with public security forces to implement training solutions for Brazilian security forces.

In 2013-14, Government of Canada offices in Brazil and the Trade Commissioner Service will continue to focus on these opportunities and pursue them aggressively. Opportunities will most likely arise through liaison with government departments at all levels and engagement with Brazilian infrastructure companies that have been awarded contracts for large-scale capital projects (i.e. metro and road expansions, building design and construction, etc.). An incoming mission of Brazilian construction and engineering companies to Canada is planned for February 2013, including participation from Engevix

(Brazil's largest engineering company), as well as the Organization of America States. A global value chain and infrastructure initiative will see further engagement of Odebrecht S.A. (a large Brazilian multi-national company that Canadian trade commissioners have worked with on a number of occasions over the past years) in a number of sectors, including infrastructure, with the objective of inviting executives responsible for Rio de Janeiro's Olympic Village to visit Canadian Olympic and Pan-American Games venues, including such world-class Canadian sporting facilities as the Richmond Olympic Oval, the Vancouver Convention Centre, the Trout Lake Arena, the UBC Winter Sports Centre and the Whistler Nordic Centre at Callaghan Valley, and to meet with Canadian companies with expertise in international sporting events, as well as other potential suppliers of goods and services.

Government of Canada offices in Brazil will also continue to promote opportunities and facilitate investment by building networks with local businesses and contacts, providing strategic market intelligence, and communicating the related opportunities to Canadian clients.

RECOMMENDATION 6:

That the Government of Canada accelerate a strategic partnership with Brazil that focuses on their respective expertise in agriculture and promotes global food security, supports collaboration between IDRC and Brazil's agricultural research centres and directly engages the Canadian International Development Agency and the Brazilian Cooperation Agency (ABC).

Brazil is a strategically important development actor with growing global influence as the sixth largest economy. Its aid and agricultural agencies are actively engaged in Haiti and Mozambique in the areas of agricultural development and food security. As a newly influential provider of development financing, Brazil is a major player in regional organizations and through global forums such as the G20. Therefore, developing a deeper and more strategic engagement with Brazil on agriculture to promote global food security could augment Canada's policy influence on development and poverty reduction.

Canada's bilateral development cooperation program in Brazil ended in March 2012 with the completion of the successful Knowledge Exchange for Equity Promotion program. Since then, the Canada-Brazil development cooperation program has evolved from a traditional technical assistance program to one that reflects the strategic partnership between the two countries in relation to development cooperation. Canada and Brazil continue to engage in global food security in fora such as the G20 Development Working Group and the G8 L'Aquila Food Security Initiative.

The MOU on International Development Cooperation Effectiveness, signed in 2011 between the Canadian International Development Agency (CIDA) and the Brazilian Cooperation Agency (ABC), aims to strengthen the cooperation between Canada and Brazil to foster economic and social development in developing countries, with a focus on poverty reduction (see response to Recommendation 8 for more detail on the CIDA-

ABC MOU). CIDA views such collaboration and strategic engagement with multiple stakeholders as integral to achieving better food security outcomes. For example, CIDA supported Brazil's efforts in Bolivia to exchange best practices in sustainable fisheries between communities living on either side of the border in the Amazon region.

CIDA will explore strategic partnerships with Brazil on food security when the cooperation is anchored in the principles of aid effectiveness, improves CIDA's aid delivery, corresponds with CIDA's food security objectives, and leads to development results that are in line with developing partner countries' national agricultural development plans. This puts our development partner countries 'in the driver's seat' and ensures that CIDA's programs align to developing countries' plans and priorities in ways that are accountable and transparent.

The International Development Research Centre (IDRC) has been working in Brazil since 1972, supporting close to 300 activities for a total investment of more than \$32 million. Today, IDRC continues to invest strategically in practical science to address development challenges in Brazil but, increasingly, IDRC is partnering with this emerging economy and regional power to promote development in other Latin American countries in a wide variety of areas, including agriculture and food security.

IDRC, CIDA, and the Brazilian Agricultural Research Corporation (EMBRAPA) are jointly supporting agricultural research for development through the global Consultative Group on International Agricultural Research (CGIAR), an influential grouping of organizations engaged in and funding agricultural research for development. Through the CGIAR, which Canada — via IDRC and CIDA — helped found, IDRC and EMBRAPA are currently seeking ways to partner on agricultural and food security initiatives of mutual interest. These will draw on EMBRAPA's experience in agricultural research and IDRC's expertise in international partnerships among funders of research for development.

IDRC also invests in several research projects and regional research networks that respond to demand for evidence-based policy decisions in such areas as local and rural development, agriculture in coastal areas, and adaptation to climate change to protect, for instance, the incomes and livelihoods of farmers. Other research focuses on the management of agriculture in areas near urban settlements to prevent the spread of vector-borne communicable diseases, among many other initiatives. A prime example of such a research network is the South American Network on Applied Economics (SAN), formerly the MERCOSUL Economic Research Network which IDRC helped create in 1999. SAN, made up of more than 100 leading Latin American researchers, provides relevant research findings to parliamentarians and to key regional organizations to help influence policy and practice in several key areas. The network, which includes members from several Brazilian research centres as well as those in 11 other countries, is receiving \$1.2 million in IDRC funding to examine models for greater regional integration. Among the areas of project focus will be how to effectively include smallholder farmers in food production and value chains of the region's agricultural system.

IDRC also meets regularly with senior officials of the ABC to discuss the potential for

jointly funding centres of research excellence in Brazil. These centres would provide the critical science needed to inform effective policies and practices, including in the area of agricultural research. In November 2012, IDRC's president and the Centre's regional director for Latin America and the Caribbean met with ABC's new director to advance discussions on future collaborations between the two organizations. IDRC will continue to work with these and other Brazilian institutions which play a key role in supporting ABC's international cooperation agenda.

Following on these meetings with ABC, IDRC proposes to organize a learning event, in cooperation with DFAIT and CIDA, to discuss the role of the private sector in sustainable and equitable development. The learning event would focus on the role of research and research centres in formulating evidence on public-private partnerships for development and other forms of private-sector engagement. IDRC will also continue to work closely with a number of Brazilian institutions which provide technical, implementation, and strategic support to ABC's operations.

Building on IDRC's longstanding support for results-driven agricultural research for development, the Centre will partner with a Brazilian research funder to critically assess research collaborations funded by Brazil in the areas of agriculture and human health. The project will help guide future actions and investments in these areas so critical to Brazil's continued development and to the country's wider engagement in the world, including with Canada.

In addition to the work carried out by CIDA and IDRC, the Consultative Committee on Agriculture offers unique avenues for agricultural cooperation. Brazil's Ministry of Agriculture, Livestock, and Food Supply, Canada's Ministry of Agriculture and Agri-Food and the Canadian Food Inspection Agency have demonstrated a high level of engagement within the CCA. Priority areas of agricultural cooperation and collaboration include: progressing on bilateral trade issues, such as sanitary and phytosanitary issues; sharing information and best practices on domestic and international agricultural policy, including policies on the low level presence of genetically modified organisms and free trade negotiations with third countries; and joint technical collaborations in research, science, and agri-environmental initiatives. Moreover, the CCA provides a multi-faceted platform to intensify current initiatives by identifying new opportunities for engagement; and, coordinating and facilitating the implementation of joint projects in agriculture. Current mechanisms to broaden the scope of the CCA and leverage the potential of existing collaboration include fostering industry engagement and exploring joint efforts in food safety and global food security.

RECOMMENDATION 7:

That the Government of Canada, through the Department of National Defence and other relevant departments and agencies, continue to strengthen its security and defence cooperation with Brazil and develop strategic partnerships by:

- **collaborating with Brazilian counterparts on training for remote patrols and surveillance, particularly by air and water;**
- **creating officer exchanges and projects that expand on relations established through the Military Training and Cooperation Program (MTCP); and**
- **carrying out joint peacekeeping, humanitarian and disaster relief exercises with the Brazilian military.**

In keeping with the Government's overall approach to engagement in the Americas, defence and security cooperation between Canada and Brazil has expanded significantly in recent years, with a series of high-level visits since 2009 and the establishment in 2010 of recurring political-military and military-to-military talks, as well as regular staff talks between our armies, navies and air forces. The Department of National Defence and the Canadian Armed Forces (DND/CF), the Canada Border Services Agency (CBSA) and the Royal Canadian Mounted Police (RCMP) are also contributing to Brazil's preparations to host the 2014 FIFA World Cup and the 2016 Olympic and Paralympic Games by sharing lessons learned on security and border management for major events.

In January 2013, DFAIT's Global Partnership Program sponsored a team from the RCMP to deliver specialized chemical, biological, radiological and nuclear critical incident training to Brazilian first responders, which will support Brazil's weapons of mass destruction counter-terrorism preparations as they host high-profile international events including the 2014 FIFA World Cup and the 2016 Olympics.

In the future, Canada will continue to strengthen its defence and security cooperation with Brazil. For example, DND/CF is currently negotiating a treaty-level defence cooperation agreement with Brazil to help guide future cooperation in a wide range of areas, including humanitarian and disaster relief, peace support, combined exercises and operations, defence procurement and industry, personnel exchanges and training. In addition, the CBSA is negotiating a treaty-level customs mutual assistance agreement with Brazil that will allow for the sharing of customs information to prevent, investigate and combat customs offenses, helping to ensure the security and prosperity of both countries.

REMOTE PATROLS/SURVEILLANCE: Canada's current collaboration with the Brazilian armed forces in the area of training for remote patrols and surveillance by air or water is limited, although our shared experience in defending vast, sparsely populated territories and operating in extreme environments has been discussed during recent bilateral defence talks and meetings and may be considered in future strategic dialogue. However, Canada and Brazil do engage in defence and security cooperation in Space through information sharing. For example, both Canada and Brazil are members of the

International Charter on Space and Major Disasters. Founded in 1999 by the European Space Agency, France's Centre national d'études spatiales and the Canadian Space Agency, the Charter is an international collaboration between the owners and operators of earth observation satellites to provide disaster management authorities, including military personnel, with rapid access to satellite data in the event of a natural or man-made disaster. Canada regularly provides data from its RADARSAT satellites to support this collaborative effort. The Brazilian Space Agency became the tenth to sign the Charter in 2011 and provides data from its China-Brazil Earth Resources satellites.

Brazil has also demonstrated an interest in collaborating with Canada on coastal weather and disaster monitoring using Space-based Synthetic Aperture Radar technology. However, this and other potential forms of additional space cooperation with Brazil are still at a nascent stage and will be subject to further dialogue. In December 2012, Canada and Brazil launched preliminary discussions for establishing a Space Cooperation Dialogue, an effort which was jointly announced by Prime Minister Harper and President Rousseff in Brasília in August 2011.

MTCP: Since 1998, 283 members of Brazil's armed forces have received training sponsored by Canada's MTCP, in areas including civil-military relations, public affairs, peace support operations, English and French languages and junior command and staff training. DND/CF is already building on this ongoing collaboration by creating officer exchanges and projects. For instance, Brazilian military personnel are regularly offered student exchange positions with the national security studies, command and staff courses at the Canadian Forces College in Toronto. In recent years, CF personnel have also travelled to Brazil to participate in jungle and ranger training and to take courses at the Brazilian Command and Staff College. In addition, a significant number of unit-level exchanges and technical visits have taken place since 2011, in areas including search and rescue, budget planning and coordination, weapons range operation, aerospace defence, logistics and engineering.

JOINT EXERCISES: Canada and Brazil already participate in a number of multilateral exercises and operations, including the MAPLE FLAG and CRUZEX air combat exercises, the Multilateral Naval War Game, the PANAMAX interoperability exercise and Operation CARIBBE, which interdicts drug traffickers in the Caribbean basin and East Pacific. In 2012, for the first time, the CF flew CF-18 aircraft to Brazil on a familiarization exercise and participated with Brazil in the *Fuerzas Comando* counter-terrorism and special operations competition in Colombia, while Brazil sent observers to the SAREX search and rescue exercise in Canada. Both Canada and Brazil are recognized as international leaders in the area of peace support operations and are also increasing multilateral and bilateral cooperation in this area. In 2011, our militaries participated in exercise HUEMUL, a multilateral peacekeeping operations exercise run by the Conference of American Armies. DND/CF, the RCMP and Canadian police partner agencies also continue to collaborate with Brazil on peace support operations in the Americas and around the globe, including MINUSTAH.

RECOMMENDATION 8:

That the Government of Canada and the Canadian International Development Agency collaborate with the Brazilian Cooperation Agency (ABC) on concrete initiatives that reflect best practices and priorities on international assistance.

Canada's development relationship with Brazil has evolved from one of donor and recipient to one of development cooperation partners. To that end, Canada and Brazil signed an MOU on International Development Cooperation Effectiveness during Prime Minister Harper's visit to Brazil in August 2011. The MOU introduces a structural basis to advance our post-aid development cooperation relationship on a more equal footing. Through the MOU, CIDA and ABC agreed to engage in policy dialogue and joint policy research, enhance institutional linkages, and undertake technical cooperation activities in third countries when feasible.

Canada and Brazil are presently cooperating on development in Haiti, where our countries fund projects related to immunization and neighbourhood revitalization. Canada and Brazil also collaborate in Bolivia to promote sustainable fisheries, and in Mozambique to improve occupational health and safety standards.

Brazil is keen to work with Canada on more joint initiatives, and areas for potential collaboration include humanitarian assistance, food security, children and youth, and technical assistance. In the area of humanitarian assistance, Brazil has expressed an interest in increasing cooperation with Canada in peacebuilding and humanitarian policy, particularly with regard to cooperation in Haiti. Joint projects could be considered in health care delivery, technical training, and capacity building.

In the food security and children and youth sectors, Canada is interested in exchanging knowledge and approaches in these areas of shared priority. Brazil has developed and successfully applied a state-of-the-art zero-hunger policy for its own population, and has also become recognized for its safety net programs such as Bolsa Familia, an income distribution program addressing a range of social issues, including school attendance, childhood vaccinations, and child labour. The application of Brazil's expertise in these programs to other developing countries holds great promise.

CIDA and ABC are discussing more areas for possible joint cooperation. For example, CIDA is exploring opportunities for joint funding in technical assistance, including the training of trainers, in Africa's oil and gas sector. However, while CIDA recognizes the merits of joint cooperation, these initiatives are most effective when they are demand-driven, have a clear value-added and division of labour, and build on existing bilateral relationships with developing country partners. CIDA will explore joint cooperation with Brazil on initiatives that improve the effectiveness of aid delivery, correspond with mutual international objectives and priorities, and lead to development results that are in line with developing partner countries' national development plans.

Brazil is pro-active in engaging with traditional donors such as Canada and has pursued

agreements with several other traditional actors (including the UK's DFID, AusAID, USAID, etc.) but it does not aspire to become a member of the Organization for Economic Co-operation and Development, Development Assistance Committee. CIDA, through its engagement with ABC on development issues, particularly through policy dialogue, hopes to contribute to greater alignment with the principles of development effectiveness, which underpin all of CIDA's development cooperation initiatives.

This partnership with Brazil is also in line with the principles espoused in the Busan Global Partnership for Effective Development Cooperation (2011), which reaffirmed the aid effectiveness principles set out in the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). Busan also recognized the influence that new actors, such as emerging economies like Brazil and civil society actors, have on development results and the importance of maximizing and leveraging a broad range of partnerships and financial flows.

IDRC and ABC have a number of common partners. Many of these institutions, such as the EMBRAPA, the Institute for Applied Economic Research (IPEA), and the National Health Research Institute (Fundacao Fiocruz), provide strategic and policy recommendations, as well as technical and implementation support for ABC. IDRC will continue to work with these and other Brazilian institutions which play a key role in supporting ABC's international cooperation agenda.

RECOMMENDATION 9

That the Government of Canada:

- **make the necessary policy and program changes to facilitate the ten year multiple entry visa to be transferable to a new passport of a foreign country that expired within that ten year period;**
- **examine the feasibility of increasing resources to the visa and immigration section of the Canadian diplomatic mission in São Paulo that is responsible for approving all Brazilian visa applications; and,**
- **immediately assess whether Brazil meets the conditions for visa-exempt travel by Brazilian citizens to Canada.**

MULTIPLE ENTRY VISAS: The *Immigration and Refugee Protection Regulations* currently require that a foreign national's period of authorized stay in Canada be limited by the validity of their passport. As a result, visitor visas are limited to a period of time which is less than the expiration of the applicant's passport - generally a month - to ensure that their authorized stay does not exceed the expiry of their passport.

The validity of a visa is linked to a passport in order to ensure that applicants can re-enter their country before their passport expires. While an applicant could try to renew their passport, there is no guarantee that the replacement or renewal of their current passport would occur.

The Government is always looking for ways to improve its programs and policies. Visa

transferability, or the de-linking of visa and passport validity, is something that Citizenship and Immigration Canada (CIC) will continue to consider as new tools to address risks are implemented. The Government needs to ensure a balance between facilitating the travel of legitimate visitors to Canada and protecting the safety and security of Canadians.

INCREASING RESOURCES: Given the significantly increasing volume of Temporary Resident (TR) applications received in São Paulo over the past three years, CIC has been constantly looking at ways to meet this unprecedented demand and to maintain the high quality of service expected by its clients.

During the past two years, Visa Application Centres (VACs) have been established in São Paulo, Rio de Janeiro and Brasília. This has served to streamline TR processing and to alleviate the enormous workload faced by the visa office in São Paulo. In addition to the VACs, resources have been devoted to establishing remote printing facilities in Brasília and Rio de Janeiro. Brazilian diplomats and high profile business persons can now secure visas expeditiously without having to forward their passports to São Paulo.

In 2012, an additional Canada-based officer (CBO) was allotted to the visa office in São Paulo. This office has now emerged as the largest in South America and second-largest in the Western Hemisphere. It now has a permanent establishment of five CBOs and three locally-engaged officers. In addition, in recognition of the enormous workload, São Paulo has regularly been provided with temporary duty (TD) officers to ensure quality of service. Three TD officers will be travelling to São Paulo early in 2013 to process increased seasonal volumes and maintain processing times.

São Paulo is now providing a level of service superior to most Canadian visa offices worldwide. CIC continues to consider additional means of meeting the demand for Canadian visas, which will continue to increase in coming years.

VISA-EXEMPT TRAVEL: As per Canada's visa policy framework, CIC performs ongoing monitoring of country conditions and trends, changes in risk factors, migration patterns or irregular migration to ascertain whether a country's visa requirement or exemption is warranted. Decisions on visa requirements are based on a country-by-country assessment of a number of established criteria.

The Government will continue to monitor conditions in Brazil and while CIC has observed several positive developments in Brazil, it has no plans to review the visa requirement at this time. Canadian officials would be pleased to provide additional information on this issue directly to the Government of Brazil.

RECOMMENDATION 10:

That the Government of Canada engage and pursue commercial opportunities with MERCOSUL and its member states.

The Government, through the Global Commerce Strategy and Canada's Strategy for Engagement in the Americas, has embarked on an ambitious agenda that includes exploring various ways to increase commercial opportunities with emerging economies in Latin America.

Canada cannot enter into bilateral Free Trade Agreements with individual MERCOSUL member states because they negotiate as part of the bloc. In this regard, and as mentioned in the Committee's report in May 2011, the Government launched exploratory trade discussions with MERCOSUL (at the time Argentina, Brazil, Paraguay and Uruguay) with the objective of exploring the possibility of free trade between Canada and MERCOSUL. Canadian and MERCOSUL officials held three face to face meetings as well as numerous video and teleconferences over the course of the exploratory process, which successfully concluded in May 2012. Currently, both sides are assessing and evaluating the outcome of the results of the discussions before making any decisions on next steps. Both sides remain in contact with each other as they conduct their respective analyses. Beyond the specific trade policy considerations, the economic policy practices and direction of the MERCOSUL countries, as well as the changes to the composition of MERCOSUL, are all factors Canada is considering.

The Government continues to pursue and foster bilateral mechanisms that facilitate and respond to current business and investment trends. Currently Canada has taxation agreements in force with Argentina, Brazil and Venezuela (recently acceded to MERCOSUL), a tax information exchange agreement to be signed with Uruguay, as well as foreign investment promotion and protection agreements with Argentina, Uruguay and Venezuela. While several bilateral mechanisms already exist with MERCOSUL members, the Government continues to seize opportunities to engage in dialogue on mutual areas of collaboration that may increase the potential for pursuing and leveraging commercial opportunities, for instance, in the area of STI. Based on mutual interest and Brazil's commitment to STI, the Government is pursuing activities through the Action Plan with an aim to take the STI relationship to the next level. Argentina has expressed interest in STI collaboration with Canada and some preliminary discussions involving university researchers have occurred on potential initiatives or exchanges in this area. IDRC maintains a regional office in Uruguay where the MERCOSUL headquarters are located. IDRC has an active portfolio in the region supporting influential think tanks and research networks involved in identifying concrete opportunities for sustainable and inclusive economic growth, and openness and transparency in policy formulation in MERCOSUL countries.

The Government is engaged in a robust trade program with Brazil and the other MERCOSUL members. Through the Trade Commissioner Service and EDC representation abroad, Canada engages public and private sectors in MERCOSUL

countries. Complementing the other Government trade programming, EDC representations in Brazil and Peru seek to deepen channels of opportunities through financing, insurance and bonding solutions, which in 2011 supported \$3.5 billion of business by Canadian companies in MERCOSUL countries.

BRAZIL: In addition to the Canada-Brazil bilateral initiatives cited in the responses to Recommendations 1 and 2, the Government is committed to continuing bilateral engagement and pursuing commercial opportunities through a consolidated plan that focuses on deeper penetration and national coverage via six commercial offices and 30 staff. Programming commitment has been made to pursue opportunities in key sectors where Canada can showcase capabilities and expand market opportunities, namely: aerospace, clean technology, education, information and communication technology, infrastructure, oil and gas. In aerospace, trade programming is aimed at facilitating supply chain linkages (direct or indirect) from Canadian suppliers to original equipment manufacturers. In clean technology, the focus is on raising awareness of Canada's leading technologies and unique capabilities, through targeted introduction initiatives aimed at the most promising Brazilian buyers in this sector. In education, the Government is aiming to diversify efforts beyond student recruitment to areas such as specialized or technical training via institutional linkages. In information and communication technology the focus is on wireless, gaming, animation, special effects, simulation, mobile applications and location based services. In the oil and gas sector, efforts will focus on uncovering opportunities in pipeline construction, land exploration and production operations and offshore training services. In infrastructure, efforts are being directed to linking into government infrastructure investment, public private partnerships and investment and pensions funding to access capital and encourage a long-term investment approach that also includes facilitation of third market penetration through private sector bilateral engagements.

ARGENTINA: In Argentina, the Government focuses on pursuing commercial opportunities in key priority sectors such as oil and gas, mining technologies and services, clean technology (including nuclear power), information and communication technologies, infrastructure and related services through business development programming. In Argentina's growing mining sector, programming activities highlight the leadership of Canadian companies as responsible investors, while seeking to maximize the participation of Canadian equipment and services vendors in projects across the spectrum of sustainable mining activity. However, Argentine restrictions on imported goods, increased bureaucracy, time delays, and foreign exchange controls are hampering Canadian mining activity in the country. The Government is also promoting opportunities in next generation networks and wireless telecommunications to engage Canadian small and medium-sized enterprises for niche applications within the information and communication technology sector. Significant efforts are also underway to secure new contracts for equipment, components and services for the provision of Canadian nuclear technology to Argentina. The March 2012 visit to Argentina of Minister Fast demonstrated the Government's commitment to expanding its commercial and economic links with Argentina.

PARAGUAY: In Paraguay, Canada's economic engagement has been modest; however there is potential incremental engagement in the coming years stemming from new business opportunities linked to strategic industrial and infrastructure investments in the country. These projects, whether funded privately, publicly, or supported by multilateral development bank lending, appear to intersect in areas where Canada has strong capabilities, including energy infrastructure. The Government supports business development activities in Paraguay focusing on agri-food, energy, mining/metals and infrastructure sectors. In his first foreign travel as Minister, Minister Fast visited Paraguay in June 2011, to launch exploratory talks on possible free trade with the MERCOSUL region, and to support Canadian commercial interests in that country.

URUGUAY: In Uruguay, the Government of Canada, through trade programming has laid the foundation for increased Canadian participation in trade and investment opportunities stemming from aerospace, mining, infrastructure services and the forestry sector. As Uruguay aims to increase institutional support to expand and modernize these sectors, the Government will continue to engage with public and private sectors to pursue commercial opportunities that arise. An example of the Government's efforts in seizing emerging opportunities are recent trade programming activities aimed at increasing the presence of Canadian academia to position Canada for further cooperation and expert exchanges (Red River College and University of Dalhousie are two key examples).

VENEZUELA: In Venezuela, the Government supports business development efforts in sectors related to technology, equipment and consulting services related to the country's heavy oil activities, in niche areas like engineering and construction services, financial and legal services, telecommunication and the security sector, and in supporting Canadian exporters of agri-food. Venezuela represents the fourth largest export market in Latin America and the Caribbean for Canada. While Canada has an established commercial relationship with Venezuela, which includes yearly exports amounting to \$607.3 million (2011), a foreign investment protection agreement in force since 1998, as well as double taxation agreement in force since 2004, with Venezuela's recent accession to MERCOSUL (July 2012), the Government will continue to foster its commercial engagement with this partner in the context of trade programming.