

Arabian Peninsula

Double taxation agreements (DTAs) were finalized with Kuwait and the United Arab Emirates over the course of 2002. The main objective of DTAs is to facilitate investment between two countries by preventing or giving relief for double taxation, whereby tax is charged by both countries on the same income or profit. With these agreements in place, consideration is being given to a DTA with Oman.

Saudi Arabia continues to work toward accession to the WTO. To further secure market access improvements, Canada will seek to ensure in the working party negotiations that Saudi Arabia fully implements its obligations under all WTO agreements, including the Agreement on the Application of Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade. Canada will also continue to seek access for goods and services of key export interest.

Yemen requested accession to the WTO in 2000, but has not yet submitted its memorandum on its foreign trade regime.

The Maghreb

The Maghreb region represents a growing market for Canadian goods and services, with Canadian exports reaching \$1.1 billion in 2000. Canadian goods exports increased 26.4% from \$625 million in 2001 to \$790 million in 2002. The region as a whole has made important progress in trade liberalization and openness to foreign trade and investment in recent years. Efforts to encourage foreign investment and improve market access have been undertaken in all Maghreb countries. Algeria, Morocco and Tunisia have all signed association agreements with the European Union.

ALGERIA

Algeria has undertaken an ambitious campaign of privatization and modernization, as well as regulatory reforms that have opened up sectors such as mining and telecommunications to foreign investors.

Algeria's working party on accession to the WTO was established in 1987, and the fourth meeting of the working party was held in November 2002. Canada's market access priorities for the coming year will include support for Algeria's accession to the WTO, as well as the bilateral negotiations related to its accession.

MOROCCO

Morocco has been a member of the WTO since January 1995. Its economy is undergoing a period of transition as substantial economic reforms, encouraged by the International Monetary Fund, are implemented. These reforms should allow for a modernization of the economy while promoting market access. Morocco has been actively engaged in negotiating regional free trade agreements. Morocco and the United States agreed to the negotiation of a free trade agreement in 2002.

LIBYA

Libya deposited its application for accession to the WTO in December 2001. A working party has yet to be established. The Canadian Embassy in Libya officially opened in 2002, and has since made significant progress in expanding access to the Libyan market for Canadian companies. Canada's exports to Libya increased 120% between 2001 and 2002, rising from \$20.5 million to \$45.1 million.

TUNISIA

Tunisia is actively pursuing a trade liberalization policy. Tunisia joined the WTO in 1995 and was the first Maghreb country to sign an association agreement with the European Union. This agreement foresees the progressive elimination of Tunisian tariffs and the eventual creation of a free trade area with the European Union in 2008. Tunisia has introduced a large number of structural and regulatory reforms in order to promote foreign investment, including free trade zones and updating of infrastructure.

Canadian exports to Tunisia increased substantially in 2002, a year in which Canada hosted a Canada-Tunisia Bilateral Commission to further advance economic cooperation and market access.