

THE BUSINESS ENVIRONMENT

The region of North Africa is made up of five countries with a total population of 120 million; although all five countries are Arab and Muslim, three of them are former French colonies (Algeria, Morocco and Tunisia) and the French language and culture are still strongly rooted. On the other hand, Libya and Egypt have lived under British rule for several decades and English is the most spoken foreign language in these countries.

The population in North Africa is very young, urban and growing faster than in Europe or North America: Export opportunities will be drawn upwards by this trend.

The North African countries are all confronted with major economic problems, in particular a heavy foreign debt burden which hampers their economic development and growth and has slowed down the pace of reform. This has led exporters to be cautious in their commitments to the region. However, most countries are engaged in economic reforms in addition to efforts to promote foreign investment, to enhance of the private sector, liberalize trade and the economy and, in the long run, to convert their currencies. The reforms offer both new opportunities and challenges to Canadian exporters. Infrastructural changes offer new opportunities for equipment, services and investment.

The International Financial Institutions (IFI) including the World Bank, the African Development Bank and Arab Funds have important lending programmes in the region in support of the economic reforms and industrial restructuring programmes. In 1992, the World Bank approved US \$1.3 billion of projects in North Africa alone while the African Development Bank also approved a similar volume of projects.

Excluding Libya, total imports by the North African countries in 1991 came to \$29 billion (FOB). While France and other western Europe countries such as Italy, Germany, Spain are the major suppliers to the region (31% to Egypt, 55% to Morocco, 58% to Algeria, 62% to Tunisia), the USA has managed to get 20% of the share of Egypt's imports, 6% of Morocco's and 10% of Algeria's. European countries have a political agenda in the region which strongly influences their commercial relations: fear of increased immigration can often colour trade negotiations and export financing.

TRADE WITH CANADA

In 1992, Canada's exports to North Africa totalled \$653 million in products and an estimated \$100 million in services. Trade to the region is largely in favour of Canada as our imports totalled only \$153 million. These export results are substantially lower than those achieved in the late '70s but we can expect that these results will increase as the political and economic situation improves in the region and as the world prices for hydrocarbons increase.

Canada's profile in the region has been enhanced by our lack of colonial past, our participation in the Francophone and the Commonwealth and by our debt-forgiveness initiatives. Additionally, our ability to provide the Maghreb with American technology in French is also a strong differential advantage for Canadian companies.

The development priorities of the North African countries fit very well with our industrial capabilities and our export ability. This is particularly the case in sectors such as Oil and Gas, Agriculture, Telecommunications, Transportation, Mining, Electrification, Environment and Financial/Banking services to name but a few.