

The range of Canadian exports to Africa varies considerably, from basic products such as wheat, timber and minerals to high-technology products like telephone equipment, flight simulators, helicopters, and equipment for resource-extraction industries and for the generation and transportation of energy. Africa is now an important market for Canadian service firms in oil and gas, engineering, management, education, health care, informatics, and financial and banking services, to name a few.

In South Africa, the dismantling of Canada's trade restrictions continues to spur rapid growth in Canadian exports. Success is being achieved in a wide range of sectors, and the prospect of future business opportunities for Canadian companies is bright. In 1995, total sales of Canadian goods to South Africa — valued at \$321 million — constituted an increase of 42 percent over 1994. Average pre-sanctions two-way trade levels of almost \$500 million have already been exceeded. In addition, a significant proportion of Canadian sales is in manufactured and high-technology products. As the country integrates into the regional and global economy, new business opportunities are expected to emerge in the fields of mining; telecommunications and informatics; geomatics; the environment; security products; and medical products and services.

Close to 60 percent of Canada's exports to the continent still go to North Africa. These include cereals, dairy products, sulphur, lumber and minerals, as well as a wide array of manufactured products such as locomotives, telecommunications equipment, helicopters, construction machinery, chemical products, oil and gas equipment, and hydro-electric generation and transmission equipment. North Africa is also an important market for such services as engineering, consulting, education, health care, computers and financial. At the end of the first quarter of 1996, Canada's domestic exports to North Africa had increased dramatically.

Priorities

The countries and sectors providing the most promising opportunities for Canadian exporters in Africa are described below.

Algeria

This is Canada's single-largest market on the continent, with total sales of \$530 million in 1995, an increase of 16 percent over the previous year. Opportunities exist in oil and gas; transportation; construction; telecommunications; irrigation; agriculture; industrial development; and services (engineering; management; education and training; banking and financial). Recently, Algeria has indicated that it will give priority to imports of agricultural commodities, construction materials and pharmaceutical products.

Morocco

The most promising sectors include agriculture; telecommunications; transportation; industrial infrastructure; oil and gas; energy; the environment; computer equipment and services; education and training; and financial services. A vast privatization program and Moroccan willingness to deal with new trading partners outside of the EU could attract Canadian interest. The Canada/Morocco Bilateral Commission met in Ottawa on October 8-9, 1996. The intent of the Commission meeting and of the Partnership Declaration (Déclaration de Partenariat) signed by Canada's Minister for International Trade, Art Eggleton, and Moroccan Secretary of State for Foreign Affairs and Co-operation, Taieb Fassi-Fihri, is to reorient bilateral relations toward private sector-led trade expansion.

Tunisia

Areas of interest here include oil and gas; the environment; telecommunications; transportation; electricity generation and transmission; and financial services.

South Africa

Bilateral trade grew 145 percent from 1993 to 1995, and Canadian exports to South Africa surpassed \$320 million in 1995. Promising sectors for Canadian firms include telecommunications; mining; agriculture and agri-food; environmental technologies; health care; transportation; computer equipment, services and software; professional services; and education and training. Gradual privatization of state enterprises could open up new opportunities.

In sub-Saharan Africa, with the exception of South Africa, available resources dictate that Canada focus on the more promising markets. Under the Southern and Eastern Africa Regional Action Plan (SEARAP), Canada will adopt a regional approach to better target market opportunities in countries such as Angola, Kenya, Zimbabwe and Tanzania. SEARAP priority sectors are mining, telecommunications, transportation, and power and energy. Other African countries of interest include: Senegal, Chad, Gabon — where the forestry sector presents particular opportunities — Ghana, Cameroon and the Ivory Coast.

Middle East

Business Environment

The growth of exports to the Middle East in recent years is very encouraging. Canada having posted a 14.2 percent increase in 1995. Our sales to this region in 1995 were approximately \$1.7 billion, and better than \$2.5 billion if services are included. These figures speak for themselves and underline the dynamism of the area, which absorbs approximately \$200 billion worth of imports of all kinds each year. The importance of the Middle East for the Canadian economy is all the more clear if we consider the fact that, apart from the United States, it is the only region in the world with which we have had trade surpluses during the past few years.

In 1995, Saudi Arabia was Canada's largest export market in the Middle East, followed by Iran, Israel, the United Arab Emirates, and Egypt. Emerging markets are Lebanon and Jordan, while Syria, Yemen, Oman and Qatar have considerable potential as future markets for Canadian firms, and should be cultivated now to ensure that potential is realized.

Although Canada is continuing to export an appreciable volume of primary products to the Middle East, the proportion of value-added products and services is growing steadily. Moreover, joint venture formation has markedly increased. Canada is increasingly seen in these markets as a world leader in telecommunications, information technology, energy, the environment, and biomedical technology, as well as in the agri-food sector.

Services exports also represent a significant amount of Canadian sales to the Middle East, estimated at several hundred million dollars per year. Consulting engineering in the oil and gas and the power generation sectors has traditionally formed the core of this kind of export. Year after year, Canadian expertise finds its way into these markets in different fields like the environment; livestock management and dairy genetics; architectural services; education and training; geomatics; and financial services.

In recent years, DFAIT has worked closely with the Canadian private sector to increase the share of Canadian exports to the Middle East. In this regard, DFAIT, trade associations and other private-sector representatives co-operate frequently to raise the awareness of Canadian firms regarding the business opportunities available in the region's various markets. Two recent examples of this collaboration are the conclusion of a Free Trade Agreement between Canada and Israel, and the Canadian participation in the Middle East and North Africa Economic Summit process. The common denominator of these two initiatives is the Canadian government's concern to ensure that more Canadian firms are in a position to capitalize on Middle East business opportunities flowing from the peace process.

A number of Canadian firms have been very successful in the past year in the Middle East market. Currently, our companies are pursuing business opportunities estimated at around \$15 billion in the fields of telecommunications and information technologies; oil and gas; construction; transportation; environment; agriculture; and engineering and consulting services.

EDC is present in most markets in the region in order to support Canadian exporters. In particular, it has lines of credit with Kuwait, Israel and Lebanon. The Corporation offers exporters competitive services similar to those provided by other OECD export credit agencies. DFAIT holds regular consultations with EDC to explore new avenues or mechanisms that could help Canadian firms to set up various types of financial agreements with partners in the Middle East, and to keep up with the competition in the marketplace.