

improvement in the economic and political relations between Canada and those two countries. As the delicate ceasefire continued, Canadian forces remained in the UN Iran-Iraq Military Observer Group (UNIIMOG), serving on the Iraqi side of the border. Canada continued to urge both Iran and Iraq to co-operate with the efforts of the UN Secretary-General who was attempting to secure a more permanent peace agreement. Canada normalized relations with Iran in 1988, but controversial developments such as the Rushdie Affair (Iranian death-threats against a British author) affected the renewal of relations.

Efforts were made to encourage interest among members of the Canadian business community in the markets of the Middle East. The continuing ceasefire in the Iran-Iraq war heightened the prospect of serious efforts at reconstruction, which would open new market opportunities. This, together with the stabilization of oil prices, meant a return to the growth market in the Middle East experienced in the

early 1980s. The region is entering a period of industrialization with increased privatization and more sophisticated requirements. This market now provides opportunities for a wider range of products and holds significant potential for a broad spectrum of Canadian exporters.

The overriding achievement in Middle East trade relations is the 40 per cent increase in Canadian exports in 1989 over 1988. The increase is a result of improved economic growth rates and industrialization plans in the region which have in turn stimulated a higher level of interest in the Canadian exporting community. A major contribution to Canadian export success in the region was provided by the dramatic rise in Canadian grain sales.

In addition to trade promotion activities, Canada also benefited from increased interest in business immigration from the Middle East. In 1989, business immigration brought in \$274 million in capital, producing 17 per cent of the total business immigration to Canada.