

Canada-Israel Trade and Investment

Canada and Israel have long enjoyed close relations based on shared values and strong political and social bonds. This year, these ties have been made even stronger through the signing, on July 31, of the *Canada-Israel Free Trade Agreement*. As of January 1, 1997, there will be an immediate elimination of tariffs on virtually all industry goods, with phase-out of the few remaining tariffs on industrial goods (i.e. women's bathing suits and certain cotton fabrics) within two and one-half years. The agreement will also offer a major increase in market access for key Canadian agricultural and fish exports, including grains and grain products, oil seeds, pulse crops, beef and various processed food products, covering 80 per cent of Canada's agricultural and fish exports to Israel.

The new trade agreement is especially good news for Canadian exporters, since it will put them on an equal footing with their competitors in the U.S., European Union and the European Free Trade Area. Canadian and Israeli companies will no longer have to funnel their trade through the U.S. or any other country to get the benefits of a free trade agreement.

Diversified Marketplace

Israel is a sophisticated and diversified market for goods and services. Trade between the two countries is modest, but is growing. In 1995, two-way trade between Canada and Israel topped \$450 million, a 37-per-cent increase over 1994. In 1995, Canadian exports totalled \$216 million, up 49 per cent from 1994. Canadian imports from Israel reached \$241 million, up more than 32 per cent from 1994.

Major Canadian exports to Israel include aluminum; machinery; mechanical appliances; salt and sulfur; plastering materials; lime and cement; vehicles; paper and paperboard; wood and wood products; electrical equipment; pharmaceuticals;

and cereals. Major imports from Israel include pearls, precious stones and metals; machinery; appliances; electrical equipment; optical/photo-graphic instruments; vegetables; and plastics.

Stability Enhances Business Opportunities

Many factors make Israel an attractive market for Canadian companies: attempts by the Israeli government to attract foreign investment by offering incentives to foreign investors; progress in the Peace Process, which offers enhanced regional economic development and stability; a skilled and innovative workforce; and a massive migration from the former Soviet Union, which has increased consumer demand for imported goods.

These trends and Israel's growing prominence as a financial centre in the Middle East suggest a wide array of options available for Canadian companies, especially with the *Free Trade Agreement* looming on the horizon. Canadians should remember, however, that they are competing with well established foreign and local manufacturers and developers. Market knowledge, commitment, and patience are the currency for success in Israel.

Free Trade Agreement Opens Doors

Once the *Free Trade Agreement* comes into force, Canadian companies should find many competitive market opportunities in Israel, particularly in high-technology goods; telecommunications; power and energy projects; oil and gas exploration; and the agri-food, fish and environmental sectors.

In short, Israel is a valuable market that has yet to be fully explored by Canadian exporters and service providers. Governments can only build the bridges that link trading partners; only industry can cross them. With the *Canada-Israel Free Trade Agreement* set to take place, Canadian firms should not miss the opportunity to set foot in Israel.

