

over 1993 in total Canadian sales to the region, and a 14-percent increase since 1990. Preliminary figures for 1995 indicate that exports will increase by another 25 percent over 1994.

Although access to these countries is undeniably more difficult than to other more familiar markets, a carefully developed penetration strategy and sustained effort can provide profitable business opportunities and a significant return on investment. While oil and gas, telecommunications and high technology, transportation and agri-food generally offer the best business prospects, other sectors such as services (education, banking/financial), environment, mining and energy are also very active. They are poised to benefit from substantial developments as a large number of African countries move toward privatization and trade liberalization, as South Africa becomes a more active player in the region and as the Middle East peace process asserts itself.

Africa

Business Environment

In 1994, Canada's total exports to Africa increased by 15 percent over the previous year to \$1.2 billion (excluding Egypt, \$95 million). Preliminary 1995 figures indicate that exports to such major markets as Algeria, South Africa, Morocco and Tunisia will increase by over 50 percent from 1994. Fully 59 percent of Canadian exports went to North Africa. Africa is also a prime market for Canadian services, with an estimated total contract value of some \$400 million. In 1994, Canada was awarded \$156 million for projects in Africa from the African Development Bank (AFDB) and a further \$54 million from the World Bank.

Canada's commercial involvement in Africa has increased remarkably over the past 25 years. Development assistance programs, the funding programs of EDC (Export Development Corporation), Canada's involvement in la Francophonie and the Commonwealth, and initiatives with respect to apartheid and forgiving the debts of a number of African countries have led to a very good image for Canada on this continent. In addition, the bilingualism of Canada, the complementary needs of Canada and the African countries, and Canada's sector expertise gives Canadian exporters an important advantage.

In recent years, an increasing number of African countries have undertaken political and economic reforms, primarily to establish a multi-

partite system, liberalize their foreign trade, streamline their public finances and develop the private sector. Canada actively supports these initiatives, which in many cases are facilitated by significant funding from the World Bank and the AFDB, and supported by the Canadian International Development Agency (CIDA), and which will open up new business opportunities for equipment, services and investment. There is a renewed emphasis on education and training, and important new opportunities for expertise in consulting, training, management and financial services have been opened up by privatization programs.

Canada's trade development activities in Africa are intended to take advantage of the many trade and investment opportunities stemming from the economic restructuring programs that are under way. Strong emphasis will be placed on developing commercial and investment relations with the emerging private sectors of these countries, and on the opportunities generated by international financial institution (IFI)-funded initiatives. Export development initiatives will also be complemented by the promotion of joint-venture and technology-transfer opportunities.

Export financing is a critical issue in many African countries, and will require that exporters consider seeking offshore guarantees and focus on revenue-generating sectors and/or development initiatives supported by IFIs.

Market Opportunities

The range of Canadian exports to Africa varies considerably, from basic products such as wheat, timber and minerals to high-technology products such as telephone equipment, flight simulators, helicopters, mining- and oil-related equipment for the generation and transportation of electricity. 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 1994, total sales of Canadian goods to South Africa — valued at \$238 million — represented an increase of 42 percent over 1993. Figures to September 1995 indicate a further rise of 45 percent, for an annual total of about \$330 million. Average pre-sanctions two-way trade levels of almost \$500 million have already been