

BACKGROUNDER

THE EVOLUTION OF CANADIAN ECONOMIC RELATIONS WITH AFRICAN COUNTRIES

The economic development of North and Sub-Saharan Africa continues to offer numerous opportunities for Canadian exports of goods and services. Canadian firms have made many advances in the African market over the past 20 years, and our active participation in the Commonwealth and La Francophonie and our debt-forgiveness initiatives have enhanced our profile there. In response, African political and private-sector leaders have shown a genuine desire to increase trade and business relations with Canada and to seek Canadian investments in Africa.

Canada has been active in African markets for some time. Our commercial exchanges in goods, equipment and services over the last three decades have been highly diversified, and total over \$40 billion. The most active periods were in the late 1970s and the early 1980s. Our commercial exchanges have since held at around \$2 billion annually.

In North Africa, most countries are engaged in economic reforms promoting foreign investment, the enhancement of the private sector, trade and economic liberalization and, in the long run, the convertibility of their currencies. Their economic and infrastructural development needs, which complement our industrial and export strength, our ability to provide them with much-coveted North American technology in French, and the availability of development assistance and export financing, have combined to further Canada's commercial presence in the region.

In Sub-Saharan Africa, political uncertainty and severe debt and balance-of-payment problems continue to affect a number of countries. The majority, however, are implementing economic structural adjustment reform programs and their economic performances have improved. In the past few years, various governments have increased the priority to developing the private sector, where Canada shall continue to develop and maintain business relationships.

The reforms occurring in Africa offer new opportunities and challenges to Canadian exporters. Most countries are striving to diversify and restructure their economic infrastructure and reinforce their small- to medium-sized industries; there is a renewed emphasis on education and training; and interesting new opportunities in consulting, training, and management and financial services are opening as a result of privatization programs.