

of Canadian services also considerably increased the total value of Canada's exports, and Canada's presence in this market was further enhanced in January 1985 when a long-term wheat agreement was initialled in Cairo.

Canada's participation for the first time in the Damascus International Trade Fair, and other initiatives, pushed exports to Syria to \$102 million — a phenomenal increase considering the 1982 level of only \$3 million. Honorary commercial representatives were also appointed in Damascus and in Sa'ana in the Yemen Arab Republic. Canada continued its participation in the annual International Trade Fairs in Cairo and Baghdad and was also represented in important specialized trade fairs in Bahrain and Saudi Arabia. On the domestic front, the Department co-sponsored a major trade conference in co-operation with the Canada-Arab Business Council and the Canadian Manufacturers Association. More than 1 000 Canadian companies interested in exporting to the Middle East were involved.

Frequent bilateral visits took place during the year. A delegation was sent to Egypt in March 1985 for the Cairo International Trade Fair. The President of CIDA visited Saudi Arabia, the United Arab Emirates and Kuwait early in 1985 for discussions of Arab aid funds with respect to development co-operation in less fortunate countries. The Egyptian Minister of Electricity and Energy attended the fourth annual meeting of the Canada-Egypt Business Council. Major visits to Canada from Israel included those by the Deputy Prime Minister and Minister of Culture and the Vice Premier and Minister of Foreign Affairs. During the latter visit, a bilateral agreement on film and television was signed. It was also decided to promote the transfer of technology between Canada and Israel in the areas of agriculture, medical equipment, food processing and general manufacturing.

Political problems and major regional conflicts in the Middle East persisted. In the Arab-Israeli dispute, the most notable development towards bringing the two sides to the negotiating table was the accord reached on February 11, 1985, between PLO leader Arafat and Jordan's King Hussein on a framework to pursue peace talks with Israel. Canada, through diplomatic and political dialogue, continued to support all constructive efforts to move from confrontation towards negotiation and to achieve a just and durable peace settlement based on the legitimate rights of both sides: Israel's right to secure and recognized boundaries, and the Palestinians' right to a homeland within a clearly defined territory, the West Bank and Gaza Strip.

Despite the formation of a government of national unity in Lebanon, violence did not abate and little progress was made towards political reform in that country. Canada continued to support the independence, sovereignty and territorial integrity of Lebanon, and to call for the departure of all foreign forces from Lebanon, except those which have been explicitly requested to stay by the Lebanese government. Canada also reaffirmed its support for initiatives aimed at national reconciliation. Moreover, Canada renewed its efforts to assist civilian victims of the conflict by continuing to fund the emergency humanitarian programs set up in Lebanon by the International Committee of the Red Cross and the World Council of Churches. The Canadian government also announced its financial participation in a UNICEF plan to rebuild various water supply facilities in Lebanon.

Canada made a concerted effort to improve bilateral relations with both Iran and Iraq, but the war between the two countries remained deadlocked. Canada made *démarches* to both Iran and Iraq, urging that they undertake conciliatory measures and respect international humanitarian law, and renewed its longstanding appeal for an end to the conflict. Canada strongly supported mediation efforts to end the war, particularly the initiatives undertaken by the UN Secretary-General to arrange a moratorium on attacks on civilian targets, improve the treatment of prisoners-of-war and prevent the use of chemical weapons. Significant financial support was provided to the International Committee of the Red Cross for its special program for victims of the conflict.

The spectre of famine was added to these tensions and conflicts as the Sudan was particularly hard hit by the drought which threatened the survival of some four million Sudanese and more than one million refugees from neighbouring countries. The Canadian Co-ordinator for African Famine visited the Sudan in early March 1985 and, following his recommendations, Canada significantly increased its emergency food aid to that country. Discontent subsequently led to the overthrow of President Nimeiri in favour of a transitional military government, which has undertaken to establish the basis for civilian rule.

Latin America and the Caribbean

Relations between Canada and this region encompassed a wide range of interests, although the primary focus of Canadian activities remained economic. The positive trends of restoring and bolstering democratic institutions continued, although with some notable exceptions. The region itself displayed a greater sense of unity and cohesion. Many countries continued to be confronted with serious economic and social challenges which were characterized by massive debt burdens, inflation, stagnant commodity prices and rising unemployment. Political tensions and armed conflict in Central America remained issues of concern. At the request of the Contadora countries, Canada has been assisting in the design of the verification and control mechanisms.

The region was also beset by several major natural disasters. In Argentina, widespread flooding in Mendoza Province caused loss of life and extensive damage to property, as did a severe earthquake which struck central Chile in March 1985. Drought and flooding affected large areas of northeastern Brazil. Canada, through CIDA, provided emergency relief and rehabilitation assistance to both Brazil and Chile.

Many countries of the region sought to resolve their serious economic difficulties through a combination of foreign debt rescheduling, devaluation, restrictive import licensing and stricter foreign exchange control. In spite of this difficult economic environment, two-way trade in 1984 amounted to \$7.68 billion. Canada also continued to assist in the region's economic and social development, through programs administered by CIDA and the International Development Research Centre (IDRC) and through active involvement in regional organizations such as the Pan American Health Organization (PAHO), the Inter-American Institute for Co-operation on Agriculture (IICA) and the Caribbean Community and Common Market (CARICOM), and international lending institutions such as the Inter-American Development