



## 7 *Opening doors to other key markets*

### *Middle East*

#### **Israel**

The year 2002 marks the fifth anniversary of the implementation of the Canada-Israel Free Trade Agreement (CIFTA). The most significant factors in increased trade between Canada and Israel continue to be the absence of tariffs on virtually all industrial products and the reduction of tariffs on many agriculture and agri-food products. Bilateral trade has more than doubled since the CIFTA came into effect. Trade in goods and services exceeded \$965 million in 2001, an increase of 5.8% from the previous year. Machinery, newsprint and high-technology products comprise the bulk of our exports. Canadian companies are also strong service exporters, particularly in such sectors as transportation and infrastructure.

Both Canadian FDI in Israel and Israeli investment in Canadian companies are estimated to approach \$1 billion in each direction in 2002, and investment potential remains high given Israel's attractive investment incentives. Increasing investment activity by Canadian firms in the telecommunications and software sectors has led to significant commercial successes.

Although negotiations on a FIPA have not progressed, Canadian firms report no difficulties in this market.

As provided for under the CIFTA, Canada and Israel continue to engage in discussions to further liberalize bilateral trade in agriculture and agri-food products. Progress has been made in a number of areas.

Following consultations with Canadian producers and exporters, Canada will continue to press for improved access to the Israeli market in the following priority areas: prepared foods; canola oil; frozen foods; fresh and frozen fruit and vegetables; fish and fish products; pulse crops; and pet food. Canada is also seeking improved access for pharmaceutical products.

Canadian firms continue to make strong gains in such priority sectors as telecommunications, transportation, agri-food, construction equipment and pulp and paper.

#### **West Bank and Gaza Strip**

Canada is committed to promoting trade and investment relations with the Palestinians. The Joint Canadian-Palestinian Framework on Economic Cooperation and Trade, signed in 1999, establishes a commercial relationship based on free trade. Aside from eliminating tariffs, the Framework aims at improving market access and customs procedures while supporting emerging industries in this market.

Palestinian law stipulates that a local agent or representative is required to sell into this market. The state of the Middle East Peace Process can affect the movement of goods in and out of the West Bank and Gaza Strip.

### *Saudi Arabia*

The Saudi economy remained strong in 2001, despite reduced oil revenues. The government has continued to pursue, at least in principle, various economic restructuring and deregulation strategies, with a focus on