

tions are currently going on for the sale to Arab countries of a wide variety of manufactured items, such as aircraft, generators, agricultural equipment and prefabricated housing.

What does not appear in the trade statistics, of course, is the value of exported services. Yet this, too, is a sector in which there has been greatly-increased Canadian interest and involvement in the Arab world in recent years. An illustration is the contract obtained by a Canadian company to design and supervise the construction of the King Abdul Aziz University in Riyadh, Saudi Arabia; the capital cost of this project is expected to reach \$1 billion. Other examples include contracts awarded Canadian firms to build a cement factory in Algeria, design and construct a shoe factory in Baghdad, expand a pulp-and-paper mill in Basra, and provide engineering service for a gas-liquification plant in Dubai.

The value of Canada's imports from Arab countries, principally imports of crude oil, also increased very substantially between 1969 and 1975. Table B illustrates the upward surge of Canadian imports from the main Arab oil-producing countries.

It is worth while noting that, in 1975, the Arab countries collectively became Canada's largest source of imported crude oil, outpacing Venezuela and Iran.

The expansion of Canadian exports to the Arab world has been greatly facilitated as a result of the dynamic interest displayed in the area by Canadian financial institutions, both governmental and private. Nowhere has this interest been better exemplified than in the case of Algeria, which has become Canada's largest export market in North Africa and the Middle East. In 1973, Canada concluded a bilateral agreement with Algeria for a \$100-million line of credit funded chiefly by the Canadian Government's Export Development Corporation (EDC) and by Canadian chartered banks; this line of credit had been entirely committed by mid-1975.

The chartered banks have also provided substantial loans to the Algerian national petroleum company SONATRACH, and have recently supplied a credit of \$22 million to finance the purchase by Algeria of mobile housing units manufactured in Canada. Although on a much more modest scale, the EDC and the chartered banks have extended similar credit facilities to other Arab countries, most notably Egypt.

### Surpluses

If credits are necessary to finance exports to some Arab countries, it is also true that other Arab nations have large surpluses of capital derived from oil exports (popularly known as "petro-dollars"), which they wish to invest abroad. Canadian public and private institutions have not been slow to avail themselves of these sources of investment capital. Although the confidential nature of these transactions makes it difficult to estimate with any accuracy the amounts involved, occasional press reports do provide some clues as to the magnitude of the flow of Arab capital into Canada. For example, in a feature article on this subject published last year, *Maclean's* magazine stated:

"The word in the investment and banking communities is that Arab oil money is very much a factor in the Canadian economy. More than \$1.5 billion have been invested here during the past 18 months and investment bankers are hoping for at least that much again in the next 12 months."

Other reports indicate that provincial public utilities alone sold more than \$500-million worth of bonds in the Arabian Peninsula in 1974-75. Whatever the exact amounts involved, it seems clear that some of the Arab oil-producing countries are emerging as supplementary or alternative sources of capital for Canadian enterprises, thus reducing to some extent Canada's traditional dependence on the money markets of the United States.

The types of opportunity and challenge the Arab world will offer the Cana-

*Expansion facilitated by interest of financial institutions*

**Table B**  
**Canadian imports**  
(in millions of dollars)

Country	1969	1974	1975
Libya	8.87	30.55	36.15
Iraq	8.33	36.67	133.95
Saudi Arabia	26.75	318.90	746.71
Kuwait	6.07	64.72	110.52
Yemen PDR	.40	106.67	196.65
United Arab Emirates	—	84.72	140.58
Totals	50.92	642.23	1,358.56