Canada Popular with Israeli Tourists

More than 1 million Israelis (20 per cent of the country's population) travel abroad by air each year. In 1995, approximately 69,000 Israelis visited Canada, generating upwards of $41 million to the Canadian economy. Spurring on this increase was the introduction, in June 1995, of Air Canada's non-stop service from Toronto to Ben Gurion Airport. Air Canada now offers service to Israel four times per week and is expected to increase frequency in 1997.

The people of Israel are very attracted to what a country like Canada has to offer as a tourism destination. The potential for promoting Canada in Israel is significant. What attracts Israelis to Canada are the flora, fauna, wildlife, forests, lakes, rivers, ice, snow, vast distances, wilderness, and rare features of the Canadian environment, such as the Northern Lights, dog sleds, and whale/polar bear/seal watching, to name a few.

Israel's largest tour operators and largest travel agency group have produced an exciting array of tour packages covering peak and shoulder seasons, with several first-time winter and Canada-only packages being offered for 1996.

Non-traditional tourism partners, such as Israel's Greenberg's food chain, just launched a series of Canadian brand-name products that will also identify Canada as a tourism destination. Canadian construction firms managing major infrastructure projects in Israel have also committed to advertise Canada's tourism potential. The first Hebrew-language brochure promoting Canada was just released to more than 4,000 travel agents.

Don't Forget the West Bank and Gaza

While the Palestinian economy is smaller and less developed than that of Israel, for some exporters opportunities may be greater. This is especially true given that businesses in the West Bank and Gaza will be eligible to take advantage of the benefits under the *Canada-Israel Free Trade Agreement* with the extension of preferential tariff treatment to all goods produced in Gaza and the West Bank. U.S. legislation currently awaiting the President's signature will amend the *U.S.-Israel Free Trade Agreement* to include goods produced in Gaza and the West Bank.

Considerable infrastructure development funded by the World Bank and donor countries like Canada is now underway. A new airport is nearing completion and the planning for a US$65 million port facility near Gaza City is well advanced. Projects to install, or in some cases upgrade, municipal infrastructure are numerous. These offer good opportunities for the construction sector.

Agriculture offers strong opportunities for joint ventures in processed food, and the cut flower industry has considerable export potential, particularly with the region's proximity to the lucrative European market. An agreement with the European Union to allow products from the West Bank and Gaza liberalized access to the European markets is expected to be concluded before the end of the year.

Gaza City and certain cities in the West Bank also have a well established garment producing capability as a result of integration with the Israeli clothing industry. Interest in the Palestinian territories as potential production sites is now increasing. The well-known British firm Marks and Spencer has recently launched a joint venture in the West Bank town of Nablus in conjunction with a local garment producer.

The pharmaceutical and health products industries are also well developed, particularly in the West Bank, making joint ventures a real possibility.

Plans are now well advanced to open an industrial park in Karni on the Gaza/Israel border. This industrial park will offer electricity, water, communications, freight forwarding and banking at a cost of US$26 per square metre for an established facility. Negotiations are currently underway between Israel and the Palestinian Authority on an agreement that would ensure the free flow of exports and imports into Karni. The Karni industrial park is expected to be open in 1997.

Effective September 1996, business people wishing to market in the West Bank and Gaza must arrange a partnership with a local Palestinian representative who must control 51per cent. This regulation is designed to encourage the growth of local marketing capabilities in an industry traditionally dominated by Israelis. In considering the West Bank and Gaza, interested parties should seek out Palestinian representation, although joint marketing initiatives involving both Palestinians and Israelis are also a possibility.