

been disbursed by the end of February. Canada's contribution to GCFCG is C\$77.5 million, of which approximately C\$46 million will have been disbursed by the end of March. One third of Canada's aid was pledged to Jordan.

There are, however, two serious problems to this bilateral approach. First of all, potential donors in the Gulf are making it quite clear at the moment that aid for Iraq is out of the question. This is a political posture, which could well be expected to mellow if there is a new regime in Baghdad amenable to negotiation, but the deep sense of popular resentment of and desire for vengeance against Iraq should not be underestimated. However, even in the best case, the maximum degree of magnanimity that could be expected from Kuwait and Saudi Arabia would be to forgive old debts and -- perhaps -- to forgo reparations.

The second problem relates to the role of Germany and Japan. In neither case is there much enthusiasm for rebuilding Iraq. In the case of Germany, there is now considerable popular angst over the evidence of chemical weapon and missile technology sales to Iraq by German companies. Japan has apparently abandoned commerce in the Arab Gulf in favour of Iran. War fears pulled most Japanese employees out of Bahrain and Saudi Arabia, causing considerable resentment from their hosts. The Ministry of International Trade and Industry (MITI) has been indicating to Japanese exporters that it would be unwise to take a high profile in the bidding for reconstruction contracts, lest Japan be accused of avoiding the war and cashing in on the peace. Even if there were interest from Germany and Japan, it is clearly not in US interest to allow bilateral German and Japanese trade credits to tie up the Iraqi market for the foreseeable future.

However, Iraq's principal trade creditors in the OECD are France and Japan. In the latter case, there is some \$3.5 billion worth of unguaranteed corporate debt outstanding to leading Japanese trading companies, which makes these companies particularly keen to eventually resume trade with Iraq, if only to recover their debts. With a total of \$25 billion in debts outstanding to OECD creditors (about half of which are covered by official export guarantees), the same argument can be made in macro terms, but the Japanese and French are