

Canada's expanding commercial relations with Jordan also provided a measure of political support for Jordan's efforts to promote dialogue and moderation in the regional peace process. Prime Minister Mulroney reviewed these issues with King Hussein when they met at The Hague in March 1989.

The past year also provided an opportunity for progress in Canada's relations with Saudi Arabia. The plenary meeting of the Canada/Saudi Arabia Joint Economic Committee at Riyadh in February provided an occasion for bilateral discussions between the Associate Under-Secretary of State and the Saudi Foreign Minister, HRH Prince Saud al Faisal. Canada's trade and commercial relations grew steadily during the year. Most Favoured Nation (MFN) tariff treatment came into force in the autumn of 1988 and further facilitated the exchange of goods and services. Canada welcomed the accession of Saudi Arabia to the Nuclear Non-Proliferation Treaty in October.

On July 18, Canada normalized relations with the Islamic Republic of Iran following a hiatus of eight years. The Canadian Embassy in Iran resumed normal operations on October 18. This normalization of relations coincided with Iran's acceptance of UN Security Council Resolution 598, which provided a framework for a negotiated settlement to the conflict between Iran and Iraq. While this ceasefire remained in effect the peace talks became stalled because of differences over fundamental issues of concern to the national security interests of both Iran and Iraq. Canada continued to encourage both countries to move ahead resolutely to seek a negotiated settlement and a just peace.

Relations between Iran and Canada took a downturn in early 1989 when Iran's late spiritual leader, Ayatollah Khomeini, issued a death threat against British author Salman Rushdie and the publishers of the novel *The Satanic Verses*. The Canadian government condemned the death threat as totally unacceptable. In order to send to the Iranian authorities a strong message of Canada's absolute disapproval, the Canadian *Chargé d'affaires* to Iran was recalled from Tehran for consultations.

The situation in Lebanon continued to be of concern. In September the Lebanese parliament failed to elect a new president to succeed President Gemayel. The situation deteriorated further in early 1989. On March 30 Mr. Clark reiterated Canada's support for Lebanon's sovereignty, independence and territorial integrity and he called on all parties to exercise restraint and to redouble their efforts towards national reconciliation. Canada has pursued its involvement with humanitarian assistance to help alleviate the suffering of the Lebanese population.

The Middle East remained an important market for Canada, importing some \$888 million of Canadian goods in 1988. Canadian companies participating in the active Fairs and Missions Program of the Department were successful in identifying business opportunities, with 90 per cent of participants reporting new sales as a result. As well, incoming buyer missions organized by the Department increasingly reinforced Canada's reputation in the area as a supplier of state-of-the-art technology, and high-quality products and services.

Canada's trade relations with Israel were characteristically mature and stable. Israel represented a major market for Canada in the Middle East as reflected in trade ex-

changes which saw Israel as the largest source of Canadian imports from the region, and the fourth-largest Middle East market for Canadian exports.

The reopening of the Canadian Embassy in Tehran provided further opportunities to take advantage of the forecast diversion of Iran's export earning from war material to economic reconstruction.

Saudi Arabia and the Gulf states (Kuwait, United Arab Emirates, Oman, Qatar and Bahrain) were also major markets for Canadian exporters, as they gradually recovered from the impact of the fall in world oil prices earlier in the decade. Canadian companies were offered significant market opportunities in such fields as communications, mineral development, surveying, mapping and remote sensing, education, health care, agriculture and automotive spare parts. The fifth meeting of the Canada/Saudi Arabia Joint Economic Commission took place in Saudi Arabia in February, with the participation of the public and private sectors from both sides. The Commission's plenary and committee sessions at Riyadh in the priority areas of energy, mineral resources, communications, transportation, education and agriculture, offers an excellent medium through which Canada could achieve a larger percentage of Saudi business.

On the investment side, Middle East states have shown increased interest in Canada, with substantial movement of funds and direct investment taking place in the Canadian market.

In addition to trade promotion activities, Canada also benefited from increased interest in business immigration from the Middle East. In 1988, over 300 entrepreneurs were accepted as immigrants to Canada, bringing over \$185 million in capital, which is expected to create or retain more than 800 jobs. These figures represent an increase of approximately 60 per cent over 1987. In 1988 the Middle East was responsible for approximately 11 per cent of total business immigration to Canada. It is anticipated that entrepreneurial immigration from the Middle East will continue to expand in 1989.

Latin America and the Caribbean

Over the past year international attention has focused with greater urgency on the serious social and economic issues facing Latin America and the Caribbean. Canada enhanced its relations with the region through informal exchanges between the Secretary of State for External Affairs and the foreign ministers of the Group of Eight, (originally comprising Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay and Venezuela), on such economic and political issues as the multilateral trade negotiations, international debt and the situation in Central America. On the latter, Canada assumed a much higher profile than previously due to the intensive discussions in which Canada took part on the implementation mechanism of the Central American peace process.

Following consultations held in March, a report was sent to the Group of Eight's foreign ministers setting out the Toronto Summit's achievements, and another meeting with the Group was arranged in New York during the UN General Assembly. Canada welcomed the Rio Group's initiative of a process of intra-regional consultation and co-operation between democracies to develop regional solutions for regional problems. The Group has now emerged as