IV. Development Assistance

Canada and Pakistan have enjoyed good bilateral ties based on our shared experience in the Commonwealth and on historical development ties of over $2 billion ($1.3 billion bilaterally) in development assistance since the 1950s. Major Canadian aid projects were the Warsak Dam, Pakistan's first major hydro-electric project, and the first 500 kilovolt electric transmission line in Asia. The challenge now is to continue the transition from aid to a multi-faceted trade relationship. Until the mid 1980s the Canadian International Development Agency's (CIDA) assistance programs were focused on energy, transport and agriculture infrastructure, but the emphasis has recently switched to social development (community-level development, poverty alleviation, health); energy management; environment; private-sector development; and women's development.

Canadian aid to Pakistan in 1995-96 amounted to $41 million: bilateral 57 percent; multilateral 41 percent; and partnerships 2 percent.

See *Appendix 2* for a description of current CIDA operational projects in Pakistan. Detailed information may also be obtained through CIDA's web site, **http://www.acdi-cida.gc.ca/**

V. The Canada-Pakistan Trade Relationship

The major effort in the last few years has been to move from an "aid" dominated relationship to a mutually beneficial economic relationship. Economic reform measures introduced by successive governments of Pakistan since 1989 have improved the business climate in Pakistan and have opened new opportunities for Canadian commercial activity. The recent policy liberalizing foreign investment has turned new thermal power generation over to the private sector, and has opened the oil and gas, mining, and telecommunications sectors to private and foreign investment. Privatization is being extended to hydro-electric power generation and transmission, and to financial services. A key element of these policies is that they are all backed by legislation and GOP ordinances freely open to review by the private sector. Policies initiating privatization of entities such as Sui Northern (SNGPL) and Sui Southern (SSGPL) Gas Pipelines Ltd. and the Pakistan Telecommunications Commission (PTC) have created unique investment opportunities for foreign companies. Involvement of foreign investors in these agencies will not only open up significant commercial opportunities but will also bring more professional management techniques, as well as procurement practices which focus more on cost and technical benefits.

In the last several years, the Trade and Investment Development Program has shifted away from an emphasis on commodities and CIDA assistance to one based on value-added commercial projects. Wheat and coal remain the only prominent commodity items; main efforts have been shifted to informatics and telecommunications, general machinery and equipment, agri-food processing, power and energy, transportation, metal and minerals, mining investment. Emerging sectors of opportunity include environmental goods and services, education and finance. To meet the new challenges, Canadian firms are entering into collaborative arrangements (transfer of technology, licensing, equity, build-own-operate) and bringing financing in order to compete against European, South Korean and Japanese businesses.

In the period 1994-95, this change in focus saw the awarding of contracts for the sale of