

*World-wide  
pursuit  
of Third Option*

Canadian economy to external factors, including, in particular, the impact of the United States". In addition to measures designed to strengthen the domestic economy, this policy "instances the active pursuit of trade diversification and technical co-operation . . . on a global basis as one means of avoiding excessive reliance on the United States". The most widely-published initiatives taken by the Government to implement this policy relate to the strengthening of Canada's relations with the European Economic Community and to the broadening and deepening of relations with Japan. The policy has, however, been pursued on a world-wide basis and is, in part, at the root of the new economic links that are beginning to be established between Canada and certain Arab countries of North Africa and the Middle East.

**Expanded representation**

One of the more visible manifestations of the Canadian Government's interest in intensifying its relations with the Arab world has been the expansion of its diplomatic and commercial representation in the area, with the opening of embassies in Tunisia, Algeria, Morocco, Saudi Arabia and Iraq. During the last five years, Canada has also sent numerous economic and commercial missions to Arab countries, including several headed by senior ministers of the Federal Government. This activity has in some measure induced, and been closely paralleled by, a new awareness on the part of Canadian business firms of opportunities for the export of goods and services to the Arab world.

These Canadian initiatives have largely coincided with two important developments within the Arab world. On the one hand, several Arab countries have adopted policies designed to decrease their dependence on one or more major economic partners and to diversify their sources of aid and imports; this trend has become particularly evident in the cases of Algeria, Iraq and Egypt. On the other hand, the financial resources available to many Arab countries for economic-development purposes have increased significantly as a result of the rapid rise in the world price of crude oil; countries such as Saudi Arabia and Iraq have, as a consequence, been able to launch vast new infrastructure and industrial projects. The additional revenues thus generated have also been used to provide financial assistance and development capital to other Arab states less well-endowed with natural resources, as well as to pursue investment opportunities in industrialized countries.

Within this broad framework of political and economic factors, Canada's evolving economic relations with the Arab world can be examined under three main headings — development assistance, trade, credits and capital flows.

Canada's bilateral economic assistance to Arab countries has until now been concentrated almost exclusively in the three Maghreb states: Tunisia, Algeria and Morocco. Starting with a few modest programs launched in the late 1960s, Canada's endeavours in co-operation with these three countries have become steadily more varied, and financially more significant. The fields in which the Canadian International Development Agency has sponsored or supported projects include agriculture, fisheries, public health, education and communications; total CIDA disbursements for the Maghreb countries rose from \$14.3 million in 1970-71 to \$23.7 million in 1973-74. A few examples may serve to illustrate the nature of CIDA activities in the Maghreb.

In the agricultural sector, CIDA has participated in the planning of major rural redevelopment schemes for the Kairouan region of Tunisia and the province of Tetouan in Morocco. A loan of \$18 million has been made to Algeria for the construction of grain-storage silos, which will permit that country to stabilize the process of grain distribution and to accumulate reserves. For several years, Canada has supplemented its projects in the agricultural domain with the provision of food aid to the Maghreb countries; in 1973-74, the total value of this aid was \$7 million.

CIDA has underwritten important public-health projects in both Tunisia and Algeria. The one most recently undertaken involves a grant of \$2.7 million for the training of paramedical personnel and nurses at the Public Health Institute in Oran, Algeria; the program is being administered by the Faculty of Nursing of the University of Montreal, and Canada is providing the necessary equipment.

In the field of communications, Canada provided 22 locomotives and spare parts to Tunisia in 1973, at a cost of \$9.3 million. CIDA has also participated in the building of power-transmission lines and microwave links in Tunisia.

Canadian involvement in the education sector has also been extensive. CIDA and CUSO teachers have been working for a number of years in Tunisian and Algerian universities, secondary schools and specialized institutions. CIDA has provided funds, personnel and equipment for the creation of a Department of Business Management Training in Algeria, for the training of