

Opportunities for Canadian Business on the Rise

Thanks to the new Canada-Israel Free Trade Agreement (FTA), commercial opportunities in key sectors of interest to the private sector are increasing.

• Advanced Technology

Israel has recently opened its telecommunications monopoly to competition, with opportunities in cellular network, telecom hardware and TV and radio equipment and programming. With its highly qualified labour force and 70 per cent of all R&D monies invested in electronics, Israel is well positioned for joint ventures with leading electronics companies. The *Canada-Israel Industrial Research & Development Foundation (CIIRDF)* can create opportunities by facilitating strategic partnering through research projects.

• Agriculture and Agri-food

With the implementation of the FTA, Israel will become an attractive market for Canada's agri-food and fish exporters. In August 1995, the Israeli market opened to milling wheat imports from countries other than the U.S. Canadian seed potatoes are expected to receive phytosanitary clearance by end of 1996. Additional opportunities exist for canned and processed fish products, gourmet foods, prepared meals, baked goods, maple products, and kosher meat (non-poultry) products. Private label marketing (e.g. Loblaw's "President's Choice") is a new and growing concept in Israel that presents numerous opportunities.

• Environment

Israel continues to be an emerging market for environmental products and services, largely due to the recent enforcement by the Israeli Ministry of Environment of long-standing environ-

mental regulations. Many projects have already been privatized (e.g. municipal wastewater plants, sanitary landfills, and hazardous waste sites). In 1995, the Ministry of Environment initiated a subsidy program of \$200 million over four years to promote environmental investments in industry. Industry can apply for a grant of up to one-third of the cost of the investment.

• Forest Products

The Israeli market for wood and related products is rapidly expanding. Lumber constitutes the bulk of Canadian exports to Israel; softwood exports jumped some 380 per cent to US\$3.2 million in 1994. This growth is expected to increase with the elimination of tariffs under the FTA. The furniture sector also presents attractive possibilities in the increasingly popular do-it-yourself field. Wooden houses/prefabs are also slowly being introduced into the Israeli market.

• Pulp and Paper

Israel imports all its newsprint and pulp paper. Canada ranks third as a supplier of newsprint to Israel, and accounts for 20 per cent of Israel's pulp imports. Growing demand for paper products, as a result of an increase in Israel's standard of living, means more opportunities for Canadian suppliers.

• Oil and Gas

The recent expansion of oil and gas exploration in Israel is due primarily to private-investor limited partnerships, which are providing the capital necessary for exploration. Advances in the Peace Process will continue to encourage Canadian companies to explore deals with Israeli companies. Major opportunities also exist in the natural gas line

transmission projects being discussed between Israel and Egypt and between Israel and Qatar, and in the "Lesser Project" (gas from Georgia, through Turkey and across the Mediterranean to Israel).

• Energy

The government-owned Israel Electric Corp. (IEC) has a major (US\$12.3 billion) 10-year development plan to meet the demand of Israel's massive immigration (over 600,000) and booming industry. Israel's neighbouring countries are also providing possible areas for regional co-operation that offer opportunities for equipment suppliers and expertise (e.g. electrical grid rationalization, a natural gas transmission line project from Egypt to Israel, and a Liquefied Natural Gas [LNG] project from Qatar to Israel). Opportunities also exist in the West Bank and Gaza in transmission networks and grid rehabilitation.

• Biotechnology, Medical and Health Care

The FTA could enhance Canada's share of Israel's pharmaceutical market. As of 1996, the Ministry of Health has approved parallel imports of pharmaceutical drugs. This effectively breaks the monopoly of importers and is encouraging competition, since importers who register an imported pharmaceutical at the Ministry of Health no longer receive a monopoly for an unlimited time on the specific drug. A new development this year is the U.S.-Israel harmonization of the regulatory environment, which opens up Israel as a site for clinical trials recognized by the U.S. Food and Drug Administration.

*Continued on page V
Opportunities*