

Statement

Minister for  
International  
Trade



Discours

Ministre du  
Commerce  
extérieur

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY THE  
MINISTER FOR INTERNATIONAL TRADE  
JOHN C. CROSBIE  
TO THE CANADIAN AMBASSADORS FROM ARAB COUNTRIES  
AND THE CANADA-ARAB BUSINESS COUNCIL

Lester B. Pearson Building

Ottawa, Ontario

April 12, 1989.

LADIES AND GENTLEMEN,

FIRST, LET ME WELCOME YOU ALL HERE TONIGHT. I AM PLEASED TO SEE REPRESENTATIVES OF SO MANY DIFFERENT CANADIAN COMPANIES FROM ACROSS THE LAND ACTIVE IN PURSUING TRADE ACTIVITIES IN THE MIDDLE EAST.

LET ME ALSO OFFER A SPECIAL "WELCOME HOME" TO OUR AMBASSADORS TO THE ARAB WORLD. I WOULD LIKE TO MENTION THEM BY NAME. MOST OF YOU WILL KNOW OUR "OLD HANDS" WHO HAVE BEEN SERVING IN THE REGION FOR SOME TIME:

GARY HARMAN	-	SYRIA
DOUG VALENTINE	-	SAUDI ARABIA
MICHAEL BELL	-	JORDAN
WILFRED-GUY LICARI	-	MOROCCO
GILLES MATHIEU	-	ALGERIA
TIMOTHY WILLIAMS	-	TUNISIA

SOME OF YOU MAY NOT YET HAVE MET OUR AMBASSADORS WHO WERE APPOINTED LAST SUMMER:

MARC BRAULT	-	EGYPT
LARRY DICKENSON	-	KUWAIT
DAVID KARSGAARD	-	IRAQ

I AM SURE THE EXPORT COMMUNITY HERE THIS EVENING WILL JOIN ME IN OFFERING OUR THANKS TO YOU FOR THE EXCELLENT WORK YOU ARE DOING ON OUR BEHALF.

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I ALSO WANT TO THANK THE CANADA-ARAB BUSINESS COUNCIL AND THE EGYPT-CANADA BUSINESS COUNCIL, WHOSE EXECUTIVE AND MEMBERSHIP ARE HERE IN LARGE NUMBERS. BOTH HAVE MADE SIGNIFICANT CONTRIBUTIONS TO CANADA'S TRADE EFFORTS IN THE REGION. BOTH WORK VERY CLOSELY WITH OUR OWN PEOPLE HERE IN THIS BUILDING AND IN THE EMBASSIES ABROAD IN IMPLEMENTING OUR TRADE STRATEGY FOR THE ARAB WORLD.

I WOULD LIKE TO TAKE A FEW MOMENTS OF YOUR TIME TONIGHT TO TALK ABOUT CANADA'S MARKETS IN THE ARAB WORLD AND WHAT WE CAN AND SHOULD BE DOING TO EXPLOIT THEM. BUT BEFORE I DO THAT, LET ME TRY TO SET OUR TRADE STRATEGY INTO A DOMESTIC PERSPECTIVE.

IN THE THRONE SPEECH OF A WEEK AGO MONDAY THIS GOVERNMENT LAID OUT ITS TRADE OBJECTIVES FOR THE NEXT FEW YEARS. CANADIANS HAVE RECOGNIZED THAT TO PROSPER AND GROW WE MUST COMPETE EFFECTIVELY IN GLOBAL MARKETS. TO DO THIS WE FACE A SERIES OF CHALLENGES:

- TO BUILD ON THE OPPORTUNITIES CREATED IN THE NORTH AMERICAN MARKET BY FREE TRADE;
- TO ACHIEVE A MORE OPEN GLOBAL TRADING ENVIRONMENT THROUGH THE MULTILATERAL TRADE NEGOTIATIONS;
- AND TO TAKE ADVANTAGE OF EMERGING POSSIBILITIES AROUND THE WORLD.

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LET ME NOW TURN TO THE MIDDLE EAST, FOR THIS IS A REGION THAT CAN OFFER US THESE EMERGING TRADE POSSIBILITIES. ON THE POLITICAL FRONT, THE PAST YEAR HAS BEEN ONE OF SIGNIFICANT PROGRESS FOR THE REGION. CLEARLY, WHILE MIDDLE EAST TENSIONS REMAIN THE FOCUS OF LEGITIMATE INTERNATIONAL CONCERN, RECENT DEVELOPMENTS PROVIDE GROUNDS FOR CONFIDENCE. AGAINST THE GENERAL BACKDROP OF IMPROVED RELATIONS BETWEEN THE SUPERPOWERS, MAJOR TRENDS WITHIN THE REGION ITSELF SHOW THE ADVANCE OF PRAGMATISM OVER RHETORIC.

DESPITE THE PROBLEMS OF THE REGION, THE MIDDLE EAST ALSO HAS STABLE GOVERNMENTS IN MOST OF THE COUNTRIES AND HIGH STANDARDS OF LIVING IN THE OIL-PRODUCING STATES.

. THERE ARE ARAB COUNTRIES WITH LARGE POPULATIONS AND LOW-INCOME (EGYPT) AND THOSE WITH SMALL POPULATIONS AND HIGH INCOMES (KUWAIT).

THERE ARE THOSE ACTIVELY SEEKING TO SEND INVESTMENT TO CANADA (UNITED ARAB EMIRATES) AND THOSE LOOKING TO IMPORT TECHNOLOGY FROM US TO DEVELOP LOCAL MANUFACTURE (SAUDI ARABIA AND MOROCCO).

THERE ARE CASH MARKETS (ARABIAN PENINSULA) AND MARKETS WHERE FINANCING IS A PREREQUISITE TO DOING BUSINESS (ALGERIA, IRAQ).

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THE ARAB REGION IS LARGE, DIVERSE AND, STILL ON THE ROAD TO DEVELOPMENT. THESE ARE CONDITIONS WHICH OFFER CONSIDERABLE OPPORTUNITY FOR CANADIAN COMPANIES.

THE FOCUS OF MY DEPARTMENT'S EFFORTS IN THE ARAB WORLD HAS BEEN ON THE DEVELOPING COUNTRIES OF NORTHERN AFRICA AND THE CASH MARKETS OF THE GULF, WHERE THE MOST IMMEDIATE RETURN ON EFFORT IS POSSIBLE. THE POTENTIAL FOR CANADIAN SALES TO THE REGION HAS INCREASED IN RECENT YEARS AS THESE COUNTRIES SEEK TO SUBSTITUTE CHEAPER NORTH AMERICAN GOODS FOR HIGHER PRICED EUROPEAN AND JAPANESE PRODUCTS. CANADA IS RAPIDLY GAINING AN EXCELLENT REPUTATION IN THE AREA AS A SUPPLIER OF STATE OF THE ART TECHNOLOGY, AND HIGH QUALITY PRODUCTS AND SERVICES.

OVER THE PAST FEW YEARS MY DEPARTMENT HAS ORGANIZED OVER ONE HUNDRED TRADE EVENTS OF ONE TYPE OR ANOTHER IN THIS REGION - INCOMING GROUPS OF BUYERS; OUTGOING TRADE MISSIONS; TRADE FAIRS; SEMINARS. WE STAFF THE REGION WITH 17 CANADIAN TRADE COMMISSIONERS AND SPEND OVER A MILLION DOLLARS A YEAR ON EXPORT PROMOTION ACTIVITIES.

AS YOU KNOW EDC FACILITATES AND DEVELOPS CANADA'S EXPORT TRADE BY PROVIDING COMPETITIVE INSURANCE GUARANTEES, LOANS AND RELATED FINANCIAL SERVICES WHICH BEST SERVE CANADIAN EXPORTERS.

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SINCE 1971, EDC HAS PROVIDED DIRECT LENDING FINANCING OF CLOSE TO CDN. \$1.7 BILLION IN SUPPORT OF EXPORTS INTO THE MIDDLE EAST AND MAGHREB. IN ADDITION, EDC HAS SUPPORTED THESE SAME MARKETS SINCE 1975 WITH INSURANCE VOLUMES TO DATE IN EXCESS OF CDN. \$7.2 BILLION.

CANADA'S ANNUAL EXPORTS OF GOODS AND SERVICES TO THE ARAB COUNTRIES ROSE STEADILY FROM THE EARLY 70'S TO A PEAK OF ABOUT THREE BILLION DOLLARS IN 1984. WITH THE COLLAPSE OF OIL PRICES, OF COURSE, WE LIKE EVERY OTHER WESTERN COUNTRY LOST SOME GROUND. OUR EXPORTS DECLINED IN 1985 AND 1986.

HOWEVER, I AM HAPPY TO REPORT THAT THIS TREND HAS BEEN ARRESTED - IN BOTH 1987 AND 1988 WE RECORDED A GROWTH IN OUR TRADE FIGURES. WE NOW SELL ANNUALLY OVER 2.5 BILLION DOLLARS WORTH OF GOODS AND SERVICES TO THE ARAB WORLD.

WE HAVE SCORED MAJOR SUCCESSES IN TELECOMMUNICATIONS, SOPHISTICATED ELECTRONICS AND THE SALE OF SERVICES IN SUCH FIELDS AS EDUCATION.

OF ALL CANADA'S SUCCESSES IN THE REGION, NONE CAN COMPARE OF COURSE WITH THE SALE OF BELL CANADA'S MANAGEMENT SERVICES TO THE KINGDOM OF SAUDI ARABIA. I AM TOLD THAT, OVER 12 YEARS, THIS SERIES OF CONTRACTS WAS WORTH OVER THREE BILLION DOLLARS. MORE RECENTLY I WAS PLEASED THAT, WITH EDC SUPPORT, BELL CANADA WAS ABLE TO MAKE A \$200 MILLION DOLLAR SALE TO MOROCCO. OTHER RECENT

CONTRACTS INCLUDE SALES OF GM LOCOMOTIVES TO ALGERIA AND THE PROVISION OF EDUCATIONAL SERVICES TO ABU DHABI BY EDUCANSULT OF TORONTO.

AND RECENT EVENTS IN THE REGION OFFER PROMISE FOR THE FUTURE, IN PARTICULAR, THE END OF THE GULF WAR HAS BROUGHT THE FEELING OF BUSINESS CONFIDENCE FLOODING BACK TO THE OIL PRODUCING STATES OF THE ARABIAN PENINSULA. AND IT IS HAS BROUGHT THE PROSPECT OF ECONOMIC GROWTH AND RECONSTRUCTION TO THE ECONOMY OF IRAQ.

BUT THE NEW ARAB MARKET WILL BE DIFFERENT FROM THE ONE OF THE 1970'S. MUCH OF THE BASIC INFRASTRUCTURE HAS BEEN BUILT - THE "GOLD PLATED" MARKETS WILL NOT BE THERE AGAIN. THE EMPHASIS MUST BE ON TRAINING, TECHNOLOGY EXCHANGE, INVESTMENT, OPERATIONS AND MAINTENANCE CONTRACTS.

THROUGHOUT THE REGION, THERE IS A RESURGENCE IN THE IMPORTANCE OF THE PRIVATE SECTOR. MORE AND MORE ARAB GOVERNMENTS ARE RELYING ON THE PRIVATE SECTOR TO DRIVE THEIR NATIONAL ECONOMIC GROWTH. IMPORT REGIMES ARE BEING RELAXED; LOCAL PRIVATE FINANCING IS BECOMING AVAILABLE; INDUSTRIES ARE BEING DEREGULATED.

ACCORDINGLY, WHILE IN THE SEVENTIES THE FOCUS OF CANADIAN EXPORT EFFORTS WAS ON SELLING LARGE INFRASTRUCTURAL PROJECTS TO PUBLIC SECTOR BUYERS. IN THE NINETIES, OUR FOCUS WILL BE ON SELLING TECHNOLOGY AND SERVICES TO THE ARAB PRIVATE SECTOR.

THE GAME HAS CHANGED, BUT THE POTENTIAL IS STILL ENORMOUS.

AS YOU KNOW, OUR AMBASSADORS ARE BACK FOR A THREE-DAY CONFERENCE ON OUR MIDDLE EAST POLICY DIRECTIONS AND PROGRAMS. THEY HAVE DISCUSSED THOROUGHLY BOTH THE POTENTIAL OF THE REGION AND SOME OF THE CHALLENGES WE WILL FACE TO EXPLOIT THESE MARKETS.

ONE OF THESE CHALLENGES IS TO ENCOURAGE A LARGER PERCENTAGE OF THE CANADIAN BUSINESS COMMUNITY TO UNDERTAKE MARKETING EFFORTS IN THAT PART OF THE WORLD. OUR AMBASSADORS KNOW OF EXAMPLES OF CONTRACTS, IN THE MEDICAL FIELD OR IN THE OIL AND GAS SECTOR, WHERE ARABS EAGERLY SOUGHT CANADIAN BIDDERS, BUT COULD FIND NONE; OR OTHER PROSPECTS WHICH HAD BEEN IDENTIFIED BY CANADIAN FIRMS, BUT SUBSEQUENTLY DROPPED.

NOW I KNOW THAT TONIGHT I AM PREACHING TO THE CONVERTED. MANY OF YOU PEOPLE MAKE YOUR LIVING, OR PART OF IT, IN THE ARAB WORLD AND KNOW FAR MORE ABOUT IT THAN DO I, BUT WE NEED YOU TO SPREAD THE MESSAGE THAT THIS IS AN AREA OF THE WORLD FULL OF OPPORTUNITIES. AND WE RELY ON THOSE OF YOU WHO TRAVEL REGULARLY TO THE ARAB LANDS TO CORRECT SOME OF THE PREVAILING CANADIAN MYTHS ABOUT THIS PART OF THE WORLD.

THE CANADA-ARAB BUSINESS COUNCIL AND THE EGYPT-CANADA BUSINESS COUNCIL CAN PLAY, AND ARE PLAYING, AN IMPORTANT ROLE IN THIS REGARD. IT IS CLEARLY THESE TYPES OF BUSINESS ORGANIZATIONS



- GROUPS OF CANADIAN EXPORTERS WITH SPECIFIC MARKET TARGETS IN MIND - THAT WE HOPE WILL BEAR MORE OF THE BURDEN OF SPREADING THE TRADE MESSAGE, UNDERTAKING TRADE PROMOTION ACTIVITIES, ORGANIZING MISSIONS, VISITS AND SO FORTH.

AS MANY OF YOU KNOW, THE CANADA-ARAB BUSINESS COUNCIL AND THE EGYPT-CANADA BUSINESS COUNCIL ARE JOINING TOGETHER; RESTRUCTURING; AND REFINANCING THEIR OPERATIONS TO ACHIEVE AN EVEN HIGHER LEVEL OF ACTIVITY IN THE FUTURE. IN A FEW MOMENTS I WILL ASK SAMIR ZALZAL, PRESIDENT OF THE CANADA-ARAB BUSINESS COUNCIL, TO TELL US A BIT MORE ABOUT THE COUNCIL'S PLANS IN THIS REGARD.

BEFORE HE DOES SO, HOWEVER, I WOULD LIKE TO SAY THAT THE GOVERNMENT OF CANADA WANTS TO DO EVERYTHING POSSIBLE TO ENSURE THE SUCCESS OF THIS MERGER, AND TO ENCOURAGE THE "NEW" CANADA-ARAB BUSINESS COUNCIL TO GREATER HEIGHTS IN REPRESENTING CANADA ABROAD. THIS IS WHY WE WILL SUPPORT THE NEW COUNCIL BOTH SUBSTANTIVELY AND FINANCIALLY IN GETTING UNDERWAY.

SAMIR, I WELCOME YOUR INITIATIVES AND WANT TO WISH YOU THE BEST OF SUCCESS IN ADVANCING CANADIAN EXPORT EFFORT TO THE ARAB WORLD.

THANK YOU VERY MUCH.

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