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**Canada and the Arabian Gulf:  
Adapting to the Post September 11th World**



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**Policy Planning, Foreign Affairs and International Trade**  
**February 2002**

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# Canada and the Arabian Gulf: Adapting to The Post September 11 World

## *Executive Summary -*

The events of September 11 and the "War Against Terrorism" have had a fundamental impact on Canada's international relations. This paper examines the impact of these events on our relations with the Gulf. Although there has been a temporary decline in travel by Canadians to the region, recent events have actually created new opportunities for political exchange and dialogue. As well, the immense economic wealth and potential of the region present many commercial opportunities for Canada.

The region is going through a period of rapid demographic, economic and social change. A new generation, better educated and well traveled, is emerging as the dominant demographic cohort. It is in Canada's long-term interests to cultivate this generation *now* to enhance Canada's future position in the region. To do so, we need to build upon, and better market, many of our strengths - our world-class educational system, our tolerant multi-culturalism, and our position as a world leader in high-tech and communications.

Interviews conducted for this report underlined the desire of the elites of the region to engage in a dialogue with their Canadian counterparts across a range of policy areas - security, intelligence, defence relations, crime, among others. It is in our mutual interests to pursue this desire for dialogue. There are also regional organizations, such as the Gulf Co-operation Council, which have concentrations of experts and expertise that can be easily tapped.

Above all, governments, institutions and elites in the region are seeking international respect and recognition, and see Canada as a desired partner. To take advantage of this interest, even a modest increase in diplomatic resources and presence would pay tremendous long-term dividends. In the short term, specific initiatives, such as holding of policy talks in different fields and promoting visits and exchange of experts, would have a positive impact on our bilateral relations.

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## **I. Introduction:**

The terrorist attacks of September 11, and resulting diplomatic and military maneuvering, has resulted in major changes in international relations. At the geographic crossroads of the Middle East, Africa and South Asia, the Arab Gulf finds itself on the front lines of the war against terrorism. The historic birthplace and current bastion of the Islamic faith, the region has a special significance for the billion-plus followers of Islam. Its massive energy reserves, and tremendous purchasing power, also make the Arab Gulf a major focus of international commerce.

This paper will examine the impact of the war on terrorism on Canada's relations with this region. It is based on research conducted in four countries: Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates, during December, 2001. In the subject countries, a range of government officials, universities, think tanks, business organizations, and Canadian expatriates were interviewed. Meetings were also held with key representatives of multilateral Islamic organizations: the Organization of Islamic Conference, Islamic Development Bank, Gulf Cooperation Council among others.

There were three broad objectives for the research: 1) to examine key trends in the region and how they affect the future of Canada's relations with the Gulf, 2) to review how the events of September 11<sup>th</sup> and the War Against Terrorism are perceived in the region, and 3) to draw up practical recommendations on how Canada can enhance relations with, and profile in, these countries.

### **Assessment - Opportunities for Canada:**

The shock of September 11 had a short-term negative impact on Canadian relations with the Gulf. The tension and uncertainty caused by the September 11 terrorist attacks, especially the media hype of the perceived danger to travelers, caused a decrease in the flow of commercial and other visitors to the region. This effect should diminish as the shock of the first steps of the war against terrorism subside. *However, in contrast to this short-term downside, the aftermath to the "war against terrorism" actually provides Canada with a unique opportunity to enhance its profile and expand relations within the region. Why is this?*

First, countries in the region seek international attention and respect. Simply put, following the early stages of the war against terrorism they feel neglected and misunderstood by the West. Yet Canada, perceived as a fair-minded and sophisticated middle-power, with none of the political baggage of the world's super power nor the colonial heritage of Europe, is perceived as a welcome interlocutor. Elites in the region are anxious to have a real and broad-based dialogue with Canadian officials and representatives of Canadian institutions and organizations. It is in Canada's interest to respond actively to this genuine desire for dialogue and better understanding.

Second, there are a range of mutual interests and topics on which the exchange of information is of immediate interest to both Canada and the countries of the region. Issues such as security, counter-terrorism, military intelligence, among others, are all key elements relevant to the "next steps" in the war against terrorism for Canada and the West.

Third, it is in Canada's strategic long-term interest to build, pro-actively, strategic linkages with the new generation of political, cultural and academic elites that is starting to become influential within the region.

Fourth, in many areas of policy consultation, even a relatively minor increase in Canadian representation or presence, for example, the holding of annual consultations with officials can pay huge dividends in terms of information and intelligence-gathering for Canada. Within many regional organizations, such as the Gulf Co-operation Council, with its sub-committees and areas of specialized activities, there are groups of experts who would be valuable contacts for Canada.

Fifth, despite the temporary reduction of interest in and travel to the region following September 11 *many commercial opportunities for Canadian firms and institutions, such as those involved in the educational field, have actually increased.*

Compared to our G-7 allies, Canada has a limited diplomatic presence in the region. Resources are stretched. However, even a minor incremental presence in terms of personnel, programs, and visits would have a major impact. The Department should also look closely at how collaboration with the Canadian private sector, academic institutions, and civil society can be used to leverage our presence in the Gulf.

## II. The Gulf - Current Trends:

The Gulf is uniquely wealthy, both in terms of per capita incomes, private and corporate wealth, and state resources. The US investment bank Merrill Lynch estimates that the Gulf States have an estimated 185,000 millionaires, possessing \$718 billion. The UAE alone, a country with a population of just under 3 million - equivalent to the province of Alberta - has 59,000 millionaires owning \$160 billion. Along with private wealth, the wealth of governments in the region is staggering. Kuwait, with a population similar to that of the City of Vancouver, has a state investment agency - the Kuwait Investment Agency - with assets of US \$56 billion. It is estimated that the Abu Dhabi Investment Authority has between \$US 150-400 billion in foreign investments under management, and in the past three years has made more money from these investments than from oil. It is important to note that these figures represent state investments only and does not include the foreign holdings of individuals or private companies. In that respect, a recent report observes that high net worth individuals in the UAE alone have \$US 260 billion in foreign investments. Residents of the Gulf are sophisticated investors, many with interests spanning the globe. For example, little known in the West, the Kuwait Investment Agency owns 7% of the Daimler-Chrysler corporation.

Situated at the crossroads of three continents, the region also has a rich international trading history. At the start of the 21<sup>st</sup> Century, it is poised to once again capitalize on its strategic trading position. Massive investments in infrastructure during the last two decades have helped make the region a key distribution centre and commercial hub. The Gulf has become the wholesale warehouse for the South Asian market of a billion-plus consumers. The United Arab Emirates, in particular, is emerging as the banking "Switzerland" of the Middle East and South Asia.

The UAE's Sheikh Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, declared last November that in his country: "Huge commercial projects are under way. Massive housing developments are rising from the sands. Two huge offshore islands visible from space will double our coastline. Dubai airport will grow to handle five times the 14 million passengers a year it sees today. *We are not content simply to wait for the future - we are building it.*"<sup>1</sup>

This statement is not marketing hyperbole. It is fact. In addition to billions of dollars being pumped into housing and commercial real estate, the UAE has built world-class transportation and communications infrastructure. Its Jebel Ali Free Zone, formed in 1985, is now host to 1,900 businesses and continues to attract investments from some of the largest corporations in the world. The Dubai container port is one of the busiest ports in the world, and has surpassed both Tokyo and New York in container traffic.<sup>2</sup> Emirates Airlines, winner of a number of "Best Airline" awards, has seen its profits grow by 40% during 2000-1, and is in an aggressive expansion mode. In contrast to cut-backs in major world carriers following September 11, Emirates Airlines announced last November orders worth US \$15 billion for 58 widebody aircraft from Boeing and Airbus Industrie. This represents one of the biggest civilian aircraft orders in world history.

The UAE is also keen on becoming a regional force in high technology and communications. Its government is determined that the UAE become an international centre for ecommerce. In October 2000, the UAE opened *Dubai Internet City (DIC)*, representing a US \$250 million investment. The project has successfully bucked the global high-tech slump, and has attracted companies such as Hewlett Packard, Microsoft and Cisco systems, as well as many dot.com start-ups.

These developments in the UAE and other Gulf countries underline the immense commercial potential in this region. With the current slow-down in the US economy, the opportunities present in the region gain even greater significance for Canadian firms who are seeking more diversity in their export activities. Many of these opportunities *are* being exploited. The UAE has proved to be a source of considerable business for Canadian architects and engineers. Dozens of major and signature buildings in Abu Dhabi and Dubai have been designed by Canadian architects and built or project managed by Canadian engineering firms. In other infrastructure fields there is a billion dollar Canadian hospital project in Abu Dhabi and extensive projects in the water infrastructure sector and in oil and gas. The eleven UAE Higher Colleges of Technology were developed on a Canadian model and have hundreds of Canadian teachers in them. The Canadian firm CAE last July entered into a joint venture with Emirates Airlines to construct and operate the new Emirates Aviation Training Centre, and last November announced the launch of the Gulfstream business jet training at the new centre as part of the \$100 million agreement.

One point cannot be overemphasized - in contrast to many other regions of the world where lack of domestic investment resources, or in more stark terms - ability to pay - remains a barrier to trade, the Gulf's financial resources, and increasing willingness to invest in advanced sectors, gives the region a special significance in future global trade and development. This should be better recognized by Canadian exporters.

### **Societies in Change:**

During the last few decades, few areas of the world have undergone the degree of rapid and dramatic change as that undergone by the Arab Gulf. Some of the key Gulf states did not receive full autonomy until 1971. Accordingly, their governments and national institutions are barely a generation old. What is of greater significance is the immense societal changes these countries have experienced. Emerging from a bedouin and tribal culture, countries of the Gulf have had to modernize with break-neck speed. In some cases, cities have been built where none existed before, and an entire generation has had to train itself to administer a modern economy.

Massive investments in education has resulted in increased literacy rates and a growing, professionally-trained middle class. In the field of mass communications, satellite television, cellular telephones, and the internet have become omni-present, linking the region to the global media and communications world. Women, who have been constrained by a male-dominated conservative culture, are gradually, albeit slowly, gaining more rights, especially in some of the more progressive Gulf states of Kuwait and the United Arab Emirates.

As in any society facing rapid change, the transition has not always been easy. In common with many developing countries, pre-modern, feudal and tribal influences continue to flourish behind the physical facade of modernity. This is not unexpected. Many of the contradictions between modernity and tradition continue to be at the source of societal stress. None the less, almost all national governments in the region have succeeded in providing a better life for their citizens, with more economic and personal opportunity for the vast majority.

Along with greater longevity and some of the best health care in the world, one of the prime areas of progress has been education. Throughout the Gulf, there has been an explosion in educational opportunities for average citizens. Adult literacy in Saudi Arabia has more than doubled during the last three decades, increasing from approximately one out of three literate adults (35.2%) in 1970, to more than three out of four (76.1%) in 1999.<sup>3</sup> Improvements in female literacy, a key development indicator, are even more striking. In 1970, less than one out five (17.1%) adult women could read or write in Saudi Arabia. By 1999, the female literacy rate had more than trebled to three out five (65.9%).

In addition to the tremendous increases in literacy rates, the Gulf has witnessed the creation of an important network of universities and post-secondary education. All countries of the Gulf have invested heavily in sending students overseas to receive specialized training. Most students went to the United States, and the high degree of fluency in English of overseas graduates is an important contributing factor to the region's integration in the global economy and various areas of research.

### **Demographics and Societal Change - The Youth Bulge:**

David Foot, the Canadian author of the best-seller Boom, Bust and Echo, states that "demographics explain about two-thirds of everything." In the context of the Gulf, one of the most important social and demographic factors is the emerging "youth boom." In contrast to Canada, with its aging population, an astonishingly high proportion of Gulf residents are young. Almost half (43%) of the Kuwait population are aged 18 or under, and 11% are under 5. This will have tremendous implications for the region in terms of demand for educational services, employment, and consumer services.



What is of special significance is that the emerging generation - and especially the emerging generation of leaders - are better educated, well traveled, and plugged into the new global communications culture. Throughout government departments and academic institutions in the Gulf, one is struck by the presence of this age cohort in middle-management categories, and it is this age cohort which will be moving into top positions in the hierarchy in the coming years.

If Canada is to advance its interests in the region during the coming decades, it is in our interest to target this rising generation in our diplomatic and public diplomacy activities. A prominent regional analyst, Kevin R. Taecker, observes: "One of the central issues facing the Gulf Co-operation Council region in its effort to join the global rules-based economy is that much happens at a very fast pace and with short time horizons. In the Arab world, doing business involves consideration not just for this generation, but for the next."<sup>4</sup>

In many ways, generational and technological change will increasingly intersect, as the freedom of expression inherent in satellite news coverage and the internet will dramatically reduce the impact of state censorship and media control. One American analyst, Winston P. Wiley, observes:

*Over the last decade ... traditional monopolies over what their publics hear, read, and see have been eroded by competitive sources ....Arabic language satellite broadcasting networks, like London-based MBC or al-Jazeera in Qatar, have become popular sources of news, information, and entertainment for significant segments of the public in a number of Arab countries. The arrival of the internet has bolstered the trend to some degree .... its spread nonetheless reinforces the trend toward greater and more varied flows of information in the region.*<sup>5</sup>

The growing importance of "new media" in the Gulf - satellite television and the internet - cannot be overestimated. These developments in mass communication technologies have a direct and immediate impact on the potential effectiveness of Canadian public diplomacy initiatives in the region, especially with the emerging generation. In the Gulf and Mid-East, perhaps more so than in other regions, unless a country has a satellite television presence projecting its news and "world view," it will become increasingly marginalized. Although TV 5 coverage, which includes broadcasts of Radio Canada news, is available in the region, there is no regularly televised English language Canadian news. Accordingly, the availability of English Canadian satellite news to the region is one of the recommendations of this report.

## **II. Perceptions of the War Against Terrorism:**

### **Background: The Influence of Islam:**

There are over one billion Moslems in the world, making up a fifth of the world's population. The practice of Islam is an important aspect of daily life for residents of dozens of countries in the "Islamic Crescent" stretching from West Africa to Eastern Indonesia. There is now also a significant Islamic population in Europe and North America, and although statistics are unreliable, there could be as many as one million Moslem Canadians.

The influence of the Islamic factor on the foreign policies of countries with significant Islamic populations varies enormously. For Saudi Arabia and many of the Gulf states, Islam, its defence and promotion, is ostensibly at the heart of both domestic and foreign policies. It is much less of a factor in those Moslem countries with secular constitutions and governance structures. Care should be taken in drawing direct links between the influence of religion on specific national policies. All countries, whatever their religious makeup, pursue their national interests - however they chose to justify them. This caveat notwithstanding, and in comparison to secular Western states, religion is clearly a major factor in the international relations of many Moslem countries, especially those in the Arabian Gulf.

### **Impact of September 11 on the Arab and Islamic World:**

Based on interviews with policy-makers and opinion-influencers in the Gulf there is a clear bifurcation of opinion on the desirability and efficacy of the Western campaign against terrorism. At the official level, there is strong condemnation of the September 11 terrorist attacks, and general endorsement of the need to combat terrorism. However, in terms of general public opinion, there are varying degrees of hostility towards the West in general, and the United States specifically. Based on responses in interviews, the following themes recur:

- 1) The West is selective in its definition of terrorism, and discriminatory against Arabs and Moslems in this definition.
- 2) Despite repeated denials by Western leaders, the "War on Terrorism" is perceived by many as a war against Islam.
- 3) Arabs and Moslems feel "humiliated" in their treatment by the West. Reports of harassment of Moslems and Arabs in the West have are the subject of many rumours on the street and receive substantial media coverage.
- 4) Western handling of the Palestinian-Isreali dispute remains the key image "driver" in determining attitudes toward the West.

Many of these specific issues that leads to sentiments of frustration with the West are not new. What is new is that, according to numerous interlocutors, since September 11 the Western media has caricatured the entire Arab world as “terrorist”. This has bred a resentment. On a more positive note, this resentment has instilled a desire for greater recognition by, and dialogue with, western countries such as Canada. There is a desire to be seen positively and to have the opportunity to discuss their views of current regional and international issues, rather than be “lectured” by Western countries on what they must do in the war against terrorism.

Interviews with opinion-influencers and policy influencers revealed significant concern about the treatment of regional nationals in the West. In some cases, families have withdrawn their children from post-secondary institutions in the United States and are now seeking alternative locations for over-seas education. In this respect, Canada is seen in a favourable light and current views of the West present significant opportunities for the marketing of Canadian educational services and products.

### **III. Canada and the Gulf**

#### **Perceptions of Canada:**

Perceptions of Canada are important. They are important because they can be a determining factor among potential diplomatic and business partners in pursuing relations with Canada. Canada must promote its interests in a competitive international environment, and this is certainly the case in the Arabic-speaking and Islamic world.

Based on the interviews conducted with policy influencers in the subject countries Canada enjoys a positive image. We are frequently seen as bringing an "independent" perspective to international relations. In general, we are seen as being "different" from the United States, but most interviewees are unable to really define these differences. Although generally regarded positively, frequently little is known about our domestic policies and values. To enhance our image in the region, it is clear that a more concentrated effort is needed, through, for example, more systematic use of the local media and development of public affairs events to build a stronger Canadian profile.

#### **Canadian Interests:**

Since the events of September 11<sup>th</sup>, the international campaign against terrorism has become an important addition to the traditional Canadian interests in Moslem countries. Major terrorist organizations such as Al-Qaeda have based their headquarters and fund-raising in Islamic countries, and received varying degrees of support from different sectors of the elites and general populations. From a geo-strategic perspective, the Middle East and the Gulf have been the scene of major armed conflicts during the last three decades: the Arab-Israeli dispute, the Iran-Iraq War and the Gulf War. Political instability and armed conflict in the region have implications far outside of the region, and remain an important foreign policy concern for Canada.

Although trade is the focus of our bilateral relations with the Gulf, a number of factors are often over-looked in our analysis of the political significance of the region. Relatively small in population compared to major Islamic countries such as Indonesia and Egypt, the Gulf countries, and especially Saudi Arabia, never the less exert significant influence throughout the Islamic world. The Gulf States have significant business holdings in neighbouring regions, and are a major source of investment in throughout the world economy. The region attracts hundreds of thousands of foreign workers, with Egyptians, Indians, Pakistanis and Philipinos among the largest foreign communities. In many of the smaller Gulf states, such as Kuwait and the UAE, the population of foreign workers far exceeds that of national citizens. For example, in both Kuwait and Qatar, about two-thirds of these countries' residents are foreign nationals.

Less obvious than their economic strength, is the behind the scenes diplomatic role that the Gulf states play in various issues both in and outside the immediate region and in Islamic institutions. For example, the granting of exile to former Pakistani Prime Minister Nawaz Shariff by Saudi Arabia in December, 2000 was a major factor in domestic Pakistani politics. The Saudis have also provided a mediating role in Libya's desire to improve relations with the West. On the institutional side, the Saudis control the chair and agendas of the Organization of Islamic Conference and the Gulf Cooperation Council. As the largest contributor to the Islamic Development Bank, it heavily influences the lending policies of that organization. As well, being home of the two most Holy Sites in Islam, millions of Moslems from around the world have visited Saudi Arabia to conduct the haj pilgrimage.

#### **Long-term Democratic Development - Canada's Role:**

Despite the immense material progress made in the region during the last few decades, by Western standards, it is clear that the region continues to suffer from a "democracy deficit." However, there have been important moves towards broader participation and more democratic structures in some of the Gulf States. In this respect Kuwait, with its national parliament, which has real policy-making power, and moves by the Government to provide women with the right to vote, are major steps in the institutional and societal evolution of the region. However, democratic reforms will likely remain evolutionary rather than revolutionary. This raises a number of essential policy questions for the West in general and Canadian policy in specific. Among these questions are: to what extent is "stability" the over-arching western interest in this region? How does Canada best work, in a very conservative and traditional social context, with progressive individuals and organizations to promote democratic reforms? How do we promote human rights, especially the rights of women, in the current societal context?



### **Initiatives to Enhance Canadian Relations with the Gulf States:**

Trade promotion has been the focus of Canada's relations with the Gulf. However, the importance of enhancing the political relationship with governments and elites of the region should not be underestimated. In some respects, trade with many of the countries is highly "politicized," ie. decisions to trade with one country over another can be heavily influenced by political factors. In this respect, the United States, as an economic and military superpower, enjoys a tremendous advantage, as does the United Kingdom, which has strong historical ties and high visibility in the region. However, the post September 11 environment does provide unique opportunities for enhancing our presence in the region. To take advantage of these opportunities requires a timely and focused incremental effort on behalf of the Government of Canada. It is important to again stress that both diplomacy and business in the Gulf is highly "personalised," that is, that sustained high-level personal contacts are essential in building a profile and sustainable relationship.

### **Political/Diplomatic:**

Where deemed appropriate, MINA should make a series of personal phone calls to his counterparts in the region, seeking their views and guidance on the post-September 11 and post-Aghan war international environment. This personal interest by the Minister would be highly valued and would have an impact far in excess of the minimal time investment involved. Many governments of Gulf states feel neglected by the West during the campaign against terrorist forces in Afghanistan, and have a strong desire to be "consulted" rather than "told" what to do.

Parliamentary visits should be expanded. The establishment of an informal Canada-Kuwait Parliamentary Friendship Group is a major step forward. The visit to Canada of representatives of the Saudi *Majlis* following former Senate Speaker Molgat's visit to Saudi Arabia in January, 2000 should be actively pursued. Also of interest is further use of the Parliamentary Centre in Ottawa to expand regional contacts.

The Department should examine the possibility of regular policy talks with some of the key governments of the region. To date, the region has received relatively little attention, if any, from DFAIT policy planners. Policy dialogue on military, security and terrorism issues would pay solid dividends over the long-term.

Senior officials' visits: visits to the region by senior officials of DFAIT and other ministries would help raise the Canadian profile in government ministries in the region. Visits by those officials working on intelligence and defence would be particularly timely.

The Department should examine the possibility of placing political officers in both Kuwait and the United Arab Emirates. Although small countries in terms of population, they both are important regional political centres. The countries are also increasingly important contact points for political figures from other Middle Eastern, Central and South Asian countries.

The Department should explore possibilities of exchange programs with junior diplomats of the region's Foreign Ministries. Although Saudi Arabia is unlikely to show interest in such exchanges, other Governments in the Gulf would. Given personnel constraints within the Department, such exchanges would be of a much shorter nature than those we presently support. None the less, even short exchanges of four to eight weeks would be valuable institutional bridge-builders, and could be integrated into the Arabic language training programs of junior officers.

### **Communications:**

The Department, in liaison with other relevant departments and agencies such as the CBC, Radio Canada, and private broadcasters, should push the concept of an international television presence for Canada. This is especially important in the Gulf and the Arab-speaking world in general, where satellite television news is increasingly influential in shaping public opinion. Currently, Canada is at a distinct disadvantage compared to its G-8 counterparts - the US, UK, France, Germany, Italy and Japan all have their television news available on satellite services in the region.

The Department, in conjunction with Heritage Canada and Arab-Canadian organizations, should support the production and distribution of a video highlighting the achievements of Arab-Canadians. Distribution of this upbeat and positive video could also be popular among Arab-language broadcasters in the region.

As part of its media visits program, the Department should invite prominent journalists from the Gulf to visit Canada. Visit themes could include the Muslim Canadian community, multiculturalism, Canadian high-tech capabilities, as well as education in Canada.

In conjunction with Heritage Canada, Canadian public and private-sector broadcasters, DFAIT could sponsor an international conference on new trends in broadcasting in the region. The heads of major regional broadcasters could be invited to Canada to attend, as would those personalities and firms who are active in satellite broadcasting. Sponsorship of such a conference would help "put Canada on the map" as an international broadcaster

and would give Canada media profile in the region. It would also be an excellent opportunity to market Canadian television products and establish personal linkages with the national broadcasting authorities, who presently import most of their English-language programming from the United States and Britain. Although there is already a considerable amount of Canadian children's programming on regional satellite stations, they do not, by themselves, leave a strong Canadian "imprint."

### **Religious Diplomacy:**

The Department could assist in organizing speaking tours of prominent Arabic-speaking Canadian religious scholars. This would identify Canada as a country with a substantial Islamic community and build bridges to Islamic scholars and institutions in the Gulf.

The Department, in conjunction with Heritage Canada and Canadian ecumenical bodies, should develop a series of videos on "the faiths of Canada." This video series, through "human interest" stories, would highlight the daily lives lead by the Canadian communities that practice the major religions - Christianity, Judaism, Islam, Hinduism, Sikhism, etc. in the Canadian context. The series would highlight the religious tolerance of Canadians and project Canada as a tolerant multicultural society. The Gulf countries would be most interested in the Canadian Islamic community, and this type of human interest program could easily be broadcast on the national television networks in the region. Such broadcasts would help offset street rumours of mistreatment of Moslems in the West.

### **Develop Relations with Regional Organizations:**

The Department should establish annual consultations with key regional organizations such as the Organization of Islamic Conference, and the Gulf Cooperation Council. Consultations with both these organizations would provide valuable first-hand insights into a range of security, intelligence, and political issues of importance to the Islamic world. Given limited presence of Canadian diplomatic political officers in the region, these consultations would greatly leverage our presence and contacts with key information-sources.

### **Academic Relations:**

Academic links with the region should be enhanced. An excellent starting point would be to support visits to the region by Canadian Islamic studies experts. McGill's Islamic Studies Centre is an Islamic studies institution with global recognition and would be an excellent partner.

The Department should also examine the establishment of scholarships and academic exchanges funded through private sector contributions of companies active in the region.

### **Marketing of Canadian Educational Services:**

The post September 11 environment provides a significant opportunity to enhance the profile of Canadian educational services, especially Canadian universities and technical training institutions. For a variety of reasons, many residents of the Gulf are seeking alternatives to US and UK institutions and Canada is extremely well-placed to meet this demand. Accordingly, a major marketing push for Canadian educational services could result in a major increase in Gulf students studying in Canada.

### **Investment Promotion:**

Highlighting investment opportunities in Canada should be a trade communications priority. Some investors in the region are seeking alternatives to US investments, and Canada is strategically placed to respond to these investment needs. Canadian real estate has become particularly attractive for many Gulf investors.

### **Development Cooperation:**

CIDA should reestablish consultations and linkages with the Jeddah-based Islamic Development Bank. Although co-financing of projects remains a possibility (the IDB currently undertakes co-financing with French aid agencies) the emphasis should be establishing a long-term policy dialogue. As the world's premiere Islamic development finance institution, and a major development actor in Africa, a priority region for Canadian development efforts, there are many areas of mutual policy interest.

### **Expand Personal Exchanges:**

Working with the Canada Arab Business Council, Industry Canada, and key Canadian companies with interest in the region, the Department should promote personal exchange activities, focusing on youth and commercial areas of mutual interest.

### **Provincial Linkages:**

Encourage greater provincial trade and political representation and visits in the region. This could be done through DFAIT representatives in the ITCs and through Federal-Provincial coordination.

1. H.H. Sheikh Mohammed quoted in *Dubai 2001 Closes with Record US \$15.605 Billion On-Site Order Book*," press statement, Barbara Saunders, MCS/Action, Dubai, UAE, November, 2001.

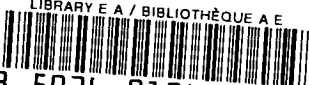
2. As measured by "TEU's" (Twenty-Foot Equivalent Unit), a key measurement in container traffic usage and efficiency. Source: American Association of Port Authorities, "Industry Information.," 28 January, 2002.

3. Sources for literacy rates are based on World Bank, 2001 World Development Indicators, CITRIX 2001.

4. Kevin R. Taecker, "Joining the Global rules-based Economy: Challenges and Opportunities for the GCC," Conference, Middle East Policy Council, Policy Forums, Capitol Hill Conference Series, February 1, 2000.

5. Winston P. Wiley, "The Middle East: The Next Decade, in *Planning Middle East Policy - 2000*," Institute for Near East Policy 2000 Weinberg Founders Conference, p. 7.



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