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Report of the

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# CANADIAN TRADE DEVELOPMENT MISSION TO THE MIDDLE EAST

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APRIL 10 - 24, 1974



Industry, Trade  
and Commerce

Industrie  
et Commerce

REPORT OF THE

[*Canada* · CANADIAN TRADE DEVELOPMENT MISSION TO THE MIDDLE EAST]

LED BY

HONOURABLE ALASTAIR GILLESPIE

MINISTER OF INDUSTRY, TRADE AND COMMERCE

APRIL 10-24, 1974

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REPORT OF  
MINISTERIAL TRADE DEVELOPMENT MISSION TO THE MIDDLE EAST

APRIL 10-24, 1974

A. MEMBERSHIP

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Minister of Industry, Trade & Commerce

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Mr. F.R. Petrie  
General Director  
Pacific, Asia and Africa Bureau

Mr. D.J. Janigan  
Director  
Special Projects Branch  
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Mr. K.V.D. Gardner  
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Information Services Branch

Mr. P. Ghattas  
Africa and Middle East Division  
Pacific, Asia and Africa Bureau

(Mission Secretary)

Mr. A.N. Lever  
Pacific, Asia & Africa Division  
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(Mission Coordinator)

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CAE Electronics Limited  
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Mr. W.J. Shields  
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Keeprite Products Limited  
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Power Systems Group  
Westinghouse Canada Limited  
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Associations

Mr. N.R. Dusting,  
Executive Vice-President  
Council of Forest Industries of B.C.  
Vancouver, B.C.

Mr. C.E. Broadwell  
Marketing Manager  
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Monsieur Jean-Paul Gourdeau  
President  
Canadian Assn. of Consulting Engineers  
Montreal, Quebec

Mr. Peter Godsoe  
Canadian Bankers' Association  
Toronto, Ontario

Monsieur Jean-Louis Gervais  
President  
Canadian Importers Association Inc.  
Montreal, Quebec

B. MISSION OBJECTIVES

The Middle East - mysterious, contradictory, poorly understood and seldom explored by Canadians. In mid-April the Honourable Alastair Gillespie, Minister of Industry, Trade and Commerce set out with a group of businessmen and officials to introduce Canada to this little known part of the world with the hope that better mutual understanding would be a first step towards closer relations.

The overall objective of the mission was two-fold:

- (1) to introduce as broad a representation of the Canadian business community as possible to the opportunities for closer trade and economic contacts with the countries of the Middle East;
- (2) to indicate Canada's willingness and ability to participate in the large scale development plans being implemented by these countries in response to the recent precipitate increase in oil revenues accruing to them.

The mission explored opportunities for advancing all phases of Canadian economic activity in the countries concerned.

Individual members shared as their common objectives:

- (1) to follow up with concrete proposals on opportunities uncovered during recent exploratory visits to the area;
- (2) to identify new market sectors which would warrant increased Canadian marketing and promotional efforts;
- (3) to determine what obstacles might have been preventing increased sales of Canadian products to the markets in question;
- (4) to publicize the Canadian presence;
- (5) to increase Canada's negligible share of the vast import market of the area; and
- (6) to focus the attention of Canadian exporters on potential sales opportunities in the area.

Business members of the mission participated as representatives of economic sectors as well as in the interest of their individual firms and were expected to report on their findings in considerable detail. In the case of the association represented on the mission, they have reported back to their respective organizations. The mission as a whole will report to the Canadian business community through the August issue of the Department of Industry, Trade and Commerce magazine "Canada Commerce".

C. ITINERARY

The three countries visited were Saudi Arabia, Iraq and Iran. After short stop-overs in London and Beirut, the mission observed the following schedule:

Saturday	April 13	Beirut to Jeddah, Saudi Arabia
Sunday	April 14	Jeddah to Riyadh, Saudi Arabia
Monday	April 15	Riyadh, Saudi Arabia
Tuesday	April 16	Riyadh, S.A. to Baghdad, Iraq
Wednesday	April 17	Baghdad, Iraq
Thursday	April 18	Baghdad to Isfahan, Iran
Friday	April 19	Isfahan, Iran
Saturday	April 20	Isfahan to Tehran, Iran
Sunday & Monday	April 21&22	Tehran, Iran
Tuesday	April 23	Depart Tehran for Canada

#### D. GENERAL IMPRESSIONS

Every member of the mission was impressed with what they saw and heard. Contrary to expectations they saw few Cadillacs and no camels at all. What they did see was a group of nations poised for a concerted thrust into the modern era. They were received on every hand by articulate and committed individuals of the highest rank, who showed immediate interest in our offer to participate in their development plans. The magnitude of the development plans being discussed and the apparent willingness of the three countries visited to do business with Canada created a great deal of excitement in the mission. Those members making their first contact with the Middle East were annoyed and a little embarrassed that they had waited so long. Those who were "old hands", including especially the government officials posted to the area, were allowed a round of "I told you so" 's for our having ignored their proselytizing in favour of the region for so long.

While the pace of the mission and the distances travelled often resembled an "If it's Tuesday we must be in Paris" type tour, the objectives and achievements of the mission were far removed from any a tourist might be concerned with. A few hours were found to take in the wonders of the ancient and historic city of Isfahan in Iran but the number and importance of the meetings held left time for little else. Minister Gillespie and his group met with King Faisal in Saudi Arabia, the Shah in Iran and with some fifteen Ministers in the three countries visited. The matters discussed, ranged from white beans and air conditioners to air navigational equipment and locomotives. The Middle East countries are ready to do business with Canada if we move with alacrity. However, this opportunity will be lost if the Canadian business community fails to follow up on the opportunities that have been uncovered.

Though the three countries visited are quite distinct economically and politically, they have in common a strong desire to diversify their economies. In the words of one Saudi Arabian official, the Middle East has been and continues to be a "prisoner of petroleum", dependent on petroleum for the largest part of its income. The greatly increased revenues from petroleum have suddenly made it possible to accelerate development plans. Where the problem of development financing once overshadowed the Middle East, a major problem now faced by the area's oil producing nations is that of mopping up excess liquidity in worthwhile ventures.



E. IMPORTANT COMMON CHARACTERISTICS

There are a few important points that should be summarized at this point in our report in order that they may be given special emphasis. These are characteristics found to be common to the development and trade policies of all three countries. Together they serve to summarize the attitude of the Canadian businessman's potential trading partners in the Middle East. An understanding of these points is vital to anyone hoping to penetrate these markets.

In virtually every meeting the question of training for nationals was raised. The Middle East is desperately short of trained personnel, particularly at the technical and managerial levels. A training program including on site instruction and student exchanges must be included as part of any major package being offered. In Iraq they have gone so far as to institute a law requiring that training be included in any project awarded to foreigners. Given the incredible wealth in this area, access to technology is not a problem - learning to use and control it is. A primary focus of the development drive is their wish to be self-sufficient. They do not want to have to depend on foreign managers and technicians to run the newly developing sectors of their economies.

Throughout the visit mission members were struck by the purchasing priorities their hosts had established. Whether for a single product or a large scale industrial project, again and again quality and the ability to deliver were stressed above price. These countries are in a hurry to develop and now have the means to finance their aims. In many cases they are interested in having industrial capacity installed on a turnkey basis, again stressing that an integral part of any proposal must be training in the use and continued development of the facility. Some concept of the scale of development envisaged was indicated by the Iranian Minister of Economics and Finance when he mentioned that they anticipate investing "some \$300 billion" in their economy over the next 15 years.

In addition, our position in these markets is greatly enhanced by the fact that we are not going to them as "oil-beggars". As we are seeking only normal commercial relations it is felt that our presence and goodwill will not be dependent solely on the vagaries of oil pricing and alternate supplies.

F. COUNTRY VISITS

1) Saudi Arabia

(a) Background

The first country on the itinerary was Saudi Arabia. Nowhere is the conflict between traditional values and modern development more pronounced. An undeveloped nation with half of its population leading a nomadic existence and a pervasive adherence to the teachings of the Koran affecting life throughout the country, Saudi Arabia is faced with the dilemma of how to modernize while still preserving hallowed traditional values. However, the mission came away with little doubt that Saudi Arabia's development problems will be solved. Their leaders are under no illusions about the magnitude of the task facing them and are thoroughly competent to manage them.

The phenomenal increase in oil revenues from \$4.9 billion in 1973 to some \$20 billion in 1974 will enable Saudi Arabia to eventually exploit the full potential of the non-oil sectors of the economy. The first Development Plan covering the period 1971-1975 sets out the goals and priorities to be attained during the period. The stress will continue to be on a free and open economy with emphasis on participation by the private sector. Their specific goals are expanded health, education and general welfare programs; continued improvement in the already fairly well-established infrastructure of transportation, communications and serviced land; accelerated development of industry, especially petroleum refining and petrochemicals, fertilizers and the extraction and processing of mineral resources; and expansion of the agricultural industry by modernization to intensify crop yields and by increasing the amount of land under cultivation.

(b) Trade - Regulations and Patterns

The Saudi Arabian market is characterized by its openness. There are virtually no restrictions on trade or currencies. Though pork, alcohol and certain other products that are offensive for religious reasons may not be imported at all, no licenses need be obtained for other imports or exports. All currencies, except those of a small number of prohibited countries, are freely convertible. Gold, too, may be held and traded without restriction.

Canada does not yet extend most-favoured-nation treatment (MFN) to Saudi Arabia, but it was agreed with Saudi Ministers that consideration should be given to establishing a trade agreement between our countries which would include MFN treatment.

In 1973 two-way trade between Canada and Saudi Arabia amounted to \$73 million. Canadian imports amounted to \$60.4 million of which \$60.2 million or 99.6% was crude petroleum. In 1973 foodstuffs represented our largest group of exports at about \$4.2 million or nearly one-third of the total. Wheat and wheat related products made up the bulk of this group. Next in importance were automobiles and accessories which amounted to about \$2.1 million or 16%. Construction and construction related items represent roughly \$1½ million to \$2 million or some 15% of Canadian exports to Saudi Arabia.

(c) Opportunities Uncovered

The high-level reception accorded Minister Gillespie and his group in Saudi Arabia was ample proof of the seriousness with which this mission was treated. The Minister was received by His Majesty King Faisal Ibn Abdul-Aziz and held meetings with four senior ministers and with the governors of the Saudi Arabian Central Bank and Petromin. These meetings were more than just ceremonial interviews. In every case substantive issues were discussed. It was agreed that a team of Canadian experts, in cooperation with the Saudi Arabian Central Planning Organization, should carry out a study on how best to dovetail Canadian expertise and export capabilities with Saudi Arabia's requirements. The Canadian Minister placed particular emphasis on Canada's capabilities in the areas of consulting engineering, communications, transportation, resource development and agriculture as being suitable to Saudi needs. As Canada and Saudi Arabia share similar problems of distance and a demanding physical environment it was suggested that our experience in coping with these difficulties will be of value to them.

The Deputy Governor of the Central Planning Organization advised the mission that the priorities for achieving industrialization were: (1) to build up the petrochemicals industry; (2) to establish a base in non-petroleum manufacturing (this area is to be left to private investors with foreign investment welcomed); and (3) to develop and exploit mineral resources. In keeping with this outline, opportunities are open to Canadian business in mineral exploration; development of known mineral deposits on a 50/50 joint venture basis; all phases of telecommunications (approximately \$350 million over the next five years); in steel, copper and aluminum smelters; planning and hardware for turnkey electrification projects; and forestry engineering. Also of particular interest to Canada is the Saudi Arabian intention to expand housing, hospital and education facilities with contingent opportunities for engineering, construction and outfitting.

Investment, including foreign investment, in the private sector is subject to a wide variety of very attractive inducements. New establishments would have import duties waved on imported equipment and raw materials with subsequent protection from imports as well as tax holidays. The government will buy from new industries to the extent of 10% higher prices and 10% lower quality, than what is available through imports. In addition there are available subsidies for training, serviced locations at low prices, free managerial assistance and interest-free loans up to 30% of the investment. Lastly, to assist new investors looking for joint-venture partners and/or advice, there is the Industrial Development Corporation, equivalent to a crown corporation, which will act as a promoter.

Agricultural self-sufficiency is one of Saudi Arabia's primary goals. While less than .2% of the country is cultivated, some 3,000 km of canals are to be built for irrigation. However, this is not likely to become a reality in the near term. Consequently there are continuing markets for a wide range of agricultural commodities and very active interest on the part of Saudi Arabia in Canadian products. As the above-mentioned plans begin to come to fruition, their needs will include agricultural technology as well.

As a result of the mission, invitations have been issued for incoming missions in the education and civil aviation fields. In the former, some \$1 billion is to be spent on universities alone in the next five years while in the latter a full-scale program of regional airports is to be put in place. In addition, a team of Canadian consultants will soon be going to Saudi Arabia to make a study of their detailed requirements in other areas that Canada has particular expertise.

## 2) Iraq

### (a) Background

Iraq has launched an ambitious development program designed to establish a permanent industrial base and a diversified economy. During the period 1975-1979, it is anticipated that in excess of \$17 billion will be expended for development projects. Many of the infrastructural projects which were held in abeyance in the past because of lack of funds are being reinstated and an average rate of growth in GNP of 10% per annum is expected during the next development plan.

Though the petroleum sector contributes by far the largest part of both GNP and export earnings, Iraq is essentially an agrarian nation. The agricultural sector accounts for about 16% of GNP and employs more than 50% of the population. However the rate of agricultural development has been disappointing. This sector continues to be plagued by the closely inter-related problems of a) soil salinity, b) inadequate irrigation, c) lack of trained personnel, and d) attachment to traditional farming methods. The current five-year plan (1970-1974) has therefore given agricultural modernization top billing with overall industrialization in its list of priorities and this is expected to carry over into the plan presently being formulated for 1975-1979.

### (b) Trade - Regulations and Patterns

A distinctive feature of trading with Iraq is their use of state trading companies. These agencies are responsible for all imports. Their budgets (and consequently their foreign currency allotments) are established at the beginning of the year according to the purchasing and development priorities that have been established for the year. Their purchasing is done as need dictates throughout the year. The advantage for the Canadian exporters is that he need only deal with a single customer. However, if one fails to meet the high standards for delivery and quality or is insufficiently price competitive there is no second standard - no second buyer. Exclusion from this market can be the result.

Canadian exports to Iraq have been declining in recent years and totalled only about \$1 million in 1973. On the other hand, Canada's 1973 imports from Iraq amounted to \$20.5 million. The absence of wheat exports in 1972 and 1973 was the principal cause of the sharp drop in Canadian exports (\$32 million in 1971). Indeed, Iraq made no major imports of Canadian foodstuffs in 1973 and the effect of their absence serves to emphasize the so-far sporadic nature of our trade with Iraq. On the import side, only one



item besides crude petroleum was of any significance. Dried dates accounted for about 3% of total imports from Iraq. Fortunately the growing importance of the Iraqi market is gaining recognition in some sectors of Canadian industry so that our 1974 exports should exceed the \$50 million mark. Recently concluded contracts with Iraq include some \$15 million worth of locomotives, significant sales of lumber and air conditioners and a long-term wheat deal.

(c) Opportunities Uncovered

The official talks held in Iraq were far ranging and served to underscore the agriculture-industry dicotomy in Iraq's development plans. The Minister met with a number of Iraqi ministers led by His Excellency Hikmet Al-Azzawi, the Minister of Economy. One of the principle conclusions of their talks was that a trade agreement should be put in place which would provide, inter alia, for consultations at regular intervals to ensure the needed flexibility in on-going trade relations. Drafts of this agreement are currently under preparation and it is hoped that they will be ready for signing in the very near future.

A prominent feature of planned changes in agriculture is an acceleration of the present trend toward large-scale integrated farms. They are interested in obtaining the latest technology immediately (price is of only secondary importance). Amongst other developments a series of farms with cattle herds of some 4,000 head each are contemplated.

In the areas of infrastructure and industry, many projects are contemplated. An acute shortage of hotel accommodation in Baghdad is a problem which is now receiving a lot of attention along with general housing conditions. It was suggested that Canada might play a major role in this area.

A \$1 billion expansion of the Iraqi railway system is planned over the next five years including several new lines, a large new freight station in Baghdad and some 2,000 new railcars of all kinds. Some 350 trucks in the 25-35 ton range are needed immediately by one department and overall needs continue to grow.

There is also a variety of construction equipment such as graders, loaders, cranes, crushers, etc. being sought. As evidence of the emphasis being placed on updating the transportation system, an incoming mission of Iraqi railroad officials is expected this summer. This will be the first such follow-up mission by any of the countries visited on this tour.

In the area of electrification and telecommunications, the domestic systems are being brought up to date very quickly. They are interested in high quality products incorporating the latest available technology. As the projected program includes a variety of large scale projects such as hydro-electric dams and major steam generating units, it is deemed advisable that

Canadian companies interested in pursuing this area consider the formation of consortia. In fact the Iraqi preference for turnkey installations suggests that this would be a worthwhile approach in many sectors.

A paper factory and an aluminum smelter are under consideration as are expansions in their cement and steel capacity. In light of the construction boom which must necessarily accompany development on the scale envisaged by Iraq these latter two areas have been given the highest priority for attention.

In addition to the equipping of the large scale projects mentioned above, excellent opportunities exist for the supply of many commodities such as agricultural products, steel, pulp and paper, oil and mineral exploration equipment, vehicles and a variety of consulting and engineering services.

### 3) Iran

#### (a) Background

The mission's first introduction to Iran was through a short stopover in Isfahan, once the capital of the Persian empire. This is the Iran of the history books where "new" is only a few hundred years old. The mosques are overpowering in their beauty and intricacy and the pace of life is still moderate. There some insight was gained into the conflicting forces of history and change that play constantly on the countries of the Middle East.

The haste with which the Iranians wish to diversify and their rapidly rising oil revenues (expected to exceed \$16 billion in 1974 as compared to about \$3 billion in 1972) present the Canadian business community with a most important opportunity for export sales.

Since 1948 Iran has been following a series of development plans aimed at broadening and equalizing the distribution of income and generally improving social welfare by greater education and industrialization. Under these plans, Iran has already made substantial gains. Over the period of the Fourth Plan, which ended in early 1973, GNP grew by an average of nearly 12% (over 14% in the last year of the plan) in real terms. The priorities established for the Fifth Development Plan (1973-1977) provide for extended social welfare with special emphasis on cultural projects; community centres for both cultural and recreational activities to be built throughout the country; a sharp increase in the number of medical facilities and trained personnel to facilitate improved health, nutrition and sanitation standards; expanded and reformed education services; increased housing with the emphasis on houses for lower income groups; extensive employment creation (the expansion and mechanization of agriculture is to proceed at a pace that will at least maintain employment levels while many new urban industrial jobs are to be created); continued expansion of infrastructure through many new roads, port expansion, improved mail and telephone communication, more railroad trackage and improved water supply.

Though there is to be no slackening in the pace of allout industrialization, there has been a marked shift in emphasis in this most recent plan. Projected expenditures in all sectors are up sharply but government expenditures in health and education, and agriculture, are up approximately nine times and four times respectively before allowing for possible increases in funding due to recent increases in revenue. These changes together with the fourfold increase in government funding of housing and construction reflect the priority to be given to social welfare and the flagging agriculture sector under this plan.

(b) Trade - Regulations and Patterns

The Iranian treatment of trade and commerce is mixed. While no import licences are needed, import requirements are established annually and controlled through the allocation of foreign exchange by the Central Bank. In industry the government has maintained a control and review function through the licensing of new investment in order to ensure that it falls within prescribed national objectives, and that there is sufficient domestic participation in the way of raw materials, employment and equity. The government also invests in private industry directly and through the Industrial Credit Bank.

Iran was our biggest Middle East trading partner in 1973 with two-way trade amounting to \$185.3 million. Canadian imports, though dominated by crude petroleum (98.6%), encompassed quite a wide variety of products. Though the principal non-petroleum items were food products, several manufactured products were also part of our 1973 imports. As the petroleum spurred diversification of the Iranian economy gains momentum, we look for the manufactured products to show further growth. On the export side, we experienced a growth rate of 140% between 1972 and 1973. However in spite of the increase to \$53.6 million our exports continued to account for only about 1% of all Iranian imports last year. There now exists tremendous potential for substantial gains in our share of this market.

(c) Opportunities Uncovered

Minister Gillespie held fruitful meetings with His Majesty the Shahanshah, Prime Minister Hoveyda, Minister of Economy and Finance Ansary and other senior ministers including those for Planning and Budget, Agriculture and Natural Resources and the head of the National Iran Oil Company. During these meetings invitations were issued to both Messrs Hoveyda and Ansary to visit Canada in the near future. It is hoped that they will both be able to come in the fall of 1974.

The first significant result was the decision to formulate a trade agreement between our two countries to establish a framework for economic cooperation and trade development. In this same spirit it was agreed that there should be a continuing exchange of officials and trade missions to explore specific opportunities. To oversee and coordinate the various cooperative activities now being proposed, a Joint Commission on Trade, Economic and Technical Cooperation is to be formed shortly.

The Iranians were particularly concerned with securing access to dependable long-term supplies of many commodities which are presently in short supply including agricultural and forest products and industrial raw materials. Iran is now developing estimates of what their needs are likely to be as a first step towards the negotiation of long term contracts. Sectors which were singled out as those in which cooperation could be of mutual benefit were transportation, communication, and significantly, atomic power generation. There is also particular interest in ensuring that the industrial development taking place incorporates adequate environmental protection systems. In this regard it is now expected that an Iranian mission of environmental officials will visit Canada in the Spring of 1975 to investigate the measures and systems in use here.

The Iranians repeatedly emphasized their desire for joint ventures in all fields. It was felt that not only will Canadian businessmen be more responsive to Iranian needs if they have an equity participation in a given project, but also that the training of Iranian nationals will be of higher quality. As forestry and pulp and paper are coincidentally priority industries for Iran and areas of special expertise for Canada, they were mentioned several times as prime candidates for cooperative development in Iran. Discussion in this area also included the possibility of Iranian investment in the Canadian pulp and paper industry as a step towards securing longer term supplies of paper products. This is currently under investigation. Joint ventures are often supported in a concrete way by a variety of tariff protection, tax concessional and financing arrangements which help make investment in Iran very attractive.

Opportunities for both export and investment in Iran cover a wide variety of products and projects. There are immediate needs for cement, grain, livestock, pulp and paper, grain products, eggs, beans and meat. Development plans include large scale dairy cattle stations which would be installed on a turnkey basis (200,000 head will be needed over the next 3-4 years), expansion of cement, steel and aluminum production, continued development of transportation and communications systems (including two satellites), greater irrigation capacity and an expanded pulp and paper industry. Associated with this scale of development are myriad opportunities in consulting and engineering services. Also needed will be oil and mineral exploration and development machinery, agricultural equipment, light industrial consumer goods ..... the list seems endless.



G. FOLLOW-UP ALREADY INITIATED

The principal measure taken in response to the mission was the setting up of a Middle East Task Force. Centred in the Africa and Middle East Division of the Pacific, Asia & Africa Bureau, this group was formed at Minister Gillespie's request to coordinate the Department's marketing program for the Middle East. Other members were drawn from some of the industry sector branches responsible for products having major sales potential and the remaining industry sector branches nominated liaison officers to act as the METF contact point. Some of the activities that have been initiated subsequent to the mission are:

Saudi Arabia

- (1) The consultants to do the study matching Canadian capabilities with Saudi needs have been selected. It is expected that they will complete their on-site work in September and tender their report by the end of October, 1974.
- (2) The first visit in a series of incoming education missions will take place this year. These missions will explore all aspects of an education system from philosophy and curriculum through equipment and construction.
- (3) An invitation is outstanding for a group of Civil Aviation officials to visit Canada in the near future to investigate Canadian capabilities in this area.
- (4) Shortly after the mission's return, a Saudi official concerned with silo construction visited Canada. Canadian companies are presently following up opportunities opened by this contact.
- (5) A course is being set up in conjunction with Canadian flour milling companies to train Saudi millers.
- (6) A draft trade agreement is being prepared.

Iraq

- (1) An incoming railway mission is expected this summer to explore all aspects of Canadian railroading expertise.
- (2) Canada will have an information booth in the Baghdad Fair, 1974.
- (3) The opening of an embassy in Baghdad is now slated for fiscal year 1975/76.
- (4) A draft trade agreement is being prepared.

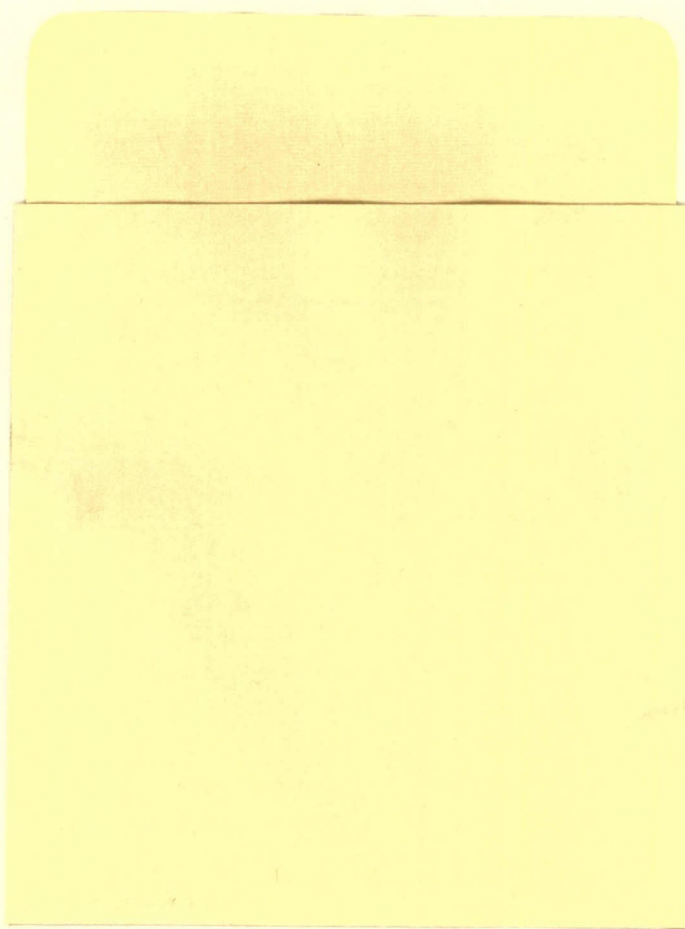
Iran

- (1) An incoming coastguard mission is expected in late summer or early fall. Their visits will also include port facilities and shipbuilders.
- (2) An incoming mission of pollution control engineers is slated for the spring of 1975.
- (3) It is hoped that Prime Minister Hoveyda will soon be able to visit Canada. An invitation was also issued to Minister of Economy and Finance Ansary to visit Canada. Hopefully this will happen this fall.
- (4) Full scale participation in the 1975 Tehran Fair is now planned.
- (5) Dr. Shams, Managing Director of the Iranian pulp and paper group visited Canada in late July to investigate investment opportunities in the Canadian pulp and paper industry.
- (6) A draft trade agreement is being prepared.

#### H. CONCLUSION

This report is not an attempt to give an exhaustive outline of the opportunities for Canadian participation in the development of the Middle East as a whole. Through various inter-Arab aid programs, the non-oil states are also benefitting from the recent changes in oil revenue. Given the magnitude of these revenue changes and the strength of the desire to diversify, the opportunities both short and long-term are nearly boundless. However the market exists today and will not wait for the overly cautious. The members of the mission, both government and business, were unanimous in their feeling that immediate and concerted follow-up is essential. In fact, several companies have already initiated trips to pursue openings established by the mission and the number of mini-missions planned by both the Middle Eastern countries and ourselves is growing rapidly.

The initial successes of the mission were the tremendous goodwill established, and the opportunity to clarify Canadian attitudes and abilities. The long-term success of the mission must now rely on the responsiveness of the Canadian business community.



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