



CANADA

**Subcommittee on International Trade, Trade Disputes and Investment of the
Standing Committee on Foreign Affairs and International Trade**

**Sous-comité du commerce international, des différends commerciaux et des
investissements internationaux du Comité permanent des affaires étrangères et du
commerce international**

**EVIDENCE NUMBER 12,
TÉMOIGNAGES DU COMITÉ NUMÉRO 12**

UNEDITED COPY – COPIE NON ÉDITÉE

Monday February 21, 2005 – Le lundi 21 février 2005

⊕ (1535)

[*English*]

The Chair (Mr. John Cannis (Scarborough Centre, Lib.)): I call this meeting to order.

First let me begin by welcoming our guests who are back home to the Subcommittee on International Trade, Trade Disputes and Investment of the Standing Committee on Foreign Affairs and International Trade.

I'll go down the list and introduce our guests, colleagues. I'm also told that our guests are pressed for time and they'll probably be with us here until about 4:45 or so. We have with us today from the Canadian embassy in Saudi Arabia, His Excellency Roderick Bell, ambassador; from the Canadian embassy in the United Arab Emirates, His Excellency David Hutton, ambassador; and, let me just intervene, a gentleman I had the opportunity to work with in years past when he was ambassador to Greece and a very good host, a great, excellent trade mission we had there. David, very nice to see you again.

We have with us from the Canadian embassy in Kuwait, His Excellency, Denis Thibault, ambassador; and, as witnesses further down we have from the Canada-Arab Business Council, Mr. Dwain Lingenfelter, chairman and CEO, Vice President, Government Relations, Nexen, Inc. We also have with us Mr. Mohamed Azzam,

president, president-Containboard, G.A. Paper International Inc., as well, Mr. Richard Mann, director general. We also have with us from Consult Limited, Mr. Peter Ventin, resident manager and vice president.

Gentlemen, I don't know in which order you would wish to open up. Certainly, time frame, I'll leave it to your discretion, a 5 to 10 minute presentation from all and then we'll go to questions by the members.

Welcome and the floor is yours.

His Excellency David Hutton (Ambassador, Canadian Embassy in United Arab Emirates): Thank you very much, Mr. Chairman.

My colleagues selected me so I'm very happy and proud to start our conversation this afternoon. I've been in the foreign service for a number of years and have had seven overseas assignments. I think the region that we'll speak about this afternoon is certainly one of the most dynamic from an economic point of view. I suspect that by speaking first I have an advantage over my colleagues because the message, I'm sure, will be reinforced as each of my colleagues speak.

We have limited time so with your permission I'll touch very briefly on a few points that highlight the potential, and I believe, opportunities that are very present in this region for Canada. Perhaps the first order of business is to dispel the myth that the economics of the Gulf are stagnant, if indeed that is a myth. They are anything but. The fact is that the region is witness to some of the highest economics in the world. For example, in the country that I represent, the United Arab Emirates, the growth rate is 5% to 6% and compounding very quickly.

The second myth I think is important to dispel is that the UAE, and indeed the other countries in the region, are completely oil based economies. It is certainly true to say that oil is the source of the UAE's enormous wealth, but the wise leadership and the foresight of Sheik Zayed, the leader who recently passed away, to invest this wealth wisely has led to a vast diversification. In 2002 the non-crude oil sector accounted for more than 70% of the gross domestic product. In Dubai, which in many ways is synonymous with the UAE, the diversification is particularly evident with oil accounting for less than 7% of the GDP. I think that reflects the fact that this region as a whole has over 44% of all of the reserves in the world for oil and 23% of the gas reserves.

In addition to investing in diversification and infrastructure, the UAE also maintains vast sums of investment capital to re-invest its oil wealth--a heritage fund if you will. The Abu Dhabi investment authority alone has approximately half a trillion dollars under its management. In Dubai, the latest example of an investment coup is the one billion dollar equity purchase that they made in DaimlerChrysler making the Emirates the third largest stakeholder in that particular country.

Canada has played an important role in the development of the UAE and there is much more room to grow. Our exports have been growing by over 30% per year and in 2004 they reached a record of \$416 million. When I arrived in Abu Dhabi in 2002 that figure was slightly over \$2 million, so I virtually witnessed a doubling of our exports in the time that I've been privileged to serve as ambassador there.

I think an important point for the committee to recognize is the types of goods that we are exporting to that region. If we examine Canada's top exports to the UAE you'll see that they're dominated by value-added and high tech equipment. In fact, Canada's largest export to the UAE is CAE flight simulators. In this current fiscal year half of all the simulators that were sold by CAE worldwide were sold in the Emirates.

What these figures, however, do not show is the impressive export service that Canada provides to the UAE. These services, and chief among them, are project management and architectural services. Companies such as Cansult, who is going to speak later here, HOK Canada, Knorr, SNC-Lavalin, Karastan, Veeco and many others have made significant contributions to the UAE's infrastructure and its skyline including such iconic buildings as the Emirate Towers. I have a PowerPoint presentation, Mr. Chairman, that I often use in making presentations of this kind and it literally can run for as long as I want to speak showing the various buildings and projects which Canadians have been very actively involved in.

⊕ (1540)

In consumer services, for example, the Fairmont Hotel in Abu Dhabi is one of the most profitable properties in that chain. It sees the potential in the UAE market as enormous with the opening of two other hotels in the very near future. The occupancy rate, for example, in the Fairmont in Dubai is well over 92%. The demand for said services can only grow in the UAE, particularly Dubai, which is transforming itself to becoming of the world's premiere tourist and convention destinations. Upcoming projects include the world's tallest building, the world's largest shopping mall, the world's largest waterfront development, which will add over 850 kilometres of coastline to the Emirates.

To handle this tourist and trade facilities the airport is currently undergoing an expansion which will increase its capacity to that of London, Heathrow. The national carriers such as Emirate Airlines are expanding their fleet to rival the size of British Airways. The Dubai municipality is starting infrastructure work to support its increased traffic as well and the most important project in this regard is the Dubai metro project, of which Bombardier is head of the consortium. If successful, and we'll find out probably at the end of March, Bombardier's very competitive bid would mean over \$125 million of exports in goods and services from Canada.

I'll impose on my colleagues if I can just to very briefly discuss the potential of the GCC as a whole. Let me say that Canada has only scratched the surface of this potential as we have in the UAE. As an example, Australia, a country that faces many of the same market entry hurdles as Canada, has seen this potential and committed significant

resources to development. As a result, Australia's exports have increased by over 500% in the last five years.

The GCC as a whole includes the UAE, Saudi Arabia, Oman, Bahrain, Qatar and Kuwait. It's evident to me and my colleagues in the region that it has enormous potential. The GCC ranked fifteenth as an export destination for Canadian products. By way of comparison, Brazil ranked eighteenth, and India nineteenth. Canada's exports to the GCC grew by 30% in 2004 outperforming India, which grew at 14%, and Brazil at 6%. The GCC was the UAE's seventh export destination, Australia is eighth, and the U.S. sixteenth. The high gross domestic product in these countries, the UAE and Qatar have among the highest in the world, means that it is achieving this impressive growth with a population of only slightly over 30 million people.

As the GCC continues to expand and invest, its infrastructure and importance in these markets will continue to grow. I'll use an example. I had a conversation the other day with an Otis Elevator salesperson who was telling me one of the useful indicators of economic growth is the number of elevators on order. In the UAE the number is over 4,000 per year, in China the figure is perhaps 40,000, but in Canada, the number was around 2,000 to 2,500.

As I've said, other countries have recognized the growing importance of the GCC market and are formalizing their trade relations. The UAE and China have initiated multilateral FTA discussions with the GCC, and Australia has begun bilateral FTA negotiations with the UAE. The U.S. has completed an FTA with Bahrain and has initiated a bilateral discussion which will take place in early March with the UAE and I believe Oman.

In closing let me just say that I think this market has enormous potential. I think that Canadian firms have already proven that they're competitive and capable of entering it. I would only encourage all to allow us to continue to do more of what we've already done successfully.

Thank you, Mr. Chair.

⊕ (1545)

The Chair: Thank you, Ambassador Hutton.

Will there be any of your other colleagues, Ambassador Hutton, that will be speaking?

His Excellency David Hutton: I think each one might have a brief word.

The Chair: Please.

[*Français*]

S.E.M. Denis Thibault (ambassadeur, Ambassade canadienne en Koweït):

Monsieur le président, je veux dans un premier temps vous remercier pour cette invitation cet après-midi de m'adresser au sous-comité et de parler de notre relation économique avec deux émirats du Golfe, le Koweït et le Qatar.

[English]

Together they own 10% of the world known oil reserves, and 14% of its natural gas. Thanks to the continuing high oil prices their economy, as Ambassador Hutton mentioned, are among the fastest growing in the world, and they are (inaudible) for solid gains as they increase the oil and gas output and develop their downstream industry.

Their combined GDP now stands at about \$87 billion. The average GDP per capita is about \$25,000, among the world's highest as Ambassador Hutton mentioned. I'm talking Canadian dollars here. Although they continue to rely on revenue from oil and gas based industries Kuwait and Qatar are committed to economic reform and diversification. They are a member of the WTO. Have mostly open economies, stable and free convertible currencies, (inaudible) credit rating. Both countries are encouraging private sector growth, seeking greater inflow of foreign investment and taking steps to improve their business environment.

The Government of Kuwait and Qatar have seen their revenue soar to unprecedented levels, \$39 billion in 2003. Leaving them with large budget surpluses despite surge in spending that reached some \$28 billion last year. This windfall is fueling a spending spree to modernize and expand their petroleum gas based industries nurture new industries, improve their infrastructure on a massive scale and create job opportunity for their own population which is growing at more than 3% annually.

Kuwait expected spending on new oil production and refining facilities as well as petro-chemical plants will exceed \$50 billion by 2020. While Qatar foresees expenditure on gas (inaudible) and gas to liquid project exceeding \$100 billion within a decade. It should enable Qatar to presume itself as the world top exporter for LNG and GTL.

Mega infrastructure projects that are expected to cost many more billions include Maritime causeway linking Qatar to Bahrain. A 25 kilometre causeway across Kuwait Bay. A \$3.7 billion university campus in Kuwait. As a matter of fact it's a group of companies from Toronto who is preparing the master design for this new Kuwait university. Another mega project will be a \$6 billion state of the art airport in (inaudible).

As they have to import almost everything they need an opportunity for (inaudible) and there's great possibility for Canadian to serve these fast growing markets with a full range of products and services in what we see as priority sectors for Canada. The oil and gas, the construction industry, transportation, food, health and education sector are seen for as the priority in those two countries. Combine Canadian merchandise exports to the two markets grew by 18% in 2003, and by 89% in 2004 to reach \$212 million according to

Statistic Canada. The figures from the official sources in Kuwait and Qatar are higher than that as they include shipment through third countries.

Our exports are diversified and have consisted largely of high value add products. Such as machinery, motor cars, aircraft, furniture, instruments and processed foods. Shipments of (inaudible) product metal, chemical and plastic have also been significant.

⊕ (1550)

Our service exports too are growing steadily as more Canadian companies enter these markets, particularly in education and training, architecture, planning project management and engineering consultancy. Both emirates welcome Canadian technology and expertise.

Still, there is ample room to expand our share of the market. In 2003, the latest year for which official local data are available, Kuwait and Qatar combined merchandise in port of about \$21 billion. Regarding import of services, we are talking \$11 billion a year. Among the many Canadian companies active in Kuwait and Qatar, some are present here this afternoon and are also present in the other countries of the region. We have companies by the name of SNC Levallin, Achokee Canada, Precisions Drilling, Bombardier, Interel, CBIE, UBC and a Newfoundland College of the North Atlantic which won a 10-year \$500 million contract to run a technical college in Doha, Qatar.

The growing presence of Canada is also visible in the rapid spread of Canadian retail and food service franchise such as Second Cup, Aldo Shoes, Fruit and Passion, to name but only three.

With regard to investment, both Kuwait and Qatar have overseas assets estimated at about \$300 billion. Their public investment in Canada exceeds \$1.9 billion, including three petrochemical plants in Alberta and in Saskatchewan owned by a Kuwait petrochemical industry company. With the highest number of millionaires per capita in the Middle East, Kuwait's and Qatar's private sector is a potential source of additional investment for Canada. Canadian assets in both countries are estimated at about \$225 million.

In concluding, I will say that Kuwait and Qatar, together with the other GCC member countries offer an interesting market for Canadian exporters and investors. We believe we must therefore do our best to inform, encourage and assist them so they can take advantage of the many commercial opportunities that exist in this region.

Thank you.

⊕ (1555)

The Chair: Thank you, Ambassador Thibault.

Ambassador Bell.

His Excellency Roderick Bell (Ambassador, Canadian Embassy in Saudi Arabia):

Thank you, Mr. Chairman. Thanks for inviting us this afternoon to talk about a region of extraordinary potential, and a region which, if we don't start focusing on it sharply, we're going to be left behind.

I'm responsible for three of the six countries of the GCC, for Saudi Arabia, for Oman, and for Bahrain. I think I'll limit my comments to Saudi Arabia simply because that's where I live, that's where the Canadian Embassy is and because it's the biggest.

Saudi now has a population of 23 million people, approximately 60% of whom are under the age of 30. With an annual population growth of almost 3%, the population of Saudi Arabia is expected to double by 2030.

In order to meet the needs of this rapidly increasing population, the Saudi government must invest heavily and is investing heavily in the country's infrastructure. The telecommunications, transportation, health care, education, power and water sectors are among those that have been identified as priorities.

The investment required is staggering, estimated to be in the hundreds of billions of dollars over the next 5 years to 15 years. So the potential for a country like Canada is equally impressive. Many of these projects will provide lucrative opportunities for Canadian suppliers.

Real GDP growth in Saudi Arabia in 2003 was 6.4%. Although official figures have not been released, it is estimated that the growth rate for 2004 will again be over 6%. If present levels of oil production are maintained and the price remains at its current or close to current level, annual GDP growth is forecasted to remain above 5% for the near term.

As the world's largest producer of oil, it is no surprise that the vast majority of the kingdom's economic activity is concentrated in the petroleum sector. In order to reduce the country's reliance on oil revenues, Saudi government has put in place a number of programs that are designed to diversify the economy. These initiatives are intended to entice foreign firms to consider opportunities in specific sectors such as mining, telecommunications, and transportation, areas in which Canadian companies possess a wealth of expertise.

Since the year 2000, spurred by rising oil revenues—and I point out that Saudi Arabia this year will have a budget surplus of \$35 billion—and a growing sense of confidence among local business people, the demand for imports in the kingdom has steadily increased each year, reaching approximately \$40 billion Canadian in 2003.

In 2004, Canada's merchandise exports to Saudi Arabia were valued at nearly \$600 million, making the kingdom not only our largest export market in the Gulf, but in the whole Middle East and North Africa region.

The value of Canadian exports to Saudi Arabia has grown significantly from 2002-04, with year-on-year increases of approximately 5% in 2001-02, 30% in 2002-03, and 26% in 2003-04. Despite this impressive growth, there is still considerable room for our share of the market to expand.

Although commodities such as cereal crops and pulp and paper products contribute significantly to our exports in the region, the vast majority of Canadian merchandise sold to Saudi Arabia in the past few years has consisted of high value-added products such as military vehicles, electrical machinery, optical and medical instruments and equipment, and pharmaceuticals.

🕒 (1600)

Saudi Arabia is also an important market for Canadian service companies and organizations, particularly those providing oil field, engineering and construction, health care and education services.

Although Statistics Canada does not keep official trade statistics which measure the annual revenues generated by Canadian service companies active in the kingdom, anecdotal evidence would lead us to believe that the service figure is significant, certainly in the tens of millions of dollars a year. I would also note that Statistics Canada does not take into account the 50,000 Crown Victoria's sold in Saudi Arabia last year made in London, Ontario, because they were trans-shipped through the United States.

Saudi Arabia has one of the highest proportions of millionaires per capita in the world as Denney said for his countries, many of whom are looking and looking actively for secure investment opportunities abroad. As such, the kingdom is an untapped source of foreign direct investment for Canada.

Saudi Arabia together with its GCC partners represents a market that offers really significant potential for Canadian exporters. By designating the Gulf region as a new and emerging market, the Canadian government would signal its firm commitment to raise Canada's profile and allocate more resources to business development activities in the region. Ultimately this commitment will assist Canadian companies to more effectively position themselves to take advantage of the numerous opportunities available to them in the GCC member state markets.

And I would just close by echoing David Hutton's comment that others have already seen this potential in the Gulf, I think, particularly of Australia and the EU, and have stolen the march upon us in focusing really sharply on the potential in the Gulf country. Thank you very much.

The Chair: Thank you, Ambassador Bell.

We'll go to a presentation by Mr. Lingenfelter.

Hon. Dwain Lingenfelter (Chairman and CEO, Vice President, Government Relations, Nexen Inc., Canada-Arab Business Council):

Thank you very much, Mr. Chairman and members of the committee, for taking time and inviting the Canada-Arab Business Council to be here today. Also, to your Excellencies for your very excellent report on the region. I'll try not to repeat a lot of the statistics, only to say that our numbers confirm everything that has been said about the rapid growth and the opportunities that exist for Canada and for Canadian companies.

Having said that, I do want to congratulate the ambassadors for their work with the Canada-Arab Business Council. As we do trade missions, we lean on them for a lot of support and get support. Part of what we're going to say is, we'll be talking about things we can do more of, but I would be remiss if I didn't comment and compliment the ambassadors and their staff for all of the work that's done on an ongoing basis. As well, committee members, Mr. Mark Eyking, who lead our mission in December to the Middle East. It's these kind of things that we think Canada has to do more of. It's by working together, very closely, between the private sector, government, and agencies of government, that I think we can build a much stronger relationship.

Also with me today is, Dr. Mohamed Azzam, who is president of our organization, as well as our new general director, Rick Mann. Rick, of course, has much experience in the region, being a former ambassador, and brings a lot of quality to our organization. This has been a big step for the Canada-Arab Business Council. Up until last year, we were totally a volunteer organization and have just recently opened a full time office in Mississauga and Rick has picked up the reins and it's really helped us a great deal.

Having said that, I just want to add to the statistics that have been made here. North Africa is no exception; we see very rapid growth in Morocco, and of course, with the new bid round in Libya a week ago, Canadian companies not doing all that well, although one Canadian company won one of the blocks. We really expect that in future bid rounds you'll see companies like Talisman and Petro Canada, as well as Nexon, who tested the water in this bid round, but obviously not wanting to go head-to-head with some of the American companies, will come in in later rounds, and you'll see huge expansion in North Africa, especially in Libya.

There's a lot of opportunity, of course, in oil and oil service, but as has been mentioned--I think Ambassador Hutton mentioned--the list is much broader than that. Of our near 100 members, we have a broad section of companies that the Canada-Arab Business Council represents, including transportation, medical service, hotel management, and all the sectors, but one that I think we shouldn't overlook is Canadians, and the long-term impact of this is our institutions of higher learning, especially since 9/11, there has been a flood of families who are looking to educate their children in the

West, who prefer not to go to the United States. I think there's a huge opportunity for Canadian institutions of higher learning, and Mark, I'm sure you found that even in Yemen, when you were there, the number of families who see Canada as a country of choice now for educating their families, and the long-term building stone that that is for having influence and effect, not today and maybe not even five years from now, but 20 and 30 years down the road as these people take positions in their country, both in the building of democracy but also in the corporations. It creates a huge opportunity for Canada if we play our cards right and are more nimble and fleet of foot in opening the doors to these kinds of opportunities.

I think one of the things we see in the Canada-Arab Business Council is not that Canada isn't able to have this influence, but it's always easier to do the same thing as you did yesterday, tomorrow, and change is difficult. The result of change is loved by many, but the act of change can often be a very, very difficult process. When we look at the trade numbers that have been mentioned in the focus of Canada on China, India, Brazil, we're not doubting that these are important markets, but when we look at the numbers, Canadian manufactured exports to the Arabian peninsula being \$1.03 billion in 2003, which is higher than either India or Brazil, we want to make sure that we have our priorities straight as to where the growth and where the emerging markets really are.

🕒 (1605)

I think the other thing--and not to downplay the importance of these other countries--when you talk about emerging markets, these are the emerging markets of the world. They're the fastest growing. Having said that about the trade that we do with these countries, when you compare it to our competitors, France, Germany and Italy, in this region we make up only 11% of our neighbours, whereas in China and India we're 46%. When you look where the opportunities are, you really have to wonder how much more we can do in competing with the Germany and the France in India and China and Brazil versus what we could do in the Middle East. I would really urge us to relook at those numbers, in terms of where we might make the most impact.

The other area we think we have a huge opportunity is in the whole issue and area of governance and building of democracies. We watch with interest, and sometimes dismay, the way democracies are attempted to be created in the Middle East. Here, again, we're not being critical of neighbours, but the fact of the matter is democracies are being built in the Middle East. Using Yemen, only by way of example, here's a country that's emerging, it has elections, women can vote, the Minister of Culture in Yemen is a woman, and yet we don't seem to see the same kind of attention paid as there would be in an Afghanistan or an Iraq, where we have a lot of money for peacekeeping after the fact, after the disappointment and the collapse of institutions.

We just think that, as Canadians, we have a huge opportunity in a number of countries in the Middle East to support democracy and reward democracy. We think with very small dollars we could really do a lot to build democracies, as opposed to waiting for

them to fail and then spending hundreds of millions of dollars to try to recoup and get back to where we were before the disaster occurred.

The Canada-Arab Business Council believes that the Canadian government needs to and can take a much more dominant role in the Middle East to play out the Canadian spirit, the Canadian institutions, to have impact and effect that would really go a long way to helping integrate Canadian companies in that region. The recommendations that I wanted to leave with you today to think about is that Canada must take advantage of the existing favourable view that the Middle Eastern countries have of Canada, as compared to our competitors, and that this growing market and region we should act swiftly because that opportunity and that advantage we have could be fleeting. We don't know what tomorrow will bring, in terms of Canada's reputation in that area, but what we do know today is that we have a huge advantage over our competitors, that we're presently behind them, but the door is wide open for us to step into it if we do certain things.

Secondly, we believe that in building relationships with our partner countries the government must figure more prominently in high-profile strategies, for example, more visits, delegations, missions. Government members must continue to support these relationships by participating not only in those missions going to the Middle East, but also Middle East delegations coming to Canada.

And thirdly, we should strive to establish government offices and presence, whether that's through CIDA, through embassies, through consulates or trade offices in these countries that are reaching out to us in an attempt to build democracies and increase Canadian trade.

Finally, again, I just want to thank the committee members for taking time and, if there are any questions, we would try to answer them.

🕒 (1610)

The Chair: Thank you very much.

We'll close with Mr. Ventin. Did you want to add something, sir?

Mr. Peter Ventin (Resident Manager and Vice-President, Cansult Limited):
Thank you very much.

Once again, we heard the comments made by the ambassadors and Dwain. We welcome the opportunity, as a representative from the private sector, a Canadian company that for 45 years has been working in this market. We welcome these opportunities and the strength and the bonds that are built on the basis of delegations such as the one that Mark participated in December that have come through the region in previous years. The staff on the ground that represents Canada through the different embassies do an incredible job assisting firms like ourselves in marketing our services and growing our business potential. Although we're here to ask for more help. We're here

to put the GCC and the middle east higher up on the agenda because we feel there is a market that, as has been said, is untapped. We've got the chance to grow and it's a very dynamic environment.

Our company was founded in 1961 by an initiative assisted by the Canadian government. Twelve Canadian firms got together for the sole purpose of providing professional engineering, architecture, and project management services internationally-- that's how they got the twelve firms together. For Cansult Canadian Consulting, the middle east was where we established our stronghold and now 85% of our business comes from that market.

The scale of investment is incredible and the need for Canadian know-how, Canadian services, Canadians, as we've got an incredible reputation. We feature prominently on our logo, the Canadian flag, the maple leaf. Doors are open to us because we're a Canadian firm. That may not be the case if you're an American firm or a British firm, especially in light of the recent political environment in that part of the world.

To the scale of the investments and the opportunities, numbers have been thrown around: Exxon, their largest single investment in corporate history, \$17 billion is underway in Qatar; Shell, their largest single 100% investment in their corporate history at \$6 billion is in Qatar. It was on the front page of the *Wall Street Journal* last week, if you want to talk trade and investment, Qatar , GTL are some of the risks the country took to evolve.

The fastest growing construction markets in the world are Dubai and Qatar at the moment. If you look at the skyline of Ottawa, you've got some 28 to 30 story buildings. In one sector of Doha there are 60 of up to 80 story office buildings currently under construction--60 of them. The manpower, resources, trade potential to get Canadian firms involved is an opportunity--a door that's been opened.

Our case here today is to answer your questions to help you put it higher on the agenda. Show us where we can provide you the insight as the private sector or as the staff that's based there on the ground. Let us help you direct the resources that Canada has to provide to tap into this market and put it up on par with some of the key markets that have already been identified: India, Brazil, and China.

I'm happy to answer any questions that you have.

🕒 (1615)

The Chair: Thank you very much, Mr. Ventin. Thank you all for those very good presentations.

We will go to questions immediately.

We'll start with Mr. Menzies, for ten minutes.

Mr. Ted Menzies (Macleod, CPC): I don't think ten minutes is enough.

The Chair: Hopefully if we stick to ten we can go to second round, just to be fair to all who have great interest in this audience.

Mr. Ted Menzies: Thank you, Mr. Chair.

I guess my first question is how are we so lucky today to get such expertise all in one room? You must have combined schedules to get all of you folks here at one time and believe me, we do appreciate that. I think all of us around this table find this a most fascinating study that we have embarked on. We can't help but be excited when we hear the enthusiasm in your voices of the opportunities.

My first question has to be, what can Canada do better? Do we need more people on the ground there? Do we need more promotion here within our Canadian companies? Do we need to look at another trade mission, if you will, to present the opportunities? We have an upcoming one to India, do we need to promote this again? Maybe my honourable member on the other side was more successful at opening up opportunities. What do we do more? That would be my first question and I'd like a number of you to address that if you would.

What are the challenges? Dwain, you talked about issues with democracy, there's conflicts in the region. What do we need to be aware of? What do Canadian companies need to be aware of? It can't all be as open as maybe you are portraying. There's got to be some concerns with some of that.

A simple question, why is Australia doing better than Canada and is freight a factor? How does that play into it? I don't think distance is a big advantage for Australia. I'd just like to know what Australia is doing differently that Canada isn't.

I'll throw that open and that'll probably eat up the ten minutes.

Hon. Dwain Lingenfelter:

In terms of using an example, our company, Nexon, is very much involved in Yemen. We've invested billions of dollars, we have 1,000 employees on the ground in Yemen. In the 10 years that we have produced oil in Yemen, we've been there about 15 years, but producing oil for 10 years, we have not been shut down for one day. In our operation in the Gulf of Mexico, not because of political uncertainty, but because of hurricanes, we're often shut down for weeks. In northern Canada we'll get wells shutting because we can't get to them in the wintertime.

In terms of the record of operation, Yemen is the safest country in the world that we operate in. No one knows that because the news on CNN or CBC show Iraq and Afghanistan and those countries in a very desperate situation. Our company wouldn't go there. So the image is that that's the middle east and nothing could be further from the

truth. If you go to Dubai and you land in the airport at 4 a.m. and look down on the shopping centre there are thousands of people at 4 a.m. doing business and buying and selling and feeling very, very safe. So the image that we have to change for Canadians, Canadian business, is the responsibility of those of us who work there, but also the responsibility of the government and opposition.

I must admit, at least since I've been with the Canada-Arab Business Council, it's much more difficult to get minister to lead trade missions to the middle east than I think it is to India or Brazil or China. At least the record would show that there are many more ministers going to those countries than going to the middle east. And so I think this is just one part of it, but I think we all have to do our part.

🕒 (1620)

Mr. Ted Menzies: Perhaps that's a role this committee can play?

Hon. Dwain Lingenfelter: One of the reasons we're here, I'm sure, is because Mark, after he came back from the trade mission, I think did his work of giving us an opportunity to come. And I think these are the kind of things that we have to do much, much more of.

The Chair: There was no question, Mr. Eyking's proposal was well received with great interest and he didn't have to twist too many arms to arrange this meeting, let me assure you.

Mr. Menzies, or a follow-up please.

His Excellency Roderick Bell: Could I just pick up on a couple of points, one from Dwain and the other one about Australia?

Australia is doing better, not because they are smarter than we are...well, maybe they are, but it is because they have a strategic focus on the gulf countries and the government has developed a conscious policy of concentrating on that huge potential. That is why they're doing better. We don't have that focus.

How can we improve? As Mr. Lingenfelter said, probably any culture values face-to-face contact, but believe me, Arab culture puts a premium on that. We need the Prime Minister there. We need ministers there. We need MPs there. The attention that the business mission to Yemen just before Christmas got—led by Mr. Aiken in company with an opposition member— was amazing. The mission wouldn't have got that attention if we had not had two Canadian MPs leading it. The Yemenese were particularly fascinated by the fact that one was a government MP and one was an opposition MP. They thought that this was a novel idea.

We missed the boat in the Middle East because we undervalue the reputation that Canada has in the Middle East. Some might say that we're coasting on our reputation

from the past. I personally think there is merit in that argument, and that perhaps in recent years we don't deserve the reputation that we garnered in the past. Nonetheless, we still have it, more particularly since the events of 9/11 when the Canadian position on Middle East issues, and more particularly on Iraq, are extremely valued. This is not just at the government level.

Before I was ambassador to Saudi Arabia I was ambassador to Jordan at the time of the Iraq war. I was going to a small local tailor to have a couple of suits made and I went in one morning for a fitting. He said to me, "Ambassador, I was listening to the news this morning and I heard that Canada would not participate in the war in Iraq." I said that was right. He said, "That's terrific. You get 10 dinars off your suit." People do notice. We really do have a special place in these Arab countries, and we don't exploit it as much as we should.

I see this every day in my four countries, which include Yemen. I didn't mention Yemen because it's not a member of the GCC. It's the kind of poor sister of the Arabian peninsula.

🕒 (1625)

Hon. Dwain Lingenfelter: It soon will be though.

His Excellency Roderick Bell:

The GCC haven't let it in yet.

The interest in education in Canada and post-secondary education in Canada is just extraordinary, and not just post-secondary education in Canada, but English language, French language training in Canada.

I can hardly meet a Saudi medical specialist who has not been trained in Canada. A week ago I went to a reception at my Polish colleague's residence to celebrate the separation of two Polish Siamese twins by a Saudi team. The Crown Prince had brought these little girls over from Poland. The greatest experts in the world in this particular delicate operation are Saudis. Every one of that team was trained at the University of Toronto. The head of the team came up to me and he said "I can't tell you how much I owe Canada and the University of Toronto".

So the depth of feeling is there. It sounds trite and a little sentimental, but it's absolutely true. We don't make good enough use of it.

Mr. Lingenfelter talked about governance, issues that are at the core of Canadian foreign policy that we preach endlessly around the world. We should be giving some credit to countries that are trying to do some of these things.

Yemen is a poor country that has been through everything in the last 50 years, including a Soviet takeover. The only Marxist state in an Arab world at one point, probably has the best multi-party elections in the Middle East and North Africa: full franchise, women MPs, a woman minister now. They are trying extremely hard. It's not perfect by any means, but I think it's something that should be recognized.

It's one of the poorest countries in the world. I think it's number 149 on the UN list of least-developed countries. There are about 175 countries on the list. It's almost at the bottom. Why isn't CIDA there? Good question for Mrs. Carroll.

My other two countries, Bahrain and Oman, all have multi-party elections...I shouldn't say "multi-party elections", they have relatively free and fair elections with full franchise.

Saudi Arabia lags, but this is a young country. This is a country 70 years old. Where were we in Canada 70 years on? We had very partial municipal elections in Saudi Arabia last week, very flawed, but it's a step on the road.

The media, I would say, is to some degree responsible for this, I don't think Canadians as a whole really understand the changes that are going on in these countries, really very substantial changes, doing the kinds of things in terms of governance that Canada talks a lot about.

The Chair: Any other comments?

Please.

Dr. Mohamed Azzam (President, President-Containboard, G.A. Paper International Inc., Canada-Arab Business Council): I just would like to add that part of the focus around, and I'll give you a personal example in here. Part of the focus Ambassador Bell is calling for can come through an organization like the Canada-Arab Business Council.

I would like to give you specifically why I'm here today and why I have been a promoter of the Canada-Arab Business Council. Very early on in our early years when we were a very small company sitting in a small office on top of the Swiss Chalet at Woodbine and Stevens, we have grown to a \$200 million company today, with offices in Canada, in the U.S., in Europe, and in the Middle East.

Very early on when we received an issue of a few \$100,000, it was through the Canada-Arab Business Council introducing us to the Canadian Embassy in Saudi Arabia. We were able to collect our money back, money that was very critical to where we were at that time. Very early on, when we received a contract in Lebanon during the civil war through the directorate of the Canada-Arab Business Council.

I think an organization like the Canada-Arab Business Council is an important part of the focus. It needs to be supported.

Part of the support in our mission, we need the high-level representation. It gives education to other companies. It gets others involved.

🕒 (1630)

The Chair: We'll go on to Madame Deschamps, s'il vous plaît.

[*Français*]

Mme Johanne Deschamps (Laurentides—Labelle): Merci.

Je trouve qu'on a vraiment peu de temps pour pouvoir écouter davantage ce que vous avez à nous dire, à nous démontrer par rapport aux pays des États arabes.

Ce que j'entends aujourd'hui--et où se situe le problème, si je comprends bien--c'est de quelle façon--on me dit que le Canada est très visible là-bas, les investisseurs aussi; on nous dit qu'on a un grand besoin d'investissements--comment peut-on changer l'image? Comment peut-on ici amener nos investisseurs à se rendre chez vous? De quelle façon peut-on nous assurer des investissements, aussi? Quels sont les outils, les moyens qu'on leur offre actuellement?

On parlait de missions commerciales. Est-ce que ces missions--tantôt Son Excellence, M. Bell, a un peu répondu à cela, mais--faudrait-il en faire davantage? Faudrait-il mettre à profit? Le gouvernement devrait-il mettre sur pied des missions en partenariat avec le public et le privé?

Je vous lance plein de questions comme cela, mais dans un premier temps il faudrait peut-être aussi, auprès de nos investisseurs ici, changer l'image qu'on a des États arabes. Et comment les amener à aller là-bas en toute sécurité?

S.E.M. Denis Thibault: Cela rejoint la première question qui a été posée: que doit-on faire de plus pour tirer avantage des possibilités et du potentiel qu'offrent les marchés du Golfe?

Lorsque je regarde ce que nous faisons sur le terrain, dans le fond, sur le plan des promotions commerciales, on peut diviser en quatre types d'action: on sensibilise, on ouvre la porte au sens générique du mot, au moyen de négociations à l'Organisation mondiale du commerce, mais on ouvre la porte aussi parce qu'un membre du gouvernement, un ministre accompagne des missions commerciales: on ouvre les portes, ils ont accès à la clientèle. On produit de l'information et de l'intelligence de marché qu'on distribue, et finalement on fait de la promotion. Alors que pourrions-nous faire de plus?

Je pense que déjà on produit de l'intelligence et de l'information de marché que les compagnies canadiennes utilisent. On organise déjà aussi, évidemment, des missions

présidées par des membres du gouvernement, qui réussissent à ouvrir les portes de bureaux de ministre et qui présentent des compagnies.

Toutefois, je pense que s'il y a un endroit où l'on devrait travailler davantage, c'est sur le service d'approche--*outreach* en anglais--et je pense qu'il faut, comme vous l'avez mentionné, raconter l'histoire du Golfe. Il faut, comme le mentionnait l'ambassadeur Bell, venir à bout des mythes, de la perception parfois très négative que les gens ont de la région, et leur parler de belles histoires ou d'histoires de succès dans la région.

Je reconnais que Canada-Arab Business Council est un allié extrêmement important pour nous, mais on a besoin d'alliés dans la communauté canadienne pour multiplier le message sur ces aspects. Je crois que c'est la chose qui doit passer en premier.

Le deuxième élément a trait à la promotion. Parce que nous sommes des marchés qui n'ont pas le centre du radar présentement--nous ne sommes pas des marchés émergents-- nous sommes un peu laissés pour compte du point de vue des ressources.

Si demain matin on décidait que les pays du Golfe sont des marchés émergents, cela se traduirait par une concentration de l'attention du ministère, et-- parce que les gens d'affaires sont très sensibles à la direction du vent--à partir de ce moment-là par une plus grande concentration de gens d'affaires dans la région. Je pense qu'on aurait alors peut-être certains éléments, ou beaucoup, qui nous permettraient de tirer avantage d'une partie du marché encore intouchée par nous, les Canadiens.

🕒 (1635)

[English]

The Chair: We'll go to Madame Jennings, s'il vous plaît.

[Français]

L'hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Merci, monsieur le président. Merci de vos présentations. Certaines de mes questions ont déjà été posées en partie, soit par M. Menzies, soit par Mme Deschamps.

Vous avez parlé du fait que l'Australie a dépassé le Canada. Le gouvernement australien a pris la décision politique de mettre un accent stratégique sur cette région. Par la suite, il a consacré des ressources pour réaliser son objectif. Le Canada ne l'a pas fait. On n'a même pas déclaré la région comme étant un marché d'intérêt. La première démarche doit donc être, je présume, que le gouvernement déclare la région comme étant un marché d'intérêt et d'importance stratégique pour le Canada. Deuxièmement, il va falloir un plan d'action accompagné de ressources. Si on crée une demande, il va falloir qu'on ait les moyens et les outils pour y répondre de façon efficace.

[English]

One of the reasons I'm asking that is because there have been in other areas, in other regions of the world, problems where we have in fact created a market so to speak and our services have not been able necessarily to adequately, efficiently respond, partly because we work in silos. Immigration doesn't necessarily talk to international trade, international trade doesn't necessarily talk to another area, national energy, you know, natural resources here or environment here or whatever.

So my thing is you're the ones on the ground, both on the diplomatic, on the foreign affairs side, you're the ones on the ground, you have some great recommendations. You're the ones representing the private sector and you have some excellent recommendations. How do you see in a step by step fashion, say over the next five years, the government could in fact develop an actual action plan and actually implement it so that five years from now we're no longer talking about we only occupy 11% of the imports, we actually occupy 30% to 35%, that we triple it. How would you do that? I'm asking all of you.

The Chair: Ambassador Hutton.

His Excellency David Hutton: Thank you very much.

We're not doing badly and I would claim that we're still a step ahead of the Australians. The trouble is it's a competitive world and everybody is running very fast--

Hon. Marlene Jennings: We can hear the footsteps.

🕒 (1640)

His Excellency David Hutton: Indeed, but these are small countries. I like to use an analogy of rings, and in the core, if you look at the western countries, you have the United States, Great Britain, and France in the centre. In the second ring, Canada is very strategically placed, but the Italians, the Australians, the Germans, are extremely aggressive in their activities, whether they're political or defence or economic.

Australia is as far away from this part of the world as Canada is, but they do have a geographical advantage, and that is that when their ministers are travelling to Europe, they generally have to stop someplace, and so there is a steady stream of visitors coming through. My colleague, Ambassador Bell, made the point that certainly is a fundamental one. These are very stable countries. The minister of foreign affairs has been minister for 20 years probably. To build up a long-term relationship, which is the key, requires a consistency of strategy. We've had the privilege of having Her Excellency, the Governor General, visit three times in the time that I've been there. She has a personal relationship there, and suddenly the whole relationship is on a different level, with a different tone.

More resources are obviously requested by everybody who probably comes before your committee, and that would be most welcome, and, I must say, I think deserving, in our case, as I'm sure everyone else who sits here would maintain. But it's more than that.

It's an orientation, and the fact that if we designate this as an important region, which it is, there are over 7,000 Canadians in the UA, and there are probably 100,000 in the Gulf, and if you add all of those who have been educated or who would like to come to Canada and become part of our country, the multiples are extraordinary.

Transportation links, quite frankly, are an important issue. We will be having an inaugural flight from the new national airline of the Emirates--which is not Emirates Airlines, it's Etihad--which will be flying via Brussels to Toronto in June. That I think will probably be one of the most significant developments during my tenure. Australia, in the time that I've been there, has gone from a few flights to over 26 a week, of which a great number are direct. If you make it easy for people, they will come.

The other question, and excuse me for going on a little longer, is the question of investment. The returns on investment in that part of the world are enormous. They're certainly greater than you'll probably find here in Canada, but we have wonderful assets that we can market, and they are our stability and our diversity. The thing about these countries is they make great strategic partners. They don't want to take over your country and run it. They want to, basically, participate and facilitate its growth under the management and leadership of those who are currently owning. I think there's a great deal that we can do in that area, it's in oil and gas, but the automobile sector is going to be expanding enormously in the UA, and defence equipment. The list is an enormously long one.

Thank you.

The Chair: Thank you, Ambassador Hutton.

(Inaud)

Hon. Dwain Lingenfelter: Mr. Chairman, if I could just make one very short comment. I know that one of the things that we've experienced in Yemen where I think there could be a large degree of showcasing projects, is that we don't often as Canadians celebrate our success in the region. Not only on the end of trade missions going in to find business, but I think when an oil company or when Bombardier opens a new operation, if a Canadian minister was there to share in the celebration of the opening and the investment, so that the news back in Canada was more than about the bad things going on in the region, but was actually a minister or the Prime Minister in the country celebrating the success of Canadian companies, there isn't a Canadian company that I know of that would turn down the Prime Minister or minister being there. In fact, we would roll out the red carpet. For example, when we launch a new a new (inaud) or a new discovery. I think those are the kind of very practical things you can do that are very low cost, but would put the region on the map as a good place to invest for other small- and medium-sized companies.

🕒 (1645)

The Chair: Have Canadian companies ever extended an invitation for such a grand opening to a minister, etc., in the past that has been refused? Just out of curiosity?

Hon. Dwain Lingenfelter: We would tend to invite ministers on a standing basis but also those kind of events. And I'm not being critical about the availability because I know how difficult that is, but having said that, I really think it's those kind of positive events where you celebrate success that we have to as Canadians do much more of. It's easy for us to be critical when things fail, but I think often time we don't take the opportunity to celebrate Canadian company successes.

The Chair: Mr. Ventin, I think you wanted to add a comment to this?

Mr. Peter Ventin: We've had some success as well with getting members of the government to participate in openings of offices that we've had throughout the region over our history, more recently in Qatar.

But just a quick note back to Australia and what other countries are doing. In Qatar, take Spain, one of our principle competitors coming out of the EU very aggressively targeting that market. They have an embassy in Doha. Five full-time staff. There are 50 Spaniards in Doha. There are 1,700 Canadians and Repsol is working hard and several other Spanish companies are very close to closing significant deals because it's face to face. You raised the question earlier as did yourself that culture demands it, and the culture rewards it; and if you're looking at FDI back into Canada, a relationship that has built over time, single individuals, when Mark was there, we had the chairman of the five largest real estate developing companies in the country. Well over a billion dollars apiece. They came to attend a dinner because Mark was in town. It was a phone call. And they all have assets scattered around the world.

They went up to London, they bought two hotels in downtown London, one of our clients. They're looking for stability. They're looking to connect in different parts of the world, and if we give them the opportunity, we give them the importance--I'm not sure if it's a wanting to be acknowledged as an equal--but they're reaching out to countries around the world, and countries that reciprocate are being rewarded. And we've got an incredible reputation in that part of the world, but I'd hate to see it degraded or lost over time if we don't dedicate the resources to build it as opposed to react in other markets where we're not as effectively perceived.

The Chair: Mr. Azzam, I think you wanted to answer?

Dr. Mohamed Azzam: Just a few words for an overall plan. I think the overall plan part of the focus, we should target certain sectors. We build on the success of those sectors. We know that we can move quickly in education, in health, in the oil and gas business, in construction. The road is already there and we need to target those. Part of the overall plan should also be on the success of industry leaders, Nixon, the councils of the world, and we use those leaders. I think part of the overall plan should include an

organization like I have mentioned, like the Canada-Arab Business Council which provides a very critical link between government and public and private sectors.

Another part of the plan should be like Dwain has mentioned. If we are missing embassies in certain places like Yamen, I think we should try to look into that quickly.

I would also again stress the point that we all have been requesting and that high level involvement as part of the plan.

The Chair: We hope when we do across the nation hearings, that the Canada-Arab Council does visit us again either in Toronto or Ottawa because we need to give, from what I sense around the table, more time to hear more news from the Canada-Arab Council.

But before I go to the next round, I'd just like to ask myself various organizations within our government such as EDC, CCC, that have they been there to support Canadian initiatives because Mr. Ventin, as much as I would take the constructive criticism and the well-placed comments about what we should do, you mentioned you've been in that region for about 40-45 years. I find that as much as we are not doing enough and we all agree here, and that's why we've undertaken this request to meet and talk, I mean, in the 40-45 years, what initiatives have companies like yours and others have done to approach government representatives? This government today and previous other governments and say, look, wake up, because it takes two to tango, as much as we've said over and over again.

But I'm also curious to know from our ambassadors and companies are organizations here in Canada been there? CIDA I know has mentioned earlier, etc., have these organizations been approached? Are they aware? Are they there to support us or are we just looking for traditional stability type of initiatives?

🕒 (1650)

Mr. Peter Ventin: No problem.

With regards to our utilization of the various Canadian government resources and the different entities that exist, we use EDC regularly--continually, I might add. It's a resource there that applies directly to that market. They're knowledgeable, they have individuals that understand the region and they're regular. I think they're in town every time a trade mission comes through. An excellent organization that's really doing its best to further trade and development both ways in that market.

CIDA, it applies to Yemen, I believe, but it does not apply to the other GCC countries. It's not a region in need, as the criteria says. We use CIDA around the world in the different projects we do, but in this particular region its current application does not suit, and I don't think is designed for that.

As a company, we prefer to build Canadian teams. We have a long list of Canadian firms that we bring in, that we try and educate into the market. Some set up operations. Some are successful, some are unsuccessful, but we fly the flag. We have a Canadian team coming in, ourselves, HOK, Gartner Lee, SNC, firms throughout the gamut of professional services that we can bring the table. Cansult set up the original consulate in Abu Dhabi, in Dubai, in Oman. We've set up the Canadian Business Association in Qatar, since we opened in 1997, and again in 2002. Any time the government provides the opportunity to say, "Can we work together to do something?", we jump at it because educating yourselves and your counterparts is a cornerstone to getting the message out to the next level.

There's a film documentary currently underway in the GCC, Abu Dhabi and Qatar called, *The Golden Gulf*, organized, in part, I believe, under your auspices, David, if I'm not mistaken.

His Excellency David Hutton: Yes, indeed.

Mr. Peter Ventin: You can talk about it, to let them know. That's an excellent promotional piece. You know much more about it than I do.

His Excellency David Hutton: Maybe just a quick word, Mr. Chairman.

In my experience overseas, I have... the corporate community that we have in this part of the world. The Canada-Arab Business Council, as Peter mentioned, established the trade office in Dubai in the 1990s, and then the Canadian government took it over. We have business councils in Dubai and in Abu Dhabi that are among the most dynamic that I've ever had the privilege of working with. Their directories are an enormous source of information, their websites. We had a Canada Week that was basically the initiative of the Business Council that included the Terry Fox Run, where over 11,000 Canadians ran and raised a quarter-of-million dirham, that's over \$100,000, in cancer research, which then went to a hospital in El Ain and all of the research is administered by a Canadian doctor there. We had a hockey game, if you can imagine, with players from the Russian 1972 team, people like Tretiak and Yakuhev. Jari Kurri came. All of this was done by Canadian volunteers. I could not have been prouder, as Canada's ambassador, to be associated with this. We really have something very, very special going on in this part of the world.

The Chair: But if I may say, and we'll close with this, with the greatest of respect to the Governor General, she visited three times. What's happening here today, my colleagues and myself, we're ecstatic that we have this unique opportunity here, from you, to tell you the truth, not just as our representatives abroad, but from the Canada-Arab Business Council and people who are on the floor. This is very unique, and as much as I appreciate, we all appreciate, the Governor General being there--she should go maybe six or eight times--the fact is it's not filtering down to the politicians, who will take the opportunity or can get into the guts and talk to its representatives--the government, the prime minister, the ministers--and encourage them to undertake, what I

believe you're really suggesting, more two-way exchanges. And it has to be two-way exchanges?

From that aspect, maybe the communication gap somehow was not focused on. Who do we talk to? Mark undertook an initiative, and today he's enlightened us with his suggestion to have you before us.

Mr. Mann, I think you wanted to add, sorry.

🕒 (1655)

Mr. Richard Mann (Director General, Canada-Arab Business Council): I did, thank you.

You asked if there had been enough of an approach from the business community to the government, and I think the answer is, probably not. I think today is a step in the right direction.

We, the CABC, are currently talking to Export Development Corporation and to Foreign Affairs and International Trade about having an event here in Ottawa, possibly in April, to try and put together a national plan to approach economic opportunities, particularly in the Gulf. The *Golden Gulf* project is going to appear on Canadian television this fall. CABC is involved in that. The CABC organizes a gala dinner in the fall, which is an opportunity for the Canadian political sector and the Canadian private sector to get together once again. I think all of these things are important and I think today is the first day of the future.

Thank you.

The Chair:

Mr. Ted Menzies:

His Excellency Roderick Bell:

Mr. Ted Menzies:

Hon. Dwain Lingenfelter:

The Chair:

His Excellency Roderick Bell:

🕒 (1700)

The Chair:

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chair.

I never thought this day would come. I know I've been getting some credit here for what happened, but I also have to give a lot of credit to the opposition member who went with me from the Conservatives, Deepak Obhrai. The reality is we were in a minority position and one cannot go, and he picked up the stick and went with me. As you could see, we worked together on it for Canadians and it went really well. He's not here to take the credit, but it went really well. I think as we were travelling around we stressed that it was too bad the rest of the committee couldn't be there and there were various reasons, because they were busy back here. Somebody had to stay home and watch because Parliament was in session.

It's great that everybody came here, because when I kind of asked you casually when we were over there and you kind of nodded, I didn't expect it all to happen, so this really feels good that you people are here.

How do we go from here and I think we've been throwing things around. But it's one thing and it's been mentioned a few times, it's important that politicians and not just ministers are engaged here. Because in that region the breaking of the bread is very important I noticed. They will hold off contracts until somebody comes. You can do a deal from Calgary to Dallas or Houston, you don't need politicians involved, but over here they like to see that presence and they like to see it whether it's us engaged or whether it's in a consulate or an embassy office. So that's very important.

I believe in where do we go from here? I think it's coming off of what you're planning on doing in April. If we're going to capitalize in that region, it's going to take more than the trade committee to capitalize. We're going to engage CIDA, we're going to have to engage the rest. We are a subcommittee, but there's no reason we can't get the fire going a bit and say okay, this is what's needed in that region to capitalize on it.

I think there's a couple of things we could look at and you people could help us. One is getting some of the people from that region to come here. I know they've been coming here, but when they're coming here that this committee recognizes them and shows them around or however we can give them profile. In that way we could show other companies in Canada that this is a good place, a safe place to visit. It's open for business. So I think in a way if we instigate something like that where we can have this back and forth where they come here and we can show them the hospitals, show them our factories and maybe some of us as politicians go there and do that.

We're going to have to focus on the action plan. There's a list of things we can do in each region, whether it's CIDA should be more in Yemen or whether we need an embassy in Qatar. Those are straightforward things that we can put in and ask for Foreign Affairs or for CIDA. I think the other thing is an ongoing relationship and this might be something not only for your region, because you're stepping up to the plate first, this might be a bit of a template that we could be using in other regions as a committee or as a government as we're going along.

Back to the thing you're doing in April and how we can help it, how we can either be involved with it, I'm sure there are funds available in trade that can help with that, whether it's our committee people can present to it. I think the big step has been made here and it's been made not by Deepak Obhrai and I going there, but it's by you guys coming in here. Because many times in these committees you hear the local departments coming here and telling us stuff. You know, everything is good, but many times we're missing people who are in business and ambassadors who are right on the grounds and who'll give us the straight goods

. So I think we would do a report from this and then we would think of an action plan. But I think we would probably have to deal with the other departments and say, okay, trade's important, investment's important, but these things go together, because it's back to the Australians are going to eat our lunch if we don't. I think that would be a start, to find out what you're doing in April and how we can help. That is there some way through this committee that we can get engaged on that I guess would be a start and we'd take it from there, but I really encourage that.

🕒 (1705)

I've talked, on the side, with many of the people from the Arabian peninsula, who feel a little more nervous going to the United States than Canada, for various reasons since September 11; everything from visas to whatnot. I think we have a good open door policy for them to come here; I think we probably have to engage more when they come here.

I'm thinking through the Canada-Arab council, that maybe we can have more brochures or maybe a video or presentation where you can show business meetings, for instance, in Halifax or somewhere where people are looking at investments, and you had something to show them and you had people speaking about yes, we invested in here; it's a great place to bring our family; it's a great place to invest, and get the word out more. I'm sure there must be funds in the department or in different economic regions that could help.

We have to have something to bite into for this committee, besides doing a report and giving it to somebody. I think we have to say, okay, how do we have an open arms for people coming in here. It's very hard for us to go to these regions; it's not the money, it's hard because of the situation we have here. As MPs, you've either got to be in your riding or you've got to be here and it's very difficult. I know it would be nice to see somebody coming there every two months, but that's not always the reality.

I think the biggest thing here is that the Arabian peninsula is being put on the radar screen here and that's so important, where often the other countries are always mentioned--China, India and Brazil. I've seen it with my own eyes, the vitality and the respect they have for Canadians. I think you people have to give us something to bite into a bit and give us the challenge to do that, and if it's at upcoming meetings, what we could

do, if one of us should be there to speak, or whatever it is, I think we have a committee that's pretty open to that.

Questions...I don't know what to ask because I've pretty well seen a lot of it. I like the idea of people from Qatar or Yemen coming here and getting to know our region. I think it's so important. The tourism itself...if we can get some of these airlines coming in here, the tourism is going to be a big thing. Disposable income in phenomenal for these regions, and for people to come here and spend \$20,000 or \$30,000 on three or four weeks vacation is great boost; students coming here, so I think we just have to open our doors more and get the Canadians educated, also, about the region--how friendly it is and how it's a good place to do business in. But it's going to take more than our Department of Trade; I think we have to get the other ones more engaged.

The Chair: Are there any comments from anybody on the panel?

We'll go to Madam Deschamps.

Hon. Dwain Lingenfelter: I have to make one little statement. We have a flight that we have to catch at 6:20. I don't want to cut off this debate after getting this opportunity to come here, but I just wanted to keep that in mind. We'll certainly entertain that question.

[*Français*]

Mme Johanne Deschamps: Je vais tenter d'être plus courte que M. Eyking! C'est un peu dans le même sens que je voulais intervenir.

J'ai aussi eu le plaisir de participer à une mission commerciale en novembre dernier où m'accompagnait M. Menzies. Nous nous sommes rendus au Chili et au Brésil. C'est vraiment une fois sur place qu'on peut constater l'importance de ces missions. Les liens qui sont aussi créés entre les gens du gouvernement. Mais une fois que les gens du gouvernement sont partis et la clé doit résider probablement là, avoir des gens de qualité sur place, avoir suffisamment de ressources. On aura beau établir tous les plans d'action inimaginables, mais si on n'a pas les ressources pour pouvoir mettre en place tout cela, à mon avis, je pense qu'on va en parler très longtemps, mais on n'en sentira pas les effets que l'on s'attend suite à ces rencontres.

C'est une remarque, un commentaire, mais c'est aussi une question.

Si on avait plus de ressources, probablement que la situation changerait beaucoup.

🕒 (1710)

[*English*]

The Chair: Thank you. Any comments on the comment?

Ambassador Bell.

His Excellency Roderick Bell: I know that ambassadors and bureaucrats always are looking for more resources. I'm not particularly looking for more resources at all, at least in terms of my four countries. What I am looking for, and I think we're sort of getting a little bit of the spark here today, is focus and attention. For my countries, I'm probably quite well resourced. David probably isn't and Denis probably isn't, but in terms of Canadian presence, it was mentioned a couple of times, you don't always have to have a full embassy with all the stuff that goes with it, an official residence, cars and drivers and all that sort of stuff. You can have an office of the Canadian embassy, say, with one Canadian diplomat reporting back to me or, in Denis' case, to him in Kuwait. It doesn't cost a lot. You don't need a great fancy embassy in all these places, but you really do need to pay more attention and focus on it. Sure, an action plan is not very good if you don't have sufficient resources to carry it out, but with a little more attention and understanding of the potential in the region...

In terms of Brazil, I served in Brazil and it's a tremendous country but it's never been able to get it together. Any natural resource that occurred in the mind of God, He gave to Brazil, and what have they done with it? I always think of the comment of General DeGaul when he was on a state visit to Brazil, and on departure, in typical DeGaul fashion, he said, "Brazil is a country of great potential and always will be." That's not to knock Brazil.

In terms of this concept that we have of new and emerging markets, we have to expand a little bit beyond three countries. However great their potential is, there is potential elsewhere as well. We don't have to work that hard in the Arabian Peninsula, but we really have to focus and we really have to decide that we want to be there is a more systematic and strategic way than we are now. It's not masses of resources.

Last year my department, which is called foreign affairs now, it's been moved around a little bit--

The Chair: We're still together.

His Excellency Roderick Bell: We opened eight new consulates general in the United States: Raleigh, Virginia and Denver, Colorado. The economic relationship with the United States keeps this place ticking, but it's not the only place in the world. That really, in my view—and my deputy minister will probably be after me for saying so—as robbing Peter to pay Paul because a lot of those resources for those eight new consulates general came from other Canadian embassies around the world. It's not always an issue of resources, but it's a matter of focus and emphasis.

The Chair: Do you want to add a comment?

His Excellency David Hutton: Very briefly, I just want to build on this point that there is a work in progress here. Speaking for the United Arab Emirates, the Governor of

the Central Bank will be bringing a delegation to Canada. He also is the chairman of the Abu Dhabi Investment Authority with \$600 billion under his mandate. We're hoping that the minister of foreign affairs may also come and lead a very large delegation this spring. The minister of trade is going to India. We've suggested that he stop in Dubai and I think that is being actively considered. The CABC is organizing a mission in September to both Saudi Arabia and the United Arab Emirates. This movie will be an extremely important promotional tool. We're talking about how to take advantage of that and maybe have an outreach program across the country, which, if the committee were available to participate in, would be very significant. It was funded by the some of the members of the Canadian Business Council. There is a lot underway, but the glass is half full only and we need to pour as much into it as we can.

🕒 (1715)

The Chair: I couldn't agree with you more, Ambassador.

In closing let me say thank you very much for coming before our committee. Certainly there's a lot of work I think that needs to be done. I can only speak on behalf of all my colleagues here, and others in the House of Commons, that we are more than glad to when given the opportunity, I know I firsthand have had the experience of being abroad, and I've seen the impact that a government representative does bring to the visit in our experiences in the past. So I can tell you we're more than happy schedule permitting of course. Thank you very much for coming. You certainly shed some light on this committee.

Thank you. This meeting is now adjourned.