



House of Commons
CANADA

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

SINT • NUMBER 012 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Monday, February 21, 2005

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Chair

Mr. John Cannis

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

Monday, February 21, 2005

• (1535)

[English]

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

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. I'm also told that our guests are pressed for time and they'll probably be with us here until about 4:45.

We have with us today, from the Canadian embassy in Saudi Arabia, His Excellency Roderick Bell, Ambassador; and from the Canadian embassy in the United Arab Emirates, His Excellency David Hutton, Ambassador.

Let me just intervene to say that he's a gentleman I had the opportunity to work with in years past when he was ambassador to Greece, and a very good host. We had an excellent trade mission there. David, it's very nice to see you again.

We have with us, from the Canadian embassy in Kuwait, His Excellency Denis Thibault, Ambassador.

Further down we have, from the Canada-Arab Business Council, Mr. Dwain Lingenfelter, chairman and CEO, vice-president government relations, Nexen, Inc. We have with us Mr. Mohamed Azzam, president of containboard, from G.A. Paper International Inc.; as well as Mr. Richard Mann, director general. We have with us, from Consult Limited, Mr. Peter Ventin, resident manager and vice-president.

Gentlemen, I don't know in which order you wish to open up. I'll leave the timeframe to your discretion, with a 5- to 10-minute presentation from all. Then we'll go to questions by the members.

Welcome. 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 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 will have an advantage over my colleagues, because I'm sure the message will be reinforced as each of my colleagues speaks.

We have limited time, so with your permission I'll touch very briefly on a few points that highlight the potential opportunities 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 economies of the gulf are stagnant, if indeed that is a myth. They are anything but. The region is witness to some of the highest economic growth in the world. For example, in the country I represent, the United Arab Emirates, the growth rate is 5% to 6%, and compounding very quickly.

The second myth that I think is important to dispel is that the U.A.E. 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 U.A.E.'s enormous wealth, but the wise leadership of Sheik Zayed, the leader who recently passed away, who had the foresight to invest this wealth wisely, has led to 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 U.A.E., 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 of oil in the world, and 23% of the gas reserves.

In addition to investing in diversification and infrastructure, the U.A.E. also maintains vast sums of investment capital to reinvest its oil wealth—a heritage fund, if you will. The Abu Dhabi Investment Authority alone has approximately \$500 trillion under its management. In Dubai, the latest example of an investment coup is the \$1 billion equity purchase they made in Daimler Chrysler, making the Emirates the third largest stakeholder in that particular country.

Canada has played an important role in the development of the U.A.E., 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 I've been privileged to serve as ambassador there.

I think it's important for the committee to recognize the types of goods we are exporting to that region. If we examine Canada's top exports to the U.A.E., you'll see that they're dominated by value-added and high-tech equipment. In fact, Canada's largest export to the U.A.E. 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.

However, these figures do not show the impressive export service that Canada provides to the U.A.E.. Chief among these services are project management and architectural services. Companies such as Cansult, which is going to speak later here, HOK Canada, NORR, SNC-Lavalin, Terasen, VECO and many others have made significant contributions to the U.A.E.'s infrastructure and skyline, including such iconic buildings as the Emirate Towers. I have a PowerPoint presentation I often use in making presentations of this kind. It can literally run for as long as I want to speak, showing the various buildings and projects in which Canadians have been very actively involved.

● (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 U.A.E. market as enormous, with the opening of two other hotels in the very near future. For example, the occupancy rate at the Fairmont in Dubai is well over 92%.

The demand for said services can only grow in the U.A.E., particularly in Dubai, which is transforming itself to become one of the world's premiere tourist and convention destinations. Upcoming projects include the world's tallest building, the world's largest shopping mall, and the world's largest waterfront development, which will add over 850 kilometres of coastline to the Emirates.

To handle the tourist and trade facilities, the airport is currently undergoing an expansion that will increase its capacity to that of Heathrow, London. The national carriers such as Emirates 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. 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 probably find out 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, 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 U.A.E.. As an example, Australia is a country that faces many of the same market entry hurdles as Canada. Australia 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.

As a whole, the GCC includes the U.A.E., 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 ranks fifteenth as an export destination for Canadian products. By way of comparison, Brazil ranks eighteenth, and India ranks 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 U.A.E.'s seventh export destination, Australia is eighth, and the U.S. is sixteenth.

The high gross domestic product in these countries—the U.A.E. 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 that one of the useful indicators of economic growth is the number of elevators on order. In the U.A.E., the number is over 4,000 per year. The figure is perhaps 40,000 in China, but the number is around 2,000 to 2,500 in Canada.

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

In closing, let me 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.

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

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

The Chair: Please.

[*Translation*]

His Excellency Denis Thibault (Ambassador, Canadian Embassy in Kuwait): Mr. Chairman, I'd like to start by thanking you for inviting me to speak to the subcommittee this afternoon about our economic ties with the two gulf emirates, Kuwait and Qatar.

[*English*]

Although they are small, with a combined population of only 3.5 million, the emirates of Kuwait and Qatar are blessed with enormous wealth derived from oil and gas. Together they own 10% of the world's known oil reserves and 14% of its natural gas. Thanks to the continuing high oil prices, their economies, as Ambassador Hutton mentioned, are among the fastest growing in the world, and they are poised for solid gains as they increase their oil and gas output and develop their downstream industries.

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 members of the WTO, have mostly open economies, stable and freely convertible currencies, and favourable credit ratings. Both countries are encouraging private sector growth, seeking greater inflows of foreign investment, and taking steps to improve their business environment.

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

Kuwait's expected spending on new oil production and refining facilities, as well as new petrochemical plants, will exceed \$50 billion by 2020, while Qatar foresees expenditure on gas liquification and gas-to-liquid projects exceeding \$100 billion within a decade. It should enable Qatar to position itself as the world's top exporter for LNG and GTL.

Mega-infrastructure projects expected to cost many more billions include a maritime causeway linking Qatar to Bahrain, a 25-kilometre causeway across Kuwait Bay, and a \$3.7-billion university campus in Kuwait. As a matter of fact, a group of companies from Toronto is preparing the master design for this new Kuwait university. Another megaproject will be a \$6-billion state-of-the-art airport in Doha.

As they have to import almost everything they need, opportunities abound, and there's great possibility for Canadians to serve these fast-growing markets with a full range of products and services in what we see as priority sectors for Canada. Oil and gas, the construction industry, transportation, food, health, and education sectors are seen for us as the priorities in those two countries. Combined Canadian merchandise exports to the two markets grew by...*[Inaudible—Editor]*...in 2003, and by 89% in 2004, to reach \$212 million, according to Statistics Canada. The figures from the official sources in Kuwait and Qatar are higher than that, as they include transshipment through third countries.

Our exports are diversified and have consisted largely of high-value-added products such as machinery, motor cars, aircraft, furniture, instruments, and processed foods. Shipments of forest products, metals, chemicals, and plastics 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's combined merchandise imports were 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- Lavalin, HOK Canada, Precision Drilling, Bombardier, InterHealth, CBIE, UBC, and Newfoundland's College of the North Atlantic, which won a 10-year \$500-million contract to run a technical college in Doha, Qatar.

The growing Canadian presence is also visible in the rapid spread of Canadian retail and food service franchises, such as Second Cup, Aldo Shoes, Fruits and Passion, to name 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 Kuwait's Petrochemical Industries Company. With the highest number of millionaires per capita in the Middle East, Kuwait and Qatar's private sectors are a potential source of additional investment for Canada. Canadian assets in both countries are estimated at about \$225 million.

In conclusion, 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.

Please go ahead, 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, a region where, 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: Saudi Arabia, Oman, and Bahrain. I'll limit my comments to Saudi Arabia simply because it's where I live, the Canadian embassy is there, and it's the biggest.

Saudi Arabia 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. Telecommunications, transportation, health care, education, and 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 five to fifteen years. 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 level or close to its current level, annual GDP growth is forecasted to remain above 5% for the near term.

As Saudi Arabia is 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, the 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.

I point out that Saudi Arabia this year will have a budget surplus of \$35 billion. Since the year 2000, spurred by rising oil revenues 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 that measure the annual revenues generated by Canadian service companies active in the kingdom, anecdotal evidence would lead us to believe the service figure is significant and 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 Victorias sold in Saudi Arabia last year but made in London, Ontario, because they were transshipped through the United States.

Saudi Arabia has one of the highest proportions of millionaires per capita in the world, as Denis 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.

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 on us in focusing really sharply on the potential in the gulf countries.

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 this time and inviting the Canada-Arab Business Council to be here today.

Also, thank you, Your Excellencies, for your excellent report on the region. I'll try not to repeat a lot of the statistics, but I will 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 we get that support. In part of what we're going to say, we'll be talking about things we can do more of, but I would be remiss if I didn't comment on and compliment the ambassadors and their staff for all of the work that's done on an ongoing basis.

As well, committee member Mark Eyking led our mission to the Middle East in December. It's these kinds of things that we think Canada has to do more of. It's by working together very closely that the private sector, government, and agencies of government 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 director general, Rick Mann. Rick, of course, has much experience in the region, being a former ambassador, and he brings a lot of quality to our organization. This has been a big step for the Canada-Arab Business Council. Until last year, we were totally a volunteer organization. We have just recently opened a full-time office in Mississauga. Rick has picked up the reins, and that has really helped us a great deal.

Having said that, I just want to add to the statistics that have been given here, because North Africa is no exception. We see very rapid growth in Morocco and Libya. Of course, with the new bid round a week ago, Canadian companies did not do all that well, although one Canadian company won one of the blocks. We really expect that in future bid rounds you'll see more from companies like Talisman and Petro-Canada, as well as Nexen, which tested the waters in this bid round but obviously did not want to go head to head with some of the American companies. The Canadian companies will come in in later rounds and you'll see huge expansion in North Africa, and especially in Libya.

There are a lot of opportunities in oil and oil service, of course, but as has been mentioned—I think Ambassador Hutton mentioned this—the list is much broader than that. Among the nearly 100 member companies that the Canada-Arab Business Council represents, we have a broad section that includes transportation, medical service, hotel management, and all the sectors. However, one that I think we shouldn't overlook as Canadians in terms of the long-term impacts 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 but who prefer not to go to the United States. I think there's a huge opportunity for Canadian institutions of higher learning—Mark, I'm sure you found that even in Yemen when we were there—given the number of families who now see Canada as a country of choice for educating their families. That is a long-term building stone for having influence and effect, not today and maybe not even five years from now, but twenty and thirty years down the road, as these people take positions in their country both in the building of democracy and in the corporations. That creates huge opportunities 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.

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

to make sure we have our priorities straight as to where the growth is and where the emerging markets really are.

● (1605)

I don't want to downplay the importance of these other countries, but 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 we do with these countries, when you compare it to our competitors—France, Germany and Italy—in this region we make up only 11%, whereas in China and India we're at 46%. When you look at where the opportunities are, you really have to wonder how much more we can do in competing with Germany and France in India, China, and Brazil, versus what we could do in the Middle East. I really urge that we look again at those numbers in terms of where we might make the most impact.

The other area where we think we have a huge opportunity is in the whole area of governance and building of democracies. We watch with interest, and sometimes dismay, at 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, and women can vote. The minister of culture in Yemen is a woman, yet we don't seem to see the same kind of attention being paid as there would be to 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 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 trying 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 in playing out the Canadian spirit, the Canadian institutions, to have an impact and effect that would really go a long way to helping integrate Canadian companies in that region.

On the recommendations I want to leave with you today to think about, the first is that Canada must take advantage of the existing favourable view that the Middle East countries have of Canada compared to our competitors and act swiftly in this growing market and region, because that opportunity and the advantage we have could be fleeting. We don't know what tomorrow will bring in terms of Canada's reputation in that area, but we do know today that we have a huge advantage over our competitors. We're presently behind them, but the door is wide open for us to step into it if we do certain things.

Second, 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, and missions. Government members must continue to support these relationships by participating not only in those missions going to the Middle East, but also in Middle East delegations coming to Canada.

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

Finally, I just want to thank the committee members for taking the time. If there are any questions, we will try to answer them.

• (1610)

The Chair: Thank you very much.

We'll close with Mr. Ventin.

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

Once again we reiterate the comments made by the ambassadors and Dwain. We welcome the opportunity, as a representative from the private sector, as 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 that have come through the region in previous years, such as the one that Mark participated in in December.

The staff on the ground that represents Canada through the different embassies does an incredible job of assisting firms like ours in marketing our services and growing our business potential. But 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 have 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 with the sole purpose of providing professional engineering, architecture, and project management services internationally—that's how they got the twelve firms together. Consult, 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.... We have 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.

On the scale of the investments and the opportunities, the numbers have been thrown around: Exxon, their largest single investment in corporate history, \$17 billion is under way 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 about trade and investment: Qatar and GTL, and 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 have some 28- to 30-storey buildings. In one sector of Doha there are sixty up-to-80-storey office buildings currently under construction—sixty of them. The manpower, the resources, the trade potential to get Canadian firms involved is an opportunity, it's a door that's been opened.

Our case here today is to answer your questions in order to help you put it higher on the agenda. Show us where we can provide you with 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 to 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 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. We'll have 10 minutes, either way.

Mr. Ted Menzies (MacLeod, CPC): I don't think 10 minutes is enough.

The Chair: Hopefully if we stick with 10 minutes, then we can go to a second round, to be fair to all who have great interest in this audience.

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

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 about the opportunities.

My first question is, 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 more do we do? 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 are conflicts within 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 it. There have to be some concerns with some of that.

A simple question: why is Australia doing better than Canada? 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 to you, and that'll probably eat up the 10 minutes.

Hon. Dwain Lingenfelter: For example, our company, Nexen, is very much involved in Yemen; we've invested billions of dollars and we have a thousand employees on the ground in Yemen. In the 10 years we have produced oil in Yemen—we've been there about 15 years but have been producing oil for 10—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 we operate in. No one knows that, because the news on CNN or CBC shows Iraq and Afghanistan, and those countries are in a very desperate situation. Our company wouldn't go there. That's the image of the Middle East, yet nothing could be further from the truth. If you go to Dubai and look down on the shopping centre when you land at the airport at four a.m., you'll see thousands of people doing business, buying and selling, and feeling very safe. Changing that image for Canadian business is the responsibility of those of us who work there but also the responsibility of the government and the opposition.

I must admit, at least since I've been with the Canada-Arab Business Council, it's much more difficult to get ministers to lead trade missions to the Middle East than it is to India, Brazil, or China. At least the record would show there are many more ministers going to those countries than to the Middle East. This is just one part of it, but 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, did his work in giving us an opportunity to come. These are the kinds of things we have to do much more of.

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

Is there a follow-up?

His Excellency Roderick Bell: If I could, I'll 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 because they have a strategic focus on the gulf countries, and their government has developed a conscious policy of concentrating on that huge potential. That's why they're doing better. We don't have that focus.

How can we improve? Well, as Mr. Lingenfelter said, probably any culture values face-to-face contact, but believe me, Arab culture puts a premium on it. We need the Prime Minister there, we need ministers there, and we need MPs there. The attention the business mission to Yemen got, the one led by Mr. Eyking in company with an opposition member just before Christmas, was amazing. The mission wouldn't have got that attention, I don't think, 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 this was a novel idea.

We miss the boat in the Middle East because we undervalue the reputation Canada has in the Middle East. Some might say 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 haven't deserved the reputation we garnered in the past. Nonetheless, we still have it, more particularly since the events of 9/11. The Canadian position on Middle Eastern issues, and more particularly on Iraq, are extremely valued, and this is not just at the government level.

Before I was ambassador to Saudi Arabia, at the time of the Iraq war, I was ambassador to Jordan. 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, "Well, that's right". He said, "That's terrific! You get 10 dinars off the price of your suit".

Some hon. members: Oh, oh!

His Excellency Roderick Bell: So people do notice. We really do have a special place in these Arab countries, but 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 poor sister of the Arabian Peninsula.

• (1625)

Hon. Dwain Lingenfelter: It soon will be, though.

His Excellency Roderick Bell: So the GCC haven't let it in yet.

The interest in education and post-secondary education in Canada is just extraordinary—and not just post-secondary education, but English-language and 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 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 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's been through everything in the last 50 years, including a Soviet takeover. It was the only Marxist state in the Arab world at one point and 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, and there are about 175 countries on the list. It's almost at the bottom. Why isn't CIDA there? That's a good question for Mrs. Carroll.

My other two countries, Bahrain and Oman, have relatively free and fair elections with full franchise.

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

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

The Chair: Are there any other comments?

Dr. Azzam.

Dr. Mohamed Azzam (President, President-Containboard, G. A. Paper International Inc., Canada-Arab Business Council): I'll give you a personal example here, as we were involved early on. Part of the focus Ambassador Bell is calling for can come through an organization like the Canada-Arab Business Council.

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

But very early on, when we had an issue about \$100,000, we were able to collect our money back through the Canada-Arab Business Council introducing us to the Canadian embassy in Saudi Arabia—money that was very critical to where we were at that time. Very early on, we got a contract in Lebanon during the civil war through the directory 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. So part of the support in our mission.... We need 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.

[*Translation*]

Ms. Johanne Deschamps (Laurentides—Labelle, BQ): Thank you.

I find that we really do not have much time to listen to all you have to tell us about these Arab states.

We're told that Canada has a very credible reputation in that region, as do investors. We're told that the need for investments is great. What can be done to change the image of these states? What steps can we take to encourage investment in that region? What tools and methods are currently used?

Mention was made of trade missions. Should we be doing more? Earlier His Excellency Ambassador Bell spoke briefly about this subject. Should the government be launching missions in partnership with the private sector?

For starters, perhaps we need to change the image that our investors have of Arab states. How do we convince them that it is safe to do business in these countries?

His Excellency Denis Thibault: That ties in with the first question that was raised, namely what more should we be doing to take advantage of the possibilities and potential of gulf markets?

Essentially, market promotion in this region can be divided into four types of activities. The first involves raising awareness and opening doors, literally speaking, through negotiations at the WTO level. Doors are also opened when a member of the government or a minister accompanies trade missions. Doors are opened and access is gained to clients. Business information and market intelligence are produced and distributed. Lastly, promotion activities are carried out.

What more could be done? Information and market intelligence that Canadian companies can use is already being produced. Missions led by government members are already being organized and these help companies get their foot in the door and meet with government officials.

There is, however, one area in which we could be doing more, and that pertains to our outreach activities. As you mentioned, I think we need to tell the story of the gulf. As Ambassador Bell was saying, we need to debunk the myths and often very negative perception that people have of this region and focus on our successes in this area.

I recognize that the Canada-Arab Business Council is an extremely important ally of ours. However, we also need allies within the Canadian community to get our message across. That's the first point.

The second element is promotion. Because our markets are not at the centre of the radar screen and because ours are not emerging markets either, we tend to be overlooked from a resources standpoint.

If the decision was made tomorrow morning to view gulf states as emerging markets, the department would shift its focus to this region and, since business people are quite attuned to the way the wind blows, they too would focus more on this region. I think we would then have some of the conditions in place to allow Canadians to tap into this market.

• (1635)

[*English*]

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

[*Translation*]

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Thank you, Mr. Chairman.

Thank you to our presenters. Some of my questions have already been asked by Mr. Menzies and Ms. Deschamps.

You stated that Australia has overtaken Canada because its government made the political decision to focus strategically on this region. The country then proceeded to invest resources to achieve its objectives. Canada has not done this. We have not even declared this region to be a market of interest to us. Therefore, I assume the first step would be for the government to declare this region as a market of interest and strategic importance to Canada.

Secondly, we need to put in place a plan of action along with resources. If we create demand, we need to have the means and tools to meet that demand effectively.

[English]

One of the reasons I'm asking that is because in other regions of the world there have been problems where we have in fact created markets, so to speak, and our services have not necessarily been able to adequately and efficiently respond, partly because we work in silos. The Department of Immigration doesn't necessarily talk to International Trade; International Trade doesn't necessarily talk to another area—National Energy, Natural Resources here, Environment here, or whatever. So you're the ones on the ground on both the diplomatic and foreign affairs sides. You have some great recommendations. You're the ones representing the private sector, and you have some excellent recommendations.

In a step-by-step fashion over, say, the next five years, how could the government develop an action plan and actually implement it, so that five years from now we'll no longer be talking about how we have only 11% of the imports, so we'll actually have 30% to 35%, so we'll triple them? 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 that it's a competitive world and everybody is running very fast—

Hon. Marlene Jennings: We can hear their footsteps.

• (1640)

His Excellency David Hutton: Indeed.

But these are small countries. I like to use an analogy of rings: 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, and 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: 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 certainly made a fundamental point, that these are very stable countries; the minister of foreign affairs has probably been minister for 20 years. 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 I've been there. She has a personal relationship there, and suddenly the whole relationship is on a different level with a different tone.

Obviously, more resources are probably requested by everybody who comes before your committee. These would be most welcome and, I must say, 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. The fact is that if we designate this as an important region, which it is—there are over 7,000 Canadians in the U.A.E. and 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. In June, we will have an inaugural flight from the new national airline of the Emirates—not Emirates Airlines, but Etihad—flying via Brussels to Toronto. I think that will probably be one of the most significant developments during my tenure. Australia, in the time 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.

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

Thank you.

The Chair: Thank you, Ambassador Hutton.

Mr. Lingenfelter.

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

• (1645)

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

Hon. Dwain Lingenfelter: We would tend to invite ministers on a standing basis, but also to those kinds of events. I'm not being critical about the availability, because I know how difficult that is.

That said, I really think it's those kinds of positive events, where you celebrate success, that we as Canadians have to do much more of. It's easy for us to be critical when things fail, but I think oftentimes we don't take the opportunity to celebrate Canadian companies' 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, getting members of the government to participate in openings of offices that we've had throughout the region over our history, most recently in Qatar.

But just as a quick note back to Qatar and what other countries are doing, take Spain, one of our principal competitors, coming out of the EU, very aggressively targeting that market. They have an embassy in Doha and five full-time staff. There are 50 Spaniards in Doha; there are 1,700 Canadians. 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 that culture demands it, and the culture rewards it. If you're looking at FDI back into Canada, a relationship that is built over time, single individuals, when Mark was there, we had the chairmen of the five largest real estate development companies in the country, worth well over \$1 billion apiece. They came to attend a dinner because Mark was in town—it was a phone call. They all have assets scattered around the world.

They went up to London and 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, if we give them the importance... I'm not sure if it's wanting to be acknowledged as an equal, but they're reaching out to countries around the world, and countries that reciprocate are being rewarded. We have 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 reacting in other markets where we're not as effectively perceived.

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

Dr. Mohamed Azzam: For an overall plan, as part of the focus, I think we should target certain sectors and build on the success of those sectors. We know 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 build on the success of industry leaders—Nexen, the Cansults 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, as Dwain has mentioned, that if we are missing embassies in certain places like Yemen, we should try to look into that quickly.

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

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

But before I go to the next round I'd just like to ask, have the various organizations within our government such as the EDC and the CCC been there to support Canadian initiatives?

Mr. Ventin, as much as I would take the constructive criticism and the well-placed comments about what we should do, you mentioned that you've been in that region for about 40 or 45 years. 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—in the 40 or 45 years, what initiatives have companies like yours and others taken to approach government representatives, this government today and previous other governments, and say, "Look, wake up"? It takes two to tango, as we've said over and over again.

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

I place the question first to you, because you've been there for 45 years and maybe there's a shortfall on your side as well, and then maybe the ambassadors could respond.

• (1650)

Mr. Peter Ventin: No problem.

With regard 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. So it's an excellent organization that's really doing its best to further trade and development both ways in that market.

In terms of 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 say. 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 it's 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 to 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 to 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 documentary film currently under way in the GCC, in 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 I'll say just a quick word, Mr. Chairman.

In my experience overseas, I have never...[*Technical difficulty—Editor*]...the corporate community that we have in this part of the world. The Canada-Arab Business Council, as Peter mentioned, established a 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 and included the Terry Fox Run, where over 11,000 Canadians ran and raised a quarter of a million dirham—that's over \$100,000—for cancer research, which then went to a hospital in Al Ain. All of the research is administered by a Canadian doctor there.

We had a hockey game, if you can imagine, with players from the 1972 Russian team, people like Tretiak and Yakushev. 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 special going on in this part of the world.

The Chair: But if I may say—and I'll close with this—with the greatest respect to the Governor General, she visited three times. What's happening here today...my colleagues and I are ecstatic that we have this unique opportunity to hear from you, to tell you the truth, not just as our representatives abroad, but also from the Canada-Arab Business Council and the people who are on the floor. This is very unique, and as much as 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 representatives—the government, the prime minister, the ministers—and encourage them to undertake what I believe you're really suggesting, which is more two-way exchanges. And it has to be two-way exchanges.

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

Mr. Mann, I think you wanted to add something. I'm 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 the Department of Foreign Affairs and International Trade about having an event here in Ottawa, possibly in April, to try to 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. The 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: Thank you.

Mr. Menzies.

Mr. Ted Menzies: I guess I'm old enough to remember the success we had with Saudi Arabia. We sent some irrigation technology over, and some people with it, and there was a wonderful response from that. We got the Saudi Arabians growing enough barley that we were no longer able to export any barley to Saudi Arabia.

So there are success stories out there.

His Excellency Roderick Bell: They've stopped growing barley.

Mr. Ted Menzies: Well, okay. We still grow it. Maybe we should re-address that issue. And I won't ask what they're growing under those pivots that we helped to put up.

What input did you have into this international policy review, and what do you hope to see out of it—that is, provided we ever actually do see the results of this IPR? This committee has been looking forward to it.

Did you have any input? Were you able to provide any of the things that you've told us about today into this international policy review, which takes in trade and defence and foreign affairs?

Hon. Dwain Lingenfelter: Maybe I could just comment that in a number of ways we've been able to access ministers as well as individuals. I think what we're looking forward to is the formal process, because I understand there will be ongoing involvement as this comes forward.

But having said that, I really believe that foreign policy has to be alive all the time. I think if you set in your mind that you're going to a foreign policy review in 2005 and then you can set it on a shelf and check it again 10 years later, that's exactly what we're asking you not to do. We believe that economies emerge all the time, and basket cases in one year become huge success stories the next. So I think it would be the opinion of the Canada-Arab Business Council that Canada's foreign policy has to be a living document that gets reviewed all the time.

I think, Ted, getting to your real question of whether there is enough involvement between the private sector and government in this, personally I don't think there is. I think there could be more. We have had access to ministers, but I think in order to form really powerful foreign policy there has to be an ongoing relationship with government, industry, and educational institutions that builds on this almost on an annual basis to make sure you have it right. If you get it right in 2005, it isn't going to be right for 2007.

The Chair: Would any of our ambassadors wish to comment?

His Excellency Roderick Bell: I think in terms of the part of the world that we represent for Canada, one of the important inputs into the foreign policy review was a report done by the foreign affairs and defence committee on Canadian relations with the Islamic world more generally. I think that was probably an important contribution to the foreign policy review.

• (1700)

The Chair: Mr. Eyking.

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 just one could not go, and he picked up the stick and went with me. As you can 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 asked you casually when we were over there and you nodded, I didn't expect it all to happen, so it really feels good that you people are here.

The question is how do we go from here, and I think we've been throwing things around. But there is one thing, and it's been mentioned a few times, which is that 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 and you don't need politicians involved, but over there 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.

Where do we go from here? I think it's coming off what you're planning to do 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 have to engage CIDA, we're going to have to engage the rest. We are a subcommittee here, but there's no reason we can't get the fire going a bit and say this is what's needed in that region to capitalize on it.

I think there are 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 this committee could recognize them and show them around or do whatever we can to 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 perhaps we can 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.

But we're going to have to focus on the action plan. There's a list of things we can do in each region. Whether CIDA should be more in Yemen or whether we need an embassy in Qatar, those are straightforward things that we can put in the ask for Department of 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.

To get back to the thing you're doing in April and how we can help it, how we can be involved with it, I'm sure there are funds available in trade that can help with it, 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 me going there, but by you guys coming in here, because many times in these committees you hear the local departments coming here and telling us stuff. They say 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 that trade's important, investment's important, but these things go together, because 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. To know if there is some way, through this committee, that we can get engaged on that I think would be a start, and then 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 what not. 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—maybe through the Canada-Arab Business Council—that maybe we can have more brochures, or maybe a video or presentation, that you can show at business meetings, for instance, in Halifax or somewhere where people are looking at investments. You would have something to show them and you would have people saying, “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, how do we have open arms for people coming in here? It's very hard for us to go to these regions, and it's not the money; it's hard because of the situation we have here. As MPs, you either have to be in your riding or you have 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 this.

Questions. I don't know what to ask, because I've pretty well seen a lot of it. But I like the idea of people from Qatar or Yemen coming here and getting to know our region. I think it's so important. As for tourism itself, if we can get some of these airlines coming in here, the tourism is going to be a big thing. Disposable income is phenomenal for these regions, and for people to come here and spend \$20,000 or \$30,000 on three or four weeks' vacation is a great boost—also, students coming here. So I think we just have to open our doors more and get the Canadians educated also about the region, about 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 International 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 Madame Deschamps.

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

We'll certainly entertain that question.

[*Translation*]

Ms. Johanne Deschamps: I'll try to be more succinct than Mr. Eyring. My comments are somewhat along the same lines as his.

Last November, I had the pleasure of taking part, along with Mr. Menzies, in a trade mission. We travelled to Chile and to Brazil. Only after we had arrived at our destination did we appreciate how important these missions really are and the ties that are forged by government members. However, once government officials are gone,

the key is to have quality people on the ground and adequate resources. We can develop every conceivable plan of action, but without the resources to implement our plan, it will all be just talk and the hoped-for results from meetings such as this one will never be achieved.

It's just a comment, but it does raise the question. If we had more resources, most likely the situation would change dramatically.

• (1710)

[*English*]

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

Ambassador Bell.

His Excellency Roderick Bell: I know 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 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, as 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 to provide focus. 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....

As for 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 de Gaulle when he was on a state visit to Brazil. On departure, in typical de Gaulle fashion, he said, “Brazil is a country of great potential and always will be”—not to knock Brazil.

In terms of the concept we have of new and emerging markets, we have to expand a 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 in a more systematic and strategic way than we are now. It's not a question of masses of resources.

Last year my department.... I think it's 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, etc. 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—was 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 a question of resources, but of focus and emphasis.

The Chair: Do you want to add a comment?

His Excellency David Hutton: Very briefly, I 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 the Minister of Foreign Affairs may also come leading a very large delegation this spring. The Minister of Trade is going to India. We've suggested 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 it and maybe have an outreach program across the country. If the committee were available to participate in this, it would be very significant. It was funded by some of the members of the Canadian Business Council.

There is a lot under way, 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 a lot of work needs to be done. I can only speak on behalf of all my colleagues here, and others in the House of Commons, in saying that we are more than glad, when given the opportunity.... I have had the firsthand experience of being abroad and have seen the impact a government representative brings to the visit, from our experiences in the past. I can tell you we're more than happy—schedule permitting, of course.

Thank you very much for coming. You have certainly shed some light on this committee.

This meeting is now adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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