

**CANADA'S ECONOMIC AND POLITICAL RELATIONS WITH  
THE GULF COOPERATION COUNCIL COUNTRIES**

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**MASTERS OF PHILOSOPHY**

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**DECLARATION**

I declare that the dissertation entitled “Canada’s Economic and Political Relations with the Gulf Cooperation Council Countries”, submitted by me in partial fulfillment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY** of this University is my own work and has not been previously submitted for any other degree of this or any other University.

**Khalid Abdalla Abdelwahab Ahmed**

**CERTIFICATE**

We recommend that the dissertation be placed before the examiners for evaluation.

**Prof. Abdul Nafey  
(Chairperson)**

**Prof. Abdul Nafey  
(Supervisor)**

*To my beloved Mother,*  
*and*  
*the soul of my beloved Father,*  
*late Mr. Abdalla Mansari.*

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## Preface

In many respects, Canada's overall Middle East policy and its relations with the Arabian/Persian Gulf in particular reflects the larger maturation of Ottawa's foreign policy itself. First bound by the parameters of its self-view as a European- and specifically British-tethered entity, it was only in the mid-1940s that Canada began to articulate its own diplomatic voice in the context of its active pursuit of multilateralism. As is well-argued in Canadian official statements and scholarly analyses of the period, it was Canada's self-perception as a middle power that guided its, so-to-say, 'worldview.' As Canada came to view itself as a middle power, more so as it was denied the status of a 'great power' by the great powers that emerged in the international power configuration in the aftermath of the World War II, its foreign policy focus was to play an effective role as a 'go-between' between its two great power allies viz. United States and Great Britain.

The above argument bears specific relevance in the context of Canada's evolving perception of developments in the Middle East in the twentieth century. In the first half of the twentieth century, Canada, being a dominion, was part of the British efforts during the First World War and subsequently League of Nations-mandated British (and other European colonial powers') administration over the Arab territories of the defeated Ottoman Empire. Partly for this, and no less for reasons of pleas by Canadian Jewish community, Canada also supported the Balfour Declaration that had stipulated a homeland for world's Jewish community in, what were then known, as Arab Palestinian lands.

As American and British differences arose in 1947 over the issue of whether to have two separate states of Israel and Palestine or to establish a united multi-ethnic Jewish-Palestinian state, Canada found itself facing a serious dilemma. Canada's post-Second World War foreign policy—itsself in nascent evolutionary stage—was concerned primarily with Anglo-American differences and their implications for Canada, rather than with the legal and ethical issues involved in creation of a separate state of Israel.

Apart from lending support to American foreign policy in the Middle East, it won't be an exaggeration to say that for much of the first seven decades of the twentieth century, Middle East had largely failed to register on Ottawa's diplomatic radar. In other words, Canada did not have a Middle East policy, with its own clear goals, interests and diplomatic tools until the 1973 Arab-Israel war and the subsequent oil crisis. Canada – as an energy-self sufficient country – had few political or economic interests in the larger Middle East and almost none in the Arabian/ Persian Gulf region. As the energy needs of Canada increased, the need to engage with the energy producing countries of the Middle East, importantly those in the Gulf emerged.

As stated earlier, only as Canada began to position itself as a post-World War II 'middle power,' did Ottawa enter into direct contact with the region. Even then, its diplomatic relations with Middle Eastern states had more to do with Ottawa's efforts within international organisations (especially the United Nations and the North Atlantic Treaty Organisation) and bilateral links to Washington, London, and Paris, and less to do with the individual countries of the Middle East. As a result, it was the Arab-Israeli dimension within Middle East that received far more diplomatic priorities than, say, the Arabian/ Persian Gulf. There had been no broad Canadian policy—and perhaps even a general perception—with regard to the Gulf region. Canada had opened embassies in Turkey, Egypt, Iran, Israel and Lebanon in the 1940s and 1950s, the Gulf countries remained without a resident Canadian diplomatic presence well until the late 1970s. It was the Arab-Israeli war in 1973 and the impending international oil crisis, with fears of embargos by petroleum-producing Arab states, which encouraged Canada to quickly establish relations with the Arabian Gulf states in the late 1970s and 1980s. The Iranian revolution of 1979 also perceptibly influenced very strongly the Canadian policy-makers writes about the Canada-Arab relation with full discussion of the political and economic relations between all the Arab countries and the future of these relationships putting in consideration the religious dimensions; and the future of the ongoing Arab-Israeli conflict. This the author does by in the context of the close relations that Israel enjoys with the lone super power viz. US. To keep this relation safe, Canada is trying to involve itself in some of the peace-keeping efforts in the Middle East and by giving aid and



assistance to some of the poor Arab countries. To add, Canada also receives Palestinian refugees in the Canadian camps. The author delineates and analyses the history of the establishment of diplomatic ties, the strengthening of economic ties and the discovery of cultural bond between Canada and the Arab world, which until now have been considered as entirely unrelated.

Starting in 1974, the government of Canada, lead by prime minister Eliot Pierre Trudeau (1968-79 and 1980-84), began viewing the Middle East as more than a collective reflection of the Arab-Israeli conflict to be dealt with multilaterally, especially under the auspices of the United Nations; and from the prism of Canada's relations with US and Britain. Working under the impulse of 'national interest' guiding its foreign policy, Canada under Trudeau shifted its policy towards one of closer bilateral relations with each Arab state. In consonance with Trudeau's goal of ensuring domestic prosperity through promotion of Canadian exports, Canada's relations with the Gulf countries were almost solely based on commerce and trade.

Canada's economy is heavily dependant on exports; export-related production provides Canada with 40 per cent of its GDP as well as 25 per cent of all employment. Given the importance of trade to Canada's economy, Ottawa progressively began to realise how the regional change taking place in the mid 1970s—the influx of petrodollars in Western banks, mega-infrastructural development, expansion of services sector and massive foreign investment in the expansion and modernisation of oil sector—might be of benefit to Canadian economy. Compared to other industrialised countries, arguably Canada had been slow to realise and seize opportunities in the Gulf. Securing a niche in the Gulf market for Canadian goods, services and investments seem to have become a constant of Canada's policy goals in the Gulf.

One needs to delve beyond commercial interests and securing a niche in the burgeoning Gulf economies. Interestingly, Canada developed interests beyond commerce; and there are some interesting modes and patterns for securing those interests in Canada's policy and relations with the Gulf. It was not until the late 1980s that

Canada's diplomatic engagement would take its full stride, applying its vaunted multilateral strategy to back Gulf crises as gateway to construct stronger bilateral relationships with the countries of the region. Only then would Ottawa's horizon expand beyond the economic realm to other agendas, including human security concerns, civil society inter-actions, and cultural linkages, say, in the area of sports. By late 1980s and 1990s, Canadian foreign policy establishment had also to take into account a new domestic constituency in the making of its over-all Middle Eastern policy. Though not as wealthy and influential as Canadian Jewish community, Canadian-Arab community had begun advocating for an active, even-handed Canadian involvement in the Middle Eastern issues. Immigrants from Algeria, Egypt, Lebanon and other English- and French-speaking Arab and African countries had come to constitute an 'Arab Diaspora' in Canada.

Although the Gulf Cooperation Council (GCC) per se have only limited formal relations with Canada, the bilateral ties between Canada and the member-countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) are currently maturing and intensifying. Besides, the formation of the GCC in 1981, soon after the Iranian revolution of 1979 and much before the first Gulf war of 1991, might have other strategic dimensions, including relationship with the United States. As an important member in the Western alliance and a close ally of US, Canada's strategic perception, albeit even if indirectly—and if any at all in the first place—about the GCC need exploration and clear delineation.

# Chapter I

## HISTORICAL BACKGROUND AND MAJOR CONCERNS OF CANADIAN FOREIGN POLICY IN MIDDLE EAST

Prime Minister Joe Clark, in his first news conference in June 1979, affirmed one of his election promises to move Canada's embassy from Tel Aviv to Jerusalem. He did not anticipate the strong reactions both in the Middle East and in Canada and subsequently admitted that he did not comprehend the magnitude of the issues involved. This was, however, not the first time Canada encountered the Arab-Israeli fires by not recognizing its own systematic bias and insensitivity to the issues involved. It became obvious when war broke out in Middle East on 6 October 1973 and Canada's policy makers faced with a situation for which they neither had any expectation nor had they any contingency plans. Hence, Canada's position on one hand was one of the ambivalence for which they incurred much of the criticism from mass media because they had accused Arabs for their unprovoked aggression; while on the other, Canadian diplomat in the United Nations and in Ottawa made pious statement of Canada's neutrality and offered once again to participate in any Middle East peace keeping force being sent<sup>1</sup>.

Situating above context in the international scenario, can Canada be understood as a neutral state what she claimed to profess and practice? How did oil affect Canada's position vis-à-vis the Arab world?

In order to understand Canada's pre-1973 Middle Eastern policy, one should review the Palestinian issue when it was brought to the attention of the political committee of the U.N General Assembly on 28 April 1947. The under secretary of external affairs Mr. Lester B. Pearson, was in-charge of the Canadian delegation and was chairman of the political committee bearing along time Canadian involvement in the Arab-Israeli conflict. This role was summarized by Mr. Paul Martin, the secretary of state for external affairs, when he spoke before the 5<sup>th</sup> emergency special session of the UN on 23 June 1967

My country has been closely associated with United Nations efforts to mediate in Palestine, Canadian served on the United Nations special commission on Palestine in 1947. Canada was associated subsequently took place at the third session of the assembly and which led to the resolution of 29<sup>th</sup> November 1947. We served on the Security Council in 1948-1949, when the Palestine question was among the most important to be considered and when the armistice agreements were arranged. Canada provided one of the early directors general of the United Nations relief and works agency and, a little later, the chief-of-staff of truce supervision organization, to which we have contributed observers since 1954.<sup>ii</sup>

The present prime minister of Canada, Laster Person, took an intimate part in the negotiations which led to the establishment of United Nations Emergency Forces (UNEF). Canada supplied the first commander, General Burns, and a sizeable contingent to the force. Canada was on the original 1948 United Nations commission whose job was the partition of Palestine. Later, Canada was among the first to recognize the new state of Israel which incorporated much of the Arab portion of Palestine. Canada shipped large quantities of arms to the Middle East out of which 95 percent of the sales were done with Israel. While in the Commons there was considerable debate over the shipment of ancient Harvard trainers to Egypt in 1955, the proposed sale 24F-86 jet fighters to Israel received scarcely any notice. In 1956, Canada voted along with the United States and Soviet Union in condemning the action of Britain and France in Egypt, and it was Laster Pearson who devised a plan to establish a United Nations peacekeeping force to maintain the truce.<sup>iii</sup>

Egypt welcomed the Canadians and Canadian prestige in Middle East was never higher. In 1967, however, Canada resisted the demand of President Nasser to withdraw UNEF out of Egypt. It was this action which cast doubt on Canadian's neutrality during the following war, Canada's politicians and press overwhelmingly supported the Israeli side of affairs as the truth while much doubt was cast on Arab press release through out the

period from 1968 to 1973 during which Arab oil became more important to eastern Canada.

### **Canada and the Middle East: ties through the United Nations:**

The immediate post World War II period marked a diplomatic watershed for Canada. Besides, trade interests, Canada's

Relation expanded... because of the needs of European security, (British) Commonwealth relations and involvement in and with the United Nations<sup>iv</sup>.

Prior to the out break of the war, Canada operated just seven foreign posts. By 1946, it had 26 missions in the parts of Europe, Latin America with the other dominions (Australia, Ireland, New Zealand and South Africa) and a year later, in Turkey. The first Middle East country to host mission, the Canadian embassy in Ankara was a by-product of the emerging cold war and Turkey's eventual membership in the western military alliance, NATO, which also included Canada. In the department of external affairs continued to view all the Middle East as merely an "adjunct of Europe".

Canada's Middle East policies eventually strengthen their relation through the United Nations. Ottawa was an early proponent of UN Special Committee on Palestine (UNSCOP) and Ivan Rand, its representative, was an emphatic advocate of partitioning the British mandate into Jewish and the Arab states. It was also a Canadian, Lester B. Pearson, as Chairman of the UN's first committee, who would have overall responsibility of UNSCOP. In 1947, Pearson helped to mediate a compromise in the General Assembly between the US and the Soviet Union which allowed passage of Resolution 181 by which Palestine was officially partitioned. Pearson believed that as a result of Resolution 181's passage, direct Soviet and/or American military intervention in the area had also been avoided. As one observer maintains,<sup>v</sup>

In the struggle to secure acceptance of the partition plan, his [Pearson] influence... was perhaps decisive and it was his diplomatic efforts which laid the groundwork for the eventual establishment of Israel... Thus, many viewed him as 'the Balfour of Canada.'<sup>vi</sup>

Between 1948 and 1949, Canada held one of the rotating Security Council seats when the Council was preoccupied by the matters of Palestine and armistice agreements among the Middle East belligerents. During this time, Ottawa supported the creation of the United Nations Relief and Works Agency (UNRWA), which was accountable to address the needs of the 750,000 Palestinian refugees created destitute by war. In due course of time, Canada became one of the major financial backers in UNRWA and later provided Director-General to it. Lieutenant-General E.L.M. Burns a Canadian, also served as head of the UN Truce Supervision Organization (UNTSO) established to maintain the 1949 truce between Israel and the surrounding Arab states.

Given Ottawa's heavy involvement with the Palestine Question, its paucity of formal diplomatic ties to regional players became increasingly untenable. In 1954, Canada appointed an ambassador to Egypt and assigned its Athens' ambassador with the extra responsibility of Israel. A legislation was established in Beirut headed by a charge d'affier. Although the Canadian Ambassador in Cairo was also accredited to Lebanon in a non-resident capacity but the Cairo embassy had responsibility for trade issues involving parts of north-eastern Africa, Yemen and Saudi Arabia. These steps allowed Ottawa to have an on-the-ground representation to it. For, the Arab-Israeli conflict once again assumed center stage in 1956. Akin to this a decade earlier, Canada's Middle East agenda took shape through the United Nations regarding the Palestine issue. Additionally, as a member of the British Commonwealth and NATO, Canada was destined to be drawn in via the involvement of Britain, France and the US.<sup>vii</sup>

Egyptian President Gamal Abdul Nasser's seizure of the Suez Canal Company in July 1956 and subsequently in the following three-month Israeli-British-French invasion of Egypt spawned into an international crisis. The US, while critical of Egypt's nationalization of the Suez canal, also strenuously condemned the tripartite invasion by its allies. Canada found itself caught between the US position on one side and the British and French stands on the other. Ottawa was also deeply troubled due to rifts within the Commonwealth, as many of its members threatened to quit because of British actions in Egypt. Lastly, while the Suez canal was not primarily important to Canada, Ottawa did recognize its economic importance to the UK and that it offered the shortest route to

London's military and political interests within the Commonwealth. While details of the Suez Crisis and its resolution were better told elsewhere, it was imperative to note Canada's role in UN mediation efforts. Pearson, now Canada's Secretary of State for External Affairs, was credited with using the mechanics of the UN Charter to fashion what would become the world body's first true peacekeeping mission. The United Nations Emergency Forces (UNEF), to which Canada would contribute significant personnel, would be placed on the Egyptian-Israeli border following the tripartite military withdrawal from Egyptian territory. UNTSO chief, Major General Burns, served as the commander of UNEF as well. His efforts were primarily instrumental in the award of the Nobel Peace Prize to Pearson in 1957. Canada's diplomatic involvement during this period was pivotal in defusing the crisis, but as Tariq Ismael correctly asserts:

Canada's primary concern was not the resolution of the Arab-Israeli conflict, but rather the resolution of differences of opinion within the western alliance and within the Commonwealth. In a word, Canada wanted to solve a NATO and Commonwealth problem, not the Arab-Israeli problem....<sup>viii</sup>

The Suez crisis thus demonstrated that Canadian policy toward the Middle East was based upon a calculation of interests in which the role of Middle East was not intrinsic. Over the next few years Canada progressively augmented its initial presence in the Middle East. In 1958, along with Iran, Lebanon and Israel, also received resident Canadian Ambassadors. Yet, despite Canada's diplomatic involvement in the Arab-Israeli conflict and its own military contributions to various Middle East peacekeeping forces, Ottawa's actual diplomatic presence in the area remained surprisingly minimal. This situation promoted the popular Canadian publication *Saturday Night* to run a piece in 1959 entitled "Wanted: Canadian Diplomats in the Middle East." Its author, Peter Worthington, lamented the fact that in the Arab world, stretching 4,500 miles from the Atlantic coast of Africa to the Persian Gulf, Canada only has embassies in Egypt and Lebanon. He further noted that:

It is this political instability which demands that we should have increased representation in the Middle East, for as good as the Cairo and Beirut embassies

are, they cannot possibly keep us informed about all that is going on in the whole area.<sup>ix</sup>

As [Canada's erstwhile Ambassador to Lebanon] Paul Beaulieu admits, "Lebanese politics are quite complicated enough". He did not, however, have time to post even a watching brief on adjacent countries. In any case, as he further points out, it is dangerous for the ambassador of one country to have dealings with other. Perhaps reflecting the heady days ushered in by Pearson's Nobel Peace Prize-winning diplomacy, Worthington argued that the West needed a "trusted listening post" in the region and that Canada fit in the bill. Due to the positive regional feelings engendered by UNEF and Canada's lack of an imperial past, it acted neutrally, Ottawa could serve as a go-between for the West and the Arab world. He concluded:

The doubts and suspicions the Arabs harbor towards the West certainly would be lessened and might even be dissolved by Canadian influence. Furthermore, the Arabs themselves have asked us to assume such a leadership role. One is left wondering why we do not<sup>x</sup>.

Undoubtedly, Worthington's arguments were echoed in the corridors of External Affairs as well, though other political and economic realities took precedence. In the next few years, Ottawa did steadily extend its ties in the Middle East through non-resident ambassadors. In terms of the Gulf region, in March 1965, Canada expanded links by accrediting its ambassador in Iran additionally to Kuwait. Besides, its embassy in Lebanon would now cover Iraq, Jordan and Syria. Still, as L.A. Delvoie explains, the embassies in Cairo, Beirut and Tel Aviv

...existed less for the purpose of fostering bi-lateral relations than of monitoring developments in the Arab-Israeli dispute and making known Canadian views concerning these developments to the host governments.

Chohan adds,



Canada's general lack of interest in the Middle East may be attributed to the fact that the Middle East had a history of political upheaval and it was not attractive as a trade region<sup>xi</sup>.

Throughout the early 1960s, Canada's principal diplomatic involvement remained limited to peace keeping operations. In addition to UNEF, Canada did participate in one mission directly attached to the Arabian Peninsula. Between July 1963 and September 1964, Canada was one of the participants of UN Yemen Observation Mission (UNYOM) which was located along the 20 Kilometer-wide demilitarized zone on each side of the demarcated Saudi-Yemini border. UNYOM was put in place following the Yemeni Civil War, which witnessed Saudi Arabia to end activities in support of the royalists in Yemen and the intention of Egypt to withdraw its troops from that country. Saudi Arabia and Egypt equally bore the costs associated with UNYOM. Canada contributed aircraft and some three dozen military personnel to this mission. It ended in late 1964 when Riyadh informed the UN that it was withdrawing its financial support from UNYOM.

Elsewhere in the region, clashes along Jordan and Syria's boundaries with Israel intensified in 1966-67. As tensions rose, Cairo requested that UNEF contingents should be removed from the Sinai so that Egypt could protect its won border with Israel. Over Canadian objections, UN Secretary-General U. Thant agreed to Egypt's request. Thant reasoned that Egypt had a sovereign right to request UNEF's withdrawal from its territory, just as Israel had rejected deployment of any UNEF units on its side of the border since 1956. Ottawa, however, argued that the Secretary-General did not have the unilateral power to order the withdrawal of UN peacekeeping forces when they had been previously approved by other authorities responsible in the organization. Nasser took notice of Ottawa's stand on the UNEF withdrawal and it's linked with Britain and the US as agents of imperialism. Prime Minister Pearson's seemingly pro-Israel statements in the House of Commons and his meeting with President Lyndon Johnson in Ottawa, however, had confirmed this alliance in Nasser's mind. Hence, the Egyptian President demanded the immediate extraction of the 800-person Canadian contingent attached to UNEF<sup>xii</sup>.

Canada's past role as a neutral mediator in the region evaporated with the expanding crisis. Although, Ottawa's position even created a minor diplomatic incident at the 'Expo 67' fair celebrating Canada's centennial year; the Kuwaiti government abruptly ordered its national pavilion at the Expo in Montreal closed because of Canada's negative attitude in the crisis. It is, however, worth noting that Egypt maintained its pavilion at the Expo and despite breaking diplomatic relations with Washington and London, Cairo did not sever its ties with Ottawa. At the end, events surrounding the June 1967 Arab-Israeli War undermined Canada's influence with the parties to the conflict as "Canadian policy there – always so careful and circumspect – was suddenly portrayed as quite the opposite." Even though Canada again held one of the rotating seats on the UN Security Council in 1967 but perceptions of a pro-Israeli bias to its policy weakened Ottawa's ability to mediate. While Canada would co-sponsor UN Security Resolution 242, the pivotal role Canada had played in mediation efforts during the 1947-1956 period was not to be repeated following the June 1967 War.

#### **Relations during the Trudeau Era:**

As Canada watched its diminishing role in the Middle East at the UN in 1967-68, it had also undergone a change in leadership in Ottawa. With the retirement of Pearson's as Prime Minister and Liberal leader, Pierre Trudeau emerged as the head of the party. In the 1968 elections, Trudeau's Liberals received a new mandate and became the prime minister.

Canada had some 90 foreign diplomatic posts plus representation through non-resident accreditation in another 40 countries at the point of Trudeau's elevation. Of these total 130 missions, Kuwait was the sole country in the Arabian Peninsula to have an accredited Canadian ambassador but he was resident in Tehran. Canada's economic and political relations with the Emirate were minimal at this point and the diplomatic attention given from Iran was equally so. But a presence, however, accredited was important for Canada's nascent ties in the region.

During Trudeau's first five years of power, the Middle East was de-emphasized. This policy downgrade was due to a number of factors<sup>xiii</sup>:

1) the Middle East was linked to the old style of governing associated with the Pearson era and even though Trudeau and Pearson were both Liberals, the new Prime Minister wanted to craft his own foreign policy;

2) there was general agreement among the British, French and Americans on the region as reflected in the passage of UN Security Council Resolution 242 (1967) and thus there was little need for the traditional 'conflict management' role played by Ottawa. And,

3) with the UNEF mission withdrawn, there were few peacekeepers in the region, which meant that Canada had diminished influence even within its traditional peacekeeping role.

If Canadian attention had shifted away from the side of the Middle East where Ottawa had once been most active, then the new Trudeau policy could not have bode well in the other parts of the region. Regarding the Arabian Gulf states in the late 1960s and early 1970s, one Canadian diplomat termed the area as an 'orphaned' part of Ottawa's foreign policy. While there was some consideration at External Affairs given to establishing trade offices during this time, nothing substantial had come out of these discussions. Noticeably absent was a Canadian diplomatic presence, even in a non-resident capacity, in the largest of the Gulf States in Saudi Arabia<sup>xiv</sup>.

### **Canada's Relation with the Kingdom of Saudi Arabia;**

Until mid-1973, Ottawa considered its relations primarily with Saudi Arabia to be commercial in nature. Accordingly, trade issues were handled by the commercial section of Canadian embassy in Beirut. Here, it should be noted that simultaneously the mission was responsible for Canada's relations with Iraq, Jordan and Syria. The diplomats deployed in Lebanon became increasingly frustrated as economic ties with Riyadh (and their own duties) increased substantially, yet Canadian firms and the diplomats were refrained from having meaningful contact with Saudi ministers and other decision makers due to geographic distance and the absence of formal diplomatic ties. In early months of 1972, Canada's Ambassador to Lebanon, Jacques Gignac, sent an urgent dossier back to

Ottawa outlining the rationale for diplomatic ties with the kingdom. In explaining the sense of urgency, Gignac held that it

involved our economic and commercial, as well as our political interests, given the rapid emergence of Saudi Arabia as one of the principal actors in the Middle East.

When External Affairs Mitchell Sharp was questioned on 15 May 1973 about the need to have diplomatic representation in the Arab oil-producing countries, he replied:

We now have representation in what are considered to be the most important of the Middle East countries from the point of view of Canada and Canadian interests, for instance in Cairo, in Tel Aviv, in Beirut.... These are key countries from the Canadian point of view<sup>xv</sup>.

While Saudi Arabia was not categorized as a "key country" in Sharp's statement, the Canadian Government was in the process of accrediting Gignac, in a non-resident capacity to Jeddah, then Saudi Arabia's diplomatic capital. He presented his credentials to King Feisal in June 1973. Gignac reports an almost immediate change in relations:

From then on, the doors of Saudi administration began to open to our commercial representatives and their efforts were sympathetically received by the respective representatives of the Saudi government... However, to profit from this promise, it became obvious to me that we had to open an embassy without delay.... Therefore, I recommended it shortly after presenting my credentials.

Gignac did not expect quick action by External Affairs, since at that time Canadian "policy toward the Arab world vacillated between indifference and mistrust. Priorities went to regions other than the Middle-East." However events in the area would expedite approval of Gignac's proposal. The October 1973 Arab-Israeli War and subsequent Canadian fears of oil shortages demonstrated dramatically the need for a permanent diplomatic presence on the ground.

In September 1973, Gignac returned to Ottawa for consultations. He hoped to use this time to highlight the enormous potential for Canadian business in the Middle East as well as to secure government backing for high-level political and commercial visits to the region. His efforts to meet with the Minister of Industry to press these issues "were not fruitful.... The priorities [of Ottawa] were elsewhere." Gignac's attempts to speak directly to Minister Sharp were also less than fruitful. It was, however, an encounter by chance with Sharp, he could secure an appointment. Prior to the appointment date, the October 1973 Arab-Israeli War erupted and the ambassador was called back to Beirut. In a message to the minister, Gignac pointed out to Mr. Sharp that <sup>xvi</sup>

the events which were taking me [Gignac] back to my post illustrated, better than my comments, the importance of the Arab World for our interests and the urgency for us to pay attention to it.

Gignac had a meeting with Under Secretary of State, Ed Ritchie, who was very sympathetic to the need for an embassy in Jeddah. This need for a permanent Canadian presence in Saudi Arabia became abundantly clear by late October when the Saudi Arabia government sorted through conflicting reports as to whether Canada was the target of an Arab Oil embargo.

As some of the Arab oil-producing states began to categorize their customers into friendly, neutral and enemy camps, the Trudeau Government opined that Canada would not be affected by the reduction in oil supplies since it had friendly relations with the Arab world. "There is no reason to expect a cutback," Energy Minister Donald Macdonald told the *Globe and Mail*, "Canada does not take an anti-Arab line. We were very friendly to Israel but that does not mean we are against the Arabs." With this perception in Ottawa, the Saudi Arabia government was somewhat surprised to find itself categorized as a 'neutral,' and defined as a state, with exhibiting and even-handed policy, but one which still favoured Israel. Such states could be subjected to a 25% reduction in oil deliveries. Reports also circulated in Arab political and economic corridors equating Canada's view on the Arab-Israeli conflict with those held by the Netherlands. As the Arab Information Agency in Ottawa noted, oil producers had recently halted all

petroleum shipments to Holland. The Saudi Arabia government was particularly concerned about the supply of petroleum to the heavily populated eastern part of the country, especially Quebec and the four Atlantic provinces, if it faced some form of embargo. Since 1961, government policy dictated that areas lying west of the Ottawa Valley would be supplied by Canadian sources. This policy had the dual purpose of shoring up the domestic oil industry by guaranteeing outlets and at the same time allowing the western provinces to export their surplus oil to refineries in the United States. Areas east of the dividing line relied on imported petroleum, which at that time was cheaper than oil shipped from Alberta or Saskatchewan. Eastern Canada received 25% of its oils from the Arab world, with Saudi Arabia supplying 10% of Canada's imported supply<sup>xvii</sup>.

To further complicate the matters, in 1973, Canada was already experiencing an energy crisis prior to the outbreak of the Arab-Israeli War. In February, North American oil supplies were dwindling because of increased US demand, the Saudi Arabia imposed restrictions on the amount of crude oil that the western provinces could export to the United States. In order to ensure supplies for domestic customers, supplementary restrictions were placed on the export of gasoline and heating oil to the US in June and an export tax per-barrel was imposed in September. Despite these measures, shortages were already taking place in the eastern provinces contributing to a steep rise in oil prices.

It became evident, in mid-October 1973, that at least one shipment slated for Canada through the Portland, Maine-Montreal corridor had been diverted. Without diplomatic representation on the ground and the ability to separate facts from rumors, confusion reigned in Ottawa as to the port of origin of the diverted petroleum that whether Canada had been placed on the embargo list or not. Given that the United States appeared to be punished for its massive military re-supply of Israel, the Trudeau Government was also concerned that Canada would be lumped together with its southern neighbour because of the Portland transshipment point. "We did not want to be included involuntarily in the Saudi boycott of the USA," commented one official. Indeed, initial reports seemed to validate that Saudi Arabia was responsible for the diversion, but after Sharp met with Arab ambassadors posted to Ottawa, it appeared more likely that Abu Dhabi was the

responsible party. However, since none of the Arab ambassadors' resident on Ottawa represented Arabian Gulf countries, they could not shed any light on Abu Dhabi's motivations. Adding to the problem was apparently that the oil-producing states which could not reach to an agreement on which countries should be placed on the embargo list. In meeting with the Arab representatives in Ottawa, Sharp attempted to impress upon them that his government dual politics from commercial interests, and he "hoped that the Arab countries would do likewise in their relations with us."<sup>xviii</sup>

An uncertainty reigned at home, Ambassador Gignac, under instruction from Ottawa to obtain assurances from the Saudi Government that Canada would not be put on the embargo list, made arrangements to meet personally with Saudi officials. The Deputy Minister of Foreign Affairs informed him that indeed Canada was considered 'neutral' and would be subjected to a gradual oil cuts unless Ottawa issued a declaration clarifying its position on the Israeli-Arab conflict and the Palestinian question. Gignac was told that such a clarification would catch Canada a 'friendly' designation and thus avoid any reduction in oil supplies. Working from the British Embassy in Jeddah, Gignac received permission from External Affairs to issue such a statement. Thinking that a crisis had been averted, the ambassador prepared to return to Beirut, only to find out that the next day Canada was back on the list because it was an important oil supplier to the United States. As Licklider observes, "If the Arabs were serious about cutting the United States off, Canada was an obvious target." It was also an unfortunate reality of geography that Canada's imported oil entered the country through a pipeline originating in Maine, USA. Gignac appealed directly to Saudi Foreign Minister Omar Al Saqqaf:

In deferential but firm terms, I pointed out to the minister the lack of knowledge of Canada, its politics and its geography that his country was showing in making such a decision and the disastrous effects that it could have for the future of the very burgeoning relations between our two countries<sup>xix</sup>.

The minister reversed course on the spot. Gignac attributed this change of heart to his passionate plea for good bilateral relations between Canada and Saudi Arabia, which

were still at a very early stage of development after years of hard work to establish them. Once "having made by pitch," Gignac noted:

The minister thanked me very warmly for my frankness. As a former journalist he had appreciated my direct and non-diplomatic language which had helped him evaluate better the situation. As a result, he accepted my view that it would be a mistake to have us on the embargo list and gave me his word that their decision would be canceled<sup>xx</sup>.

However, a few weeks later the ambassador was back in Saudi Arabia again meeting with Al Saqqaf, after Canada learned that it remained on the list. The Foreign Minister told Gignac that he had lost the argument "with young technocrats" within the political corridors of the Saudi government and 'was not in a position to keep the commitment he had given. Gignac decided to appeal directly to King Faysal on the basis of his first instructions rather than returning to Beirut and wait for new instructions from Ottawa which would cost "close to a week of precious time". He later learned through the Chief of Royal Protocol that the King had reviewed the matter and had sent new instructions to his foreign minister upholding Al Saqqaf's original decision keeping Canada off the list. At the end, Gignac summed the crisis as

shed light on the true nature of Canada at the highest level of power in Saudi Arabia and brought us in the bargain sympathy and favorable treatment<sup>xxi</sup>.

While Gignac's local diplomacy successfully kept Canada off the list, Ottawa's confusion most likely to be hastened the Trudeau Government's decision to open an embassy in Jeddah. In making the announcement on December 21, the External Affairs Department said the new embassy "would be an expression of a policy of strengthening Canadian representation in the Middle East and a move to extend contacts with oil-producing countries." Trudeau made yet another important decision in December 1973 that would impact Canadian-Gulf relations; he announced the creation of a national petroleum company called Petro-Canada. The company would become more directly involved in development and exploration projects and in negotiating contracts with other state-owned or state-controlled petroleum companies, a move that had long been advocated by Gulf



officials. DEA also suggested at the time that other new diplomatic ties in the region were under consideration<sup>xxii</sup>.

Six weeks later, Sharp revealed that Canada would establish diplomatic relations with Bahrain, Oman, Qatar and the United Arab Emirates. While conceding that Canadian petroleum imports from these four states were minimal at the time, an External Affairs spokesperson asserted that recognition "couldn't do anything but help" a future expansion of oil trade. Responsibility for the four new posts was given to Canada's Ambassador to Iran, James George, who was already responsible for Kuwait. George would now oversee five non-residential postings, in addition to his duties in Tehran. He would have no staff or officers in any of the Arab countries. All management of bilateral ties with Ottawa, monitoring of local events and promotion of Canadian commercial interests were handled primarily from Iran. George recalls that he visited each of the countries once or twice a year, but that Canada was at a "disadvantage" both in understanding what was happening in the country and in promoting Canadian interests without resident diplomatic representation. At the end, George notes, "Ottawa considered that Tehran was most of my job and that the Gulf was not as important in my allocation of time." George's successor in Tehran, Ambassador Kenneth Taylor, also conceded that the multiple accreditations "did not work very well" due to the demands of bilateral Iran-Canada relationship<sup>xxiii</sup>.

## End Notes

- i. See Department of Foreign Affairs and International Trade (2003) "A Sort of Foreign Office-1896-1909," in *Our Past: The History of the department of Foreign Affairs and International Trade*, URL (consulted FEBRUARY 2007): <http://www.dfait-maeci.gc.ca/department/history/>.
- ii. Muhammad Anwar Chohan (1985), "The Evolution of Canadian Foreign Policy Towards the Middle East (1945-67)," *Pakistan Horizon* 38 (3): 15-16.
- iii. Philip Stigger (1971), "A Study in Confusion: Canadian Diplomatic Staffing Practices in Africa and the Middle East," *Canadian Journal of African Studies* 5 (3): 261.
- iv. See Department of Foreign Affairs and International Trade (2003) "The Golden Age – 1945- 1957," in *Our Past: The History of the Department of Foreign Affairs and International Trade*, URL (consulted june 2007): <http://www.dfait-maeci.gc.ca/department/history/>.
- v. As late as 1969, External Affairs Minister Mitchell Sharp asserted "Our Middle Eastern Policy has largely found expression through the United Nations." [The Secretary of State for External Affairs (19 November 1969) "Visit to the Middle East." Press Release. Ottawa: Department of External Affairs.]
- vi. Robert Spencer (1959) *Canada in World Affairs from UN to NATO 1966-1949*. Toronto: 147, quoted in Ismael (1984): 11.
- vii. *ibid.* This is reference to then-British Foreign Secretary Lord Balfour who in 1917 issued a letter to the World Zionist Organization which stated British support for a Jewish national home in Palestine. It is known as the Balfour Declaration.
- viii. See, for example, Donald Neff (1988) *Warriors at Suez*. Brattleboro, VT: Amana Books. For Lester Pearson's own account see *Mike: the Memories of the Right Honorable Lester B. Pearson*, Volume 2, 1948-1957. Toronto: University of Toronto Press: 225-278.
- ix. Service in peacekeeping missions became a hallmark of Canadian foreign policy. Writings in 1995, Alex Morison, points out "Canada's peacekeeping record is

- unsurpassed. In addition to participating in every United Nations peacekeeping operation, Canada has contributed more military personnel and resources than any other country." ["Canada and Peacekeeping: A Time for Reanalysis" in David B. Dewitt and David Leyton Brown (eds.) *Canada's International Security Policy*. Scarborough, Ontario: Prentice – Hall Canada, Inc.: 221.
- x. Tareq Y. Ismael (1984) "Canada and the Arab world: A Diplomatic History," in Tareq Y. Ismael (eds.) *Canadian Arab Relations: Policy and Perspectives*, Ottawa: Jerusalem International Publishing House, Inc.: 18-19.
- xi. Responsibility for Iraq was moved to the Canadian Embassy in Iran after 1965. It shifted back again to the Ambassador in Lebanon in 1970. Canada's first resident ambassador to Iraq was appointed in 1975.
- xii. L.A. Delvoie (December 1976) "Growth in Economic Relations of Canada and the Arab world," *International Perspectives*: 29.
- xiii. United Nations Department of peacekeeping Operations. Yemen-UNYOM" [http://www.un.org/Depts/dpko/dpko/co\\_mission/unyombackgr.html](http://www.un.org/Depts/dpko/dpko/co_mission/unyombackgr.html) (consulted 8 February 2007).
- xiv. Roy Licklider (1988) *Political Power and the Arab Oil Weapon: The Experience of Five Industrial Nations*. Berkeley: University of California Press: 109.
- xv. See Ibid and Janice Gross Stein (1976/1977) "Canadian Foreign Policy in the Middle East After the October War," *Social Praxis* 4 (3-4): 276.
- xvi. I am particularly grateful for the observations and suggestions that Jacques Gignac, Canada's first Ambassador to Saudi Arabia (1973-1974) offered on a previous draft of this section.
- xvii. Although at that time Saudi Arabia was supplying 40% of all Middle East oil coming into Canada.
- xviii. Jacques Gignac (1996) "En Ambassade au Moyen-Orient de 1970 a 1974," in David Reece (ed) '*special Trust and Confidence*': *Envoy Essays in Canadian Diplomacy*. Ottawa: Carleton University Press: 123. The French-to-English translation of Mr.

Gignac's work as kindly provided to the author by Dr. Erik Nakjavani, University of Pittsburgh-Bradford.

- xix. Quoted in R.B. Byers (1974) 'External Affairs and Defense,' in John Saywell (eds.) *Canadian Annual Review of Politics and Public Affairs* 1973. Toronto: University of Toronto Press: 256. The questioning took place before the Standing Committee on External Affairs and National Defense.
- xx. Quoted in Tareq Y. Ismael (1994) *Canada and the Middle East: The Foreign Policy of a Client State*. Calgary: American-Arab Institute for Strategic Studies/Detslig Enterprises Ltd: 27.
- xxi. By the early 1970s, Canada became a net exporter of oil through its economic relationship with the United States. As Ted Greenwood notes, "By choice and design, therefore, Canada was both a producer and an importer of oil." [Greenwood (1976) "Canada's Quest for energy Autakry," in J.C. Hurewitz (ed) *Oil, the Arab-Israel Dispute and the Industrial World: Horizons of Crisis* Boulder: West view Press: 21] For other good accounts of the 1973/1974 oil crisis, see Glyn R. Berry (1974) "The Oil Lobby and the Energy Crisis," *Canadian Public Administration* 17(4): 600-635 and Roy Licklider (1988) *Political Power and the Arab Oil Weapon: The Experience of Five Industrial Nations*. Berkeley: University of California Press.
- xxii. *International Canada* (1973) Toronto: Canadian Institute for International Affairs 4 (10): 251.
- xxiii. *International Canada* (1973): 254, In 1973, only Algeria, Egypt, Lebanon, Morocco and Tunisia had representatives in Ottawa.

## Chapter II

### BILATERAL AND MULTILATERAL ECONOMIC AGREEMENTS BETWEEN CANADA AND THE GCC COUNTRIES

In the mid 1970s, Prime Minister Trudeau's paramount concern was national unity, pertaining to the Quebec question. International trade, as one observer noted, could be use "to improve Canadian macro economic health, which [Trudeau felt] was vital for unity." The 1973-74 oil crises were also a wake-up call to the fact that Canada did have its own direct economic interests in the Middle East.

Previously in 1970, Trudeau's foreign policy review reveals that economic growth was closely tied up with foreign policy. As External Affairs Minister Sharp explained that it was because of the economic strength relative to other powers in the immediate post-World War II period that Canada enjoyed a brief spell of unusual prominence upon the international stage.<sup>i</sup> He further explains that:

Canada makes no pretensions to power in the absolute sense but it does intend to have an effective voice in world affairs. To act constructively in the community of nations one must have a powerbase of some kind...

Emphasis on economic growth enhances Canada's capacity to play its full part in the councils of nations.<sup>ii</sup> Moreover, Trudeau wanted to break Canada's heavy reliance on the US as its principal trading partner and the inherent vulnerability that this reliance placed on Canada's economy. This was especially true following the so called 'Nixon shock' of 1971, when Washington arbitrarily levied a 10% import surcharge on Canadian goods in a bid to reverse the US trade deficit. In seeking trade diversification and the strengthening of Canadian 'ownership' of its economy (formally called the third option policy), Trudeau sought to expand commercial ties with Europe and Japan.<sup>iii</sup> Ironically, the quadrupling of oil prices, which layered another level to the energy crises for Canada in some ways or the other, also produced corresponding benefit for Ottawa's trade ambitions in the Persian Gulf region. The newly realized financial resources of the gulf oil-producing states offered Canada an opportunity for increased trade and involvement in regional infrastructure projects.

## **Relations with Saudi Arabia**

Trudeau's new trade strategy dictated that his government set out to solidify ties with the wealthiest of the Arab states, Saudi Arabia. Shortly after Ottawa's announcement in December 1973 of the establishment of an embassy in Saudi Arabia a commercial secretary was dispatched to Jeddah, with promises for chancery and an ambassador's residence was rented and soon thereafter, Michael Shenstone arrived as Canada's first resident ambassador.<sup>iv</sup> During these transitions two high-level Canadian ministerial visits to the kingdom occurred. It was fitting that the very first Canadian minister to call on his Saudi counterpart was energy minister Donald Macdonald in March 1974 who had been received warmly by Oil Minister Sheikh Ahmed Zaki Yamani. Trade minister Alistair Gillespie followed shortly afterward with a delegation of Canadian business executives. With these high-level economic exchanges, more was accomplished in one year in terms of Saudi-Canadian relationship, Gignac affirmed, than during the previous decade.<sup>v</sup>

Foreign diplomats posted in Jeddah paint a scene of "indescribable confusion" in the port city as every thing from Japanese cars to camels were being offloaded from ships. "Saudi Arabia was importing everything, including sand", Shenstone notes. The sand was of a special quality needed for cement utilized in the building boom taking place in the country. As more enterprises that were Canadian participated in this economic frenzy, more Canadians had begun to arrive in the kingdom. The expatriates became embroiled in sometimes-capricious Saudi judicial system. Embassy personnel dedicated significant staff time assisting their fellow nationals who had jailed or had denied visas to leave Saudi Arabia over business disputes. Over the next three decades, this would be a recurrent issue for Canadians posted to the kingdom.<sup>vi</sup>

### **Commercial Relations with the G-C-C-:**

Despite its growing trade ties with the region, the commercial relation between Canada and the Gulf States remained modest. While Canadian exports to six countries had increased from approximately \$7.8 million to \$18 million in short span of six-year (1968-1973), this amounts to a small fraction of Canada's overall international trade. There were also wide fluctuations in the proportion of exports to these states. In 1969, for

instance, the U.A.E. accounted for 12.86% of total Canadian exports to the Arab world. A year later, however, proportional trade to the UAE was less than 1 %<sup>vii</sup>. Primary exports to the Gulf region were agriculture products (mainly grains and sugar), semi-processed materials such as lumber, pulp, paper and metals as well as large manufactured items like engines, machinery and equipment, automobiles.<sup>viii</sup> By 1974, manufactured products accounted for half of Canada sales. It should be noted that Canadian trade statistics measured only the sale of goods and did not include services, which had become an important profitable aspect of the economic relationship between Canada and the Gulf. For example, one of the first Canadian firms to operate in the region was the Toronto-based multi-faceted international consulting and planning company involved in projects ranging from agriculture to urban development. It secured its first regional contract in 1965 to design and construct Riyadh and Median's sewage systems and was later part of Canadian consortium responsible for Abu Dhabi's international airport and harbor projects. By 1971, Consult had branch offices in Oman, Saudi Arabia and U.A.E. A top Consult official attributed his company's success to a combination of "US technology and UK modesty."<sup>ix</sup>

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Predictably, petroleum and petroleum derivatives accounted for over 97% of Arab Gulf products imported by Canada. Imports from the gulf had increased from \$45 million in 1968 to 115 million through 1973. Saudi Arabia accounted for half of the imports and together with the U.A.E, the two states were responsible for 96% of Canadian imports from the gulf in 1973 (see table 3). It was also significant for the Canadian economy at this time the scope of Arab investment in the country, which had another level of economic activity, not reflected in trade statistics. While any foreign investment was important to Canada's economy, it was a dilemma for the government that Ottawa had been troubled since long by the foreign enterprises in her economy and was not at all eager to add Arab control on top of the already heavy American presence in the country.<sup>x</sup> Ottawa preferred that "foreign fund should enter the economy as debt instruments rather than as equity".<sup>xi</sup> Some reports indicated that provincial public utilities, such as Hydro Quebec, sold bonds worth more than \$500 million in the Arab region in 1974-1975<sup>xii</sup> but the overall level of Arab investment was low due to the 'curtain of silence' surrounding it, yet, as MacLean's noted at the time:

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In spite of these efforts, the world in the investment and banking communities is that oil money is very much a factor in the Canadian economy. More than 41.5 billion has been invested here during the past 18 months and investment bankers are hoping for at least that much again in the next 12 months.<sup>xiii</sup>

Even as Canadian newspapers and business journals touted the potential for increased trade in the light of seemingly vast well of available petro-dollars, Canadian companies were slow to capitalize.<sup>xiv</sup> Diplomats posted to the region regularly wired Ottawa pushing for high-level political visits and trade missions in order to highlight business opportunities. This petition became a frequent if largely ignored refrain of embassy personnel well into the late 1990s.

A number of high profile visits indeed took place. External Affairs Minister, Allan MacEachen, traveled to five countries in the Middle East, including Saudi Arabia, in January 1976. His was the first tour who paid such high-level tour by a senior federal official to the Gulf region.<sup>xv</sup> The principal reason for MacEahcen's visit was the building of the hitherto almost non-existent bilateral ties. As one of the Minister's chief advisers noted:

Up to now Canada looked at the Arab forest as a whole, as a theatre of major conflict where we had an interest as peacekeepers to be acceptable to both sides. Therefore, there were no strong commitments to or deep involvements on either side. Canada is now looking at the trees as well as the forest. We are still a peacekeeper but this is no longer seen as a reason for not developing better bilateral relations with these countries.<sup>xvi</sup>

This focus on the individual "trees" and not just the whole Middle Eastern "forest" is first broached in the late 1975 Cabinet discussions and underscored by a February 1976 Cabinet document that outlined Ottawa's hopes for "close and mutually beneficial bilateral relations with all states of the area, outside the context of any regional disputes or problems and with particular emphasis on trade and economic cooperation."<sup>xvii</sup> During



MacEachen's visit in January 1976, Saudi Arabia and Canada signed a commercial memorandum of understanding and established a Joint Committee for the development of Trade and Economic Cooperation (JEC). According to official Canadian parlance, the purpose of JEC was "to serve as an umbrella under which bilateral economic issues are discussed and opportunities for involvement in commercial projects are explored."<sup>xviii</sup> The government-to-government contacts associated with this committee was important to Ottawa. With the involvement of senior Saudi economic officials, Canada hoped to raise its profile in the kingdom. Privately, Canadian diplomats in the area reasoned that at least senior Saudi officials would have to look at briefing notes on Canada to get ready for the talks and junior Saudi officials would have to prepare those notes, perhaps for the first time.<sup>xix</sup> The first meeting of the JEC was held at Ottawa in September 1976.<sup>xx</sup> Ambassador Shenstone recalls,

our efforts [were] concentrated on the minimum hope that in some way some Saudis would at least momentarily be brought to think about Canada, amidst all the other countries vying for their attention at the time.<sup>xxi</sup>

Canadian officials traveling with MacEachen in 1976 were briefed on the Saudis' \$145 billion five-year development plan. Additionally, during the Minister's visit, the Arab-Israelis could not do business in Saudi Arabia because of the boycott. Foreign Minister of Saudi also raised the issue of Canada recognizing the Palestinian Liberation Organisation (PLO), but did not act upon this front with Saudi-Canadian commercial relations.<sup>xxii</sup> Regardless to MacEachen's statement following the JEC agreement was signed, he noted for the first time that any settlement "will have to take full account of the legitimate interests and aspirations" of the Palestinians.<sup>xxiii</sup>

### **New Diplomatic Bridge to Kuwait**

During the late 1975 regional policy review previously mentioned, External Affairs Minister MacEachen agreed with the commercial officer's recommendations concerning the need for an expanded diplomatic and trade relation in Kuwait. Although, Ottawa had extended diplomatic ties to the Emirate in 1965, accreditation remained through its embassy in Tehran, where Kuwaiti affairs took a backseat to the seemingly more

important Canadian-Iranian relationship. Despite the decision to upgrade relations with Kuwait, implementation was not imminent. As one diplomat explained,

the struggle was just about money and was not at the political level. Kuwait wasn't considered very important by those officials not concerned with the Middle East at a time when External Affairs was going through one of its belt-tightening periods.<sup>xxiv</sup>

This official also noted that these belt-tightening periods "come and go like the tides." Even a fiscal compromise to move trade commissioners from South Africa, where Canada was downsizing its presence because of the apartheid regime, to Kuwait City could not advance the process. The appointment of Kenneth Taylor as Ambassador to Iran and Kuwait in 1977, however, symbolized how important regional commercial ties had become to Canada. Prior to his posting as ambassador, Taylor had served as Director General of the Trade Commission Service. In Tehran, he replaced James George, a political officer. Like George, Taylor was also concurrently serving as non-resident ambassador to Bahrain, Oman, Qatar and the UAE in addition to his responsibilities for Iran and Kuwait. This arrangement, Taylor acknowledged, "did not work very well" because of the demands of the bilateral Iranian-Canadian relationship.<sup>xxv</sup>

When the long-planned establishment of an embassy in Kuwait finally occurred in early 1978, it was coincided with the Iranian Revolution 1979, which became the chief focus of Taylor's time. A Canadian charge d' affaires headed up the mission in Kuwait City when it has been established in April. Six months later, its diplomatic staffing was raised to ambassadorial level. In an even larger staffing reorganization, Ottawa's new resident ambassador in Kuwait City would also charge with Canada's ties with Bahrain, Qatar and the United Arab Emirates. For the time being, Taylor remained as Ambassador to Oman because the Sultan refused to accept accreditation through the embassy in Kuwait City noting that an Emir held lesser royal status than a Sultan did. As a courtesy to the Sultan, accreditation remained with Canada's embassy in Iran, a country that was ruled at that time by the Shah, the King of Kings.<sup>xxvi</sup>

## Arab Economic Boycott: Gulf States and Canada

A long-time underlying tension between Canada and the Gulf states concerned the economic boycott imposed by the Arab League in the wake of the first Palestine war 1948. There were three levels associated with this policy:

1. a primary boycott
2. prohibiting third party states or
3. firms from having contact with Israel

If they wished to conduct business with them, and a tertiary boycott barring these third parties from dealing with other businesses who had a relationship with Israel or Israeli concerns. Unlike the United States, which enacted strict laws preventing American companies from participating in any level of the boycott against Israel, Ottawa shied away from actual legislation prohibiting compliance with boycott clauses. In adopting this stance, Ottawa was more in line with European and Japanese. However, as it came under increasing domestic pressure and legislative calls from within its won Liberal parliamentary caucus,<sup>xxvii</sup> the Trudeau Government announced new guidelines in late 1976 that would withhold support and/or facilities to Canadian firms that signed contracts containing boycott clauses. Such a move, the government believed,

...would be an effective deterrent to compliance with a boycott, for... it would impose serious handicaps in terms of contact with foreign officials, market information and Canadian government financing.<sup>xxviii</sup>

In spite of all the complexities of conducting business in the Gulf region, companies without access to government services and personnel faced a considerable risk in their commercial dealings. The guidelines further required that Canadian firms would also have to report any boycott compliance to the government. This information would be available in governmental reports and thus allow for public scrutiny of companies engaged in such business practices. One of the first Canadian companies to stop the boycott guidelines was Bell Canada International (BCI).

In December 1977, the Saudi Government awarded a sizable contract to an international consortium, which included Bell Canada, to extend and modernize the kingdom's telephone system. A month later, the company signed a separate \$1.1 billion agreement to operate and maintain the Saudi telephone system for a five-year period. The 600 Canadian personnel involved would also train Saudi citizens eventually to run the system. At the time of awarding the contract, Bell Canada termed its task as "the largest-ever managerial undertaking in the history of the tele-communications industry."<sup>xxxix</sup> Hyperbole aside, in 1977 telephone service in Saudi Arabia's three largest cities was spotty at best, long-distance and international phone calls had to be booked through an operator and sometimes took days to place and the kingdom had but one phone directory. There were only 126,000 working lines in the country.<sup>xxx</sup> In the first five years of the Bell contract, almost a million land lines were put in place, 150 towns and cities received phone service, direct dialing was initiated along with a uniform seven-digit code, pay phones were introduced and a Telex and mobile system established.<sup>xxxi</sup>

However, almost immediately upon signing the agreement in 1978, BCI became embroiled in domestic politics over allegations that the company was adhering to the Arab economic boycott. Later, the firm faced additional accusations that it had agreed to Saudi demands that Jewish employees had not been assigned to work in the kingdom. It is important to note that Saudi visa applications required Canadians to indicate their religion. Even before the 1978 agreement, BCI had employees working with ARAMCO, who had to list their religious preferences on applications. Bell President, James Thackray, also did not acknowledge signing a document that indicated that BCI did not have a direct business relationship with Israel, nor would it engage in one during the duration of the contract. Thackray mentioned this was simply a statement of the fact and not adherence to the boycott,

we are not doing business with Israel and I would doubt very much if there is a market for this type of service in Israel... because they don't need any help from us on how to operate or manage a telephone system.<sup>xxxii</sup>

However, proponents of anti-boycott legislation in Canada highlighted that the government's Export Development Corporation (EDC) had provided both transaction and performance security insurance coverage to BCI. In other words, the EDC had agreed to insure up to 90% of Bell's risk on the contract despite the fact that the company subscribed to boycott clauses. This EDC insurance coverage was the largest provided to any Canadian company at that point.<sup>xxxiii</sup>

Trudeau came to the aid of Bell, claiming the company had not contravened Canada's anti-boycott policy. The Prime Minister Bell also asserted,

We have the assurance of the Saudis themselves that they will not exclude people from working in their country because they are Jews.<sup>xxxiv</sup>

Twice during 1978 and 1979, the Canadian Human Right Commission investigated Bell's actions to determine if they were discriminatory against Canadian of Jewish background. With its second report in June 1979, the Commission seemed satisfied with BCI's written assurances that it would not discriminate in hiring employees for assignment in Saudi Arabia.<sup>xxxv</sup> Other firms were caught up in this debate as well. For example, Air Canada, which had a \$2 million maintenance service contract with Saudi Arabian Airlines, acknowledged the agreement-contained clauses forbidding involvement by Israeli citizens or companies.<sup>xxxvi</sup>

This issue continued through 1979, it quickly became part of the political discourse surrounding that year's federal election campaign. When Conservative Party leader Joe Clark defeated Trudeau for the premiership, the Arab boycott soon coupled with Clark's ill-advised promises during the campaign to move Canada's embassy in Israel from Tel Aviv to Jerusalem.

## The Embassy Affair: Reaction from the Gulf

At his first press conferences as prime minister on 5 June 1979, Clark reiterated his campaign pledge to relocate Canada's embassy to Jerusalem.<sup>xxxvii</sup> Numerous theories suggest that Clark moved forward on this issue for a number of reasons:

- 1) in order to send a message to the External Affairs bureaucracy that after 16 years in Liberal hands, there was a new leader in charge;
- 2) in a genuine belief that by rewarding Israel with this move, Canada could advance the Camp David Peace Process; and
- 3) that it was one-half of a change in regards to Middle East policy- the second part, an elevation of the Palestinian issue and perhaps even recognition of the PLO, was never put forward because of the firestorm of protests.<sup>xxxviii</sup>

Whether he fully realized the ramifications of this policy shift or not, Clark's actions would have implicitly recognized Israel's claim to sovereignty over the entire city. Canada's position since 1967 was to regard East Jerusalem as an occupied territory. Only about a dozen countries housed their embassies in Jerusalem in 1979, for Canada to shift many as an endorsement of Israeli claims would view its embassy from Tel Aviv to Jerusalem. When Clark made the original pledge in April prior to an appearance before the Canada-Israel Committee, most observers assumed that it was a as part of a close elections campaign. Now, when Clark was pushing forward on his proposal as Prime Minister, negative reaction was swift at home and abroad. He faced tremendous resistance from within his own government. Most of the Cabinet members opposed his plan, including External Affairs Minister, Flora MacDonald, but they did not express their opinions publicly. Yet, dissenting views soon found their way to the Canadian media. For example, in a front page article in *The Toronto Star*, anonymous government sources in the Department of Industry, Trade and Commerce claimed that Canada would lose over \$1 billion worth of business, some 56,000 jobs and 250,000 barrels of oil per day if Clark's policy was enacted.<sup>xxxix</sup>

This was rather dire assessment born out as Iraq immediately threatened to cut off oil supplies if the embassy was moved. In Ottawa, the Arab Diplomatic Corp met to coordinate their governments' responses. It should be recalled that Saudi Arabia was the only Arab Gulf state to have resident diplomats in the capital at this time.<sup>xi</sup> The spokesperson for the group told the *Toronto Star* that 'what is needed now is pressure from our governments to stop this silly action before it happens.'<sup>xi</sup> To smooth things over, MacDonald met with the ambassadors on June 8. They assured her that there would be no reprisals as long as Canada's embassy remained in Tel Aviv.<sup>xiii</sup> She met with the magain a week later after statements by Employment and Immigration Minister, Ron Atkey, made matters worse. Atkey was well known to the ambassadors as one of the authors of Ontario's provincial anti-boycott legislation. He was also known for his 'provocative statements' equating the stands taken by the ambassadors to that of a dog. Atkey publicly dismissed their views as "externally-imposed blackmail" and noted, "The Arabs' bark is worse than their bite."<sup>xiii</sup> If they wanted Canadian products, he asserted, they would buy them. Following the outcry over Atkey's words, Clark took the unprecedented step of receiving the ambassadors as well. In a statement released after the meeting, which attempted to strike a conciliatory position, the Prime Minister said he said:

Very useful discussions... about the whole spectrum of Canada's relationship with the Arab world and my desire to develop it further in all fields – political, economic, technological and cultural-to our mutual and continuing benefit.<sup>xiv</sup>

As the crisis unfolded, Canadian business became involved in its' efforts to reverse Clark's decision. On June 7, Bell's President Jean de Grandpre flew to Ottawa to meet with the Arab ambassadors; representatives from the company also met with officials in the kingdom as well. Bell maintained that the proposed embassy move threatened its lucrative contracts in Saudi Arabia and a bid that it was then making on a major telecommunications contract in the U.A.E. Officials at Bell, like others in the Canadian business community, were already in an uproar over Ontario's 1978 anti-boycott legislation even before the embassy crisis erupted. A significant number of corporations were headquartered in Ontario, Canada's largest province, and the legislation was now applicable to them. Concrete links between this legislation and punitive measures were

highlighted in the *Globe and Mail* reports indicating that the Saudi embassy had restricted issuing visas for Canadians because of the Ontario government's measures. An embassy spokesperson hinted that Canadian contracts in the kingdom were also in jeopardy.<sup>xiv</sup>

Many corporate leaders apprehended that months or years of preparations work needed for landing Gulf contracts would evaporate if the embassy move further exacerbated the situation. Consequently, the Canadian business community a natural ally of the conservative Clark government mounted an unprecedented lobbying campaign; logging hundreds of calls to various government ministries, conducting press interviews and holding meetings with high-level officials including Clark himself. These activities marked the first real foray of Canadian businesses as an organized interest group seeking to influence the direction of foreign policy. Furthermore, Howard Stanislavski contends "Alliances, both tacit and explicitly, were formed between Canadian business interests and Arab governments and their representatives, so that statements from one bolstered the credibility of statements from the other."<sup>xv</sup>

On June 18, the director of the Arab Monetary Fund (AMF) in Abu Dhabi announced, "that the Fund had decided to boycott all Canadian banks and financial institutions and told all its affiliates to withdraw their capital from Canada."<sup>xvii</sup> While it was not certain how much money AMF members had in Canada-reports suggest as much as \$10 million to as little as zero<sup>xviii</sup>. The real concern was whether Kuwait and Saudi Arabia would follow the Fund's suggestions and/or join in other comprehensive Arab League sanctions.<sup>xlix</sup> If these countries pursued such policies, "then Canada would suffer serious economic damage indeed."<sup>l</sup> As George Takach perceptively explains:

Canada's economic relationship with the Arab world... was based upon a largely inelastic demand for petroleum and investment capital and desire to acquire a larger share of the lucrative Arab market. The Arabs could have sold to other buyers the oil they exported to Canada and could have invested their petro-wealth outside Canada. Similarly, given the highly competitive nature of the Middle East domestic market for goods and services of the type provided by



Canada, the Arabs could obtain elsewhere whatever Canada sold to them without great inconvenience. While Canada considered its economic ties with the Arab world very important, the inverse was not true. As one trade official perceived the situation at the time, "the Arabs could cut us off tomorrow both in terms of imports and exports and not so much as feel a tickle in the nose."<sup>iii</sup>

Given that it is important to note that Canadian exports to the Gulf states increased by ten times between 1974 and 1978 to \$323 million. Almost 75% of these goods were destined to Saudi Arabia, whereas Kuwait and the UAE together accounted for another 24%. While this commercial activity was still less than 1% of total Canadian exports, the Gulf region represented one of the fastest-growing markets for Canadian wares and foodstuffs. As for imports from the six countries in 1978, Canada purchased a hefty \$750 million in petroleum from Saudi Arabia. Imported products from the other five states were negligible. Petroleum prices were already rising due to the Iranian Revolution and there were apprehensions of a second oil shock because of diminishing supplies. It was against this background that strains in Canada's relations with the Arab oil-producing states took on a new economic urgency.

Almost from the start of the embassy crisis in early June 1979, Clark and his advisers sought desperately for a way out of the mess with some measures of cover that could protect the new government. Largely at MacDonald's urging, the Prime Minister appointed his Conservative Party predecessor, Robert Stanfield, to review Canada's Middle East policy, including the proposed embassy move. It seemed clear now that Clark had already decided to reverse middle east political policy even before appointing Stanfield, but he wanted the time provided by the mission-Stanfield's findings were not expected until late 1980s to give his government some breathing space.<sup>liii</sup> Stanfield, who enjoyed widespread support in Canada as an elder statesman, embarked on his fact-finding mission by visiting the Middle East (including Saudi Arabia), Europe and a number of provinces back home. In Canada alone, he consulted with scores of individuals or groups that had some connection to the Arab-Israeli conflict. Stanfield caught Clark somewhat by surprise on October 28 when he issued preliminary observations recommending against the embassy move. The Prime Minister announced support of

Stanfield's recommendations the next day. In reflecting on the policy shift later in his career, Clark claimed he had "not had a chance to be briefed on all the nuances' associated with the embassy's relocations."<sup>liii</sup>

As Stanfield made his rounds in the summer of 1979, the Canadian embassy in Jeddah was particularly busy trying to outline the Folly Clark's policy to their superiors at external Affairs so much so that one of Clark's senior advisers viewed the cables as so alarmist "that led one to believe that half of Canada's gross national product was about to go down the drain."<sup>liiv</sup> There are indications that Clark's stand did indeed have an impact on some aspects of the Canadian-Saudi economic relationship,<sup>liv</sup> however, the ambassador in Jeddah was credited by many with preventing an even larger economic backlash against Canada by explaining the intricacies of his country's domestic politics to the Saudis. Riyadh in turn argued Canada's case in Arab circles. According to the, says a top Arab League spokesperson, *Financial Post*:

Had it not been for the intervention of Saudi Arabia, backed by Sudan and Tunisia, the League would certainly have yielded to pressure from Iraq and Syria last summer to stage an immediate boycott against Canada.<sup>lvi</sup>

With the immediate embassy crisis over by October, the Stanfield Report also tackled the other issue of concern to the Gulf states-anti-boycott legislation. The report specifically asserted that anti-boycott legislation with Canada. In explaining this verdict, it continued. A number of Arab governments have asserted emphatically that they would regard legislation against the boycott by Canada as a specifically 'anti-Arab' and 'pro-Israeli' political initiative directed against their basic interests and their right to use economic sanctions against a country with which they are in a state of war.<sup>lvii</sup>

By the time Stanfield submitted his formal findings in February 1980, the Clark Government had fallen. With Trudeau again at the helm, the Liberals were eager to move beyond these issues. The Jerusalem matter and anti-boycott legislation did not raise again during Trudeau's remaining four years as premier. Interestingly, the Liberal Prime Minister did carry through with at least one of the report's recommendations. Stanfield stressed that Arab were executives and governmental officials "like to meet and know the

people they are dealing with."<sup>lviii</sup> Furthermore, he stated, "Of basic importance... is the recognition that in Arab countries generally the role of government in the economy is more extensive than in Canada."<sup>lix</sup> An expansion of Canadian exports greatly helped an increase in the number of Canadian governmental officials in the Gulf who could offer introduction between business executives and local trading partners. As such, government-to-government contracts were important. Stanfield emphasized, "We need frequent visits by ministers and officials of our government and a greater exchange of well prepared trade mission."<sup>lx</sup> In November 1980, Trudeau would become the first Canadian prime minister to visit the Arabian Peninsula.

### **Trudeau's Visit to Saudi Arabia**

While he was in the Kingdom, the Prime Minister's, Trudeau, principal host was Oil Minister Sheikh Yamani, Whom Trudeau had met on previous occasions in Canada and Europe. Indeed, it was a visit by Yamani to Ottawa in March 1980 to confer with his counterpart, Energy Minister Marc Lalonde, which signaled that Canadian-Saudi relations were back on track following the embassy fiasco. By 1980, the Kingdom had surpassed Venezuela as Canada's largest single supplier of foreign oil. In Saudi Arabia itself, Trudeau hoped to address trade issues (including the large trade deficit Canada had with the kingdom, which was nearly half a billion dollars); hold negotiations over Saudi participation in the International Monetary Fund as well as discuss a role for Riyadh as a part of preparations for the 1981 Cancun North-South dialogue summit. North-South issues were a particularly important aspect of Trudeau's vision of global social justice; he envisioned the summit dealing with an integrated agenda of raw materials, energy, trade, development and finance. He personally traveled to a dozen of the key countries which he believed would play an important role in the North-South dialogue-Saudi Arabia was one of these states. However, Trudeau was pointedly informed by his hosts that trade issues were there on the agenda but not in the north-south dialogue,<sup>lxi</sup> which Riyadh equated with other's expectations of large Saudi financial contributions. The Prime Minister remarked at the time, "I don't expect instant success, everybody and his brother is coming here and asking for money."<sup>lxii</sup> Trudeau met with the top Saudi leadership, including the King, Crown Prince and Foreign Minister, but it was a trip to the oasis of

Madain Saleh, which captured the adventurous Prime Minister's imagination. Joined by other Canadian official and his six-year old son Sacha, Trudeau was entertained in a magnificent tent near the Nabataea cliff tombs.

During the visit, Yamani surprised Trudeau with a Saudi proposal to sell Petro-Canada up to 100,000 barrels of oil a day. Canada never followed through on the offer because at that time, it did not need the petroleum and some ministers expressed concern that political conditions, such as recognition of the PLO, might tied the proposal.<sup>lxiii</sup> While in Saudi Arabia, Trudeau met with the growing Canadian expatriate community based there. By 1980, over 4,000 Canadians were living in the Kingdom and almost one-third of these expatriates were Bell employees or their family members; it is useful to mention that there were less than 50 Canadians working in Saudi Arabia in 1976.<sup>lxiv</sup> Trudeau made one more trip to the Gulf as Prime Minister; in December 1983, he paid brief visits to the leaders of Bahrain, Kuwait, Oman and the United Arab Emirates as part of his famous world peace tour.<sup>lxv</sup> While increased trade between the states and Canada was on the agenda,<sup>lxvi</sup> war and peace issues ranging from the escalating and dangerous unclear arms race between the superpowers to the Iran-Iraq War were the main issues of concern for Trudeau during this global journey.

The main foreign aid arm of the Canadian government had a minor setback in 1985. The co-operation between CIDA and the Saudis over co-financing of Asian development projects caught up in the larger Arab-Israeli conflict. A sizable irrigation project in Sri Lanka which was based on a \$50 million investment from both Canada and Saudi Arabia (as well as \$90 million funding from the World Bank) was put on hold after Riyadh learned that Sri Lanka had allowed an Israeli lobby to be established in the US Embassy in Colombo and that Israeli military intelligence was training Sri Lankan forces.<sup>lxvii</sup> This, however, was just one of the three dozen projects CIDA had in operation, in co-operation with Arab aid agencies. Working with Saudi Arabia, Kuwait and the United Arab Emirates, these projects were priced at \$856 million in 1985 alone.<sup>lxviii</sup> At times, there were economic benefits to this aid as well. For example, a senate Standing Committee report examining Ottawa's relations with the Arab world remarked, "Such trilateral assistance projects may even stimulate increased exports of Canadian products to the co-

operating country."<sup>lxxix</sup> At the end, however, it would be the economic ties, which were paramount in the Ottawa-Riyadh relationship. Reflecting back on this period, Dwight Fulford, who served as Canada's ambassador to Saudi Arabia from September 1982 through August 1985, characterized the connectedness between his country and the kingdom as overall "good but unimportant" except in areas of trade.<sup>lxx</sup>

The trade issues with Saudi Arabia were in a state of flux in the mid-1980s as the petroleum markets experienced a time of turmoil. Canadian exports to the kingdom were primarily in the areas of agricultural products, particularly wheat and barely. Saudi Arabia was Canada's second largest grain customer. Ottawa also sold high technology items such as semi-conductors and electronic components; soft wood lumber and cars/trucks to the kingdom. While Saudi Arabia remained Canada's largest market in the Gulf, exports had declined by almost 25% between 1981 and 1984. The total for 1984 was just under \$362 million; this only represented about 1% of the \$33 billion in products Saudi Arabia imported in 1984.<sup>lxxi</sup> Even though Canada was running a huge trade surplus with Saudi Arabia and for that matter the other five Gulf States as well as the declining price of oil meant loss of revenues for the Gulf States and a corresponding decrease in imports. In 1980, Canada had purchased over \$2 billion in oil from the Kingdom. Conversely, oil imports from Saudi Arabia ceased completely in 1984 as Canada diversified its foreign petroleum imports and increased domestic production.

The dramatic fall in international oil prices in early 1986 would have a domestic impact on Canada as well. The petroleum rich province of Alberta saw its revenues halved in the course of two months. At that point, Alberta, which was pumping 1.4 million barrels a day, accounted for 2-3% of the world's oil production. The province would have ranked fourth in production terms if it were a member of the Organization of Petroleum Exporting Countries (OPEC).<sup>lxxii</sup> Most of Alberta's crude oil was destined for either the domestic or US markets. Alberta's premier, Donald Getty, gained headlines in March after a phone call with Saudi Oil Minister Yamini. During the conversation, Getty apparently offered to cut Alberta's oil output to help OPEC stabilize its prices. Three weeks later, this matter raised directly with Yamini during Clark's visit to Saudi Arabia, this was part of previously planned trip to the Middle East.<sup>lxxiii</sup> The Oil Minister denied

asking Getty to reduce Alberta's production.<sup>lxxiv</sup> However, Yamani did attempt to interest Clark in a production-sharing agreement between non-OPEC oil-producing countries such as Canada, the UK and the US and the cartel in order to "restore order" to the international market,<sup>lxxv</sup> Canada indicated disinterest.

Despite disagreement over oil issues, Clark's trip to Saudi Arabia seemed to alter Canada's relationship with the kingdom in a number of ways. In Riyadh, Clark told Foreign Minister Prince Saud that his government supported plans by General Motors Canada to sell several hundred Light Armored Vehicles (LAV) to the Saudi Army and National Guard. The \$250 million deal would be the first sale of Canadian military armaments to the Kingdom.<sup>lxxvi</sup> This support was in marked contrast to Clark's opposition earlier in 1986 to a proposal by a German corporation's Nova Scotian subsidiary to manufacture heavy battle tanks and armored personnel carriers for Kuwait and Saudi Arabia.<sup>lxxvii</sup> The Cabinet ultimately denied export permits for these armaments. In explaining the change in Canada's position, an External Affairs spokesperson said, "There is a growing realization that Saudi Arabia is a stable, moderate power in the region that should be supported, including help for its defenses."<sup>lxxviii</sup> The LAV sale probably reflected Ottawa's growing concerns over Saudi's vulnerability in the expanding Iran-Iraq war at that time. On the economic front, Riyadh and Ottawa agreed to restart their Joint Economic Committee (JEC), which had lapsed after the 1980 round of meetings. From Ottawa's perspective, it was hoped that the JEC mechanisms might open some other areas of the Saudi economy to Canadian imports. By 1987, the worsening oil bust had reduced its exports to the kingdom to \$212 million, one of the lowest levels since the mid-1970s. Perhaps most importantly of all, in terms of signs that the relationship was at a new level, Foreign Minister Saud made an official trip to Canada in October 1987, becoming the highest-ranking Saudi official ever to visit the country. In advance of the Foreign Minister's arrival, two dozen senior Saudi Businessmen and governmental officials toured various commercial concerns in Ontario, Quebec and Alberta. In at least one measure of successful linkages, a working team was established with some Ontarian auto parts firms.<sup>lxxix</sup> During the Prince Saud's visit, the two countries signed an Economic and Technical Cooperation Agreement, which established 'most favoured nation' status connecting the two. Clark hailed the accord as a "new era" in the

relationship, while the Prince intoned that "hopefully this will be a step in removing all trade barriers between the countries."<sup>lxxx</sup> In a later interview, the Foreign Minister expanded on these ideas:

Both of us have experienced the fickleness of the marketplace: We had a trading relationship of multi-billions of dollars, but that has declined considerably because of international situations and internal economic situations in our country. Moreover, we thought that because of the similarity of our experiences, because of the complementarity of our situations, a relationship based on investments and partnerships would be a good thing. With investments here and there, the markets of the Middle East can be open to Canadian manufacturing, and the markets of North America can be open to Saudi Arabia.<sup>lxxxi</sup>

As Canada struggled to maintain and even enhance its bonds with Saudi Arabia despite falling oil prices and a decline in Saudi imports, the opposite trend was occurring in its relationship with the UAE. The oil bust would have a damaging impact on the nascent diplomatic ties Ottawa had established with the Emirates. In late 1986 less than two years after Canada opened it Clark announced closure of the Canadian embassy in Abu Dhabi. This closure was part of a larger external Affairs cost-saving measure, which also shuttered six other embassies and consular offices around the world. Commercial and other issues would now be handled through the Canadian embassy in Kuwait, which continued to also have responsibility for Canadian interests in Baharin, Quatand and Oman. The practical impact of the Abu Dhabi closure was that UAE citizens would have to travel to Kuwait City for Canadian visas and Canadians would need a local sponsor before coming to the Emirates. Reaction to this move was decidedly negative in reflecting on the lull in trade ties which prompted the closure, the Director of the Dubai Chamber of Commerce said, "We like to think when you have a friend, it's not only for the good times, it's also for the bad times."<sup>lxxxii</sup> A senior vice-president from the engineering firm Consult, which has had business links with the Emirates since 1966, went one-step further:

Canadians are not that good at selling things in other parts of the world. That is where we are not well organized and where an embassy comes in handy – especially for somebody new coming in. Now they will have a struggle... from an economic point of view it was unjustified and from the political side it makes a political statement that Canada is no longer interested in the Emirates.<sup>lxxxiii</sup>

The closing of the UAE embassy was caught up in one of the periodic budget reduction frenzies at External Affairs. Ottawa felt it could manage its ties from two embassies in the region: Riyadh and Kuwait City. In some ways, the 'enhanced bilateralism' policy outlined by the Trudeau Government and embraced by Mulroney had also run its course by this point. Larger Gulf issues would soon emerge as important for Canadian foreign policy and serve as a watershed for Canada's relations with the Gulf States. Ottawa's involvement in UN peacekeeping efforts after the Iran-Iraq War ceasefire would not only revitalize this traditional aspect of Canadian foreign policy which had diminished over the previous decade, but through UN involvement Ottawa would create deeper ties with the Gulf region of both the multilateral and bilateral levels.



END NOTES:

- <sup>i</sup> Sharp (27 October 1970) "Statement to the Standing Committee of the House of Commons on External Affairs and National Defense," reprinted in Lawrence Grossman (eds.) (1976) *Canadian Foreign Policy in the Middle East: A Summary Review*. Montreal: The Canada-Israel Committee: 24.
- ii. Ibid: 23-24.
- iii. See Pierre Elliot Trudeau (1993) *Memoirs*. Toronto: McClelland & Stewart Inc.: 203-206.
- <sup>iv</sup> Atif Kubursi (1985) "Canada's Economic Relations with the Arab: World: Patterns and Prospects," in Tareq Y. Ismael (ed) *Canada and the Arab World*. Edmonton: The University of Alberta Press: 49.
- v. Delwoie: 31.
- <sup>vi</sup> See "Canada and the Middle East" (May 1984) *MEED Special Report: 16-21*.
- <sup>vii</sup> Trudeau's Third Option policy was designed to decrease foreign ownership of Canada's economy. Foreign concerns controlled 37% in 1971. this was reduced to 23.6% in 1986. overall American ownership fell from 28% to 17% during this 15 year period. [Trudeau (1993): 205.] In 1982 Saudi investors created a stir when they were involved in a \$500 million purchase of 11,000- unity Toronto apartment complex. See "Saudis start buying plan for Canadian properties," (November 12, 1982) *Globe & Mail: 1*.
- <sup>viii</sup> "Some of the Arabs' Best Friends are Canadians" (1975): 60.
- <sup>ix</sup> See for example Jane Becker (1974) "The Scramble for Arab Money." *Executive* 16 (9): 31-36. Among the "guidelines for doing business" was the observation that companies should be prepared to invest much time, effort and residency in the region in order to make a sale. It took Estignhouse Canada over a year to secure its first Saudi sale

and its marketing manager logged 150,000 airmails in 1973 in support of the contract. Canadian companies were also advised that the Gulf State were interested in turnkey projects in which the foreign concern designs the plant, initially operates it while training nationals to run it before turning the working model over to its owners.

\*Stephen Scott (1976) "MacEachen Finds His Policy Acceptable in Middle east," *International Perspectives* (May/June): 3. In addition to Saudi Arabia, MacEachen visited Egypt, Jordan, Iraq and Israel..

<sup>xi</sup>. Quoted in Government of Canada, The Senate Committee on Foreign Affairs (1985) *Report on Canada's Relations with the Countries of the Middle East and North Africa*. Ottawa: Minister of Supplies and Services Canada: 87. Ambassador Shenstone, who wrote the first draft of this document in September 1975, notes that the memo "devoted as much or more attention to our policy n the Arab-Israeli issue as it did to relations with individual states." (E-mail from Ambasdor Shenstone, March 2005) As part of the cabinet discussions, MacEachen supported efforts for Canada to "secure a fair share of Arab petrodollars" by participating in trade shows. He also agreed to shift some trade commissioners from South Africa to a newly created post in Kuwait. [Dewitt and Kirton: 190]

<sup>xii</sup>. Department of Foreign Affairs and International Trade (2003) "Bilateral Relations Canada-Saudi Arabia," <http://www.dfait-maeci.gc.ca/menu/en.asp> (Consulted July 14, 2004).

<sup>xiii</sup>. A second round was held in Riyadh in February 1978 and a third round convened in Ottawa in June 1980/ the JEC lapsed sometime prior to the start of the 1982 round.

<sup>xiv</sup>. Quoted in "Canada's Middle East Shift" (1980) *Middle East Focus* 2(6): 2.

<sup>xv</sup>. See Howard Stanislawski (1983) "Ethnic Interest Group Activity in the Canadian Foreign Policy-Making Process: A Case Study of the Arab Boycott," in Janice Gross Stein and David B. Dewitt (eds) *The Middle East at the Crossroads: Regional Forces & External Powers*. Oakville, Ontario: Mosaic Press: 200-220 and Stanislawski (1984) "Domestic Interest Groups and Canadian and American Policy: The case of the Arab

Boycott," in Robert O. Matthews, Arthur G. Rubin off and Janice Gross Stein (eds) *International Conflict and Conflict Management*. Scarborough, Ontario: Prentice-Hall of Canada, Inc.: 137-147.

xvi. David Leyton-Brown (1977) "External Affairs and Defence," in John Saywell (ed) *Canadian Annual Review of Politics and Public Affairs* 1976. Toronto: University of Toronto Press: 326.

xvii. Quoted in Richard Hobson and Arthur Clark (1986) "The Long Leap Forward," *Saudi Aramco World* 37(4) <http://www.saudiaramcoworld.com/issue/198604/> (Consulted 10 JUNE 2007). Reflecting on the work eventually completed by Bell, MEED held "the programme has made possible the most dramatic advances ever recorded in a developing country's telecommunications." [Canada and the Middle East." 9.]

xviii. Robert Poulit (May 22, 1982) "Bell Hopes to Ring Up New Saudi Agreement," *Financial Post*: 12, Bell Canada International did secure a second five-year contract (worth \$1.7 billion), but lost its bid for a third agreement in late 1988. at that time, Saudi operations made up 75% of Bell's revenue. ["Bell loses Saudi pact to Australian agency" (October 13, 1988) *Globe and Mail*: B7.]

xix. Quoted in Howard Jerry Stanslawski (1981) *Elites, Domestic Interest Groups, and International Interests in the Canadian Foreign Policy Decision-Making Process: The Arab Economic Boycott of Canadians and Canadian Companies Doing Business with Israel*. Waltham, Massachusetts: Brandeis University: 268.

xx. Atef Sultan (30 June 1978)"Boycott hardliners my harm growing Middle East trade," *Middle East Economic Digest*: 4.

xxi. Stanislawski (1981): 272. some observers, such as Stainslawski, maintain this was a "totally inaccurate statement." [271]

xxii. Howard Stanislawski (1989) "Canadian Corporations and Their Middle East Interests," in David Traras and David H. Goldberg (eds) *The Domestic Battleground*:

*Canada and the Arab-Israeli Conflict*. Montreal/Kingston: McGill-Queen's University Press: 78-79.

xxiii. For good accounts of this period in Canadian Foreign Policy see George Takach (1989) "Clark and the Jerusalem Embassy Affair: Initiative and Constraint in Canadian Foreign Policy," in David Raras and David H. Goldberg (eds) *The Domestic Battleground: Canada and the Arab-Israeli* and Jean-Marc F. Blanchard (2002) "Lightning Rods Rather than Light Switches: Arab Economic Sanctions Against Canada in 1979," *Canadian Journal of Political Science* 35(1): 151-174.

xxiv. The other Arab ambassadors were from Algeria, Iraq, Jordan, Lebanon, Morocco, Somalia and Sudan. Egypt also had a resident ambassador in Ottawa, but he was not in contact with his counterparts because of Cairo's isolation in the Arab world following the Camp David Accords.

xxv. David Leyton-Brown (1981) "External Affairs and Defence," in R.B. Byers (ed) *Canadian Annual Review of Politics and Public Affairs* 1979. Toronto: University of Toronto Press: 230.

xxvi. *Canadian News Facts* (1979) "Stanfield to study embassy move," 13 (12): 2156.

xxvii. Ibid. The ambassadors also met with Opposition Leader Trudeau at this time as well.

xxviii. Stanislawski asserts the AMF had zero funds in Canada at that time. [ibid] Takach agrees.

xxix. Quoted in Margaret Royal (1998) "External Affairs and Defence," in R.B. Byers (ed) *Canadian Annual Review of Politics and Public Affairs* 1985. Toronto: University of Toronto Press: 185.

xxx. See for example John Honderich (October 16, 1979) "PM's stand on embassy 'cost \$4.5 m in trade'," *Toronto Star*: A1. one of the contracts noted in this article was a \$350,000 contract with Saudi Arabia to send medical students to Canada.

- Xxxi. Robert Poulit (April 19, 1980) "Arabs once again are willing to buy from Canada," *Financial Post*: P1.
- xxxii. *Final Report of the special Representative of the Government of Canada Respecting the Middle East and North Africa [Stanfiled Report]* reprinted in Tareq Y. Ismael (ed) (1985) *Canada and the Arab World*. Edmonton: The University of Alberta Press: 198.
- xxxiii. Dewitt and Kirton, "Canada-Middle East Relations," 193.
- xxxiv. Warren Gerard (December 1, 1980) "Some Enchanted Evenings," *Maclean's*: 34.
- xxxv. See Bill Fox (November 17, 1980) "Canadian Unity Lives in Arabia, PM Says" *Toronto Star*: A1.
- xxxvi. For more on Trudeau's 1983-1984 peace initiatives see J.L. Granastein and Robter Bothwell (1990) *Pirouette: Pierre trudeau and Canadian foreign Policy*. Toronto: University of Toronto Press: 363-376.
- xxxvii. "Trudeau hopes to boost trade during gulf tour" (December 2, 1983) *Winnipeg Free Press*.
- xxxviii. Margaret Royal (1998) "External Affairs and Defence," in R.B. Byers (ed) *Canadian Annual Review of Politics and Public Affairs* 1985. Toronto: University of Toronto Press: 186.
- xxxix. Government of Canada, The Senate Standing Committee on Foreign Affairs (1985) *report on Canada's Relations with the Countries of the Middle east and North Africa*. Ottawa: Minister of Supplies and Services Canda: 107.
- xl. Ibid.: 108. As an example, the report cited one joint development venture with the Kuwait Fund that led to the sale of \$14 million in Canadian locomotives to Zimabwe.
- xli. Government of Canada, The Senate Standing Committee on Forign affairs (1985): 96.

xlii. Stephen Handelman (9 April 1986) "Oil crisis looms over glut," *Toronto Star*: A1.

xliii. Clark's ten-day trip also included stops in Jordan, Egypt and Israel.

xliv. Patrick Martin (19 June 1986) "Ottawa's view of Saudis shifting gears," *Globe and Mail*: A 13.

xlv. Patrick Martin (October 5, 1987) "Canada and Saudi Arabia sign bilateral trade pact," *Globe and Mail*: A1.

xlvi. "Saudis and Canadians are bridging the gulf," (October 10, 1987) *Globe and Mail*: D3. it is interesting to note that the Jerusalem Embassy affair resurfaced in this interview with Prince Saud, thus demonstrating once again how the events of 1979/ 1980 had soured relations between the two countries during that period. The Foreign Minister said, 'Indeed it was an issue that upset many, but we have fortunately reached the stage where both [Clark] and I can joke about that incident as something past, and something that is transitory element in relations between the countries rather than an obstacle.' [ibid.]

xlvii. Robert Lee (September 22, 1987) "The closure of the Canadian Embassy in the UAE," *Can West News*: 1.

xlviii. Ibid. In 1987 Consult was designing and constructing a 380x65 meter aircraft hanger and reception hall for the President of the UAE. Built to accommodate six aircraft, the Consult Vice-President called it 'gi-normous; [ibid].

## **Chapter III**

### **CANADA AND EVOLVING GEO-STRATEGIC RELATIONS WITH THE GCC**

By the early 1990s, Canada's current overall Gulf policy was set in place. Through its continued regional involvement in military operations, peacekeeping and the functional peace talks, Ottawa have sustained multilateral contacts with the Arabian Gulf States. Yet, for common membership in the UN System and certain international economic organizations, Ottawa would not have other mutual multilateral networks with the Gulf States that it had with other areas of the world. While Canada proactively fostered bilateral ties within the limited multilateral opportunities that it had, the paucity of these forums had meant that Ottawa had relied mainly on local contacts in the respective capitals. What follows there was an examination of these bilateral relationships over the past ten years. Compared to other sections of this study, the bulk of the space is devoted to Canada's ties with Saudi Arabia and then with the UAE and Kuwait. While Qatar increasingly became important to Canada as it embraced new international legal principles such as the Ottawa Convention on Anti-personnel Landmines (YEAR), ties with Bahrain and Oman remain minimal<sup>1</sup>.

#### **Relations with Oman**

According to Foreign Affairs Canada, "bilateral relations with Oman are good, but modest." Diplomatically, Canada's ambassador to Riyadh is also accredited to Muscat, although Canada has a physical presence in Oman through an Honorary Consulate located in the capital city Muscat. The Sultanate is represented in Ottawa by its ambassador posted to Washington. "Educational co-operation is one of the most significant element" in the relationship, asserts Foreign Affairs Canada. Of the 300 Canadians living in Oman, many of them are associated Sultan Qaboos University or other educational institutions. The Sultan was awarded an honorary doctorate by the University of Ottawa in recognition of the educational contributions made to his country.

In terms of trade, Canadian exports to Oman doubled during 2002-03 to reach a total of almost \$50 million and increased to \$60 million in 2004. Canada primarily exports ships, vehicles, machinery and medical equipment to the Sultanate, while another small scale trade (valued most recently at \$7 million) is in the areas of apparel and aqua culture food products. For Canadians, Oman is a fast-growing market, although it ranks only 72<sup>nd</sup> in comparison to international market. In the increase of Canadian exports Oman's membership in the World Trade Organization in 2000 and a bilateral Double Taxation Treaty signed in 2004, have helped by both and it create more predictability in the trade relationship. In the service sector, Consult and other firms continue to operate in the Sultanate. One recent service contract of note was awarded to Canadian Energy Services (CES) in 2001. Under its terms, CES operated and maintained the gas transportation facilities of Oman Gas Company, which is the major natural gas transportation company in the Sultanate with 2,000 kilometers of pipelines. CES had the additional task of training Omanis to manage the system by the end of the contract. Oman Gas took over operations in January 2005. Lastly, Ottawa hails Oman's pursuit of what it terms as a "pragmatic foreign policy." From Muscat's participation in the Madrid peace process in the 1990s to its more recent diplomatic backing for the international campaign against terrorism in Afghanistan, which includes Canadian access to Omani ports, Ottawa appreciates the regional support given to these common multilateral efforts<sup>ii</sup>.

### **Ties with Bahrain**

In 2003, the Foreign Affairs Canada in its website forwarded that "Canada's ties with Bahrain are not extensive." By 2004, the terminology was changed to "cordial but limited." As Ambassador Hobson notes about his posting:

On reflection, and even at time, I recognized that we did not get to Oman and Bahrain as much as we would have liked, but for understandable reasons. Our interests (and potential for commercial gains) were not significant compared with Saudi Arabia, and could not likely be improved upon much without a significant increase in time and resources, which we did not have<sup>iii</sup>.



While the relationship generally revolves around rather small two-way trade, there have been other important points of contact outside the economic realm. For example, during the 1990-91 Gulf War, Canada took a deep interest in the environmental contamination resulting from massive oil slicks in the Arabian Gulf. This concern was centered not only on stopping potential environmental damage but also to protect vital desalination plants and industrial facilities located on the coast. Since Canadian Forces were operating out of Bahrain and Qatar, Ottawa focused its prevention and clean-up efforts off the coastlines of these two states. As *Maclean's* indicated, the country took "a leading role in planning and organizing Bahrain's and Qatar's defenses against the slicks." The Canadian Coast Guard and Environment Canada's emergency branch helped erect surface booms and rock barriers to protect these sites from the approaching oil spill<sup>iv</sup>.

In another major interface with Manama, both Bahrain and Canada found themselves as temporary members on the UN Security Council in 1999. Together, the two states crafted a proposal calling on the UN Secretariat to prepare an assessment on Kuwaiti Prisoners of War (PoWs) as well as property and archives stolen by the Iraqis in 1990-91. While doing so, the two governments hoped to highlight the plight of those missing Kuwaitis as well as other unresolved humanitarian and economic issues associated with the war. With respect to diplomatic issues, Bahrain agreed to issue five-year multiple entry visas, which will make it more convenient for Canadians conducting business in the Kingdom. Ottawa has also closely watched the merging political liberalization in Bahrain. In 2003, a Canada-Bahrain Parliamentary Friendship Group was established with the goal of exchanging "expertise in the training, administrative and parliamentary areas." Besides, the Group agreed to co-ordinate with their counterparts in multilateral organizations.

Apart from above encounters the relationship remains largely on trade. The latest figures show Canada exporting \$24 million in machinery and manufactured goods to Bahrain while receiving some \$6 million Bahraini imports of woven apparel and fabrics in return. In 2004, Bahrain ranked 97<sup>th</sup> in terms of Canada's export markets. On the diplomatic front, Bahrain maintained a Consulate in Montreal for a short period of time, but that mission was closed in 1998. Since then, its ambassador to Washington has been accredited to Ottawa. From the inception of diplomatic ties, Canadian representation has

been first through its resident ambassador in Iran, then Kuwait and since 1996 through its embassy in Saudi Arabia.<sup>v</sup>

### **New Equation with Kuwait**

Canada's participation in coalition efforts to liberate Kuwait, as well as its consistent military presence in the region produced a definite political boost to its bilateral relationship with the Emirate. A tangible example of it was Kuwait's 1992 decision to open an embassy in Ottawa and to appoint a resident ambassador in 1993. Kuwaiti officials cited Canada's coalition involvement as a major contributing factor in the timing of this decision. As its ambassador, Abdulmohsin Al-Duaij, would later concur, "Canada's support for Kuwait in that difficult time was a turning point in our relationship." Prior to this change in 1993, Ottawa was represented in Canada through its US mission in Washington. Canada established its embassy in Kuwait City in 1978<sup>vi</sup>.

The diplomatic upgrade in the 1992-93, however, did not produce an immediate or sustained corresponding boost in trade. The value of Canadian exports to Kuwait leaped dramatically in 1991 when Air Canada leased five airplanes to Kuwaiti Airways. But by the next year, however, the value of Canadian exports had fallen to pre-war (pre Gulf war I) levels of about \$20 million. The drop to pre-war levels is all the more noticeable due to Canada's dispatch of two high-level trade missions to the Emirate in 1991. One was headed by External Minister Clark, while the other was led by International Trade Minister John Crosbie. Over the time, Canada did fare much better in the service sector which the Foreign Ministry deem significant. As Ambassador Christopher Poole recounts, "Canadian oil safety companies extinguished 200 out of 600 Kuwaiti oil fires and Canadian Companies have played a substantial role in the refurbishment and restoration of the oil sector." The value of these contracts is not included in trade statistics. Overall, Canadian exports did pick up in the mid-1990s. In recent years they have averaged in the neighbourhood of \$80 million dollars. Canadian exports vary from motor vehicles and machinery to foodstuffs to wood and paper. In 2004, Kuwait ranked 65<sup>th</sup> in terms of Canada's export markets. Since these trade figures do not include services, it is important to note that over the past few years, Canadian architects have

designed the headquarters for the Kuwait Petroleum Corporation and the Public Institution for Social Security, that an Alberta company provides technical training at the Kuwaiti Oil Company and that Canadian companies that provide health care, information technology and telecommunications services are prevalent in Kuwait. In the education realm alone, the University of British Columbia is heavily involved in the creation of the Kuwait Institute of Business and Technology while provincial primary and secondary educational officials in Ontario and Nova Scotia are working with their Gulf counterparts<sup>vii</sup>.

Defense ties, important to both parties, were visible through numerous port calls made by Canadian ships stationed in the Gulf, as well as through visits by ranking military or defense officials. Besides, the Canadian Coast Guard College has a presence in the Emirate through a long-term training contract. Kuwait served as a partial staging area for both into international humanitarian efforts in Afghanistan and the International Security Assistance Force (ISAF) stationed in that country. Because of Canadian involvement in these efforts, some of its military personnel have passed through Kuwait on their way to Afghanistan. Furthermore, the two governments have co-operated in dispatching humanitarian assistance and to Kabul. For example, in 2002, a Canadian Air Force cargo plane transported books, computers and educational supplies from the Kuwaiti Red Crescent Society to school children in Afghanistan. Canadian diplomats posted to Kuwaiti assert that the Emirate understood Ottawa's stand against the 2003 Iraqi war in the absence of a clear United Nations mandate and accepted that Canada's military engagement in Afghanistan fit into the overall international campaign against terrorism. As Foreign Affairs Canada holds, "there has been a mutually-supportive pattern of political cooperation between Canada and Kuwait, based largely on a commonality of views and interest in bilateral and multilateral fora."<sup>viii</sup>

In 2005, Kuwait had home of about 3,000 Canadians. There is also an organized Canadian business community in the Emirate expressed via the Canadian Commercial Circle. Yet, despite this Canadian presence and Ottawa's multifaceted bilateral relationship with Kuwaiti City, cooperation on the parliamentary level and the trade relationships between the two countries, diplomats stationed in the Emirate relay

disappointment in the lack of high-level political attention paid to Kuwait. They especially note the absence of senior-level visits to the Emirate. They maintain Kuwait does not run "very high on the radar back home."<sup>ix</sup>

### **Reaching out to Qatar**

"Bilateral relations between Canada and Qatar," predicts Foreign Affairs with Canada, "are expected to expand significantly in the next few years." Currently, both countries are mutually represented through non-resident ambassadors. Canada's envoy in Kuwait City doubles as Ambassador to Doha, whereas Qatar's Ambassador to the United Nations in New York City is also accredited to Ottawa. The Qatari government has not embraced the diplomatic practice of allowing countries to appoint an Honorary Consul, countries would be less inclined to establish full fledged embassies in Doha. In recent years, diplomats accredited to Doha have put forth this issue of opening a Canadian embassy there, arguing that there had been as much bilateral activity with Qatar as there was with Kuwait. Diplomats also underscored that Qatari foreign policy is sympathetic to Ottawa's own thinking. While the Foreign ministry has been receptive, the financial resources necessary to make it a reality have not yet been committed. The 1,300 Canadians living in Qatar and the Canadian Business Association (formed in May 2003) have been supportive of efforts to establish an embassy in Doha<sup>x</sup>.

Given Qatar's impressive and steady economic growth since 2000, Ottawa hinges on much of its expansion of bilateral ties to its economic relationship with the Emirate. While trade is "relatively modest at present," Foreign Affairs Canada reported in 2003, it postulated at the time that Qatar's "unprecedented rate of growth...will translate into a variety of commercial opportunities."<sup>xi</sup> Indeed, the value of Canadian exports grown up from \$37 million in 2003 to \$132 million in 2004 but Qatar moved from being the 79<sup>th</sup> largest market for Canadian goods in 2003 to the 54<sup>th</sup> biggest market a year later. Canadian exports to the Emirate are in the categories of machinery, furniture, metal ores, vehicles and aircraft. Qatar sends principally apparel and fertilizers to Canada. In 2004, Qatar sold \$35.8 million in products to Canada, up from \$7.6 million during the previous year. In addition to export of goods, Foreign Affairs Canada contends that 'the value of

service exports would add a further 25% to the total of Canadian exports to Qatar.' Among the Canadian consulting engineering firms which have secured a piece of the massive \$55 million in planned infrastructure projects is Consult. The firm, which has had a Doha office for years, has undertakings in the \$200 million City Centre commercial expansion and a venture associated with the Qatar Broadcasting Complex project<sup>xii</sup>.

H.H. Sheikah Mozah Bint Nasser Al Misnad (the then petroleum Minister) paid an official six-day visit to Canada in May 2000 in which she had headed a delegation of Qatari health and education experts. They toured hospital and university sites in eastern Canada and one of the tangible results from this visit became evident a year later when Newfoundland's College of the North Atlantic signed a ten-year Memorandum of Understanding with Qatar to establish a campus in Doha<sup>xiii</sup>. It will be the first Canadian campus in the Arabian Gulf. Foreign Affairs Canada calls the linkage "the largest international educational project ever undertaken from Canada."<sup>xiv</sup>

In terms of military ties, the American base in Qatar featured Canadian defense personnel as well. Originally, the Canadian Forces were attached to US Central Command in Tampa, Florida, but when Central Command Headquarters moved to the As Sayliyah base prior to the 2003 war with Iraq, 25 officers were deployed to Qatar along with the Americans. Despite Canada's objections to launching military action against Iraq without UN approval, Prime Minister, Chretien, had dismissed any significance associated with the Canadian officers at the As Sayliyah base<sup>xv</sup>. "Qatar is the same work we were doing in Tampa. It's just that they've moved the people." remarked the Prime Minister.

Besides, the economic, educational or military ties the most important issues the two countries share are their common views on many aspects of foreign policy. As Foreign Affairs Canada maintains, "Qatari diplomacy has been supportive of Canadian Foreign policy initiatives." Chief among these Canadian initiatives was the Human Security Agenda advocated by Foreign Minister Lloyd Axworthy<sup>xvi</sup>. The foundation of the Agenda is protecting human rights and international humanitarian law. Its focus is on people-centered development and threats to their security rather than the issues related to states' rights and sovereignty. One of the first major accomplishments associated with the

Agenda was the Ottawa Convention to Ban Antipersonnel Landmines 1997, which prohibits the stockpiling, production and/or transfer of these devices. Qatar was the only Gulf country to sign and ratify this new avenue of international law. Qatar was also a participant in other human security issues important to Canada. For example, during H.H. Sheikha Mozah's 2000 Canada visit, she presided over a ceremony which marked joint Qatari-Canadian efforts in regard to Palestinian refugees. As part of its leadership role in the multilateral Refugee Working Group, Canada designed a scholarship program for Palestinian women living in Lebanese refugee camps. Qatar is the main contributor to the fund. Foreign Minister Axworthy attended the 1997 Middle East and North Africa Economic Conference in Doha and Qatar also hosted the Regional Maritime Safety Colloquium in 2002. The latter gathering was funded by the Canadian Coast Guard and the Human Security Program at Foreign Affairs<sup>xvii</sup>.

### **Mutuality of Interests with the United Arab Emirates**

Canada signaled its renewed interest in the Gulf region in the early 1990s by expanding ties with the United Arab Emirates. After shuttering its Abu Dhabi embassy due to budget cuts in 1986, Ottawa came to realize the need for a commercial and diplomatic presence in the UAE as Canadian firms were engaging increasingly in more business with the Emirates. In May 1991, Trade Minister Michael Wilson inaugurated a trade office in Dubai. At the time he stated that it was "an independent trade centre which will have the Canadian government's moral and financial support for developing trade and economic relations with the United Arab Emirates as a strategic linkage point between the gulf and the world."<sup>xviii</sup> The private sector's Canada Arab Business Council operated the center along with a Foreign Service officer posted there. In April 1993, Ottawa upgraded the office to a Consulate and appointed Robert Farrell its first Counsel-General and Senior Trade Commissioner. The upgradation in representation was in recognition of the corresponding increase in Canadian exports to the UAE. Additionally, since the Consulate handled visa applications, local businessmen no longer needed to travel to Riyadh in order to visit Canada. Farrell also highlights the growing Canadian expatriate community in Dubai as a factor in establishing an official presence over there. The small staff at Canada's Kuwait City embassy could no longer keep their demand for consular

services emanating from the UAE. Three years later, Canada re-opened an embassy in Abu Dhabi and appointed Stuart McDowall from the Trade Commissioner Service as its first resident Ambassador<sup>xix</sup>. The Consulate in Dubai would continue to function with a senior trade commissioner at the helm and have primary responsibility for commercial interests in Dubai and five northern Emirates. With embassy's launch, the UAE became the only Gulf country to host two simultaneous Canadian diplomatic missions staffed by Canadians (as opposed to Honorary Counsels). In 1999, the UAE became the only Gulf country to host two simultaneous Canadian diplomatic missions staffed by Canadians (as opposed to Honorary Counsels). In 1999, the UAE opened its own embassy in Ottawa headed by a resident ambassador to complete the diplomatic circle. Foreign Affairs Canada declares, "Canada enjoys excellent relations with the United Arab Emirates, founded upon substantial commercial ties and frequent visits by political and business leaders."<sup>xxii</sup>

With more than 7,000 Canadians living in the UAE (almost 5,000 of them in Dubai alone), over 100 Canadian companies engaging in various enterprises and active Canadian Business Councils thriving in Dubai and Abu Dhabi, the vitality of the Canadian economic relationship with the Emirates is second only to Saudi Arabia in the region. Canadian exports to the UAE totaled almost \$416 million in 2004; this represented an impressive 35% growth in exports trade in comparison to 2002. Canadian goods range from cereals and other foodstuffs to machinery, including flight simulators, to wood and paper products. Overall, the UAE is Canada's 29<sup>th</sup> largest export market. In 2004, Canada imported \$91 million in goods from the UAE<sup>xxi</sup>. As such, Ottawa enjoys a substantial trade surplus with Emirates. Notably, the UAE is also a major regional distribution center; therefore, many of these Canadian products re-exported elsewhere. At least 35 Canadian firms are locating in the Jebel Ali Free Zone, a distribution center for such destinations as Iran. These trade figures also do not encompass services, which Foreign Affairs Canada states "are estimated to be almost equal to Canadian merchandise export."

Canadians have been heavily involved in the health and education sectors in the UAE. Many Canadian doctors and health care professionals are employed in the Emirates and

Inter-health Canada Limited, a health management firm, oversees the administration of various sites including a 335-bed hospital in Abu Dhabi. Canadian professors, educators and administrators can be found at local universities and schools, while various different Canadian private and government agencies have provided their expertise through training programs. Inter-governmentally, the Canadian Coast Guard has worked with its counterpart in the UAE, while the Royal Canadian Mounted Police has offered courses in the Emirates. Lastly, as Canada is fond of highlighting, its citizens have designed and engineered many of the country's landmarks from the first bridge, Al Maqta to the first airport, Al Bateen. As then Minister for International Trade, Sergio Marchi reminded his audience at a 1999 Dubai Chamber of Commerce and Industry gathering:

Canadians are helping to define the modern skyline of your region. The national Bank of Dubai, the Sharjah Science Museum, the Sharjah Library, the Etisalat Towers, both Higher Colleges of Technology in Sharjah and the Dubai Twin Towers – all of these were not only designed by Canadians, but also had Canadian supervision in their engineering and construction.<sup>xii</sup>

Ambassador McDowall confirms that "Canada's relations were overwhelmingly commercial" with the UAE and that "very few political issues existed" between the two countries. "The UAE was not really concerned about Canada's 'Human Security' agenda," he explains, "but by and large agreed with it anyway." Perhaps due to few political issues dividing the countries, the Emirates played more frequent host to the highest-level Canadian visitors than any of its Gulf counterparts. Since 1988, Governor-Generals, the representative of Canada's Head of State, have paid three visits to the UAE. Governor General Romeo LeBlanc made a trip in 1998, while Governor General Adrienne Clarkson visited in 2002 and 2004.

### **Deepening of Relations with Saudi Arabia**

Diplomatically speaking, Canada has had the longest physical presence in Saudi Arabia than anywhere else in the Arabian Gulf, having established an embassy in 1974.



Similarly, in its economic ties, the kingdom is Ottawa's largest trading Partner in the region. While Saudi Arabia is arguably Canada's most important relationship in the Gulf, it is also the one most prone to periodic chill over issues ranging from the Israeli-Palestinian conflict to Canadians detained in Saudi Jails. Foreign Affairs Canada's own description on the relationship is telling:

Bilateral relations have been generally cordial despite a divergence of views on some issues.... While there have been some ministerial level visits to and from Saudi Arabia in the past decade, political dialogue between Canada and Saudi Arabia has been more frequent at the level of officials.<sup>xxiii</sup>

At the end, Foreign Affairs Canada maintains that "trade and economic interests continue to be at the forefront of our bilateral relations with Saudi Arabia." Canada purchased \$ 1.23 billion in goods from the kingdom in 2004 and exported \$ 591 million worth of products in return. Riyadh ships mostly oil to Canada, while Ottawa sends aircraft, barely, forest products, industrial machinery, motor and armored vehicles, telecommunication equipment as well as mental products to the Kingdome. Overall, Saudi Arabia ranks 22<sup>nd</sup> in terms of Canada's export markets. Of the six Arabian Gulf states, Saudi Arabia is the only one with which Canada has a trade deficit. Ottawa supports Saudi membership in the World Trade Organization, an entity that Foreign Affairs Canada terms "the cornerstone of Canadian trade policy." Currently Saudi Arabia is the only Gulf State not part of the global body. Between 1996 and 2002, Canadian diplomat John Weekes chaired the Working Party on Saudi Accession to the WTO and in February 2004, Canada completed its own set of negotiations with Riyadh, which the latter needs for its WTO membership.

As with the case of the other Gulf states, services and educational links are important in understanding the Canadian-Saudi economic relationship. In terms of services, framed Canadian architect Raymond Moriyama designed Saudi Arabia's national museum, which opened in 1999. Recently his firm Moriyama & Tehsima Planners and a British engineering company were given responsibility for a \$207 million project to clean up the 120 kilometer Wadi Hanifah which flew into Riyadh. They are also assigned with the tasked of transforming the waterway's banks into public parks. Moreover, the project

covers 4,500 square kilometers of territory. Canadians are also involved in teaching and training at Saudi hospitals and for the 2004-2005 academic year, over 760 Saudi students are enrolled in Canadian institution of higher education; these students often choose to study medicine, engineering and English.

Consular issues involving the Canadian expatriate community have placed frequent demands on the embassy's time and attention as outlined in previous chapters. While the arrests of Canadians in Saudi Arabia generally merits press mention and perhaps a few days of scrutiny of the Saudi justice system at home, no case has generated as much media and public frenzy as that of William Sampson following his arrest in December 2000. The House of Commons committee exploring Canada's ties with the Islamic world goes one step further stating that "Mr. Sampson's repeated allegations of torture against Saudi authorities have probably received more Canadian media attention in the past several years than any other aspect of Canada's relations with the Arab and Muslim worlds." Thus, the Sampson case is also at the center of the tepid relationship which has existed between Riyadh and Ottawa for over four years.

Sampson, who held dual Canadian and British citizenship, worked for the Saudi Industrial Development Fund. He was arrested, along with two other Easterners, in December 2000 for/alleged involvement in a number of November car bombings targeting foreigners in which one man was killed and five persons were badly injured. Saudi officials said the bombings took place as a part of turf war over the kingdom's illegal alcohol trade. Many within the foreign community saw the bombings which continued after Sampson's incarceration as the work of indigenous extremists and the arrests as part of a government propaganda campaign to blame the violence on foreigners to avoid embarrassment. On 4<sup>th</sup> February 2001, Sampson confessed to the crimes on Saudi television. Later, he retracted from his earlier confession and said he had originally made it after days of torture and sleep deprivation. As reports of torture surfaced in May, Foreign Minister John Manely said he was "appalled" by this news from Saudi Arabia. Manely summoned Saudi Ambassador Mohammed Al-Hussaini to the ministry to express his concern. In a public statement, the Foreign Minister asserted, "we have informed Saudi officials that we hold them responsible for Mr. Sampson's safety and that we expect him to be treated in accordance with the international standards for prisoners set

out in the Geneva Convention (1956) " The Sampson torture issue broke on the eve of a planned state visit to Ottawa by H.H. Crown Prince Abdullah, the crown Prince was leading a 300 member delegation which included senior ministers, two dozen Princes and numerous Saudi business leaders and would be the highest-ranking visit of any Saudi official ever to Canada. The visit was timed to underscore a new level in the joint relationship, started in part by Chretien's trip to Jeddah the previous year. Among the items on the Crown Prince's agenda was the opening of a new Saudi embassy.

With allegations of torture swirling around Ottawa, members of the Canadian Alliance called on the government to cancel Prince Abdullah's visit and recall Canada's ambassador from Riyadh. Before Chretien could react to these opposition calls, the Crown Prince dispatched a letter "postponing" his trip "until a more conducive time." Reports in the Saudi media blamed "false statements" by Canadian officials and the media campaign against the kingdom for the cancellation. When asked by *Macelan's* about the impact of the Sampson case on Canadian-Saudi relations, Ambassador Al-Hussaini replied:

I consider it a setback. It shouldn't have happened. Canadian officials and parliamentarians attacked Saudi Arabia, saying Sampson was physically abused, and then a few hours later they said no, he wasn't tortured. But they did not even apologize. How do they expect our crown prince to come here after this?

Sampson was eventually convicted of the murder and sentenced to death. Ottawa pursued months of what it termed 'quiet diplomacy', raising the issue when meeting with Saudi counterparts at the UN and addressing it in Riyadh through the embassy. The Sampson issue produced a great deal tension in the bilateral Canadian – Saudi relationship. Symbolic of this strain was the fact that the completed Saudi embassy in Ottawa remained unoccupied.

Tensions increased in September 2002 when Canada re-imposed visa requirements for Saudi citizens entering the country. Immigration Canada announced the move because Saudi passports were "vulnerable to abuse, making in a target for people who could potentially try to enter Canada illegally." The change, however, also harmonized

Canadian visa policy with that of the United States, a requirements of the US-Canadian Smart Border Agreement signed in December 2001. Ambassador Al-Hussaini accused Ottawa of caving in to American pressure over the issue.

After nearly three years in prison, William Sampson was released in August 2003 through a royal clemency. Believing that the case was closed, Chretien issued a statement thanking the Canadian and British officials instrumental in gaining Sampson's freedom. The Prime Minister also acknowledged, "We are pleased with the cooperation of King Fahd and the Saudi government in the resolution of this matter, and I look forward to the building of further constructive ties between Canada and Saudi Arabia.

While Canada hoped to quickly 'normalize' relation with Saudi Arabia, Sampson's personal accounts of his 31-month ordeal in solitary confinement thrust the issues of torture back into the media spotlight and quickly placed a new stress on the bilateral ties. *The National Post* editorialized:

If Ottawa is serious about standing up for Mr. Sampson, a message must be conveyed to the Saudis in the strongest possible terms – and the place to start is with Mohammed R. Al-Hussaini, the Saudi Ambassador to Canada. He should be sent back to Riyadh and Canada's diplomatic relations with Saudi Arabia should be suspended until the nation's medieval regime is willing to admit it brutalized and scapegoat an innocent man.

Opposition members in parliament took up the *post's* call and demanded that the Saudi ambassador be expelled. Canadian Alliance foreign affairs critic Stockwell Day also pressed for a Saudi apology and financial restitution for Sampson. Foreign Minister Bill Graham responded "We are taking strong steps with the Saudi Government to deal with the treatment of Mr. Sampson." He also said that Ottawa was requesting a formal investigation into the allegations of torture and that he would raise these issues with the Saudi Foreign Minister in meetings at the UN later in the week. Graham would not expel the Saudi Foreign Minister in meetings at the UN later in the week. Graham would not expel the Saudi ambassador and place the safety of 8,000 Canadians in the kingdom at risk by breaking off relations.

A week later, Riyadh rejected Graham's request for an open investigation into Sampson's incarceration. In denying once again that any type of torture took place, the formal letter stated in part:

In spite of the harm that affected its internal security and the magnitude of the crime perpetrated by Mr. Sampson in killing another human beings who had the right to live safe and secure with his family, the government of the Kingdom of Saudi Arabia, out of its keen desire to maintain its good relations with a friendly country and in response to the Canadian government's efforts on all levels, granted Mr. Sampson royal clemency.

With the avenue of an official investigation now closed, Graham suggested that the next step would be for Sampson himself to lodge a complaint with the Saudi's. The Foreign Minister pledges the support of his department. However, since his release from prison, Sampson has severely criticized Canadian efforts to win his freedom. Later he would note:

Not only did they do nothing, they did, in many respects, worse than nothing. Quiet diplomacy only works when you have influence and you are willing to use it. The Canadian government, quite frankly, uses the term "quiet diplomacy" for inaction, or riding on the coat tails of other countries that have the ability to use their influence<sup>xxiv</sup>.

After his release in August 2003, Sampson settled in the UK. He would seek legal redress through British courts. The story resurfaced again in July 2004 when *The New York Times* reported that Sampson, five British men and a Belgian had been released in 2003 as part of a three-way deal involving the US, UK and Saudi Arabia. In return for the US freeing five Saudis jailed as suspected terrorists and held at the American base in Guantanamo Bay, Riyadh would later release the seven Westerners. Since July 2004, Sampson has won two legal victories in the United Kingdom. In October of that year, Britain's Court of Appeal agreed with Sampson's argument that those who order or engage in torture are not protected under the State Immunity Act. The court ruled that while the government of Saudi Arabia enjoys immunity, individuals do not. This paved the way for Sampson's suit against the two men he accuses of torturing him as the deputy governor of the prison and Saudi Interior Minister, Prince Nayef, who Sampson believes

sanctioned these actions. Additionally, in February 2005, a British Coroner's inquest into the death of the British man Sampson was convicted of killing found no evidence linking Sampson to the crime. The still-unresolved case of William Sampson continues to cast a cold shadow on Canada's relations with Saudi Arabia. The visit of Crown Prince Abdullah "has not yet been rescheduled." As this, the Saudi Embassy building in Ottawa remains empty

## End Notes:

- i. virtue of its geography, colonial history or security ties, Canada belongs to regional organizations encompassing every area of the globe (from the Organization of American states in its own hemisphere to NATO, the G-8 and the OSCE in Europe to La Francophonie, the British commonwealth and APEC, which link Canada to addition Asian and African countries). The exception to this rule is any such regional organizational linkages with the Arabian Gulf states.
- ii. See Foreign Affairs Canada (2004) "Canada-Oman Bilateral Relations," in Middle East and North Africa, URL (consulted on 3<sup>rd</sup> October 2004): [http://www.dfait-maeci.gc.ca/middle\\_east/old\\_oman\\_relations-en.asp](http://www.dfait-maeci.gc.ca/middle_east/old_oman_relations-en.asp).
- iii. See International Trade Canada (2005) "Merchandise Trade by Country," URL (consulted 4 May 2005): [http://www.dfait-maeci.gc.ca/eet/cimt/2004/pfact\\_annual\\_trade\\_2004-12-en.asp](http://www.dfait-maeci.gc.ca/eet/cimt/2004/pfact_annual_trade_2004-12-en.asp). IN 2004, Oman ranked 124<sup>th</sup> in terms of imports coming into Canada.
- iv. "Oman Gas Company takes over gas transportation from Canadian firm," (January 2, 2005) *Times of Oman*. URL (consulted January 12, 2005): <http://www.gulfinthemedias.com>.
- v. See Foreign Affairs Canada (2004) "Canada-Oman Bilateral Relations," in Middle East and North Africa, URL (consulted October 3, 2004): [http://www.Dfait-Maeci.gc.ca/middle\\_east/oman\\_bahrain\\_relations\\_en.asp](http://www.Dfait-Maeci.gc.ca/middle_east/oman_bahrain_relations_en.asp).
- vi. Darcy Jenish (March 4, 1991) "War's dark tide," *Macleans*: 48.
- vii. Ibid.
- viii. See "Kuwait Welcomes Bahraini Proposal on War Prisoners," (January 30, 1999) *Kuwait Times*. Found at Lexis Nexis (consulted August 31, 2004).
- ix. "Friendship group set up to bolster ties with Canada, Bahrain," (June 9, 2003)

*Bahrain Tribune*. Found at Lexis Nexis (consulted July 30, 2004).

- x. See International Trade Canada (2005) "Merchandise Trade by Country," URL (consulted May 4, 2005): [http://www.dfait-maeci.gc.ca/eet/cimt/2004/pfact\\_annual\\_2004\\_12\\_en.asp](http://www.dfait-maeci.gc.ca/eet/cimt/2004/pfact_annual_2004_12_en.asp). In 2004, Bahrain ranked 128<sup>th</sup> in terms of imports coming into Canada. The Emirate ranked 106<sup>th</sup> in 2003.
- xii. Quoted in Charles Enman (February 26, 1998) "Ambassador seeks end to stereotypes," *Ottawa Citizen*: D3.
- xiii. See Foreign Affairs Canada (2004) "Canada-Kuwait Relations," in *Middle East and North Africa*, URL (consulted October 3, 2004): [http://www.dfait-maeci.gc.ca/middle\\_east/kuwait\\_relations\\_en.asp](http://www.dfait-maeci.gc.ca/middle_east/kuwait_relations_en.asp).
- xiv. Quoted in Nirmala Janseen (April 26, 1994) "companies hold talks on equity participation; Canada seeks to boost trade ties," *Arab Times*. Found at Lexis (consulted February 14, 2005).
- xv. See International Trade Canada (2005) "Merchandise Trade by Country," URL (consulted May 4, 2005): [http://www.dfait-maeci.gc.ca/eet/cimt/2004/2004/pfact\\_annual\\_trade\\_2004-12-en.asp](http://www.dfait-maeci.gc.ca/eet/cimt/2004/2004/pfact_annual_trade_2004-12-en.asp). In 2004, Kuwait ranked 183<sup>rd</sup> in terms of imports coming into Canada. This was a sizable drop from the previous year when Kuwait was the 78<sup>th</sup> largest supplier of Canadian imports.
- xvi. "Kuwait sends school supplies donation to Afghan children," (August 22, 2002) *Kuwait Times*. Found at Lexis Nexis (consulted JUNE30, 2007) See Foreign Affairs Canada (2004) "Canada-Kuwait Relations," in *Middle East and North Africa*, URL (consulted October 3, 2004): [http://www.dfait-maeci.gc.ca/middle-east/Kuwait\\_relations-en.asp](http://www.dfait-maeci.gc.ca/middle-east/Kuwait_relations-en.asp).



- xvii. see Foreign Affairs Canada (2004) "Canada-Qatar Relations," in Middle East and North Africa, URL (consulted October 3, 2004): [http://www.dfait-maeci.gc.ca/middle-east/Kuwait\\_relations-en.asp](http://www.dfait-maeci.gc.ca/middle-east/Kuwait_relations-en.asp).
- xviii. See Foreign Affairs Canada (2003) "Trade Relations with Canada," in Middle East and North Africa, URL (consulted July 14, 2004): [http://www.dfait-maeci.gc.ca/middle-east/Kuwait\\_relations-en.asp](http://www.dfait-maeci.gc.ca/middle-east/Kuwait_relations-en.asp).
- xix. See International Trade Canada (2005) "Merchandise Trade by country," URL (consulted May 4, 2005): [http://www.dfait-maeci.gc.ca/eet/cimt/2004/pfact\\_annula\\_trade\\_2004-12-en.asp](http://www.dfait-maeci.gc.ca/eet/cimt/2004/pfact_annula_trade_2004-12-en.asp). In 2004 Qatar [relations-en.asp](http://www.dfait-maeci.gc.ca/middle-east/Kuwait_relations-en.asp).
- xx. "Canada and Qatar sign education MOU" (May 6, 2001) *Kuwait Times*. Found at Lexis-Nexis (consulted August 31, 2004).
- xxi. See Foreign Affairs Canada (2004) "Trade Relations with Canada," in Middle East and North Africa, URL (consulted July 14, 2004): [http://www.dfait-maeci.gc.ca/middle-east/Kuwait\\_relations-en.asp](http://www.dfait-maeci.gc.ca/middle-east/Kuwait_relations-en.asp).
- xxii. Quoted in Julian Beltrane (February 24, 2003) "Brilliantly Machiavellian," *Macleans's*, URL (consulted October 17, 2004): <http://www.macleans.ca/>
- xxiii. See Foreign Affairs Canada (2004) "Canada-Qatar Relations" in Middle East and North Africa, URL (consulted October 3, 2004): [http://www.dfait-maeci.gc.ca/middle-east/Kuwait\\_relations-en.asp](http://www.dfait-maeci.gc.ca/middle-east/Kuwait_relations-en.asp).
- xxiv. Quoted in "Abu Dhabi trade centre opened," (May 9, 1991) *Toronto Star*: C9.

## Chapter IV

### CANADA -GCC RELATIONS: POST-INVASION OF IRAQ

By the mid 1980s, changing global dynamics, particularly the easing of Cold War tensions between the United States and USSR, would resurrect Canada's traditional role as 'helpful fixer' within the United Nations and place Ottawa squarely in the centre of a number of major Gulf events. Canada would become involved in monitoring the cease fire between Iran and Iraq and alter play a significant role in the international coalition efforts to liberate Kuwait. Ottawa's participation in that conflict itself and the ensuing peacekeeping, peace enforcement and peacekeeping efforts which resulted from the war proved to be watershed events for Canada's ties with the Gulf States. No longer had a relationship built largely on economics, it now encompassed security and geo-strategic concerns. At the end, Canada's renewed embrace of multilateralism in the Arabian Gulf strengthened its bilateral ties there too<sup>i</sup>.

#### Canada and the First Gulf War

While the United Nations Security Council was paralyzed by superpower vetoes through much of the Cold War, the emerging cooperation between Washington and Moscow by 1987 allowed the Council to operate in the manner originally suggested by the UN Charter. It was for the first time since the organization's inception in 1945<sup>ii</sup>. One of the areas assuming new life during this period was UN peacekeeping missions. Historically, a major peacekeeping player, Canada, would become a new military presence in the Gulf as the Security Council tackled the eight-year body conflict between Iran and Iraq.

During the Iran-Iraq War, Britain, France and the United States principally shouldered the military commitments of the Western alliance which grew the Iran-Iraq conflict lumbered on in the 1980s. The reflagging of Kuwaiti vessels, the escorting of Pro-Iraqi

shipping and the military encounters with the Iranian navy not only deepened direct Western involvement but also intensified efforts to bring the conflict to an end. When both belligerents finally accepted the ceasefire outlined in UN Security Council Resolution 598 (1987), during the summer of 1988, the Council created peacekeeping mission to separate the warring parties, confirm the withdrawal of forces to the internationally recognized boundaries and monitor the 1,400-kilometer ceasefire lines.

Since it had no military connections with the region and played no major role in the mediation efforts to stop the war, Canada was a natural choice for a leadership position in the newly-created United Nations Iran-Iraq Observer Group (UNIIMOG); the first Canadian military personnel ever to be stationed in the Gulf. When the UN call came, "Canada's response was prompt and substantial"<sup>iii</sup>. There appears to have been conflict over that decision within the government and the move was endorsed by all parties in Parliament and most editorial opinions." At the beginning of the operation in August, Ottawa contributed a 525-men signals unit which ensured vital communication lines until a civilian-operated system was established at the end of 1988. Following the withdrawal of the signals unit, Canadian military observers served with UNIIMOG until the completion of its mandate. As Sean Maloney comments, "contributing the initial signals capability and thus the backbone of UNIIMOG was a significant move and is therefore indicative of increased Canadian interest in the Persian Gulf region."<sup>iv</sup> Likewise Canadians felt justifiably proud when the Nobel Committee in Oslo awarded the 1988 Peace Prize to UN Peacekeeping Operations and those who served in them. UNIIMOG remained in place monitoring the Iran-Iraq border as the next Gulf crisis erupted with Iraq's invasion of Kuwait in August 1990. Baghdad's naked aggression promoted a major policy shift in Ottawa and as a consequence, the Mulroney government would place combatable Canadian Forces in a war zone for the first time in forty years.

## Canada and the Second Gulf War

Iraq's attack on Kuwait caught Canada by surprise just as it did the rest of the world. External Affairs Minister Joe Clark termed Baghdad's actions "totally unacceptable aggression" and within a day of the invasion, he force all Kuwaiti assets held by Canadian financial institutions in order to keep them out of Iraqi hands. Soon thereafter, Canada served all trade and financial transactions with Baghdad; two-way trade with Iraq was worth \$320 million in 1989<sup>v</sup>. Of particular domestic concern for Ottawa were the approximately 400 Canadian citizens trapped and unable to leave occupied Kuwait. Canada was also apprehensive about the possibility of further Iraqi moves against Saudi Arabia or the other Gulf states such as the UAE, which had repeatedly been threatened by Baghdad during the previous months. With the enormity of the crisis clearly understood, Ismael asserts,

the Canadian government immediately engaged in a diplomatic process of bilateral and multilateral consultation designed to shape on international response to the conflict<sup>vi</sup>.

On the bilateral level, Canada's response to the crisis was heavily influenced by its relationship with the United States. Prime Minister Mulroney and President George H.W. Bush were close friends. The two men spoke frequently over phone and the Prime Minister flew to Washington in August to confer in person with his American counterpart. As John Kirton notes, because Mulroney was one of Bush's "closest confidants throughout the war, Canadian advice was given to the President, and carefully weighed by him, before rather than after, the critical US decisions were taken." In addition to this, Canada's ties with NATO and its fortuitous membership on the UN Security Council would buttress the country's importance to the US as the Bush Administration mustered support in multilateral forums to address the Iraqi aggression.

At the UN, Canada co-sponsored resolutions condemning the invasion and imposing comprehensive economic sanctions on Iraq. In August, Clark attended an emergency NATO foreign ministers meeting where a decision was made to intervene in the crisis through a show of force<sup>vii</sup>. Immediately, Mulroney announced that Canada would send two destroyers and a supply ship with almost 1000 crew members to the Gulf to join the multinational force gathering in the region. When these vessels arrived in September, they were assigned the patrol area between the Strait of Hormuz to just south of Bahrain. It is also significant that in the early weeks of the crisis, as the Mulroney government was committing Canadian forces to the Gulf, Parliament was not in session. Thus, as Ismael observes, "the opposition parties had little effect or input into Canada's decision to deploy military forces in the region."<sup>viii</sup>

Mulroney's decision to dispatch the three ships came to Iraq as declared its annexation of the Emirate and ordered all foreign embassies to shutter their buildings in Kuwait City within two weeks and relocate their diplomatic personnel to Baghdad. When Ottawa rebuffed this request, Iraqi troops surrounded the embassy and cut off food and supplies from entering the premises in a bid to force a compliance. A month later, in a flagrant violation of international law, the Iraqi military would enter the embassy compound and remove the Counsel, Jean Guthier, one of the highest ranking Canadian diplomats on site<sup>ix</sup>. The Ambassador, Lawrence Dickenson, was out of Kuwait at the time of the invasion. He tried a number of times in early August to enter Kuwait from Saudi Arabia, but he was turned back by the Iraqis. Dickenson, who was also ambassador to Bahrain, Qatar, Oman and the UAE, would spend the duration of the crisis shuttling between his various accreditations as he assisted in managing the Canadian response. Ultimately, in October, Ottawa closed its embassy in Kuwait City and moved its Skelton staff of five to Baghdad. At this time, only the British, French and American embassies remained opened in defiance of Saddam Hussein's orders to close their missions. Hundreds of Canadians were held as Virtual human shields in Kuwait and Iraq throughout the remainder of 1990<sup>x</sup>. Some non-diplomatic personnel were permitted to leave in small groups as Saddam Hussein used them and other foreigners as bargaining chips. Then

abruptly and unexpectedly in mid-December, Iraq allowed all Western captives to leave. The last of the Canadians who wished to leave returned home by the end of year<sup>xi</sup>.

Following the initial violation of the Canadian embassy in Kuwait City in mid-September, Mulroney committed an 18-plane squadron of CF-18 fighter aircrafts to the international force. He also added 450 military personnel to the contingent already in the area and placed three Canadian ships on combat status. These ships were now concentrated in a patrol area near Bahrain and would operate out of a center there that would become the Canadian headquarters. The additional military personnel announced by Mulroney would join others at a new air base in Qatar. They would turn an old camp for foreign workers into the headquarters for Canadian air operations in the Gulf and dub it 'Canada Dry.'<sup>xii</sup> In making these announcements, "the Prime Minister spoke with Canada's obligation to international solidarity, requests from Kuwait and Saudi Arabia, and the United Nations economic embargoes against Iraq." This was a significant move for Canada, as John Kirton explains:

While many other middle and minor powers had and would commit naval vessels (sic) to the Gulf, the dispatch of fighter aircraft placed Canada among the far more select ranks of the five extra-regional major powers (the United States, United Kingdom, France, and Italy) who contributed in what was to prove to be the militarily decisive way<sup>xiii</sup>.

At this point, the Mulroney government was shifting towards the position that diplomatic efforts and economic sanctions alone were not going to dislodge Iraq from Kuwait. In a last-ditch diplomatic effort to shape the international response, Clark embarked on a mission to the UK, Czechoslovakia, USSR, Jordan, Israel, Turkey and Egypt. When this mission was deemed unsuccessful, Canada fell in line with the major powers at the UN. Within the context of the UN Charter and its collective security clause, Canada would co-sponsor Security Council Resolution 678, which established a January 1991 deadline for Iraq's withdrawal and authorized the use of force ("all necessary means") if Iraq did not comply by that deadline<sup>xiv</sup>. Clark himself attended the historic UN session, marking only

the second time since 1945 that the body invoked its collective security clause. In voting for the measure, Ottawa hoped that the collective threat of force would make the actual use of force unnecessary. In November, with parliament now in session, opposition parties-including the Liberals and their new leader Jean Chretien – opposed Mulroney's moves. Their preferred course of action was to give economic sanctions more time to work.

Mulroney convened a special session of parliament in mid-January as the UN-imposed deadline for Iraq's withdrawal from Kuwait was fast approaching and the threat of force outlined in UNSCR 678 seemed certain to be invoked. By this point, Canada had closed its embassy in Baghdad and evacuated its last diplomats. During the parliamentary debates which followed, government ministers tied current policy to traditional Canadian values, previous international behavior and support for multilateral order. Iraqi atrocities in Kuwait were abundantly highlighted. As Ismael recounts:

Mulroney outlined the terrible wrongs committed by Iraqi forces within Kuwait by referring to the Amnesty International Report... the torture and executions of non-combatants, including young children, the arbitrary arrest and detention of thousands of people and the eviction of many more thousands from Kuwait were described by the Prime Minister as a ruthless effort by the Iraqi government to erase the identity of the Kuwaiti nation.<sup>xv</sup>

Additionally, both Clark and Mulroney invoked the name of Liberal icon Lester Pearson to support their policies. Clark reminded parliament of Pearson's defense of Ethiopia following Italy's 1935 invasion:

For collective security to have a real meaning for peace, all members must be prepared and willing to join in precisely the kind of action, economic and military, which is necessary to prevent or defeat aggression. Otherwise an aggressor has nothing to fear from the international community but pinpricks<sup>xvi</sup>.

Mulroney equated Iraq's aggression not only with Italy's invasion of Ethiopia, but also Japan's brutalization of Manchuria and Nazi Germany's attack on Czechoslovakia. He then compared Kuwait with Canada. The Prime Minister asserted:

as a country with a comparatively small population, with two superpowers as neighbors, and limited military capacity, Canada's most basic interest lies in the preservation of international law and order. The United Nations and its Charter are essential to the rule of law and the respect of the integrity of small countries by larger neighbors<sup>xvii</sup>.

At the end, while still preferring non-military sanctions and diplomacy, Chretien reluctantly announced Liberal support for the government. His party would endorse Mulroney's position out of respect for the Canadian forces already militarily engaged in the Gulf and out of a desire to show a unified Canadian stance to the International Community. The motion passed 217-47, with only the more leftist New Democratic Party registering opposition to Canada's adherence to UNSCR 678.

During the preparatory phase to war, Canadian ships intercepted 1,875 vessels in the Gulf (and boarded 19 of them,), which was almost 25% of all interceptions conducted by the multinational flotilla. In addition to this, the early military commitments outlined above, Canada also sent a communications and security unit, a KC-135 aerial refueled tanker, six more CF-18's and a mobile field hospital (staffed by over 500 medical and support



personnel) by mid-January 1991. The 100 bed field hospital was originally set up in eastern Saudi Arabia as an advance facility to treat the wounded in the anticipated ground offensive. Eventually, it would be protected by the First Battalion of the Royal Canadian Regiment. When war did commence on January 16, 1991, Canadian planes provided air cover for coalition ships on patrol, were involved in 'sweep and escort' missions for US bombers over Kuwait and Iraq, as well as refueling operations for allied planes. Additionally, AWACS air craft associated with the US-Canadian North American Aerospace Defense Command (NORAD) were stationed in Saudi Arabia. Some of these aircraft had Canadian crew<sup>xviii</sup>. When the ground war commenced on February 24, Canada shifted its more defensive position of airborne escorts to military strikes against Iraqi ground targets in Kuwait and Iraq itself. The CF-18s were assigned a role which entailed "such ground targets as tanks, armored fighting vehicles, artillery storage depots, and supply lines." All told, Canadian aircraft flew more than 2,700 sorties during the war, including 56 offensive bombing attacks against Iraqi targets in the last week of the conflict. For the first time since the Korean War (the only other UN-authorized collective security operation), Canadian military personnel engaged in actual combat operations. Unlike Korea however, Ottawa did not commit ground forces to the liberation of Kuwait. Nevertheless, the 3,700 Canadian forces who participated in the eight-month operation in the Gulf played an important role in the coalition's efforts and demonstrated a new Canadian commitment to the region. The financial cost of the war to Ottawa was estimated to be in the neighborhood of \$690 million.

Why did Canada become militarily involved in the Gulf, and perhaps more importantly, why would that military involvement continue well past Iraq's defeat in the 1990-91 conflict? One argument is that Canada, a dedicated multilateralist, responded to United Nations' requests to help carry out the will of that body in support of international legal principles. A second explanation is that Canada's participation was tied to its relationship with the United States<sup>xix</sup>. Ottawa was either giving support to Washington's policy in order to leverage this capital later over bilateral US-Canadian issues such as free trade or conversely, as commentators such as Ismael argue, Canada had simply become a US

client state without freedom of action and in the end was merely doing Washington's bidding. Yet, as Sean Maloney correctly explains, "neither position permits Canada to have neither national interest nor a choice in the projection of its military power." With much of its GDP based on trade, Canada needs a stable world in which to survive and prosper. Maloney therefore concludes:

In the Persian Gulf, the designs of a totalitarian state (Iraq) threatened the stability of an extremely volatile region which provides 65 percent of the world's petroleum. Canada's closest trading partners in a globalized economic system; the United States, Europe and Japan are dependent on a secure flow of petroleum for their industrial needs.... If it were shut off, there would be an economic domino effect throughout the European and Japanese economies which would affect the North American economic system<sup>xx</sup>.

As such Canada's economic self-interests were as much a determining factor in its decision to go to war as were its ties to the United Nations and the United States.

By April 1991, with Iraq's formal surrender and the end of the war, "Canada turned to the challenge of translating its... military contribution into an equally energetic and effective effort to build a durable postwar order in the Gulf." These efforts were evidenced in a number of ways<sup>xxi</sup>:

- 1) through Canadian contributions to a peacekeeping mission along the Iraq-Kuwait border;
- 2) its participation to a peacekeeping mission along the Iraq-Kuwait border;
- 3) its participation in UN efforts to dismantle Iraq's weapons of mass destruction (WMD) programs;
- 4) Ottawa's continuing military presence in the Gulf to enforce sanctions imposed on Iraq. And,

5) Canada's embrace of the multilateral Middle East peace process which also encompassed the Gulf state

### **Canada and UNIKOM**

In April 1991, the Security Council established the United Nations Iraq-Kuwait Observation Mission (UNIKOM) to monitor a demilitarized zone which projected ten kilometers into Kuwait. While UNIKOM was ostensibly in place to observe any military movement on either side, its clear intent was to contain Iraq. Despite early objections over "belligerents" playing a role in a peacekeeping operation, Canada did participate after it successfully argued that the war was a "UN enforcement action" and thus not inconsistent with the principles associated with UN peacekeeping<sup>xxii</sup>. Canada's contribution included a 300-man combat engineer regiment and smaller force of engineer units which de-mined territory of unexploded ordnances; this units served until 1994. While UNIKOM was originally set up as an unarmed observation mission, in February 1993 the Security Council expanded its mandate and increased its strength with the deployment of an infantry battalion, a change that was implemented after a series of Iraqi incidents along the newly demarcated border with Kuwait. UNIKOM was authorized to use physical force if necessary to prevent any violations of the demilitarized zone. Canadian military observes remained deployed throughout the mission's life, which ended only in October 2003. A Department of National Defense memorandum explained that Canada's long-term commitment to UNIKOM was partly due to the "need to maintain a presence in the Middle East/Gulf region."<sup>xxiii</sup>

## **Canada and UNSCOM**

Canada was also a member of the twenty-country UN Special Commission (UNSCOM) created to locate and destroy Iraq's WMDs as well as its ballistic missiles possessing a range greater than 150 kilometers. Under the terms of UNSCOM outlined in UNSCR 687, the commission was empowered to inspect, dispose, monitor and verify. For these tasks, Ottawa provided a dozen of intelligence, medical, technical and military specialists in the nearly decade-long search for Iraq's biological and chemical weapons programs. UNSCOM also worked in tandem with the International Atomic Energy Agency (IAEA) to identify and destroy Iraq's nuclear weapons capabilities. It was not easy work, as UNSCOM encountered a suspicious and increasingly hostile Iraqi regime. As one observer notes the inspectors "were subjected to varying forms of harassment short of lethal military force" and the inspections process itself "became an elaborate political theatre staged by the Hussein regime."<sup>xxiv</sup> Yet despite this 'cat and mouse' game, the IAEA, UNSCOM and its successor organization, the UN Monitoring Verification and Inspection Commission (UNMOVIC) had a great deal acknowledged accomplishments in locating and destroying Iraqi WMDs. In hindsight, following the US-lead coalition attack on Iraq in 2003 and the coalition's ultimately futile two-year effort to locate the evasive WMDs, UN efforts in the 1990s appear to have fully carried out the charge entrusted to them by UNSCR 687.

### **Canada's Military Role beyond UNIKOM and UNSCOM**

Ottawa's participation in both UNIKOM and UNSCOM is easily understood in the context of the prevailing Canadian support for multilateral UN mission. Still the Canadian military presence which remained in the Gulf well beyond Iraq's 1991 surrender seems a departure from previous peacekeeping operations and Ottawa's long-time military thinking<sup>xxv</sup>. On the one hand, the Canadian forces can be viewed as a continuation of the wartime coalition now reconfigured to pressure Baghdad to comply with the still unmet terms of UN resolutions and to contain possible future Iraqi

aggressions. As such, Canada was upholding much-valued international legal principles and norms; other motivations, however, also played a role. Outside of its NORAD and NATO obligations and the Korean operation, actual Canadian military forces were not regularly stationed abroad in the post World War II period. To do so in the Gulf in the 1990s signified a new Canadian relationship with that region of the world. Its military operated in two ways after the actual war ended: Canada would temporarily increase its personnel and equipment to counter Baghdad's periodic aggressive movements; enhanced Canadian involvement could be seen in late 1994 when Iraq moved significant forces toward the Kuwaiti border and again in early 1998 following Iraq's threatened expulsion of UNSCOM<sup>xxvi</sup>. During the latter crisis, Ottawa contributed additional Hercules refueling aircrafts and a frigate which would escort tankers to Kuwait and ultimately would be positioned adjacent to Iraq's oil terminals. Once these episodes passed, Canadian troop strength decreased.

A second way in which Canada's military operated 1991 was through a continual air presence related to the 'no fly zones' imposed over northern and southern Iraq. NORAD's deployment of AWACS aircraft to the Gulf meant that Canadian forces attached to these AWACS served in monitoring the 'no fly zones', which were designed to protect the Iraqi population in those areas and also to degrade Iraq's air might that could be used against its Gulf neighbors. While publicly, the US, UK, France and Turkey were the only countries usually listed as providing military support for the zones, Canadian personnel were attached to the command at any given time during the dozen years the zones were in place.

Even more significant that participation in these NORAD operations however was the on-going Canadian role in the 14-country Multilateral Interdiction force (MIF). Canada was a major player in the multinational naval flotilla in 1990-1991. After the conflict, it maintained these activities through the MIF, whose purpose was the "monitoring of shipping and boarding vessels of interest to ensure that contraband was not being delivered to Iraq." In the post-war period, Canada originally operated in the Red Sea, patrolling the coastline along Saudi Arabia and monitoring maritime traffic destined for

Jordan. Since the Jordanian port of Aqaba functioned as Iraq's main access to the sea (goods were trucked overland between Iraq and Aqaba), Canadian destroyers were tasked with intercepting banned items before they reached the port. However, most of Canada's MIF participation occurred in the Gulf, where working in concert with the other states (including Kuwaiti coast guard vessels), they carried out sanctions interdiction responsibilities, such as the capture of illegally-exported Iraqi petroleum products. MIF patrols were also important in ensuring the safety of Gulf shipping as well as making certain that the strategic Straits of Hormuz remained open. Canadian ships were frequently deployed for a six-month tour of duty. Over time the Canadian frigates were integrated into the US carrier battle group stationed in the Gulf. As the Canadian Minister of Defense explained, "our contribution is important in promoting our national interests... It will further strengthen our Navy's relationship with the US Navy and reaffirm our commitment to peace and stability in this region."<sup>xxviii</sup> Frequent port calls to Kuwait, Saudi Arabia and elsewhere also had the economic side benefit of 'showcasing' new types of Canadian vessels and also acted as a means to "promote Canadian industry and technology" to governments in the region.

As the United States and other coalition partners increased the diplomatic and military pressure on Iraq in late 2002 and early 2003, Canada made it clear that it would not support military action against Baghdad without a new UN resolution authorizing force. This stance was popular among the Canadian public and within the Liberal government of Jean Chretien. However, despite disavowing support of US war moves, in February 2003, the Prime Minister dispatched the destroyer HMCS Iroquois to the Arabian Gulf five months ahead of schedule. The Iroquois would serve as the MIF's communication command center<sup>xxviii</sup>. Canadian Commodore Roger Girouard was named commander of the international flotilla assembled there, which would also include three Canadian frigates. Its tasks were to patrol the Arabian and Oman Gulfs, escort ships and board suspect vessels<sup>xxix</sup>.

## End Notes

- i. In one notable endeavor, External Affairs Minister Clark raised the issue of the war with his European, Japanese and American counterparts during the June 1987 G-7 summit in Venice. Clark pushed for a Gulf arms embargo. He also embraced renewed UN mediation efforts to arrange a ceasefire between the belligerents. See Margaret Royal (1991) "External Affairs and Defense," in R.B. Byers (ed) *Canadian Annual Review of Politics and Public Affairs* 1987. Toronto: University of Toronto Press: 167.
- ii. John Kirton and Peyton Lyon (1989) "Perceptions of the Middle East in the Department of External Affairs and Mulroney's Policy 1984-1988," in David Taras and David H. Goldberg (eds.) *The Domestic Battleground: Canada and the Arab-Israeli Conflict*. Montreal/Kingston: McGill-Queen's University Press: 200.
- iii. Sean M. Maloney (2002) *war with Iraq: Canada's Strategy in the Persian Gulf, 1990-2002*. Kingston: Centre for International Relations, Queen's University: 5.
- iv. "Ottawa weighing response to Iraq," (August 3, 1990) Toronto Star: B2. Canada exported about \$20 million in goods to Kuwait and received less than \$1 million in return in 1989.
- v. Tareq Y. Ismael (1994) *Canada and the Middle East: The Foreign Policy of a Client State*. Calgary: American-Arab Institute for Strategic Studies/Detselig Enterprises Ltd: 8
- vi. John Kirton (1992) "Liberating Kuwait: Canada and the Persian Gulf War, 1990-91," in Don Munton and John Kirton (eds.) *Canadian Foreign Policy: Selected Cases*. Scarborough, Ontario: Prentice-Hall Canada, Inc.: 383.
- vii. Ismael (1994): 85.
- viii. Kirton (1992): 388.
- ix. See Stephen Ward (October 31, 1990) "On the move; Canada's ambassador to Kuwait works out of his brief case," *The Ottawa Citizen*: A8.

- x. The newsweekly Maclean's provided extensive coverage of Canadians held in Kuwait and Iraq. See "An urgent mission," (November 19, 1990): 18; "Terror in Iraq," (December 3, 1990): 16-18 and "Home for the holidays: Hussein starts to release his 'guests' (December 17, 1990): 32-33.
- xi. For an interesting account, see Rob Heburn (October 19, 1990) "Canada Dry base is a bustling mini-town," *The Toronto Star*: A1.
- xii. Quoted in Andrew Richter (1998) "External Affairs and Defences," in David Leyton-Brown (ed) *Canadian Annual review of Politics and Public Affairs* 1991. Toronto: University of Toronto Press: 115-116.
- xiii. Richter: 120 and Ismael (1994): 95.
- xiv. Kirton (1992): 382, 391.
- xv. Andrew Philips (February 18, 1991) "Doctors in the Desert; Canada's Medics Report for Duty," *Maclean's*: 32.
- xvi. Maloney: 9.
- xvii. Richter: 118.
- xviii. Ibid: 120.
- xix. During the Korean War (1950-1953), Canada contributed 21,000 troops and suffered 300 combat deaths. [Kirton (1992): 382]
- xx. Richter: 120.
- xxi. Ismael titled his 1994 book: *Canada and the Middle East: The Foreign Policy of a Client State* and argues that it was the 1990-1991 Gulf War which "truly demonstrated its client state status to Washington." [111].
- xxii. Kirton (1992): 392.
- xxiii. Maloney: 14.
- xxiv. Quoted in Maloney: 17.
- xxv. A litany of these accomplishments can be found in Maloney: 20-26.
- xxvi. Maloney: 30. In writing about the frigate, Maloney notes "In a high-speed transit to the Persian Gulf, *Toronto* stopped off at Crete to take on nuclear, biological and chemical defense equipment as well as Anthrax vaccines for the crew." [30]
- xxvii. Quoted in Maloney: 36.



- xxviii. Ibid: 35. Maloney further elucidates, "Despite the failed bid to sell Canadian Patrol Frigates to Saudi Arabia, attempts were made... to sell maritime patrol aircraft equipment, communications equipment developed by Computing Devices of Canada, light armored vehicles made by GM diesel Division, and other high technology goods produced by CAE to a number of GCC states. These moves specifically played off Canadian participation in regional presence and stabilizations operations." [46]
- xxix. Kevin Cox (25 February 2001) "Canadian crew to ship out to perilous waters," *Globe and Mail*: A1.

## **Conclusion:**

Over the past three decades, Canada and the Gulf States have actively built diplomatic, economic, political and cultural bridges between them. Over time, these relationships have incrementally grown and matured. Changing's in the international environment—from the end of Cold War to direct talks on the Israeli –Palestinian front –have removed many of the external impediments and the region is how to advance from the formative stage to a level where these ties have additional breadth and the depth. Recent public statements by the Canadian government offer partial insight into possible new avenues for the relationships.

In April 2005, Paul Martin Government unveiled its long anticipated foreign policy review: how nation express itself to the world. Thus, imbedded in the International Policy Statement are 'core' Canadian values of respecting human rights, promoting democracy and the rule of law, as such this ambitious document outlines new Canadian priorities in diplomacy, defense, development and trade. If implemented Martin plan would potentially address some of the shortcomings identified in Canada ties with the six Gulf States, namely the often-expressed neglects in resources allotment in the bilateral relationships as well as the dearth of multilateral contacts between the countries in international organizations.

On the bilateral level, the report contains a frank acknowledgment of Canada's thinly-spread overseas sources while at the same time identifying the Middle East as an important area of interest to Ottawa. The Gulf States are specifically highlighted in the section on Canada's Priorities in commercial ties. They –along with Russia –are cited for 'their future economic power' and thus important for Canada. Canadian business has paid less attention to the opportunities in the Middle East than have their American or European competitors. Nevertheless, there are prospects for long –term relationships. The nations of the gulf cooperation council...are the most prosperous grouping in Middle East, with a collective economy that is one of the fastest growing in the world, and increasingly diversified. This trend is expanding Canadian business prospects

beginning with petrochemicals but moving far beyond .particularly regional hubs are deliberately positioning themselves as strategic entry points to Middle Eastern, South Asian and East African Markets of Markets, a market of approximately 2 billion.

On the multilateral level, the report places emphasis on using Canada's diverse memberships in other global and regional organizations... to create networks in support of our objectives. While at fist glance this seems to leave the gulf at diplomatic disadvantage because of its glance this seems to leave the gulf at diplomatic disadvantage because of its low level of multilateral linkages with Canada.

Conceding that Canadian petroleum imports from these four states Bahrain, Kuwait, Saudi Arabia and UAE were minimal at the time, an External Affairs spokesperson asserted that recognition "couldn't do anything but help" a future expansion of oil trade. Responsibility for the four new posts was given to Canada's Ambassador to Iran, James George, who was already responsible for Kuwait. George would now oversee five non-residential postings, in addition to his duties in Tehran. He would have no staff or officers in any of the Arab countries.

All management of bilateral ties with Canada, monitoring of local events and promotion of Canadian commercial interests were handled primarily from Iran. George recalls that he visited each of the countries once or twice a year, but that Canada was at a "disadvantage" both in understanding what was happening in the country and in promoting Canadian interests without resident diplomatic representation. At the end, George notes, "Ottawa considered that Tehran was most of my job and that the Gulf was not as important in my allocation of time."

George's successor in Tehran, Ambassador Kenneth Taylor, also conceded that the multiple accreditations "did not work very well" due to the demands of bilateral Iran-Canada relationship. . In some ways, the 'enhanced bilateralism' policy outlined by the Trudeau Government and embraced by Mulroney had also run its course by this point. Larger Gulf issues would soon emerge as important for Canadian foreign policy and serve as a watershed for Canada's relations with the Gulf States. Ottawa's involvement in UN peacekeeping efforts after the Iran-Iraq War ceasefire would not only revitalize this

traditional aspect of Canadian foreign policy which had diminished over the previous decade, but through UN involvement Ottawa would create deeper ties with the Gulf region of both the multilateral and bilateral levels.

Consular issues involving the Canadian expatriate community have placed frequent demands on the embassy's time and attention as outlined in previous chapters. While the arrests of Canadians in Saudi Arabia generally merits press mention and perhaps a few days of scrutiny of the Saudi justice system at home, no case has generated as much media and public frenzy as that of William Sampson following his arrest in December 2000.

The House of Commons committee exploring Canada's ties with the Islamic world goes one step further stating that "Mr. Sampson's repeated allegations of torture against Saudi authorities have probably received more Canadian media attention in the past several years than any other aspect of Canada's relations with the Arab and Muslim worlds." Thus, the Sampson case is also at the center of the tepid relationship which has existed between Riyadh and Ottawa for over four years.

It should be noted that Canadian trade statistics measured only the sale of goods and did not include services, which had become an important profitable aspect of the economic relationship between Canada and the Gulf. For example, one of the first Canadian firms to operate in the region was the Toronto-based multi-faceted international consulting and planning company involved in projects ranging from agriculture to urban development. It secured its first regional contract in 1965 to design and construct Riyadh and Median's sewage systems and was later part of Canadian consortium responsible for Abu Dhabi's international airport and harbor projects. By 1971, Consult had branch offices in Oman, Saudi Arabia and U.A.E. A top Consult official attributed his company's success to a combination of "US technology and UK modesty

Apart from lending support to American foreign policy in the Middle East, it won't be an exaggeration to say that for much of the first seven decades of the twentieth century, Middle East had largely failed to register on Ottawa's diplomatic radar. In other words, Canada did not have a Middle East policy, with its own clear goals, interests and diplomatic tools until the 1973 Arab-Israel war and the subsequent oil crisis. Canada – as

an energy-self sufficient country – had few political or economic interests in the larger Middle East and almost none in the Arabian/ Persian Gulf region. As the energy needs of Canada increased, the need to engage with the energy producing countries of the Middle East, importantly those in the Gulf emerged.

One needs to delve beyond commercial interests and securing a niche in the burgeoning Gulf economies. Interestingly, Canada developed interests beyond commerce; and there are some interesting modes and patterns for securing those interests in Canada's policy and relations with the Gulf. It was not until the late 1980s that Canada's diplomatic engagement would take its full stride, applying its vaunted multilateral strategy to back Gulf crises as gateway to construct stronger bilateral relationships with the countries of the region. Only then would Ottawa's horizon expand beyond the economic realm to other agendas, including human security concerns, civil society inter-actions, and cultural linkages, say, in the area of sports.

By late 1980s and 1990s, Canadian foreign policy establishment had also to take into account a new domestic constituency in the making of its over-all Middle Eastern policy. Though not as wealthy and influential as Canadian Jewish community, Canadian-Arab community had begun advocating for an active, even-handed Canadian involvement in the Middle Eastern issues. Immigrants from Algeria, Egypt, Lebanon and other English- and French-speaking Arab and African countries had come to constitute an 'Arab Diaspora' in Canada.

The relation that exists between Canada and the Gulf Cooperation Council is considered to be one of the rapidly growing relationships between two different strategically located regions. While the former needs to have better relations with the latter for its future energy need, the later on the other hands needs Canada while dealing with other international actors in international forums. This relationship needs to be nurtured by both the sides for there exist a lot of unbalancing factors ready to disrupt normal relations at any given time; the major one being competing international interests to have a greater hold in the energy rich region.

All in all we can say that the relationship is of importance to both sides. But great care needs to be rendered to safeguard this relationship taking in account the geo-political reality as well as international involvement in the region. The million dollar question which remains is that will the improved relations between the GCC and Canada bring any changes on the stand of Ottawa on the age- old conflict which is being continued in the Middle East i.e. the Arab-Israeli conflict.

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