

# Trade with Africa

AN EMBASSY POLICY BRIEFING

## Dawn of Investment Deals

Tanzania and Madagascar could be the first African nations to get FIPAs with Canada.

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## The Business of Redistribution

Not all foreign firms want to help fix Africa's past.

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Opposition critics want to see more fair, holistic trade policies for Africa.

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## TRADE WITH AFRICA POLICY BRIEFING

# Mining Interests Driving Investment Protection Negotiations with Madagascar and Tanzania

■ Diplomats hope successful talks will prompt investment in agriculture and tourism, while opposition critics hope human rights won't be forgotten in the deals.

By Michelle Collins

Canadian mining interests abroad are at the root of the government's recent push to sign investment protection agreements with developing countries, a drive that now includes Tanzania and Madagascar.

Natural Resources Minister Gary Lunn revealed in a speech to the Prospectors and Developers Association of Canada on March 3 that Canada would be initiating Foreign Investment Promotion and Protection Agreement (FIPA) talks with the two African nations as well as Indonesia.

"The agreements we are negotiating reflect our understanding of the importance of foreign investment as a driver of the mining industry and social and economic development around the world," Mr. Lunn said.

Canada has launched a series of FIPA negotiations, mainly in countries that host major Canadian-owned mining operations, since the Conservatives came to power more than two years ago. While negotiations with India and Jordan have concluded, talks with Vietnam, Mongolia, China and Kuwait are ongoing.

Last year, International Trade Minister David Emerson signed Canada's first FIPA in eight years with Peru, where Canadian direct investment reached \$2.3 billion in 2005, including major mining projects. At the time, Mr. Emerson said the investment deal would create "a predictable environment for Canadian investors." Canada currently has 23 FIPA agreements.

Canada's share of the world's mineral production exceeds \$40 billion per year. About 1,200 Canadian mining companies operate in 100 countries, including a large number of African nations.

Executive director of the Prospectors and Developers Association of Canada Tony Andrews says the mining industry holds FIPAs in high regard.

"In general, we communicate to the government that we very much support these FIPAs, but we don't single out particular countries," Mr. Andrews says of the current talks. "A FIPA is important because it mitigates some of the risk associated with some of the investing in countries that have weak governments, and possibly conflict as well. It offers some assurances to your investments."



EMBASSY PHOTO: SAM GARCIA AND JEFF DAVIS

Earlier this month, Natural Resources Minister Gary Lunn (left) announced Canada will launch investment deal talks with Tanzania, Madagascar and Indonesia. Tanzanian High Commissioner Peter Allan Kallaghe is pleased that his country could be the first African nation to get a FIPA with Canada.

## Deals Inspire Confidence: Envoy

While mining appears to be the main thrust behind the rash of FIPA talks, diplomats from Madagascar and Tanzania were hopeful Canadian investment would reach into other areas.

With several Canadian firms operating in Madagascar's mines, Clara Randrianjara, counsellor at the Embassy of Madagascar in Ottawa, says a trade agreement between the two countries is for everyone's benefit. Ms. Randrianjara says Madagascar's growing agriculture and tourism industries may also become important sectors for Canadian investors.

Tanzanian High Commissioner Peter Allan Kallaghe says Tanzania is happy to be among the first African countries Canada has initiated such talks with. Currently, Canada is the largest foreign investor in Tanzania, where Barrick Gold has invested about \$1.3 billion since 1999.

"We see this as an instrument to inspire more confidence in the investment climate," Mr. Kallaghe says. "We're very appreciative to the Canadian government agreeing to enter negotiations with us. It is significant of the confidence in us, so we can entice more Canadian companies to invest."

Walid Hejazi, professor of international competitiveness at the Rotman School of Management at the University of Toronto, says these FIPAs are a part of the government's move into foreign economies.

"Canadian companies have expanded globally at a far greater pace than foreigners have invested in Canada," Mr. Hejazi says.

He says Canada's role as a "host country" for investments—for instance, for every dollar that Canada invested abroad in 1970, there was \$7 invested in Canada—changed around the year 2000 when Canadian investment abroad surpassed foreign investment into Canada.

"We were very restrictive in foreign investment, we were not a big player," Mr. Hejazi says. "That's changed, now we're out there in a big, big way."

## Desperate for a Deal: NDP

International Trade Minister David Emerson says the negotiations with Madagascar, Tanzania and Indonesia are just now getting under way, and he would not speculate on when they might be completed.

"Whenever you put money on the line, you need some security and rule of law and stability in terms of protecting your investment," Mr. Emerson told *Embassy* on March 13. "It involves a variety of issues including agreements that may be in place with the government in Madagascar."

However, NDP Trade critic Peter Julian says he has very strong concerns about the ongoing FIPA talks with these countries.

Mr. Julian says the Conservative govern-

ment is disregarding fundamental Canadian values with these agreements because they're "desperate to get a deal."

"We look at Indonesia, there are clear and continuous human rights violations," Mr. Julian says. "This is part of the government agenda, seeming to want to give credibility to countries that have human rights violations. We're seeing that with Colombia."

Mr. Julian says trade agreements should be based on a fair trade model that demands high ethical conduct on the part of companies operating abroad, and says Canada could use such trade negotiations as leverage to demand foreign governments address human rights violations.

While Liberal Trade critic Navdeep Bains also hopes to see labour and human rights issues addressed in the FIPAs, he says they are a good step to improving bilateral relations with these countries, and ultimately toward signing free trade agreements.

"It's a continuation of the work the Liberals have been doing," Mr. Bains says, citing 19 FIPAs signed under the Liberal government with countries in Latin America, the Middle East and Asia.

"Our only concern is that we can't rely solely on FIPA, we should look at how we can sign air agreements, and science and technology investment agreements," he says.

[mcollins@embassy.ca](mailto:mcollins@embassy.ca)

## Top 10 African Source Nations of Canadian Imports

Rank	1997		2007	
	Nation	Value	Nation	Value
1	Algeria	\$610,658,428	Algeria	\$5,071,173,775
2	Nigeria	\$520,607,041	Angola	\$1,196,002,548
3	South Africa	\$497,489,748	South Africa	\$1,041,851,119
4	Morocco	\$65,742,119	Nigeria	\$289,980,376
5	Cote d'Ivoire	\$62,006,720	Cote d'Ivoire	\$283,394,925
6	Togo	\$54,619,510	Morocco	\$218,022,132
7	Zambia	\$32,271,429	Egypt	\$161,287,831
8	Egypt	\$29,024,305	Equatorial Guinea	\$150,639,682
9	Guinea	\$26,485,416	Namibia	\$135,428,367
10	Kenya	\$17,942,953	Guinea	\$125,603,242

—data from Statistics Canada

## Top 10 African Destinations for Canadian Exports

Rank	1997		2007	
	Nation	Value	Nation	Value
1	Algeria	\$622,437,612	South Africa	\$784,251,753
2	South Africa	\$370,672,478	Algeria	\$504,024,880
3	Libya	\$219,445,824	Egypt	\$347,073,654
4	Morocco	\$200,432,953	Morocco	\$242,082,186
5	Egypt	\$185,682,570	Sudan	\$209,668,021
6	Nigeria	\$104,241,568	Libya	\$195,497,706
7	Tunisia	\$85,364,322	Nigeria	\$184,304,300
8	Ghana	\$73,745,103	Ghana	\$157,312,416
9	Kenya	\$37,843,260	Tunisia	\$110,121,448
10	Botswana	\$34,769,863	Angola	\$82,490,809

—data from Statistics Canada

TRADE WITH AFRICA POLICY BRIEFING

# Not All Foreign Firms Keen to Fix Africa's Past

LUKE ERIC PETERSON

Africa may not sit high on the Canadian government's priority list, but that doesn't mean that Canadian businesses are not operating there—and facing myriad challenges.

Foreign investors moving into Southern Africa are coming face to face with government efforts to remedy the inequities of colonial exploitation.

Occasionally, such efforts can be ham-handed and counter-productive, as evidenced by the tragedy that has engulfed Zimbabwe since the violent seizure of white-owned farms.

Agricultural production, a motor of the Zimbabwean economy, has gone into precipitous decline. Other sectors of the economy have deteriorated almost as sharply. Nightmare levels of inflation and widespread shortages of basic foodstuffs have fuelled a humanitarian crisis that is spilling across Zimbabwe's borders, as refugees flee the country in search of life's basic necessities.

Needless to say, foreign businesses are also heading for the exits. According to recent figures published by the *Financial Times*, foreign direct investment in Zimbabwe has plummeted from \$300 million in 1998 to a mere \$30 million in 2006.

Zimbabwe's collapse offers a sobering case-study in how not to remedy past wrongs.

In other corners of sub-Saharan Africa, governments have tried to walk a different line: pushing for more equitable wealth distribution and property ownership, but without bringing about an economic catastrophe.

In Namibia, the government has come under increasing pressure to redistribute land in an effort to undo the decades-old land-grab perpetrated by colonial powers against that country's indigenous peoples.

This month, however, Namibia's high court struck down a government bid to expropriate four German-owned farms. The court recognized that land reform is an urgent priority, but noted that the government had not followed the process set out under the country's legislation—including to investigate whether the particular farms were suitable for land reform, and to study the effect of any expropriation on the (black) employees currently working those German-owned farms.

Having been rapped on the knuckles, it remains to be seen how the Namibian government will respond—and whether land reform can be achieved without initiating a flight of foreign investment.

Meanwhile, in South Africa, an ambitious program of Black Economic Empowerment (BEE) has been introduced in order to remedy that country's own pattern of inequitable wealth and resource ownership.

The BEE scheme calls for race-based affirmative action policies, as well as demands for blacks and other historically disadvantaged South Africans to have a bigger stake in company ownership and management.

The policies have been controversial—with even sympathetic voices lamenting that many of the earliest BEE deals seemed to benefit a small cadre of wealthy and well-connected black businesspeople. However, the South African government is now taking steps to ensure that the benefits of BEE are more "broad-based" and felt throughout society.

Critics of the scheme continue to insist that BEE gives too much discretion to over-worked government bureaucrats who must decide whether companies are meeting a raft of BEE targets. Peter Leon, a South African lawyer who represents various mining companies, has cited figures from Canada's right-wing Fraser Institute that suggest that South Africa's mining sector has become less attractive to foreign investors as a result of various BEE requirements.

Yet as a South African trade official remarked to me on my last visit to the country, more needs to be done to address the gaping inequalities left behind by the previous Apartheid regime, otherwise, demand will build for more radical Zimbabwean-style changes.

Some foreign investors, such as the Canadian mining company Barrick, have sold certain properties in South Africa, leading to speculation that there was no desire to contend with BEE "red-tape." Yet Barrick retains an interest in an exploration project in the northeast of South Africa, and the company has entered into a joint-venture with a local indigenous-run part-

ner. The Canadian junior miner, Annoraq Resources, also has interests in two South African platinum mines and has executed BEE deals that saw various historically-disadvantaged groups brought into the ownership fold. While these companies are adapting to the new rules of the game, not all foreign miners are happy.

Last year, a group of Italian granite miners sued South Africa alleging that the BEE demands violate the terms of a foreign investment protection agreement (FIPA) between the two countries. An international arbitration panel now must grapple with the thorny task of determining if BEE complies with South Africa's trade and economic treaties.

Don't expect disaffected Canadians to resort to such international lawsuits, however.

In the late 1990s, Canada and South Africa negotiated—but never concluded—a FIPA between them.

Should the Canadian government push for such an investment protection agreement in the future, it will have to come to some shared understanding with South Africa on issues like BEE and land reform. These are questions that have already derailed economic negotiations between the United States and South Africa.

Ultimately, South Africa is insisting that foreign businesses in search of economic opportunities also agree to bear some of the burden of remedying the country's persistent social inequities.

*Luke Eric Peterson is a columnist for Embassy. His 2006 paper for the South African Institute for International Affairs on these themes is available on-line at: <http://library.fes.de/pdf-files/iez/global/04137.pdf> editor@embassymag.ca*

*It remains to see whether land reform can be achieved without a flight of foreign investment.*

## Nurturing Successful Multi-Cultural Societies



**ETHNICITY AND DEMOCRATIC GOVERNANCE (EDG), Queen's University team**

*In foreground,* Dr. Margaret Moore (Political Studies) and Dr. Will Kymlicka (Philosophy, Canada Research Chair in Political Philosophy)  
*In background,* Dr. John McGarry (Political Studies, Canada Research Chair in Nationalism and Democracy, Senior Expert in Power-Sharing with the UN – Department of Political Affairs, Mediation Support Unit), Dr. Villia Jefremovas (Development Studies, Sociology, Canada Research Chair in Development and Social Change) and Dr. Bruce Berman (Political Studies, EDG Director and Principal Investigator)  
*Absent,* Oded Haklai (Political Studies) and Zsuzsa Csargo (Political Studies)  
 SSHRC-MCRI

Queen's researchers have organized the largest collaborative effort in Canada examining issues of ethnicity and democratic governance.

Queen's has assembled a team including top scholars, government representatives, and heads of influential non-government organizations from four continents to produce practical tools and strategies that citizens and governments can use to work through ethno-cultural conflicts and tensions.

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## TRADE WITH AFRICA POLICY BRIEFING

# Another Missed Opportunity in Africa

■ With the Americas and emerging markets like India and China identified as government priorities, Africa is getting the short end of the stick.

By Lee Berthiaume

In April 2007, voters in Madagascar went to the polls in a nationwide referendum to approve several constitutional amendments proposed by President Marc Ravalomanana.

The results revealed that 75 per cent had supported the changes, one of which would make English the African island nation's third official language after French and Malagasy.

To Carole Theauvette, a senior adviser at the Association of Canadian Community Colleges, the change presented a major opportunity for the Canadian education industry as the Malagasy government would be looking for partners to help develop school curriculum.

"They're looking at Canada," Ms. Theauvette says. "Yet because we don't have an embassy [in Madagascar], we don't have an aid program, because we are not present, there are two meetings per year in April and September, and Canada has an empty chair."

As a result, Norway, the United Kingdom and the United States are competing to work with the Malagasy government, and Canada is missing out.

Unfortunately, it appears this scenario is common when it comes to Canadian engagement with Africa, a continent that, aside from the occasional aid announcement, has largely disappeared from government policy.

According to a tally conducted by *Embassy* in December, the government had 42 Canadian trade commissioners in sub-Saharan Africa last year, almost one-third the number posted throughout Latin America.

Meanwhile, the government has committed to reaching the \$2.1-billion mark in aid to Africa by the end of 2008, but a growing chorus of voices is insisting that economic development is the way to eradicate poverty.

To some, increasing aid levels without facilitating more trade and investment between Canada and Africa represents a disconnect that needs to be addressed with



PHOTO: KATHY KNOWLES

a comprehensive continental policy.

Yet Lucien Bradet, president of the Canadian Council on Africa business development organization, sees the opposite happening.

"If you look at the Africa file here [at DFAIT] in Ottawa, with the resources they have, they are doing a good job," he says. "But the resources are diminishing year after year."

When the government announced last year it was adopting a policy of re-engagement with Latin America, it promised that Africa would not suffer as a result. However, the reassurances were with regard to Canadian aid, and rarely, if ever, discussed trade.

## Africa Moving Ahead

International Trade Minister David Emerson disputed suggestions last week that the government is not interested in promoting trade and investment with Africa, but admitted it isn't the top priority.

"Well, I think we do have some trade interests in Africa," he said last Thursday.

"We certainly have developmental and aid interests so I don't think it's correct to say we're not interested. I think it's correct to say that we do not have unlimited resources, that we are rationalizing but still overall expanding our trade presence around the world, but you've got to pick and choose where you put your resources and that's

what we're doing."

Mr. Bradet says all the signs are that Africa is moving ahead full steam on the economic front: international debt owed by the continent is decreasing; GDP growth is above the global average; and as of 2006, there is more private investment being injected than aid.

Granted there are still major risks, as was highlighted by the recent instability and violence in Kenya, but Mr. Bradet says companies that are members of CCAfrica report larger than average rewards.

It's important in this context to distinguish between North Africa and sub-Saharan Africa. While Canada has strong economic and political relations with the countries of the Maghreb, with missions and good representation in all five nations, sub-Saharan Africa appears to have been relegated to being an aid recipient and little else in policy.

True, the government recently announced it would be launching foreign investment promotion and protection agreement talks with Madagascar and Tanzania. But Madagascar, where Mr. Bradet says Canada is the largest foreign investor, has no Canadian mission or representation but is served from the high commissions in South Africa and Tanzania.

"To manage the trade relations of Madagascar or Angola with a trade commissioner that is 1,000 miles away and will go

into the country three or four times a year, you tell me how it will make a difference," he says. "I'm skeptical, and I think the companies and the organizations we represent are also skeptical about the efficiency of that approach."

"We are very nervous about that. On the one hand we are not increasing the resources in the field, and on the other we are not increasing but diminishing the resources here in Ottawa."

And that sends a signal to potential investors, Mr. Bradet adds.

"I think Canadians are interested in Africa, but if they look at the government and it does not appear to be one of the priorities, I guess people say to themselves: 'My government doesn't consider it to be important, so why should I?'"

## Government Presence Helpful

Meanwhile, two countries that the government has identified as priorities for Canadian engagement, India and China, have been extremely active in Africa, with hundreds of new investments worth billions being made.

"It may not be a priority for us, but it's a priority for China and India," says Robert Blackburn, senior vice-president of SNC-Lavalin International.

Last year, about 13 per cent of the Montreal-based engineering firm's \$5.2-billion in revenues came from its operations in Africa, Mr. Blackburn says.

"You say Africa is not a priority, but the continent has been our major market outside Canada for 30 years," he says.

"They aren't growing at the rate of India or China, but they are growing at an average of six per cent. There are lots and lots of opportunities there."

And like in India and China and many other developing countries, in order to take advantage of those opportunities, Canadian companies need the government to have a presence, whether it is missions and diplomatic staff, or senior ministerial visits.

"It's just true that having a Canadian presence there, having a maple leaf stamp on you, just helps," Mr. Blackburn said, "because governments there play a much bigger role than in a highly developed country."

lee@embassymag.ca

# Africa Needs Action for Proper Economic Growth

PETER STOLLERY



Last year the Senate's report on Africa talked about the desperate African men and women crossing the Sahara and attempting to get to the Canary Islands on fishing boats, trying to get to Europe and find work. In 2005, 6,000 people drowned and 31,000 African men and women reached the islands.

One would think that the prospect of hundreds of millions of unemployed, desperate people would cause governments to think, even if their only interest is world security. An impoverished Afghanistan of 31 million people attracted Canada's attention and led to the deployment of more than 2,200 soldiers even as the country became the largest recipient of our foreign aid. In the Democratic Republic of Congo, with 62 million people and the most bloodshed since the Second World War, there are eight Canadian soldiers—none of them combatants—and the country is low on the list of recipients of Canadian development aid.

The developed world has to take Africa seriously.

Three things are missing in sub-Saharan Africa: proper economic development; pri-

ivate investment; and political integrity.

The argument between promoters of social development and promoters of economic development has gone on for 50 years. It seems to me that the social developers won, and I think that is one of the reasons for development's failure in Africa. As Oxford University professor Paul Collier, author of *The Bottom Billion*, writes: "The primary obstacle to reforming aid is public opinion. The constituency for aid is suspicious of economic growth and the constituency for growth is suspicious of aid."

I think development money should be spent on infrastructure: roads and upgrading railways. If the road between southern and northern Ethiopia were properly maintained, there would be no repeated famines in Tigray. Why has the road system between the eastern Congo and the port of Mombasa been allowed to become almost impassable in places? That system services

the transportation needs of nearly 100 million people. Why has the railway between land-locked Bamako and the port of Dakar been allowed to fall into disrepair?

It seems to me that this is work for the World Bank, instead of giving economic advice to countries that the bank's shareholders would not themselves follow. The

Senate committee listened to many examples during our hearings, and it wasn't until we met Alan Hirsch, senior director of economic policy in the Office of the President of South Africa, that we started to understand that problem. The World Bank sends out economic advisors and they overpower the local

countries' ability to argue so that loans are made conditional to economic schemes that no developed country would accept. This is not the way ahead.

CIDA's contribution to African development has been caught between social and economic

*One problem in attracting investment is the failure of the Doha round of WTO talks.*

development. There must be a stand-alone CIDA statute that defines goals. One of the instructions in any new CIDA act must be to instruct the minister to involve himself or herself in the trade negotiations so vital to their developing world constituency. Investment in Africa is held back by developed world protectionism, particularly in agriculture.

Africa has twice as much public capital as private capital. One problem in attracting investment is the until-now failure of the Doha round of WTO talks. Sub-Saharan Africa needs access to markets and productive private investment, without which there will be no increase in the standard of living. The excesses of oil exploration have mostly only contributed to corruption: lack of integrity. Examples are legion from Nigeria to Angola.

The Conservative government has placed its foreign policy priorities clearly on Afghanistan, the Americas and emerging markets. Africa is nowhere to be found, which is surprising given the extreme poverty and security crises such as the Congo and Darfur.

There will be no progress in Africa until Africa is taken seriously.

Peter Stollery is a Liberal senator and is deputy chair of the Senate Committee on Foreign Affairs and International Trade.

editor@embassymag.ca

TRADE WITH AFRICA POLICY BRIEFING

# 'Diplomacy is Built on Reciprocity': Nigerian Envoy

Continued from Page 1

Peter Kieran, president of CPCS Transcom, a Canadian consulting company that assists private investors and infrastructure developers in Africa and Asia, says his business often needs to bring its African employees and partners back to Canada for planning and training sessions. All too often, however, his plans are scuttled when large numbers of his African staff are denied visitor visas.

"We tried to get some of our Nigerian staff over to come to our annual planning session and they've been refused visas," he says. "It's not good for business."

Mr. Kieran says getting visas for his African partners is a constant headache, even though they are clearly legitimate business travellers. He says many of his partners and clients are highly qualified and pose little risk of extending their stays or trying to remain in Canada illegally.

He says the difficulty of obtaining visas stops many African-Canadian business partnerships from ever happening.

"Canadian exporters who are looking to increase their contacts have potential customers visit their country, visit their plants, see their products," he says. "You get to know people on a face-to-face basis. It's an important part of doing business."

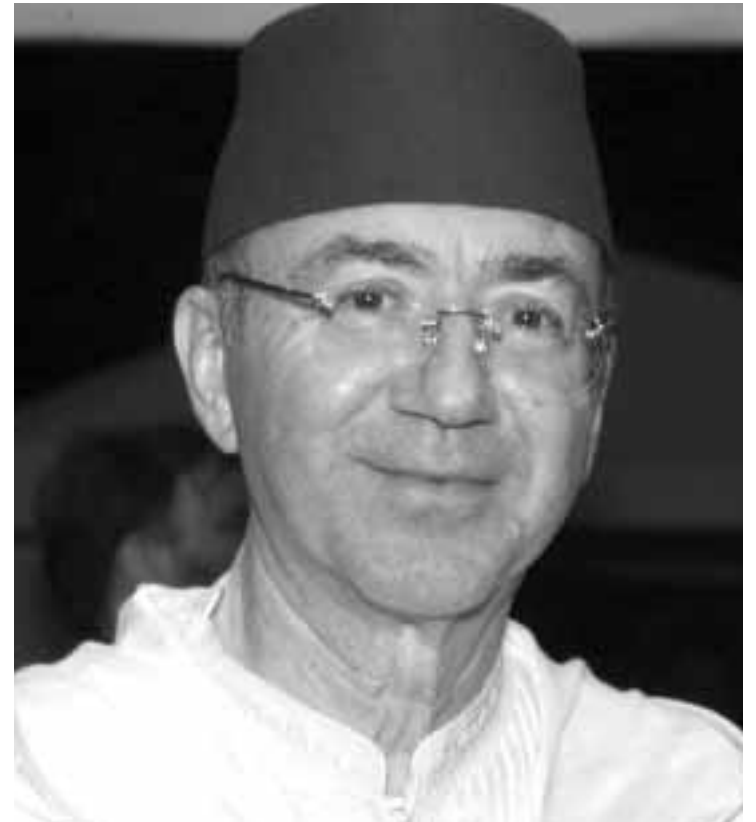


PHOTO FROM NIGERIAN HIGH COMMISSION AND EMBASSY PHOTO: SAM GARCIA

Acting Nigerian high commissioner Ifeoma Jacinte Akabogu-Chinwuba (left) says she has met with DFAIT officials many times to file complaints about the difficulties Nigerians face getting visas to Canada. Moroccan Ambassador Mohamed Tangi says his countrymen have not been facing such difficulties.

## Wait Times Too Long

Mr. Kieran is not alone in his frustration. In November 2005, the Canadian Council on Africa issued a report entitled *Facilitating Business Travel to Canada: Making Canada Competitive in Africa*, which voiced frustration over the visa issue.

Though the report is now over two years old, CCAfrica president Lucien Bradet says the situation has not improved since the document was released.

The report says the short-term movement of visitors from Africa to Canada plays a vital role in supporting commercial ventures. Such visits, it adds, are needed to train African employees, hold strategy and planning meetings, and promote familiarity with products or services that Canadian companies are trying to sell in Africa.

Despite these needs, the report says, African business visitors are often greeted with suspicion and are "regularly frustrated by slow service, complex procedures and (seemingly) arbitrary decisions regarding short-term visas."

Besides "excessive and arbitrary refusal rates," the report complains that visa processing often takes around six weeks. In contrast, it says, visa wait times for the U.S., Australia and European countries generally happen in under a week.

The report recommends the streamlining of the visa application process, including implementing a maximum one-week timeframe and a fast-track system for business travellers.

## Some Nations Pushing Back

Mr. Kieran says the difficult situation is only getting worse, as frustrated nations are now pushing back.

"A lot of the African countries are now making it much harder for Canadians to get visas," he says. "They say, 'Well, you make it very hard for our people, so we'll make it hard for yours.' They've been very open about it and that hurts us even more directly."

He says he recently encountered such resistance when trying to obtain visas for Canadian staff assigned to Nigeria.

Acting Nigerian high commissioner Ifeoma Jacinte Akabogu-Chinwuba confirmed that her country is pushing back against Canada on the visa front. After all, she says, "diplomacy is built on reciprocity."

Ms. Akabogu-Chinwuba says she has met with officials from the Department of Foreign Affairs on several occasions to file complaints about the difficulty Nigerians face getting visas to Canada.

"Certainly, we have visa issues, but we are dialoguing with the Canadian government to solve them," she says.

Nigeria is not alone facing difficulties getting visas to Canada.

Bornway Chiripanhura, a counsellor at the Embassy of Zimbabwe, says it is never easy for his countrymen to obtain visas to Canada.

"It is very, very difficult," he says, "It's like you are applying to go to heaven."

Mr. Chiripanhura says that many Zimbabwean businesspeople have complained about the difficulties they face.

"A number of people fail to attend meetings because of the time it takes to get the visas," he says. "They have bad experiences and some give up."

According to one government source, who spoke on condition of anonymity, the government is well aware of businesspeople's complaints.

"This is an ongoing saga," he says. "This is one single issue that I think a lot of people are quite aware of on the Canadian trade side, in Canadian government."

"Overall it remains a challenge because some businessmen are just unable to travel to Canada," he adds. "Whenever we have trade missions, these matters are mentioned in Africa by the business communities in those countries."

## More Consular Resources Needed

Karen Shadd, a spokeswoman for Citizenship and Immigration Canada, says the criteria for visiting businesspeople are the same as for other visitors, and that they receive no special treatment.

She says visa applicants must convince consular agents—sometimes locally engaged staff—that they are in good health, have valid documents, have a job and ties that would take them back to their country of origin, have enough money for their trip and will go home after the trip.

Embassy asked Immigration Minister Diane Finley's office if the government was doing

anything to facilitate the travel of African businesspeople. No response was given.

Liberal International Trade critic Navdeep Bains says facilitating the visa process for legitimate businesspeople is a key part of building stronger trade relations with different parts of the world.

Mr. Bains says he thinks a lack of resources is the root of the difficulties many businesspeople face. He says consular officials often don't have the resources and tools to properly examine and filter applications, resulting in the denial of many legitimate applications.

"We need more resources, more people to vet [applications] properly, to be able to examine and make sure requirements are met," he says.

Mr. Bains adds that if the applicant is denied, officials should make sure "the proper back and forth dialogue takes place with the applicant to make sure they get a fair chance."

NDP Immigration critic Olivia Chow says the government should implement an appeal process for those denied visas. She says the United Kingdom and Australia already have such tribunals, which allow an appeal to be pursued within 28 days.

"Right now, because there is no proper appeal process, many of the decisions are, in my mind, arbitrary, not transparent and some refusals cannot be defended," she says.

## Easier for North Africans

While sub-Saharan diplomats complain about the difficulty of getting visas for business travellers, diplomats from Africa's northern Maghreb region tell a different story.

Moroccan Ambassador Mohamed Tangi says his countrymen have not been facing such difficulties.

"I've been ambassador here for the past five years," he says. "I haven't received a single complaint from any Moroccan businessman who wanted to come to Canada and was refused a visa."

"Things seem to be working very well," he says, adding that seven fully packed flights fly between Montreal and Casablanca each week.

Counsellor Nejmeddine Lakkhal of the Tunisian Embassy tells a similar story.

"For [Tunisian] businessmen coming to Canada, they don't have problems getting visas," he says.

Business travellers from South Africa, one of the continent's richest countries, also appear to have an easy time getting visas.

Johan Nel, a first secretary at the South African High Commission, says it is generally difficult for nationals of developing countries to get visas to developed ones, but not business travellers.

He adds that the waiting period for visa processing is also quite short, with visas ready for pick up after only three or four days.

[jdavis@embassymag.ca](mailto:jdavis@embassymag.ca)

## Who's Flying the Open Skies

### Bilateral Agreements and Direct Flights Between Canadian and African Destinations

Country	Date of Pact	City	Canadian Destination	Foreign Carrier
Algeria	July 5, 2006	Algiers	Montreal	Air Algérie
Egypt	April 3, 1987	Cairo	Montreal	Egypt Air
Cote d'Ivoire	Sept. 3, 1987	N/A	N/A	N/A
Morocco	Feb. 14, 1975	Casablanca	Montreal	Royal Air Maroc

N/A = Currently no service between Canada and Cote d'Ivoire  
—data from the Canadian Transportation Agency

## TRADE WITH AFRICA POLICY BRIEFING

# A Policy of Fair Trade for Canada and Africa

PETER JULIAN



Africa is a richly diverse continent, but sadly, one that is suffering from an unfair and unequal trading relationship with the rest of the world.

Africa's share of world trade accounts for just one per cent of the world market. Even if that number were to be doubled, it would translate into an increase of \$70 billion per year in commerce, a number five times larger than the current amount of foreign aid given to the continent.

Canada's trading relationship with African nations is typical of this weak initiative on the part of developed nations. Trade with the continent accounts for only three per cent of Canada's foreign trade, and the vast majority of recent growth in trade with Africa has come solely from an increase of oil imports from Algeria.

This type of trading relationship does not benefit the citizens of the African continent. Africans have been forced to confront a huge humanitarian crisis in the AIDS epidemic, a lack of industrial infrastructure, the effects of brutal structural adjustment programs from the IMF, a crippling foreign debt load, the inconclusive Doha round, the effects of climate change and the legacy of vicious colonial exploitation.

Canada has a chance to take the lead and build a strong fair trade relationship with the African continent. Currently, 35.5 per cent of Canada's exports to the continent go to one country: South Africa. Most of Canada's exports to Africa are wheat, followed by machinery (and this trade is not fundamentally to

the benefit of Africans, but to Canadian exporters).

Conversely, about 90 per cent of Canada's African imports come from just five countries: Algeria, South Africa, Angola, Nigeria and Equatorial Guinea. South Africa primarily supplies Canada with metals and other minerals, while more than 98 per cent of the products supplied by the other four countries are purely oil imports. This is an unfair relationship: Canada is selling wheat and reaping the rewards of oil development. Worse, oil and resource revenues have not translated into real development in most African nations.

African countries have the right to determine their own trade and investment policies, putting their people's interests first, in ways that reflect the communities' values that Africans on the continent are already working to revitalize.

The coffee industry is an excellent example. While a handful of multinational corporations dominate the coffee trade, imposing an incredibly low selling price on rural coffee growers that keeps them locked in the cycle of poverty, there are many fair trade co-operatives that operate outside the corporate system. These farmers sell their own high quality coffee at prices permitting a fair living wage and by helping invest in building vital infrastructure.

A fair trade policy encourages the kind of development that empowers local populations and helps raise the whole community out of poverty. Fair trade means supporting social justice and business through local co-operatives and other fair trade companies that respect labour standards, human rights, environmental rights, pay workers a fair wage, and invest in sustainable social infrastructure. It is an innovative way to throw Canada's economic weight behind the NGOs, organizations and people already working on a made-in-Africa solution to the continent's challenges.

There are many specific fair trade measures that can be pursued and built into Canada-Africa trade relations, including:

1. Setting goals for market share for African fair trade products, especially on agricultural products, not in competition with Canadian products.
2. Encouraging supply management, which would protect rural farmers against subsidized agricultural products sold through the multinational system and facilitate the conditions for fair trade.
3. Increasing Canada's trade promotion on the continent by establishing more foreign offices and by leading more fair trade missions.
4. Build into trade deals with African countries conditions for the mutual respect

*African countries have the right to set their own trade and investment policies.*

## Trade and Aid Mix a Recipe for Africa's Success

NAVDEEP BAINS



Everything about Africa is huge. The world's second largest continent covers a fifth of the earth's land-mass and is home to more than 900 million people. Widely believed to be the oldest inhabited land on earth, Africa is a landscape of startling diversity.

Africa also holds great wealth and nations filled with enormous promise. That promise has been dimmed over the years by the ravages of poverty, disease and war. Canada has worked diligently along with many other nations to address these issues, but the results have been mixed.

Traditionally, Canada's relationship with most African countries has focused on aid. However, in the 39 years that CIDA has been sending aid to Africa, there has been no significant increase in the standard of living amongst the poor. What's worse is that there has been no reduction in their dependence on foreign aid. We need to do better.

The reasons for the failure of aid are many, but a consistent explanation has been the lack of a holistic approach taken by Canada and many other developed nations in the region.

Aid is designed mainly to address immediate concerns and help alleviate the effects of poverty. On the other hand, trade, when employed fairly, will create strong self-

sustaining economies that meet the needs of their people while creating new markets for our own exports.

The first step to development must therefore be a fair and equitable trade policy. The WTO's Doha round of talks hopes to achieve these goals by opening up trade in sectors that are important to Africa, especially the agricultural sector. If Africa's countries are to develop into self-sufficient entities, they must first be able to compete. Their ability to compete is impaired by the agricultural export subsidies that both the United States and the European Union currently use to artificially lower the cost of their goods abroad. Canada can help this process by retaking a leadership role in the talks.

Tariffs on goods from Africa should also be reduced as part of the Doha talks. Canada has already taken an active role on this front by reducing tariffs on Least Developed Countries. But we can do more.

Canada should take this initiative to the WTO and encourage emerging global powers to follow our lead. In addition, we should expand the number of countries

covered by the Least Developed Countries Market Access Initiative to help more low-income nations benefit from greater access to our market.

Even by removing unfair subsidies, much needs to be done to develop a strong African commercial sector. In Budget 2005, the Liberal government started this process by stating, "Canada will do more to enable developing countries, particularly African countries, to build their private sectors, make markets work for the poor, and to compete globally."

If Canada is to meet this commitment, more resources will need to be deployed on the ground in Africa. The number of trade offices and embassies should be increased, and DFAIT must work closely with CIDA and other relevant departments to ensure a co-ordinated and effective use of resources.

The Canadian government must also tackle systemic governance problems by engaging in meaningful dialogue with its African counterparts: rewarding nations who crack down on corruption, are accountable, and above all care for

of a fair trade model, moving away from the so called "free trade" model, which has failed to generate sustainable prosperity for the majority of the people affected by it at home and abroad.

5. A non-selective and unconditional cancellation of Africa countries' foreign debts accelerating and broadening the Jubilee 2000 and Make Poverty History initiatives, so that these countries may be in a position to start rebuilding their economies.

By further targeting Canada's development aid, including CIDA, to support these same fair trade communities, a two-pronged approach would help focus on achieving durable solutions to immediate crises. Canada must redesign CIDA's aid and development method so that it no longer reflects the World Bank and WTO's failed policies.

I believe we need to keep a significant part of the International Trade portion of the federal budget focused on doing what trade officers do: help promote Canadian products and providing advice to Canadian exporters on how to trade fairly, while respecting the highest labour standards and environmental regulations with African countries.

Canada needs to take the lead in pushing for a fairer, democratic and accountable international trading system at the Doha round. It needs to recognize that the developed nation's charity corporate model has not benefited the vast majority of Africa's population because its design denies the means to become self sufficient.

The opportunities are endless and the need is gravely urgent.

*Peter Julian is the member of Parliament for Burnaby-New Westminster and the NDP's international trade critic.*

editor@embassymag.ca

*Trade, when employed fairly, will create strong self-sustaining economies.*

their citizens in a responsible manner. It is therefore critical for Canada to build relationships with African governments. High-level government visits should be increased with the trade and development ministers working hand-in-hand to build links that can be used to enhance political, economic and social improvement. The government should also help trade by promoting bilateral opportunities to both Canadian and African businesses.

It's been eight years since the G8 Meeting in Kananaskis, Alberta, where Canada made Africa a priority for the world. At that conference, Prime Minister Jean Chrétien was able to secure agreement on a new action plan for Africa. Yet there is still so much to be done.

Trade combined with meaningful development assistance can achieve what aid alone has failed to do: give Africa a fair chance. Real reforms in the global market as well as the political systems within Africa could indeed bring about economic sustainability and all the social benefits that come with it.

The government of Canada has a key role to play here. By promoting trade, good governance and accountability, Canada along with other developed nations can make a difference to the lives of millions of Africans.

There are no political points to be scored here. An Africa that can sustain itself is in all of our best interests.

*Navdeep Bains is the Liberal critic for international trade.*

editor@embassymag.ca

**TRADE WITH AFRICA POLICY BRIEFING**

# Do Your Research and Take a Chance, say Envoys

We asked all of the African heads of mission in Ottawa the following questions: "What is the most common mistake Canadian companies make when attempting to do business in your country?" and "Which up-and-coming sector would Canadian businesses be foolish not to invest in right now in your country?" The following are the responses we received.



**SMAIL BENAMARA**  
Ambassador of Algeria

1. The five-year plan for economic development (2005-2009), for which Algeria has allocated funding of \$160 billion (US), provides huge business opportunities for Canadian companies. This significant economic potential supported by a positive investment climate is sometimes unknown for some Canadian companies. Thus, we notice a lack of perseverance and presence from these companies.

2. The sectors of mining, tourism, construction, banking and insurance, and many other economic fields in Algeria that might be business opportunities, are a guaranteed interest for Canadian companies. The construction of 1,251,209 housing units, part of the five-year plan, is a guaranteed opportunity for some Canadian companies in the construction field. Also, the banking and insurance sectors, and that of tourism, which have large-scale reform programs, can be a good interest to Canadian companies.



**MIGUEL MARIA N'ZAU PUNA**  
Ambassador of Angola

1. One of the most common mistakes Canadian companies make is being too conservative to make investments in Third World countries. In reality, there is no such thing as a safe investment. Investments should be considered in terms of their risk/reward ratio. Canadian companies need to be a little bit more aggressive when it comes to exploring new frontiers.

2. Angola's climate is diverse and provides for the growth of both tropical and semi-tropical crops. This puts the country at an advantage, allowing for easier agricultural diversification. The Angolan government is running a seed upgrading and plant improvement program in order to boost the yield of food crops. Canada has extensive experience in agriculture. It would be wise for Canadian businesses to invest in this agricultural sector.



**HONORE-THEODORE AHIMAKIN**  
Ambassador of Benin

1. The most serious error Canadian firms wanting to do business in my country must avoid is going into business without knowing the formalities for establishing an enterprise. They must also avoid contact with unauthorized intermediaries. In our country, there is a network of foreign forgers, most of whom pretend to help you find contracts more easily and effectively in contact with the right structures. Another mistake is to rely on fictitious ads on the Internet.

2. In Benin, the up-and-coming sectors are, in particular, information technology and communications, insurance, food, and house construction.

**HALA SAMIR EL-BISHLAWI**  
Deputy Ambassador of Egypt

1. Companies do not study Egypt's business culture well enough. There is a lack in analyzing the business opportunities, whether in trade or investment, insufficient marketing and promotion by Canadian firms among the Egyptian business community, a delay in grabbing available opportunities in Egypt, especially in the field of investment, a lack of visits from the Canadian businessmen to Egypt and the region.

2. Some up-and-coming sectors for investment in Egypt include communication and information technology; construction and real estate; petrol, gas and petrochemical products; environment projects; and tourism projects.



**AHFEROM BERHANE GHEBREMEDIN**  
Ambassador of Eritrea

1. No comment.

2. The mining sector has taken off in the past five years due to the discovery of several high-grade volcanogenic massive sulphide deposits and of greenstone shear hosted gold. The country's Red Sea coastline is rich in lobster, shrimp, and crab, which offer the potential for a valuable export-oriented fishing industry, and also provides many investment opportunities for tourism, especially in the construction of hotels and resorts. The rehabilitation and expansion of electricity production is a priority sector. Investments in the exploitation and distribution of energy sources such as wind energy on the Red Sea coast, and geothermal potential for power generation in areas associated with volcanic activity are encouraged.



**GETACHEW HAMUSSA**  
Ambassador of Ethiopia

1. We have not encountered Canadian companies that have made mistakes in their attempts to do business in Ethiopia.

2. Floriculture is an emerging sector in Ethiopia. Large areas of the country satisfy altitude and temperature requirements for the production of world-class flowers. The production of leather goods, garments and footwear is another up-and-coming export sector. The country has the largest livestock population in Africa. Ethiopia has focused its strategy on converting all available hides and skins to finished leather products: shoe uppers, shoes, jackets, bags, etc. Investment opportunities in horticulture, forestry, agro-processing, textile and garments, building construction materials, mining, Grade I construction are also available with incentive packages.



**MARGARET AMOAKOHENE**  
Ghana High Commissioner

1. A common mistake is Canadian companies' reliance on individuals and associates to lead them directly into the business environment without contacting the Ghanaian High Commission in Ottawa. While not discrediting such persons or doubting their competences, in Ghana the facilitation of foreign businesses and investments is co-ordinated principally through the Ghana Investment Promotion Centre. It is with this institution that the mission links foreign individuals and companies that want to do business in Ghana.

2. The oil business is Ghana's new sector, with two major discoveries made recently off the coast. It would be of great advantage to Canadian businesses to move in either to provide services or become involved in the exploration given Canadian expertise in the oil sector.



**SIMON HORACE**  
Ambassador of Madagascar

1. Canadian companies have been doing business in Madagascar for just a few years. Therefore, the embassy cannot make any comment on the Canadian experience in our country.

2. Most Canadian companies are investing in the mining sectors; however, there are multiple opportunities in Madagascar such as: organic agriculture, eco-tourism, bio-energy and information and communication technology. Madagascar has diverse and abundant resources, labour competitiveness and high quality of products.

**IFEOMA AKABOGU-CHINWUBA**  
Acting High Commissioner of Nigeria

1. The first common mistake Canadian companies make is not to invest more in Nigeria in view of the massive opportunities in profitable sectors like telecommunications, agriculture, mining, oil and gas, energy, tourism, housing, etc. The second mistake is bypassing the High Commission and going into direct deals, usually via the Internet, with Nigerian partners. It is always advisable to bring the mission into the picture for the purpose of documentation and records. Another mistake is the delay in resuscitating a viable and vibrant bilateral Chamber of Commerce, Industry, Mining and Agriculture to harness the huge potential in the two economies.

2. The up-and-coming sectors Canadian firms should not ignore are: energy, mining, infrastructure development and tourism, as well as the lucrative telecommunications sector.



**ABRAHAM NKOMO**  
South African High Commissioner

1. Generally, when looking to invest in South Africa, Canadian small and medium enterprises assume all risks associated with developing countries apply, like risk stereotypes and other uncertainties. These negative assumptions and perceptions do not square up with the reality in South Africa where we have a very advanced infrastructure, fiscal and monetary economic stability, empowerment initiative programs and successful Canadian investment projects in mining, manufacturing and related industries. Canadian companies sometimes fail to explore both Canadian and South African government incentives for setting-up and investing in South Africa.

2. Besides from the traditional growth focus sectors like mining and its related sectors, the new and existing growth niche focus sectors are jewellery; information and communication technology including business processes outsourcing; and tourism and hospitality services.



**FAIZA TAHA**  
Ambassador of Sudan

1. In the Sudan we have few Canadian companies working as sub-contractors or with joint ventures. The most unforgettable experience is of Talisman Oil Company which, for political not

economic reasons, left its business in Sudan. Now, the company that took over from it is enjoying the skyrocketing oil prices. This is an example of a mistake made by a Canadian company, but the Sudanese people in the area of the oil field still appreciate the social services left by Talisman.

2. The sector that Canadian business should invest in right now is mining in general, and gold in particular, since Sudan's mineral deposits are very attractive and would make a happy marriage with the Canadian mining experience.



**PETER KALLAGHE**  
Tanzanian High Commissioner

1. Prospective investors tend to over rely on services and advice of private consultants instead of dealing directly with the Tanzania Investment Centre, the government institution created to facilitate foreign business people. Happily, most Canadian firms in Tanzania are highly specialized in their respective fields of operation and have wide experience in this regard. Another mistake is the failure of companies to do sufficient research to understand local procedures, practices and business environment.

2. I would not like to attach the term "foolish" to any Canadian company that decides not to invest in a particular sector in Tanzania, however lucrative the sector may be. Having said that, I wish to note that Tanzania offers some of the best conditions for investors in Africa, and there is huge potential in our sectors of mining and tourism.



**MOULDI SAKRI**  
Ambassador of Tunisia

1. Canadian companies would benefit greatly from having timely and current knowledge about the economic conditions, the business opportunities and the quality of the human resources available in Tunisia.

2. The up-and-coming sectors for investment include: IT, pharmaceuticals and biotechnology, energy, forestry, hydraulic resources, environmental technology, bio foods, and services (hotel industry, real estate, and telecommunications).



**FLORENCE CHIDEYA**  
Ambassador of Zimbabwe

1. Canadian companies are aware of the opportunities there for them to do business in Zimbabwe. Several of these companies have been in touch with the embassy in Ottawa or have been to Zimbabwe to discuss various options with authorities there and to seek clarification on the rules and regulations governing investing in the country.

2. Agriculture, manufacturing, mining and tourism are the four priority sectors where foreign companies are welcome to invest. Interestingly, Canada carried out extensive geological surveys in Zimbabwe in the late 1980s, and is aware of the wide variety of minerals (including gold, coal, diamonds, chromite, nickel, etc.) ready to be exploited in Zimbabwe. In all these sectors, Zimbabwe welcomes and encourages joint ventures and strategic partnerships.

—compiled by Christina Leadlay