



## Canada and Egypt: From Antagonism to Partnership

---

Canada and Egypt have had diplomatic relations for over 40 years. During the first two decades the relationship had little bilateral content and was largely a byproduct of the Arab-Israeli conflict, of the Cold War and of the United Nations' efforts to promote international peace and security. In all three of these contexts, Canada and Egypt were more often than not on opposite sides of the fence, as became particularly evident during the three Arab-Israeli wars which broke out between 1956 and 1973. In the 1970s, however, there occurred major modifications in the foreign policies of Egypt and Canada, as well as in the international security and economic environment. These modifications resulted in a slow but fundamental change in the nature of the Canada-Egypt relationship, transforming it from one often characterized by antagonism into one whose hallmark today is bilateral and multilateral partnership. For Canada, this partnership with one of the largest and most influential countries in the Middle East is an invaluable asset in the pursuit of Canadian economic and security interests in the region as a whole.

### The Beginnings

Official contacts between Canada and Egypt were anything but numerous before the second half of the twentieth century. What might be called the first semi-official contact occurred in October 1884 when a contingent of 386 Canadian river boatmen and militia officers landed in Egypt to assist in transporting a British expeditionary force up the Nile to rescue the legendary General Gordon, then besieged in Khartoum.<sup>1</sup> It was not, however, until the 1940s that the Canadian government established a resident presence in Egypt in the form of a Trade Commissioner's office in Cairo, which office was also responsible for trade promotion in Sudan, Palestine, Cyprus, Iraq, Syria, Iran, and Turkey!<sup>2</sup>

It was only in 1954 that the Canadian government decided to open an embassy in Egypt, along with embassies in Israel and Lebanon. The reasons given at the time for the decision are interesting: "the need for Canadian representation in the region has been recognized for some time, particularly because of the frequency with which Middle Eastern affairs are discussed in the United Nations and because of the importance to the free world of maintaining peace in this strategic area."<sup>3</sup> In the official history of the Department of External Affairs, the rationale for the decision is stated thus: "the reasons were the growing

## 2 *Canada and Egypt: From Antagonism to Partnership*

importance of the region in world affairs and the consequent need for the department to enhance its understanding of developments taking place there."<sup>4</sup> When these formulations are examined in juxtaposition, it seems evident that these embassies were not established primarily with a view to developing bilateral relations, but rather were seen as observation posts from which Canadian diplomats could report back to Ottawa on regional developments of interest to Canada in either a UN or a Cold War context.

In the case of Egypt, it may have been just as well that Canada did not have any ambition to develop closer bilateral relations. The policies pursued by the two countries in the Middle East were diametrically opposed in many respects and did not hold out much prospect for a meeting of minds or interests. Egyptian policy at the time was characterized by opposition to colonialism and imperialism, opposition to Israel, opposition to conservative Arab regimes and by the promotion of pan-Arabism and Arab unity.<sup>5</sup> Insofar as Canada had a Middle Eastern policy specific to the region, it was centred on support for the creation and continued secure existence of the state of Israel. In that, it clearly reflected the sentiments of a majority of Canadians who had been deeply moved by the Holocaust; it also reflected the existence in Canada of a well-organized and politically influential Jewish community.<sup>6</sup> Furthermore, the "colonialist-imperialist" powers to which Egypt was most opposed were precisely those that were Canada's closest and most important allies — the United States, Great Britain, and France.

Divergences in the policies of Canada and Egypt were to become even more pronounced in 1955. After having been largely unsuccessful in attempts to secure modern military equipment from Western countries, President Nasser of Egypt turned to the Soviet bloc, and in September 1955, Egypt announced that it had concluded an agreement for the purchase of arms from Czechoslovakia. Viewed as a major success in the Soviet Union's endeavours to enhance its influence in the Middle East, the Czech arms deal "created grave concern in British and American circles."<sup>7</sup> Those concerns were shared by the Canadian government, although "there was skepticism in Ottawa over exaggerated ideas of Nasser as a tool of Moscow."<sup>8</sup> This skepticism notwithstanding, the secretary of state for external affairs, Lester Pearson, took the opportunity of a visit to Egypt in 1955 "to warn Nasser against the historic Russian designs in the Mediterranean and the Middle East, receiving the response that these were not a serious threat."<sup>9</sup> Obviously unmollified by Nasser's reassurance, Pearson was later to describe Egyptian policy in this period as "unfriendly to the Western powers" and as having "witnessed a gradual increase of Russian influence in Egypt and the Middle East."<sup>10</sup>

It was in this policy context that the Canada-Egypt relationship gave rise for the first time to domestic political controversy in Canada. In January 1956, the government was subjected to a barrage of criticism in the House of Commons for having sold 15 unarmed Harvard training aircraft and spare parts to Egypt.



Government spokesmen, including the prime minister, the secretary of state for external affairs and the minister of trade and commerce, vigorously defended the government's decision. They pointed out that the government's policy was one of moderation and balance when it came to military sales to the Middle East. Thus the total value of such sales for 1954 and 1955 amounted to less than \$3 million. Of this, sales to Israel represented just over \$2 million while sales to Egypt were valued at \$770,000, accounted for almost entirely by the sale of the Harvard aircraft.<sup>11</sup> While this controversy and the attendant parliamentary debates appear to have had no lasting effect on the government's political fortunes, they did serve as a warning as to how sensitive an issue arms sales to the Middle East could become, not only domestically, but also in both an Arab-Israeli and a Cold War context. (It was a government headed by Lester Pearson that in 1963 decided to resolve this problem by banning all Canadian sales of military equipment to all countries directly involved in the Arab-Israeli conflict.)

### **The Suez Crisis**

The nationalization of the Suez Canal by President Nasser in July 1956 was to open a new chapter in Canadian-Egyptian relations, but this was not evident from the start. Immediately following the announcement of the nationalization, the Canadian government expressed concern and hope for a negotiated solution, but it neither criticized nor condemned the actions of the Egyptian government.<sup>12</sup> In fact, the minister of national defence, Ralph Campney, declared it to be "primarily a European matter ... not a matter which particularly concerns Canada. We have no oil there. We don't use the Canal for shipping."<sup>13</sup> It was not until the Egyptian government's action precipitated a full-blown international crisis in which important Canadian interests were at stake that the Canadian government adopted a far more critical attitude toward the nationalization of the Suez Canal. Thus in a speech to the House of Commons in August 1956, Lester Pearson described it as a "sudden, arbitrary move on the part of the Egyptian government" which put at risk "the future use for all nations, without arbitrary or unnecessary interference, of an essential international artery of trade and communications."<sup>14</sup> Later yet, Prime Minister Louis St. Laurent declared that "Egypt's nationalization of the Suez Canal increased the dangers inherent in the Middle East situation. The Egyptian action introduced a threat to the trade on which the economic life of many countries depends."<sup>15</sup> In short, Canada switched fairly rapidly from being a concerned but passive bystander to becoming an outright critic of the Egyptian government.

As the Suez crisis unfolded in the summer and autumn of 1956 and eventually led to the Anglo-French-Israeli invasion of Egypt, Canadian government

#### 4 *Canada and Egypt: From Antagonism to Partnership*

concerns and policy had relatively little to do with Egypt or with the military situation on the ground in the Middle East. Other matters likely to have a more direct impact on Canadian interests were the primary preoccupations of the Canadian government.<sup>16</sup> Chief among these was a strong determination to try to avoid irreparable damage being done to the NATO alliance as a result of the split which the invasion had precipitated in relations between the United States on the one hand, and Britain and France on the other. As St. Laurent expressed: "NATO is vital for our security and its smooth functioning, free of any even subconscious reservations on the part of its members, is essential for its continued success."<sup>17</sup> In much the same vein, the Canadian government was deeply concerned that Britain's "imperial actions" against Egypt posed a direct threat to the future of the Commonwealth as a multiracial institution, by alienating those members who were still in the process of freeing themselves from colonial rule.<sup>18</sup> Canada also wanted to prevent serious damage being done to the UN's role and reputation as an actor in promoting international peace and security, and to avoid creating any lasting divisions between Western countries and the countries of Asia and Africa within the UN. Finally, the Canadian government was deeply preoccupied by the Cold War dimensions of the Suez crisis. If allowed to unfold unconstrained, the crisis would have provided the Soviet Union with "endless possibilities to exploit in the furtherance of its unrenounced aim to make the world over in its image."<sup>19</sup> And, of course, the threats made by the Soviet Union against Britain and France following their invasion of Egypt could have led to a war between East and West.

In defining a policy line which reflected all of these concerns and interests, the Canadian government often adopted stances which could only be viewed as congenial by the Egyptian government. The Canadian government did not hesitate to criticize the British and the French for their failure to observe their obligations under the UN charter to seek a peaceful settlement of their dispute with Egypt. The Canadian government viewed their invasion of Egypt as totally inadmissible, and in a now famous outburst in the House of Commons, St. Laurent caustically remarked that "the era when the supermen of Europe could govern the whole world has and is coming pretty close to an end."<sup>20</sup> But at the same time the Canadian government was conscious of the need to keep open the channels of communication with London and Paris if it were to be able to serve as a useful intermediary between them and Washington, and if it wanted to play a role in helping to defuse the crisis in a manner that would allow Britain and France to save face. The government was also conscious of the fact that Canadian public opinion was deeply split on the question of the Anglo-French military action at Suez (and was to remain split through the general election campaign of 1957).<sup>21</sup> For these reasons, Canadian government spokesmen were often inclined to temper their criticism of Britain and France in ways that could only be judged as thoroughly uncongenial by Egypt. Thus in a speech to the House of Commons, Lester Pearson remarked: "I do not for one minute

criticize the motives of the governments of the United Kingdom and France in intervening in Egypt at this time. I may have thought their intervention was not wise, but I do not criticize their purposes."<sup>22</sup> In short, Canadian policy was not particularly directed at righting a wrong done to Egypt, but was a policy which in Pearson's words "would bring us together again within the Western Alliance and which would bring about peace in the area on terms which everybody could accept."<sup>23</sup>

The effect of the somewhat mixed messages which Ottawa was sending to Cairo in its policy statements became evident in the controversy which came to surround Canada's principal initiative to help resolve the Suez crisis, the proposal to create and deploy a United Nations Emergency Force (UNEF) in the Middle East. Having made the proposal in an effort to find a solution acceptable to all of the parties to the conflict, the Canadian government considered that it had an obligation to contribute troops to the newly created UNEF once its proposal had been accepted. For President Nasser of Egypt, the deployment of UNEF offered a welcome solution to a political problem: securing the early withdrawal of British and French forces from Egypt, something which he could not achieve militarily. But the question of Canadian military participation in the force was another matter. Nasser considered that Canada was too closely identified and aligned with Great Britain to be viewed as an appropriate participant in a neutral UN force, one of whose purposes was precisely to secure the withdrawal of British troops occupying Egyptian soil. These sentiments were reinforced when it became known that the contingent Canada was proposing to send to Egypt was a battalion of the Queen's Own Rifles, a unit which, in appearance at least, would be virtually indistinguishable from a British unit, given that both armies wore essentially the same uniforms. Nasser, therefore, refused to accept Canadian participation in UNEF, using as a pretext the strong resemblance between the two forces. He argued that it would expose Canadian troops to danger from an Egyptian populace still intensely angry at Britain. It took a delicate and difficult negotiation conducted by the UN to overcome Nasser's reservations, and to finally secure his acceptance of Canadian participation, but only on the condition that Canada would deploy logistics support troops rather than combat troops.<sup>24</sup> While some in Canada were inclined to view Nasser's position as understandable and perhaps justified, the more general reaction was one of hostility.<sup>25</sup> And in Parliament, the official opposition attacked the government charging that "Canada has been humiliated by the actions of Colonel Nasser and has been made to submit to the requirements of Colonel Nasser."<sup>26</sup> While the government rejected these charges, they certainly were not likely to endear the Egyptian leader to Canadian ministers and senior officials.

In the aftermath of the Suez crisis, Canada maintained a UNEF contingent of between 800 and 1,100 troops on Egyptian controlled territory for a period of 11 years. The presence of this contingent appears to have had little impact,

## 6 *Canada and Egypt: From Antagonism to Partnership*

positive or negative, on the bilateral relationship between Canada and Egypt. This is not surprising given that Canada's principal reason for sustaining this commitment had little to do with its relations with Egypt or with the merits of the issues at stake in the Arab-Israeli conflict. On the contrary, it had everything to do with Canada's broad international security policy and interests, and particularly the prevention of a global war. As the first Canadian commander of UNEF, General Burns, was to write some years later, the Suez crisis had illustrated "the special danger of hostilities in the Middle East developing into a confrontation between the superpowers ... which could detonate a third World War. It is fear of this world disaster which basically moves Canada and other secondary powers to contribute to the peacekeeping forces in the Middle East."<sup>27</sup> The Canadian contingent in UNEF was thus to remain a largely neutral factor in the insubstantial bilateral relationship between Canada and Egypt until the outbreak of the next major Middle East crisis in 1967.

### **The Arab-Israeli Wars of 1967 and 1973**

In the weeks preceding the Six Day War of June 1967, President Nasser mobilized his forces and deployed them into the Sinai Desert. At a certain point in this process, he called upon UN Secretary General U Thant to withdraw UNEF from its positions along the Egyptian-Israeli border. With only a minimum of consultation and discussion, U Thant acceded to Nasser's request and ordered the withdrawal of UNEF. These events were to precipitate yet another round of contention in relations between Canada and Egypt.

The Canadian government had maintained from the start that the deployment of UNEF required the consent of the government of Egypt (Israel refused to have it deployed on its side of the lines) and did not involve any infringement of Egyptian sovereignty. Lester Pearson had made these points in a statement to the UN General Assembly in November 1956, but had also gone on to say that "the control of this Force is in the hands of the United Nations and must remain there" and that "the Force is to remain in the area until its task is completed, and that would surely be for the determination of the United Nations."<sup>28</sup> There was thus a certain ambivalence in the Canadian position as to the respective rights of the UN and of Egypt regarding the maintenance of UNEF on Egyptian-controlled territory. There was no such ambivalence in the Egyptian position. As Nasser put it in 1967 "UNEF entered Egypt with our approval and therefore cannot continue to stay without our approval."<sup>29</sup>

In May 1967, both Prime Minister Pearson and his secretary of state for external affairs, Paul Martin, contended that Egypt did not have the right to demand the withdrawal of UNEF and sought in vain to have U Thant refer the matter to either the UN Security Council or the UN General Assembly rather



than accede to Nasser's request. Their actions and the Canadian position "deeply provoked" the Egyptian government.<sup>30</sup> And, as a noted Canadian scholar has remarked:

The Canadian position was further complicated by the government's involvement and tacit support for a British and American proposal to establish a maritime force to protect Israeli shipping through the Strait of Tiran and the Gulf of Aqaba. With Canadian vessels already in place (albeit for the purpose of removing Canadian peacekeeping forces) Nasser no longer viewed Canada as a disinterested party.<sup>31</sup>

This description of President Nasser's reaction to Canada at this time is perhaps somewhat understated. Paul Martin, himself, described Nasser as being "furious at our attempts to delay the force's withdrawal" and spoke of "an open clash with the Egyptians" over the issue.<sup>32</sup> This view of the depth of the divide between the two countries is certainly substantiated by contemporary Egyptian statements. Thus on 16 May 1967 Nasser declared that "A big worldwide campaign, led by the United States, Britain and Canada, began opposing the withdrawal of UNEF from Egypt. Thus we felt that these were attempts to turn UNEF into a force serving neo-imperialism ... and an instrument for implementing imperialism's plans."<sup>33</sup> And at a meeting of the UN Security Council a few days later, the Egyptian ambassador attacked Canada as an "American stooge."<sup>34</sup> When Nasser finally ordered the Canadian contingent of 800 troops to leave Egypt within 48 hours, because of Canada's "biased stand in favour of Israel," the anger evident in Egyptian statements and actions came to be reciprocated on the part of the Canadian government and public.<sup>35</sup> And thus another major crisis in Arab-Israeli affairs, with strong Cold War overtones, had precipitated yet another bout of political confrontation in relations between Canada and Egypt.

The same was to happen again at the time of the October 1973 Arab-Israeli war, albeit at a much lower level of intensity. The Canadian government's official reaction to the outbreak of hostilities was cautious and measured. In three statements to the House of Commons between 6 October and 16 October, the secretary of state for external affairs, Mitchell Sharp, noted that hostilities had been initiated by Egypt and Syria, but he refrained from condemning these countries. Rather, he stressed that "what is important now is not who started the present fighting, but to get it stopped."<sup>36</sup> Egypt nevertheless reacted strongly to articles about the war which appeared in the Canadian press, and on 15 October issued "an angry statement condemning Canada's biased stand."<sup>37</sup>

That the Egyptian government still viewed Canada as being strongly pro-Israeli and "an extension of the United States"<sup>38</sup> became evident in the days following the end of the 1973 war. Once the warring parties had agreed to observe a ceasefire mandated by the UN Security Council, the Council began to give consideration to the possibility of creating a new peacekeeping force



## 8 *Canada and Egypt: From Antagonism to Partnership*

(UNEF II) to monitor observance of the ceasefire and the disengagement of Egyptian and Israeli forces. Without having been specifically invited to participate, the Canadian government informed the UN Secretary General of its willingness to contribute a contingent to UNEF II. The Egyptian government, however, was distinctly cool to the idea of Canadian participation, and it finally took a personal phone call from the UN secretary general to President Anwar Sadat to overcome Egyptian reservations. And even then, Egypt accepted Canadian participation "only on condition that Poland also be included, clearly implying that Canada was pro-Israeli and had to be balanced by a more pro-Arab Warsaw Pact government."<sup>39</sup> The Canadian government, however, chose to downplay the difficulties which it had experienced with Egypt regarding Canadian involvement in UNEF II. In a long statement to the House of Commons explaining the rationale for, and the nature of, Canada's contribution to UNEF II, Mitchell Sharp made no mention whatever of Egyptian reservations; he referred only to UN Security Council decisions to seek representation from various geographical and political groupings in the force, and to have the logistics function shared between Canada and Poland.<sup>40</sup> In so doing, Sharp may well have wanted to avoid generating the kind of domestic political controversy that had erupted in 1956 and 1967 regarding Canadian involvement in Middle East peace-keeping operations.

Thus, while political contacts between Canada and Egypt had been infrequent during the first two decades following the establishment of diplomatic relations, when they did occur they were largely characterized by animosity in the midst of Arab-Israeli and Cold War crises in which the two countries more often than not found themselves on opposite sides of the fence. During this period little headway had been made in developing economic relations — bilateral trade was still negligible in value (see Appendix A) and Canada had no aid programs or investments in Egypt. But this situation was about to change.

### **A Sea Change**

The nature and content of the Canada-Egypt relationship were to be radically transformed as a result of a series of developments which occurred in the 1970s, whether in Egypt, in Canada, in the Middle East or in the world at large.

Four general phenomena of the 1970s had a more or less direct bearing on the bilateral relationship. First, was the ushering in of a period of détente in East-West relations characterized by the launch of the CSCE and the MBFR negotiations, and the conclusion of the Helsinki Accords in 1975. Second, was the progressive withdrawal of the UN from any significant role in peacemaking in the Middle East and its replacement by the United States; mediation efforts between Israel and its Arab neighbours were no longer conducted by special



representatives of the UN secretary general, but by senior American officials such as William Rogers, Joseph Sisco, Henry Kissinger, and finally President Jimmy Carter. Third, the Arab oil boycott instituted shortly after the 1973 Arab-Israeli war served as a wake-up call to Western industrialized countries regarding their dependence on Middle Eastern oil supplies. Fourth, the boycott was accompanied by a dramatic rise in the price of crude oil, which greatly increased the revenues of the Arab oil producing countries; these revenues, the so-called "petro-dollars, created vast new markets in the Middle East for Western goods and services, not only in the oil-rich countries, but also in poorer ones to which some of the new wealth was directed in the form of subsidies. All four of these phenomena had an impact on the nature of the relationships which Western countries, including Canada, maintained with the Arab countries of the Middle East.

The 1970s also saw a radical realignment of Egyptian foreign policy. Anwar Sadat, who had succeeded Nasser as president in September 1970, used his power to "guide Egypt in a direction that was in many ways a complete turn-about from Nasser."<sup>41</sup> He moved Egypt away from pan-Arabism in the direction of Egyptian nationalism, and in so doing reflected the feeling of ordinary Egyptians that "they had sacrificed enough for the Arab and Palestinian causes."<sup>42</sup> At the regional level, Egypt changed its alliances and forged closer relations with pro-Western, moderate oil producing countries, especially Saudi Arabia. At the global level, Egypt progressively distanced itself more and more from the Soviet bloc and drew ever closer to the United States. By the end of the decade, Egypt had concluded a US-brokered peace agreement with Israel, and had in the process isolated itself from most of the other Arab states.<sup>43</sup> These major shifts in foreign policy were complemented by changes in economic policy. Abandoning Nasser's socialist principles in economic management, Sadat opened up Egypt's trading system, and welcomed not only Western goods and services, but also Western investment, into the country.<sup>44</sup>

Finally, there were also significant changes in Canadian policy in the 1970s. At the global level was the Canadian government's decision in 1972 to diversify Canada's export markets, as part of the so-called "Third Option" policy to reduce Canada's economic dependence on the United States. While chiefly manifested in efforts to enhance economic relations with the European Community and Japan, this policy also saw Canada increase its market development activities in many other regions of the world. With more specific reference to the Middle East, the Arab oil boycott of 1973 and the subsequent rise in the price of oil led Canada to pay greater attention to the region as a source of imported oil on which it was becoming increasingly dependent, and as an emerging market for Canadian exports.<sup>45</sup> The growth of Canada's economic interests in the region led to increased activity and influence on the part of the Canadian business community (banks, manufacturers, engineering firms, exporters federations, etc.) in shaping government policy so as to preserve and further those interests.<sup>46</sup>



## 10 *Canada and Egypt: From Antagonism to Partnership*

Thus, from the mid-1970s onwards, the Canadian government's approach to the Arab-Israeli conflict progressively displayed greater understanding and sympathy for the positions of the Arab states and especially for the rights of the Palestinian people, including their right to a homeland.<sup>47</sup> This, in turn, facilitated the Canadian government's task in pursuit of a newly stated policy: "to develop its bilateral relations with all countries of the region outside the context of the Arab-Israeli dispute ... an important step forward in Canada's recognition of the Middle East as a growing political and economic force in the world."<sup>48</sup>

### **The Bilateral Thrust**

In the case of Egypt, the new thrust in Canadian policy became evident during the visit to Cairo of the secretary of state for external affairs, Allan MacEachan, in January 1976. Whereas his predecessor, Mitchell Sharp, had last visited Egypt in 1969 with the almost sole purpose of discussing the Arab-Israeli conflict,<sup>49</sup> MacEachan made it clear that his principal purpose was to give a "fresh impetus" to the bilateral relationship. In a statement made in Cairo, MacEachan noted that "our two governments are attempting to diversify their foreign relations and to establish close and beneficial contacts with countries lying beyond their traditional geo-political environment."<sup>50</sup> After remarking that Canadians had for far too many years viewed Egypt in relation to the Arab-Israeli conflict, he expressed his determination to pursue closer relations in the fields of politics, trade, investment, development cooperation, and technology transfers. He pointed out in particular that the resumption of traffic in the Suez Canal, Egypt's recovery of the Sinai oil fields, and the extensive assistance it was receiving from the Arab states, were all factors that should encourage Canadian industries to take an interest in Egypt; the decision of two of Canada's major banks to open offices in Cairo was particularly welcome in this regard, since it would help to foster more Canadian commercial and investment activities in Egypt.<sup>51</sup> Finally, MacEachan indicated that for the first time the Canadian government was giving active consideration to mounting a bilateral technical and financial assistance program for Egypt, and invited the Egyptian government to send an economic mission to Canada to explore the opportunities for development cooperation. As evidence of the Canadian government's commitment to this dimension of a new bilateral relationship, he announced a Canadian contribution of one million dollars to a UN program for the reconstruction of the war-ravaged Egyptian towns along the Suez Canal.<sup>52</sup>

In a major speech to the Canadian-Arab Federation several months after his tour of the Middle East, Allan MacEachan further fleshed out the Canadian government's policy of strengthening Canada's bilateral relations with the Arab countries of the region, with specific reference to Egypt, Saudi Arabia, and Iraq.



Speaking of Egypt's key position in the Arab world and in the Middle East by virtue of its geographical location and the size of its population, he reaffirmed the Canadian government's determination to enhance the economic relationship between the two countries.<sup>53</sup> The first results of the new policy appeared fairly rapidly. In 1976-77 the Canadian International Development Agency (CIDA) launched a program of economic and technical assistance for Egypt, with an initial financial commitment of nearly \$10 million.<sup>54</sup> By 1979-80, the annual value of the program had risen to over \$27 million, and CIDA had designated Egypt as a "country of concentration" for Canadian aid disbursements.<sup>55</sup> CIDA concentrated its efforts in capital investment and training in the energy, agriculture and transportation sectors; by 1985-86 it had 14 different projects underway in Egypt, having already completed large rural electrification, drainage, and irrigation projects in the Nile Delta.<sup>56</sup> By 1994, the cumulative total of Canadian aid disbursements to Egypt nearly reached the \$400 million mark, making Egypt one of the major recipients of Canadian aid in the Africa-Middle East region (See Appendix B).

In the late 1970s Canadian corporations began to show much greater interest in the Egyptian market, as the Egyptian government's program of economic liberalization started to show results. The annual value of Canadian exports rose from \$6.5 million in 1975 to \$128 million in 1980 and to \$191 million in 1985; Egyptian exports to Canada rose from less than a million dollars in 1975 to over \$30 million in 1985 (See Appendix A). In pursuing new opportunities in the Egyptian market, Canadian companies were greatly assisted by the decision of the Canadian government's Export Development Corporation (EDC) to once again offer credits for exports to Egypt. EDC reentered the Egyptian market in 1980, after an absence of nearly 20 years, with a loan of \$13.6 million for the sale of diesel locomotives to the Egyptian national railways organization.<sup>57</sup> By 1985, EDC had signed loan agreements worth \$393 million for the export of Canadian equipment to Egypt, including harvesters, water pumps, aircraft, and aircraft engines.<sup>58</sup> The Canadian government also took the lead in launching a long-term process aimed at exporting Canadian nuclear energy technology to Egypt. In May 1982, the two governments signed a bilateral agreement relating "to the use, development and application of nuclear energy for peaceful purposes"; the agreement covered the supply of information, technology, nuclear materials, equipment, and training.<sup>59</sup> Shortly after the conclusion of this agreement, the crown corporation Atomic Energy Canada Limited (AECL) embarked on a long and arduous marketing effort to sell a CANDU nuclear reactor to Egypt, an effort that resulted in some minor contracts, but not so far in the sale of an actual reactor.<sup>60</sup>

If the foundations of an aid and trade relationship had been well established by the early 1980s, the remaining years of the decade were to see a certain broadening of the relationship. Contacts at the political level and exchanges of ministerial visits became more frequent,<sup>61</sup> and Allan MacEachen,

## 12 *Canada and Egypt: From Antagonism to Partnership*

who had once again become secretary of state for external affairs, was prompted to give a detailed and highly upbeat assessment of the relationship to the Senate Foreign Affairs Committee.<sup>62</sup> In 1984 the two governments concluded a bilateral convention for the avoidance of double taxation and the prevention of fiscal evasion, in order to facilitate the strengthening of economic ties.<sup>63</sup> Three years later, there was the signature of a bilateral civil air agreement, including the exchange of landing rights in Montreal and Cairo, in order to enhance the level of tourism between the two countries.<sup>64</sup> These governmental initiatives were supplemented by the work of the Export Development Corporation in supporting the often successful efforts of Canadian companies to broaden their penetration of the Egyptian market to include sectors such as electricity and communications.<sup>65</sup>

At the same time there was a rapprochement between the governments of Canada and Egypt on regional security issues in the Middle East. In 1985, Egypt (and Israel) took the initiative to invite Canada to participate in the Multinational Force and Observers in the Sinai which had been created as an offshoot of the Egypt-Israel peace treaty.<sup>66</sup> This was a far cry from Canada's participation in the UN forces of 1956 and 1973 which had been imposed on a reluctant Egypt. Then as Egypt reemerged from a period of isolation in the Arab world and became once again "clearly one of the leading international actors in the region,"<sup>67</sup> the Canadian government recognized the importance of Egypt as a partner in fostering a new Arab-Israeli peace process. In 1989 the secretary of state for external affairs, Joe Clark, paid a warm public tribute to Egypt's role in persuading the Palestine Liberation Organization to adopt more moderate positions and in facilitating arrangements for an Israeli-Palestinian dialogue.<sup>68</sup>

The Canadian and Egyptian governments were drawn even more closely together in response to the Iraqi invasion of Kuwait and the ensuing Gulf crisis and war of 1990-91. Not only were they allies in the US-led military coalition to expel Iraq from Kuwait, they also saw merit in consulting bilaterally on the evolution of the crisis. Noting that Egypt was "an important front line state in the crisis," Joe Clark visited Cairo in November 1990 for "consultations with Foreign Minister Abdel Meguid, a good friend of Canada."<sup>69</sup> Meguid in turn visited Ottawa in January 1991 for further consultations on the Gulf crisis with Clark and with Prime Minister Mulroney, a visit saluted by the Canadian government as "an expression of the excellent relationship which exists between Canada and Egypt."<sup>70</sup> Later, in recognition of Egypt's leading role in the resolution of the Gulf crisis, and of the financial losses it had suffered as a result of the war, the Canadian government provided Egypt with a subsidy of \$26 million, and \$13 million in debt relief.<sup>71</sup>



## **The Contemporary Relationship**

In 1993 CIDA conducted an extensive review of Canada's development assistance program in Egypt, in order to take account of new CIDA policy directions and of the Egyptian government's program of economic reform and structural adjustment. The review reconfirmed Egypt's status as a priority recipient of Canadian aid by virtue of its economic and social needs, its role as an influential force for regional and international peace and security, and its potential as a market for Canadian exports and investments. But after extensive consultations with the Egyptian government, and with the latter's full agreement, CIDA decided that its program should be reoriented into new areas of activity. Whereas in the 1980s CIDA had concentrated on infrastructure development in the agricultural and energy sectors, it would henceforth concentrate on providing support to economic and social reform in order to facilitate Egypt's transition to a market economy, and on promoting environmental protection and the sustainable management of natural resources, especially soil and water. By the end of 1996, CIDA was supporting some 20 projects in these two broad areas, many of which involved the education and training of young Egyptians, and several of which were being implemented in close cooperation with Egyptian nongovernmental organizations.<sup>72</sup>

In the mid-1990s, the commercial relationship between Canada and Egypt has become more diversified. The range of products exported by Canadian firms has come to include not only commodities such as wheat, butter, coal, newsprint and chemicals, but also manufactured goods such as microwave telecommunications systems, water treatment units, electrical equipment, and boilers for power generation. Canadian consulting and engineering firms are active in supplying Egypt with oil and gas drilling services, and safety and environmental training. Yet other Canadian companies have made investments or entered into joint venture agreements with Egyptian partners in the production of computer software, in poultry processing, in property management, and in waste recycling.<sup>73</sup> This growing interest in the Egyptian market on the part of Canadian corporations was reflected in the fact that Foreign Minister Lloyd Axworthy was accompanied by representatives of 30 Canadian companies when he attended the third Middle East and North Africa economic summit conference held in Cairo in November 1996, and that he seized the occasion to sign a Canada-Egypt Investment Protection Agreement.<sup>74</sup>

There certainly appears to be considerable potential for further growth in Canada's economic relations with Egypt, but the realization of that potential seems likely to be slow and steady rather than rapid and spectacular. Canada, like all Western countries doing business in Egypt, is confronted with three fairly fundamental realities which are obstacles to speedy economic development. The first is that, despite the government's ambitious economic reforms,





#### 14 *Canada and Egypt: From Antagonism to Partnership*

Egypt is still lumbered with a large and inefficient bureaucracy and an excess of economic regulation inherited from its socialist past. The second is the continued prevalence of widespread poverty, illiteracy, and unemployment which have inhibited the creation of a broad middle class of consumers and entrepreneurs. Finally, there is a degree of political instability generated by attacks on government targets by Islamist extremists, and by the government's often heavy-handed tactics in combatting the extremist threat. While all three of these phenomena may tend to slow the pace of Egypt's economic development, they have not prevented Egypt from registering highly respectable levels of GDP growth in recent years, including a growth rate of 5 percent in 1996.<sup>75</sup> And as one Canadian scholar has noted, "despite political unrest and the threat posed by extremist movements to the strengthening of democracy, the Canadian government regards Egypt's prospects for development, trade and investment as promising."<sup>76</sup>

The Egyptian government, for its part, now appears to hold a highly positive view of Canada, and to attach real value to the bilateral relationship. Egypt respects the role played by Canada in international affairs, as exemplified by its participation in international peacekeeping and its leadership of the Refugee Working Group in the multilateral peace process in the Middle East. Egypt not only attaches importance to Canada's membership in the G7 group of leading industrialized countries, but also sees Canada as one of a very few developed countries which have bothered to try to understand the problems of developing countries and to respond to them with compassion. Egyptian government officials seem to derive considerable satisfaction from what they describe as the "take-off" which has occurred in the bilateral relationship in the 1990s. Whether in the realms of politics or economics, they see it as having taken on far more substance than ever before, and as being of increasing importance to Egypt.<sup>77</sup>

#### **Conclusion**

From very unpromising beginnings, the bilateral relationship between Canada and Egypt has evolved into a partnership from which both derive evident advantage. For Canada, Egypt represents a modest but not insignificant market for Canadian exports and investments, and one that has growth potential. Of equal, if not greater, importance for Canada is the fact that a solidly based and very friendly relationship with one of the largest and most influential countries in the Middle East is an enormous asset in Canada's endeavours to protect and promote its economic and security interests in the region as a whole.



## Notes

1. Roy MacLaren, *Canadians on the Nile 1882-1898* (Vancouver: University of British Columbia Press, 1978), pp. 54-71.
2. Department of External Affairs (DEA), *Canadian Representatives Abroad* (Ottawa, 1945) p. 8.
3. DEA, *Report of the Department of External Affairs 1954* (Ottawa, 1955), pp. 16-17.
4. John Hilliker and Donald Barry, *Canada's Department of External Affairs* (Montreal: McGill-Queen's University Press, 1995), Vol. II, p. 95.
5. R. Andersen, R. Seibert and J. Wagner, *Politics and Change in the Middle East: Sources of Conflict and Accommodation* (Englewood Cliffs, NJ: Prentice-Hall, 1993), p. 286.
6. See Peyton-Lyon, "Canada's National Interest and the Middle East" and Alan Bones, "Zionist interest groups and Canadian foreign policy" in *Canada and the Arab World*, ed. Tareq Ismael (Edmonton: University of Alberta Press, 1985), pp. 32-35 and pp. 151-71.
7. Donald Masters, *Canada in World Affairs 1953-1955* (Toronto: Oxford University Press, 1959), p. 176.
8. John Holmes, *The Shaping of Peace: Canada and the Search for World Order* (Toronto: University of Toronto Press, 1982), Vol. II, p. 352.
9. Geoffrey Pearson, *Seize the Day: Lester B. Pearson and Crisis Diplomacy* (Ottawa: Carleton University Press, 1993), p. 138.
10. DEA, *Statements and Speeches*, No. 56/35 (Ottawa, 1956), p. 3.
11. This episode is discussed at some length in Masters, *Canada in World Affairs 1953-1955*, pp. 178-179 and in James Eayrs, *Canada in World Affairs 1955-1957* (Toronto: Oxford University Press, 1959), pp. 246-52. The fullest account and defence of government policy was given in the House of Commons by Lester Pearson on 24 January 1956; see DEA, *Statements and Speeches*, No. 56/1 (Ottawa, 1956).
12. See Eayrs, *Canada in World Affairs 1955-1957*, pp. 252-56. One Canadian scholar has gone so far as to suggest that the Canadian government actually sympathized with the actions of Egypt as an expression of "the rights of Egypt, a small newly independent country, to run its own economy," but there is little, if any, evidence to support this view. See Charles Hanly, "The Ethics of Independence" in *An Independent Foreign Policy for Canada?*, ed. Stephen Clarkson (Toronto: McClelland & Stewart, 1968), pp. 18-19.
13. Quoted in Eayrs, *Canada in World Affairs 1955-1957*, p. 254. John Holmes, who was a senior DEA official at the time, comments in much the same vein that "few Canadian ships went through the canal and there was no Canadian financial involvement in the company." See Holmes, *The Shaping of Peace*, Vol. II, p. 354.
14. DEA, *Statements and Speeches*, No. 56/18 (Ottawa, 1956), p. 2.
15. DEA, *Statements and Speeches*, No. 56/24 (Ottawa, 1956), p. 1.
16. These preoccupations and policy rationales are well summarized in Tom Keating, *Canada and World Order* (Toronto: McClelland & Stewart, 1993), p. 104.

16 *Canada and Egypt: From Antagonism to Partnership*

17. DEA, *Statements and Speeches*, No. 56/26 (Ottawa, 1956), p. 4.
18. Keating, *Canada and World Order*, p. 104.
19. DEA, *Statements and Speeches*, No. 56/26 (Ottawa, 1956), p. 2.
20. DEA, *Statements and Speeches*, No. 56/36 (Ottawa, 1956), p. 6.
21. See Eayrs, *Canada in World Affairs 1955-1957*, pp. 185-93.
22. Quoted in *Ibid.*, p. 185. Eayrs follows this quotation with the comment: "Not all his country-men were disposed to be as charitable."
23. Quoted in *Ibid.*, p. 256.
24. For a good account of this episode, see *Ibid.*, pp. 267-71.
25. See Holmes, *The Shaping of Peace*, Vol. II, pp. 365-66.
26. DEA, *Statements and Speeches*, No. 56/36 (Ottawa, 1956), p. 6.
27. E.L.M. Burns, "Canada's peacekeeping role in the Middle East" in *Canada and the Arab World*, ed. Ismael, p. 39.
28. DEA, *Statements and Speeches*, No. 56/33 (Ottawa, 1956), p. 3.
29. Quoted in Tareq Ismael, *Canada and the Middle East: The Foreign Policy of a Client State* (Calgary: Detselig Enterprises, 1994), p. 21.
30. Keating, *Canada and World Order*, p. 111.
31. *Ibid.*
32. Paul Martin, *A Very Public Life* (Toronto: Deneau Publishers, 1985), Vol. II, pp. 564 and 571.
33. Quoted in Tareq Ismael, *Canada and the Middle East*, p. 21. The author, who was then a political officer at the Canadian Embassy in Cairo, can well recall mass meetings held in Tahrir Square in May 1967 at which speakers regularly denounced Canada as a tool of imperialism. One of the main government-controlled newspapers published a cartoon showing a dog with a head in the form of that of US President Lyndon Johnson and a tail at the end of which was the face of Lester Pearson.
34. Martin, *A Very Public Life*, Vol. II, p. 566.
35. Ismael, *Canada and the Middle East*, p. 21.
36. DEA, *Statements* (unnumbered), (Ottawa, 1973).
37. Ismael, *Canada and the Middle East*, p. 25.
38. *Ibid.*, p. 27.
39. Ray Licklider, *Political Power and the Arab Oil Weapon* (Berkeley: University of California Press, 1988), p. 112.
40. DEA, *Statements*, No. 73/23 (Ottawa, 1973), p. 5.



41. Joseph Lorenz, *Egypt and the Arabs: Foreign Policy and the Search for National Identity* (Boulder, CO: Westview Press, 1990), p. 37.
42. *Ibid.*, p. 86.
43. Ali Dessouki, "The Primacy of Economics: The Foreign Policy of Egypt," in *The Foreign Policies of Arab States*, ed. B. Korany and A. Dessouki (Boulder, CO: Westview Press, 1991), p. 156.
44. *Ibid.*, pp. 156-85.
45. See L.A. Delvoie, "Growth in Economic Relations of Canada and the Arab World," *International Perspectives* (November/December 1976):29-30. See also DEA, *Annual Review 1975* (Ottawa, 1976), p. 9.
46. See Janice Stein, "Canadian Policy in the Middle East" in *From Mackenzie King to Pierre Trudeau: Forty Years of Canadian Diplomacy*, ed. Paul Painchaud (Quebec: Presses de l'Université Laval, 1989), pp. 392-97.
47. Licklider, *Political Power and the Arab Oil Weapon*, pp. 113-22 and 143.
48. DEA, *Annual Review 1976* (Ottawa, 1977), p. 7.
49. DEA, *Statements and Speeches*, No. 69/20 (Ottawa, 1969), p. 1.
50. DEA, *Statements*, No. 76/1 (Ottawa, 1976), p. 2.
51. *Ibid.*, p. 3.
52. *Ibid.*, p. 4.
53. DEA, *Statements*, No. 76/15 (Ottawa, 1976), p. 4.
54. Canadian International Development Agency (CIDA), *Annual Review 1976-77* (Ottawa, 1977), p. 46.
55. CIDA, *Annual Report 1979-80* (Ottawa, 1980), pp. 13-14.
56. CIDA, *Annual Report 1985-86* (Ottawa, 1986), p. 16.
57. Export Development Corporation (EDC), *Annual Report 1980* (Ottawa, 1981), p. 50.
58. EDC, *Annual Report 1984* (Ottawa, 1985), pp. 40 and 48.
59. Government of Canada, *Canada Treaty Series 1982*, No. 6 (Ottawa: Queen's Printer, 1991), pp. 2-4. One Canadian expert on Middle Eastern affairs described the government's decision to conclude this agreement with Egypt as "a major change of policy." See Stein, "Canadian Policy in the Middle East," p. 393. At the very least, it did reflect a new level of trust in the relationship, given the stringency of Canadian policy on the export of nuclear materials and equipment.
60. Atomic Energy of Canada Limited (AECL) *Annual Report 1982-83* (Ottawa, 1983) p. 8; *Annual Report 1988-89* (Ottawa, 1989), p. 12; and *Annual Report 1995-96* (Ottawa, 1996), p. 7.
61. See, for example, DEA, *Communiqués* No. 158/82 (Ottawa, 1982), No. 134/83 (Ottawa, 1983), No. 134/84 (Ottawa, 1984) and No. 64/86 (Ottawa, 1986).



## 18 *Canada and Egypt: From Antagonism to Partnership*

62. DEA, *Statements and Speeches*, No. 83/2 (Ottawa, 1982), p. 2.
63. DEA, *Communiqués*, No. 134/84 (Ottawa, 1984).
64. DEA, *Communiqués*, No. 65/87 (Ottawa, 1987).
65. See, for example, DEA, *Communiqués* No. 29/90 (Ottawa, 1990) which announced the granting of an EDC credit of \$22.4 million for the sale of underground cables to Egypt.
66. Ismael, *Canada and the Middle East*, p. 32.
67. Andersen, Seibert and Wagner, *Politics and Change in the Middle East*, p. 292.
68. See DEA, *Communiqués*, No. 301/89 (Ottawa, 1989), p. 1.
69. DEA, *Communiqués*, No. 268/90 (Ottawa, 1990), p. 1.
70. DEA, *Communiqués*, No. 25/91 (Ottawa, 1991), p. 1.
71. DEA, *Annual Report 1990-91* (Ottawa, 1992), p. 45.
72. Canadian Embassy, Cairo, *Canada-Egypt Development Cooperation Programme* (December 1996), pp. 1-5.
73. Canadian Embassy, Cairo, *Canadian Success Stories in Egypt* (February 1997), pp. 1-6.
74. Department of Foreign Affairs and International Trade (DFAIT), *News Release* No. 203/96 (Ottawa, 1996), p. 1.
75. See "Looking to join the caravan" in *The Economist*, 7 June 1997, pp. 75-76.
76. J.A. Clark, "The Paradox of Islamic Activism and Economic Reform in Egypt" in *Canadian Foreign Policy* 4,2 (1996):49.
77. The views expressed in this paragraph were communicated to the author by senior officials of the Egyptian Foreign Ministry in Cairo on 26 March 1997, on the understanding that their identities would be protected. One of these officials went as far as to describe Canada as Egypt's third most important foreign partner after the United States and the European Union.

## APPENDIX A CANADIAN TRADE WITH EGYPT

(MILLIONS OF CANADIAN DOLLARS)

YEAR	EXPORTS	IMPORTS
1955	1.2	.2
1965	4.7	.2
1975	6.5	.3
1980	128.1	11.2
1985	191.1	30.7
1990	74.3	9.3
1991	113.0	11.9
1992	98.0	58.8
1993	72.5	93.4
1994	95.9	15.0
1995	130.7	18.8
1996	119.5	19.3

Source: Statistics Canada: *Exports by Country, Imports by Country and Summary of Canada's International Trade*, by various years.

**APPENDIX B**  
**CANADIAN BILATERAL ASSISTANCE TO EGYPT**

(MILLIONS OF CANADIAN DOLLARS)

YEAR	AMOUNT
1976-77	9.8
1977-78	6.4
1978-79	.3
1979-80	27.7
1980-81	22.1
1981-82	27.3
1982-83	24.4
1983-84	11.26
1984-85	7.1
1985-86	6.4
1986-87	5.4
1987-88	43.7
1988-89	27.2
1989-90	27.5
1990-91	40.2
1991-92	45.6
1992-93	34.7
1993-94	27.1
TOTAL	394.1

Source: CIDA, *Annual Review* and *Annual Report*, by various years.



## Biographical Note

---

**Louis Delvoie** was educated at Loyola College, the University of Toronto, McGill University and the National Defence College of Canada. He joined the Canadian Foreign Service in 1965. He served abroad as Ambassador to Algeria, Deputy High Commissioner to the United Kingdom and High Commissioner to Pakistan. In Ottawa he was Director General of the Bureau of International Security and Arms Control in the Department of External Affairs, and Assistant Deputy Minister for Policy in the Department of National Defence. He retired from the Foreign Service in 1995 and is now a senior fellow at the Centre for International Relations at Queen's University. He is also an Adjunct Professor at Royal Military College where he teaches Canadian foreign and defence policy. He is the author of numerous articles on international relations.

