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Minister of International Trade and
Minister for the Asia-Pacific Gateway



Ministre du Commerce international et
ministre de la porte d'entrée de l'Asie-Pacifique

Ottawa, Canada K1A 0G2

The Honourable L'honorable
Stockwell Day

DEC 0 1 2009

The Reverend Harvey Self
Moderator of the 135th General Assembly
The Presbyterian Church in Canada
50 Wynford Drive
Toronto ON M3C 1J7

Dear Reverend Self:

Thank you for your letter of October 8, 2009, concerning various commercial matters between Canada and the Palestinian Territories, as well as the Israeli-Palestinian conflict and Canada's position on Israeli settlements in the occupied territories. I understand that my colleague, the Honourable Lawrence Cannon, Minister of Foreign Affairs, will be providing you with a reply on the latter two subjects.

Canada's trade with the West Bank and Gaza Strip (WBGs) is modest. According to 2007 statistics compiled by the Palestinian Central Bureau of Statistics (these are the most recent on record), our two-way merchandise trade was worth some US\$5.4 million (US\$5.15 million Canadian exports; US\$242,000 imports from the WBGs). Canada's main exports include newsprint and wood, agricultural and agri-food products, pharmaceutical products, machinery and electrical machinery. Imports from the WBGs mainly consisted of agri-food products and building materials. These figures underestimate our trade with the WBGs since a considerable amount of our exports are transshipped through Israel and are not recorded as Canadian goods.

Canada continues to work toward improving these numbers and introducing various companies to the WBGs. In September 2008, Quebec Minister of Finance, Economic Development, Innovation, Export Trade and Minister responsible for the Montreal region, Raymond Bachand, led a business delegation of close to sixty companies to seek business opportunities in both Israel and the WBGs. Meetings with key Palestinian trade and investment officials took place with the help of Canada's mission in Ramallah. One of the primary areas of focus was on the life sciences sector.

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Two investment conferences also took place in 2008 within the WBGS. In May, the Palestinian private and public sectors joined together in a three-day conference in Bethlehem to showcase investment opportunities available in the Palestinian Territories. The Palestinian Investment Conference (PIC) promoted investment in diverse sectors of the economy: information and communications technology; infrastructure, real estate, and construction; manufacturing; financial sector; tourism; and agriculture and agribusiness. A small delegation from the Canada-Arab Business Council participated at the Conference. Later in November of that same year, the second PIC was held at An-Najah University in Nablus. Officials at the Canadian mission in Ramallah attended this Conference.

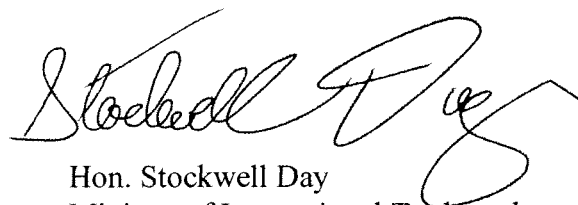
Additional steps have been taken to stimulate trade between Canada and the Palestinian Authority. The Canadian International Development Agency's private sector development activities in the WBGS are geared toward improving the enabling environment for Palestinian businesses, capacity-building for the Palestinian Authority as well as capacity-building for PalTrade (Palestine Trade Centre) and the Palestinian Federation of Chambers of Commerce.

Furthermore, Canada's mission in Ramallah is working on developing steps to further enhance trade relations with Canada in the priority sector of pharmaceuticals.

In terms of improved market access and liberalization between Canada and the WBGS, in 1999, Canada concluded the Joint Canadian-Palestinian Framework on Economic Cooperation and Trade (the Framework). This separate agreement with the Palestinian Authority facilitates the extension of the preferential tariffs available under the Canada-Israel Free Trade Agreement (CIFTA) to goods produced in the WBGS. The Framework is complementary to CIFTA, incorporating CIFTA rules of origin, and states the intentions of both parties to conduct commercial relations on the basis of free trade. It is worth mentioning that the Framework is a non-binding agreement and that Palestinian exports to Canada benefit regardless from preferential treatment offered in CIFTA based on the definition of territory used in CIFTA. Israeli customs laws are currently applied in the Palestinian territory pursuant to the Paris Protocol.

Thank you again for taking the time to write.

Sincerely,

A handwritten signature in black ink, appearing to read "Stockwell Day", with a stylized flourish at the end.

Hon. Stockwell Day
Minister of International Trade and
Minister for the Asia-Pacific Gateway